



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF MILFORD
CLERMONT COUNTY
DECEMBER 31, 2023 AND 2022**

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CLERMONT COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Milford, Clermont County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Milford, Clermont County, Ohio as of December 31, 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 City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Keith Faber". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Keith Faber
Auditor of State
Columbus, Ohio
June 10, 2025

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CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

The discussion and analysis of the City of Milford's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. While the intent of this discussion and analysis is to look at the City's financial performance as a whole, readers should also review the basic financial statements and notes to enhance their understanding of the City's fiscal performance.

Financial Highlights

Key highlights for 2023 are as follows:

- ❑ Total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows at the close of the year ended December 31, 2023, by \$21,353,251 (net position). Of this amount, \$2,551,978 is classified as unrestricted in the Water, Wastewater and Stormwater activities. The governmental activities ending unrestricted net position is \$2,848,372 although without the net pension/OPEB liabilities and other GASB 68 and GASB 75 related items it would be \$8,948,232.
- ❑ The City's total net position increased by \$1,585,268, which represents a 8% increase from 2022. The increase can be property tax and income tax revenue.
- ❑ At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,854,601. Of this amount \$6,630,664 is available for spending (unassigned General Fund balance) on behalf of its citizens.
- ❑ At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,630,664 or 118% of total general fund expenditures.
- ❑ The other governmental major funds: Fire/EMS Levy Special Revenue Fund and Sports Complex Land Improvement and Park Levy Capital Projects Funds have ending fund balances of \$466,563; \$74,726; and (\$5,672.)

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Milford as a complete operating entity.

***CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)***

The Statement of Net Position and Statement of Activities present both an aggregate view of the City's finances and longer-term view of the net position. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting City of Milford as a Whole

Statement of Net Position and the Statement of Activities:

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

Reporting the City of Milford's Most Significant Funds

Fund Financial Statements

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

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

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

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

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$21,353,251 (\$8,732,978 in governmental activities and \$12,620,273 in business type activities) as of December 31, 2023. The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, other improvements and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

Table 1 provides a summary of the City's statement of net position for 2023 compared to 2022.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$18,146,100	\$20,002,561	\$3,755,377	\$3,618,162	\$21,901,477	\$23,620,723
Net OPEB Asset	0	202,032	0	166,839	0	368,871
Capital Assets	11,887,771	8,907,529	12,974,881	12,469,457	24,862,652	21,376,986
Total Assets	30,033,871	29,112,122	16,730,258	16,254,457	46,764,129	45,366,580
Deferred Outflows of Resources	3,303,312	2,099,666	708,102	230,606	4,011,414	2,330,272
Total Assets/Deferred Outflows	33,337,183	31,211,788	17,438,360	16,485,064	\$50,775,543	47,696,852
Long-term liabilities	15,808,636	13,392,878	4,153,386	3,030,653	19,962,022	16,423,531
Other liabilities	764,082	676,819	612,407	130,004	1,376,489	806,823
Total Liabilities	16,572,718	14,069,697	4,765,793	3,160,657	21,338,511	17,230,354
Deferred Inflows of Resources	8,031,487	9,889,232	52,294	809,283	8,083,781	10,698,515
Total Liabilities/Deferred Inflows	24,604,205	23,958,929	4,818,087	3,969,940	29,422,292	27,928,869
Net Position:						
Net investment in capital assets	4,688,770	3,516,940	10,068,295	9,986,348	14,757,065	13,503,288
Restricted	1,195,836	4,345,061	0	0	1,195,836	4,345,061
Unrestricted	2,848,372	(609,142)	2,551,978	2,528,776	5,400,350	1,919,634
Total Net Position	\$8,732,978	\$7,252,859	\$12,620,273	\$12,515,124	\$21,353,251	\$19,767,983

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

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

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits

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

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

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

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$1,195,836 of net position. The remaining unrestricted \$5,400,350 of net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities. As of December 31, 2023, the City is able to report positive balances in all three categories of net position for the City as a whole.

The City saw overall current and other assets decrease by \$1.7 million with the majority of that being the spend down on the new park project. The capital asset saw almost \$3.5 million increase with the majority of that being related to the park project. The business type activities increased as well with several construction projects going in the water and wastewater funds.

The long-term liabilities increased about \$3.5 million with the changes in the net pension/OPEB liabilities for both retirement systems although the City did pay down over \$1.2 million in principal on all the debt obligations. The other liabilities jumped up with the different construction projects going on as the City reported much larger contract and retainage payables than the prior year.

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CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for Services	\$659,968	\$959,689	\$2,869,806	\$2,677,095	\$3,529,774	\$3,636,784
Operating Grants and Contributions	954,179	1,382,796	0	0	954,179	1,382,796
Capital Grants	0	0	271,012	152,228	271,012	152,228
General Revenues						
Income Taxes	5,944,536	5,626,413	0	0	5,944,536	5,626,413
Property Taxes	4,023,714	3,278,720	0	0	4,023,714	3,278,720
Other Taxes	477,125	539,809	0	0	477,125	539,809
Unrestricted Grants	209,430	281,834	0	0	209,430	281,834
Investment earnings	277,870	(49,679)	159,030	(92,150)	436,900	(141,829)
Other Revenues	1,265	31,197	0	0	1,265	31,197
Total Revenues	12,548,087	12,050,779	3,299,848	2,737,173	15,847,935	14,787,952
Expenses:						
Security of Persons and Property	6,927,822	6,332,399	0	0	6,927,822	6,332,399
Public Health and Welfare	449,579	417,820	0	0	449,579	417,820
Leisure Time Activities	181,284	123,210	0	0	181,284	123,210
Transportation	1,777,017	1,177,307	0	0	1,777,017	1,177,307
General Government	1,579,673	1,384,608	0	0	1,579,673	1,384,608
Interest and Fiscal Charges	231,876	229,443	0	0	231,876	229,443
Water	0	0	1,456,645	1,084,679	1,456,645	1,084,679
Wastewater	0	0	1,288,825	1,259,454	1,288,825	1,259,454
Stormwater Management	0	0	369,946	422,771	369,946	422,771
Total Expenses	11,147,251	9,664,787	3,115,416	2,766,904	14,262,667	12,431,691
Transfers	79,283	137,344	(79,283)	(137,344)	0	0
Change in Net Position	1,480,119	2,523,336	105,149	(167,075)	1,585,268	2,356,261
Beginning Net Position	7,252,859	4,729,523	12,515,124	12,682,199	19,767,983	17,411,722
Ending Net Position	\$8,732,978	\$7,252,859	\$12,620,273	\$12,515,124	\$21,353,251	\$19,767,983

Governmental Activities

The primary focus of governmental activities is in the area of security of persons and property, which represents the police, fire and EMS services of the City. For 2023, total security of persons and property expenses were \$6.9 million representing 62.15% of governmental activity spending (it was 65.52% from 2022) required approximately \$6.4 million of general revenues to fund the program after specific program revenues. The increase from 2022 resulted from the Net Pension Liability and OPEB liability changes to the Ohio Police and Fire Pension Retirement system.

Governmental revenues increased approximately 4% as tax revenues for the City increased by \$1 million as the property and income taxes increased with an additional levy and also more income generated on working on the City. The program revenues did drop about \$0.80 million with lower grant revenues and reduced CRA reimbursements after the City completed an analysis during the fiscal year.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

Overall the expenses were up over 15% as the adjustments to the net pension and OPEB liabilities resulted in most of the line items reporting lower figures. The City also operational expenses increase across the functions as the City continues to grow.

Business-Type Activities

The City's business-type activities include the water, wastewater and stormwater management systems. The water and stormwater management funds saw the change in net position positive for the year as additional charges for services and the water fund received a capital grant. The Water and Wastewater funds reported an operating loss with depreciation expense included.

Financial Analysis of the City's Funds

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

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

As of the end of 2023, the City's governmental funds reported combined ending fund balances of \$8.9 million. Approximately \$6.6 million constitutes unassigned fund balance available for spending for citizen needs as allowed under the Ohio Revised Code guidelines. A portion (\$1.2 million) is restricted by external sources (restricted fund balance) earmarked for specific purposes and not available to be spent for some purposes and another \$1 million is assigned for 2024 appropriations and park fund balance. The restricted balance dropped with the balance of the bonds in the Park Levy fund being spent down during the year.

The General Fund is the chief operating fund of the City. As of December 31, 2023, the unassigned general fund balance was \$6.6 million. As a measure of liquidity, it is often useful to compare these numbers to total general fund expenditures and other financing uses. Unassigned fund balance represents 97% of the total expenditures and other financing uses.

During 2023, the City's General fund overall fund balance increased by \$1.6 million with the City generating \$1.3 million more in revenues compared to 2022 as the tax revenues saw the largest increases. The investment earnings improved \$0.3 million as well with the higher interest rates and more of the City's investments being invested at a higher rate at year end. The expenditures decreased by \$0.1 million mostly in the general government function with the reported payable for the CRA agreements being reduced with the analysis that was completed during the year.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

The Fire and EMS levy generated about \$0.2 million more in revenue than the prior year with the higher assessed valuations. The expenditures match up with those tax revenues. The City contracts for these services and collects the tax levy to cover the contract.

The Sport Complex Land Improvement capital projects fund receives revenue from an agreement with Clermont County for a portion of the lodging tax revenue. The revenue increased about \$10,000 between the two years. The City issued the sports complex land special obligation bond during the 2019 year. The City transfers monies to the economic development bond retirement fund for the annual debt service.

