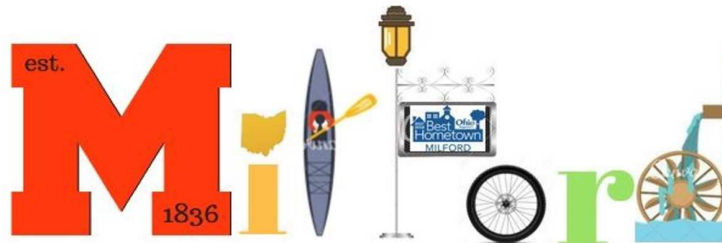


# ***THE CITY OF MILFORD, OHIO***

CLERMONT COUNTY



[www.milfordohio.org](http://www.milfordohio.org)

REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2021

REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2020



OHIO AUDITOR OF STATE  
KEITH FABER



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

City Council  
City of Milford  
745 Center Street  
Milford, Ohio 45150

We have reviewed the *Independent Auditor's Report* of the City of Milford, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2020 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Milford is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 13, 2022**



CITY OF MILFORD, OHIO  
CLERMONT COUNTY

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**TITLE**

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REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2021

REGULAR AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2020

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# *THE CITY OF MILFORD, OHIO*

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CLERMONT COUNTY



[www.milfordohio.org](http://www.milfordohio.org)

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021

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**CITY OF MILFORD, OHIO  
 BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2021**

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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

City of Milford  
Clermont County  
745 Center Street  
Milford, Ohio 45150

To the Members of City Council:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Milford, Clermont County, Ohio (City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the [aggregate] discretely presented component unit(s), each major fund, and the aggregate remaining fund information of the City of Milford, Clermont County, Ohio as of December 31, 2021, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***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 City. We did not modify our opinion regarding this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the City'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

*Bastin & Company, L L C*

Cincinnati, Ohio  
June 24, 2022

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(Unaudited)**

---

The discussion and analysis of the City of Milford's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. While the intent of this discussion and analysis is to look at the City's financial performance as a whole, readers should also review the basic financial statements and notes to enhance their understanding of the City's fiscal performance.

**Financial Highlights**

Key highlights for 2021 are as follows:

- Total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows at the close of the year ended December 31, 2021, by \$17,411,721 (net position). Of this amount, \$2,260,675 is classified as unrestricted in the Water, Wastewater and Stormwater activities. The governmental activities ending unrestricted net position is \$745,541 although without the net pension/OPEB liabilities and other GASB 68 and GASB 75 related items it would be \$6,520,755.
- The City's total net position increased by \$3,066,113 which represents a 21% increase from 2020. The increase can be attributed to new voted Fire/EMS levy, increase in income tax revenue and reduction in spending due to tightening measures around the pandemic.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$6,694,750. Of this amount \$4,515,430 is available for spending (unassigned General Fund balance) on behalf of its citizens.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,515,430 or 84% of total general fund expenditures.
- The other governmental major funds: Fire/EMS Levy Special Revenue Fund and Sports Complex Land Improvement Capital Projects Fund have ending fund balances of \$468,769 and \$65,672.

**Using this Annual Financial Report**

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 City of Milford as a complete operating entity.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(Unaudited)**

The Statement of Net Position and Statement of Activities present both an aggregate view of the City's finances and longer-term view of the net position. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

**Reporting City of Milford as a Whole**

Statement of Net Position and the Statement of Activities:

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the change in that position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental Activities – Most of the City's services are reported here including police, public health, safety and leisure programs, administration, and all departments with the exception of our Water, Wastewater and Stormwater Management functions.
- Business-Type Activities – These services have a charge based upon the amount of usage. The City charges fees to recoup the cost of the entire operation of our Water, Wastewater and Stormwater Management systems as well as all capital expenses associated with these facilities.
- Component units are legally separate entities that the City has voting control over or fiscal responsibility for. The City reports the Community Improvement Corporation as a component unit.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**Reporting the City of Milford's Most Significant Funds**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents.

However, these fund financial statements focus on the City's most significant funds. In the case of Milford, our major funds are the General, Fire/EMS Levy Special Revenue Fund, Sports Complex Land Improvements Capital Projects Fund, Water, Wastewater and Stormwater Management Enterprise funds.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

*Proprietary Funds:* The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Wastewater and Stormwater Management operations.



**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
**(Unaudited)**

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit 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 City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

*Required Supplementary Information (RSI):* The City is required to report the budgetary schedules for the General Fund and the Fire/EMS Levy Special Revenue Fund along with the applicable accounting policies to develop those schedules. The City also presents the pension/OPEB tables as required under GASB 68 and GASB 75 as RSI.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$17,411,721 (\$4,729,522 in governmental activities and \$12,682,199 in business type activities) as of December 31, 2021. The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, other improvements and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
*(Unaudited)*

Table 1 provides a summary of the City's statement of net position for 2021 compared to 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$15,446,778	\$14,333,471	\$3,690,180	\$3,635,835	\$19,136,958	\$17,969,306
Net OPEB Asset	112,383	0	92,306	0	204,689	0
Capital Assets	8,655,084	8,559,626	13,246,493	13,818,039	21,901,577	22,377,665
Total Assets	24,214,245	22,893,097	17,028,979	17,453,874	41,243,224	40,346,971
Deferred Outflows of Resources	1,634,551	1,969,059	160,246	283,600	1,794,797	2,252,659
Total Assets/Deferred Outflows	25,848,796	24,862,156	17,189,225	17,737,474	43,038,021	42,599,630
Long-term liabilities	11,928,315	13,810,835	3,693,805	5,095,424	15,622,120	18,906,259
Other liabilities	1,067,546	1,026,862	77,606	61,025	1,145,152	1,087,887
Total Liabilities	12,995,861	14,837,697	3,771,411	5,156,449	16,767,272	19,994,146
Deferred Inflows of Resources	8,123,413	7,876,700	735,615	383,176	8,859,028	8,259,876
Total Liabilities/Deferred Inflows	21,119,274	22,714,397	4,507,026	5,539,625	25,626,300	28,254,022
Net Position:						
Net investment in capital assets	2,473,328	1,974,374	10,421,524	10,655,112	12,894,852	12,629,486
Restricted	1,510,653	1,269,688	0	0	1,510,653	1,269,688
Unrestricted	745,541	(1,096,303)	2,260,675	1,542,737	3,006,216	446,434
Total Net Position	\$4,729,522	\$2,147,759	\$12,682,199	\$12,197,849	\$17,411,721	\$14,345,608

In prior years, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. The City also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension," which significantly revises accounting for other postemployment benefit (OPEB) costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension/OPEB costs, GASB 27 and GASB 45 focused on a funding approach. This approach limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/net OPEB asset/liability*. GASB 68 and GASB 75 take an earnings approach to pension/OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and net OPEB asset/liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
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inactive employees' past service.

2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension/OPEB promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as an asset/liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefits recipients. The retirement systems may allocate a portion of the employer contributions to provide these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension/OPEB asset/liability. As explained above, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB asset/liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB asset/liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension/OPEB expense for their proportionate share of each plan's *change* in net pension/OPEB asset/liability not accounted for as deferred inflows/outflows.

***CITY OF MILFORD, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Unaudited)***

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$1,510,653 of net position. The remaining unrestricted \$3,006,216 of net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities. As of December 31, 2021, the City is able to report positive balances in all three categories of net position for the City as a whole.

The City saw overall current and other assets increase by \$1.2 million as cash balance did increase about \$0.9 million in the General Fund as the City continues to exercise solid fiscal management in controlling the expenses in respect to the revenues generated.

The long-term liabilities decreased about \$3.3 million with the changes in the net pension/OPEB liabilities/asset for both retirement systems (\$2.5 million) and paying down the outstanding debt obligations (\$0.8 million).

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**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
*(Unaudited)*

*Statement of Activities*

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$931,854	\$1,075,992	\$2,737,835	\$2,797,293	\$3,669,689	\$3,873,285
Operating Grants and Contributions	1,118,967	1,188,898	0	0	1,118,967	1,188,898
Capital Grants	0	0	77,762	0	77,762	0
General Revenues						
Income Taxes	4,695,006	4,244,098	0	0	4,695,006	4,244,098
Property Taxes	3,217,422	2,305,709	0	0	3,217,422	2,305,709
Other Taxes	591,392	283,553	0	0	591,392	283,553
Unrestricted Grants	363,004	328,379	0	0	363,004	328,379
Investment earnings	(3,146)	130,685	(25,052)	97,735	(28,198)	228,420
Other Revenues	8,101	256,331	0	0	8,101	256,331
Total Revenues	10,922,600	9,813,645	2,790,545	2,895,028	13,713,145	12,708,673
Expenses:						
Security of Persons and Property	5,777,491	5,519,887	0	0	5,777,491	5,519,887
Public Health and Welfare	423,526	615,922	0	0	423,526	615,922
Leisure Time Activities	86,066	116,196	0	0	86,066	116,196
Transportation	915,643	1,339,312	0	0	915,643	1,339,312
General Government	1,061,151	1,737,164	0	0	1,061,151	1,737,164
Interest and Fiscal Charges	213,085	216,373	0	0	213,085	216,373
Water	0	0	1,049,203	1,292,860	1,049,203	1,292,860
Wastewater	0	0	900,302	1,349,202	900,302	1,349,202
Stormwater Management	0	0	220,565	676,752	220,565	676,752
Total Expenses	8,476,962	9,544,854	2,170,070	3,318,814	10,647,032	12,863,668
Transfers	136,125	134,801	(136,125)	(134,801)	0	0
Change in Net Position	2,581,763	403,592	484,350	(558,587)	3,066,113	(154,995)
Beginning Net Position	2,147,759	1,744,167	12,197,849	12,756,436	14,345,608	14,500,603
Ending Net Position	\$4,729,522	\$2,147,759	\$12,682,199	\$12,197,849	\$17,411,721	\$14,345,608

*Governmental Activities*

The primary focus of governmental activities is in the area of security of persons and property, which represents the police, fire and EMS services of the City. For 2021, total security of persons and property expenses were \$5.8 million representing 68.16% of governmental activity spending (it was 57.83% from 2020) required approximately \$5.3 million of general revenues to fund the program after specific program revenues. The increase from 2020 resulted from the Net Pension Liability and OPEB liability changes to the Ohio Police and Fire Pension Retirement system.

Governmental revenues increased approximately 11.3% as tax revenues for the City increased by \$1.67 million as all the taxes increased as the economy was coming out of the pandemic from fiscal year 2020.

Overall the expenses were down over 11% as the adjustments to the net pension and OPEB liabilities resulted in most of the line items reporting lower figures. The City also spent COVID related funds in 2020 that were not expensed during 2021.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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**(Unaudited)**

*Business-Type Activities*

The City's business-type activities include the water, wastewater and stormwater management systems. All three activities saw the change in net position positive for the year as additional charges for services along with the wastewater capital grant exceeded expenses.

**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of these City funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements as well as its ability to meet the needs of its citizens. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of 2021, the City's governmental funds reported combined ending fund balances of \$6.7 million. Approximately \$4.0 million constitutes unassigned fund balance available for spending for citizen needs as allowed under the Ohio Revised Code guidelines. A portion (\$1.5 million) is restricted by external sources (restricted fund balance) earmarked for specific purposes and not available to be spent for some purposes and another \$1.2 million is assigned for 2022 appropriations.

The General Fund is the chief operating fund of the City. As of December 31, 2021, the unassigned general fund balance was \$4.5 million. As a measure of liquidity, it is often useful to compare these numbers to total general fund expenditures and other financing uses. Unassigned fund balance represents 79% of the total expenditures and other financing uses.

During 2021, the City's General fund increased by \$1 million as the City generated \$0.4 million more in revenues compared to 2020 as the tax revenues saw the largest increases. The expenditures increased by \$0.2 million split evenly across the various line items.

The Fire and EMS levy generated about \$0.9 million more revenue than the prior year. The expenditures increased along with those tax revenues. The City contracts for these services and collects the tax levy to cover the contract.

The other major governmental fund is the Sport Complex Land Improvement capital projects fund, which was a new major fund for 2019. The revenue comes from an agreement with Clermont County for a portion of the lodging tax revenue. The City issued the sports complex land special obligation bond anticipation during the 2019 year.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
*(Unaudited)*

**General Fund Budgeting Highlights**

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

During the course of 2021, the City amended its total and general fund budget several times, the most significant noted below. All recommendations for the budget came from the City Manager after consultation with individual directors and the Finance Department before submission to City Council. The City Council also ministerially approves small interdepartmental budget changes that modify line items within departments within the same fund. With the General fund supporting a majority of our major activities such as public safety programs, as well as most legislative and executive activities, the General Fund is monitored closely with particular attention to possible revenue shortfalls or overspending by individual departments.

The following table summarizes the major revenue sources and expenditures from original to final budget for 2021:

<u>Description</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Change</u>
Revenues:			
Property and Other Taxes	\$550,800	\$572,414	\$21,614
Income Taxes	4,244,680	4,244,680	0
Intergovernmental Revenue	147,518	147,518	0
Other Revenues	819,042	797,428	(21,614)
Total Revenues	<u>5,762,040</u>	<u>5,762,040</u>	<u>0</u>
Expenditures:			
Security of Persons/Property	3,182,274	3,323,289	141,015
General Government	1,511,489	1,570,227	58,738
Other Expenditures	754,711	756,711	2,000
Total Expenditures	<u>5,448,474</u>	<u>5,650,227</u>	<u>201,753</u>

The City's original revenue budget did not change for the final budget in total.

The City continued to evaluate the budgeted expenditures making several changes throughout the year. The City largest changes were in the police and building inspection departments for contract service costs.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**  
*(Unaudited)*

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2021:

Description	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Property and Other Taxes	\$572,414	\$685,961	\$113,547
Income Taxes	4,244,680	4,986,346	741,666
Intergovernmental Revenue	147,518	207,333	59,815
Other Revenues	797,428	835,686	38,258
<b>Total Revenues</b>	<b>5,762,040</b>	<b>6,715,326</b>	<b>953,286</b>
<b>Expenditures:</b>			
Security of Persons/Property	3,323,289	3,004,476	(318,813)
General Government	1,570,227	1,368,420	(201,807)
Other Expenditures	756,711	704,457	(52,254)
<b>Total Expenditures</b>	<b>5,650,227</b>	<b>5,077,353</b>	<b>(572,874)</b>

The property and other taxes includes hotel and cinema taxes which were still down in 2021 with the health orders in place for most of the year. The income tax revenue rose again with more residents in the City as well expansion of the joint economic development districts. The City was able to bring the final expenditures in under budget by about ten percent with the police department accounting for about half the reduction.

**Capital Assets and Debt Administration**

*Capital Assets:* The City's investment in net capital assets for its governmental and business type activities as of December 31, 2021, totaled \$12.9 million (net of accumulated depreciation and related debt). This net investment in capital assets includes land, buildings and systems, improvements, equipment and machinery.

The largest change was the infrastructure improvements for signals. The City did remove a significant portion of obsolete equipment that was full depreciated. For more information on the governmental and business-type capital assets see Note 7 in the notes to the financial statements.

*Long-term Debt:* At the end of 2021, the City had one revenue and two general obligation bonds outstanding of \$5.6 million in governmental activities. The City retired \$400,000 in principal related to revenue and general obligation bonds during the year. The City also has \$2.8 million in business-type debt between the water and wastewater funds. See Note 12 for further information on the City's long-term debt.



***CITY OF MILFORD, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Unaudited)***

**Economic Factors affecting the City**

Surrounded by hills and woods, with 2019 population of almost 6,900 (city-data.com most recent), Milford is Clermont County's only city, is a focal point of new business development in the Greater Cincinnati Area. Milford has preserved the charms of its natural setting and historic downtown while creating a modern infrastructure that makes it a great place to live, work, play and grow.

Milford provides an excellent location for light industrial and retail businesses. The Milford commerce park offers a unique blend of industrial and recreational development. With a scenic location on the East Fork of the Little Miami River and a direct connection to I-275, the Park promises to be the "best business address" in Greater Cincinnati.

As the River's Edge development has grown over the past decade, the City hosts a multitude of restaurants, Target, Wal-Mart, a top line cinema and two top class hotel accommodations. The area has several parcels under development in 2022 that will bring additional funds into the City's general fund including two new hotels. The City has focused on downtown (Main Street) development over the past several years with the Riverwalk development along the Little Miami River and several new or updated restaurants and store fronts. With the completion of the additional parking lot located on Main Street and the 2020 purchase, the City added significant parking to allow for residents and other communities to enjoy the increased entertainment. The City worked to continue improving the downtown business environment during 2021.

The City has expanded its capacity for income tax revenue by working with Union Township and creating Joint Economic Development Districts (JEDD) around State Route 32 and Interstate 275. The City and Township created the first JEDD in 2006 around the Ivy Pointe Development. During 2012, the City and Township created another JEDD around the new Jungle Jim's market in Eastgate that started collections during the second half of 2012. During 2013, the City and Township worked on expanding to more JEDDs in the area. With the City's boundaries being restricted, using mechanisms, such as this, will allow the City to work with the surrounding Townships to help both the City and Township generate additional revenue as other revenues like local government funding are being reduced. In 2014, the City added a fourth JEDD to include the Mt. Carmel Brewery. The City added another JEDD in 2018 around the West Clermont School complex. The City added another JEDD in 2019 on the old high Glen Este high school site that is being redeveloped. The City continues to explore ways to increase the income tax base outside of the City limits. The City added another JEDD in 2021 along Roundbottom Road which includes in the new Hamilton safe facility. These districts generated over \$220,000 in income tax revenue for the City or City's component unit.

***CITY OF MILFORD, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(Unaudited)***

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, creditors, investors and elected officials with a general overview of the City's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Milford, 745 Center Street, Suite 200, Milford, Ohio 45150, (513) 831-4192 or visit the City website at [www.milfordohio.org](http://www.milfordohio.org).

**CITY OF MILFORD, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2021**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 7,216,325	\$ 3,391,845	\$ 10,608,170	\$ 49,974
Receivables (net of allowance for doubtful accounts):				
Taxes-Real & Personal Property	3,225,243	-	3,225,243	-
Taxes-Municipal Income	753,811	-	753,811	-
Accounts	403,664	293,550	697,214	-
Interest	4,786	4,785	9,571	-
Due from Other Governments	3,842,949	-	3,842,949	-
Net OPEB Assets	112,383	92,306	204,689	
Nondepreciable Capital Assets:				
Land	3,080,008	331,414	3,411,422	-
Construction In Progress	-	86,210	86,210	-
Depreciable Capital Assets:				
Plant	-	6,182,808	6,182,808	-
Water/Sewer Lines	-	8,355,670	8,355,670	-
Buildings and Improvements	6,115,288	-	6,115,288	-
Improvements other than Buildings	3,260,135	14,259,469	17,519,604	-
Furniture, Equipment and Vehicles	2,736,769	1,285,297	4,022,066	-
Less: Accumulated Depreciation	(6,537,116)	(17,254,375)	(23,791,491)	-
Total Assets	<u>24,214,245</u>	<u>17,028,979</u>	<u>41,243,224</u>	<u>49,974</u>
<b>Deferred Outflows of Resources:</b>				
Pensions	1,002,935	114,867	1,117,802	-
OPEB	631,616	45,379	676,995	-
Total Deferred Outflow of Resources	<u>1,634,551</u>	<u>160,246</u>	<u>1,794,797</u>	<u>-</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 25,848,796</u>	<u>\$ 17,189,225</u>	<u>\$ 43,038,021</u>	<u>\$ 49,974</u>
<b>Liabilities:</b>				
Accounts Payable	92,007	61,077	153,084	-
Accrued Wages and Benefits	40,939	14,499	55,438	-
Due to Other Governments	377,134	2,030	379,164	-
Accrued Interest Payable	17,466	-	17,466	-
Note Payable	540,000	-	540,000	-
Long Term Liabilities due within 1 year	640,037	380,867	1,020,904	-
Long Term Liabilities due over 1 year				
Net Pension Liability	5,259,725	823,772	6,083,497	-
Net OPEB Liability	661,619	-	661,619	-
Other Long Term Liabilities due over 1 year	5,366,934	2,489,166	7,856,100	-
Total Liabilities	<u>12,995,861</u>	<u>3,771,411</u>	<u>16,767,272</u>	<u>-</u>
<b>Deferred Inflows of Resources:</b>				
Pensions	934,531	417,814	1,352,345	-
OPEB	666,273	317,801	984,074	-
Intergovernmental agreements	3,370,000	-	3,370,000	-
Property Tax Levy for Next Fiscal Year	3,152,609	-	3,152,609	-
Total Deferred Inflow of Resources	<u>8,123,413</u>	<u>735,615</u>	<u>8,859,028</u>	<u>-</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	2,473,328	10,421,524	12,894,852	-
Restricted:				
Transportation	95,331	-	95,331	-
Culture and Recreation	343,888	-	343,888	-
Protection of Citizens	1,039,951	-	1,039,951	-
Debt Service	5,294	-	5,294	-
Capital Improvements	26,189	-	26,189	-
Unrestricted	745,541	2,260,675	3,006,216	49,974
Total Net Position	<u>4,729,522</u>	<u>12,682,199</u>	<u>17,411,721</u>	<u>49,974</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 25,848,796</u>	<u>\$ 17,189,225</u>	<u>\$ 43,038,021</u>	<u>\$ 49,974</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
<b>Governmental Activities:</b>							
Security of Persons and Property	\$ (5,777,491)	\$ 160,152	\$ -	\$ (5,305,105)	\$ -	\$ (5,305,105)	\$ -
Public Health and Welfare	(423,526)	126,114	-	13,782	-	13,782	-
Leisure Time Activities	(86,066)	275,035	-	221,724	-	221,724	-
Transportation	(915,643)	455,822	-	(450,283)	-	(450,283)	-
General Government	(1,061,151)	101,844	-	(693,174)	-	(693,174)	(1,410)
Interest and Fiscal Charges	(213,085)	-	-	(213,085)	-	(213,085)	-
Total Governmental Activities	<u>(8,476,962)</u>	<u>1,118,967</u>	<u>-</u>	<u>(6,426,141)</u>	<u>-</u>	<u>(6,426,141)</u>	<u>(1,410)</u>
<b>Business-Type Activities:</b>							
Water	(1,049,203)	-	-	-	298,643	298,643	-
Wastewater	(900,302)	-	77,762	-	85,898	85,898	-
Stormwater Management	(220,565)	-	-	-	260,986	260,986	-
Total Business-Type Activities	<u>(2,170,070)</u>	<u>-</u>	<u>77,762</u>	<u>-</u>	<u>645,527</u>	<u>645,527</u>	<u>-</u>
Total	<u>\$ (10,647,032)</u>	<u>\$ 1,118,967</u>	<u>\$ 77,762</u>	<u>(6,426,141)</u>	<u>645,527</u>	<u>(5,780,614)</u>	<u>(1,410)</u>
General Revenues:							
Income Taxes				4,695,006	-	4,695,006	-
Property Taxes				3,217,422	-	3,217,422	-
Franchise Fee Taxes				122,203	-	122,203	-
Cinema Admissions Taxes				20,369	-	20,369	-
Hotel Taxes				110,950	-	110,950	-
Permissive Sale Taxes				337,870	-	337,870	-
Grants and Contributions not restricted to specific programs				363,004	-	363,004	17,074
Unrestricted investment earnings				(3,146)	(25,052)	(28,198)	261
Miscellaneous				8,101	-	8,101	-
Total General Revenues				<u>8,871,779</u>	<u>(25,052)</u>	<u>8,846,727</u>	<u>17,335</u>
Transfers				136,125	(136,125)	-	-
Changes in Net Position				2,581,763	484,350	3,066,113	15,925
Net Position-Beginning				2,147,759	12,197,849	14,345,608	34,049
Net Position-Ending				<u>\$ 4,729,522</u>	<u>\$ 12,682,199</u>	<u>\$ 17,411,721</u>	<u>\$ 49,974</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021**

