



OHIO AUDITOR OF STATE
KEITH FABER



**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY
JUNE 30, 2023**

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**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY
JUNE 30, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont County, Ohio (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District'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, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont County, Ohio as of June 30, 2023, 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 District, 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.

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 District'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 District'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 District'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, required budgetary comparison schedule, 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.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 District'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 District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
March 29, 2024

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**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

The discussion and analysis of Milford Exempted Village School District's ("District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- Net position of governmental activities increased \$15,482,837 which represents a 73% increase from 2022.
- General revenues accounted for \$93,460,034 in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$16,386,480 or 15% of total revenues of \$109,846,514.
- Business-type operations reflected an operating gain of \$1,026,689.
- The District had \$94,363,677 in expenses related to governmental activities; \$16,386,480 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$93,460,034 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-Wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the questions, "How did we do financially during 2023?" The Government-wide Financial Statements answers this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

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

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

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

Fund Financial Statements

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

Governmental Funds Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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

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

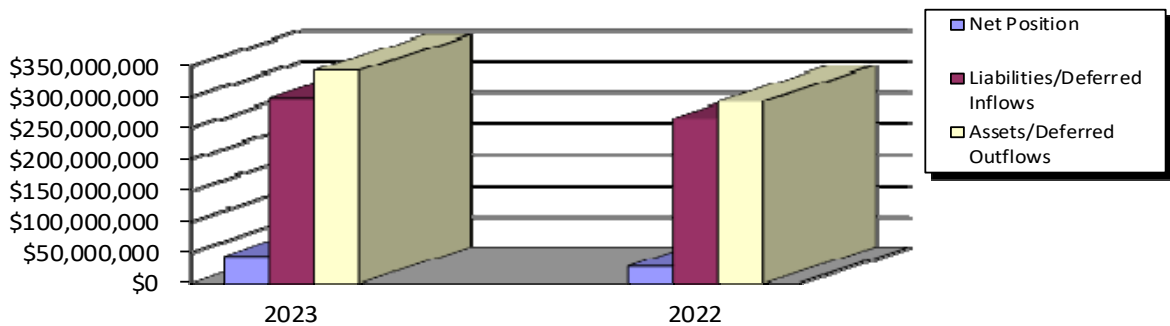
**Milford Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

The District as a Whole

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District’s net position for 2023 compared to 2022:

**Table 1
Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and Other Assets	\$209,508,554	\$171,863,785	\$8,429,645	\$6,503,419	\$217,938,199	\$178,367,204
Net OPEB Asset	7,060,595	5,819,759	0	0	7,060,595	5,819,759
Capital Assets	94,690,833	85,326,039	0	0	94,690,833	85,326,039
Total Assets	311,259,982	263,009,583	8,429,645	6,503,419	319,689,627	269,513,002
Deferred Outflows of Resources:						
Deferred Charge on Refunding	1,440,673	1,543,578	0	0	1,440,673	1,543,578
OPEB	1,934,092	2,491,983	82,274	41,419	2,016,366	2,533,402
Pension	17,954,513	18,861,133	170,537	50,939	18,125,050	18,912,072
Total Deferred Outflows of Resources	21,329,278	22,896,694	252,811	92,358	21,582,089	22,989,052
Liabilities:						
Other Liabilities	18,365,893	10,183,815	0	0	18,365,893	10,183,815
Long-Term Liabilities	221,449,725	169,563,819	1,396,492	455,123	222,846,217	170,018,942
Total Liabilities	239,815,618	179,747,634	1,396,492	455,123	241,212,110	180,202,757
Deferred Inflows of Resources:						
Property Taxes	32,013,227	32,787,932	0	0	32,013,227	32,787,932
Grants and Other Taxes	5,187,045	3,425,442	0	0	5,187,045	3,425,442
Deferred Gain on Refunding	451,028	563,786	0	0	451,028	563,786
OPEB	11,236,394	10,637,729	324,429	105,260	11,560,823	10,742,989
Pension	7,154,231	37,494,874	60,366	160,914	7,214,597	37,655,788
Total Deferred Inflows of Resources	56,041,925	84,909,763	384,795	266,174	56,426,720	85,175,937
Net Position:						
Net Investment in Capital Assets	36,290,006	26,711,708	0	0	36,290,006	26,711,708
Restricted	39,781,947	31,896,607	0	0	39,781,947	31,896,607
Unrestricted	(39,340,236)	(37,359,435)	6,901,169	5,874,480	(32,439,067)	(31,484,955)
Total Net Position	\$36,731,717	\$21,248,880	\$6,901,169	\$5,874,480	\$43,632,886	\$27,123,360



**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's assets and deferred outflows were more than liabilities and deferred inflows by \$36,731,717.

At year-end, capital assets represented 30% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2023, were \$36,290,006. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$39,781,947 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and other assets increased from the prior year mainly due to an increase in Equity in Pooled Cash and Investments. Capital assets increased in 2023 as compared to 2022 mainly due to current year depreciation expense being less than additions. Long term liabilities increased mainly due to an increase in other long term liabilities. Deferred outflows of resources related to pension increased and deferred inflows of resources related to pension decreased mainly due to a change in the net difference between projected and actual earnings on pension plan investments.

Table 2 shows the changes in net position for fiscal years 2023 and 2022.

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**Milford Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

**Table 2
Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$5,258,294	\$4,533,234	\$1,768,459	\$393,115	\$7,026,753	\$4,926,349
Operating Grants, Contributions	11,128,186	10,931,560	2,773,465	4,179,447	13,901,651	15,111,007
General Revenues:						
Property Taxes	53,807,941	57,362,766	0	0	53,807,941	57,362,766
Grant and Entitlements	28,734,774	27,359,025	0	0	28,734,774	27,359,025
Grants and Entitlements for Capital Construction	0	11,410,028			0	11,410,028
Investment Earnings	2,781,263	(1,223,584)	0	0	2,781,263	(1,223,584)
Other	8,136,056	4,468,146	0	1,074	8,136,056	4,469,220
Total Revenues	109,846,514	114,841,175	4,541,924	4,573,636	114,388,438	119,414,811
Program Expenses:						
Instruction	53,905,613	49,762,765	0	0	53,905,613	49,762,765
Support Services:						
Pupil and Instructional Staff	6,318,614	6,188,752	0	0	6,318,614	6,188,752
School Administrative, General Administration, Fiscal and Business	8,758,302	6,749,498	0	0	8,758,302	6,749,498
Operations and Maintenance	5,448,107	5,122,295	0	0	5,448,107	5,122,295
Pupil Transportation	7,569,943	6,943,764	0	0	7,569,943	6,943,764
Central	1,687,550	1,653,149	0	0	1,687,550	1,653,149
Operation of Non-Instructional Services	4,356,757	4,223,267	0	0	4,356,757	4,223,267
Extracurricular Activities	2,306,713	2,244,855	0	0	2,306,713	2,244,855
Interest and Fiscal Charges	4,012,078	3,692,313	0	0	4,012,078	3,692,313
Food Services	0	0	3,515,235	1,807,580	3,515,235	1,807,580
Total Program Expenses	94,363,677	86,580,658	3,515,235	1,807,580	97,878,912	88,388,238
Change in Net Position	15,482,837	28,260,517	1,026,689	2,766,056	16,509,526	31,026,573
Net Position - Beginning of Year	21,248,880	(7,011,637)	5,874,480	3,108,424	27,123,360	(3,903,213)
Net Position - End of Year	\$36,731,717	\$21,248,880	\$6,901,169	\$5,874,480	\$43,632,886	\$27,123,360

The District’s revenues are mainly from two sources. Property taxes levied for general, special revenue, and debt service purposes, and grants and entitlements comprised 75% of the District’s revenues for governmental activities.

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

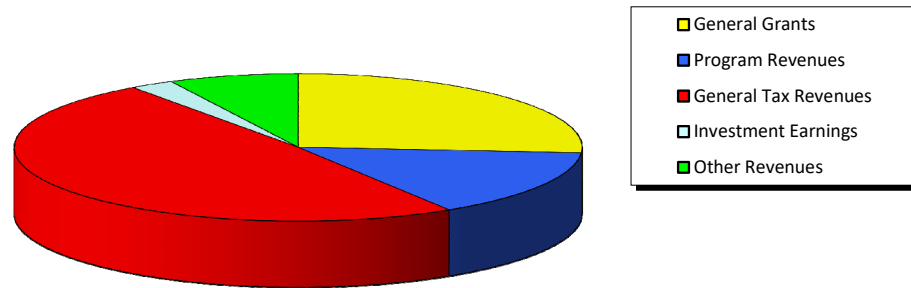
Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 49% of revenue for governmental activities for the District in fiscal year 2023.

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**Milford Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

**Governmental Activities
Revenue Sources**

Revenue Sources	2023	Percentage
General Grants	\$28,734,774	26%
Program Revenues	16,386,480	15%
General Tax Revenues	53,807,941	49%
Investment Earnings	2,781,263	3%
Other Revenues	8,136,056	7%
Total Revenue Sources	\$109,846,514	100%



Instruction comprises 57% of governmental program expenses. Support services expenses were 32% of governmental program expenses. All other expenses including interest and fiscal charges were 11%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues decreased mainly due to a decrease property taxes. Total expenses increased primarily due to changes related to net pension liability and other post employment benefits liability.