The Park Levy capital projects fund was created to account for the bond issuance, tax levy and related construction costs on the new Five Point park project. During fiscal year 2023, the fund expended \$3.2 million on the project.

General Fund Budgeting Highlights

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

During the course of 2023, the City amended its total and general fund budget several times, the most significant noted below. All recommendations for the budget came from the Finance Director after consultation with individual directors and the Finance Department before submission to City Council. The City Council also ministerially approves small interdepartmental budget changes that modify line items within departments within the same fund. With the General fund supporting a majority of our major activities such as public safety programs, as well as most legislative and executive activities, the General Fund is monitored closely with particular attention to possible revenue shortfalls or overspending by individual departments.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

The following table summarizes the major revenue sources and expenditures from original to final budget for 2023:

Description	Original Budget	Final Budget	Change
Revenues:			
Property and Other Taxes	\$520,981	\$736,981	\$216,000
Income Taxes	4,708,350	4,708,350	0
Intergovernmental Revenue	147,560	147,560	0
Other Revenues	852,198	1,146,198	294,000
Total Revenues	6,229,089	6,739,089	510,000
Expenditures:			
Security of Persons/Property	3,404,091	3,557,196	153,105
General Government	2,043,062	2,211,542	168,480
Other Expenditures	864,050	1,137,825	273,775
Total Expenditures	6,311,203	6,906,563	595,360

The City's original revenue budget was modified a couple of times during the year. The certificate only breaks out property and other taxes with the remaining line items reported as other. The City saw additional tax revenue as well as increased interest revenue between the initial and final budgets.

The City continued to evaluate the budgeted expenditures making several changes throughout the year. The City largest changes were in the police and building inspection departments for contract service costs and other expenditures where the intergovernmental payment for the CRA agreement was included in the final budget.

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2023:

Description	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$736,981	\$909,513	\$172,532
Income Taxes	4,708,350	5,598,281	889,931
Intergovernmental Revenue	147,560	163,627	16,067
Other Revenues	1,146,198	948,440	(197,758)
Total Revenues	6,739,089	7,619,861	880,772
Expenditures:			
Security of Persons/Property	3,557,196	3,227,856	329,340
General Government	2,211,542	1,518,517	693,025
Other Expenditures	1,137,825	791,519	346,306
Total Expenditures	6,906,563	5,537,892	1,368,671

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

The property and other taxes exceeded the revised budget projection with higher hotel tax collections and increased revenue from the higher valuations. The income tax revenue rose again with more residents in the City as well increased collections from the joint economic development districts. The City was able to bring the final expenditures in under budget by about seventeen percent with the police department accounting for about 20% the reduction. The other expenditures are under the final budget as the City reviewed the CRA agreements and determined how much was due under the agreements but the payments were not finalized.

Capital Assets and Debt Administration

Capital Assets: The City's investment in net capital assets for its governmental and business type activities as of December 31, 2023, totaled \$14.8 million (net of accumulated depreciation and related debt). This net investment in capital assets includes land, buildings and systems, improvements, equipment and machinery.

The largest change was the construction in progress for the Five Points Landing park project and several projects in the water fund. For more information on the governmental and business-type capital assets see Note 7 in the notes to the financial statements.

Long-term Debt: At the end of 2023, the City had one special obligation and three general obligation bonds outstanding of \$7.0 million in governmental activities. The City retired \$859,000 in principal related to special obligation and general obligation bonds during the year. The City also has \$2.5 million in business-type debt between all three funds. See Note 12 for further information on the City's long-term debt.

Economic Factors affecting the City

Surrounded by hills and woods, with July 1, 2023 population of almost 6,445 (<https://www.census.gov/quickfacts/milfordcityohio>), Milford is Clermont County's only city, is a focal point of new business development in the Greater Cincinnati Area. Milford has preserved the charms of its natural setting and historic downtown while creating a modern infrastructure that makes it a great place to live, work, play and grow.

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Unaudited)

As the River's Edge development has grown over the past decade, the City hosts a multitude of restaurants, Target, Wal-Mart, a top line cinema and four top class hotel accommodations. The area has several parcels under development in 2024 that will bring additional funds into the City's general fund. The City has focused on downtown (Main Street) development over the past several years with the Riverwalk development along the Little Miami River and several new or updated restaurants and store fronts. With the completion of the additional parking lot located on Main Street and the 2020 purchase, the City added significant parking to allow for residents and other communities to enjoy the increased entertainment. The City worked to continue improving the downtown business environment during 2021 through 2023.

The City has expanded its capacity for income tax revenue by working with Union Township and creating Joint Economic Development Districts (JEDD) around State Route 32 and Interstate 275. The City and Township created the first JEDD in 2006 around the Ivy Pointe Development. During 2012, the City and Township created another JEDD around the new Jungle Jim's market in Eastgate that started collections during the second half of 2012. During 2013, the City and Township worked on expanding to more JEDDs in the area. With the City's boundaries being restricted, using mechanisms, such as this, will allow the City to work with the surrounding Townships to help both the City and Township generate additional revenue as other revenues like local government funding are being reduced. In 2014, the City added a fourth JEDD to include the Mt. Carmel Brewery. The City added another JEDD in 2018 around the West Clermont School complex. The City added another JEDD in 2019 on the old high Glen Este high school site that is being redeveloped. The City continues to explore ways to increase the income tax base outside of the City limits. The City added another JEDD in 2021 along Roundbottom Road which includes in the new Hamilton safe facility. These districts generated over \$249,000 in income tax revenue for the City with a total in the City's custodial fund of \$3 million with Union Township receiving the majority of funds.

Requests for Information

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

CITY OF MILFORD, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 8,969,397	\$ 3,415,392	\$ 12,384,789	\$ 71,345
Receivables (net of allowance for doubtful accounts):				
Taxes-Real & Personal Property	4,106,190	-	4,106,190	-
Taxes-Municipal Income	1,080,572	-	1,080,572	-
Accounts	360,217	319,615	679,832	-
Interest	20,370	20,370	40,740	-
Leases	116,724	-	116,724	-
Due from Other Governments	3,492,630	-	3,492,630	-
Nondepreciable Capital Assets:				
Land	2,938,994	331,414	3,270,408	-
Construction In Progress	3,811,526	894,143	4,705,669	-
Depreciable Capital Assets:				
Plant	-	6,182,808	6,182,808	-
Water/Sewer Lines	-	8,355,670	8,355,670	-
Buildings and Improvements	6,126,810	-	6,126,810	-
Improvements other than Buildings	3,411,845	14,286,296	17,698,141	-
Furniture, Equipment and Vehicles	3,026,949	1,863,415	4,890,364	-
Less: Accumulated Depreciation	(7,428,353)	(18,938,865)	(26,367,218)	-
Total Assets	30,033,871	16,730,258	46,764,129	71,345
Deferred Outflows of Resources:				
Pensions	2,775,442	614,648	3,390,090	-
OPEB	527,870	93,454	621,324	-
Total Deferred Outflow of Resources	3,303,312	708,102	4,011,414	-
Total Assets and Deferred Outflows of Resources	\$ 33,337,183	\$ 17,438,360	\$ 50,775,543	\$ 71,345
Liabilities:				
Accounts Payable	152,081	190,299	342,380	-
Contracts Payable	233,001	296,324	529,325	-
Retainage Payable	-	96,423	96,423	-
Accrued Wages and Benefits	53,215	17,086	70,301	-
Due to Other Governments	308,673	12,275	320,948	-
Accrued Interest Payable	17,112	-	17,112	-
Long Term Liabilities due within 1 year	1,176,908	431,850	1,608,758	-
Long Term Liabilities due over 1 year				
Net Pension Liability	8,001,747	1,573,921	9,575,668	-
Net OPEB Liability	494,782	31,287	526,069	-
Other Long Term Liabilities due over 1 year	6,135,199	2,116,328	8,251,527	-
Total Liabilities	16,572,718	4,765,793	21,338,511	-
Deferred Inflows of Resources:				
Pensions	407,396	41,741	449,137	-
OPEB	499,247	10,553	509,800	-
Intergovernmental agreements	3,075,000	-	3,075,000	-
Leases	116,724	-	116,724	-
Property Tax Levy for Next Fiscal Year	3,933,120	-	3,933,120	-
Total Deferred Inflows of Resources	8,031,487	52,294	8,083,781	-
NET POSITION				
Net Investment in Capital Assets	4,688,770	10,068,295	14,757,065	-
Restricted:				
Transportation	87,205	-	87,205	-
Culture and Recreation	378,319	-	378,319	-
Protection of Citizens	614,207	-	614,207	-
Debt Service	5,547	-	5,547	-
Capital Improvements	110,558	-	110,558	-
Unrestricted	2,848,372	2,551,978	5,400,350	71,345
Total Net Position	8,732,978	12,620,273	21,353,251	71,345
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 33,337,183	\$ 17,438,360	\$ 50,775,543	\$ 71,345