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 5,732,064	\$ 469,619	\$ 65,672	\$ 948,970	\$ 7,216,325
Receivables (net of allowance for doubtful accounts):					
Taxes-Real & Personal Property	554,929	2,670,314	-	-	3,225,243
Taxes-Municipal Income	741,386	-	-	12,425	753,811
Accounts	403,664	-	-	-	403,664
Interest	4,786	-	-	-	4,786
Due from Other Governments	149,132	70,923	3,370,000	252,894	3,842,949
<b>Total Assets</b>	<b>7,585,961</b>	<b>3,210,856</b>	<b>3,435,672</b>	<b>1,214,289</b>	<b>15,446,778</b>
<b>Liabilities:</b>					
Accounts Payable	79,390	850	-	11,767	92,007
Accrued Wages and Benefits	37,565	-	-	3,374	40,939
Due to Other Governments	376,662	-	-	472	377,134
Accrued Interest Payable	-	-	-	3,181	3,181
Notes Payable	-	-	-	540,000	540,000
<b>Total Liabilities</b>	<b>493,617</b>	<b>850</b>	<b>-</b>	<b>558,794</b>	<b>1,053,261</b>
<b>Deferred Inflows of Resources:</b>					
Property Tax Levy for Next Fiscal Year	513,174	2,639,435	-	-	3,152,609
Delinquent Property Taxes	6,473	30,879	-	-	37,352
Income Taxes	298,205	-	-	12,425	310,630
Grants	74,500	-	-	-	74,500
County Shared Revenues	22,834	70,923	3,370,000	-	3,463,757
State Shared Revenues	45,888	-	-	210,368	256,256
Other miscellaneous revenues	403,663	-	-	-	403,663
<b>Total Deferred Inflows of Resources:</b>	<b>1,364,737</b>	<b>2,741,237</b>	<b>3,370,000</b>	<b>222,793</b>	<b>7,698,767</b>
<b>Fund Balances:</b>					
Restricted	-	468,769	65,672	976,211	1,510,652
Assigned	1,212,177	-	-	-	1,212,177
Unassigned	4,515,430	-	-	(543,509)	3,971,921
<b>Total Fund Balances</b>	<b>5,727,607</b>	<b>468,769</b>	<b>65,672</b>	<b>432,702</b>	<b>6,694,750</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 7,585,961</b>	<b>\$ 3,210,856</b>	<b>\$ 3,435,672</b>	<b>\$ 1,214,289</b>	<b>\$ 15,446,778</b>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
RECONCILIATION OF THE TOTAL GOVERNMENTAL  
FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES**

**DECEMBER 31, 2021**

Fund Balances - Governmental Funds		\$ 6,694,750
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,655,084
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,176,158
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.		
Deferred Outflows - Pension/OPEB	1,634,551	
Deferred Inflows - Pension/OPEB	(1,600,804)	
Net Pension/OPEB Liability/Asset	(5,808,961)	(5,775,214)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		(6,021,256)
Net Position of governmental activities		\$ 4,729,522

**CITY OF MILFORD, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Income Taxes	\$ 4,993,355	\$ -	\$ -	\$ -	\$ 4,993,355
Property and Other Taxes	713,049	2,661,238	-	-	3,374,287
Intergovernmental	220,938	185,661	190,535	1,146,631	1,743,765
Charges for Services	339,907	-	-	111,426	451,333
Licenses and Permits	148,728	-	-	-	148,728
Investment Earnings	(9,780)	3,312	930	3,321	(2,217)
Fines and Forfeitures	217,902	-	-	15,568	233,470
Payment in Lieu of Taxes	-	-	-	-	-
All Other Revenues	93,179	-	-	19,008	112,187
<b>Total Revenues</b>	<b>6,717,278</b>	<b>2,850,211</b>	<b>191,465</b>	<b>1,295,954</b>	<b>11,054,908</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Security of Persons and Property	2,975,638	2,747,015	-	2,660	5,725,313
Public Health and Welfare	306,675	-	-	248,440	555,115
Leisure Time Activities	228,955	-	-	-	228,955
Transportation	402,705	-	-	706,011	1,108,716
General Government	1,449,262	-	-	28,184	1,477,446
Capital Outlay	-	-	-	158,714	158,714
<b>Debt Service:</b>					
Principal Retirement	-	-	-	400,000	400,000
Interest and Fiscal Charges	-	-	-	214,092	214,092
<b>Total Expenditures</b>	<b>5,363,235</b>	<b>2,747,015</b>	<b>-</b>	<b>1,758,101</b>	<b>9,868,351</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>1,354,043</b>	<b>103,196</b>	<b>191,465</b>	<b>(462,147)</b>	<b>1,186,557</b>
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	5,049	-	-	-	5,049
Transfers - In	-	-	-	774,333	774,333
Transfers - Out	(343,940)	-	(248,893)	(45,375)	(638,208)
<b>Total Other Financing Sources (Uses)</b>	<b>(338,891)</b>	<b>-</b>	<b>(248,893)</b>	<b>728,958</b>	<b>141,174</b>
<b>Change in Fund Balances</b>	<b>1,015,152</b>	<b>103,196</b>	<b>(57,428)</b>	<b>266,811</b>	<b>1,327,731</b>
Fund Balances at Beginning of Year	4,712,455	365,573	123,100	165,891	5,367,019
Fund Balances at End of Year	<u>\$ 5,727,607</u>	<u>\$ 468,769</u>	<u>\$ 65,672</u>	<u>\$ 432,702</u>	<u>\$ 6,694,750</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

Amounts reported in governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$ 1,327,731
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	96,177
Governmental funds do not report the gain or loss on the disposal of capital assets	(719)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(136,347)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of of these differences in the treatment of long-term debt and related items.	405,046
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	495,530
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	369,681
Some items reported in the statement of activities do not require the use of current financial current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>24,664</u>
Change in net position of governmental activities	<u><u>\$ 2,581,763</u></u>



**CITY OF MILFORD, OHIO**  
**STATEMENT OF NET POSITION**  
**ENTERPRISE FUNDS**  
**DECEMBER 31, 2021**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
<b>Assets:</b>				
<u>Current Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 880,435	\$ 1,277,319	\$ 1,234,091	\$ 3,391,845
Receivables (net of allowances for doubtful accounts):				
Accounts	132,006	99,320	62,224	293,550
Interest	1,914	1,914	957	4,785
Total Current Assets	<u>1,014,355</u>	<u>1,378,553</u>	<u>1,297,272</u>	<u>3,690,180</u>
<u>Noncurrent Assets:</u>				
Net OPEB Assets	43,369	33,873	15,064	92,306
<u>Nondepreciable Capital Assets:</u>				
Land	103,988	227,426	-	331,414
Construction in Progress	86,210	-	-	86,210
<u>Depreciable Capital Assets:</u>				
Improvements Other than Buildings	4,303,950	7,001,670	2,953,849	14,259,469
Furniture, Fixtures, Equipment	636,110	561,006	88,181	1,285,297
Water and Sewer Line	3,727,898	4,627,772	-	8,355,670
Plant	2,051,892	4,130,916	-	6,182,808
Less: Accumulated Depreciation	<u>(6,237,764)</u>	<u>(9,664,679)</u>	<u>(1,351,932)</u>	<u>(17,254,375)</u>
Total Capital Assets (net of (accumulated depreciation)	<u>4,672,284</u>	<u>6,884,111</u>	<u>1,690,098</u>	<u>13,246,493</u>
Total Noncurrent Assets	<u>4,715,653</u>	<u>6,917,984</u>	<u>1,705,162</u>	<u>13,338,799</u>
Total Assets	<u>5,730,008</u>	<u>8,296,537</u>	<u>3,002,434</u>	<u>17,028,979</u>
<b>Deferred Outflows of Resources:</b>				
Pensions	53,970	42,152	18,745	114,867
OPEB	21,321	16,652	7,406	45,379
Total Deferred Outflows of Resources	<u>75,291</u>	<u>58,804</u>	<u>26,151</u>	<u>160,246</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,805,299</u>	<u>\$ 8,355,341</u>	<u>\$ 3,028,585</u>	<u>\$ 17,189,225</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
DECEMBER 31, 2021**

**BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS**

	Water	Wastewater	Stormwater Management	Totals
<b>Liabilities</b>				
<u>Current Liabilities:</u>				
Accounts Payable	\$ 14,718	\$ 17,734	\$ 28,625	\$ 61,077
Accrued Wages and Benefits	7,377	6,099	1,023	14,499
Due to Other Governments	1,033	854	143	2,030
Compensated Absences Payable - Current	24,542	11,558	2,906	39,006
Ohio Water Development				
Authority Loans Payable - Current	32,738	226,965	-	259,703
OPWC Loan Payable - Current	18,774	63,384	-	82,158
Total Current Liabilities	<u>99,182</u>	<u>326,594</u>	<u>32,697</u>	<u>458,473</u>
<u>Noncurrent Liabilities:</u>				
Compensated Absences Payable	4,615	1,443	-	6,058
Ohio Water Development				
Authority Loans Payable	1,025,600	835,617	-	1,861,217
OPWC Loans Payable	190,328	431,563	-	621,891
Net Pension Liability	387,045	302,293	134,434	823,772
Total Noncurrent Liabilities	<u>1,607,588</u>	<u>1,570,916</u>	<u>134,434</u>	<u>3,312,938</u>
Total Liabilities	<u>1,706,770</u>	<u>1,897,510</u>	<u>167,131</u>	<u>3,771,411</u>
<b>Deferred Inflows of Resources:</b>				
Pensions	196,308	153,322	68,184	417,814
OPEB	149,317	116,621	51,863	317,801
Total Liabilities	<u>345,625</u>	<u>269,943</u>	<u>120,047</u>	<u>735,615</u>
<b>Net Position</b>				
Net Investment in Capital Assets	3,404,844	5,326,582	1,690,098	10,421,524
Unrestricted	348,060	861,306	1,051,309	2,260,675
Total Net Position	<u>3,752,904</u>	<u>6,187,888</u>	<u>2,741,407</u>	<u>12,682,199</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 5,805,299</u>	<u>\$ 8,355,341</u>	<u>\$ 3,028,585</u>	<u>\$ 17,189,225</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
<u>Operating Revenues:</u>				
Charges for Services	\$ 1,319,923	\$ 898,546	\$ 480,366	\$ 2,698,835
Other Operating Revenues	27,923	9,892	1,185	39,000
Total Operating Revenues	<u>1,347,846</u>	<u>908,438</u>	<u>481,551</u>	<u>2,737,835</u>
<u>Operating Expenses:</u>				
Personal Services	416,471	75,887	14,009	506,367
Materials and Supplies	137,936	54,598	9,228	201,762
Contractual Services	139,319	224,249	73,113	436,681
Other Operating Expenses	54,392	51,394	5,388	111,174
Depreciation	273,451	483,154	118,827	875,432
Total Operating Expenses	<u>1,021,569</u>	<u>889,282</u>	<u>220,565</u>	<u>2,131,416</u>
Operating Income	326,277	19,156	260,986	606,419
<u>Non-Operating Revenues (Expenses):</u>				
Investment Earnings	(14,361)	(9,409)	(1,282)	(25,052)
Interest and Fiscal Charges	(21,990)	(11,020)	-	(33,010)
Grants	-	77,762	-	77,762
Loss on Disposal of Capital Assets	(5,644)	-	-	(5,644)
Total Non-Operating Revenues (Expenses)	<u>(41,995)</u>	<u>57,333</u>	<u>(1,282)</u>	<u>14,056</u>
Income Before Transfers	284,282	76,489	259,704	620,475
Transfers Out	<u>(45,375)</u>	<u>(45,375)</u>	<u>(45,375)</u>	<u>(136,125)</u>
Change in Net Position	238,907	31,114	214,329	484,350
Total Net Position - Beginning	<u>3,513,997</u>	<u>6,156,774</u>	<u>2,527,078</u>	<u>12,197,849</u>
Total Net Position - Ending	<u>\$ 3,752,904</u>	<u>\$ 6,187,888</u>	<u>\$ 2,741,407</u>	<u>\$ 12,682,199</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Increase (Decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$ 1,275,595	\$ 903,465	\$ 479,736	\$ 2,658,796
Cash Paid for Employee Services and Benefits	(576,286)	(432,478)	(182,639)	(1,191,403)
Cash Paid to Suppliers for Goods and Services	(285,850)	(277,371)	(53,920)	(617,141)
Other Operating Revenues	27,573	9,342	1,185	38,100
Other Operating Expenses	(54,240)	(51,404)	(5,388)	(111,032)
Net Cash Provided by Operating Activities	<u>386,792</u>	<u>151,554</u>	<u>238,974</u>	<u>777,320</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers-out to Other Funds	<u>(45,375)</u>	<u>(45,375)</u>	<u>(45,375)</u>	<u>(136,125)</u>
Net Cash (Used for) Noncapital Financing Activities	<u>(45,375)</u>	<u>(45,375)</u>	<u>(45,375)</u>	<u>(136,125)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital Grant Contributions	-	77,762	-	77,762
Acquisition and Construction of Assets	(64,950)	(166,850)	(77,730)	(309,530)
Principal Paid on Loans Payable	(120,040)	(217,918)	-	(337,958)
Interest Paid on All Debt	(21,990)	(11,020)	-	(33,010)
Net Cash (Used for) Capital and Related Financing Activities	<u>(206,980)</u>	<u>(318,026)</u>	<u>(77,730)</u>	<u>(602,736)</u>
<u>Cash Flows from Investing Activities:</u>				
Change in the Fair Value of Investments	(19,089)	(19,089)	(9,544)	(47,722)
Interest	5,340	10,293	8,569	24,202
Net Cash (Used for) Investing Activities	<u>(13,749)</u>	<u>(8,796)</u>	<u>(975)</u>	<u>(23,520)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	120,688	(220,643)	114,894	14,939
Cash and Cash Equivalents at Beginning of Year	<u>759,747</u>	<u>1,497,962</u>	<u>1,119,197</u>	<u>3,376,906</u>
Cash and Cash Equivalents at End of Year	<u>\$ 880,435</u>	<u>\$ 1,277,319</u>	<u>\$ 1,234,091</u>	<u>\$ 3,391,845</u>

**CITY OF MILFORD, OHIO  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater Management</u>	<u>Totals</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income	\$ 326,277	\$ 19,156	\$ 260,986	\$ 606,419
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	273,451	483,154	118,827	875,432
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(44,678)	4,369	(630)	(40,939)
Increase in Contracts Payable	(43,369)	(33,873)	-	(77,242)
(Decrease) in Due to Other Governments	(3,337)	(3,234)	(1,428)	(7,999)
Increase (Decrease) in Accounts Payables	(8,443)	1,466	28,421	21,444
Increase in Accrued Wages and Benefits	2,308	715	113	3,136
Increase (Decrease) in Compensated Absences Payable	1,341	578	(846)	1,073
Net (Decrease) in GASB 75 OPEB Items	(164,746)	(213,117)	(113,807)	(491,670)
Net Increase (Decrease) in GASB 68 Pension Items	47,988	(107,660)	(52,662)	(112,334)
Total Adjustments	<u>60,515</u>	<u>132,398</u>	<u>(22,012)</u>	<u>170,901</u>
Net Cash Provided by Operating Activities	<u>\$ 386,792</u>	<u>\$ 151,554</u>	<u>\$ 238,974</u>	<u>\$ 777,320</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS - CUSTODIAL FUNDS  
DECEMBER 31, 2021**

	<u>Joint Economic Development Districts</u>
<b>Assets:</b>	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 274,678</u>
Total Assets	<u><u>274,678</u></u>
<b>Liabilities:</b>	
Total Liabilities	<u>-</u>
<b>Net Position</b>	
Restricted - Governmental Agreements	<u>274,678</u>
Total Net Position	<u><u>\$ 274,678</u></u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS - CUSTODIAL FUNDS**  
**FOR THE YEAR FISCAL YEAR ENDED DECEMBER 31, 2021**

	Joint Economic Development Districts
<b><u>Additions:</u></b>	
Income Tax Collections	\$ 1,907,306
Releas Prior Year Retainer	22,189
Interest Earnings	203
Miscellaneous	2,352
Total Additions	1,932,050
<b><u>Deductions:</u></b>	
City of Milford	220,272
Union Township	1,505,400
Administrative costs	58,279
Total Deductions	1,783,951
Net Increase in Fiduciary Net Position	148,099
Beginning Net Position	126,579
Ending Net Position	\$ 274,678

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING

**A. Reporting Entity**

The City of Milford (“The City”) is a charter City operating under the laws of the State of Ohio. The City was originally incorporated as the Village of Milford in 1836. Milford’s name is attributed to the principal industry of that time period, milling. Milford became a City after the 1980 census.

The City operates under a Council-Manager form of government. All legislative power of the Municipality is vested in a seven member elected Council and the administrative power of the Municipal Government is vested in a Manager appointed by the Council. The Manager is the chief executive and administrative officer of the City. The Council selects, from its own members, a Mayor and a Vice Mayor. The Mayor is the ceremonial and representative head of the Municipality, but exercises no administrative authority. The Finance Director is appointed by the Manager and confirmed by a majority vote of the Council.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. To provide necessary services to its citizens, the City of Milford is divided into departments and financial management and control systems. Departments providing services include a police force, a street maintenance and repair force, a parks and recreation system, a sewer department, a water system, a stormwater system, an income tax department and a staff to provide essential support to these service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the administration of the City Manager. All are responsible to the citizens of Milford and are included as part of the reporting entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization’s budget, the issuance of its debt or the levying of its taxes. The City reports one component unit described below.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING (CONTINUED)

The Mayor's Court has been included in the City's financial statements under evaluation of GASB 84, *Fiduciary Activities*. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines. The funds are ultimately held for the benefit of the City with monthly distributions being sent to the City's various funds but mainly the General Fund.

The Milford Exempted Village School District and Milford Community Fire Department have been excluded from the City's financial statements because the City is not financially accountable for these organizations nor are the entities fiscally dependent on the City.

The City is associated with four jointly governed organizations: The Center for Local Government, the Ohio-Kentucky-Indiana Regional Council of Governments, City of Milford-Union Township Joint Economic Development Districts and Clermont County Transportation Improvement District, which are presented in Note 15 to the basic financial statements.

**B. Discretely Presented Component Unit**

The component unit column in the government-wide financial statements includes the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The following is included as legally separate, discretely presented component of the City:

**Community Improvement Corporation of Milford (CIC):** The CIC is responsible for advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the City of Milford. The City Council appoints the voting majority of the board and there is a financial benefit/burden relationship between the CIC and the City. Copies of the CIC financial report are on file at the City's Finance Department.

**C. Basis of Presentation – Fund Accounting**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. Taxes and intergovernmental revenues normally support governmental activities. *Business type activities* are supported by charges for services.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING (CONTINUED)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***A. Measurement Focus Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, debt service expenditures, as well as compensated absences, are recorded only when payment is due.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property taxes, income taxes, licenses, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the City receives cash.

*Fund Accounting*

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City employs the use of three categories of funds: governmental, enterprise, and fiduciary.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose of 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, liabilities and deferred inflows of resources is reported as fund balance.

The City reports the following major governmental funds:

**General Fund**

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire/EMS Levy Special Revenue Fund**

The Fire/EMS levy fund accounts for collection of the City's Fire and EMS levies. The revenues are collected by the City and the City contracts with the Milford Community Fire Department for safety services.

**Sports Complex Land Improvement Fund**

Sports Complex Land Improvement fund accounted for the acquisition of the land where the FC Soccer training facility and Mercy Health Plex building are located. Clermont County pledged to collect a lodging tax to support the fund. The fund then pays any debt service obligation on the land by way of this intergovernmental revenue stream.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major enterprise funds:

**Water Fund**

To account for activities of the City's water system.

**Wastewater Fund**

To account for the activities of the City's wastewater system.

**Stormwater Management Fund**

To account for the activities of the City's stormwater management system.

Additionally, the City reports the following fund types:

*Fiduciary Funds:*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and custodial funds. The City maintains one fiduciary agency fund. The City's custodial fund is custodial in nature and do not involve the measurement of results of operations. The City is serving as fiscal agent for the Joint Economic Development Districts between Union Township and the City. These monies are maintained in a custodial fund until distributed to the two governments.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of materials and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**B. Cash and Cash Equivalents**

To improve cash management, cash received by the City, except cash in segregated accounts, is pooled. Monies for all funds, including enterprise funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements. The City's JEDD custodial fund receives and disburses income tax revenue through separate checking accounts, which is presented on the fiduciary statement of net position as "Cash and Cash Equivalents in Segregated Accounts."

During 2021, investments were limited to U.S. Governmental Agency Obligations, U.S. Treasury Notes, Commercial Paper and Money Market funds. Investments are reported at fair value which is based on quoted market prices. The fair value of open-end money market funds is based on the current share price.

For purposes of the statement of cash flows, investments with original maturities of three months or less, and funds within the cash management pool, are considered to be cash and cash equivalents.

Interest income is distributed to the funds according to ordinance as directed by the City's charter. Interest revenue credited to the general fund during 2021 amounted to (\$9,780), which includes \$0 assigned from other funds. The negative balance reported is from the change in the fair value of investment at year end. The fire/EMS levy special revenue fund, sports complex land improvement capital projects fund, debt service, street, state highway, permissive tax, and cemetery special revenue funds, and land acquisition capital project funds, water, wastewater, and stormwater enterprise funds also received interest of \$3,312; \$930; \$68; \$135; \$218; \$845; \$2,017; \$38; (\$14,361); (\$9,409); and (\$1,282) respectively.

**C. Capital Assets and Depreciation**

The accounting and reporting treatment applied to capital assets is determined by the ultimate use:

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Improvement other than Buildings	15 - 50
Machinery, Equipment, Furniture and Fixtures	4 – 15
Plant (Water and Wastewater)	40
Sewer and Water Lines	40

The City has elected to not report major general infrastructure assets retroactively which is allowed by GASB Statement No. 34 paragraph 148. The City felt with limited staff time to research the infrastructure maintained by the City the retroactive reporting would not be cost beneficial.

**D. Capitalization of Interest**

Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The City’s policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until the completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2021, no net interest expense was incurred on enterprise fund construction projects.

**E. Compensated Absences**

Vacation benefits and personal leave benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated, unused vacation time when earned for all employees.

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 City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year-end, taking into consideration any limits specified in the City’s termination policy. The City records a liability for accumulated, unused sick leave for employees after ten years of current service.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The entire liability is reported on the government-wide statements. In enterprise funds, the entire amount of unpaid compensated absences is reported as a fund liability.

**F. *Accrued Liabilities and Other Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, compensated absences and general obligation bonds payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be expected to be liquidated with expendable, available financial resources. Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise fund.

**G. *Fund Balance***

The City reports the following categories of fund balance:

- Restricted fund balances related to grants, other restricted revenue sources like state shared revenues or charges for specific services are reported as restricted in the fund receiving those resources.
  
- Assigned fund balances are balances for which the City administration has specified the future use such as encumbrances.
  
- Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

The City applies restricted resources first then assigned resources when expenditures are incurred for purposes for which either restricted, assigned or unassigned amounts are available.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**H. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

Transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Transfers In” by the recipient fund and “Transfers Out” by the disbursing fund on the fund financial statements. These transfers are consolidated within the governmental and business-type activities columns, and also from the “total” column on the statement of activities. Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

**I. Net Position**

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the statement of net position. Net position of net investment in capital assets is calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. None of the City’s \$1,510,653 restricted net position is restricted by enabling legislation.

**J. Deferred Outflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City reports deferred outflows of resources on the government-wide statement of net position for pension/other post employment benefits (OPEB). The deferred outflows of resources related to pension/OPEB are explained in Notes 8 and 9.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***K. Deferred Inflows of Resources***

Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance fiscal year 2022 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position (see Notes 8 and 9.) The City also reports a deferred inflow for the Clermont County lodging tax revenue pledged to pay on the sports complex land bond obligation purchase. The reported amount matches the remaining principal balance owed.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

***K. Exchange/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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year the income was earned; property taxes are recognized in the year for which the taxes are levied (See Note 4). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specified the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Pensions/OPEB**

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

**M. 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.

**N. Reconciliation of Government-Wide and Fund Financial Statements**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$6,021,256) difference are as follows:

General Obligation Bonds	(\$2,270,000)
Special Obligation Bonds	(3,370,000)
Premium on General Obligations Bonds	(1,756)
Accrued Interest Payable	(14,285)
Compensated Absences	<u>(365,215)</u>
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>(\$6,021,256)</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of \$8,655,084 difference are as follows:

Capital Assets	\$15,192,200
Accumulated Depreciation	<u>(6,537,116)</u>
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$8,655,084</u></u>

The governmental statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government wide statement of position.

One element of that reconciliation states that “Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$96,177 are as follows:

Current Capital Additions	\$618,781
Depreciation Expense	<u>(522,604)</u>
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$96,177</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$405,046 are as follows:

Principal paid on Long Term Debt	\$400,000
Amortization of Bond Premium Cost	3,526
Change in Interest Payable	<u>1,520</u>
Net Adjustment - current financial resources focus to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$405,046</u></u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classified monies held by the City into three categories.

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of tax exempt notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, 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 Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. At fiscal year-end, the carrying value of the City's deposits was \$6,785,897 and the bank balance was \$7,026,283. \$4,274,017 of the City's deposits was insured by federal depository insurance. At December 31, 2021, the \$2,752,266 of the City's remaining bank balance of \$7,026,283 was exposed to custodial credit risk. The CIC maintains a checking account with a carrying value of \$49,974 that is FDIC insured.

Investments

As of December 31, 2021, the City had the following investments.

Categorized Investments	Fair Value	Weighted Average Maturity (Years)	Fair Value Measuring Unit	Credit Rating	Concentration Percentage
Federal Home Loan Mortgage Corporation Notes	\$422,257	2.87	Level 2	NA	10.31%
Federal Home Loan Bank Notes	1,266,590	2.58	Level 2	NA	30.92%
U.S Treasury Note	277,725	1.87	Level 2	NA	6.78%
Commercial Paper	2,068,043	0.30	Level 1	Aa1/P-1	50.47%
Money Market Funds	62,336	0.16	Level 1	S& P - AAAM	1.52%
Total	<u>\$4,096,951</u>				

*Fair Value Measurement*

Fair value as defined by GASB Statement No. 72 requires the City to apply valuation techniques that best represent fair value in the circumstances-market approach, cost approach and income approach. The following are the levels for which inputs can be measured. Level 1 – quoted prices (unadjusted) in active markets for identical assets/liabilities (most reliable); Level 2 – quoted prices for similar assets/liabilities, quoted price for identical assets/liabilities or similar assets/liabilities in markets that are not active, or other quoted prices that are observable; and Level 3 – unobservable inputs (least reliable).