Governmental Activities

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

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**Milford Exempted Village School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

**Table 3
Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction	\$53,905,613	\$49,762,765	(\$43,270,486)	(\$40,544,274)
Support Services:				
Pupil and Instructional Staff	6,318,614	6,188,752	(6,214,546)	(4,805,332)
School Administrative, General				
Administration, Fiscal and Business	8,758,302	6,749,498	(8,754,184)	(6,682,299)
Operations and Maintenance	5,448,107	5,122,295	(4,712,326)	(5,055,609)
Pupil Transportation	7,569,943	6,943,764	(7,084,295)	(6,261,339)
Central	1,687,550	1,653,149	(1,684,437)	(1,653,149)
Operation of Non-Instructional Services	4,356,757	4,223,267	(565,367)	(796,417)
Extracurricular Activities	2,306,713	2,244,855	(1,679,478)	(1,625,132)
Interest and Fiscal Charges	4,012,078	3,692,313	(4,012,078)	(3,692,313)
Total Expenses	<u>\$94,363,677</u>	<u>\$86,580,658</u>	<u>(\$77,977,197)</u>	<u>(\$71,115,864)</u>

The District’s Funds

The District has four major governmental funds: the General Fund, the Debt Service Fund, the Building Fund, and the Ohio Facilities Construction Commission Fund. Assets of the General Fund comprised \$87,143,354 (41%), the Debt Service Fund comprised \$24,162,633 (11%), the Building Fund comprised \$43,143,488 (20%), and the Ohio Facilities Construction Commission Fund comprised \$49,400,954 (23%) of the total \$211,871,159 governmental funds assets.

General Fund: Fund balance at June 30, 2023 was \$47,583,971, an increase in fund balance of \$2,479,468 from 2022.

General Fund Budgeting Highlights

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

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

For the General Fund, original estimated revenue was \$77,499,999. The final estimated revenue was \$77,499,999.

The District’s ending unobligated cash balance was \$37,926,005.

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2023, the District had \$94,690,833 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal 2023 balances compared to fiscal 2022:

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

	Governmental Activities	
	2023	2022
Land	\$4,906,686	\$4,906,686
Construction in Progress	10,424,776	0
Buildings and Improvements	75,370,632	76,612,107
Equipment	3,988,739	3,807,246
Total Net Capital Assets	<u>\$94,690,833</u>	<u>\$85,326,039</u>

The increase in capital assets is due to depreciation and disposals being less than additions in 2023.

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

Debt

At June 30, 2023, the District had \$134,919,339 in bonds payable, \$4,065,000 due within one year. Table 5 summarizes outstanding debt at year end.

**Table 5
Outstanding Debt at Year End**

	Governmental Activities	
	2023	2022
Bonds Payable:		
Refunded General Obligation Bonds - 2007	\$10,325,000	\$10,325,000
Long Term Notes	995,000	1,091,000
2022 School Improvement Bonds: Current Interest	49,705,000	50,900,000
2022 School Improvement Bonds: Premium	6,817,926	6,839,472
2015 Refunding of Series 2008: Current Interest	26,710,000	27,955,000
2023 COPS Issuance - Principal	27,000,000	0
2023 COPS Issuance - Premium	2,086,884	0
Premium on Bonds	3,021,259	3,237,063
2017 Refunding of Series 2007	7,585,000	9,305,000
Premium on 2017 Refunding Bonds	673,270	841,588
Total Long Term Debt	<u>\$134,919,339</u>	<u>\$110,494,123</u>

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

**Milford Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)**

For the Future

The continued financial support provided by the State of Ohio will remain a challenge to all Ohio public school districts. Public school districts in Ohio have seen several different state funding formulas or calculations within the last decade. In June of 2021, the State legislature passed the biennial budget for fiscal years 2022 and 2023 (House Bill 110). This budget bill discontinues the current state foundation funding formula for school districts in Ohio. During fiscal year 2021, the State made significant reductions state wide to school funding, resulting in approximately a 2% reduction in State aide. Fiscal years 2022 and beyond will see reductions to purchased services expenses and decreases in State aid revenue due to changes in the state's educational voucher program.

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

Contacting the District's Financial Management

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

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Milford Exempted Village School District
Statement of Net Position
June 30, 2023

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Investments	\$138,003,608	\$8,302,271	\$146,305,879
Receivables (Net):			
Taxes	52,229,086	0	52,229,086
Accounts	25,611	41,758	67,369
Interest	621,224	0	621,224
Intergovernmental	18,400,657	37,794	18,438,451
Inventory	228,368	47,822	276,190
Nondepreciable Capital Assets	15,331,462	0	15,331,462
Depreciable Capital Assets, Net	79,359,371	0	79,359,371
Net OPEB Asset	7,060,595	0	7,060,595
Total Assets	311,259,982	8,429,645	319,689,627
Deferred Outflows of Resources:			
Deferred Charge on Refunding	1,440,673	0	1,440,673
Pension	17,954,513	170,537	18,125,050
OPEB	1,934,092	82,274	2,016,366
Total Deferred Outflows of Resources	21,329,278	252,811	21,582,089
Liabilities:			
Accounts Payable	1,064,054	0	1,064,054
Accrued Wages and Benefits	9,436,182	0	9,436,182
Contracts Payable	7,061,162	0	7,061,162
Accrued Interest Payable	476,039	0	476,039
Unearned Revenue	262,997	0	262,997
Claims Payable	65,459	0	65,459
Long-Term Liabilities:			
Due Within One Year	4,294,510	0	4,294,510
Due In More Than One Year			
Net Pension Liability	78,174,993	1,101,928	79,276,921
Net OPEB Liability	4,693,513	294,564	4,988,077
Other Amounts	134,286,709	0	134,286,709
Total Liabilities	239,815,618	1,396,492	241,212,110
Deferred Inflows of Resources:			
Property Taxes	32,013,227	0	32,013,227
OPEB	11,236,394	324,429	11,560,823
Grants and Other Taxes	5,187,045	0	5,187,045
Deferred Gain on Refunding	451,028	0	451,028
Pension	7,154,231	60,366	7,214,597
Total Deferred Inflows of Resources	56,041,925	384,795	56,426,720
Net Position:			
Net Investment in Capital Assets	36,290,006	0	36,290,006
Restricted for:			
Debt Service	16,038,012	0	16,038,012
Capital Projects	14,030,474	0	14,030,474
Classroom Facilities Maintenance	1,786,221	0	1,786,221
Athletic	375,825	0	375,825
State Grants	267,636	0	267,636
Permanent Endowment Nonexpendable	12,072	0	12,072
Permanent Endowment Expendable	137,968	0	137,968
Net OPEB Asset	7,060,595	0	7,060,595
Other Purposes	73,144	0	73,144
Unrestricted	(39,340,236)	6,901,169	(32,439,067)
Total Net Position	\$36,731,717	\$6,901,169	\$43,632,886

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
Instruction:						
Regular	\$40,548,238	\$3,113,905	\$4,015,613	(\$33,418,720)	\$0	(\$33,418,720)
Special	11,895,111	0	3,156,922	(8,738,189)	0	(8,738,189)
Vocational	1,031,636	0	0	(1,031,636)	0	(1,031,636)
Other	430,628	0	348,687	(81,941)	0	(81,941)
Support Services:						
Pupil	4,770,428	0	80,115	(4,690,313)	0	(4,690,313)
Instructional Staff	1,548,186	0	23,953	(1,524,233)	0	(1,524,233)
General Administration	281,467	0	0	(281,467)	0	(281,467)
School Administration	5,876,454	0	0	(5,876,454)	0	(5,876,454)
Fiscal	2,115,010	0	4,118	(2,110,892)	0	(2,110,892)
Business	485,371	0	0	(485,371)	0	(485,371)
Operations and Maintenance	5,448,107	0	735,781	(4,712,326)	0	(4,712,326)
Pupil Transportation	7,569,943	59,551	426,097	(7,084,295)	0	(7,084,295)
Central	1,687,550	3,113	0	(1,684,437)	0	(1,684,437)
Operation of Non-Instructional Services	4,356,757	1,454,490	2,336,900	(565,367)	0	(565,367)
Extracurricular Activities	2,306,713	627,235	0	(1,679,478)	0	(1,679,478)
Interest and Fiscal Charges	4,012,078	0	0	(4,012,078)	0	(4,012,078)
Total Governmental Activities	94,363,677	5,258,294	11,128,186	(77,977,197)	0	(77,977,197)
Business-Type Activities:						
Food Service	3,515,235	1,768,459	2,773,465	0	1,026,689	1,026,689
Total Business-Type Activities	3,515,235	1,768,459	2,773,465	0	1,026,689	1,026,689
Totals	\$97,878,912	\$7,026,753	\$13,901,651	(77,977,197)	1,026,689	(76,950,508)
General Revenues:						
Property Taxes Levied for:						
General Purposes				44,223,219	0	44,223,219
Special Revenue Purposes				581,560	0	581,560
Debt Service Purposes				9,003,162	0	9,003,162
Grants and Entitlements, Not Restricted				28,734,774	0	28,734,774
Revenue in Lieu of Taxes				7,006,306	0	7,006,306
Unrestricted Contributions				35,567	0	35,567
Investment Earnings				2,781,263	0	2,781,263
Other Revenues				1,094,183	0	1,094,183
Total General Revenues				93,460,034	0	93,460,034
Change in Net Position				15,482,837	1,026,689	16,509,526
Net Position - Beginning of Year				21,248,880	5,874,480	27,123,360
Net Position - End of Year				\$36,731,717	\$6,901,169	\$43,632,886