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Function/Programs	Expenses	Program Revenues		Capital		Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Grants and Contributions	Total	Governmental Activities	Business-Type Activities	Component Unit
Governmental Activities:								
Security of Persons and Property	\$ (6,927,822)	\$ 340,212	\$ 210,811	\$ -	\$ (6,376,799)	\$ -	\$ (6,376,799)	\$ -
Public Health and Welfare	(449,579)	298,246	-	-	(151,333)	-	(151,333)	-
Leisure Time Activities	(181,284)	10,540	259,710	-	88,966	-	88,966	-
Transportation	(1,777,017)	10,970	446,228	-	(1,319,819)	-	(1,319,819)	-
General Government	(1,579,673)	-	-	-	(1,579,673)	-	(1,579,673)	(1,622)
Interest and Fiscal Charges	(231,876)	-	37,430	-	(194,446)	-	(194,446)	-
Total Governmental Activities	(11,147,251)	659,968	954,179	-	(9,533,104)	-	(9,533,104)	(1,622)
Business-Type Activities:								
Water	(1,456,645)	1,353,437	-	271,012	167,804	-	167,804	-
Wastewater	(1,288,825)	1,032,055	-	-	(256,770)	-	(256,770)	-
Stormwater Management	(369,946)	484,314	-	-	114,368	-	114,368	-
Total Business-Type Activities	(3,115,416)	2,869,806	-	271,012	25,402	-	25,402	-
Total	\$ (14,262,667)	\$ 3,529,774	\$ 954,179	\$ 271,012	(9,507,702)	(9,533,104)	(9,507,702)	(1,622)
General Revenues:								
Income Taxes		5,944,536			-	5,944,536		-
Property Taxes		4,023,714			-	4,023,714		-
Franchise Fee Taxes		75,040			-	75,040		-
Cinema Admissions Taxes		68,315			-	68,315		-
Hotel Taxes		249,860			-	249,860		-
Permissive Sale Taxes		83,910			-	83,910		-
Grants and Contributions not restricted to specific programs		209,430			-	209,430		4,296
Unrestricted investment earnings		277,870			159,030	277,870	159,030	1,412
Miscellaneous		1,265			-	1,265		-
Total General Revenues		10,933,940			159,030	10,933,940	11,092,970	5,708
Transfers		79,283			(79,283)	79,283	-	-
Changes in Net Position		1,480,119			105,149	1,480,119	1,585,268	4,086
Net Position-Beginning		7,252,859			12,515,124	7,252,859	19,767,983	67,259
Net Position-Ending		\$ 8,732,978			\$ 12,620,273	\$ 8,732,978	\$ 21,353,251	\$ 71,345

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023**

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Park Levy	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 7,538,089	\$ 473,190	\$ 74,726	\$ 2,147	\$ 881,245	\$ 8,969,397
Receivables (net of allowance for doubtful accounts):						
Taxes-Real & Personal Property	672,645	2,843,158	-	590,387	-	4,106,190
Taxes-Municipal Income	1,055,182	-	-	-	25,390	1,080,572
Accounts	360,217	-	-	-	-	360,217
Interest	20,370	-	-	-	-	20,370
Leases	116,724	-	-	-	-	116,724
Due from Other Governments	100,036	66,062	3,075,000	2,874	248,658	3,492,630
Total Assets	9,863,263	3,382,410	3,149,726	595,408	1,155,293	18,146,100
Liabilities:						
Accounts Payable	97,963	6,627	-	-	47,491	152,081
Contracts Payable	12,912	-	-	7,819	212,270	233,001
Accrued Wages and Benefits	50,533	-	-	-	2,682	53,215
Due to Other Governments	306,216	-	-	-	2,457	308,673
Total Liabilities	467,624	6,627	-	7,819	264,900	746,970
Deferred Inflows of Resources:						
Property Tax Levy for Next Fiscal Year	595,433	2,763,835	-	573,852	-	3,933,120
Delinquent Property Taxes	18,575	79,323	-	16,535	-	114,433
Income Taxes	609,357	-	-	-	25,390	634,747
Leases	116,724	-	-	-	-	116,724
County Shared Revenues	29,438	66,062	3,075,000	2,874	-	3,173,374
State Shared Revenues	38,499	-	-	-	210,457	248,956
Other miscellaneous revenues	323,175	-	-	-	-	323,175
Total Deferred Inflows of Resources:	1,731,201	2,909,220	3,075,000	593,261	235,847	8,544,529
Fund Balances:						
Restricted	-	466,563	74,726	-	654,546	1,195,835
Assigned	1,033,774	-	-	-	-	1,033,774
Unassigned	6,630,664	-	-	(5,672)	-	6,624,992
Total Fund Balances	7,664,438	466,563	74,726	(5,672)	654,546	8,854,601
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 9,863,263	\$ 3,382,410	\$ 3,149,726	\$ 595,408	\$ 1,155,293	\$ 18,146,100

See accompanying notes to the basic financial statements

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

DECEMBER 31, 2023

Fund Balances - Governmental Funds		\$ 8,854,601
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		11,887,771
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,419,685
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.		
Deferred Outflows - Pension/OPEB	3,303,312	
Deferred Inflows - Pension/OPEB	(906,643)	
Net Pension/OPEB Liability/Asset	<u>(8,496,529)</u>	(6,099,860)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		<u>(7,329,219)</u>
Net Position of governmental activities		<u>\$ 8,732,978</u>

CITY OF MILFORD, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Park Levy	Other Governmental Funds	Total Governmental Funds
Revenues:						
Income Taxes	\$ 5,879,342	\$ -	\$ -	\$ -	\$ 219,591	\$ 6,098,933
Property and Other Taxes	892,136	2,830,557	-	588,176	-	4,310,869
Intergovernmental	183,409	160,124	259,710	8,284	519,830	1,131,357
Charges for Services	434,222	-	-	-	99,565	533,787
Licenses and Permits	193,506	-	-	-	-	193,506
Investment Earnings	253,250	13,406	1,904	37,430	9,310	315,300
Fines and Forfeitures	169,014	-	-	-	11,657	180,671
All Other Revenues	89,084	64	-	-	8,079	97,227
Total Revenues	8,093,963	3,004,151	261,614	633,890	868,032	12,861,650
Expenditures:						
Current:						
Security of Persons and Property	3,264,906	3,082,749	-	-	9,045	6,356,700
Public Health and Welfare	249,029	-	-	-	186,899	435,928
Leisure Time Activities	197,371	-	-	-	-	197,371
Transportation	510,663	-	-	-	1,427,433	1,938,096
General Government	1,407,782	-	-	-	7,937	1,415,719
Capital Outlay	-	-	-	3,173,821	184,001	3,357,822
Debt Service:						
Principal Retirement	-	-	-	-	859,000	859,000
Interest and Fiscal Charges	-	-	-	-	271,139	271,139
Total Expenditures	5,629,751	3,082,749	-	3,173,821	2,945,454	14,831,775
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,464,212	(78,598)	261,614	(2,539,931)	(2,077,422)	(1,970,125)
Other Financing Sources (Uses):						
Sale of Capital Assets	379,000	-	-	-	-	379,000
Transfers - In	-	-	-	649,422	1,485,139	2,134,561
Transfers - Out	(1,208,534)	-	(252,264)	(549,574)	(44,906)	(2,055,278)
Total Other Financing Sources (Uses)	(829,534)	-	(252,264)	99,848	1,440,233	458,283
Change in Fund Balances	1,634,678	(78,598)	9,350	(2,440,083)	(637,189)	(1,511,842)
Fund Balances at Beginning of Year	6,029,760	545,161	65,376	2,434,411	1,291,735	10,366,443
Fund Balances at End of Year	\$ 7,664,438	\$ 466,563	\$ 74,726	\$ (5,672)	\$ 654,546	\$ 8,854,601

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Net Change in Fund Balances - total governmental funds	\$ (1,511,842)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities also nets the loss on disposal of assets against the proceeds from the sale of those assets. This amount is the net impact of those transactions.	2,980,242
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(313,563)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of of these differences in the treatment of long-term debt and related items.	898,263
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	649,804
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(1,258,652)
Some items reported in the statement of activities do not require the use of current financial current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>35,867</u>
Change in net position of governmental activities	<u><u>\$ 1,480,119</u></u>

CITY OF MILFORD, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2023

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Assets:				
<u>Current Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 951,350	\$ 861,496	\$ 1,602,546	\$ 3,415,392
Receivables (net of allowances for doubtful accounts):				
Accounts	147,062	109,633	62,920	319,615
Interest	8,148	8,148	4,074	20,370
Total Current Assets	<u>1,106,560</u>	<u>979,277</u>	<u>1,669,540</u>	<u>3,755,377</u>
<u>Noncurrent Assets:</u>				
<u>Nondepreciable Capital Assets:</u>				
Land	103,988	227,426	-	331,414
Construction in Progress	856,643	18,750	18,750	894,143
<u>Depreciable Capital Assets:</u>				
Improvements Other than Buildings	4,303,950	7,001,670	2,980,676	14,286,296
Furniture, Fixtures, Equipment	743,704	655,530	464,181	1,863,415
Water and Sewer Line	3,727,898	4,627,772	-	8,355,670
Plant	2,051,892	4,130,916	-	6,182,808
Less: Accumulated Depreciation	<u>(6,765,981)</u>	<u>(10,536,410)</u>	<u>(1,636,474)</u>	<u>(18,938,865)</u>
Total Capital Assets (net of (accumulated depreciation))	<u>5,022,094</u>	<u>6,125,654</u>	<u>1,827,133</u>	<u>12,974,881</u>
Total Noncurrent Assets	<u>5,022,094</u>	<u>6,125,654</u>	<u>1,827,133</u>	<u>12,974,881</u>
Total Assets	<u>6,128,654</u>	<u>7,104,931</u>	<u>3,496,673</u>	<u>16,730,258</u>
Deferred Outflows of Resources:				
Pensions	272,875	235,368	106,405	614,648
OPEB	41,489	35,787	16,178	93,454
Total Deferred Outflows of Resources	<u>314,364</u>	<u>271,155</u>	<u>122,583</u>	<u>708,102</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 6,443,018</u>	<u>\$ 7,376,086</u>	<u>\$ 3,619,256</u>	<u>\$ 17,438,360</u>