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

*Interest Rate Risk* - The City has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk* - The City has no investment policy that would further limit its investment choices.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Bank Bonds and Federal Home Loan Mortgage Corporation Bonds are held in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes. Property tax payments received during 2021 for tangible personal property (other than public utility property) are for 2021 taxes.

2021 real property taxes are levied after October 1, 2020 on the assessed value as of January 1, 2021 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2021 real property taxes are collected in and intended to finance 2021.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 4 - PROPERTY TAXES (CONTINUED)**

The full tax rate for all City operations for the year ended December 31, 2021, was \$3.00 per \$1,000 of assessed value for inside millage. Additionally, voted levies were \$12.50 per \$1,000 of assessed value for fire and emergency medical service. The assessed values of real and tangible personal property upon which 2021 property tax receipts were based are as follows:

<u>Category (Clermont County Only)</u>	<u>Assessed Value</u>
Real Property	\$175,692,260
Public Utility Tangible Personal Property	10,920,500
Total Property Tax	\$186,612,760

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Milford. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2021 operations. The receivable is offset by unearned revenue.

**NOTE 5 - INCOME TAX**

The City levies a municipal income tax of 1.0% on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 5 - INCOME TAX (CONTINUED)

Income tax proceeds are to be used to pay the cost of administering the tax. After these costs are recovered the proceeds are allocated to the General Fund, the Parks and Recreation Fund and the Capital Improvement Capital Projects Fund. Income tax revenue (net of refunds) for 2021 was \$4,993,355.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2021, consisted primarily of property taxes, income taxes, accounts, interfund, interest on investments, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
Local Government	\$51,798
Homestead/Rollback	22,834
ODNR Grant	74,500
Total General Fund	<u>149,132</u>
<i>Fire/EMS Levy</i>	
Homestead/Rollback	<u>70,923</u>
<i>Sports Complex Land Improvement</i>	
County Pledged Revenues	<u>3,370,000</u>
<u>NONMAJOR FUNDS</u>	
<i>Street Fund</i>	
Gasoline Excise Tax	172,852
Motor Vehicle License Tax	24,945
Total Street Fund	<u>197,797</u>
<i>State Highway Fund</i>	
Gasoline Excise Tax	14,015
Motor Vehicle License Tax	2,022
Total State Highway Fund	<u>16,037</u>
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	39,060
Total All Funds	<u><u>\$3,842,949</u></u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 7 – CAPITAL ASSETS

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$3,049,838	\$30,170	\$0	\$3,080,008
Construction in Progress	13,906	0	(13,906)	0
Total capital assets, not being depreciated	<u>3,063,744</u>	<u>30,170</u>	<u>(13,906)</u>	<u>3,080,008</u>
Capital Assets, being depreciated:				
Buildings	6,115,288	0	0	6,115,288
Improvements other than Buildings	2,803,580	456,555	0	3,260,135
Vehicles, Furniture and Equipment	3,017,788	145,962	(426,981)	2,736,769
Total capital assets being depreciated	<u>11,936,656</u>	<u>602,517</u>	<u>(426,981)</u>	<u>12,112,192</u>
Less Accumulated Depreciation For:				
Buildings	(3,179,065)	(200,169)	0	(3,379,234)
Improvements other than Buildings	(946,195)	(132,988)	0	(1,079,183)
Vehicles, Furniture and Equipment	(2,315,514)	(189,447)	426,262	(2,078,699)
Total Accumulated Depreciation	<u>(6,440,774)</u>	<u>(522,604)</u>	<u>426,262</u>	<u>(6,537,116)</u>
Total capital assets, being depreciated, net	<u>5,495,882</u>	<u>79,913</u>	<u>(719)</u>	<u>5,575,076</u>
Governmental Activities - Capital Assets, Net	<u>\$8,559,626</u>	<u>\$110,083</u>	<u>(\$14,625)</u>	<u>\$8,655,084</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance 12/31/20	Increases	Decreases	Balance 12/31/21
<b>Business Type Activities</b>				
Capital Assets, not being depreciated				
Land	\$331,414	\$0	\$0	\$331,414
Construction in Progress	21,260	64,950	0	86,210
Total capital assets, not being depreciated	<u>352,674</u>	<u>64,950</u>	<u>0</u>	<u>417,624</u>
Capital Assets, being depreciated				
Improvements other than Buildings	14,014,889	244,580	0	14,259,469
Plant	6,182,808	0	0	6,182,808
Machinery and Equipment	1,711,148	0	(425,851)	1,285,297
Sewer and Water Lines	8,355,670	0	0	8,355,670
Total capital assets, being depreciated	<u>30,264,515</u>	<u>244,580</u>	<u>(425,851)</u>	<u>30,083,244</u>
Less Accumulated Depreciation For:				
Improvements other than Buildings	(5,642,877)	(514,312)	0	(6,157,189)
Plant	(4,960,773)	(123,854)	0	(5,084,627)
Machinery and Equipment	(1,175,204)	(102,930)	420,207	(857,927)
Sewer and Water Lines	(5,020,296)	(134,336)	0	(5,154,632)
Total Accumulated Depreciation	<u>(16,799,150)</u>	<u>(875,432)</u>	<u>420,207</u>	<u>(17,254,375)</u>
Total capital assets, being depreciated, net	<u>13,465,365</u>	<u>(630,852)</u>	<u>(5,644)</u>	<u>12,828,869</u>
Business Type Activities - Capital Assets, Net	<u>\$13,818,039</u>	<u>(\$565,902)</u>	<u>(\$5,644)</u>	<u>\$13,246,493</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental and business-type functions as follows:

<b>Governmental Activities:</b>	
Security of Persons and Property	\$138,165
Public Health and Welfare	8,158
Leisure Time Activities	22,002
Transportation	239,664
General Government	114,615
Total Depreciation Expense - governmental activities	<u>\$522,604</u>
 <b>Business Type Activities:</b>	
Water	\$273,451
Wastewater	483,154
Stormwater Management	118,827
Total Depreciation Expense – business-type activities	<u>\$875,432</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability 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 this estimate annually.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *accrued wages and benefits* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – City employees, other than full time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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

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NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year.

At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

**CITY OF MILFORD, OHIO**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2021 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$254,696 for the year ending December 31, 2021. Of this amount, \$4,189 is reported as accrued wages and benefits.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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



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NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

	Police
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	19.50 %
Employee:	12.25 %
 <b>2021 Actual Contribution Rates</b>	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee:	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$346,556 for 2021. Of this amount \$4,846 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability was based on the City'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:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability -			
Prior Measurement Year	0.013304%	0.0637360%	
Proportion of the Net Pension Liability -			
Current Measurement Year	0.012335%	0.0644530%	
Change in proportion	-0.000969%	0.000717%	
Proportionate Share of the Net Pension Liability	\$1,826,545	\$4,256,952	\$6,083,497
Pension Expense	(\$85,052)	\$478,166	\$393,114

**CITY OF MILFORD, OHIO**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in proportion and differences	\$ -	\$ 259,189	\$ 259,189
Differences between expected and actual experience	-	183,675	183,675
Change in assumptions	-	73,686	73,686
City contributions subsequent to the measurement date	<u>254,696</u>	<u>346,556</u>	<u>601,252</u>
Total Deferred Outflows of Resources	<u><u>\$254,696</u></u>	<u><u>\$863,106</u></u>	<u><u>\$1,117,802</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$76,405	\$171,729	\$248,134
Net difference between projected and actual earnings on pension plan investments	711,934	213,130	925,064
Changes in proportion and differences	<u>138,083</u>	<u>41,064</u>	<u>179,147</u>
Total Deferred Inflows of Resources	<u><u>\$926,422</u></u>	<u><u>\$425,923</u></u>	<u><u>\$1,352,345</u></u>

\$601,252 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2022	(\$393,698)	\$99,645	(\$294,053)
2023	(145,418)	163,264	17,846
2024	(290,208)	(169,240)	(459,448)
2025	(97,098)	(15,724)	(112,822)
2026	<u>0</u>	<u>12,682</u>	<u>12,682</u>
Total	<u><u>(\$926,422)</u></u>	<u><u>\$90,627</u></u>	<u><u>(\$835,795)</u></u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2020 using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020 are presented as follows:

Wage Inflation	3.25 percent
Projected Salary Increases	3.25 percent to 10.75 percent (Includes wage inflation 3.25%)
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees: 3 percent Simple Post 1/7/13 Retirees: 0.50% simple through 2021, then 2.15% simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to .5 percent simple through 2021 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The most recent experience study was completed for the five-year period ended December 31, 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2020 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (arithmetic)</u>
Fixed income	25%	1.32%
Domestic equities	21%	5.64%
Real estate	10%	5.39%
Private equity	12%	10.42%
International equities	23%	7.36%
Other investments	9%	4.75%
Total	100%	5.43%

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.7% for 2020.

**CITY OF MILFORD, OHIO**  
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NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$3,484,144	\$1,826,545	\$448,254

***Changes Subsequent to the Measurement Date.*** In September 2021, the Board approved several changes to the pension plan based on the completed five-year experience study covering the period 2016-2020. In addition to other changes, the Board approved to decrease the assumed pension investment rate of return from 7.20% to 6.90%. These changes are not reflected in the current measurement period but are expected to increase the associated pension liability.

***Actuarial Assumptions – OPF***

OPF's total pension liability as of December 31, 2020 is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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.

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2020, are presented below:

Valuation Date	January 1, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Increases	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent for a total 3.25 rate
Cost of Living Adjustments	2.2 percent simple for increases based on the lesser of the increase in CPI and 3 percent.

**Healthy Mortality**

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>
67 or less	77%
68-77	105%
78 and up	115%

**Disabled Mortality**

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>
59 or less	35%
60-69	60%
70-79	75%
80 and up	100%

The most recent experience study was completed December 31, 2016.

**CITY OF MILFORD, OHIO**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Core Fixed Income *	23.00	0.90
Private Credit	5.00	4.50
High Yield Fixed Income	7.00	3.00
Private Real Estate	12.00	5.30
Private Markets	8.00	6.40
Real Assets	8.00	5.80
Gold	5.00	1.90
U.S Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	<u>5.00</u>	5.60
Total	<u><u>125.00 %</u></u>	

\* levered 2.5x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.



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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Discount Rate** The total pension liability was calculated using the discount rate of 8.0 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. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8 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, a 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 City's 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 8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent), or one percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability	\$6,116,759	\$4,256,952	\$2,951,892

**NOTE 9 – NET OPEB ASSET/LIABILITY**

The net OPEB asset/liability reported on the statement of net position represents an asset/liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB asset/liability represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB asset/liability 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.

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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

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

GASB 75 assumes the asset/liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB asset/liability. Resulting adjustments to the net OPEB asset/liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB asset/liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *accrued wages and benefits* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

**CITY OF MILFORD, OHIO**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

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

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

**CITY OF MILFORD, OHIO**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$0 for 2021.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

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

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$9,120 for 2021. Of this amount, \$128 is reported as an *accrued wages and benefits*.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

**CITY OF MILFORD, OHIO**  
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**NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)**

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Asset/Liability:			
Current Measurement Date	0.011488%	0.0624450%	
Prior Measurement Date	<u>0.012390%</u>	<u>0.0637360%</u>	
Change in Proportionate Share	<u>-0.0009020%</u>	<u>-0.0012910%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Asset/Liability	(\$204,689)	\$661,619	\$456,930
OPEB Expense/(Income)	(\$1,300,003)	\$80,419	(\$1,219,584)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes of assumptions	\$ 100,617	\$ 365,508	\$ 466,125
Changes in proportionate share	0	201,750	201,750
City contributions subsequent to the measurement date	<u>0</u>	<u>9,120</u>	<u>9,120</u>
Total Deferred Outflows of Resources	<u>\$100,617</u>	<u>\$576,378</u>	<u>\$676,995</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$184,712	\$109,131	\$293,843
Changes of assumptions	331,623	105,548	437,171
Net difference between projected and actual earnings on OPEB plan investments	109,009	24,587	133,596
Changes in proportionate share	<u>79,311</u>	<u>40,153</u>	<u>119,464</u>
Total Deferred Inflows of Resources	<u>\$704,655</u>	<u>\$279,419</u>	<u>\$984,074</u>

\$9,120 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2022	(\$323,742)	\$69,267	(\$254,475)
2023	(220,081)	75,089	(144,992)
2024	(47,371)	65,910	18,539
2025	(12,844)	60,916	48,072
2026	0	8,824	8,824
Thereafter	0	7,833	7,833
Total	<u>(\$604,038)</u>	<u>\$287,839</u>	<u>(\$316,199)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25%
Single Discount Rate:	
Current measurement date	6.00 percent
Prior Measurement date	3.16 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.00 percent
Health Care Cost Trend Rate	8.5 percent, initial 3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age



**CITY OF MILFORD, OHIO**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by OPERS investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

**CITY OF MILFORD, OHIO**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
Total	<u>100.00 %</u>	<u>4.43 %</u>

**Discount Rate** A single discount rate of 6.0 percent was used to measure the OPEB asset/liability on the measurement date of December 31, 2020. A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)**

***Sensitivity of the City’s Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*** The following table presents the City’s proportionate share of the net OPEB asset calculated using the single discount rate of 6.00 percent, as well as what the City’s proportionate share of the net OPEB asset/liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00 percent) or one-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	(\$50,892)	(\$204,689)	(\$331,084)

**Sensitivity of the City’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate**

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset/liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	(\$209,656)	(\$204,689)	(\$199,087)

***Changes between Measurement Date and Reporting Date***

During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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 the latest actuarial valuation, reflecting experience study results, are presented below.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum
Municipal Bond Index Rate	
Prior measurement date	2.75 percent
Current measurement date	2.12 percent
Single discount rate:	
Current measurement date	2.96 percent
Prior measurement date	3.56 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>
67 or less	77 %
68-77	105
78 and up	115

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>
59 or less	35 %
60-69	60
70-79	75
80 and up	100

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

**CITY OF MILFORD, OHIO**  
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**NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)**

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2020, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S Inflation Linked Bonds*	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	<u>12.00</u>	5.30
 Total	 <u><u>125.00</u></u> %	

\* levered 2.5x

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

Discount Rate

For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. For 2019, the total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12 percent at December 31, 2020 and 2.75 percent at December 31, 2019, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 2.96 percent for 2020 and 3.56 percent for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96 percent), or one percentage point higher (3.96 percent) than the current rate.

	1% Decrease (1.96%)	Current Discount Rate (2.96%)	1% Increase (3.96%)
City's proportionate share of the net OPEB liability	\$824,996	\$661,619	\$526,845

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 10 - EMPLOYEE BENEFITS

***Compensated Absences***

Accumulated Unpaid Vacation

Full time City employees earn vacation leave at varying rates based upon length of service. Upon departure from City employment, an employee (or his estate) will be paid for unused vacation leave. For the City as a whole, the total obligation for vacation accrual amounted to \$217,964.

Accumulated Unpaid Sick Leave

Full time City employees earn sick leave at the rate of 3.70 hours per eighty hours of service. Sick leave is cumulative without limit. In the case of retirement, employees with ten (10) or more years of service will be paid twenty-five percent (25%) of accrued but unused sick leave, up to a maximum of 240 hours. For the City as a whole, the total obligation for sick leave accrual amounted to \$156,176.

Accumulated Unpaid Personal Leave

All full time City employees receive two personal days in January, except police officers and police clerks who receive 48 hours and 40 hours, respectively, per their FOP contracts. All full-time employees can earn up to three (3) additional personal days for each 120 consecutive days worked without using sick leave. AFSCME employees can earn up to three (3) additional personal days for each 120 consecutive days worked without using sick leave per the union contract.

Personal leave can be carried over from year to year up to the following maximum hours allowed:

	<u>Maximum Personal time Allowed</u>
Exempt Employees	40 hours
AFSCME Employees	48 hours
Police Personnel and Clerks	60 hours

For the City as a whole, the total obligation for personal leave accrual amounted to \$36,139.



**CITY OF MILFORD, OHIO**  
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NOTE 10 - EMPLOYEE BENEFITS (CONTINUED)

***Insurance Benefits***

Full time employees are provided health, dental, and life insurance. The City elected to provide employee medical and hospitalization benefits through the Center for Local Government Benefit Pool (CLGBP) OME-RESA for health insurance during 2021. All employees share the cost of the monthly premium with the City. The City provided life insurance and AD&D insurance through Reliance Standard Life Insurance Company. Dental insurance is provided by the City through Dental Care Plus. In addition, the City provides Health Savings Accounts for all full time employees based on their medical coverage election. The City provides a Health Retirement Accounts for one employee that is are over 65. The annual reimbursement for Single Coverage is \$1,000 in 2021 and increased to \$1,500 for 2022 and the annual reimbursement for all other elections is \$2,000 for 2021 and increased to \$3,000 for 2022.

NOTE 11 - RISK MANAGEMENT

For 2021, the City contracted with McGowan Governmental Underwriters for general commercial coverage. The City had a general aggregate limit of \$3,000,000; personal injury limit of \$1,000,000.

Settled claims have not exceeded the City's coverage in any of the past three years. There was no significant decline in the level of coverage from the prior year. Performance bonds for employees are protected by the McGowan Governmental Underwriters and range from \$10,000 to \$100,000 with specific bonds for the Finance Director, Tax Commissioner and City Manager.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of Salaries. This rate is calculated based on accident history and administrative cost. The rate for 2021 paid in 2022 was .013965 for non-emergency service employees and .102913 for safety service employees.

**CITY OF MILFORD, OHIO**  
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**NOTE 12 - LONG-TERM OBLIGATIONS**

Issue Date	Interest Rate	Description	December 31, 2020	Additions	Reductions	December 31, 2021	Due Within One Year
<b>Governmental activities:</b>							
<b>General Obligation Bonds</b>							
2007	4.25% - 5.75%	Refunded Capital Facility	\$670,000	\$0	\$125,000	\$545,000	\$130,000
2017	2.50%	Public Works Building	1,860,000	0	135,000	1,725,000	140,000
		Total General Obligation Bonds Payable	2,530,000	0	260,000	2,270,000	270,000
2007		Premium on Refunded GO Bonds	5,282	0	3,526	1,756	0
		Net General Obligation Bonds Payable	2,535,282	0	263,526	2,271,756	270,000
<b>Special Obligation Nontax Revenue Bonds</b>							
2019	2.70%-3.50%	Sports Complex Land	3,510,000	0	140,000	3,370,000	145,000
		Net Pension Liability					
		Public Employees Retirement System	1,493,335	0	490,562	1,002,773	0
		Ohio Police and Fire Pension	4,293,603	0	36,651	4,256,952	0
		Net OPEB Liability					
		Public Employees Retirement System	959,166	0	959,166	0	0
		Ohio Police and Fire Pension	629,570	32,049	0	661,619	0
		Compensated absences	389,879	273,151	297,815	365,215	225,037
		Total Governmental Activities	13,810,835	305,200	2,187,720	11,928,315	640,037
<b>Business – Type Activities:</b>							
2005	0.90%	OWDA Loans	786,292	0	109,324	676,968	110,310
2007	2.00%	OWDA Loans	604,818	0	70,442	534,376	71,858
2008	1.00%	OWDA Loans	183,922	0	20,838	163,084	21,046
2010	1.00%	OWDA Loans	246,045	0	23,515	222,530	23,751
2010	0.00%	OWDA Loans	64,871	0	6,828	58,043	6,828
2014	2.00%	OWDA Loans	151,036	0	4,959	146,077	5,058
2015	2.00%	OWDA Loans	340,283	0	20,441	319,842	20,852
2006	0.00%	OPWC Loans	485,200	0	60,650	424,550	60,650
2009	0.00%	OPWC Loans	99,450	0	10,504	88,946	11,050
2010	0.00%	OPWC Loans	54,667	0	2,733	51,934	2,734
2010	0.00%	OPWC Loans	19,321	0	858	18,463	858
2018	0.00%	OPWC Loans	127,022	0	6,866	120,156	6,866
		Net Pension Liability					
		Public Employees Retirement System	1,136,291	0	312,519	823,772	0
		Net OPEB Liability					
		Public Employees Retirement System	752,215	0	752,215	0	0
		Compensated absences	43,991	63,658	62,585	45,064	39,006
		Total Business – Type Activities	5,095,424	63,658	1,465,277	3,693,805	380,867
		All FUNDS	\$18,906,259	\$368,858	\$3,652,997	\$15,622,120	\$1,020,904

The unvoted general obligation bond issues will be paid through the Special Revenue Funds and Debt Service Fund from property taxes and income taxes. Compensated absences obligations were paid from the funds from which the employees' salaries are paid.

In September 2000, \$2,100,000 of general obligation bonds were issued for the Five Points Building project. In August 2007, the City refunded the remaining balance of \$1,555,000 through the issuance of \$1,640,000 of general obligations bonds, through the Ohio Capital Assets Financing Program, as a way to reduce the interest over the remaining term of the capital facility bonds and retire the bond anticipation note that was outstanding. The bonds were issued with varying interest rates from 4.25% to 5.75% and will mature on December 1, 2025. The bonds will be paid from the Debt Service Fund.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)**

In July 2017, the City issued \$2,245,000 general obligation bonds for Public Works facility. The bonds were issued at a 2.5% rate and will mature on December 1, 2032. The bonds will be paid from the debt service fund.

In August 2019, the City issued \$3,650,000 special obligation nontax revenue bonds for Sport Complex Land project. The bonds were issued at an average 3.28% rate and will mature on December 1, 2039. The bonds will be paid from the debt service fund.

The City has also obtained the following loans from the Ohio Water Development Authority (OWDA) for the expansion and improvements of the City's water and wastewater treatment plants.

OWDA loan #4331 was approved in 2005 for a total of \$2,121,674 for the Wastewater Treatment Plant Improvement project. Repayment is scheduled over twenty years at a .90% interest rate with a final payment due July 2027. Payments are made from the Wastewater Fund's operating revenues.

OWDA loan #4795 was approved in 2007 for a total of \$1,349,311 for the Clearwell and Water Storage project. Repayment is scheduled over twenty years at a 2.00% interest rate with a final payment due July 2028. Payments are made from the Water Fund's operating revenues.

OWDA loan #4984 was approved in 2008 for a total of \$409,191 for the CSO Phase II-Garfield Force Main project. Repayment is scheduled over twenty years at a 1.00% interest rate with a final payment due July 2029. Payments are made from the Wastewater Fund's operating revenues.

OWDA loan #5341 was approved in 2009 for a total of \$468,732 for the Garfield Avenue Force Main project. Repayment is scheduled over twenty years at a 1.00% interest rate with a final payment due July 2030. Payments are made from the Wastewater Fund's operating revenues.

OWDA loan #5370 was approved in 2009 for a total of \$136,565 for the Lime Silo Rehabilitation project. Repayment is scheduled over twenty years at a 0.00% interest rate with a final payment due January 2030. Payments are made from the Water Fund's operating revenues.

OWDA loan #6752 was approved in 2014 for a total of \$178,802 for the Oakcrest and Valley View Water main replacements. Repayment is scheduled over thirty years at a 2.00% interest rate with a final payment due January 2044. Payments are made from the Water Fund's operating revenues.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

OWDA loan #6756 was approved in 2015 for a total of \$445,619 for the Main and High streets water main replacements. Repayment is scheduled over twenty years at a 2.00% interest rate with a final payment due January 2035. Payments are made from the Water Fund's operating revenues.

The City has also obtained the following non interest bearing loans from the Ohio Public Works Commission (OPWC) for the expansion and improvements of the City's water and wastewater treatment plants.

OPWC loan #CJ12G was approved in 2006 for a total of \$1,213,000 for the Wastewater Treatment Plant Repair and Replacement - Phase II project. Repayment is scheduled over twenty years with a final payment due January 2028. Payments are made from the Wastewater Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ09I was approved in 2009 for a total of \$221,000 for the Clearwell/WTP Storage project. Repayment is scheduled over twenty years with a final payment due January 2029. Payments are made from the Water Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ09L was approved in 2010 for a total of \$81,998 for the 54 Inch Combined Sewer Overflow project. Repayment is scheduled over thirty years with a final payment due January 2040. Payments are made from the Wastewater Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ04M was approved in 2010 for a total of \$25,758 for the Garfield Force Main project. Repayment is scheduled over thirty years with a final payment due January 2042. Payments are made from the Wastewater Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ13S was approved in 2014 for a total of \$137,321 for the Main Street water main project. Repayment is scheduled over thirty years with a final payment due January 2044. Payments are made from the Waste Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

The City has pledged a portion of future water and wastewater revenues to repay the OWDA and OPWC loans through final maturity on each debt obligation. The amount of future pledged revenues from the Water Fund is \$1,1585,92 and from the Wastewater Fund is \$1,554,093 which equal the outstanding principal and interest obligations on the related debt.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)**

As of December 31, 2021, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$17,428,494, and the unvoted legal debt margin was \$8,050,780.