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Balance Sheet
Governmental Funds
June 30, 2023

	General	Debt Service	Building	Ohio Facilities Construction Commission	Other Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$38,253,973	\$13,144,743	\$43,143,488	\$39,020,264	\$4,441,140
Receivables (Net):					
Taxes	41,497,006	10,201,121	0	0	530,959
Accounts	25,608	0	0	0	3
Interest	621,224	0	0	0	0
Intergovernmental	4,310,427	816,769	0	10,380,690	2,892,771
Interfund	2,362,605	0	0	0	0
Inventory	72,511	0	0	0	155,857
Total Assets	87,143,354	24,162,633	43,143,488	49,400,954	8,020,730
Liabilities:					
Accounts Payable	891,012	0	0	0	173,042
Accrued Wages and Benefits	8,566,983	0	0	0	869,199
Compensated Absences	52,063	0	0	0	0
Contracts Payable	101,745	0	3,133,138	1,346,669	2,479,610
Unearned Revenue	0	0	0	0	262,997
Interfund Payable	0	0	0	0	2,362,605
Total Liabilities	9,611,803	0	3,133,138	1,346,669	6,147,453
Deferred Inflows of Resources:					
Property Taxes	25,204,945	6,901,211	0	0	317,943
Grants and Other Taxes	4,310,427	816,769	0	10,009,163	2,890,922
Investment Earnings	432,208	0	0	0	0
Total Deferred Inflows of Resources	29,947,580	7,717,980	0	10,009,163	3,208,865
Fund Balances:					
Nonspendable	72,511	0	0	0	12,072
Restricted	0	16,444,653	40,010,350	38,045,122	3,996,563
Assigned	5,591,389	0	0	0	137,968
Unassigned	41,920,071	0	0	0	(5,482,191)
Total Fund Balances	47,583,971	16,444,653	40,010,350	38,045,122	(1,335,588)
Total Liabilities, Deferred Inflows and Fund Balances	\$87,143,354	\$24,162,633	\$43,143,488	\$49,400,954	\$8,020,730

See accompanying notes to the basic financial statements.

Total
Governmental
Funds

\$138,003,608

52,229,086
25,611
621,224
18,400,657
2,362,605
228,368

211,871,159

1,064,054
9,436,182
52,063
7,061,162
262,997
2,362,605

20,239,063

32,424,099
18,027,281
432,208

50,883,588

84,583
98,496,688
5,729,357
36,437,880

140,748,508

\$211,871,159

Milford Exempted Village School District
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2023

Total Governmental Fund Balance		\$140,748,508
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		94,690,833
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	410,872	
Interest	432,208	
Intergovernmental	<u>12,840,236</u>	
		13,683,316
An internal service fund is used by management to charge back costs to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		
Internal Service Net Position		(65,459)
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(476,039)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(3,609,817)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
Deferred charge on refunding	1,440,673	
Deferred gain on refunding	<u>(451,028)</u>	
		989,645
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	17,954,513	
Deferred inflows of resources related to pensions	(7,154,231)	
Deferred outflows of resources related to OPEB	1,934,092	
Deferred inflows of resources related to OPEB	<u>(11,236,394)</u>	
		1,497,980
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	7,060,595	
Net Pension Liability	(78,174,993)	
Net OPEB Liability	(4,693,513)	
Other Amounts	<u>(134,919,339)</u>	
		<u>(210,727,250)</u>
Net Position of Governmental Activities		<u>\$36,731,717</u>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Debt Service	Building	Ohio Facilities Construction Commission	Other Governmental Funds
Revenues:					
Property and Other Taxes	\$44,178,756	\$8,992,306	\$0	\$0	\$580,873
Tuition and Fees	3,113,942	0	0	0	0
Investment Earnings	1,205,669	(380)	518,433	724,331	0
Intergovernmental	30,722,662	720,552	0	1,400,865	5,605,905
Extracurricular Activities	57,023	0	0	0	629,726
Charges for Services	0	0	0	0	1,454,490
Revenue in Lieu of Taxes	5,760,732	1,167,261	0	0	78,312
Other Revenues	941,277	1	0	0	191,586
Total Revenues	85,980,061	10,879,740	518,433	2,125,196	8,540,892
Expenditures:					
Current:					
Instruction:					
Regular	38,183,603	0	0	0	1,364,364
Special	11,218,548	0	0	0	711,036
Other	111,768	0	0	0	328,644
Support Services:					
Pupil	4,760,255	0	0	0	110,022
Instructional Staff	1,589,686	0	0	0	21,952
General Administration	281,467	0	0	0	0
School Administration	5,967,907	0	0	0	0
Fiscal	1,978,572	129,495	0	0	8,652
Business	453,431	0	0	0	0
Operations and Maintenance	5,041,269	0	0	0	394,936
Pupil Transportation	7,503,311	0	0	0	57,757
Central	1,752,617	0	0	0	0
Operation of Non-Instructional Services	902,942	0	0	0	3,557,842
Extracurricular Activities	1,919,151	0	0	0	525,300
Capital Outlay	1,836,066	0	4,980,070	2,598,220	3,236,000
Debt Service:					
Principal Retirement	0	4,160,000	0	0	96,000
Interest and Fiscal Charges	0	4,264,625	0	0	51,666
Total Expenditures	83,500,593	8,554,120	4,980,070	2,598,220	10,464,171
Excess of Revenues Over (Under) Expenditures	2,479,468	2,325,620	(4,461,637)	(473,024)	(1,923,279)
Other Financing Sources (Uses):					
Issuance of Long-Term Capital-Related Debt	0	85,527	21,145,933	5,768,540	0
Premium on Long-Term Capital-Related Debt	0	2,086,884	0	0	0
Total Other Financing Sources (Uses)	0	2,172,411	21,145,933	5,768,540	0
Net Change in Fund Balance	2,479,468	4,498,031	16,684,296	5,295,516	(1,923,279)
Fund Balance - Beginning of Year	45,104,503	11,946,622	23,326,054	32,749,606	587,691
Fund Balance - End of Year	\$47,583,971	\$16,444,653	\$40,010,350	\$38,045,122	(\$1,335,588)

See accompanying notes to the basic financial statements.

<u>Total Governmental Funds</u>
\$53,751,935
3,113,942
2,448,053
38,449,984
686,749
1,454,490
7,006,305
<u>1,132,864</u>
<u>108,044,322</u>
39,547,967
11,929,584
440,412
4,870,277
1,611,638
281,467
5,967,907
2,116,719
453,431
5,436,205
7,561,068
1,752,617
4,460,784
2,444,451
12,650,356
4,256,000
<u>4,316,291</u>
<u>110,097,174</u>
<u>(2,052,852)</u>
27,000,000
<u>2,086,884</u>
<u>29,086,884</u>
27,034,032
<u>113,714,476</u>
<u>\$140,748,508</u>

Milford Exempted Village School District
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2023

Net Change in Fund Balance - Total Governmental Funds		\$27,034,032
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.</p>		
Capital assets used in governmental activities	12,581,877	
Depreciation Expense	<u>(3,217,083)</u>	9,364,794
<p>Governmental funds report district pension and OPEB contributions as expenditures. However in the statement of activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.</p>		
District pension contributions	6,553,429	
Cost of benefits earned net of employee contributions - Pension	(7,323,849)	
District OPEB contributions	250,630	
Cost of benefits earned net of employee contributions - OPEB	<u>1,860,138</u>	1,340,348
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Delinquent Property Taxes	56,006	
Interest	333,210	
Intergovernmental	<u>1,412,976</u>	1,802,192
<p>In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.</p>		
Premium on Bonds Issued		(2,086,884)
<p>Repayment of bond and note principal, current bonds refundings, and accretion interest payments are an expenditure governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		4,256,000
<p>In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.</p>		
		(111,308)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated Absences	466,192	
Amortization of Bond Premium	405,668	
Amortization of Deferred Charge/Gain on Refunding	<u>9,853</u>	881,713
<p>The internal service fund used by management to charge back costs to individual funds is not reported in the entity-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.</p>		
Change in Net Position - Internal Service Funds		1,950
<p>Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.</p>		
		<u>(27,000,000)</u>
Change in Net Position of Governmental Activities		<u>\$15,482,837</u>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities	Governmental Activities- Internal Service Funds
Current Assets:		
Equity in Pooled Cash and Investments	\$8,302,271	\$0
Receivables (Net):		
Accounts	41,758	0
Intergovernmental	37,794	0
Inventory	47,822	0
Total Assets	8,429,645	0
Deferred Outflows of Resources:		
Pension	170,537	0
OPEB	82,274	0
Total Deferred Outflows of Resources	252,811	0
Liabilities:		
Current Liabilities:		
Claims Payable	0	65,459
Total Current Liabilities	0	65,459
Long-Term Liabilities:		
Net Pension Liability	1,101,928	0
Net OPEB Liability	294,564	0
Total Noncurrent Liabilities	1,396,492	0
Total Liabilities	1,396,492	65,459
Deferred Inflows of Resources:		
OPEB	324,429	0
Pension	60,366	0
Total Deferred Inflows of Resources	384,795	0
Net Position:		
Unrestricted	6,901,169	(65,459)
Total Net Position	\$6,901,169	(\$65,459)