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2023

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Liabilities				
<u>Current Liabilities:</u>				
Accounts Payable	\$ 159,253	\$ 28,563	\$ 2,483	\$ 190,299
Contracts Payable	296,324	-	-	296,324
Retainage Payable	96,423	-	-	96,423
Accrued Wages and Benefits	9,093	6,775	1,218	17,086
Due to Other Governments	5,643	4,827	1,805	12,275
Compensated Absences Payable - Current	14,987	10,506	2,741	28,234
Loans Payable - Current	-	-	54,863	54,863
Ohio Water Development Authority Loans Payable - Current	108,566	158,029	-	266,595
OPWC Loan Payable - Current	17,916	64,242	-	82,158
Total Current Liabilities	<u>708,205</u>	<u>272,942</u>	<u>63,110</u>	<u>1,044,257</u>
<u>Noncurrent Liabilities:</u>				
Compensated Absences Payable	1,583	3,143	1,379	6,105
Loans Payable	-	-	321,137	321,137
Ohio Water Development Authority Loans Payable	738,614	592,895	-	1,331,509
OPWC Loans Payable	155,354	302,223	-	457,577
Net Pension Liability	698,747	602,704	272,470	1,573,921
Net OPEB Liability	13,890	11,981	5,416	31,287
Total Noncurrent Liabilities	<u>1,608,188</u>	<u>1,512,946</u>	<u>600,402</u>	<u>3,721,536</u>
Total Liabilities	<u>2,316,393</u>	<u>1,785,888</u>	<u>663,512</u>	<u>4,765,793</u>
Deferred Inflows of Resources:				
Pensions	18,531	15,984	7,226	41,741
OPEB	4,685	4,041	1,827	10,553
Total Deferred Inflows of Resources	<u>23,216</u>	<u>20,025</u>	<u>9,053</u>	<u>52,294</u>
Net Position				
Net Investment in Capital Assets	3,608,897	5,008,265	1,451,133	10,068,295
Unrestricted	494,512	561,908	1,495,558	2,551,978
Total Net Position	<u>4,103,409</u>	<u>5,570,173</u>	<u>2,946,691</u>	<u>12,620,273</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 6,443,018</u>	<u>\$ 7,376,086</u>	<u>\$ 3,619,256</u>	<u>\$ 17,438,360</u>

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Wastewater	Stormwater Management	Totals
<u>Operating Revenues:</u>				
Charges for Services	\$ 1,311,423	\$ 939,713	\$ 482,829	\$ 2,733,965
Other Operating Revenues	42,014	92,342	1,485	135,841
Total Operating Revenues	1,353,437	1,032,055	484,314	2,869,806
<u>Operating Expenses:</u>				
Personal Services	558,442	494,919	199,639	1,253,000
Materials and Supplies	192,355	113,270	9,112	314,737
Contractual Services	417,496	285,651	40,066	743,213
Other Operating Expenses	4,035	1,713	5,281	11,029
Depreciation	266,765	385,126	115,848	767,739
Total Operating Expenses	1,439,093	1,280,679	369,946	3,089,718
Operating Income (Loss)	(85,656)	(248,624)	114,368	(219,912)
<u>Non-Operating Revenues (Expenses):</u>				
Investment Earnings	54,974	55,888	48,168	159,030
Interest and Fiscal Charges	(17,552)	(8,146)	-	(25,698)
Grants	271,012	-	-	271,012
Total Non-Operating Revenues (Expenses)	308,434	47,742	48,168	404,344
Income (Loss) Before Transfers	222,778	(200,882)	162,536	184,432
<u>Transfers:</u>				
Transfers In	55,435	-	-	55,435
Transfers Out	(44,906)	(44,906)	(44,906)	(134,718)
Total Transfers	10,529	(44,906)	(44,906)	(79,283)
Change in Net Position	233,307	(245,788)	117,630	105,149
Total Net Position - Beginning	3,870,102	5,815,961	2,829,061	12,515,124
Total Net Position - Ending	<u>\$ 4,103,409</u>	<u>\$ 5,570,173</u>	<u>\$ 2,946,691</u>	<u>\$ 12,620,273</u>

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Increase (Decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$ 1,292,927	\$ 923,617	\$ 481,744	\$ 2,698,288
Cash Paid for Employee Services and Benefits	(550,144)	(476,237)	(190,176)	(1,216,557)
Cash Paid to Suppliers for Goods and Services	(464,092)	(378,617)	(48,158)	(890,867)
Other Operating Revenues	55,138	105,416	1,485	162,039
Other Operating Expenses	(20,880)	(13,808)	(5,281)	(39,969)
Net Cash Provided by Operating Activities	312,949	160,371	239,614	712,934
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers-in from Other Funds	55,435	-	-	55,435
Transfers-out to Other Funds	(44,906)	(44,906)	(44,906)	(134,718)
Net Cash Provided by (Used for) Noncapital Financing Activities	10,529	(44,906)	(44,906)	(79,283)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital Grant Contributions	271,012	-	-	271,012
Face Value from the Sale of Debt	-	-	376,000	376,000
Acquisition and Construction of Assets	(452,612)	(93,627)	(394,750)	(940,989)
Principal Paid on Loans Payable	(124,478)	(220,793)	-	(345,271)
Interest Paid on All Debt	(17,552)	(8,145)	-	(25,697)
Net Cash (Used for) Capital and Related Financing Activities	(323,630)	(322,565)	(18,750)	(664,945)
<u>Cash Flows from Investing Activities:</u>				
Change in the Fair Value of Investments	32,416	32,416	16,207	81,039
Interest	17,572	18,486	29,468	65,526
Net Cash Provided by Investing Activities	49,988	50,902	45,675	146,565
Net Increase (Decrease) in Cash and Cash Equivalents	49,836	(156,198)	221,633	115,271
Cash and Cash Equivalents at Beginning of Year	901,514	1,017,694	1,380,913	3,300,121
Cash and Cash Equivalents at End of Year	<u>\$ 951,350</u>	<u>\$ 861,496</u>	<u>\$ 1,602,546</u>	<u>\$ 3,415,392</u>

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Wastewater	Stormwater Management	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ (85,656)	\$ (248,624)	\$ 114,368	\$ (219,912)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	266,765	385,126	115,848	767,739
Change in Assets and Liabilities:				
(Increase) in Accounts Receivable	(5,372)	(3,022)	(1,085)	(9,479)
Decrease in Due to Other Governments	4,140	3,877	1,634	9,651
Increase in Accounts Payables	130,572	9,425	2,236	142,233
(Decrease) in Accrued Wages and Benefits	(1,644)	(10)	(1)	(1,655)
(Decrease) in Compensated Absences Payable	(13,438)	(1,567)	(241)	(15,246)
Net (Decrease) in GASB 75 OPEB Items	(30,327)	(26,159)	(11,828)	(68,314)
Net (Decrease) in GASB 68 Pension Items	47,909	41,325	18,683	107,917
Total Adjustments	398,605	408,995	125,246	932,846
Net Cash Provided by Operating Activities	<u>\$ 312,949</u>	<u>\$ 160,371</u>	<u>\$ 239,614</u>	<u>\$ 712,934</u>

Non-cash disclosure:

The City reported \$18,172 of construction in progress that was included in accounts payable at 2022 year end in the Water fund and \$42,401 of construction in progress in the Wastewater fund. For 2023, \$392,747 was reported as contracts and retainage payable in the Water fund.

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2023

	Joint Economic Development Districts	Mayor's Court	Total Custodial Funds
Assets:			
Cash and Cash Equivalents in Segregated Accounts	\$ 204,611	\$ 14,795	\$ 219,406
Total Assets	204,611	14,795	219,406
Liabilities:			
Total Liabilities	-	-	-
Net Position			
Restricted - Mayor's Court	-	14,795	14,795
Restricted - Governmental Agreements	204,611	-	204,611
Total Net Position	\$ 204,611	\$ 14,795	\$ 219,406

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR FISCAL YEAR ENDED DECEMBER 31, 2023

	Joint Economic Development Districts	Mayor's Court	Total Custodial Funds
<u>Additions:</u>			
Income Tax Collections	\$ 2,919,280	\$ -	\$ 2,919,280
Release Prior Year Retainer	79,061	-	79,061
Interest Earnings	2,334	-	2,334
Fines and Forfeitures	-	219,323	219,323
Miscellaneous	3,290	-	3,290
Total Additions	<u>3,003,965</u>	<u>219,323</u>	<u>3,223,288</u>
<u>Deductions:</u>			
City of Milford	249,481	178,405	427,886
Union Township	2,833,784	-	2,833,784
Distributions to Other Governments	-	38,319	38,319
Other Distributions	-	447	447
Administrative costs	88,504	-	88,504
Total Deductions	<u>3,171,769</u>	<u>217,171</u>	<u>3,388,940</u>
Net Increase in Fiduciary Net Position	(167,804)	2,152	(165,652)
Beginning Net Position	372,415	12,643	385,058
Ending Net Position	<u>\$ 204,611</u>	<u>\$ 14,795</u>	<u>\$ 219,406</u>

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING

A. Reporting Entity

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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

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

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

B. Discretely Presented Component Unit

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

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

C. Basis of Presentation – Fund Accounting

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Measurement Focus Basis of Accounting and Financial Statement Presentation

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose of which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows of resources is reported as fund balance.