A summary of the City's long-term debt funding requirements as of December 31, 2021 is represented in the following schedules. Principal, interest and total debt service is provided for General Obligation Bonds, Ohio Water Development Authority Loans, and Ohio Public Works Commission Loans.

Annual debt service requirements to maturity for Revenue and General Obligation Bonds are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>			
<u>Revenue and General Obligation Bonds</u>			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$415,000	\$173,323	\$588,323
2023	420,000	160,565	580,565
2024	440,000	147,615	587,615
2025	450,000	133,893	583,893
2026	315,000	119,665	434,665
2027-2031	1,695,000	467,640	2,162,640
2032-2036	1,200,000	236,017	1,436,017
2037-2039	705,000	50,050	755,050
Total	<u>\$5,640,000</u>	<u>\$1,488,768</u>	<u>\$7,128,768</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)**

Annual debt service requirements to maturity for Ohio Water Development Authority Loans are as follows:

**BUSINESS-TYPE ACTIVITIES**

Ohio Water Development Authority Loans			
Years	Principal	Interest	Total
2022	\$259,703	\$29,107	\$288,810
2023	263,545	25,697	289,242
2024	267,015	22,235	289,250
2025	270,541	18,719	289,260
2026	274,120	13,863	287,983
2027-2031	608,532	32,785	641,317
2032-2036	126,086	12,504	138,590
2037-2041	38,395	4,762	43,157
2042-2043	12,983	1,610	14,593
Totals	<u>\$2,120,920</u>	<u>\$161,282</u>	<u>\$2,282,202</u>

Annual debt service requirements to maturity for Ohio Public Works Commission Loans are as follows:

**BUSINESS-TYPE ACTIVITIES**

Ohio Public Works Commission Loans			
Years	Principal	Interest	Total
2022	\$82,158	\$0	\$82,158
2023	82,158	0	82,158
2024	82,158	0	82,158
2025	82,158	0	82,158
2026	82,158	0	82,158
2027-2031	196,834	0	196,834
2032-2036	52,289	0	52,289
2037-2041	41,990	0	41,990
2042-2044	2,146	0	2,146
Totals	<u>\$704,049</u>	<u>\$0</u>	<u>\$704,049</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 13 – NOTES PAYABLE

In 2020, the City issued \$540,000 in notes payable for the acquisition of the old Park National Bank Building and two parking lots on Main Street. The notes were issued at a 3.25 percent rate with a maturity date of October 8, 2021. The City reissued the notes on October 6, 2021 for an interest rate of 2.5% with a maturity date of October 5, 2022. The notes will be paid from the non-major Land Acquisition capital projects fund.

NOTE 14 – INTERFUND TRANSACTIONS

Following is a summary of transfers in and out for all funds for 2021:

Fund	Transfers	
	In	Out
<b>MAJOR FUNDS</b>		
General	\$0	\$343,940
Sports Complex Land Improvement	0	248,893
Water	0	45,375
Wastewater	0	45,375
Stormwater Management	0	45,375
Non-Major Governmental Funds	<u>774,333</u>	<u>45,375</u>
Total All Funds	<u>\$774,333</u>	<u>\$774,333</u>

The transfers out in the General fund to the nonmajor funds was related to principal and interest payments related to the City’s general obligation debt and to the street construction fund for the resurfacing project. The Sports Complex Land Improvement fund transferred funds needed to pay principal on the sports complex land bond. The water, wastewater, stormwater management, and non-major governmental funds transferred to the debt service fund for payment of a portion of the Public Works Building that each fund utilizes.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

The Center for Local Government, a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of five members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. The City made a \$0 financial contribution during 2021 for membership. Information can be obtained from the Center by writing to Director of the Center for Local Government, 10945 Reed Hartman Highway, Suite 303, Cincinnati, Ohio 45242.

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI), a jointly governed organization, was established to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the OKI Region. OKI members include Butler, Clermont and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky and Dearborn and Ohio Counties in Indiana. OKI also serves as an area wide review agency in conjunction with comprehensive planning within the OKI Region.

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI. The City made no financial contribution during 2021. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way Suite 420, Cincinnati, Ohio, 45202.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

In 2007, a Joint Economic Development District (JEDD) between the City of Milford and Union Township was approved by Union Township Trustees. It set aside 30 acres of prime land, zoned for business and commercial, to be serviced jointly as specified in the contract and marketed for commercial development. To date, the development in the JEDD area has proceeded at a strong pace. The prime project in the Ivy Point Development Project is Total Quality Logistics employing 1,000 people in the JEDD district. In 2012, a Joint Economic Development District (JEDD) between the City of Milford and Union Township was approved by Union Township Trustees. It encompassed the new Jungle Jim's areas along State Route 32. In 2014, a Joint Economic Development District (JEDD) between the City of Milford and Union Township was approved by Union Township Trustees. It encompassed the Mt. Carmel Brewery off Old State 74. During 2018, a JEDD between the City of Milford and Union Township was approved by Union Township Trustees that encompasses the new West Clermont school campus including the medical facilities on site. During 2019, a JEDD between the City of Milford and Union Township was approved by Union Township Trustees that encompasses former Glen Este high school site that is being redeveloped into a commercial development. During 2020, a JEDD between the City of Milford and Union Township was approved by Union Township Trustees that encompasses several parcels located near 508 Round Bottom Road.

Due to this JEDDs' location around the interchange of State Route 32 and the Interstate 275, additional commercial development is expected to continue at this location into the future. The deposits of income tax revenues for the JEDDs averaged over \$158,942 per month between both the City and Township. For more information related to the financial results of the JEDD please contact the City's Income Tax Department.

During 2010, the City joined the Clermont County Transportation Improvement District (TID). The TID is a body politic and corporate, created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The TID was specifically created pursuant to Chapter 5540 of the Ohio Revised Code, as amended. The TID was created by action of the Board of Clermont County Commissioners on June 21, 2006.

The TID contracts with local governments within Clermont County to assist in infrastructure projects. The City contracted with the TID in 2009 for a traffic study at the U.S 50/S.R.131 intersection. The City pledged \$175,000 to the TID in 2010 to pay for the study with payments through 2014. During 2020, the City paid \$0 to the TID. Copies of the TID's financial report are on file at the Clermont County Transportation Improvement District, 2381 Chamber Center Drive, Batavia, Ohio 45103.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**NOTE 16 – CLAIMS PAYABLE**

Medical/surgical, dental and vision insurance is offered to employees through a payroll deduction. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$50,000 per covered person. The plan is offered to governmental entities state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) in Steubenville, and administered by Self-Funded Plans, Inc. of Cleveland.

All funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The plan changed the bylaws during fiscal year 2015 that allows for a participant to leave the plan without any claims following them. Also, for fiscal years 2015 - 2021, the plan was running a surplus net position.

**NOTE 17 – FUND BALANCE ALLOCATION**

The City has chosen to present the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications is outline below:

<u>Fund Balance</u>	<u>General</u>	<u>Fire/EMS Levy</u>	<u>Sports Complex Land Improvement</u>	<u>Other Governmental</u>
Restricted:				
Debt Service	\$0	\$0	\$0	\$5,294
Public Safety	0	468,769	0	82,393
Cemetery Service	0	0	0	278,216
Transportation	0	0	0	249,286
Public Health	0	0	0	334,834
Capital Improvements	0	0	65,672	26,188
Total Restricted	0	468,769	65,672	976,211
Assigned:				
Budget Appropriation	1,212,177	0	0	0
Unassigned	4,515,430	0	0	(543,509)
Total Fund Balance	<u>\$5,727,607</u>	<u>\$468,769</u>	<u>\$65,672</u>	<u>\$432,702</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

NOTE 18 - CONTINGENT LIABILITIES

LITIGATION

The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City. The City had no pending litigation as of December 31, 2021.

STATE GRANTS

For the period January 1, 2021 to December 31, 2021, the City received State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 19 – CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for construction projects. The following amounts remain on these contracts as of December 31, 2021:

<u>Project</u>	<u>Outstanding Balance</u>
US50 Urban paving ODOT Project	\$491,680
Wallace and Garfield Water Lines	248,000
Water Tower Design	152,000
ODNR Walking Path	74,500

NOTE 20 – DEFICIT FUND BALANCE

The real property acquisition fund reports a negative fund balance of \$543,509 as the short term note payable is reported in the fund. The City would transfer cash as needed to cover the deficit.

***CITY OF MILFORD, OHIO***  
***NOTES TO THE BASIC FINANCIAL STATEMENTS***  
***DECEMBER 31, 2021***

NOTE 21 – COVID -19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City did receive COVID-19 funding from the American Rescue and Recovery Act totaling \$359,034. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

CITY OF MILFORD, OHIO

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN  
LAST EIGHT FISCAL YEARS (1)

	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.012335%	0.013304%	0.013403%	0.013806%	0.012503%	0.013562%	0.014318%	0.014318%
The City's Proportion Share of the Net Pension Liability	\$ 1,826,545	\$ 2,629,626	\$ 3,670,811	\$ 2,165,894	\$ 2,839,219	\$ 2,349,109	\$ 1,726,961	\$ 1,687,954
The City's Covered Payroll	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	101.05%	139.75%	203.45%	124.25%	176.40%	133.48%	87.02%	125.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO  
 SCHEDULE OF CITY'S PENSION CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 254,696	\$ 253,054	\$ 263,424	\$ 252,600	\$ 226,611	\$ 193,146	\$ 211,195	\$ 238,149	\$ 174,505	\$ 172,132
Contributions in Relation to the Contractually Required Contribution	(254,696)	(253,054)	(263,424)	(252,600)	(226,611)	(193,146)	(211,195)	(238,149)	(174,505)	(172,132)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346	\$ 1,721,320
Contributions as a Percentage of Covered-Payroll	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%

See accompanying notes to the required supplementary information

**CITY OF MILFORD, OHIO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OHIO POLICE AND FIRE FUND**  
**LAST EIGHT FISCAL YEARS (1)**

	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.064453%	0.063736%	0.064110%	0.065103%	0.056426%	0.052351%	0.052714%	0.052714%
The City's Proportion Share of the Net Pension Liability	\$ 4,256,952	\$ 4,293,603	\$ 5,233,070	\$ 3,995,650	\$ 3,573,969	\$ 3,367,752	\$ 2,730,822	\$ 2,567,353
The City's Covered Payroll	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	230.30%	245.86%	319.30%	266.37%	267.26%	287.70%	342.90%	205.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO  
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE FUND  
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 346,556	\$ 351,208	\$ 331,808	\$ 311,398	\$ 285,004	\$ 254,082	\$ 222,406	\$ 141,996	\$ 159,184	\$ 135,766
Contributions in Relation to the Contractually Required Contribution	(346,556)	(351,208)	(331,808)	(311,398)	(285,004)	(254,082)	(222,406)	(141,996)	(159,184)	(135,766)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502	\$ 1,064,831
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%	12.75%	12.75%

See accompanying notes to the required supplementary information



**CITY OF MILFORD, OHIO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB (ASSET)/LIABILITY**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN**  
**LAST FIVE FISCAL YEARS (1) (2)**

	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB (Asset)/Liability	0.011488%	0.012390%	0.012481%	0.012880%	0.011695%
The City's Proportion Share of the Net OPEB (Asset)/Liability	\$ (204,689)	\$ 1,711,381	\$ 1,627,229	\$ 1,398,673	\$ 1,181,238
The City's Covered Payroll	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550
The City's Proportion Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-11.32%	90.95%	90.19%	80.24%	73.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	115.57%	47.80%	46.33%	54.14%	54.50%

(1) Information prior to 2017 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO  
SCHEDULE OF CITY'S OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN  
LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ 17,432	\$ 32,191	\$ 35,199	\$ 19,846	\$ 13,423	\$ 68,853
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	(17,432)	(32,191)	(35,199)	(19,846)	(13,423)	(68,853)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346	\$ 1,721,320
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	1.00%	1.00%	4.00%

See accompanying notes to the required supplementary information

**CITY OF MILFORD, OHIO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**OHIO POLICE AND FIRE FUND**  
**LAST FIVE FISCAL YEARS (1) (2)**

	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.062445%	0.063736%	0.064110%	0.065103%	0.056426%
The City's Proportion Share of the Net OPEB Liability	\$ 661,619	\$ 629,570	\$ 583,820	\$ 3,688,629	\$ 2,678,418
The City's Covered Payroll	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274
The City's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.79%	36.05%	35.62%	245.91%	200.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	45.42%	47.10%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO  
 SCHEDULE OF CITY'S OPEB CONTRIBUTIONS  
 OHIO POLICE AND FIRE FUND  
 LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually Required Contributions	\$ 9,120	\$ 9,242	\$ 8,732	\$ 8,195	\$ 7,500	\$ 6,686	\$ 5,853	\$ 49,137	\$ 84,274	\$ 71,876
Contributions in Relation to the Contractually Required Contribution	(9,120)	(9,242)	(8,732)	(8,195)	(7,500)	(6,686)	(5,853)	(49,137)	(84,274)	(71,876)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502	\$ 1,064,831
Contributions as a Percentage of Employee Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	6.17%	6.75%	6.75%

Note: The percentages shown are only the police portion since the firefighters do not contribute to OPF.

See accompanying notes to the required supplementary information

**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**GENERAL FUND**

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<b>Revenues:</b>				
Property and Other Local Taxes	\$ 550,800	\$ 572,414	\$ 685,961	\$ 113,547
Income Taxes	4,244,680	4,244,680	4,986,346	741,666
Intergovernmental	147,518	147,518	207,333	59,815
Charges for Services	342,414	320,800	339,907	19,107
Licenses and Permits	138,620	138,620	146,924	8,304
Investment Earnings	57,000	57,000	39,475	(17,525)
Fines and Forfeitures	212,350	212,350	217,902	5,552
Other All Revenue	68,658	68,658	91,478	22,820
Total Revenue	5,762,040	5,762,040	6,715,326	953,286
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Security of Persons and Property:</b>				
<b>Police</b>				
Personal Services	2,707,251	2,744,281	2,584,257	160,024
Other	368,945	409,430	307,788	101,642
Total Police	3,076,196	3,153,711	2,892,045	261,666
<b>Building Inspection</b>				
Other	106,078	169,578	112,431	57,147
Total Building Inspection	106,078	169,578	112,431	57,147
Total Security of Persons and Property	3,182,274	3,323,289	3,004,476	318,813
<b>Public Health and Welfare Services:</b>				
<b>Health</b>				
Other	30,000	30,000	28,554	1,446
Total Health	30,000	30,000	28,554	1,446
<b>Grounds and Facilities</b>				
Personal Services	214,911	216,911	202,450	14,461
Other	59,700	59,700	34,375	25,325
Total Grounds and Facilities	274,611	276,611	236,825	39,786
Total Public Health and Welfare	304,611	306,611	265,379	41,232
<b>Transportation</b>				
<b>Public Works - Administration</b>				
Other	450,100	450,100	439,078	11,022
Total Transportation	450,100	450,100	439,078	11,022
<b>General Government</b>				
<b>Mayor's Court</b>				
Personal Services	94,620	94,620	89,497	5,123
Other	20,498	20,949	17,631	3,318
Total Mayor's Court	115,118	115,569	107,128	8,441
<b>City Council</b>				
Personal Services	40,981	40,981	38,467	2,514
Other	40,380	42,380	35,208	7,172
Total City Council	81,361	83,361	73,675	9,686
<b>Five Points Building</b>				
Other	100,000	110,600	91,721	18,879
Total Five Points Building	100,000	110,600	91,721	18,879
<b>Civil Defense</b>				
Other	2,100	8,100	3,701	4,399
Total Civil Defense	2,100	8,100	3,701	4,399

(continued)

**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	GENERAL FUND			Variance Positive (Negative)
	Initial	Budget Final	Actual	
City Manager				
Personal Services	\$ 231,664	\$ 233,964	\$ 195,737	\$ 38,227
Other	138,035	162,689	129,704	32,985
Total City Manager	<u>369,699</u>	<u>396,653</u>	<u>325,441</u>	<u>71,212</u>
Law Director				
Personal Services	114,218	119,218	107,118	12,100
Other	8,200	9,800	13,210	(3,410)
Total Law Director	<u>122,418</u>	<u>129,018</u>	<u>120,328</u>	<u>8,690</u>
Department of Civil Service				
Other	8,200	8,200	4,028	4,172
Total Department of Civil Service	<u>8,200</u>	<u>8,200</u>	<u>4,028</u>	<u>4,172</u>
Finance and Accounting				
Personal Services	171,849	171,849	164,428	7,421
Other	57,136	63,136	56,380	6,756
Total Finance and Accounting	<u>228,985</u>	<u>234,985</u>	<u>220,808</u>	<u>14,177</u>
Administration				
Other	72,500	72,500	58,251	14,249
Total Administration	<u>72,500</u>	<u>72,500</u>	<u>58,251</u>	<u>14,249</u>
Engineering				
Other	48,750	48,750	31,212	17,538
Total Engineering	<u>48,750</u>	<u>48,750</u>	<u>31,212</u>	<u>17,538</u>
Development				
Personal Services	99,548	99,548	85,740	13,808
Other	22,750	22,750	15,515	7,235
Total Development	<u>122,298</u>	<u>122,298</u>	<u>101,255</u>	<u>21,043</u>
Income Tax				
Personal Services	92,080	92,080	87,334	4,746
Other	147,980	148,113	143,538	4,575
Total Income Tax	<u>240,060</u>	<u>240,193</u>	<u>230,872</u>	<u>9,321</u>
Total General Government	<u>1,511,489</u>	<u>1,570,227</u>	<u>1,368,420</u>	<u>201,807</u>
Total Expenditures	<u>5,448,474</u>	<u>5,650,227</u>	<u>5,077,353</u>	<u>572,874</u>
Excess of Revenues Over (Under) Expenditures	313,566	111,813	1,637,973	1,526,160 (continued)

**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>GENERAL FUND</b>			Variance Positive (Negative)
	Initial	Budget Final	Actual	
<u>Other Financing Sources (Uses):</u>				
Income Tax Refunds	\$ (130,000)	\$ (130,000)	\$ (187,191)	\$ 57,191
Sale of Capital Assets	-	-	5,049	5,049
Advances Out	-	(74,500)	(74,500)	-
Transfers - Out	(1,080,615)	(1,183,615)	(478,940)	704,675
	<u>(1,210,615)</u>	<u>(1,388,115)</u>	<u>(735,582)</u>	<u>652,533</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(897,049)	(1,276,302)	902,391	2,178,693
Fund Balances at Beginning of Year	<u>4,812,020</u>	<u>4,812,020</u>	<u>4,812,020</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 3,914,971</u>	<u>\$ 3,535,718</u>	<u>\$ 5,714,411</u>	<u>\$ 2,178,693</u>

See accompanying notes to the required supplementary information

**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

**Fire/EMS LEVY FUND**

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 2,624,941	\$ 2,624,941	\$ 2,661,238	\$ 36,297
Intergovernmental	177,020	177,020	185,661	8,641
Investment Earnings	3,500	3,500	3,312	(188)
Total Revenue	<u>2,805,461</u>	<u>2,805,461</u>	<u>2,850,211</u>	<u>44,750</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property:				
Fire/EMS Department				
Other	2,780,991	2,780,991	2,746,216	34,775
Total Fire/EMS Department	<u>2,780,991</u>	<u>2,780,991</u>	<u>2,746,216</u>	<u>34,775</u>
Change in Fund Balances	24,470	24,470	103,995	79,525
Fund Balances at Beginning of Year	<u>365,624</u>	<u>365,624</u>	<u>365,624</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 390,094</u>	<u>\$ 390,094</u>	<u>\$ 469,619</u>	<u>\$ 79,525</u>

See accompanying notes to the required supplementary information



**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

NOTE 1 – BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year, with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated.

Advances-in and Advances-out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increasing) tax rates.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue to be collected is greater or less than the current estimates.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Appropriations

An appropriation ordinance (the appropriation budget) to control the level of expenditures for all funds, except agency funds, must be legally enacted on or before January 1. Appropriations may not exceed estimated resources as established in the official amended certificate of estimated resources. Supplemental appropriations may be adopted by Council action. Several supplemental appropriations were legally enacted during 2020 by Council.

The budgetary figures which appear in the “Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) – General fund and major special revenue funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications. Budget figures appearing in the statement of budgetary comparisons are based upon the following:

Initial Budget is the legally adopted amount of appropriation originally passed by City Council through the original appropriation ordinance.

Final Budget represents the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made at fund and personal services and other within each department. The appropriations set by Council remain fixed unless amended by Council ordinance.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as assigned fund balance for subsequent-year expenditures for the general fund on the basic financial statements while the other funds have the amount reported within the current higher classification.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances outstanding at year-end are carried forward to the subsequent year and are not reappropriated.

NOTE 2 - BUDGET TO GAAP RECONCILIATION

While 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, appropriations and encumbrances.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) – General Fund and Major Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

	General Fund	Fire/EMS Levy Fund
GAAP Basis	\$1,015,152	\$103,196
Adjustments:		
Revenue Accruals	(175,638)	0
Expenditure Accruals	56,927	799
GASB 54 funds	80,450	0
Budget Basis	\$976,891	\$103,995

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

NOTE 3 - NET PENSION LIABILITY – COST SHARING PLANS

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:*

There were no changes in benefit terms for the period 2014-2021.

*Changes in assumptions:*

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Health Annuitant Mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affect the total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:*

There were no changes in benefit terms for the period 2014-2021.

*Changes in assumptions:*

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

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

**NOTE 3 - NET PENSION LIABILITY – COST SHARING PLANS (CONTINUED)**

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from a range of 3.75% to 3.25%.
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Health Annuitant Mortality tables rolled back to 2006.
- For January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality tables rolled back to 2006.

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

**NOTE 4 - NET OPEB LIABILITY – COST SHARING PLANS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:*

There were no changes in benefit terms for the periods 2018-2021.

*Changes in assumptions:*

For 2018, the single discount rate changed from 4.23% to 3.85%.

For 2019, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%.
- Change in health care cost trend rate from 7.50% to 10%.

For 2020, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10% to 10.5%.

For 2021, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.16% to 6.00%.
- Change in health care cost trend rate from 10.5% to 8.5%.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2021**

NOTE 4 - NET OPEB LIABILITY – COST SHARING PLANS (CONTINUED)

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:*

For 2018, there were no changes in benefit terms.

For 2019, the retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

*Changes in assumptions:*

For 2018, the single discount rate changed from 3.79% to 3.24%.

For 2019, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.
- Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%.

For 2020, the single discount rate changed from 4.66% to 3.56%.

For 2021, the single discount rate changed from 3.56% to 2.96%.

# Bastin & Company, LLC

*Certified Public Accountants*

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

City of Milford  
Clermont County  
745 Center Street  
Milford, Ohio 45150

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Milford, Clermont County, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2022 where we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Bastin & Company, L L C*

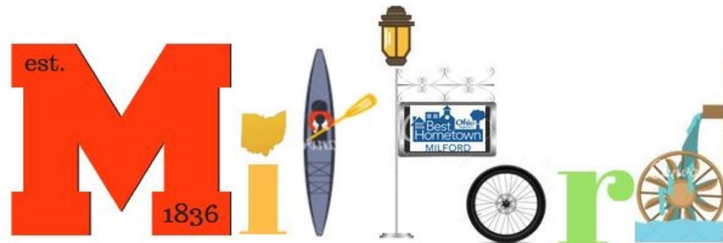
Cincinnati, Ohio  
June 24, 2022



# ***THE CITY OF MILFORD, OHIO***

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CLERMONT COUNTY



[www.milfordohio.org](http://www.milfordohio.org)

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2020

**CITY OF MILFORD, OHIO**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

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***CITY OF MILFORD, OHIO  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020***

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# Bastin & Company, LLC

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

City of Milford  
Clermont County  
745 Center Street  
Milford, Ohio 45150

To the Members of City Council:

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Milford, Clermont County, Ohio (City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the [aggregate] discretely presented component unit(s), each major fund, and the aggregate remaining fund information of the City of Milford, Clermont County, Ohio as of December 31, 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.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Emphasis of Matter***

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2022, on our consideration of the City'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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's 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 City's internal control over financial reporting and compliance.

*Bastin & Company, L L C*

Cincinnati, Ohio  
June 24, 2022

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

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The discussion and analysis of the City of Milford's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2020. While the intent of this discussion and analysis is to look at the City's financial performance as a whole, readers should also review the basic financial statements and notes to enhance their understanding of the City's fiscal performance.

**Financial Highlights**

Key highlights for 2020 are as follows:

- Total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows at the close of the year ended December 31, 2020, by \$14,345,608 (net position). Of this amount, \$1,542,737 is classified as unrestricted in the Water, Wastewater and Stormwater activities. The governmental activities ending unrestricted net position is (\$1,096,303) although without the net pension/OPEB liabilities and other GASB 68 and GASB 75 related items it would be \$5,544,122.
- The City's total net position decreased by \$154,995 which represents a 1.07% decrease from 2019.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$5,367,019. Of this amount \$2,993,377 is available for spending (unassigned General Fund balance) on behalf of its citizens.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,993,377 or 58.38% of total general fund expenditures.
- The other governmental major funds: Fire/EMS Levy Special Revenue Fund and Sports Complex Land Improvement Capital Projects Fund have ending fund balances of \$365,573 and \$123,100.