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities	Governmental Activities- Internal Service Funds
Operating Revenues:		
Charges for Services	\$1,768,459	\$213,922
Total Operating Revenues	<u>1,768,459</u>	<u>213,922</u>
Operating Expenses:		
Personal Services	1,872,749	0
Contactual Services	228,830	0
Materials and Supplies	1,398,429	0
Claims Expenses	0	211,972
Other	15,227	0
Total Operating Expenses	<u>3,515,235</u>	<u>211,972</u>
Operating Income (Loss)	<u>(1,746,776)</u>	<u>1,950</u>
Non-Operating Revenues (Expenses):		
Operating Grants	<u>2,773,465</u>	<u>0</u>
Total Non-Operating Revenues (Expenses)	<u>2,773,465</u>	<u>0</u>
Change in Net Position	1,026,689	1,950
Net Position - Beginning of Year	<u>5,874,480</u>	<u>(67,409)</u>
Net Position - End of Year	<u>\$6,901,169</u>	<u>(\$65,459)</u>

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business-Type Activities	
	Food Service Provided for Other Districts	Governmental Activities- Internal Service Funds
Cash Flows from Operating Activities:		
Cash Received from Customers	\$1,730,959	\$213,922
Cash Payments to Employees	(1,202,042)	0
Cash Payments to Suppliers	(1,403,491)	(213,922)
Net Cash Provided (Used) by Operating Activities	(874,574)	0
Cash Flows from Noncapital Financing Activities:		
Operating Grants Received	2,735,671	0
Net Cash Provided (Used) by Noncapital Financing Activities	2,735,671	0
Net Increase (Decrease) in Cash and Cash Equivalent	1,861,097	0
Cash and Cash Equivalents - Beginning of Year	6,441,174	0
Cash and Cash Equivalents - End of Year	8,302,271	0
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	(1,746,776)	1,950
Adjustments:		
Pension/OPEB Expense	315,213	0
Changes in Assets & Liabilities:		
(Increase) Decrease in Receivables	(37,500)	0
(Increase) Decrease in Prepaid Items	10,165	0
(Increase) Decrease in Deferred Outflows of Resources	(119,598)	0
Increase (Decrease) in Deferred Inflows of Resources	(100,548)	0
Increase (Decrease) in Claims Payables	804,470	(1,950)
Net Cash Provided (Used) by Operating Activities	(\$874,574)	\$0

See accompanying notes to the basic financial statements.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Note 1 - Description of the District

Milford Exempted Village School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the District's nine instructional support facilities staffed by approximately 358 non-certificated, 423 teaching employees and 36 administrative employees providing education to approximately 6,317 students.

Reporting Entity

The reporting entity is composed 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 District consists of all funds, departments, boards and agencies that are not legally separate from the District. For Milford Exempted Village School District, this includes general operations, food service, latchkey, and student related activities of the District. The following activities are included within the reporting entity:

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

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

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

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

Jointly Governed Organizations:

Hamilton Clermont Cooperative Information Technology Center
Great Oaks Career Campuses
Southwestern Ohio Computer Association (SWOCA)

**Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023**

Insurance Purchasing Pool:
Southwest Ohio Organization for School Health

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

Note 2 - Summary of Significant Accounting Policies

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

Measurement Focus

Government-wide Financial Statements

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

The government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net position.

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fund Accounting

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

Governmental Funds

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Building Fund - The building fund is used to account for the accumulation of resources for, and the payment of, building construction related costs.

Ohio Facilities Construction Commission Fund (OFCC) - The OFCC fund is used to account for the accumulation of resources for, and the payment of, OFCC building construction related costs.

Proprietary Funds

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

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

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

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District doesn't have any fiduciary funds.

Basis of Accounting

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

Revenues – Exchange and Non-exchange Transactions

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

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, OPEB, grants and other taxes (which includes tax incremental financing 'TIF'), deferred gain on refunding, pension and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance year 2024 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. TIF's (other taxes) have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Deferred gain on refunding has been recorded as deferred inflows only on the government-wide statement of net position. Grants and investment earnings have been recorded as deferred inflows only on the governmental fund financial statements. Deferred resources related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 8 and 9.

Unearned Revenue

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

Expenses/Expenditures

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

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Equity in Pooled Cash and Investments

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

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during fiscal year 2023 amounted to \$2,448,053. Interest revenue credited to the General Fund during fiscal year 2023 amounted to \$1,205,669.

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

Inventory

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

Capital Assets

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

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

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

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Restricted Assets

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

Pensions/Other Postemployment Benefits (OPEB)

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

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

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

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

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

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month for a total of 15 days of sick leave for each year under contract. Sick leave may be accumulated up

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

to a maximum of 260 days for teachers and 300 for administrators, and 260 days for classified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 57.5 days for teachers and 150 for administrators. Classified employees, upon retirement, are paid for one-fourth of accrued, but unused sick leave credit to a maximum of 57.5 days.

Net Position

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

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the District's restricted net position of \$39,781,947, none was restricted by enabling legislation.

Fund Balance

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

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

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

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

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

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

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Operating Revenues and Expenses

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

Interfund Activity

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

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

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

Estimates

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

Note 3 - Equity in Pooled Cash and Investments

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

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

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

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

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Interim Monies – Those monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2023, \$26,407,750 of the District's bank balance of \$26,657,750 was exposed to custodial credit risk because it was uninsured and collateralized.

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

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

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

Investments

As of June 30, 2023, the District had the following investments:

Money Market Funds	\$1,435,701	N/A	0.00
Federal Farm Credit Bank	11,128,436	Level 2	1.46
Federal Home Loan Bank	32,653,881	Level 2	1.12
Federal Home Loan Bank - Discount Notes	5,018,639	Level 2	0.00
Negotiable CDs	3,639,363	Level 2	0.71
Commercial Paper	38,729,244	Level 2	0.36
Federal Home Loan Mortgage Corporation	9,947,011	Level 2	2.03
Federal Home Loan Mortgage Corporation - Discount Notes	568,445	Level 2	0.93
Treasury Notes	16,079,692	Level 1	1.13
Federal National Mortgage Association	944,955	Level 2	1.12
	<u>\$120,145,367</u>		
Portfolio Weighted Average Maturity			0.95

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2023. All investments of the District are valued using quoted market prices.

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

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

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 32.24% in Commercial Paper, 8.28% in Federal Home Loan Mortgage Corp, .47% in Federal Home Loan Mortgage Corp – Discount Notes, 13.38% in United States Treasury Notes, .79% in Federal National Mortgage Association, 9.26% in Federal Farm Credit Bank, 3.03% in Negotiable CDs, 27.18% in Federal Home Loan Bank, 4.18% in Federal Home Loan Bank Discount Notes, and 1.19% in Money Market Funds.

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

Note 4 - Property Taxes

Real property taxes collected in 2023 were levied in April on the assessed values as of January 1, 2022, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Tangible personal property tax revenue received during calendar year 2023 (other than public utility property tax) represents the collection of 2023 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2018 were levied after April 1, 2018, on the value as of December 31, 2018. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2023 and for which there is an enforceable legal claim. Delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2023. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is, therefore, offset by a credit to deferred inflow for that portion not intended to finance current year operations.