The City reports the following major governmental funds:

General Fund

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

Fire/EMS Levy Special Revenue Fund

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

Sports Complex Land Improvement Fund

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Park Levy Improvement Fund

Park Levy Improvement fund accounts for the acquisition of the land near the five points intersection. The City is constructing a new park at the location and issued a revenue bond to cover the construction.

The City reports the following major enterprise funds:

Water Fund

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

Wastewater Fund

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

Stormwater Management Fund

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

Additionally, the City reports the following fund types:

Fiduciary Funds:

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Cash and Cash Equivalents

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

During 2023, investments were limited to U.S. Governmental Agency Obligations, U.S. Treasury Notes, Commercial Paper and Money Market funds. Investments are reported at fair value which is based on quoted market prices. The fair value of open-end money market funds is based on the current share price.

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

Interest income is distributed to the funds according to ordinance as directed by the City's charter. Interest revenue credited to the general fund during 2023 amounted to \$253,250, which includes \$29,350 assigned from other funds. The negative balance reported is from the change in the fair value of investment at year end. The fire/EMS levy special revenue fund, sports complex land improvement and park levy capital projects funds, debt service, street, state highway, permissive tax, and cemetery special revenue funds, and land acquisition capital project funds, water, wastewater, and stormwater enterprise funds also received interest of \$13,406; \$1,904; \$37,430; \$111; \$218; \$1,384; \$113; \$1,659; \$5,825; \$54,974; \$55,888; and \$48,168 respectively.

C. Capital Assets and Depreciation

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Compensated Absences

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accrued Liabilities and Other Long-Term Obligations

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

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

F. Fund Balance

The City reports the following categories of fund balance:

- Restricted fund balances related to grants, other restricted revenue sources like state shared revenues or charges for specific services are reported as restricted in the fund receiving those resources.

- Assigned fund balances are balances for which the City administration has specified the future use such as encumbrances. The City also reports an assigned fund balance for fiscal year 2024 appropriations that exceed the estimated revenues for the year.

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Interfund Transactions

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

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

H. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the statement of net position. Net position of net investment in capital assets is calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. None of the City’s \$1,195,836 restricted net position is restricted by enabling legislation.

I. Deferred Outflows of Resources

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows of Resources

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

Property taxes for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance fiscal year 2024 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position (see Notes 8 and 9.) The City reports a deferred inflow for the Clermont County lodging tax revenue pledged to pay on the sports complex land bond obligation purchase. The reported amount matches the remaining principal balance owed. The City also reports a deferred inflow of resources for future lease receivable payments.

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

K. Exchange/Non-Exchange Transactions

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pensions/OPEB

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

M. Estimates

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

N. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$7,329,219) difference are as follows:

General Obligation Bonds	(\$3,891,000)
Special Obligation Bonds	(3,075,000)
Accrued Interest Payable	(17,112)
Compensated Absences	<u>(346,107)</u>
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>(\$7,329,219)</u></u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of \$11,887,771 difference are as follows:

Capital Assets	\$19,316,124
Accumulated Depreciation	<u>(7,428,353)</u>
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$11,887,771</u></u>

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

One element of that reconciliation states that “Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The statement of activities also nets the loss on disposal of assets against the proceeds from the sale of those asset. This amount is the net impact of those transactions.” The details of this \$2,980,242 are as follows:

Current Capital Additions	\$3,890,687
Current Capital Deletions	(486,000)
Depreciation Expense	<u>(424,445)</u>
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$2,980,242</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$898,263 are as follows:

Principal paid on Long Term Debt	\$859,000
Change in Interest Payable	<u>39,263</u>
Net Adjustment - current financial resources focus to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>\$898,263</u></u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. At fiscal year-end, the carrying value of the City's deposits was \$8,176,694 and the bank balance was \$8,565,614. \$6,233,154 of the City's deposits was insured by federal depository insurance. At December 31, 2023, the \$2,332,460 of the City's bank balance of \$8,565,614 was exposed to custodial credit risk. The CIC maintains a checking account with a carrying value of \$71,345 that is FDIC insured.

Investments

As of December 31, 2023, the City had the following investments.

Categorized Investments	Fair Value	Weighted Average Maturity (Years)	Fair Value Measuring Unit	Credit Rating	Concentration Percentage
Federal Home Loan Mortgage Corporation Notes	\$279,998	1.81	Level 2	NA	6.35%
Federal Home Loan Bank Notes	1,358,820	0.79	Level 2	NA	30.79%
Commercial Paper	2,752,480	0.38	Level 1	Aa1/P-1	62.38%
Money Market Funds	21,408	0.16	Level 1	S& P - AAAM	0.49%
Total	<u>\$4,412,706</u>				

Fair Value Measurement

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes. Property tax payments received during 2023 for tangible personal property (other than public utility property) are for 2023 taxes.

2023 real property taxes are levied after October 1, 2022 on the assessed value as of January 1, 2023 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2023.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 4 - PROPERTY TAXES (CONTINUED)

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.00 per \$1,000 of assessed value for inside millage. Additionally, voted levies were \$17 per \$1,000 of assessed value for fire and emergency medical service and \$3 per \$1,000 for Five Points Landing Park. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$184,049,060
Public Utility Tangible Personal Property	11,786,140
Total Property Tax	<u>\$195,835,200</u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Milford. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2023 operations. The receivable is offset by unearned revenue.

NOTE 5 - INCOME TAX

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 5 - INCOME TAX (CONTINUED)

Income tax proceeds are to be used to pay the cost of administering the tax. After these costs are recovered the proceeds are allocated to the General Fund, the Parks and Recreation Fund and the Capital Improvement Capital Projects Fund. Income tax revenue (net of refunds) for 2023 was \$6,098,933.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2023, consisted primarily of property taxes, income taxes, accounts, interfund, interest on investments, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
OVI Reimbursement	\$617
Liquor Tax	4,739
Police Department Training Funds	19,535
Local Government	45,707
Homestead/Rollback	29,438
Total General Fund	<u>100,036</u>
<i>Fire/EMS Levy</i>	
Homestead/Rollback	<u>66,062</u>
<i>Sports Complex Land Improvement</i>	
County Pledged Revenues	<u>3,075,000</u>
<i>Park Levy</i>	
Homestead/Rollback	<u>2,874</u>
<u>NONMAJOR FUNDS</u>	
<i>Street Fund</i>	
Gasoline Excise Tax	170,182
Motor Vehicle License Tax	22,586
Total Street Fund	<u>192,768</u>
<i>State Highway Fund</i>	
Gasoline Excise Tax	13,599
Motor Vehicle License Tax	1,832
Total State Highway Fund	<u>15,431</u>
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	<u>40,459</u>
Total All Funds	<u><u>\$3,492,630</u></u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 – CAPITAL ASSETS

	Balance 12/31/22	Increases	Decreases	Balance 12/31/23
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$3,104,008	\$21,500	(\$186,514)	\$2,938,994
Construction in Progress	173,396	3,638,130	0	3,811,526
Total capital assets, not being depreciated	3,277,404	3,659,630	(186,514)	6,750,520
Capital Assets, being depreciated:				
Buildings	6,126,810	0	0	6,126,810
Improvements other than Buildings	3,654,518	56,813	(299,486)	3,411,845
Vehicles, Furniture and Equipment	2,852,705	174,244	0	3,026,949
Total capital assets being depreciated	12,634,033	231,057	(299,486)	12,565,604
Less Accumulated Depreciation For:				
Buildings	(3,584,036)	(201,230)	0	(3,785,266)
Improvements other than Buildings	(1,199,052)	(85,678)	0	(1,284,730)
Vehicles, Furniture and Equipment	(2,220,820)	(137,537)	0	(2,358,357)
Total Accumulated Depreciation	(7,003,908)	(424,445)	0	(7,428,353)
Total capital assets, being depreciated, net	5,630,125	(193,388)	(299,486)	5,137,251
Governmental Activities - Capital Assets, Net	\$8,907,529	\$3,466,242	(\$486,000)	\$11,887,771

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance 12/31/22	Increases	Decreases	Balance 12/31/23
Business Type Activities				
Capital Assets, not being depreciated				
Land	\$331,414	\$0	\$0	\$331,414
Construction in Progress	146,783	807,933	(60,573)	894,143
Total capital assets, not being depreciated	478,197	807,933	(60,573)	1,225,557
Capital Assets, being depreciated				
Improvements other than Buildings	14,286,296	0	0	14,286,296
Plant	6,182,808	0	0	6,182,808
Machinery and Equipment	1,337,612	525,803	0	1,863,415
Sewer and Water Lines	8,355,670	0	0	8,355,670
Total capital assets, being depreciated	30,162,386	525,803	0	30,688,189
Less Accumulated Depreciation For:				
Improvements other than Buildings	(6,672,040)	(406,730)	0	(7,078,770)
Plant	(5,203,176)	(119,154)	0	(5,322,330)
Machinery and Equipment	(1,044,555)	(108,073)	0	(1,152,628)
Sewer and Water Lines	(5,251,355)	(133,782)	0	(5,385,137)
Total Accumulated Depreciation	(18,171,126)	(767,739)	0	(18,938,865)
Total capital assets, being depreciated, net	11,991,260	(241,936)	0	11,794,324
Business Type Activities - Capital Assets, Net	\$12,469,457	\$565,997	(\$60,573)	\$12,974,881

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

Security of Persons and Property	\$129,061
Public Health and Welfare	3,730
Leisure Time Activities	15,458
Transportation	170,941
General Government	105,255
Total Depreciation Expense - governmental activities	<u>\$424,445</u>

Business Type Activities:

Water	\$266,765
Wastewater	385,126
Stormwater Management	115,848
Total Depreciation Expense – business-type activities	<u>\$767,739</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2023 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
 Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$203,429 for the year ending December 31, 2023. Of this amount, \$4,357 is reported as accrued wages and benefits.