**Using this Annual Financial Report**

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 City of Milford as a complete operating entity.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

The Statement of Net Position and Statement of Activities present both an aggregate view of the City's finances and longer-term view of the net position. Major 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 dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

**Reporting City of Milford as a Whole**

Statement of Net Position and the Statement of Activities:

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net position and the change in that position. This change in net position is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, nonfinancial information such as changes in the City's tax base and the condition of City capital assets will also need to be evaluated.

In the Statement of Net Position and the Statement of Activities, the City is divided into two kinds of activities:

- Governmental Activities – Most of the City's services are reported here including police, public health, safety and leisure programs, administration, and all departments with the exception of our Water, Wastewater and Stormwater Management functions.
- Business-Type Activities – These services have a charge based upon the amount of usage. The City charges fees to recoup the cost of the entire operation of our Water, Wastewater and Stormwater Management systems as well as all capital expenses associated with these facilities.
- Component units are legally separate entities that the City has voting control over or fiscal responsibility for. The City reports the Community Improvement Corporation as a component unit.



**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

**Reporting the City of Milford's Most Significant Funds**

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. Fund financial reports provide detailed information about the City's major funds. Based on restrictions on the use of monies, the City has established many funds which account for the multitude of services provided to our residents.

However, these fund financial statements focus on the City's most significant funds. In the case of Milford, our major funds are the General, Fire/EMS Levy Special Revenue Fund, Sports Complex Land Improvements Capital Projects Fund, Water, Wastewater and Stormwater Management Enterprise funds.

*Governmental Funds:* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures and changes in fund balances for the major funds, which were identified earlier. Data from the other governmental funds are combined into a single, aggregated presentation.

*Proprietary Funds:* The City maintains only one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Wastewater and Stormwater Management operations.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

*Fiduciary Funds:* Fiduciary funds are used to account for resources held for the benefit 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 City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

*Notes to the Financial Statements:* The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide and fund financial statements.

*Required Supplementary Information (RSI):* The City is required to report the budgetary schedules for the General Fund and the Fire/EMS Levy Special Revenue Fund along with the applicable accounting policies to develop those schedules. The City also presents the pension/OPEB tables as required under GASB 68 and GASB 75 as RSI.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$14,345,608 (\$2,147,759 in governmental activities and \$12,197,849 in business type activities) as of December 31, 2020. The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, other improvements and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
*(Unaudited)*

Table 1 provides a summary of the City's statement of net position for 2020 compared to 2019.

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and Other Assets	\$14,333,471	\$12,844,006	\$3,635,835	\$3,559,766	\$17,969,306	\$16,403,772
Capital Assets	8,559,626	8,068,522	13,818,039	14,638,494	22,377,665	22,707,016
Total Assets	22,893,097	20,912,528	17,453,874	18,198,260	40,346,971	39,110,788
Deferred Outflows of Resources	1,969,059	3,159,994	283,600	575,905	2,252,659	3,735,899
Total Assets/Deferred Outflows	24,862,156	24,072,522	17,737,474	18,774,165	42,599,630	42,846,687
Long-term liabilities	13,810,835	15,566,997	5,095,424	5,818,917	18,906,259	21,385,914
Other liabilities	1,026,862	453,562	61,025	142,317	1,087,887	595,879
Total Liabilities	14,837,697	16,020,559	5,156,449	5,961,234	19,994,146	21,981,793
Deferred Inflows of Resources	7,876,700	6,307,796	383,176	56,495	8,259,876	6,364,291
Total Liabilities/Deferred Inflows	22,714,397	22,328,355	5,539,625	6,017,729	28,254,022	28,346,084
Net Position:						
Net investment in capital assets	1,974,374	1,629,714	10,655,112	11,120,141	12,629,486	12,749,855
Restricted	1,269,688	1,183,203	0	0	1,269,688	1,183,203
Unrestricted	(1,096,303)	(1,068,750)	1,542,737	1,636,295	446,434	567,545
Total Net Position	\$2,147,759	\$1,744,167	\$12,197,849	\$12,756,436	\$14,345,608	\$14,500,603

In prior years, the City adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. The City also adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pension," which significantly revises accounting for other postemployment benefit (OPEB) costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension/OPEB costs, GASB 27 and GASB 45 focused on a funding approach. This approach limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension/net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension/OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension/OPEB promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefits recipients. The retirement systems may allocate a portion of the employer contributions to provide these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension/OPEB liability. As explained above, changes in pension/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City’s statements prepared on an accrual basis of accounting include an annual pension/OPEB expense for their proportionate share of each plan’s *change* in net pension liability not accounted for as deferred inflows/outflows.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$1,269,688 of net position. The remaining unrestricted \$446,434 of net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities.

As of December 31, 2020, the City is able to report positive balances in all three categories of net position for the City as a whole. As a result of the net pension/OPEB liabilities and other GASB 68 and GASB 75 financial items, the unrestricted governmental net position is negative.

The City saw overall current and other assets increase by \$1.6 million as cash balance did increase about \$0.9 million overall as the City continues to exercise solid fiscal management in controlling the expenses in respect to the revenues generated.

The current liabilities increased \$0.5 million as the City issued bond anticipation notes to purchase the former Park National Bank building and two parking lots on Main Street. The long-term liabilities decreased by \$2.5 million with the changes in the net pension/OPEB liabilities for both retirement systems and paying down the outstanding debt obligations.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
*(Unaudited)*

*Statement of Activities*

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$1,075,992	\$1,039,553	\$2,797,293	\$2,760,588	\$3,873,285	\$3,800,141
Operating Grants and Contributions	1,188,898	837,961	0	0	1,188,898	837,961
Capital Grants	0	0	0	181,461	0	181,461
General Revenues						
Income Taxes	4,244,098	4,346,575	0	0	4,244,098	4,346,575
Property Taxes	2,305,709	2,266,936	0	0	2,305,709	2,266,936
Other Taxes	283,553	489,344	0	0	283,553	489,344
Unrestricted Grants	328,379	274,754	0	0	328,379	274,754
Investment earnings	130,685	105,962	97,735	76,364	228,420	182,326
Other Revenues	256,331	96,783	0	0	256,331	96,783
Total Revenues	9,813,645	9,457,868	2,895,028	3,018,413	12,708,673	12,476,281
Expenses:						
Security of Persons and Property	5,519,887	2,431,796	0	0	5,519,887	2,431,796
Public Health and Welfare	615,922	497,795	0	0	615,922	497,795
Leisure Time Activities	116,196	3,823,719	0	0	116,196	3,823,719
Transportation	1,339,312	1,154,125	0	0	1,339,312	1,154,125
General Government	1,737,164	1,928,816	0	0	1,737,164	1,928,816
Interest and Fiscal Charges	216,373	250,929	0	0	216,373	250,929
Water	0	0	1,292,860	1,316,039	1,292,860	1,316,039
Wastewater	0	0	1,349,202	1,458,854	1,349,202	1,458,854
Stormwater Management	0	0	676,752	535,307	676,752	535,307
Total Expenses	9,544,854	10,087,180	3,318,814	3,310,200	12,863,668	13,397,380
Transfers	134,801	66,225	(134,801)	(66,225)	0	0
Change in Net Position	403,592	(563,087)	(558,587)	(358,012)	(154,995)	(921,099)
Beginning Net Position	1,744,167	2,307,254	12,756,436	13,114,448	14,500,603	15,421,702
Ending Net Position	\$2,147,759	\$1,744,167	\$12,197,849	\$12,756,436	\$14,345,608	\$14,500,603

*Governmental Activities*

The primary focus of governmental activities is in the area of security of persons and property, which represents the police, fire and EMS services of the City. For 2020, total security of persons and property expenses were \$5.5 million representing 57.83% of governmental activity spending (it was 24.1% from 2019) required approximately \$5 million of general revenues to fund the program after specific program revenues. The large increase from 2019 resulted from the reduction of the reported OPEB liability for the Ohio Police and Fire Pension fund in the prior year. The reduction of the liability results in negative expenses; whereas, 2020 saw the liability increased slightly which results in positive expenses.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
*(Unaudited)*

Governmental revenues increased approximately 3.8% as operating grants increased over 2019 from the COVID grants the City received. These funds helped offset revenue decreases in income and other taxes. The City is mainly dependent on property and income taxes to fund operations. The City has worked to extend the income tax base by partnering with Union Township to create Joint Economic Development Districts along the Interstate 275/State Route 32 area. 3.63% of the City's 2020 income tax revenue came from those JEDD districts.

Overall the expenses were down over 5% as the City reduced certain expenses during pandemic with the economic shut down. The City did spend about \$0.50 million related to the grants received.

*Business-Type Activities*

The City's business-type activities include the water, wastewater and stormwater management systems. As a result of GASB 68 and GASB 75, only the water fund was able to produce an increase in net position for 2020. Combined change in net position totaled to (\$558,587) mainly from depreciation of the capital assets reducing the net position by \$921,613. The charges for services increased by \$36,705 across all three funds. All three of the enterprise funds have significant unrestricted net position to offset any operating losses during the year.

**Financial Analysis of the City's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of these City funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements as well as its ability to meet the needs of its citizens. In particular, unreserved fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

As of the end of 2020, the City's governmental funds reported combined ending fund balances of \$5.4 million. Approximately \$3.5 million constitutes unassigned fund balance available for spending for citizen needs as allowed under the Ohio Revised Code guidelines. A portion (\$1.2 million) is restricted by external sources (restricted fund balance) earmarked for specific purposes and not available to be spent for some purposes and another \$1.2 million is assigned for 2021 appropriations.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

The General Fund is the chief operating fund of the City. As of December 31, 2020, the unassigned general fund balance was \$3.5 million with a total fund balance of \$4.7 million. As a measure of liquidity, it is often useful to compare these numbers to total general fund expenditures and other financing uses. Unassigned fund balance represents approximately 63.5% of the total expenditures and other financing uses, while total fund balance represents 84.6% of that same amount.

During 2020, the City's General fund increased by \$0.7 million as the City generated \$0.2 million more in revenues compared to 2019 while also offsetting some expenditures by using the COVID grant funds, which are reported in a special revenue fund. The expenditures decreased by \$0.3 million split across the security of persons and property and general government.

The Fire and EMS levy generated about the same revenue as the prior year. The expenditures decreased slightly from the prior year. The City contracts for these services and collects the tax levy to cover the contract.

The other major governmental fund is the Sport Complex Land Improvement capital projects fund, which was a new major fund for 2019. The revenue comes from an agreement with Clermont County for a portion of the lodging tax revenue. The City issued the sports complex land special obligation bond during the prior year.

### **General Fund Budgeting Highlights**

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

During the course of 2020, the City amended its total and general fund budget several times, the most significant noted below. All recommendations for the budget came from the City Manager after consultation with individual directors and the Finance Department before submission to City Council. The City Council also ministerially approves small interdepartmental budget changes that modify line items within departments within the same fund. With the General fund supporting a majority of our major activities such as public safety programs, as well as most legislative and executive activities, the General Fund is monitored closely with particular attention to possible revenue shortfalls or over spending by individual departments.



**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
*(Unaudited)*

The following table summarizes the major revenue sources and expenditures from original to final budget for 2020:

Description	Original Budget	Final Budget	Change
<b>Revenues:</b>			
Property and Other Taxes	\$703,930	\$703,930	\$0
Income Taxes	4,268,600	4,268,600	0
Intergovernmental Revenue	199,850	199,850	0
Other Revenues	1,160,803	1,160,803	0
<b>Total Revenues</b>	<b>6,333,183</b>	<b>6,333,183</b>	<b>\$0</b>
<b>Expenditures:</b>			
Security of Persons/Property	3,184,929	3,205,429	20,500
General Government	1,814,348	1,596,448	(217,900)
Other Expenditures	733,167	744,167	11,000
<b>Total Expenditures</b>	<b>5,732,444</b>	<b>5,546,044</b>	<b>(186,400)</b>

The City's original revenue budget did not change for the final budget.

The City continued to evaluate the budgeted expenditures making several changes throughout the year. The City largest changes was reallocating some of the general government expenditures to the COVID grant fund.

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2020:

Description	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Property and Other Taxes	\$703,930	\$624,927	(\$79,003)
Income Taxes	4,268,600	4,389,418	120,818
Intergovernmental Revenue	199,850	213,996	14,146
Other Revenues	1,160,803	1,197,356	36,553
<b>Total Revenues</b>	<b>6,333,183</b>	<b>6,425,697</b>	<b>92,514</b>
<b>Expenditures:</b>			
Security of Persons/Property	3,205,429	2,965,967	239,462
General Government	1,596,448	1,314,284	282,164
Other Expenditures	744,167	698,046	46,121
<b>Total Expenditures</b>	<b>5,546,044</b>	<b>4,978,297</b>	<b>567,474</b>

The property and other taxes includes hotel and cinema taxes which were down significantly with the health orders in place. The income tax actually exceeded the budget

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

as more people were working from home. Expenditures were under the budget as they were reallocated to the COVID grant fund.

**Capital Assets and Debt Administration**

*Capital Assets:* The City's investment in net capital assets for its governmental and business type activities as of December 31, 2020, totaled \$12.6 million (net of accumulated depreciation and related debt). This net investment in capital assets includes land, buildings and systems, improvements, equipment and machinery.

The largest change was the additional purchase made by the City acquiring the Park National Building and two parking lots for additional gathering public space in the downtown area. For more information on the governmental and business-type capital assets see Note 7 in the notes to the financial statements.

*Long-term Debt:* At the end of 2020, the City had revenue and general obligation bonds outstanding of \$6.0 million in governmental activities. The City retired \$390,000 in principal related to revenue and general obligation bonds during the year. The City also has \$3.2 million in business-type debt between the water and wastewater funds. See Note 12 for further information on the City's long-term debt.

**Economic Factors affecting the City**

Surrounded by hills and woods, with 2019 population of almost 6,900 (city-data.com most recent), Milford is Clermont County's only city, is a focal point of new business development in the Greater Cincinnati Area. Milford has preserved the charms of its natural setting and historic downtown while creating a modern infrastructure that makes it a great place to live, work, play and grow.

Milford provides an excellent location for light industrial and retail businesses. The Milford commerce park offers a unique blend of industrial and recreational development. With a scenic location on the East Fork of the Little Miami River and a direct connection to I-275, the Park promises to be the "best business address" in Greater Cincinnati.

As the River's Edge development has grown over the past decade, the City hosts a multitude of restaurants, Target, Wal-Mart, a top line cinema and two top class hotel accommodations. The area has several parcels under development in 2021 that will bring additional funds into the City's general fund including two new hotels. The City has focused on downtown (Main Street) development over the past several years with the Riverwalk development along the Little Miami River and several new or updated restaurants and store fronts. With the completion of the additional parking lot located on Main Street and the 2020 purchase, the City added significant parking to allow for residents and other communities to enjoy the increased entertainment.

**CITY OF MILFORD, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(Unaudited)**

The City has expanded its capacity for income tax revenue by working with Union Township and creating Joint Economic Development Districts (JEDD) around State Route 32 and Interstate 275. The City and Township created the first JEDD in 2006 around the Ivy Pointe Development. During 2012, the City and Township created another JEDD around the new Jungle Jim's market in Eastgate that started collections during the second half of 2012. During 2013, the City and Township worked on expanding to more JEDDs in the area. With the City's boundaries being restricted, using mechanisms, such as this, will allow the City to work with the surrounding Townships to help both the City and Township generate additional revenue as other revenues like local government funding are being reduced. In 2014, the City added a fourth JEDD to include the Mt. Carmel Brewery. The City added another JEDD in 2018 around the West Clermont School complex. The City added another JEDD in 2019 on the old high Glen Este high school site that is being redeveloped. The City continues to explore ways to increase the income tax base outside of the City limits.

**Requests for Information**

This financial report is designed to provide our citizens, taxpayers, creditors, investors and elected officials with a general overview of the City's finances and to show accountability for the money it receives. If you have any questions about this report or need additional information, contact the City of Milford, 745 Center Street, Suite 200, Milford, Ohio 45150, (513) 831-4192 or visit the City website at [www.milfordohio.org](http://www.milfordohio.org).

**CITY OF MILFORD, OHIO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2020**

	Governmental Activities	Business-Type Activities	Total	Component Unit
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 6,078,548	\$ 3,376,906	\$ 9,455,454	\$ 34,049
Receivables (net of allowance for doubtful accounts):				
Taxes-Real & Personal Property	3,178,518	-	3,178,518	-
Taxes-Municipal Income	857,960	-	857,960	-
Accounts	304,604	252,611	557,215	-
Interest	6,319	6,318	12,637	-
Due from Other Governments	3,907,522	-	3,907,522	-
Nondepreciable Capital Assets:				
Land	3,049,838	331,414	3,381,252	-
Construction In Progress	13,906	21,260	35,166	-
Depreciable Capital Assets:				
Plant	-	6,182,808	6,182,808	-
Water/Sewer Lines	-	8,355,670	8,355,670	-
Buildings and Improvements	6,115,288	-	6,115,288	-
Improvements other than Buildings	2,803,580	14,014,889	16,818,469	-
Furniture, Equipment and Vehicles	3,017,788	1,711,148	4,728,936	-
Less: Accumulated Depreciation	(6,440,774)	(16,799,150)	(23,239,924)	-
<b>Total Assets</b>	<b>22,893,097</b>	<b>17,453,874</b>	<b>40,346,971</b>	<b>34,049</b>
<b>Deferred Outflows of Resources:</b>				
Pensions	1,184,093	162,494	1,346,587	-
OPEB	784,966	121,106	906,072	-
<b>Total Deferred Outflow of Resources</b>	<b>1,969,059</b>	<b>283,600</b>	<b>2,252,659</b>	<b>-</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 24,862,156</b>	<b>\$ 17,737,474</b>	<b>\$ 42,599,630</b>	<b>\$ 34,049</b>
<b>Liabilities:</b>				
Accounts Payable	121,198	39,633	160,831	-
Accrued Wages and Benefits	31,156	11,363	42,519	-
Due to Other Governments	315,177	10,029	325,206	-
Accrued Interest Payable	19,331	-	19,331	-
Note Payable	540,000	-	540,000	-
Long Term Liabilities due within 1 year	642,494	375,243	1,017,737	-
Long Term Liabilities due over 1 year				
Net Pension Liability	5,786,938	1,136,291	6,923,229	-
Net OPEB Liability	1,588,736	752,215	2,340,951	-
Other Long Term Liabilities due over 1 year	5,792,667	2,831,675	8,624,342	-
<b>Total Liabilities</b>	<b>14,837,697</b>	<b>5,156,449</b>	<b>19,994,146</b>	<b>-</b>
<b>Deferred Inflows of Resources:</b>				
Pensions	816,514	265,257	1,081,771	-
OPEB	417,296	117,919	535,215	-
Intergovernmental agreements	3,510,000	-	3,510,000	-
Property Tax Levy for Next Fiscal Year	3,132,890	-	3,132,890	-
<b>Total Deferred Outflow of Resources</b>	<b>7,876,700</b>	<b>383,176</b>	<b>8,259,876</b>	<b>-</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	1,974,374	10,655,112	12,629,486	-
Restricted:				
Transportation	53,525	-	53,525	-
Culture and Recreation	461,839	-	461,839	-
Protection of Citizens	664,196	-	664,196	-
Debt Service	5,225	-	5,225	-
Capital Improvements	84,903	-	84,903	-
Unrestricted	(1,096,303)	1,542,737	446,434	34,049
<b>Total Net Position</b>	<b>2,147,759</b>	<b>12,197,849</b>	<b>14,345,608</b>	<b>34,049</b>
<b>Total Liabilities, Deferred Inflows of Resources and Net Position</b>	<b>\$ 24,862,156</b>	<b>\$ 17,737,474</b>	<b>\$ 42,599,630</b>	<b>\$ 34,049</b>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Function/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities			Total
					Primary	Secondary		
<b>Governmental Activities:</b>								
Security of Persons and Property	\$ (5,519,887)	\$ 314,579	\$ 232,829	\$ (4,972,479)	\$ -	\$ (4,972,479)	\$ -	
Public Health and Welfare	(615,922)	316,032	191,950	(107,940)	-	(107,940)	-	
Leisure Time Activities	(116,196)	27,314	141,707	52,825	-	52,825	-	
Transportation	(1,339,312)	62,808	459,531	(816,973)	-	(816,973)	-	
General Government	(1,737,164)	355,259	162,881	(1,219,024)	-	(1,219,024)	(1,178)	
Interest and Fiscal Charges	(216,373)	-	-	(216,373)	-	(216,373)	-	
Total Governmental Activities	<u>(9,544,854)</u>	<u>1,075,992</u>	<u>1,188,898</u>	<u>(7,279,964)</u>	<u>-</u>	<u>(7,279,964)</u>	<u>(1,178)</u>	
<b>Business-Type Activities:</b>								
Water	(1,292,860)	1,329,440	-	-	36,580	36,580	-	
Wastewater	(1,349,202)	981,449	-	-	(367,753)	(367,753)	-	
Stormwater Management	(676,752)	486,404	-	-	(190,348)	(190,348)	-	
Total Business-Type Activities	<u>(3,318,814)</u>	<u>2,797,293</u>	<u>-</u>	<u>-</u>	<u>(521,521)</u>	<u>(521,521)</u>	<u>-</u>	
Total	<u>\$ (12,863,668)</u>	<u>\$ 3,873,285</u>	<u>\$ 1,188,898</u>	<u>(7,279,964)</u>	<u>(521,521)</u>	<u>(7,801,485)</u>	<u>(1,178)</u>	
<b>General Revenues:</b>								
Income Taxes				4,244,098	-	4,244,098	-	
Property Taxes				2,305,709	-	2,305,709	-	
Franchise Fee Taxes				80,616	-	80,616	-	
Cinema Admissions Taxes				42,719	-	42,719	-	
Hotel Taxes				79,805	-	79,805	-	
Permissive Sale Taxes				80,413	-	80,413	-	
Grants and Contributions not restricted to specific programs				328,379	-	328,379	16,970	
Unrestricted investment earnings				130,685	97,735	228,420	232	
Miscellaneous				256,331	-	256,331	-	
Total General Revenues				<u>7,548,755</u>	<u>97,735</u>	<u>7,646,490</u>	<u>17,202</u>	
Transfers				134,801	(134,801)	-	-	
Changes in Net Position				403,592	(558,587)	(154,995)	16,024	
Net Position-Beginning				1,744,167	12,756,436	14,500,603	18,025	
Net Position-Ending				<u>\$ 2,147,759</u>	<u>\$ 12,197,849</u>	<u>\$ 14,345,608</u>	<u>\$ 34,049</u>	

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2020**

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 4,883,074	\$ 365,624	\$ 123,100	\$ 706,750	\$ 6,078,548
Receivables (net of allowance for doubtful accounts):					
Taxes-Real & Personal Property	528,757	2,649,761	-	-	3,178,518
Taxes-Municipal Income	833,601	-	-	24,359	857,960
Accounts	304,604	-	-	-	304,604
Interest	6,319	-	-	-	6,319
Due from Other Governments	88,175	70,832	3,510,000	238,515	3,907,522
<b>Total Assets</b>	<b>6,644,530</b>	<b>3,086,217</b>	<b>3,633,100</b>	<b>969,624</b>	<b>14,333,471</b>
<b>Liabilities:</b>					
Accounts Payable	94,952	51	-	26,195	121,198
Accrued Wages and Benefits	28,460	-	-	2,696	31,156
Due to Other Governments	313,006	-	-	2,171	315,177
Accrued Interest Payable	-	-	-	4,039	4,039
Notes Payable	-	-	-	540,000	540,000
<b>Total Liabilities</b>	<b>436,418</b>	<b>51</b>	<b>-</b>	<b>575,101</b>	<b>1,011,570</b>
<b>Deferred Inflows of Resources:</b>					
Property Tax Levy for Next Fiscal Year	507,949	2,624,941	-	-	3,132,890
Delinquent Property Taxes	5,368	24,820	-	-	30,188
Income Taxes	584,620	-	-	24,359	608,979
County Shared Revenues	22,873	70,832	3,510,000	-	3,603,705
State Shared Revenues	62,997	-	-	204,273	267,270
Other miscellaneous revenues	311,850	-	-	-	311,850
<b>Total Deferred Inflows of Resources:</b>	<b>1,495,657</b>	<b>2,720,593</b>	<b>3,510,000</b>	<b>228,632</b>	<b>7,954,882</b>
<b>Fund Balances:</b>					
Restricted	-	365,573	123,100	711,578	1,200,251
Assigned	1,173,391	-	-	-	1,173,391
Unassigned	3,539,064	-	-	(545,687)	2,993,377
<b>Total Fund Balances</b>	<b>4,712,455</b>	<b>365,573</b>	<b>123,100</b>	<b>165,891</b>	<b>5,367,019</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 6,644,530</b>	<b>\$ 3,086,217</b>	<b>\$ 3,633,100</b>	<b>\$ 969,624</b>	<b>\$ 14,333,471</b>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
RECONCILIATION OF THE TOTAL GOVERNMENTAL  
FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES**