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

The assessed values upon which the fiscal year 2023 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$1,150,792,630
Public Utility	<u>44,282,540</u>
Total	<u><u>\$1,195,075,170</u></u>

Note 5 – Receivables

Receivables at June 30, 2023, consisted of taxes, accounts (rent, tuition, and student fees), interest, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$4,906,686	\$0	\$0	\$4,906,686
Construction in Progress	0	10,424,776	0	10,424,776
Total Capital Assets, not being depreciated	4,906,686	10,424,776	0	15,331,462
Capital Assets, being depreciated:				
Buildings and Improvements	129,172,441	1,592,092	(286,055)	130,478,478
Equipment	10,326,691	565,009	(12,221)	10,879,479
Total Capital Assets, being depreciated:	139,499,132	2,157,101	(298,276)	141,357,957
Totals at Historical Cost	<u>144,405,818</u>	<u>12,581,877</u>	<u>(298,276)</u>	<u>156,689,419</u>
Less Accumulated Depreciation:				
Buildings and Improvements	52,560,334	2,833,567	(286,055)	55,107,846
Equipment	6,519,445	383,516	(12,221)	6,890,740
Total Accumulated Depreciation	<u>59,079,779</u>	<u>3,217,083</u>	<u>(298,276)</u>	<u>61,998,586</u>
Governmental Activities Capital Assets, Net	<u>\$85,326,039</u>	<u>\$9,364,794</u>	<u>\$0</u>	<u>\$94,690,833</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,592,727
Special	376,844
Vocational	1,031,636
Support Services:	
School Administration	58,599
Fiscal	3,096
Business	7,868
Operations and Maintenance	71,006
Pupil Transportation	8,875
Central	9,694
Operation of Non-Instructional Services	50,458
Extracurricular Activities	6,280
Total Depreciation Expense	<u>\$3,217,083</u>

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Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Note 7 - Long-Term Liabilities

	Beginning Balance	Additions	Deletions	Ending Balance	Due in One Year
Governmental Activities:					
Bonds & Notes:					
2007 Refunded General Obligation Bonds	\$10,325,000	\$0	\$0	\$10,325,000	\$0
Long Term Notes	1,091,000	0	(96,000)	995,000	100,000
2022 School Improvement:					
Current Interest	50,900,000	0	(1,195,000)	49,705,000	810,000
Premium on Bonds	6,839,472	0	(21,546)	6,817,926	0
2023 COPS Issuance	0	27,000,000	0	27,000,000	
Premium on 2023 COPS Issuance	0	2,086,884	0	2,086,884	0
2015 Refunding of Series 2008:					
Current Interest	27,955,000	0	(1,245,000)	26,710,000	1,375,000
Premium on Bonds	3,237,063	0	(215,804)	3,021,259	0
2017 Refunding of Series 2007	9,305,000	0	(1,720,000)	7,585,000	1,780,000
Premium on 2017 Refunding Bonds	841,588	0	(168,318)	673,270	0
Total Bonds & Notes	110,494,123	29,086,884	(4,661,668)	134,919,339	4,065,000
Compensated Absences	4,379,145	253,368	(970,633)	3,661,880	229,510
Subtotal Bonds & Other Amounts	114,873,268	29,340,252	(5,632,301)	138,581,219	4,294,510
Net Pension Liability	47,970,550	30,204,443	0	78,174,993	0
Net OPEB Liability	6,720,001	0	(2,026,488)	4,693,513	0
Total Governmental Activities	<u>\$169,563,819</u>	<u>\$59,544,695</u>	<u>(\$7,658,789)</u>	<u>\$221,449,725</u>	<u>\$4,294,510</u>
Business Type Activities:					
Net Pension Liability	297,458	804,470	0	1,101,928	0
Net OPEB Liability	157,665	136,899	0	294,564	0
Total Business Type Activities	<u>\$455,123</u>	<u>\$941,369</u>	<u>\$0</u>	<u>\$1,396,492</u>	<u>\$0</u>

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

School Improvement Bonds – On February 16, 2022 the District issued \$50,900,000 in school improvement bonds for the purpose of constructing new school buildings. The bonds were issued for a thirty year period with a final maturity of December 1, 2051. The bonds will be retired from the Debt Service Fund.

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

Refunding General Obligation Bonds - During fiscal year 2007, the District issued \$25,110,000 of general obligations bonds for the current refunding of \$25,110,000 of the 2001 series bonds. The \$2,247,367 premium on the issuance of the refunding bonds is netted against this new debt and will be amortized

Milford Exempted Village School District
Notes to the Basic Financial Statements
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over the life of the new debt, which has a remaining life of 25 years. The refunding was undertaken to take advantage of lower interest rates. The refunding bonds are retired through the Debt Service Fund using taxes revenues.

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

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

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

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

Certificates of Participation – On May 2, 2023 the District issued \$27,000,000 in certificates of participation for the purpose of constructing new school buildings. The certificates were issued for a twenty nine year period with a final maturity of June 1, 2052. The bonds will be retired from the Debt Service Fund.

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

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

Principal and interest requirements for governmental activities to retire bonds and notes outstanding at June 30, 2023, are as follows:

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Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Fiscal Year Ending June 30	Notes & Current Interest Bonds		
	Principal	Interest	Total
2024	\$4,065,000	\$5,611,562	\$9,676,562
2025	4,234,000	5,382,330	9,616,330
2026	4,444,000	5,174,540	9,618,540
2027	4,655,000	4,956,548	9,611,548
2028	5,205,000	4,715,728	9,920,728
2029-2033	26,177,000	19,588,820	45,765,820
2034-2038	21,585,000	14,159,450	35,744,450
2039-2043	15,030,000	10,260,275	25,290,275
2044-2048	18,680,000	6,574,925	25,254,925
2049-2052	18,245,000	1,927,900	20,172,900
Total	<u>\$122,320,000</u>	<u>\$78,352,078</u>	<u>\$200,672,078</u>

Note 8 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

**Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023**

Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023.

Funding Policy

Plan members are required to contribute 10.0% of their annual covered salary and the District is required to contribute 14.0% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

amounts of 10.0% for plan members and 14.0% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,926,117 for fiscal year 2023. Of this amount \$169,094 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0.0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3.0% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit and any age. Further adjusting to five years of service and age 65, or 35 years of service credit and any age as of August 1, 2028.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.0% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14.0% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0% of the 14.0% member rate is deposited into the member's DC account and the remaining 2.0% is applied to

Milford Exempted Village School District
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the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14.0% was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$4,741,056 for fiscal year 2023. Of this amount \$790,176 is reported as accrued wages and benefits.

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

The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$18,659,780	\$60,617,141	\$79,276,921
Proportion of the Net Pension Liability:			
Current Measurement Date	0.34499070%	0.27268015%	
Prior Measurement Date	<u>0.35167380%</u>	<u>0.27602491%</u>	
Change in Proportionate Share	-0.00668310%	-0.00334476%	
Pension Expense	\$947,234	\$7,074,683	\$8,021,917

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

At June 30 2023, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	755,737	775,977	\$1,531,714
Changes of assumptions	184,119	7,254,050	7,438,169
Net difference between projected and actual earnings on pension plan investments	0	2,109,344	2,109,344
Changes in employer proportionate share of net pension liability	21,852	356,798	378,650
Contributions subsequent to the measurement date	<u>1,926,117</u>	<u>4,741,056</u>	<u>6,667,173</u>
Total Deferred Outflows of Resources	<u>\$2,887,825</u>	<u>\$15,237,225</u>	<u>\$18,125,050</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	122,496	231,880	\$354,376
Changes of assumptions	0	5,460,215	5,460,215
Net difference between projected and actual earnings on pension plan investments	651,141	0	651,141
Changes in employer proportionate share of net pension liability	<u>248,582</u>	<u>500,283</u>	<u>748,865</u>
Total Deferred Inflows of Resources	<u>\$1,022,219</u>	<u>\$6,192,378</u>	<u>\$7,214,597</u>

\$6,667,173 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2024	(\$27,172)	\$246,051	\$218,879
2025	(\$185,263)	(\$275,157)	(460,420)
2026	(\$930,169)	(\$1,814,665)	(2,744,834)
2027	<u>\$1,082,092</u>	<u>\$6,147,562</u>	<u>7,229,654</u>
Total	<u>(\$60,512)</u>	<u>\$4,303,791</u>	<u>\$4,243,279</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and compared with June 30, 2021, are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.40%	2.40%
Future Salary Increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00% net of system expenses	7.00% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed for the five year period ended June 30, 2020.

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

**Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023**

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

Discount Rate

The total pension liability for 2022 was calculated using the discount rate of 7.00%. 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 earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$27,466,306	\$18,659,780	\$11,240,402

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation compared to those used in the June 30, 2021, actuarial valuation are presented below:

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For The Fiscal Year Ended June 30, 2023

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected Salary Increases	From 2.50% to 8.50% based on age	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.00% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.00%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates, thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	<u>100.00%</u>	

**Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023**

* Final target weights reflected October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$91,570,432	\$60,617,141	\$34,440,240

Changes Between the Measurement Date and the Reporting Date

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net pension liability is not known at this time.

Note 9 - Defined Benefit OPEB Plans

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

**Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023**

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.0% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$266,359.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$266,359 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS.

**Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023**

Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.0% of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	4,988,077	\$0	\$4,988,077
Proportionate Share of the Net OPEB (Asset)	0	(7,060,595)	(7,060,595)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.35527350%	0.27268015%	
Prior Measurement Date	<u>0.36340120%</u>	<u>0.27602491%</u>	
Change in Proportionate Share	-0.00812770%	-0.00334476%	
OPEB Expense	(307,499)	(1,221,697)	(\$1,529,197)

At June 30 2023, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$41,931	\$102,358	\$144,289
Changes of assumptions	793,418	300,756	1,094,174
Net difference between projected and actual earnings on OPEB plan investments	25,925	122,908	148,833
Changes in employer proportionate share of net OPEB liability	265,568	97,143	362,711
Contributions subsequent to the measurement date	<u>266,359</u>	<u>0</u>	<u>266,359</u>
Total Deferred Outflows of Resources	<u>\$1,393,201</u>	<u>\$623,165</u>	<u>\$2,016,366</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$3,190,741	\$1,060,373	\$4,251,114
Changes of assumptions	2,047,642	5,006,652	7,054,294
Changes in employer proportionate share of net OPEB liability	<u>255,415</u>	<u>0</u>	<u>255,415</u>
Total Deferred Inflows of Resources	<u>\$5,493,798</u>	<u>\$6,067,025</u>	<u>\$11,560,823</u>

\$266,359 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2024	(901,212)	(1,568,741)	(\$2,469,953)
2025	(960,229)	(1,560,965)	(2,521,194)
2026	(879,023)	(752,509)	(1,631,532)
2027	(577,059)	(314,419)	(891,478)
2028	(405,354)	(412,241)	(817,595)
Thereafter	<u>(644,079)</u>	<u>(834,985)</u>	<u>(1,479,064)</u>
Total	<u>(\$4,366,956)</u>	<u>(\$5,443,860)</u>	<u>(\$9,810,816)</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, compared with June 30, 2021, are presented below:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Inflation	2.40%	2.40%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.25% to 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044	2042
Municipal Bond Index Rate:		
Measurement Date	3.69%	1.92%
Prior Measurement Date	1.92%	2.45%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	4.08%	2.27%
Prior Measurement Date	2.27%	2.63%
Health Care Cost Trend Rate:		
Medicare	5.125% to 4.40%	5.125% to 4.40%
Pre-Medicare	6.75% to 4.40%	6.75% to 4.40%
Medical Trend Assumption	7.00% to 4.40%	7.00% to 4.40%

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

The most recent experience study was completed for the five year period ended June 30, 2020.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021.

Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.45%
US Equity	24.75%	5.37%
Non-US Equity Developed	13.50%	6.22%
Non-US Equity Emerging	6.75%	8.22%
Fixed Income/Global Bonds	19.00%	1.20%
Private Equity	11.00%	10.05%
Real Estate/Real Assets	16.00%	4.87%
Multi-Asset Strategy	4.00%	3.39%
Private Debt/Private Credit	3.00%	5.38%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

**Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023**

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
Proportionate share of the net OPEB liability	\$6,195,267	\$4,988,077	\$4,013,547
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$3,846,702	\$4,988,077	\$6,478,897

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021 actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 12.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	5.00% initial, 4.00% ultimate
Medicare	-68.78% initial, 3.94% ultimate	-16.18% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	9.00% initial, 3.94% ultimate	6.50% initial, 4.00% ultimate
Medicare	-5.47% initial, 3.94% ultimate	29.98% initial, 4.00% ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95.0% for females, projected forward generationally using mortality improvement scale

Milford Exempted Village School District
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For The Fiscal Year Ended June 30, 2023

MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.0% of rates through age 69, 70.0% of rates between ages 70 and 79, 90.0% of rates between ages 80 and 84, and 100.0% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90.0% of rates for males and 100.0% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation *	Long-Term Expected Rate of Return **
Domestic Equity	26.00%	6.60%
International Equity	22.00%	6.80%
Alternatives	19.00%	7.38%
Fixed Income	22.00%	1.75%
Real Estate	10.00%	5.75%
Liquidity Reserves	1.00%	1.00%
Total	100.00%	

* Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

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

The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate share of the net OPEB (asset)	(\$6,527,336)	(\$7,060,595)	(\$7,517,380)
	1% Decrease <u></u>	Current Trend Rate <u></u>	1% Increase <u></u>
Proportionate share of the net OPEB (asset)	(\$7,323,556)	(\$7,060,595)	(\$6,728,674)

Changes Between the Measurement Date and the Reporting Date

In May 2023, the Board approved the following:

1. Retirees who started receiving benefits on June 1, 2019, or earlier will receive a 1.0% cost-of-living adjustment (COLA) in fiscal year 2024. The increase will be added to the base benefit on the retirement date anniversary.
2. For teachers now in the classroom, the current retirement eligibility rule requiring 34 years of service for an unreduced retirement has been extended five years through July 2028. The requirement was scheduled to increase to 35 years of service on August 1, 2023.

Any effect on the net OPEB asset is not known at this time.

Note 10 - Contingent Liabilities

Foundation Funding

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2023 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2023 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

Grants

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

Milford Exempted Village School District
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For The Fiscal Year Ended June 30, 2023

applicable funds.

Litigation

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

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District contracted with Liberty Mutual for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Liberty Mutual Insurance are as follows:

Building and Contents-replacement cost (\$5,000 deductible)	\$221,358,354
Inland Marine Coverage (\$500 deductible)	included above
Boiler and Machinery	included above
Automobile Liability (\$500 Comprehensive & \$500 Collision deductible)	1,000,000
Uninsured Motorists	1,000,000
Employers' Liability (\$2,500 deductible)	1,000,000
General Liability	
Per occurrence (\$0 deductible)	1,000,000
Aggregate	2,000,000

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

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

	<u>2022</u>	<u>2023</u>
Claims Liability at Beginning of Year	\$17,865	\$67,409
Claims Incurred	180,081	211,972
Claims Paid	<u>(130,537)</u>	<u>(213,922)</u>
Claims Liability at End of Year	<u>\$67,409</u>	<u>\$65,459</u>

Note 12 - Fund Balance Reserves For Set-Asides

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

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

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	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2022	\$0
Current Year Set Aside Requirements	1,422,982
Qualified Disbursements	0
Current year Offsets	<u>(2,074,357)</u>
Set Aside Reserve Balance as of June 30, 2023	<u>(\$651,375)</u>
Restricted Cash as of June 30, 2023	<u>\$0</u>

Note 13 - Jointly Governed Organizations

Hamilton Clermont Cooperative Information Technology Center

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

Great Oaks Career Campuses

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

Southwestern Ohio Computer Association (SWOCA)

Pursuant to an interlocal agreement authorized by state statute, the District participates in the Southwestern Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Clermont, Hamilton, Warren, Preble, and Butler counties and involves all cities that have school districts within these counties.

The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts.

SWOCA is governed by a board of directors consisting of one representative from each of the participating members. The District paid SWOCA a fee for services provided during the year. Financial information may be obtained from the Southwestern Ohio Computer Association, 3603 Hamilton-Middletown Road, Hamilton, Ohio.

**Milford Exempted Village School District
Notes to the Basic Financial Statements
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Note 14 - Insurance Purchasing Pool

The District participates in Southwest Ohio Organization of School Health (SWOOSH) an insurance purchasing pool. The objective of the SWOOSH consortium is to maximize benefits and / or reduce costs of medical, prescription drug, vision, dental, life and / or other group insurance coverages. While the consortium serves short term savings needs, in the long term it will promote rate stability and allow the districts to move to a healthier place using wellness. SWOOSH is a health and wellness consortium for school districts and government agencies that come together to provide stability and quality access to health care and benefits to all eligible members. SWOOSH will do this by leveraging economies of scale, commonality of choices and driving wellness and health management by collaborative efforts of all participating agencies. SWOOSH became self-insured January 1, 2015.

Note 15 – Fund Balances

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

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Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Fund Balances	General	Debt Service	Building	Ohio Facilities Construction Commission	Other Governmental Funds	Total
Nonspendable:						
Inventory	\$72,511	\$0	\$0	\$0	\$0	\$72,511
Permanent Endowment	0	0	0	0	12,072	12,072
Total Nonspendable	72,511	0	0	0	12,072	84,583
Restricted for:						
Other Grants	0	0	0	0	3,024	3,024
Athletic	0	0	0	0	143,811	143,811
Classroom Facilities Maintenance	0	0	0	0	1,781,830	1,781,830
Auxiliary Services	0	0	0	0	1,853	1,853
Miscellaneous State Grants	0	0	0	0	53,679	53,679
Reducing Class Size	0	0	0	0	0	0
Student Managed Activity	0	0	0	0	232,014	232,014
Special Trust	0	0	0	0	70,120	70,120
Student Wellness and Success	0	0	0	0	213,957	213,957
Debt Service	0	16,444,653	0	0	0	16,444,653
Permanent Improvement	0	0	0	0	1,496,275	1,496,275
Ohio Facilities Construction Commission	0	0	0	38,045,122	0	38,045,122
Building	0	0	40,010,350	0	0	40,010,350
Capital Outlay	0	0	0	0	0	0
Total Restricted	0	16,444,653	40,010,350	38,045,122	3,996,563	98,496,688
Assigned to:						
Encumbrances	225,603	0			0	225,603
Budgetary Resource	5,128,679	0			0	5,128,679
Permanent Endowment	0	0			137,968	137,968
Public Schools	237,107	0	0	0	0	237,107
Total Assigned	5,591,389	0	0	0	137,968	5,729,357
Unassigned (Deficit)	41,920,071	0	0	0	(5,482,191)	36,437,880
Total Fund Balance	\$47,583,971	\$16,444,653	\$40,010,350	\$38,045,122	(\$1,335,588)	\$140,748,508

Note 16 - Interfund Balances/Transfers

At fiscal year end, interfund receivable/payable were as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$2,362,605	\$0
Other Governmental Funds	0	2,362,605
Total all funds	\$2,362,605	\$2,362,605

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

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

Note 17 - Accountability

The following funds had deficit fund balances/net position at June 30, 2023:

<u>Other Governmental Funds:</u>	<u>Deficit</u>	<u>Proprietary Fund:</u>	<u>Deficit</u>
Food Service	\$2,651,118	Internal Service	\$65,459
IDEA Preschool Grant	14,239		
Title I	140,556		
Reducing Class Size	27,541		
Title VI-B	169,127		
ESSER	2,479,610		

These deficits were created by the recognition of accrued liabilities.