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	<u>Police</u>
2023 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	12.25 %
 2023 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>
Employee:	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$359,774 for 2023. Of this amount \$7,444 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022 to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability -			
Prior Measurement Year	0.012654%	0.0624080%	
Proportion of the Net Pension Liability -			
Current Measurement Year	<u>0.011780%</u>	<u>0.0641730%</u>	
Change in proportion	<u>-0.000874%</u>	<u>0.001765%</u>	
Proportionate Share of the Net Pension Liability	\$3,479,817	\$6,095,851	\$9,575,668
Pension Expense	(\$238,601)	\$486,720	\$248,119

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in proportion and differences	\$ 11,322	\$ 142,639	\$ 153,961
Differences between expected and actual experience	115,567	91,435	207,002
Change in assumptions	36,762	549,825	586,587
Net difference between projected and actual earnings on pension plan investments	991,857	887,480	1,879,337
City contributions subsequent to the measurement date	203,429	359,774	563,203
Total Deferred Outflows of Resources	<u>\$1,358,937</u>	<u>\$2,031,153</u>	<u>\$3,390,090</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$140,265	\$140,265
Changes of assumptions	0	118,862	118,862
Changes in proportion and differences	92,289	97,721	190,010
Total Deferred Inflows of Resources	<u>\$92,289</u>	<u>\$356,848</u>	<u>\$449,137</u>

\$563,203 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 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:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2024	(\$83,480)	(\$157,041)	(\$240,521)
2025	(201,907)	(308,474)	(510,381)
2026	(291,952)	(337,275)	(629,227)
2027	(485,880)	(507,576)	(993,456)
2028	0	(4,165)	(4,165)
Total	<u>(\$1,063,219)</u>	<u>(\$1,314,531)</u>	<u>(\$2,377,750)</u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 12.1 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00%</u>	

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability) to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$5,212,650	\$3,479,817	\$2,038,411

Actuarial Assumptions – OPF

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
 Total	 <u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

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

Discount Rate For 2022, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
City's proportionate share of the net pension liability	\$8,041,553	\$6,095,851	\$4,478,319

NOTE 9 – NET OPEB LIABILITY

The net OPEB liability reported on the statement of net position represents an liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2023.

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

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$9,468 for 2023. Of this amount, \$196 is reported as an *accrued wages and benefits*.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.000110%	0.0641730%	
Prior Measurement Date	<u>0.011777%</u>	<u>0.0624080%</u>	
Change in Proportionate Share	<u>-0.0116673%</u>	<u>0.0017650%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$69,174	\$456,895	\$526,069
OPEB Expense/(Income)	(\$151,032)	\$74,163	(\$76,869)

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes of assumptions	\$ 67,564	\$ 227,692	\$ 295,256
Net difference between projected and actual earnings on OPEB plan investments	137,382	39,188	176,570
Differences between expected and actual experience	0	27,275	27,275
Changes in proportionate share	1,674	111,081	112,755
City contributions subsequent to the measurement date	<u>0</u>	<u>9,468</u>	<u>9,468</u>
Total Deferred Outflows of Resources	<u>\$206,620</u>	<u>\$414,704</u>	<u>\$621,324</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$17,254	\$90,166	\$107,420
Changes of assumptions	5,560	373,704	379,264
Changes in proportionate share	<u>516</u>	<u>22,600</u>	<u>23,116</u>
Total Deferred Inflows of Resources	<u>\$23,330</u>	<u>\$486,470</u>	<u>\$509,800</u>

\$9,468 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 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:

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2024	(\$24,034)	(\$38,369)	(\$62,403)
2025	(50,047)	(33,471)	(83,518)
2026	(42,840)	19,032	(23,808)
2027	(66,369)	9,564	(56,805)
2028	0	35,700	35,700
Thereafter	<u>0</u>	<u>88,778</u>	<u>88,778</u>
Total	<u>(\$183,290)</u>	<u>\$81,234</u>	<u>(\$102,056)</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Prior Year Single Discount Rate	6.00 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Prior Year Municipal Bond Rate	1.84 percent
Health Care Cost Trend Rate	5.5 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00%</u>	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City’s Proportionate Share of the Net OPEB Asset/Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net OPEB asset/liability calculated using the single discount rate of 5.22 percent, as well as what the City’s proportionate share of the net OPEB asset/liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

	1% Decrease (4.22%)	Current Discount Rate (5.22%)	1% Increase (6.22%)
City's proportionate share of the net OPEB asset/liability	\$235,438	\$69,174	(\$68,020)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$64,839	\$69,174	\$74,054

Actuarial Assumptions – OP&F

OPF's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OPF's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

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

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	4.27 percent
Prior measurement date	2.84 percent
Cost of Living Adjustments	2.2 percent simple per year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 9 – NET OPEB LIABILITY (CONTINUED)

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	1% Decrease (3.27%)	Discount Rate (4.27%)	1% Increase (5.27%)
City's proportionate share of the net OPEB liability	\$562,621	\$456,895	\$367,632

NOTE 10 - EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

Full time City employees earn vacation leave at varying rates based upon length of service. Upon departure from City employment, an employee (or his estate) will be paid for unused vacation leave. For the City as a whole, the total obligation for vacation accrual amounted to \$210,719.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 10 - EMPLOYEE BENEFITS (CONTINUED)

Accumulated Unpaid Sick Leave

Full time City employees earn sick leave at the rate of 3.70 hours per eighty hours of service. Sick leave is cumulative without limit. In the case of retirement, employees with ten (10) or more years of service will be paid twenty-five percent (25%) of accrued but unused sick leave, up to a maximum of 240 hours. For the City as a whole, the total obligation for sick leave accrual amounted to \$135,372.

Accumulated Unpaid Personal Leave

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

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

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

For the City as a whole, the total obligation for personal leave accrual amounted to \$34,354.

Insurance Benefits

Full time employees are provided health, dental, and life insurance. The City elected to provide employee medical and hospitalization benefits through the Center for Local Government Benefit Pool (CLGBP) OME-RESA for health insurance during 2021. All employees share the cost of the monthly premium with the City. The City provided life insurance and AD&D insurance through Reliance Standard Life Insurance Company. Dental insurance is provided by the City through Dental Care Plus. In addition, the City provides Health Savings Accounts for all full time employees based on their medical coverage election. The City provides a Health Retirement Accounts for one employee that is over 65. The annual reimbursement for Single Coverage is \$1,500 in 2023 and the annual reimbursement for all other elections is \$3,000 for 2023.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 11 - RISK MANAGEMENT

For 2023, the City contracted with McGowan Governmental Underwriters for general commercial coverage. The City had a general aggregate limit of \$3,000,000; personal injury limit of \$1,000,000.

Settled claims have not exceeded the City's coverage in any of the past three years. There was no significant decline in the level of coverage from the prior year. The Finance Director is covered by \$100,000 performance bond. All other employees are covered under Employee Dishonesty/crime coverage at a maximum of \$100,000 with a \$1,000 deductible.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of Salaries. This rate is calculated based on accident history and administrative cost. The rate for 2023 paid in 2024 was .013965 for non-emergency service employees and .102913 for safety service employees.