**DECEMBER 31, 2020**

Fund Balances - Governmental Funds		\$ 5,367,019
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,559,626
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,311,992
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.		
Deferred Outflows - Pension/OPEB	1,969,059	
Deferred Inflows - Pension/OPEB	(1,233,810)	
Net Pension/OPEB Liability	<u>(7,375,674)</u>	(6,640,425)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		<u>(6,450,453)</u>
Net Position of governmental activities		<u><u>\$ 2,147,759</u></u>

**CITY OF MILFORD, OHIO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Income Taxes	\$ 4,234,542	\$ -	\$ -	\$ 53,589	\$ 4,288,131
Property and Other Taxes	594,242	1,826,459	-	-	2,420,701
Intergovernmental	201,407	135,751	141,707	1,117,548	1,596,413
Charges for Services	325,962	-	-	102,243	428,205
Licenses and Permits	126,423	-	-	-	126,423
Investment Earnings	119,896	4,962	527	5,827	131,212
Fines and Forfeitures	215,143	-	-	18,196	233,339
All Other Revenues	473,444	-	-	81,438	554,882
<b>Total Revenues</b>	<b>6,291,059</b>	<b>1,967,172</b>	<b>142,234</b>	<b>1,378,841</b>	<b>9,779,306</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Security of Persons and Property	2,901,803	1,881,248	-	195,369	4,978,420
Public Health and Welfare	246,889	-	-	327,042	573,931
Leisure Time Activities	129,818	-	-	-	129,818
Transportation	431,363	-	-	785,854	1,217,217
General Government	1,417,928	-	-	140,427	1,558,355
Capital Outlay	-	-	-	655,837	655,837
<b>Debt Service:</b>					
Principal Retirement	-	-	-	390,000	390,000
Interest and Fiscal Charges	-	-	-	217,259	217,259
<b>Total Expenditures</b>	<b>5,127,801</b>	<b>1,881,248</b>	<b>-</b>	<b>2,711,788</b>	<b>9,720,837</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,163,258	85,924	142,234	(1,332,947)	58,469
<b>Other Financing Sources (Uses):</b>					
Transfers - In	-	-	-	873,155	873,155
Transfers - Out	(441,350)	-	(252,070)	(44,934)	(738,354)
<b>Total Other Financing Sources (Uses)</b>	<b>(441,350)</b>	<b>-</b>	<b>(252,070)</b>	<b>828,221</b>	<b>134,801</b>
Change in Fund Balances	721,908	85,924	(109,836)	(504,726)	193,270
Fund Balances at Beginning of Year	3,990,547	279,649	232,936	670,617	5,173,749
Fund Balances at End of Year	<u>\$ 4,712,455</u>	<u>\$ 365,573</u>	<u>\$ 123,100</u>	<u>\$ 165,891</u>	<u>\$ 5,367,019</u>

See accompanying notes to the basic financial statements



**CITY OF MILFORD, OHIO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Amounts reported in governmental activities in the statement of activities are different because:

Net Change in Fund Balances - total governmental funds	\$	193,270
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		491,104
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		30,813
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of of these differences in the treatment of long-term debt and related items.		394,412
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.		499,706
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(1,147,976)
Some items reported in the statement of activities do not require the use of current financial current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(57,737)</u>
Change in net position of governmental activities	\$	<u><u>403,592</u></u>

**CITY OF MILFORD, OHIO  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
DECEMBER 31, 2020**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
<b>Assets:</b>				
<u>Current Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 759,747	\$ 1,497,962	\$ 1,119,197	\$ 3,376,906
Receivables (net of allowances for doubtful accounts):				
Accounts	87,328	103,689	61,594	252,611
Interest	2,527	2,527	1,264	6,318
<b>Total Current Assets</b>	<b>849,602</b>	<b>1,604,178</b>	<b>1,182,055</b>	<b>3,635,835</b>
<u>Nondepreciable Capital Assets:</u>				
Land	103,988	227,426	-	331,414
Construction in Progress	21,260	-	-	21,260
<u>Depreciable Capital Assets:</u>				
Improvements Other than Buildings	4,303,950	6,834,820	2,876,119	14,014,889
Furniture, Fixtures, Equipment	794,073	828,894	88,181	1,711,148
Water and Sewer Line	3,727,898	4,627,772	-	8,355,670
Plant	2,051,892	4,130,916	-	6,182,808
Less: Accumulated Depreciation	(6,116,632)	(9,449,413)	(1,233,105)	(16,799,150)
<b>Total Capital Assets (net of (accumulated depreciation)</b>	<b>4,886,429</b>	<b>7,200,415</b>	<b>1,731,195</b>	<b>13,818,039</b>
<b>Total Assets</b>	<b>5,736,031</b>	<b>8,804,593</b>	<b>2,913,250</b>	<b>17,453,874</b>
<b>Deferred Outflows of Resources:</b>				
Pensions	34,137	89,262	39,095	162,494
OPEB	50,295	48,651	22,160	121,106
<b>Total Deferred Outflows of Resources</b>	<b>84,432</b>	<b>137,913</b>	<b>61,255</b>	<b>283,600</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 5,820,463</b>	<b>\$ 8,942,506</b>	<b>\$ 2,974,505</b>	<b>\$ 17,737,474</b>

**CITY OF MILFORD, OHIO  
STATEMENT OF NET POSITION  
ENTERPRISE FUNDS  
DECEMBER 31, 2020**

**BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS**

	Water	Wastewater	Stormwater Management	Totals
<b>Liabilities</b>				
<b>Current Liabilities:</b>				
Accounts Payable	\$ 23,161	\$ 16,268	\$ 204	\$ 39,633
Accrued Wages and Benefits	5,069	5,384	910	11,363
Due to Other Governments	4,370	4,088	1,571	10,029
Compensated Absences Payable - Current	22,449	11,303	2,988	36,740
Ohio Water Development				
Authority Loans Payable - Current	102,670	153,676	-	256,346
OPWC Loan Payable - Current	17,916	64,241	-	82,157
Total Current Liabilities	<u>175,635</u>	<u>254,960</u>	<u>5,673</u>	<u>436,268</u>
<b>Noncurrent Liabilities:</b>				
Compensated Absences Payable	5,367	1,120	764	7,251
Ohio Water Development				
Authority Loans Payable	1,058,338	1,062,583	-	2,120,921
OPWC Loans Payable	208,556	494,947	-	703,503
Net Pension Liability	395,785	510,866	229,640	1,136,291
Net OPEB Liability	288,767	317,957	145,491	752,215
Total Noncurrent Liabilities	<u>1,956,813</u>	<u>2,387,473</u>	<u>375,895</u>	<u>4,720,181</u>
Total Liabilities	<u>2,132,448</u>	<u>2,642,433</u>	<u>381,568</u>	<u>5,156,449</u>
<b>Deferred Inflows of Resources:</b>				
Pensions	119,748	99,520	45,989	265,257
OPEB	54,270	43,779	19,870	117,919
Total Liabilities	<u>174,018</u>	<u>143,299</u>	<u>65,859</u>	<u>383,176</u>
<b>Net Position</b>				
Net Investment in Capital Assets	3,498,949	5,424,968	1,731,195	10,655,112
Unrestricted	15,048	731,806	795,883	1,542,737
Total Net Position	<u>3,513,997</u>	<u>6,156,774</u>	<u>2,527,078</u>	<u>12,197,849</u>
Total Liabilities, Deferred Outflows and Net Position	<u>\$ 5,820,463</u>	<u>\$ 8,942,506</u>	<u>\$ 2,974,505</u>	<u>\$ 17,737,474</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Wastewater	Stormwater Management	Totals
<u>Operating Revenues:</u>				
Charges for Services	\$ 1,248,875	\$ 918,253	\$ 465,895	\$ 2,633,023
Other Operating Revenues	80,565	63,196	20,509	164,270
Total Operating Revenues	1,329,440	981,449	486,404	2,797,293
<u>Operating Expenses:</u>				
Personal Services	638,696	488,649	210,788	1,338,133
Materials and Supplies	123,610	122,809	293,118	539,537
Contractual Services	188,887	195,460	49,704	434,051
Other Operating Expenses	23,308	22,088	4,315	49,711
Depreciation	295,028	507,758	118,827	921,613
Total Operating Expenses	1,269,529	1,336,764	676,752	3,283,045
Operating Income (Loss)	59,911	(355,315)	(190,348)	(485,752)
<u>Non-Operating Revenues (Expenses):</u>				
Investment Earnings	28,755	41,791	27,189	97,735
Interest and Fiscal Charges	(23,331)	(12,438)	-	(35,769)
Total Non-Operating Revenues (Expenses)	5,424	29,353	27,189	61,966
Income (Loss) Before Transfers	65,335	(325,962)	(163,159)	(423,786)
Transfers Out	(44,934)	(44,933)	(44,934)	(134,801)
Change in Net Position	20,401	(370,895)	(208,093)	(558,587)
Total Net Position - Beginning	3,493,596	6,527,669	2,735,171	12,756,436
Total Net Position - Ending	\$ 3,513,997	\$ 6,156,774	\$ 2,527,078	\$ 12,197,849

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Increase (Decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$ 1,245,350	\$ 918,135	\$ 469,943	\$ 2,633,428
Cash Paid for Employee Services and Benefits	(561,429)	(427,679)	(180,626)	(1,169,734)
Cash Paid to Suppliers for Goods and Services	(316,012)	(326,596)	(344,275)	(986,883)
Other Operating Revenues	83,322	65,238	21,693	170,253
Other Operating Expenses	(18,464)	(12,389)	(4,337)	(35,190)
Net Cash Provided by Operating Activities	<u>432,767</u>	<u>216,709</u>	<u>(37,602)</u>	<u>611,874</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers-out to Other Funds	(44,934)	(44,933)	(44,934)	(134,801)
Net Cash (Used for) Noncapital Financing Activities	<u>(44,934)</u>	<u>(44,933)</u>	<u>(44,934)</u>	<u>(134,801)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Acquisition and Construction of Assets	(91,015)	(10,143)	(59,580)	(160,738)
Principal Paid on Loans Payable	(111,466)	(184,381)	-	(295,847)
Interest Paid on All Debt	(23,331)	(12,437)	-	(35,768)
Net Cash (Used for) Capital and Related Financing Activities	<u>(225,812)</u>	<u>(206,961)</u>	<u>(59,580)</u>	<u>(492,353)</u>
<u>Cash Flows from Investing Activities:</u>				
Interest	29,528	42,564	27,576	99,668
Net Cash Provided By Investing Activities	<u>29,528</u>	<u>42,564</u>	<u>27,576</u>	<u>99,668</u>
Net Increase (Decrease) in Cash and Cash Equivalents	191,549	7,379	(114,540)	84,388
Cash and Cash Equivalents at Beginning of Year	<u>568,198</u>	<u>1,490,583</u>	<u>1,233,737</u>	<u>3,292,518</u>
Cash and Cash Equivalents at End of Year	<u>\$ 759,747</u>	<u>\$ 1,497,962</u>	<u>\$ 1,119,197</u>	<u>\$ 3,376,906</u>

**CITY OF MILFORD, OHIO  
STATEMENT OF CASH FLOWS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	<u>Water</u>	<u>Wastewater</u>	<u>Stormwater Management</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	\$ 59,911	\$ (355,315)	\$ (190,348)	\$ (485,752)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	295,028	507,758	118,827	921,613
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(768)	1,923	5,232	6,387
(Decrease) in Due to Other Governments	(12,435)	(6,204)	(1,097)	(19,736)
Increase (Decrease) in Accounts Payables	12,178	6,582	(1,475)	17,285
(Decrease) in Accrued Wages and Benefits	(10,630)	(7,715)	(916)	(19,261)
Increase in Compensated Absences Payable	1,827	729	174	2,730
Net Increase in GASB 75 OPEB Items	44,174	34,748	16,127	95,049
Net Increase in GASB 68 Pension Items	43,482	34,203	15,874	93,559
Total Adjustments	<u>372,856</u>	<u>572,024</u>	<u>152,746</u>	<u>1,097,626</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ 432,767</u>	<u>\$ 216,709</u>	<u>\$ (37,602)</u>	<u>\$ 611,874</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS - CUSTODIAL FUNDS**  
**DECEMBER 31, 2020**

	<u>Joint Economic Development Districts</u>
<b>Assets:</b>	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 126,579</u>
Total Assets	<u><u>126,579</u></u>
<b>Liabilities:</b>	
Total Liabilities	<u>-</u>
<b>Net Position</b>	
Restricted - Governmental Agreements	<u>126,579</u>
Total Net Position	<u><u>\$ 126,579</u></u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS - CUSTODIAL FUNDS**  
**FOR THE YEAR FISCAL YEAR ENDED DECEMBER 31, 2020**

	Joint Economic Development Districts
<b><u>Additions:</u></b>	
Income Tax Collections	\$ 1,245,440
Releas Prior Year Retainer	27,399
Interest Earnings	202
Miscellaneous	2,485
Total Additions	1,275,526
<b><u>Deductions:</u></b>	
City of Milford	170,923
Union Township	1,025,946
Administrative costs	32,613
Total Deductions	1,229,482
Net Increase in Fiduciary Net Position	46,044
Beginning Net Position	80,535
Ending Net Position	\$ 126,579

See accompanying notes to the basic financial statements



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING

**A. Reporting Entity**

The City of Milford (“The City”) is a charter City operating under the laws of the State of Ohio. The City was originally incorporated as the Village of Milford in 1836. Milford’s name is attributed to the principal industry of that time period, milling. Milford became a City after the 1980 census.

The City operates under a Council-Manager form of government. All legislative power of the Municipality is vested in a seven member elected Council and the administrative power of the Municipal Government is vested in a Manager appointed by the Council. The Manager is the chief executive and administrative officer of the City. The Council selects, from its own members, a Mayor and a Vice Mayor. The Mayor is the ceremonial and representative head of the Municipality, but exercises no administrative authority. The Finance Director is appointed by the Manager and confirmed by a majority vote of the Council.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. To provide necessary services to its citizens, the City of Milford is divided into departments and financial management and control systems. Departments providing services include a police force, a street maintenance and repair force, a parks and recreation system, a sewer department, a water system, a stormwater system, an income tax department and a staff to provide essential support to these service providers. The operation and control of these activities is provided by the City Council through the budgetary process and by the administration of the City Manager. All are responsible to the citizens of Milford and are included as part of the reporting entity.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; (4) or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the organization’s budget, the issuance of its debt or the levying of its taxes. The City reports one component unit described below.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING (CONTINUED)**

The Mayor's Court has been included in the City's financial statements under evaluation of GASB 84, *Fiduciary Activities*. The Mayor is the City official who has fiduciary responsibility for the collection and distribution of the court fees and fines. The funds are ultimately held for the benefit of the City with monthly distributions being sent to the City's various funds but mainly the General Fund.

The Milford Exempted Village School District and Milford Community Fire Department have been excluded from the City's financial statements because the City is not financially accountable for these organizations nor are the entities fiscally dependent on the City.

The City is associated with four jointly governed organizations: The Center for Local Government, the Ohio-Kentucky-Indiana Regional Council of Governments, City of Milford-Union Township Joint Economic Development Districts and Clermont County Transportation Improvement District, which are presented in Note 15 to the basic financial statements.

***B. Discretely Presented Component Unit***

The component unit column in the government-wide financial statements includes the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City. The following is included as legally separate, discretely presented component of the City:

**Community Improvement Corporation of Milford (CIC):** The CIC is responsible for advancing, encouraging, and promoting the industrial, economic, commercial, and civic development of the City of Milford. The City Council appoints the voting majority of the board and there is a financial benefit/burden relationship between the CIC and the City. Copies of the CIC financial report are on file at the City's Finance Department.

***C. Basis of Presentation – Fund Accounting***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. Taxes and intergovernmental revenues normally support governmental activities. *Business type activities* are supported by charges for services.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, enterprise funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

***A. Measurement Focus Basis of Accounting and Financial Statement Presentation***

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the enterprise fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within thirty-one days of the end of the current fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, debt service expenditures, as well as compensated absences, are recorded only when payment is due.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property taxes, income taxes, licenses, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the City receives cash.

*Fund Accounting*

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The City employs the use of three categories of funds: governmental, enterprise, and fiduciary.

*Governmental Funds*

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose of 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, liabilities and deferred inflows of resources is reported as fund balance.

The City reports the following major governmental funds:

**General Fund**

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Fire/EMS Levy Special Revenue Fund**

The Fire/EMS levy fund accounts for collection of the City's Fire and EMS levies. The revenues are collected by the City and the City contracts with the Milford Community Fire Department for safety services.

**Sports Complex Land Improvement Fund**

Sports Complex Land Improvement fund accounted for the acquisition of the land where the FC Soccer training facility and Mercy Health Plex building are located. Clermont County pledged to collect a lodging tax to support the fund. The fund then pays any debt service obligation on the land by way of this intergovernmental revenue stream.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The City reports the following major enterprise funds:

**Water Fund**

To account for activities of the City's water system.

**Wastewater Fund**

To account for the activities of the City's wastewater system.

**Stormwater Management Fund**

To account for the activities of the City's stormwater management system.

Additionally, the City reports the following fund types:

*Fiduciary Funds:*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and custodial funds. The City maintains one fiduciary agency fund. The City's agency fund is custodial in nature and does not involve the measurement of results of operations. The City is serving as fiscal agent for the Joint Economic Development Districts between Union Township and the City. These monies are maintained in a custodial fund until distributed to the two governments.

Enterprise funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of materials and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***B. Cash and Cash Equivalents***

To improve cash management, cash received by the City, except cash in segregated accounts, is pooled. Monies for all funds, including enterprise funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the basic financial statements. The City's JEDD custodial fund receives and disburses income tax revenue through separate checking accounts, which is presented on the fiduciary statement of net position as "Cash and Cash Equivalents in Segregated Accounts."

During 2020, investments were limited to U.S. Governmental Agency Obligations, U.S. Treasury Bills, and Money Market funds. Investments are reported at fair value which is based on quoted market prices. The fair value of open-end money market funds is based on the current share price.

For purposes of the statement of cash flows, investments with original maturities of three months or less, and funds within the cash management pool, are considered to be cash and cash equivalents.

Interest income is distributed to the funds according to ordinance as directed by the City's charter. Interest revenue credited to the general fund during 2020 amounted to \$119,896, which includes \$16,083 assigned from other funds. The fire/EMS levy special revenue fund, sports complex land improvement capital projects fund, debt service, street, state highway, permissive tax, and cemetery special revenue funds, and land acquisition capital project funds, water, wastewater, and stormwater enterprise funds also received interest of \$4,962; \$527; \$76; \$132; \$230; \$1,319; \$3,940; \$130; \$28,755; \$41,791; and \$27,189 respectively.

***C. Capital Assets and Depreciation***

The accounting and reporting treatment applied to capital assets is determined by the ultimate use:

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Improvement other than Buildings	15 - 50
Machinery, Equipment, Furniture and Fixtures	4 – 15
Plant (Water and Wastewater)	40
Sewer and Water Lines	40

The City has elected to not report major general infrastructure assets retroactively which is allowed by GASB Statement No. 34 paragraph 148. The City felt with limited staff time to research the infrastructure maintained by the City the retroactive reporting would not be cost beneficial.

***D. Capitalization of Interest***

Interest is capitalized on enterprise fund assets acquired with tax-exempt debt. The City’s policy is to capitalize net interest on construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project from the date of borrowing until the completion of the project and the interest earned from temporary investment of the debt proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. For 2020, no net interest expense was incurred on enterprise fund construction projects.

***E. Compensated Absences***

Vacation benefits and personal leave benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated, unused vacation time when earned for all employees.

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 City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at year-end, taking into consideration any limits specified in the City’s termination policy. The City records a liability for accumulated, unused sick leave for employees after ten years of current service.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements. The entire liability is reported on the government-wide statements. In enterprise funds, the entire amount of unpaid compensated absences is reported as a fund liability.

**F. *Accrued Liabilities and Other Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, compensated absences and general obligation bonds payable that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be expected to be liquidated with expendable, available financial resources. Long-term debt and other obligations financed by enterprise funds are reported as liabilities in the appropriate enterprise fund.

**G. *Fund Balance***

The City reports the following categories of fund balance:

- Restricted fund balances related to grants, other restricted revenue sources like state shared revenues or charges for specific services are reported as restricted in the fund receiving those resources.
- Assigned fund balances are balances for which the City administration has specified the future use such as encumbrances.
- Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

The City applies restricted resources first then assigned resources when expenditures are incurred for purposes for which either restricted, assigned or unassigned amounts are available.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***H. Interfund Transactions***

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

Transfers are reported as “Other Financing Sources and Uses” in the governmental funds, as “Transfers In” by the recipient fund and “Transfers Out” by the disbursing fund on the fund financial statements. These transfers are consolidated within the governmental and business-type activities columns, and also from the “total” column on the statement of activities. Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City.

***I. Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the statement of net position. Net position of net investment in capital assets is calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. None of the City’s \$1,269,688 restricted net position is restricted by enabling legislation.

***J. Deferred Outflows of Resources***

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The City reports deferred outflows of resources on the government-wide statement of net position for pension/other post employment benefits (OPEB). The deferred outflows of resources related to pension/OPEB are explained in Notes 8 and 9.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**K. *Deferred Inflows of Resources***

Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance fiscal year 2021 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position (see Notes 8 and 9.) The City also reports a deferred inflow for the Clermont County lodging tax revenue pledged to pay on the sports complex land bond obligation purchase. The reported amount matches the remaining principal balance owed.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

**K. *Exchange/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 year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the year the income was earned; property taxes are recognized in the year for which the taxes are levied (See Note 4). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specified the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**L. Pensions/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 plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**M. 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.

**N. Reconciliation of Government-Wide and Fund Financial Statements**

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$6,450,453) difference are as follows:

General Obligation Bonds	(\$6,040,000)
Premium on General Obligations Bonds	(5,282)
Accrued Interest Payable	(15,292)
Compensated Absences	<u>(389,879)</u>
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>(\$6,450,453)</u></u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of \$8,559,626 difference are as follows:

Capital Assets	\$15,000,400
Accumulated Depreciation	<u>(6,440,774)</u>
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$8,559,626</u></u>

The governmental statement of revenues, expenditures and changes in fund balance includes a reconciliation between *net change in fund balance – total governmental funds* and *change in net position of governmental activities* as reported in the government wide statement of position.

One element of that reconciliation states that “Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$491,104 are as follows:

Current Capital Additions	\$885,368
Depreciation Expense	<u>(394,264)</u>
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$491,104</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$394,412 are as follows:

Principal paid on Long Term Debt	\$390,000
Amortization of Bond Premium Cost	3,526
Change in Interest Payable	<u>886</u>
Net Adjustment - current financial resources focus to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$394,412</u></u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS**

State statutes classified monies held by the City into three categories.

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

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of tax exempt notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, 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 Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. At fiscal year-end, the carrying value of the City's deposits was \$6,025,650 and the bank balance was \$6,210,829. \$3,846,316 of the City's deposits was insured by federal depository insurance. At December 31, 2020, the \$2,364,513 of the City's remaining bank balance of \$6,210,829 was exposed to custodial credit risk. The CIC maintains a checking account with a carrying value of \$34,049 that is FDIC insured.

Investments

As of December 31, 2020, the City had the following investments.

Categorized Investments	Fair Value	Weighted Average Maturity (Years)	Fair Value Measuring Unit	Credit Rating	Concentration Percentage
Federal Home Loan Mortgage Corporation Notes	\$855,556	3.68	Level 2	NA	24.06%
Federal Farm Credit Bank Notes	210,404	2.19	Level 2	NA	5.92%
Commercial Paper	2,483,031	0.35	Level 1	Aa1/P-1	69.82%
Money Market Funds	7,392	0.16	Level 1	S& P - AAAm	0.20%
Total	<u>\$3,556,383</u>				

*Fair Value Measurement*

Fair value as defined by GASB Statement No. 72 requires the City to apply valuation techniques that best represent fair value in the circumstances-market approach, cost approach and income approach. The following are the levels for which inputs can be measured. Level 1 – quoted prices (unadjusted) in active markets for identical assets/liabilities (most reliable); Level 2 – quoted prices for similar assets/liabilities, quoted price for identical assets/liabilities or similar assets/liabilities in markets that are not active, or other quoted prices that are observable; and Level 3 – unobservable inputs (least reliable).

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

*Interest Rate Risk* - The City has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the City, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk* - The City has no investment policy that would further limit its investment choices.