Note 18 – Food Service for Other Districts/Schools

Effective with the fiscal year ending June 30, 2013, the District has provided food service for several other local districts (Finneytown Local School District, Madeira City School District, Williamsburg Local School District, Wyoming City School District, Norwood City School District) and schools (St. Columban and John Paul II) and this activity is recorded in the enterprise fund. Food service for Milford students continues to be recorded in the special revenue funds of the District.

Note 19 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) and Enterprise Zone Agreement (“EZA”) programs with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the District, the City of Milford, Union Township, and Miami Township have entered into CRA and EZA agreements. Under these agreements the District’s property taxes were reduced by \$276,395.

Note 20 – Implementation of New Accounting Principles

New Accounting Principles

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 91, Conduit Debt Obligations; GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements; GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs); and portions of GASB Statement No. 99, Omnibus 2022.

Milford Exempted Village School District
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

GASB Statement No. 91 clarifies the definition of a conduit debt obligation, establishing that a conduit debt obligation is not a liability of the issuer; establishes standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improves required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 94 primary objective is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 94 also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 addresses a variety of topics and includes clarification of provisions related to accounting and reporting of leases under GASB Statement No. 87, provides extension of the period which the London Interbank Offered Rate is considered appropriate benchmark interest rate, guidance on disclosure of nonmonetary transaction, accounting for pledges of future revenues when resources are not received by the pledging government under GASB Statement No. 48, and terminology updates related to certain provisions of GASB Statement No. 63 and No. 53. These topics under GASB Statement No. 99 provisions were implemented and did not have an effect on the financial statements of the School District.

Other topics in GASB Statement No. 99 includes classification of other derivative instruments within the scope of GASB Statement No. 53, clarification of provisions related to accounting and reporting of Public-Private and Public-Public Partnerships under GASB Statement No. 94, and clarification of provisions to accounting and reporting of subscription-based information technology arrangements under GASB Statement No. 96. These topics are effective for future fiscal years and have not been implemented by of the School District.

REQUIRED SUPPLEMENTARY INFORMATION

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

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.34499070%	\$18,659,780	\$13,309,600	140.20%	75.82%
2022	0.35167380%	12,975,743	12,138,879	106.89%	82.86%
2021	0.35012200%	23,157,807	12,273,657	188.68%	68.55%
2020	0.34823700%	20,835,630	11,947,341	174.40%	70.85%
2019	0.35690710%	20,440,731	11,623,030	175.86%	71.36%
2018	0.33084220%	19,767,091	10,953,993	180.46%	69.50%
2017	0.34154930%	24,998,257	9,928,971	251.77%	62.98%
2016	0.34338470%	19,593,864	10,631,745	184.30%	69.16%
2015	0.34605300%	17,513,545	10,157,201	172.42%	71.70%
2014	0.34605300%	20,584,833	9,445,033	217.94%	65.52%

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$1,926,117	(\$1,926,117)	\$0	\$13,757,979	14.00%
2022	1,863,344	(1,863,344)	0	13,309,600	14.00%
2021	1,699,443	(1,699,443)	0	12,138,879	14.00%
2020	1,718,312	(1,718,312)	0	12,273,657	14.00%
2019	1,612,891	(1,612,891)	0	11,947,341	13.50%
2018	1,569,109	(1,569,109)	0	11,623,030	13.50%
2017	1,533,559	(1,533,559)	0	10,953,993	14.00%
2016	1,390,056	(1,390,056)	0	9,928,971	14.00%
2015	1,401,264	(1,401,264)	0	10,631,745	13.18%
2014	1,407,788	(1,407,788)	0	10,157,201	13.86%

See accompanying notes to the required supplementary information.

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

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2023	0.27268015%	\$60,617,141	\$35,700,171	169.80%	78.88%
2022	0.27602491%	35,292,265	33,459,086	105.48%	87.78%
2021	0.27581003%	66,736,213	34,596,171	192.90%	75.48%
2020	0.27380059%	60,549,355	31,633,029	191.41%	77.40%
2019	0.26950414%	59,257,909	30,565,800	193.87%	77.30%
2018	0.26417334%	62,754,943	29,546,057	212.40%	75.30%
2017	0.26196644%	87,688,064	27,981,857	313.37%	66.80%
2016	0.25718928%	71,079,594	26,098,114	272.36%	72.10%
2015	0.24729513%	60,150,734	27,210,323	221.06%	74.70%
2014	0.24729513%	71,458,200	30,658,390	233.08%	69.30%

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$4,741,056	(\$4,741,056)	\$0	\$33,864,686	14.00%
2022	4,998,024	(4,998,024)	0	35,700,171	14.00%
2021	4,684,272	(4,684,272)	0	33,459,086	14.00%
2020	4,843,464	(4,843,464)	0	34,596,171	14.00%
2019	4,428,624	(4,428,624)	0	31,633,029	14.00%
2018	4,279,212	(4,279,212)	0	30,565,800	14.00%
2017	4,136,448	(4,136,448)	0	29,546,057	14.00%
2016	3,917,460	(3,917,460)	0	27,981,857	14.00%
2015	3,653,736	(3,653,736)	0	26,098,114	14.00%
2014	3,537,342	(3,537,342)	0	27,210,323	13.00%

See accompanying notes to the required supplementary information.

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

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2023	0.35527350%	\$4,988,077	\$13,309,600	37.48%	30.34%
2022	0.36340120%	6,877,666	12,138,879	56.66%	24.08%
2021	0.36386100%	7,907,890	12,273,657	64.43%	18.17%
2020	0.35734930%	8,986,583	11,947,341	75.22%	15.57%
2019	0.36132440%	10,024,115	11,623,030	86.24%	13.57%
2018	0.33647170%	9,030,016	10,953,993	82.44%	12.46%
2017	0.34625256%	9,869,479	9,928,971	99.40%	11.49%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$266,359	(\$266,359)	\$0	\$13,757,979	1.94%
2022	244,889	(244,889)	0	13,309,600	1.84%
2021	237,052	(237,052)	0	12,138,879	1.95%
2020	236,307	(236,307)	0	12,273,657	1.93%
2019	280,077	(280,077)	0	11,947,341	2.34%
2018	249,952	(249,952)	0	11,623,030	2.15%
2017	175,756	(175,756)	0	10,953,993	1.60%
2016	182,162	(182,162)	0	9,928,971	1.83%

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

(2) Includes surcharge.

See accompanying notes to the required supplementary information

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

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2023	0.27268015%	(\$7,060,595)	\$35,700,171	(19.78%)	230.73%
2022	0.27602491%	(5,819,759)	33,459,086	(17.39%)	174.73%
2021	0.27581003%	(4,847,359)	34,596,171	(14.01%)	182.13%
2020	0.27380059%	(4,534,794)	31,633,029	(14.34%)	174.74%
2019	0.26950414%	(4,330,656)	30,565,800	(14.17%)	176.00%
2018	0.26417334%	10,307,067	29,546,057	34.88%	47.10%
2017	0.26196644%	14,010,033	27,981,857	50.07%	37.30%

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

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

See accompanying notes to the required supplementary information.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2023	\$0	\$0	\$0	\$33,864,686	0.00%
2022	0	0	0	35,700,171	0.00%
2021	0	0	0	33,459,086	0.00%
2020	0	0	0	34,596,171	0.00%
2019	0	0	0	31,633,029	0.00%
2018	0	0	0	30,565,800	0.00%
2017	0	0	0	29,546,057	0.00%
2016	0	0	0	27,981,857	0.00%

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

See accompanying notes to the required supplementary information

Milford Exempted Village School District
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2023