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CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - LONG-TERM OBLIGATIONS

Issue Date	Interest Rate	Description	December 31, 2022	Additions	Reductions	December 31, 2023	Due Within One Year
Governmental activities:							
General Obligation Bonds							
2007	4.25% - 5.75%	Refunded Capital Facility	\$415,000	\$0	\$130,000	\$285,000	\$140,000
2017	2.50%	Public Works Building	1,585,000	0	140,000	1,445,000	145,000
2022	2.83%	Park Improvements	2,600,000	0	439,000	2,161,000	518,000
		Total General Obligation Bonds Payable	4,600,000	0	709,000	3,891,000	803,000
Special Obligation Nontax Revenue Bonds							
2019	2.70%-3.50%	Sports Complex Land	3,225,000	0	150,000	3,075,000	155,000
		Net Pension Liability					
		Public Employees Retirement System	602,990	1,302,906	0	1,905,896	0
		Ohio Police and Fire Pension	3,898,872	2,196,979	0	6,095,851	0
		Net OPEB Liability					
		Public Employees Retirement System	0	37,887	0	37,887	0
		Ohio Police and Fire Pension	684,042	0	227,147	456,895	0
		Compensated absences	365,215	270,770	289,878	346,107	218,908
		Total Governmental Activities	11,928,315	3,808,542	1,376,025	15,790,636	1,176,908
Business – Type Activities:							
2005	0.90%	OWDA Loans	566,658	0	111,306	455,352	112,310
2007	2.00%	OWDA Loans	462,518	0	73,303	389,215	74,776
2008	1.00%	OWDA Loans	142,038	0	21,257	120,781	21,470
2010	1.00%	OWDA Loans	198,779	0	23,988	174,791	24,229
2010	0.00%	OWDA Loans	51,215	0	6,828	44,387	6,828
2014	2.00%	OWDA Loans	141,019	0	5,160	135,859	5,264
2015	2.00%	OWDA Loans	298,990	0	21,271	277,719	21,698
2006	0.00%	OPWC Loans	363,900	0	60,650	303,250	60,650
2009	0.00%	OPWC Loans	77,896	0	11,050	66,846	11,050
2010	0.00%	OPWC Loans	49,200	0	2,734	46,466	2,734
2010	0.00%	OPWC Loans	17,605	0	858	16,750	858
2018	0.00%	OPWC Loans	113,290	0	6,866	106,424	6,866
2023	5.30%	Vac-All Lease	0	376,000	0	376,000	54,863
		Net Pension Liability					
		Public Employees Retirement System	497,959	1,075,962	0	1,573,921	0
		Net OPEB Liability					
		Public Employees Retirement System	0	31,287	0	31,287	0
		Compensated absences	49,586	45,988	61,236	34,338	28,234
		Total Business – Type Activities	3,030,653	1,529,237	406,507	4,153,386	431,850
		All FUNDS	\$16,423,531	\$5,337,779	\$1,782,532	\$19,944,022	\$1,608,758

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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

In May 2022, the City issued \$2,600,000 general obligation bonds for Five Points Park Improvement project. The bonds were issued at an average 2.83% rate and will mature on December 1, 2027. The bonds will be paid from the park levy bond retirement fund.

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

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

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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

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

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

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

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

The City has pledged a portion of future water and wastewater revenues to repay the OWDA and OPWC loans through final maturity on each debt obligation. The amount of future pledged revenues from the Water Fund is \$1,117,064 and from the Wastewater Fund is \$1,133,825 which equals the outstanding principal and interest obligations on the related debt.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

For 2023, the City entered into a loan agreement with Best Equipment to purchase a Vac-All for use in the stormwater fund. The loan was issued in August 2023 at a 5.3% interest rate with a final payment due in August, 2029.

As of December 31, 2023, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$20,562,696, and the unvoted legal debt margin was \$10,770,936.

A summary of the City's long-term debt funding requirements as of December 31, 2023 is represented in the following schedules. Principal, interest and total debt service is provided for General Obligation Bonds, Ohio Water Development Authority Loans, and Ohio Public Works Commission Loans.

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

GOVERNMENTAL ACTIVITIES			
Special and General Obligation Bonds			
Years	Principal	Interest	Total
2024	\$958,000	\$208,771	\$1,166,771
2025	983,000	180,389	1,163,389
2026	862,000	151,077	1,013,077
2027	883,000	127,482	1,010,482
2028	330,000	102,890	432,890
2029-2033	1,610,000	370,525	1,980,525
2034-2038	1,095,000	160,167	1,255,167
2039	245,000	8,575	253,575
Total	\$6,966,000	\$1,309,876	\$8,275,876

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

BUSINESS-TYPE ACTIVITIES

Years	Ohio Water Development Authority Loans		
	Principal	Interest	Total
2024	\$266,575	\$22,235	\$288,810
2025	270,541	18,719	289,260
2026	274,120	13,863	287,983
2027	278,179	10,215	288,394
2028	165,029	7,296	173,325
2029-2033	222,328	22,116	244,444
2034-2038	76,093	8,020	84,113
2039-2043	39,629	3,528	43,157
2044	6,165	486	6,651
Totals	<u>\$1,598,659</u>	<u>\$106,478</u>	<u>\$1,705,137</u>

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

BUSINESS-TYPE ACTIVITIES

Years	Ohio Public Works Commission Loans		
	Principal	Interest	Total
2024	\$82,158	\$0	\$82,158
2025	82,158	0	82,158
2026	82,158	0	82,158
2027	82,158	0	82,158
2028	82,158	0	82,158
2029-2033	63,339	0	63,339
2034-2038	52,289	0	52,289
2039-2043	12,763	0	12,763
Totals	<u>\$539,181</u>	<u>\$0</u>	<u>\$539,181</u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

Annual debt service requirements to maturity for Stormwater Vac-All Loan are as follows:

BUSINESS-TYPE ACTIVITIES			
Stormwater Vac-All Loan			
Years	Principal	Interest	Total
2024	\$54,863	\$19,928	\$74,791
2025	57,771	17,020	74,791
2026	60,832	13,958	74,790
2027	64,057	10,734	74,791
2028	67,451	7,339	74,790
2029	71,026	3,764	74,790
Totals	<u>\$376,000</u>	<u>\$72,743</u>	<u>\$448,743</u>

NOTE 13 – INTERFUND TRANSACTIONS

Following is a summary of transfers in and out for all funds for 2023:

Fund	Transfers	
	In	Out
MAJOR FUNDS		
General	\$0	\$1,208,534
Sports Complex Land Improvement	0	252,264
Park Levy	649,422	549,574
Water	55,435	44,906
Wastewater	0	44,906
Stormwater Management	0	44,906
Non-Major Governmental Funds	<u>1,485,139</u>	<u>44,906</u>
Total All Funds	<u>\$2,189,996</u>	<u>\$2,189,996</u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 13 – INTERFUND TRANSACTIONS (CONTINUED)

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

NOTE 14 – TAX ABATEMENTS

In prior years, the City provided a tax abatement (or rebate) to any new commercial or industrial business relocating or establishing operations within the City is eligible to receive an annual rebate of up to one hundred percent for five years for the City property tax collected. The City has a list of eligibility requirements to qualify. During 2023, there were five business that qualified for the abatement. The total amount rebated during 2023 was \$176,406.

The City also has a community reinvestment agreement in place that certain businesses can participate in for a period of fifteen years from the initial construction or expansion of the project. There were three business still receiving the benefit and one residential development.

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

The Center for Local Government, a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of five members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. The City made a \$3,825 financial contribution during 2023 for membership. Information can be obtained from the Center by writing to Director of the Center for Local Government, 10945 Reed Hartman Highway, Suite 303, Cincinnati, Ohio 45242.

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI. The City made no financial contribution during 2023. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way Suite 420, Cincinnati, Ohio, 45202.

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

Due to this JEDDs' location around the interchange of State Route 32 and the Interstate 275, additional commercial development is expected to continue at this location into the future. The deposits of income tax revenues for the JEDDs averaged over \$243,273 per month between both the City and Township. For more information related to the financial results of the JEDD please contact the City's Income Tax Department.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

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

The TID contracts with local governments within Clermont County to assist in infrastructure projects. The City contracted with the TID in 2009 for a traffic study at the U.S 50/S.R.131 intersection. The City pledged \$175,000 to the TID in 2010 to pay for the study with payments through 2014. During 2022, the City paid \$0 to the TID. Copies of the TID's financial report are on file at the Clermont County Transportation Improvement District, 2381 Chamber Center Drive, Batavia, Ohio 45103.

NOTE 16 – CLAIMS PAYABLE

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

All funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The plan changed the bylaws during fiscal year 2015 that allows for a participant to leave the plan without any claims following them. Also, for fiscal years 2015 - 2023, the plan was running a surplus net position.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 17 – FUND BALANCE ALLOCATION

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

Fund Balance	General	Fire/EMS Levy	Sports Complex Land Improvement	Park Levy	Other Governmental
Restricted:					
Debt Service	\$0	\$0	\$0	\$0	\$5,547
Public Safety	0	466,563	0	0	78,492
Cemetery Service	0	0	0	0	300,445
Transportation	0	0	0	0	156,356
Parks and Recreation	0	0	0	0	3,148
Capital Improvements	0	0	74,726	0	110,558
Total Restricted	0	466,563	74,726	0	654,546
Assigned:					
Budget Appropriation	779,444	0	0	0	0
Parks and Recreation	254,330	0	0	0	0
Unassigned	6,630,664	0	0	(5,672)	0
Total Fund Balance	<u>\$7,664,438</u>	<u>\$466,563</u>	<u>\$74,726</u>	<u>(\$5,672)</u>	<u>\$654,546</u>

NOTE 18 - CONTINGENT LIABILITIES

LITIGATION

The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City. The City had no pending litigation as of December 31, 2023.

STATE GRANTS

For the period January 1, 2023 to December 31, 2023, the City received State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE 19 – CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for construction projects. The following amounts remain on these contracts as of December 31, 2023:

<u>Project</u>	<u>Outstanding Balance</u>
Wallace and Garfield Water Lines	\$550,847

NOTE 20 – DEFICIT FUND BALANCE

The Five Points Landing Park fund reports a negative fund balance of \$5,672 as the general accepted accounting principles entries effect the balance. The City would transfer cash as needed to cover the deficit.

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2023, the City implemented GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”. GASB Statement 96 requires the recognition of certain subscription assets and liabilities for multi-year technology arrangements without a cancellation clause that the City has control over. The implementation of this standard had no effect on beginning net position as the City had no agreements that met the definition to be included.