*Custodial Credit Risk* - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal National Mortgage Association Bonds, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Loans and Federal Home Loan Mortgage Corporation Bonds are held in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in state statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes. Property tax payments received during 2020 for tangible personal property (other than public utility property) are for 2020 taxes.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4 - PROPERTY TAXES (CONTINUED)**

The full tax rate for all City operations for the year ended December 31, 2020, was \$3.00 per \$1,000 of assessed value for inside millage. Additionally, voted levies were \$12.50 per \$1,000 of assessed value for fire and emergency medical service. The assessed values of real and tangible personal property upon which 2019 property tax receipts were based are as follows:

<u>Category (Clermont County Only)</u>	<u>Assessed Value</u>
Real Property	\$164,925,540
Public Utility Tangible Personal Property	10,398,190
Total Property Tax	\$175,323,730

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Milford. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2020, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2020 operations. The receivable is offset by unearned revenue.

**NOTE 5 - INCOME TAX**

The City levies a municipal income tax of 1.0% on substantially all income earned within the City. In addition, the residents of the City are required to pay income tax on income earned outside of the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 5 - INCOME TAX (CONTINUED)

Income tax proceeds are to be used to pay the cost of administering the tax. After these costs are recovered the proceeds are allocated to the General Fund, the Parks and Recreation Fund and the Capital Improvement Capital Projects Fund. Income tax revenue (net of refunds) for 2020 was \$4,288,131.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2020, consisted primarily of property taxes, income taxes, accounts, interfund, interest on investments, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
Local Government	\$65,302
Homestead/Rollback	22,873
Total General Fund	<u>88,175</u>
<i>Fire/EMS Levy</i>	
Homestead/Rollback	<u>70,832</u>
<i>Sports Complex Land Improvement</i>	
County Pledged Revenues	<u>3,510,000</u>
<u>NONMAJOR FUNDS</u>	
<i>Street Fund</i>	
Gasoline Excise Tax	161,111
Motor Vehicle License Tax	23,233
Total Street Fund	<u>184,344</u>
<i>State Highway Fund</i>	
Gasoline Excise Tax	13,063
Motor Vehicle License Tax	1,882
Total State Highway Fund	<u>14,945</u>
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	39,226
Total All Funds	<u><u>\$3,907,522</u></u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 7 – CAPITAL ASSETS

	Balance 12/31/19	Increases	Decreases	Balance 12/31/20
<b>Governmental Activities:</b>				
Capital Assets, not being depreciated:				
Land	\$2,485,838	\$564,000	\$0	\$3,049,838
Construction in Progress	0	13,906	0	13,906
Total capital assets, not being depreciated	<u>2,485,838</u>	<u>577,906</u>	<u>0</u>	<u>3,063,744</u>
Capital Assets, being depreciated:				
Buildings	5,994,103	121,185	0	6,115,288
Improvements other than Buildings	2,803,580	0	0	2,803,580
Vehicles, Furniture and Equipment	2,868,449	186,277	(36,938)	3,017,788
Total capital assets being depreciated	<u>11,666,132</u>	<u>307,462</u>	<u>(36,938)</u>	<u>11,936,656</u>
Less Accumulated Depreciation For:				
Buildings	(2,979,912)	(199,153)	0	(3,179,065)
Improvements other than Buildings	(859,794)	(86,401)	0	(946,195)
Vehicles, Furniture and Equipment	(2,243,742)	(108,710)	36,938	(2,315,514)
Total Accumulated Depreciation	<u>(6,083,448)</u>	<u>(394,264)</u>	<u>36,938</u>	<u>(6,440,774)</u>
Total capital assets, being depreciated, net	<u>5,582,684</u>	<u>(86,802)</u>	<u>0</u>	<u>5,495,882</u>
Governmental Activities - Capital Assets, Net	<u>\$8,068,522</u>	<u>\$491,104</u>	<u>\$0</u>	<u>\$8,559,626</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance 12/31/19	Increases	Decreases	Balance 12/31/20
<b>Business Type Activities</b>				
Capital Assets, not being depreciated				
Land	\$331,414	\$0	\$0	\$331,414
Construction in Progress	103,162	21,260	(103,162)	21,260
Total capital assets, not being depreciated	<u>434,576</u>	<u>21,260</u>	<u>(103,162)</u>	<u>352,674</u>
Capital Assets, being depreciated				
Improvements other than Buildings	13,911,727	103,162	0	14,014,889
Plant	6,182,808	0	0	6,182,808
Machinery and Equipment	1,631,250	79,898	0	1,711,148
Sewer and Water Lines	8,355,670	0	0	8,355,670
Total capital assets, being depreciated	<u>30,081,455</u>	<u>183,060</u>	<u>0</u>	<u>30,264,515</u>
Less Accumulated Depreciation For:				
Improvements other than Buildings	(5,125,459)	(517,418)	0	(5,642,877)
Plant	(4,797,516)	(163,257)	0	(4,960,773)
Machinery and Equipment	(1,071,767)	(103,437)	0	(1,175,204)
Sewer and Water Lines	(4,882,795)	(137,501)	0	(5,020,296)
Total Accumulated Depreciation	<u>(15,877,537)</u>	<u>(921,613)</u>	<u>0</u>	<u>(16,799,150)</u>
Total capital assets, being depreciated, net	<u>14,203,918</u>	<u>(738,553)</u>	<u>0</u>	<u>13,465,365</u>
Business Type Activities - Capital Assets, Net	<u>\$14,638,494</u>	<u>(\$717,293)</u>	<u>(\$103,162)</u>	<u>\$13,818,039</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 7 – CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to governmental and business-type functions as follows:

**Governmental Activities:**

Security of Persons and Property	\$113,241
Public Health and Welfare	1,565
Leisure Time Activities	13,363
Transportation	171,518
General Government	91,577
Total Depreciation Expense - governmental activities	<u>\$394,264</u>

**Business Type Activities:**

Water	\$295,028
Wastewater	507,758
Stormwater Management	118,827
Total Depreciation Expense – business-type activities	<u>\$921,613</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability 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 this estimate annually.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – City employees, other than full time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (District employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>Age and Service Requirements:</b>		
Age 60 with 60 months of service credit; or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit; or Age 60 with 5 years of service credit; or	Age 55 with 25 years or service credit; or Age 62 with 5 years of service credit
<b>Formula:</b>		
2.2% of FAS multiplied by years of service credit for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service credit for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service credit for the first 30 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

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



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

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

	State and Local
<b>2020 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2020 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$253,054 for the year ending December 31, 2020. Of this amount, \$27,401 is reported as due to other governments.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

Plan Description - City full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

**CITY OF MILFORD, OHIO**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who have 15 or more years of service credit as of July 1, 2013 and members receiving a pension benefit that became effective before July 1, 2013 will be equal to three percent of the member's base pension benefit.

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

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

	Police
<b>2020 Statutory Maximum Contribution Rates</b>	
Employer	19.50 %
Employee:	12.25 %
 <b>2020 Actual Contribution Rates</b>	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
 Employee:	 12.25 %

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$351,208 for 2020. Of this amount \$27,091 is reported as due to other governments.

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

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City'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>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability - Prior Measurement Year	0.013403%	0.0641100%	
Proportion of the Net Pension Liability - Current Measurement Year	<u>0.013304%</u>	<u>0.0637360%</u>	
Change in proportion	<u>-0.000099%</u>	<u>-0.000374%</u>	
Proportionate Share of the Net Pension Liability	\$2,629,626	\$4,293,603	\$6,923,229
Pension Expense	\$399,636	\$152,435	\$552,071

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Changes in proportion and differences	\$ -	\$ 333,951	\$ 333,951
Differences between expected and actual experience	-	162,524	162,524
Change in assumptions	140,451	105,399	245,850
City contributions subsequent to the measurement date	<u>253,054</u>	<u>351,208</u>	<u>604,262</u>
Total Deferred Outflows of Resources	<u>\$393,505</u>	<u>\$953,082</u>	<u>\$1,346,587</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$33,244	\$221,439	\$254,683
Net difference between projected and actual earnings on pension plan investments	524,552	207,416	731,968
Changes in proportion and differences	<u>34,800</u>	<u>60,320</u>	<u>95,120</u>
Total Deferred Inflows of Resources	<u>\$592,596</u>	<u>\$489,175</u>	<u>\$1,081,771</u>

\$604,262 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2021	(\$91,519)	\$62,623	(\$28,896)
2022	(174,068)	91,701	(82,367)
2023	21,722	154,261	175,983
2024	(208,280)	(175,157)	(383,437)
2025	0	(20,729)	(20,729)
Total	<u>(\$452,145)</u>	<u>\$112,699</u>	<u>(\$339,446)</u>

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2019 using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019 are presented as follows:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Wage Inflation	3.25 percent
Projected Salary Increases	3.25 percent to 10.75 percent (Includes wage inflation 3.25%) Pre 1/7/2013 Retirees: 3 percent Simple
COLA or Ad Hoc COLA	Post 1/7/13 Retirees: 3% simple through 2020, then 2.15% simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

The most recent experience study was completed for the five-year period ended December 31, 2015.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2% for 2019.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
 Total	 <u>100.00 %</u>	 <u>5.61 %</u>

Discount Rate

The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$4,337,104	\$2,629,626	\$1,094,653

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2019 is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below:

Valuation Date	January 1, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8 percent
Projected Salary Increases	3.75 percent to 10.50 percent
	Inflation rate of 2.75 percent plus productivity
Payroll Increases	increase rate of 0.5 percent for a total 3.25 rate.
	2.2 percent simple for increases based on the lesser of
Cost of Living Adjustments	the increase in CPI and 3 percent.

**Healthy Mortality**

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

Age	Police
67 or less	77%
68-77	105%
78 and up	115%

**Disabled Mortality**

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police
59 or less	35%
60-69	60%
70-79	75%
80 and up	100%

The most recent experience study was completed for the five year period ending December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2019 are summarized below:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	16.00 %	5.40 %
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S Inflation Linked Bonds*	17.00	2.50
Midstream Energy Infrastructure	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	<u>12.00</u>	6.40
 Total	 <u><u>120.00 %</u></u>	 Note: 10 year rate

Note: Assumptions are geometric

\* levered 2x

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)**

**Discount Rate** The total pension liability was calculated using the discount rate of 8.0 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. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8 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, a 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 City's 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 8 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7 percent), or one percentage point higher (9 percent) than the current rate.

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
City's proportionate share of the net pension liability	\$5,950,777	\$4,293,603	\$2,907,531

**NOTE 9 – NET OPEB LIABILITY**

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability 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.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 – NET OPEB LIABILITY (CONTINUED)**

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2019 remained at 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2020.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 9 – NET OPEB LIABILITY (CONTINUED)

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

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

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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

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

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

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

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 – NET OPEB LIABILITY (CONTINUED)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contractually required contribution to OP&F was \$9,242 for 2020. Of this amount, \$713 is reported as an intergovernmental payable.

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.012390%	0.0637360%	
Prior Measurement Date	<u>0.012481%</u>	<u>0.0641100%</u>	
Change in Proportionate Share	<u>-0.0000910%</u>	<u>-0.0003740%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,711,381	\$629,570	\$2,340,951
OPEB Expense	\$173,724	(\$2,836,734)	(\$2,663,010)

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 – NET OPEB LIABILITY (CONTINUED)**

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$46	\$0	\$46
Changes of assumptions	270,895	368,070	638,965
Changes in proportion and differences between City contributions and proportionate share of contributions	3,547	254,272	257,819
City contributions subsequent to the measurement date	<u>0</u>	<u>9,242</u>	<u>9,242</u>
Total Deferred Outflows of Resources	<u><u>\$274,488</u></u>	<u><u>\$631,584</u></u>	<u><u>\$906,072</u></u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$156,514	\$67,704	\$224,218
Changes of assumptions	0	134,171	134,171
Net difference between projected and actual earnings on OPEB plan investments	87,143	28,970	116,113
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>21,635</u>	<u>39,078</u>	<u>60,713</u>
Total Deferred Inflows of Resources	<u><u>\$265,292</u></u>	<u><u>\$269,923</u></u>	<u><u>\$535,215</u></u>

\$9,242 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 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:



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 9 – NET OPEB LIABILITY (CONTINUED)**

Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2021	\$29,051	\$69,150	\$98,201
2022	17,312	69,150	86,462
2023	69	75,093	75,162
2024	(37,236)	65,724	28,488
2025	0	60,803	60,803
Thereafter	<u>0</u>	<u>12,499</u>	<u>12,499</u>
Total	<u>\$9,196</u>	<u>\$352,419</u>	<u>\$361,615</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation at 3.25%
Single Discount Rate:	
Current measurement date	3.16 percent
Prior Measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Health Care Cost Trend Rate	10.5 percent, initial 3.50 percent, ultimate in 2030
Actuarial Cost Method	Individual Entry Age

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.99
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate

A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net OPEB liability	\$2,239,616	\$1,711,381	\$1,288,436

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$1,660,880	\$1,711,381	\$1,761,239

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 9 – NET OPEB LIABILITY (CONTINUED)**

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 the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.50 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Municipal Bond Index Rate:	
Current measurement date	4.13 percent
Prior measurement date	2.75 percent
Single discount rate:	
Current measurement date	3.56 percent
Prior measurement date	4.66 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**NOTE 9 – NET OPEB LIABILITY (CONTINUED)**

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. 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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F’s target asset allocation as of December 31, 2019, are summarized below:

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 9 – NET OPEB LIABILITY (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Domestic Equity	16.00 %	5.40 %
Non-US Equity	16.00	5.80
Core Fixed Income *	23.00	2.70
Private Credit	5.00	5.50
High Yield Fixed Income	7.00	4.70
Private Real Estate	12.00	6.40
Private Markets	8.00	8.00
Real Assets	8.00	7.40
U.S Inflation Linked Bonds*	17.00	2.50
Midstream Energy Infrastructure	8.00	6.60
Total	<u>120.00 %</u>	

Note: Assumptions on geometric

\* levered 2x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

Discount Rate

The total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13 percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent at December 31, 2019 and 4.66% at December 31, 2018. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2033, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City's proportionate share of the net OPEB liability	\$780,622	\$629,570	\$504,050

NOTE 10 - EMPLOYEE BENEFITS

***Compensated Absences***

Accumulated Unpaid Vacation

Full time City employees earn vacation leave at varying rates based upon length of service. Upon departure from City employment, an employee (or his estate) will be paid for unused vacation leave. For the City as a whole, the total obligation for vacation accrual amounted to \$229,991.



**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 10 - EMPLOYEE BENEFITS (CONTINUED)

Accumulated Unpaid Sick Leave

Full time City employees earn sick leave at the rate of 3.70 hours per eighty hours of service. Sick leave is cumulative without limit. In the case of retirement, employees with ten (10) or more years of service will be paid twenty-five percent (25%) of accrued but unused sick leave, up to a maximum of 240 hours. For the City as a whole, the total obligation for sick leave accrual amounted to \$146,235.

Accumulated Unpaid Personal Leave

All full time City employees receive two personal days in January, except police officers and police clerks who receive 48 hours and 32 hours, respectively, per their FOP contracts. All full-time employees can earn up to two (2) additional personal days for each 120 consecutive days worked without using sick leave. AFSCME employees can earn up to three (3) additional personal days for each 120 consecutive days worked without using sick leave per the union contract.

Personal leave can be carried over from year to year up to the following maximum hours allowed:

	<u>Maximum Personal time Allowed</u>
Exempt Employees	40 hours
AFSCME Employees	48 hours
Police Personnel and Clerks	60 hours

For the City as a whole, the total obligation for personal leave accrual amounted to \$57,644.

***Insurance Benefits***

Full time employees are provided health, dental, and life insurance. The City elected to provide employee medical and hospitalization benefits through the Center for Local Government Benefit Pool (CLGBP) OME-RESA for health insurance during 2020. All employees share the cost of the monthly premium with the City. The City provided life insurance and AD&D insurance through Reliance Standard Life Insurance Company. Dental insurance is provided by the City through Dental Care Plus. In addition, the City provides Health Savings Accounts for all full time employees based on their medical coverage election. The City provides a Health Retirement Accounts for one employee that is are over 65. The annual reimbursement for Single Coverage is \$1,000 and the annual reimbursement for all other elections is \$2,000.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 11 - RISK MANAGEMENT**

For 2020, the City contracted with McGowan Governmental Underwriters for general commercial coverage. The City had a general aggregate limit of \$3,000,000; personal injury limit of \$1,000,000.

Settled claims have not exceeded the City's coverage in any of the past three years. There was no significant decline in the level of coverage from the prior year. Performance bonds for employees are protected by the McGowan Governmental Underwriters and range from \$10,000 to \$100,000 with specific bonds for the Finance Director, Tax Commissioner and City Manager.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of Salaries. This rate is calculated based on accident history and administrative cost. The rate for 2020 paid in 2021 was .017692 for non-emergency service employees.

**NOTE 12 - LONG-TERM OBLIGATIONS**

Issue Date	Interest Rate	Description	December 31, 2019	Additions	Reductions	December 31, 2020	Due Within One Year
<b>Governmental activities:</b>							
2007	4.25% - 5.75%	Refunded Capital Facility	\$790,000	\$0	\$120,000	\$670,000	\$125,000
2017	2.50%	Public Works Building	1,990,000	0	130,000	1,860,000	135,000
2019	2.70%-3.50%	Sports Complex Land	3,650,000	0	140,000	3,510,000	140,000
		Total Bonds Payable	6,430,000	0	390,000	6,040,000	400,000
2007		Premium on Refunded GO Bonds	8,808	0	3,526	5,282	0
		Net Bonds Payable	6,438,808	0	393,526	6,045,282	
		Net Pension Liability					
		Public Employees Retirement System	2,066,299	0	572,964	1,493,335	0
		Ohio Police and Fire Pension	5,233,070	0	939,467	4,293,603	0
		Net OPEB Liability					
		Public Employees Retirement System	912,858	46,308	0	959,166	0
		Ohio Police and Fire Pension	583,820	45,750	0	629,570	0
		Compensated absences	332,142	350,684	292,947	389,879	242,494
		Total Governmental Activities	15,566,997	442,742	2,198,904	13,810,835	\$642,494

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)**

Issue Date	Interest Rate	Description	December 31, 2019	Additions	Reductions	December 31, 2020	Due Within One Year
<b>Business – Type Activities:</b>							
2005	0.90%	OWDA Loans	\$894,639	\$0	\$108,347	\$786,292	\$109,324
2007	2.00%	OWDA Loans	673,872	0	69,054	604,818	70,442
2008	1.00%	OWDA Loans	204,553	0	20,631	183,922	20,837
2010	1.00%	OWDA Loans	269,327	0	23,282	246,045	23,515
2010	0.00%	OWDA Loans	71,699	0	6,828	64,871	6,828
2014	2.00%	OWDA Loans	155,897	0	4,861	151,036	4,959
2015	2.00%	OWDA Loans	360,321	0	20,038	340,283	20,441
2004	0.00%	OPWC Loans	1,727	0	1,727	0	0
2006	0.00%	OPWC Loans	515,525	0	30,325	485,200	60,650
2009	0.00%	OPWC Loans	104,975	0	5,525	99,450	11,050
2010	0.00%	OPWC Loans	56,034	0	1,367	54,667	2,733
2010	0.00%	OPWC Loans	19,750	0	429	19,321	858
2018	0.00%	OPWC Loans	130,455	0	3,433	127,022	6,866
Net Pension Liability							
Public Employees Retirement System			1,604,512	0	468,221	1,136,291	0
Net OPEB Liability							
Public Employees Retirement System			714,371	37,844	0	752,215	0
Compensated absences			41,260	35,785	33,054	43,991	36,740
Total Business – Type Activities			<u>5,818,917</u>	<u>73,629</u>	<u>797,122</u>	<u>5,095,424</u>	<u>375,243</u>
All FUNDS			<u>\$21,385,914</u>	<u>\$516,371</u>	<u>\$2,996,026</u>	<u>\$18,906,259</u>	<u>\$1,017,737</u>

The unvoted general obligation bond issues will be paid through the Special Revenue Funds and Debt Service Fund from property taxes and income taxes. Compensated absences obligations were paid from the funds from which the employees' salaries are paid.

In September 2000, \$2,100,000 of general obligation bonds were issued for the Five Points Building project. In August 2007, the City refunded the remaining balance of \$1,555,000 through the issuance of \$1,640,000 of general obligations bonds, through the Ohio Capital Assets Financing Program, as a way to reduce the interest over the remaining term of the capital facility bonds and retire the bond anticipation note that was outstanding. The bonds were issued with varying interest rates from 4.25% to 5.75% and will mature on December 1, 2025. The bonds will be paid from the Debt Service Fund.

In July 2017, the City issued \$2,245,000 general obligation bonds for Public Works facility. The bonds were issued at a 2.5% rate and will mature on December 1, 2032. The bonds will be paid from the debt service fund.

In August 2019, the City issued \$3,650,000 special obligation nontax revenue bonds for Sport Complex Land project. The bonds were issued at an average 3.28% rate and will mature on December 1, 2039. The bonds will be paid from the debt service fund.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

The City has also obtained the following loans from the Ohio Water Development Authority (OWDA) for the expansion and improvements of the City's water and wastewater treatment plants.

OWDA loan #4331 was approved in 2005 for a total of \$2,121,674 for the Wastewater Treatment Plant Improvement project. Repayment is scheduled over twenty years at a .90% interest rate with a final payment due July 2027. Payments are made from the Wastewater Fund's operating revenues.

OWDA loan #4795 was approved in 2007 for a total of \$1,349,311 for the Clearwell and Water Storage project. Repayment is scheduled over twenty years at a 2.00% interest rate with a final payment due July 2028. Payments are made from the Water Fund's operating revenues.

OWDA loan #4984 was approved in 2008 for a total of \$409,191 for the CSO Phase II-Garfield Force Main project. Repayment is scheduled over twenty years at a 1.00% interest rate with a final payment due July 2029. Payments are made from the Wastewater Fund's operating revenues.

OWDA loan #5341 was approved in 2009 for a total of \$468,732 for the Garfield Avenue Force Main project. Repayment is scheduled over twenty years at a 1.00% interest rate with a final payment due July 2030. Payments are made from the Wastewater Fund's operating revenues.

OWDA loan #5370 was approved in 2009 for a total of \$136,565 for the Lime Silo Rehabilitation project. Repayment is scheduled over twenty years at a 0.00% interest rate with a final payment due January 2030. Payments are made from the Water Fund's operating revenues.

OWDA loan #6752 was approved in 2014 for a total of \$178,802 for the Oakcrest and Valley View Water main replacements. Repayment is scheduled over thirty years at a 2.00% interest rate with a final payment due January 2044. Payments are made from the Water Fund's operating revenues.

OWDA loan #6756 was approved in 2015 for a total of \$489,534 for the Main and High streets water main replacements. Repayment is scheduled over twenty years at a 2.00% interest rate with a final payment due January 2035. Payments are made from the Water Fund's operating revenues.

The City has also obtained the following non interest bearing loans from the Ohio Public Works Commission (OPWC) for the expansion and improvements of the City's water and wastewater treatment plants.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

OPWC loan #CJ20F was approved in 2004 for a total of \$51,732 for the Edgecombe Tank Rehabilitation project. Repayment is scheduled over fifteen years with a final payment due January 2020. Payments are made from the Water Fund's operating revenues.

OPWC loan #CJ12G was approved in 2006 for a total of \$1,213,000 for the Wastewater Treatment Plant Repair and Replacement - Phase II project. Repayment is scheduled over twenty years with a final payment due January 2028. Payments are made from the Wastewater Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ09I was approved in 2009 for a total of \$221,000 for the Clearwell/WTP Storage project. Repayment is scheduled over twenty years with a final payment due January 2029. Payments are made from the Water Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ09L was approved in 2010 for a total of \$81,998 for the 54 Inch Combined Sewer Overflow project. Repayment is scheduled over thirty years with a final payment due January 2040. Payments are made from the Wastewater Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ04M was approved in 2010 for a total of \$25,758 for the Garfield Force Main project. Repayment is scheduled over thirty years with a final payment due January 2042. Payments are made from the Wastewater Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

OPWC loan #CJ13S was approved in 2014 for a total of \$252,000 for the Main Street water main project. Repayment is scheduled over thirty years with a final payment due January 2044. Payments are made from the Waste Fund's operating revenues. The January 2020 payment was deferred until the end of the amortization schedule.

The City has pledged a portion of future water and wastewater revenues to repay the OWDA and OPWC loans through final maturity on each debt obligation. The amount of future pledged revenues from the Water Fund is \$1,533,436 and from the Wastewater Fund is \$1,823,250 which equal the outstanding principal and interest obligations on the related debt.

As of December 31, 2020, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$15,970,883, and the unvoted legal debt margin was \$7,163,427.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

A summary of the City’s long-term debt funding requirements as of December 31, 2020 is represented in the following schedules. Principal, interest and total debt service is provided for General Obligation Bonds, Ohio Water Development Authority Loans, and Ohio Public Works Commission Loans.