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$39,142,782	\$39,142,782	\$40,079,218	\$936,436
Revenue in lieu of taxes	5,626,135	5,626,135	5,760,732	134,597
Tuition and Fees	1,221,924	1,221,924	1,251,157	29,233
Investment Earnings	582,137	582,137	596,064	13,927
Intergovernmental	30,026,546	30,026,546	30,744,889	718,343
Other Revenues	861,410	861,410	882,018	20,608
Total Revenues	77,460,934	77,460,934	79,314,078	1,853,144
Expenditures:				
Current:				
Instruction:				
Regular	36,053,949	39,248,646	37,582,543	1,666,103
Special	10,671,366	11,616,943	11,123,804	493,139
Other	102,104	111,151	106,433	4,718
Support Services:				
Pupil	4,505,730	4,904,977	4,696,761	208,216
Instructional Staff	1,582,819	1,723,070	1,649,926	73,144
General Administration	270,019	293,945	281,467	12,478
School Administration	5,418,600	5,898,736	5,648,335	250,401
Fiscal	1,649,993	1,796,196	1,719,948	76,248
Business	395,349	430,381	412,111	18,270
Operations and Maintenance	6,031,707	6,566,170	6,287,436	278,734
Pupil Transportation	6,415,295	6,983,747	6,687,287	296,460
Central	1,737,796	1,891,780	1,811,474	80,306
Extracurricular Activities	1,852,528	2,016,678	1,931,070	85,608
Capital Outlay	2,273,280	2,474,712	2,369,661	105,051
Total Expenditures	78,960,535	85,957,132	82,308,256	3,648,876
Excess of Revenues Over (Under) Expenditures	(1,499,601)	(8,496,198)	(2,994,178)	5,502,020
Other Financing Sources (Uses):				
Advances In	39,065	39,065	40,000	935
Transfers (Out)	(38,373)	(41,773)	(40,000)	1,773
Total Other Financing Sources (Uses)	692	(2,708)	0	2,708
Net Change in Fund Balance	(1,498,909)	(8,498,906)	(2,994,178)	5,504,728
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	40,920,183	40,920,183	40,920,183	0
Fund Balance End of Year	\$39,421,274	\$32,421,277	\$37,926,005	\$5,504,728

See accompanying notes to the required supplementary information.

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

Note 1 – Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2023.

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

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

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

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

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

Net Change in Fund Balance	
	General
GAAP Basis	\$2,479,468
Revenue Accruals	(6,665,983)
Expenditure Accruals	2,396,568
Transfers In	40,000
Transfers (Out)	(40,000)
Encumbrances	(1,204,231)
Budget Basis	(\$2,994,178)

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2023: There were no changes in benefit terms since the prior measurement period.

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

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

2018: SERS changed from a fixed 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the change in the Consumer Price Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

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

Changes in Assumptions:

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Cost of Living Adjustments (COLA) was increased from 2.00% to 2.50% for calendar year 2023.

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

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

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

Changes in Assumptions:

2023: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table:
 - a. Adjusted 110.0% for males, projected forward generationally using mortality improvement scale MP-2020
- (2) Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table:
 - a. Adjusted 95.0% for females, projected forward generationally using mortality improvement scale MP-2020
- (3) Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table:
 - a. Projected forward generationally using mortality improvement scale MP-2020
- (4) Projected salary increases changed from 2.50% to 12.50% to 2.50% to 8.50%

2022: There were changes in assumptions since the prior measurement date, which the discount rate

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

was adjusted to 7.00% from 7.45%.

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

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

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

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

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2023: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2023: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	1.92%
Measurement Date	3.69%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.27%
Measurement Date	4.08%
- (4) Health care trend rates were updated.

2022: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (2) Investment Rate of Return:

Prior Measurement Date	7.50%
------------------------	-------

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

- | | |
|------------------|-------|
| Measurement Date | 7.00% |
|------------------|-------|
- (3) Assumed Rate of Inflation:
- | | |
|------------------------|-------|
| Prior Measurement Date | 3.00% |
| Measurement Date | 2.40% |
- (4) Payroll Growth Assumption:
- | | |
|------------------------|-------|
| Prior Measurement Date | 3.50% |
| Measurement Date | 1.75% |
- (5) Assumed Real Wage Growth:
- | | |
|------------------------|-------|
| Prior Measurement Date | 0.50% |
| Measurement Date | 0.85% |
- (6) Municipal Bond Index Rate:
- | | |
|------------------------|-------|
| Prior Measurement Date | 2.45% |
| Measurement Date | 1.92% |
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
- | | |
|------------------------|-------|
| Prior Measurement Date | 2.63% |
| Measurement Date | 2.27% |
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
- a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
- a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
- a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
- a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.
- (14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- | | |
|---|-------|
| (1) Discount Rate: | |
| Prior Measurement Date | 3.22% |
| Measurement Date | 2.63% |
| (2) Municipal Bond Index Rate: | |
| Prior Measurement Date | 3.13% |
| Measurement Date | 2.45% |
| (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation: | |
| Prior Measurement Date | 3.22% |
| Measurement Date | 2.63% |

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

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

- (1) Discount Rate:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
 - Prior Measurement Date 3.62%
 - Measurement Date 3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
 - Prior Measurement Date 3.70%
 - Measurement Date 3.22%

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

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

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

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

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

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

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2023: Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

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

Changes in Assumptions:

2023: The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Milford Exempted Village School District
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2023

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

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

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

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

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

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**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through the Ohio Department of Education:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	3L60	\$478,645
Cash Assistance:			
School Breakfast Program	10.553	3L70	617,005
COVID-19 National School Lunch Program	10.555	3L60	341,019
National School Lunch Program	10.555	3L60	<u>3,068,194</u>
Total - National School Lunch Program			3,409,213
Total Child Nutrition Cluster			<u>4,504,863</u>
COVID-19 State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grant	10.649	3HF0	<u>628</u>
Total U.S. Department of Agriculture			<u>4,505,491</u>
U.S. DEPARTMENT OF EDUCATION			
Passed through the Ohio Department of Education:			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	878,553
COVID-19 Special Education-Grants to States	84.027X	3IA0	222,594
Special Education-Preschool Grants	84.173	3C50	33,103
COVID-19 Special Education-Preschool Grants	84.173X	3IA0	<u>50</u>
Total Special Education Cluster			1,134,300
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	593,080
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425U	3HS0	<u>647,062</u>
Total Elementary and Secondary School Emergency Relief Fund			1,240,142
Title I Grants to Local Educational Agencies	84.010	3M00	658,442
Supporting Effective Instruction State Grants	84.367	3Y60	127,681
Student Support and Academic Enrichment Program	84.424	3H10	<u>45,090</u>
Total U.S. Department of Education			<u>3,205,655</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed Through Ohio Facilities Construction Commission:			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	5CV3	76,300
Total U.S. Department of the Treasury			<u>76,300</u>
Total Expenditures of Federal Awards			<u>\$7,787,446</u>

See accompanying notes to the schedule of expenditures of federal awards.

**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Milford Exempted Village School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Board of Education:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Milford Exempted Village School District, Clermont County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2022-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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*.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 29, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Milford Exempted Village Local School District's, Clermont County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Milford Exempted Village School District's major federal programs for the year ended June 30, 2023. Milford Exempted Village School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Milford Exempted Village School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for Each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio
March 29, 2024

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**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	84.425D, 84.425U – Elementary and Secondary School Emergency Relief (ESSER) 84.027, 84.027X, 84.173, 84.173X – Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2023-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

**FINDING 2023-001
(Continued)**

Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Due to deficiencies in the District's internal controls over financial reporting, Revenue in Lieu of Taxes totaling \$5,674,156 was incorrectly recorded as Other Revenue on the Statement of Activities.

The financial statements have been adjusted for this error.

The District did not have procedures in place for effective monitoring of the District's financial activity, and the accuracy of accounting and financial reporting. It is important that the District Board take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

Due care should be exercised when posting entries to the financial records and financial statement preparation. The District officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

Annually, Milford Exempted Village School District engages Plattenburg & Associates to conduct the Generally Accepted Accounting Principles (GAAP) Conversion from cash basis accounting to accrual based accounting. During the conversion, Plattenburg misclassified revenue in lieu of taxes into other revenue. This is supported by the message received below from Plattenburg.

There was a coding error on our part this year when we inputted the cash amounts into the trial balances. Receipt code 1880 comes over on our statements as Other Revenue and in the past we have reclassified the amount to Revenue in Lieu of taxes on the Statement of Activities. It got missed this year and ended up on the Statement of Activities as Other Revenue when it should have been Revenue in Lieu of Taxes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT

1099 State Route 131
Milford, Ohio 45150

513.831.1314 Phone
513.965.6159 Fax
www.milfordschools.org

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

June 30, 2023

Finding Number: 2023-001

Planned Corrective Action: The district will set due dates for GAAP financial reports to allow the district ample time to review reporting prior to HINKLE filing to ensure accuracy.

Anticipated Completion Date: [03/29/2024]

Responsible Contact Person: John Espy, Treasurer/CFO; Andrea Wilson, Assistant Treasurer

MEVSD's VISION STATEMENT

*is to inspire and prepare our students to reach their fullest potential
in a diverse and dynamic world.*

OHIO AUDITOR OF STATE KEITH FABER



**MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY**

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/2/2024

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