Annual debt service requirements to maturity for Revenue and General Obligation Bonds are as follows:

<b>GOVERNMENTAL ACTIVITIES</b>			
<u>Revenue and General Obligation Bonds</u>			
<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$400,000	\$185,542	\$585,542
2022	415,000	173,323	588,323
2023	420,000	160,565	580,565
2024	440,000	147,615	587,615
2025	450,000	133,893	583,893
2026-2030	1,655,000	512,825	2,167,825
2031-2035	1,335,000	278,123	1,613,123
2036-2039	925,000	82,425	1,007,425
Total	<u>\$6,040,000</u>	<u>\$1,674,311</u>	<u>\$7,714,311</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)**

Annual debt service requirements to maturity for Ohio Water Development Authority Loans are as follows:

**BUSINESS-TYPE ACTIVITIES**

Ohio Water Development Authority Loans			
Years	Principal	Interest	Total
2021	\$256,346	\$32,465	\$288,811
2022	259,704	29,107	288,811
2023	263,131	25,697	288,828
2024	266,575	22,235	288,810
2025	270,092	18,719	288,811
2026-2030	848,348	44,995	893,343
2031-2035	155,686	14,171	169,857
2036-2040	34,789	4,984	39,773
2041-2043	22,596	1,268	23,864
Totals	<u>\$2,377,267</u>	<u>\$193,641</u>	<u>\$2,570,908</u>

Annual debt service requirements to maturity for Ohio Public Works Commission Loans are as follows:

**BUSINESS-TYPE ACTIVITIES**

Ohio Public Works Commission Loans			
Years	Principal	Interest	Total
2021	\$82,157	\$0	\$82,157
2022	82,159	0	82,159
2023	82,158	0	82,158
2024	82,158	0	82,158
2025	82,158	0	82,158
2026-2030	278,440	0	278,440
2031-2035	52,290	0	52,290
2036-2040	41,993	0	41,993
2041-2043	2,147	0	2,147
Totals	<u>\$785,660</u>	<u>\$0</u>	<u>\$785,660</u>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 13 – NOTES PAYABLE

In 2020, the City issued \$540,000 in notes payable for the acquisition of the old Park National Bank Building and two parking lots on Main Street. The notes were issued at a 3.25 percent rate with a maturity date of October 8, 2021. The notes will be paid from the non-major Land Acquisition capital projects fund.

NOTE 14 – INTERFUND TRANSACTIONS

Following is a summary of transfers in and out for all funds for 2020:

Fund	Transfers	
	In	Out
<b>MAJOR FUNDS</b>		
General	\$0	\$441,350
Sports Complex Land Improvement	0	252,070
Water	0	44,934
Wastewater	0	44,933
Stormwater Management	0	44,934
Non-Major Governmental Funds	873,155	44,934
Total All Funds	<u>\$873,155</u>	<u>\$873,155</u>

The transfers out in the General fund to the nonmajor funds was related to principal and interest payments related to the City’s general obligation debt and to the street construction fund for the resurfacing project. The Sports Complex Land Improvement fund transferred funds needed to pay principal on the sports complex land bond. The water, wastewater, stormwater management, and non-major governmental funds transferred to the debt service fund for payment of a portion of the Public Works Building that each fund utilizes.



***CITY OF MILFORD, OHIO***  
***NOTES TO THE BASIC FINANCIAL STATEMENTS***  
***DECEMBER 31, 2020***

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS**

The Center for Local Government, a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of five members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. The City made a \$0 financial contribution during 2020 for membership. Information can be obtained from the Center by writing to Director of the Center for Local Government, 10945 Reed Hartman Highway, Suite 303, Cincinnati, Ohio 45242.

The Ohio-Kentucky-Indiana Regional Council of Governments (OKI), a jointly governed organization, was established to provide coordinated planning services to the appropriate federal, state and local governments, their political subdivisions, agencies, departments, instrumentalities, and special districts, in connection with the preparation and development of comprehensive and continuing regional transportation and development plans within the OKI Region. OKI members include Butler, Clermont and Warren Counties in Ohio, Boone, Campbell and Kenton Counties in Kentucky and Dearborn and Ohio Counties in Indiana. OKI also serves as an area wide review agency in conjunction with comprehensive planning within the OKI Region.

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI. The City made no financial contribution during 2020. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way Suite 420, Cincinnati, Ohio, 45202.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)**

In 2007, a Joint Economic Development District (JEDD) between the City of Milford and Union Township was approved by Union Township Trustees. It set aside 30 acres of prime land, zoned for business and commercial, to be serviced jointly as specified in the contract and marketed for commercial development. To date, the development in the JEDD area has proceeded at a strong pace. The prime project in the Ivy Point Development Project is Total Quality Logistics employing 1,000 people in the JEDD district. In 2012, a Joint Economic Development District (JEDD) between the City of Milford and Union Township was approved by Union Township Trustees. It encompassed the new Jungle Jim's areas along State Route 32. In 2014, a Joint Economic Development District (JEDD) between the City of Milford and Union Township was approved by Union Township Trustees. It encompassed the Mt. Carmel Brewery off Old State 74. During 2018, a JEDD between the City of Milford and Union Township was approved by Union Township Trustees that encompasses the new West Clermont school campus including the medical facilities on site. During 2019, a JEDD between the City of Milford and Union Township was approved by Union Township Trustees that encompasses former Glen Este high school site that is being redeveloped into a commercial development. During 2020, a JEDD between the City of Milford and Union Township was approved by Union Township Trustees that encompasses several parcels located near 508 Round Bottom Road.

Due to this JEDDs' location around the interchange of State Route 32 and the Interstate 275, additional commercial development is expected to continue at this location into the future. The deposits of income tax revenues for the JEDDs averaged over \$101,948 per month between both the City and Township. For more information related to the financial results of the JEDD please contact the City's Income Tax Department.

During 2010, the City joined the Clermont County Transportation Improvement District (TID). The TID is a body politic and corporate, created for the purpose of financing, constructing, maintaining, repairing, and operating selected transportation projects. The TID was specifically created pursuant to Chapter 5540 of the Ohio Revised Code, as amended. The TID was created by action of the Board of Clermont County Commissioners on June 21, 2006.

The TID contracts with local governments within Clermont County to assist in infrastructure projects. The City contracted with the TID in 2009 for a traffic study at the U.S 50/S.R.131 intersection. The City pledged \$175,000 to the TID in 2010 to pay for the study with payments through 2014. During 2020, the City paid \$0 to the TID. Copies of the TID's financial report are on file at the Clermont County Transportation Improvement District, 2381 Chamber Center Drive, Batavia, Ohio 45103.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 16 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2020, the City implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 83 “Certain Asset Retirement Obligations.” The Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations.

GASB Statement No. 90 “Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61”. The Statement is to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

The implementation of these statements did not have an effect on the financial statements of the City.

NOTE 17 – CLAIMS PAYABLE

Medical/surgical, dental and vision insurance is offered to employees through a payroll deduction. Under this program, the Risk Management Fund provides coverage for up to a maximum of \$50,000 per covered person. The plan is offered to governmental entities state-wide through the Ohio Mid-Eastern Regional Education Service Agency (OME-RESA) in Steubenville, and administered by Self-Funded Plans, Inc. of Cleveland.

All funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The plan changed the bylaws during fiscal year 2015 that allows for a participant to leave the plan without any claims following them. Also, for fiscal years 2015 - 2020, the plan was running a surplus net position.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 18 – FUND BALANCE ALLOCATION**

The City has chosen to present the consolidated summary of fund balance classification on the financial statements. The detail of those fund balance classifications is outline below:

Fund Balance	Sports			
	General	Fire/EMS Levy	Complex Land Improvement	Other Governmental
<b>Restricted:</b>				
Debt Service	\$0	\$0	\$0	\$5,225
Public Safety	0	365,573	0	95,874
Cemetery Service	0	0	0	269,303
Transportation	0	0	0	186,838
Public Health	0	0	0	69,436
Capital Improvements	0	0	123,100	84,902
<b>Total Restricted</b>	<b>0</b>	<b>365,573</b>	<b>123,100</b>	<b>711,578</b>
<b>Assigned:</b>				
Parks and Recreation	6,344	0	0	0
Budgeted Appropriations	1,167,047	0	0	0
<b>Total Assigned</b>	<b>1,173,391</b>	<b>0</b>	<b>0</b>	<b>0</b>
Unassigned	3,532,720	0	0	(545,687)
<b>Total Fund Balance</b>	<b>\$4,712,455</b>	<b>\$365,573</b>	<b>\$123,100</b>	<b>\$165,891</b>

**CITY OF MILFORD, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

NOTE 19 - CONTINGENT LIABILITIES

LITIGATION

The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City. The City had no pending litigation as of December 31, 2020.

STATE GRANTS

For the period January 1, 2020 to December 31, 2020, the City received State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 20 – CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for construction projects. The following amounts remain on these contracts as of December 31, 2020:

<u>Project</u>	<u>Outstanding Balance</u>
US 50 Urban Paving	\$491,681
Traffic Signal Upgrade (through CCTID)	352,663
Influent Lift Station Screen Improvement	188,350

NOTE 21 – DEFICIT FUND BALANCE

The real property acquisition fund reports a negative fund balance of \$545,687 as the short term note payable is reported in the fund. The City would transfer cash as needed to cover the deficit.

NOTE 22 – COVID -19

The United State and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio has incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues and recovery from emergency funding, either federal or state, cannot be estimated.

**CITY OF MILFORD, OHIO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN**  
**LAST SEVEN FISCAL YEARS (1)**

	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.013304%	0.013403%	0.013806%	0.012503%	0.013562%	0.014318%	0.014318%
The City's Proportion Share of the Net Pension Liability	\$ 2,629,626	\$ 3,670,811	\$ 2,165,894	\$ 2,839,219	\$ 2,349,109	\$ 1,726,961	\$ 1,687,954
The City's Covered Payroll	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.75%	203.45%	124.25%	176.40%	133.48%	87.02%	125.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO  
 SCHEDULE OF CITY'S PENSION CONTRIBUTIONS  
 OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM  
 LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 253,054	\$ 263,424	\$ 252,600	\$ 226,611	\$ 193,146	\$ 211,195	\$ 238,149	\$ 174,505	\$ 172,132	\$ 158,972
Contributions in Relation to the Contractually Required Contribution	(253,054)	(263,424)	(252,600)	(226,611)	(193,146)	(211,195)	(238,149)	(174,505)	(172,132)	(158,972)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346	\$ 1,721,320	\$ 1,589,720
Contributions as a Percentage of Covered-Payroll	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

See accompanying notes to the required supplementary information

**CITY OF MILFORD, OHIO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**OHIO POLICE AND FIRE FUND**  
**LAST SEVEN FISCAL YEARS (1)**

	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.063736%	0.064110%	0.065103%	0.056426%	0.052351%	0.052714%	0.052714%
The City's Proportion Share of the Net Pension Liability	\$ 4,293,603	\$ 5,233,070	\$ 3,995,650	\$ 3,573,969	\$ 3,367,752	\$ 2,730,822	\$ 2,567,353
The City's Covered Payroll	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	245.86%	319.30%	266.37%	267.26%	287.70%	342.90%	205.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information



CITY OF MILFORD, OHIO  
SCHEDULE OF CITY'S PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE FUND  
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 351,208	\$ 331,808	\$ 311,398	\$ 285,004	\$ 254,082	\$ 222,406	\$ 141,996	\$ 159,184	\$ 135,766	\$ 124,466
Contributions in Relation to the Contractually Required Contribution	(351,208)	(331,808)	(311,398)	(285,004)	(254,082)	(222,406)	(141,996)	(159,184)	(135,766)	(124,466)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502	\$ 1,064,831	\$ 976,204
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%	12.75%	12.75%	12.75%

See accompanying notes to the required supplementary information

**CITY OF MILFORD, OHIO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN**  
**LAST FOUR FISCAL YEARS (1) (2)**

	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.012390%	0.012481%	0.012880%	0.011695%
The City's Proportion Share of the Net OPEB Liability	\$ 1,711,381	\$ 1,627,229	\$ 1,398,673	\$ 1,181,238
The City's Covered Payroll	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550
The City's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	90.95%	90.19%	80.24%	73.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	54.50%

(1) Information prior to 2017 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO  
SCHEDULE OF CITY'S OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN  
LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ 17,432	\$ 32,191	\$ 35,199	\$ 19,846	\$ 13,423	\$ 68,853	\$ 79,486
Contributions in Relation to the Contractually Required Contribution	-	-	-	(17,432)	(32,191)	(35,199)	(19,846)	(13,423)	(68,853)	(79,486)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346	\$ 1,721,320	\$ 1,589,720
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	1.00%	1.00%	4.00%	5.00%

See accompanying notes to the required supplementary information

**CITY OF MILFORD, OHIO**  
**SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**OHIO POLICE AND FIRE FUND**  
**LAST FOUR FISCAL YEARS (1) (2)**

	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.063736%	0.064110%	0.065103%	0.056426%
The City's Proportion Share of the Net OPEB Liability	\$ 629,570	\$ 583,820	\$ 3,688,629	\$ 2,678,418
The City's Covered Payroll	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274
The City's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	36.05%	35.62%	245.91%	200.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.10%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available

(2) Amounts presented for each year were determined as of the City's measurement date, which is the prior year end.

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO  
 SCHEDULE OF CITY'S OPEB CONTRIBUTIONS  
 OHIO POLICE AND FIRE FUND  
 LAST TEN FISCAL YEARS

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually Required Contributions	\$ 9,242	\$ 8,732	\$ 8,195	\$ 7,500	\$ 6,686	\$ 5,853	\$ 49,137	\$ 84,274	\$ 71,876	\$ 65,894
Contributions in Relation to the Contractually Required Contribution	(9,242)	(8,732)	(8,195)	(7,500)	(6,686)	(5,853)	(49,137)	(84,274)	(71,876)	(65,894)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502	\$ 1,064,831	\$ 976,204
Contributions as a Percentage of Employee Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	6.17%	6.75%	6.75%	6.75%

Note: The percentages shown are only the police portion since the firefighters do not contribute to OPF.

See accompanying notes to the required supplementary information

**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**GENERAL FUND**

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<b>Revenues:</b>				
Property and Other Local Taxes	\$ 703,930	\$ 703,930	\$ 624,927	\$ (79,003)
Income Taxes	4,268,600	4,268,600	4,389,418	120,818
Intergovernmental	199,850	199,850	213,996	14,146
Charges for Services	287,199	287,199	331,888	44,689
Licenses and Permits	218,470	218,470	125,468	(93,002)
Investment Earnings	55,000	55,000	67,460	12,460
Fines and Forfeitures	197,330	197,330	215,143	17,813
Other All Revenue	402,804	402,804	457,397	54,593
Total Revenue	6,333,183	6,333,183	6,425,697	92,514
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Security of Persons and Property:</b>				
<b>Police</b>				
Personal Services	2,611,896	2,662,896	2,586,468	76,428
Other	365,518	335,018	300,676	34,342
Total Police	2,977,414	2,997,914	2,887,144	110,770
<b>Building Inspection</b>				
Other	207,515	207,515	78,823	128,692
Total Building Inspection	207,515	207,515	78,823	128,692
Total Security of Persons and Property	3,184,929	3,205,429	2,965,967	239,462
<b>Public Health and Welfare Services:</b>				
<b>Health</b>				
Other	28,000	29,000	28,513	487
Total Health	28,000	29,000	28,513	487
<b>Grounds and Facilities</b>				
Personal Services	204,270	207,770	198,328	9,442
Other	50,397	54,597	36,715	17,882
Total Grounds and Facilities	254,667	262,367	235,043	27,324
Total Public Health and Welfare	282,667	291,367	263,556	27,811
<b>Transportation</b>				
<b>Public Works - Administration</b>				
Other	450,500	452,800	434,490	18,310
Total Transportation	450,500	452,800	434,490	18,310
<b>General Government</b>				
<b>Mayor's Court</b>				
Personal Services	90,694	91,294	87,718	3,576
Other	21,287	21,687	15,666	6,021
Total Mayor's Court	111,981	112,981	103,384	9,597
<b>City Council</b>				
Personal Services	38,533	40,433	38,803	1,630
Other	40,572	39,372	32,551	6,821
Total City Council	79,105	79,805	71,354	8,451
<b>Five Points Building</b>				
Personal Services	100,000	89,840	70,919	18,921
Other	84,340	17,500	9,537	7,963
Total Five Points Building	184,340	107,340	80,456	26,884
<b>Civil Defense</b>				
Other	2,100	2,100	1,238	862
Total Civil Defense	2,100	2,100	1,238	862

(continued)

**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	GENERAL FUND			Variance Positive (Negative)
	Initial	Budget Final	Actual	
City Manager				
Personal Services	\$ 290,378	\$ 238,979	\$ 203,925	\$ 35,054
Other	91,342	108,042	97,189	10,853
Total City Manager	<u>381,720</u>	<u>347,021</u>	<u>301,114</u>	<u>45,907</u>
Law Director				
Personal Services	108,225	111,357	109,803	1,554
Other	12,250	14,850	9,030	5,820
Total Law Director	<u>120,475</u>	<u>126,207</u>	<u>118,833</u>	<u>7,374</u>
Department of Civil Service				
Other	8,250	8,250	2,557	5,693
Total Department of Civil Service	<u>8,250</u>	<u>8,250</u>	<u>2,557</u>	<u>5,693</u>
Finance and Accounting				
Personal Services	149,474	154,074	153,047	1,027
Other	52,547	55,947	48,671	7,276
Total Finance and Accounting	<u>202,021</u>	<u>210,021</u>	<u>201,718</u>	<u>8,303</u>
Administration				
Other	76,000	72,774	69,078	3,696
Total Administration	<u>76,000</u>	<u>72,774</u>	<u>69,078</u>	<u>3,696</u>
Engineering				
Personal Services	6,270	3,136	762	2,374
Other	71,436	50,650	29,354	21,296
Total Engineering	<u>77,706</u>	<u>53,786</u>	<u>30,116</u>	<u>23,670</u>
Development				
Personal Services	95,922	96,322	87,455	8,867
Other	21,055	20,768	13,748	7,020
Total Development	<u>116,977</u>	<u>117,090</u>	<u>101,203</u>	<u>15,887</u>
Income Tax				
Personal Services	96,186	96,386	87,483	8,903
Other	357,487	262,687	145,750	116,937
Total Income Tax	<u>453,673</u>	<u>359,073</u>	<u>233,233</u>	<u>125,840</u>
Total General Government	<u>1,814,348</u>	<u>1,596,448</u>	<u>1,314,284</u>	<u>282,164</u>
Total Expenditures	<u>5,732,444</u>	<u>5,546,044</u>	<u>4,978,297</u>	<u>567,747</u>
Excess of Revenues Over (Under) Expenditures	600,739	787,139	1,447,400	660,261 (continued)

**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>GENERAL FUND</b>			Variance Positive (Negative)
	Initial	Budget Final	Actual	
<u>Other Financing (Uses):</u>				
Income Tax Refunds	\$ -	\$ (120,000)	\$ (153,121)	\$ 33,121
Transfers - Out	<u>(316,550)</u>	<u>(717,550)</u>	<u>(456,350)</u>	<u>261,200</u>
Total Other Financing (Uses)	<u>(316,550)</u>	<u>(837,550)</u>	<u>(609,471)</u>	<u>228,079</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	284,189	(50,411)	837,929	888,340
Fund Balances at Beginning of Year - Restated	<u>3,974,091</u>	<u>3,974,091</u>	<u>3,974,091</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 4,258,280</u>	<u>\$ 3,923,680</u>	<u>\$ 4,812,020</u>	<u>\$ 888,340</u>

See accompanying notes to the required supplementary information



**THE CITY OF MILFORD, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**MAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**Fire/EMS LEVY FUND**

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
<u>Revenues:</u>				
Property and Other Local Taxes	\$ 1,829,293	\$ 1,831,313	\$ 1,826,459	\$ (4,854)
Intergovernmental	130,000	130,000	135,751	5,751
Investment Earnings	5,020	3,000	4,962	1,962
Total Revenue	<u>1,964,313</u>	<u>1,964,313</u>	<u>1,967,172</u>	<u>2,859</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property:				
Fire/EMS Department				
Other	1,898,032	1,899,645	1,881,937	17,708
Total Fire/EMS Department	<u>1,898,032</u>	<u>1,899,645</u>	<u>1,881,937</u>	<u>17,708</u>
Change in Fund Balances	66,281	64,668	85,235	20,567
Fund Balances at Beginning of Year	<u>280,389</u>	<u>280,389</u>	<u>280,389</u>	<u>-</u>
Fund Balances at End of Year	<u>\$ 346,670</u>	<u>\$ 345,057</u>	<u>\$ 365,624</u>	<u>\$ 20,567</u>

See accompanying notes to the required supplementary information

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

NOTE 1 – BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year, with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated.

Advances-in and Advances-out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

A tax budget of estimated revenues and expenditures for all budgeted funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increasing) tax rates.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation ordinance. On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31 of the preceding year. The certificate may be further amended during the year if the fiscal officer determines that the revenue to be collected is greater or less than the current estimates.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Appropriations

An appropriation ordinance (the appropriation budget) to control the level of expenditures for all funds, except agency funds, must be legally enacted on or before January 1. Appropriations may not exceed estimated resources as established in the official amended certificate of estimated resources. Supplemental appropriations may be adopted by Council action. Several supplemental appropriations were legally enacted during 2020 by Council.

The budgetary figures which appear in the “Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) – General fund and major special revenue funds are provided on the budgetary basis to provide a comparison of actual results with the final budget, including all amendments and modifications. Budget figures appearing in the statement of budgetary comparisons are based upon the following:

Initial Budget is the legally adopted amount of appropriation originally passed by City Council through the original appropriation ordinance.

Final Budget represents the final appropriation amounts, including all amendments and modifications.

Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. Appropriated funds may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council. Expenditures plus encumbrances may not legally exceed appropriations at the level of appropriation adopted by Council. For all funds, Council appropriations are made at fund and personal services and other within each department. The appropriations set by Council remain fixed unless amended by Council ordinance.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as assigned fund balance for subsequent-year expenditures for the general fund on the basic financial statements while the other funds have the amount reported within the current higher classification.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances outstanding at year-end are carried forward to the subsequent year and are not reappropriated.

NOTE 2 - BUDGET TO GAAP RECONCILIATION

While 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, appropriations and encumbrances.

The Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) – General Fund and Major Special Revenue Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

	General Fund	Fire/EMS Levy Fund
GAAP Basis	\$721,908	\$85,924
Adjustments:		
Revenue Accruals	68,017	0
Expenditure Accruals	19,686	(687)
GASB 54 funds	28,318	0
Budget Basis	\$837,929	\$85,237

NOTE 3 - BUDGETARY RESTATEMENT

The beginning balance in the General Fund was restated from the prior year balance.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

NOTE 4 - NET PENSION LIABILITY – COST SHARING PLANS

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:*

There were no changes in benefit terms for the period 2014-2019.

*Changes in assumptions:*

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%
- Decrease in wage inflation from 3.75% to 3.25%
- Change in future salary increases from a range of 4.25%-10.02% to 3.25%-10.75%
- Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Health Annuitant Mortality table.

2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

2019: The following were the most significant changes of assumptions that affect the total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 7.50% to 7.20%

2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:*

There were no changes in benefit terms for the period 2014-2020.

*Changes in assumptions:*

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

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

**NOTE 4 - NET PENSION LIABILITY – COST SHARING PLANS (CONTINUED)**

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

- Reduction in actuarial assumed rate of return from 8.25% to 8.00%
- Decrease salary increases from a range of 3.75% to 3.25%.
- Change in payroll growth from 3.75% to 3.25%
- Reduce DROP interest rate from 4.5% to 4.0%
- Reduce CPI-based COLA from 2.6% to 2.2%
- Inflation component reduced from 3.25% to 2.75%
- For January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Health Annuitant Mortality tables rolled back to 2006.
- For January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality tables rolled back to 2006.

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

**NOTE 5 - NET OPEB LIABILITY – COST SHARING PLANS**

**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

*Changes in benefit terms:*

There were no changes in benefit terms for the periods 2018-2020.

*Changes in assumptions:*

For 2018, the single discount rate changed from 4.23% to 3.85%.

For 2019, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.85% to 3.96%.
- Reduction in actuarial assumed rate of return from 6.50% to 6.00%.
- Change in health care cost trend rate from 7.50% to 10%.

For 2020, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.96% to 3.16%.
- Change in health care cost trend rate from 10% to 10.5%.

**CITY OF MILFORD, OHIO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**DECEMBER 31, 2020**

NOTE 5 - NET OPEB LIABILITY – COST SHARING PLANS (CONTINUED)

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms:*

For 2018, there were no changes in benefit terms.

For 2019, the retiree health care model and the current self-insured health care plan were replaced with a stipend-based health care model.

*Changes in assumptions:*

For 2018, the single discount rate changed from 3.79% to 3.24%.

For 2019, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- The single discount rate changed from 3.24% to 4.66%.
- Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%.

# Bastin & Company, LLC

*Certified Public Accountants*

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

City of Milford  
Clermont County  
745 Center Street  
Milford, Ohio 45150

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Milford, Clermont County, (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 24, 2022 where we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

*Bastin & Company, L L C*

Cincinnati, Ohio  
June 24, 2022

**City of Milford**  
*Clermont County*  
*Summary Schedule of Prior Audit Findings*  
*December 31, 2020*

Finding Number	Finding Summary	Status	Additional Information
2019-01	Audit adjustments	Corrected	

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF MILFORD  
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 7/26/2022**

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)