THE CITY OF MILFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

GENERAL FUND

	Budget			Variance
	Initial	Final	Actual	Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 520,981	\$ 736,981	\$ 909,513	\$ 172,532
Income Taxes	4,708,350	4,708,350	5,598,281	889,931
Intergovernmental	147,560	147,560	163,627	16,067
Charges for Services	360,600	360,600	434,871	74,271
Licenses and Permits	110,295	110,295	96,202	(14,093)
Investment Earnings	40,000	40,000	155,338	115,338
Fines and Forfeitures	216,330	216,330	169,139	(47,191)
Other All Revenue	124,973	418,973	92,890	(326,083)
Total Revenue	6,229,089	6,739,089	7,619,861	880,772
Expenditures:				
Current:				
Security of Persons and Property:				
Police				
Personal Services	2,962,338	3,059,088	2,825,365	233,723
Other	368,925	410,280	330,940	79,340
Total Police	3,331,263	3,469,368	3,156,305	313,063
Building Inspection				
Other	72,828	87,828	71,551	16,277
Total Building Inspection	72,828	87,828	71,551	16,277
Total Security of Persons and Property	3,404,091	3,557,196	3,227,856	329,340
Public Health and Welfare Services:				
Health				
Other	29,350	29,350	29,342	8
Total Health	29,350	29,350	29,342	8
Grounds and Facilities				
Personal Services	237,600	237,600	210,485	27,115
Other	65,500	68,200	41,076	27,124
Total Grounds and Facilities	303,100	305,800	251,561	54,239
Total Public Health and Welfare	332,450	335,150	280,903	54,247
Transportation				
Public Works - Administration				
Other	531,600	544,600	510,616	33,984
Total Transportation	531,600	544,600	510,616	33,984
General Government				
Mayor's Court				
Personal Services	109,275	109,275	103,424	5,851
Other	23,060	23,860	19,899	3,961
Total Mayor's Court	132,335	133,135	123,323	9,812
City Council				
Personal Services	39,825	40,325	38,697	1,628
Other	44,725	56,725	47,113	9,612
Total City Council	84,550	97,050	85,810	11,240
Five Points Building				
Other	103,900	114,760	93,433	21,327
Total Five Points Building	103,900	114,760	93,433	21,327
Civil Defense				
Other	4,000	4,000	2,012	1,988
Total Civil Defense	4,000	4,000	2,012	1,988

(continued)

THE CITY OF MILFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2023

	GENERAL FUND			Variance Positive (Negative)
	Initial	Budget Final	Actual	
City Manager				
Personal Services	\$ 335,375	\$ 335,375	\$ 233,008	\$ 102,367
Other	150,875	246,362	130,880	115,482
Total City Manager	486,250	581,737	363,888	217,849
Law Director				
Other	155,000	200,000	178,169	21,831
Total Law Director	155,000	200,000	178,169	21,831
Department of Civil Service				
Other	6,100	6,100	1,897	4,203
Total Department of Civil Service	6,100	6,100	1,897	4,203
Finance and Accounting				
Personal Services	192,100	192,100	175,363	16,737
Other	62,600	64,650	56,599	8,051
Total Finance and Accounting	254,700	256,750	231,962	24,788
Administration				
Other	75,000	76,783	62,786	13,997
Total Administration	75,000	76,783	62,786	13,997
Engineering				
Other	80,700	80,700	33,402	47,298
Total Engineering	80,700	80,700	33,402	47,298
Development				
Personal Services	128,015	128,015	99,378	28,637
Other	21,940	21,940	13,264	8,676
Total Development	149,955	149,955	112,642	37,313
Income Tax				
Personal Services	90,505	90,505	55,923	34,582
Other	420,067	420,067	173,270	246,797
Total Income Tax	510,572	510,572	229,193	281,379
Total General Government	2,043,062	2,211,542	1,518,517	693,025
Intergovernmental	-	258,075	-	258,075
Total Expenditures	6,311,203	6,906,563	5,537,892	1,368,671
Excess of Revenues Over (Under) Expenditures	(82,114)	(167,474)	2,081,969	2,249,443
<u>Other Financing Sources (Uses):</u>				
Income Tax Refunds	-	-	(106,543)	106,543
Sale of Capital Assets	2,000	2,000	354,000	352,000
Advances In	3,000,000	3,000,000	-	(3,000,000)
Advances Out	(2,500,000)	(2,000,000)	-	2,000,000
Transfers - Out	(1,409,675)	(561,675)	(1,208,534)	(646,859)
Total Other Financing Sources (Uses)	(907,675)	440,325	(961,077)	(1,401,402)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(989,789)	272,851	1,120,892	848,041
Fund Balances at Beginning of Year	6,179,271	6,179,271	6,179,271	-
Fund Balances at End of Year	\$ 5,189,482	\$ 6,452,122	\$ 7,300,163	\$ 848,041

See accompanying notes to the required supplementary information

THE CITY OF MILFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Fire/EMS LEVY FUND

	Budget			Variance
	Initial	Final	Actual	Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 2,671,821	\$ 2,671,821	\$ 2,830,557	\$ 158,736
Intergovernmental	144,035	144,035	160,124	16,089
Investment Earnings	3,200	3,200	13,406	10,206
Total Revenue	2,819,056	2,819,056	3,004,087	185,031
Expenditures:				
Current:				
Security of Persons and Property:				
Fire/EMS Department				
Other	2,985,250	3,111,107	3,076,367	34,740
Total Fire/EMS Department	2,985,250	3,111,107	3,076,367	34,740
Change in Fund Balances	(166,194)	(292,051)	(72,280)	219,771
Fund Balances at Beginning of Year	545,406	545,406	545,406	-
Fund Balances at End of Year	\$ 379,212	\$ 253,355	\$ 473,126	\$ 219,771

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - TRADITIONAL PENSION PLAN
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.011780%	0.012654%	0.012335%	0.013304%	0.013403%	0.013806%	0.012503%	0.013562%	0.014318%	0.014318%
The City's Proportion Share of the Net Pension Liability	\$ 3,479,817	\$ 1,100,949	\$ 1,826,545	\$ 2,629,626	\$ 3,670,811	\$ 2,165,894	\$ 2,839,219	\$ 2,349,109	\$ 1,726,961	\$ 1,687,954
The City's Covered Payroll	\$ 1,941,329	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	179.25%	60.52%	101.05%	139.75%	203.45%	124.25%	176.40%	133.48%	87.02%	125.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 203,429	\$ 271,786	\$ 254,696	\$ 253,054	\$ 263,424	\$ 252,600	\$ 226,611	\$ 193,146	\$ 211,195	\$ 238,149
Contributions in Relation to the Contractually Required Contribution	(203,429)	(271,786)	(254,696)	(253,054)	(263,424)	(252,600)	(226,611)	(193,146)	(211,195)	(238,149)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,453,064	\$ 1,941,329	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575
Contributions as a Percentage of Covered-Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO
SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE FUND
LAST TEN FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.064173%	0.062408%	0.064453%	0.063736%	0.064110%	0.065103%	0.056426%	0.052351%	0.052714%	0.052714%
The City's Proportion Share of the Net Pension Liability	\$ 6,095,851	\$ 3,898,872	\$ 4,256,952	\$ 4,293,603	\$ 5,233,070	\$ 3,995,650	\$ 3,573,969	\$ 3,367,752	\$ 2,730,822	\$ 2,567,353
The City's Covered Payroll	\$ 1,938,553	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	314.45%	213.76%	230.30%	245.86%	319.30%	266.37%	267.26%	287.70%	342.90%	205.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

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

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 359,774	\$ 368,325	\$ 346,556	\$ 351,208	\$ 331,808	\$ 311,398	\$ 285,004	\$ 254,082	\$ 222,406	\$ 141,996
Contributions in Relation to the Contractually Required Contribution	(359,774)	(368,325)	(346,556)	(351,208)	(331,808)	(311,398)	(285,004)	(254,082)	(222,406)	(141,996)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,893,547	\$ 1,938,553	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB (Asset)/Liability	0.010971%	0.011777%	0.011488%	0.012390%	0.012481%	0.012880%	0.011695%
The City's Proportion Share of the Net OPEB (Asset)/Liability	\$ 69,174	\$ (368,871)	\$ (204,689)	\$ 1,711,381	\$ 1,627,229	\$ 1,398,673	\$ 1,181,238
The City's Covered Payroll	\$ 1,941,329	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550
The City's Proportion Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	3.56%	-20.28%	-11.32%	90.95%	90.19%	80.24%	73.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%	54.50%

(1) Information prior to 2017 is not available

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

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,432	\$ 32,191	\$ 35,199	\$ 19,846
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	-	(17,432)	(32,191)	(35,199)	(19,846)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,453,064	\$ 1,941,329	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	1.00%

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.064173%	0.062408%	0.062445%	0.063736%	0.064110%	0.065103%	0.056426%
The City's Proportion Share of the Net OPEB Liability	\$ 456,895	\$ 684,042	\$ 661,619	\$ 629,570	\$ 583,820	\$ 3,688,629	\$ 2,678,418
The City's Covered Payroll	\$ 1,938,553	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274
The City's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	23.57%	37.50%	35.79%	36.05%	35.62%	245.91%	200.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.60%	46.90%	45.42%	47.10%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available

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

See accompanying notes to the required supplementary information

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contributions	\$ 9,468	\$ 9,693	\$ 9,120	\$ 9,242	\$ 8,732	\$ 8,195	\$ 7,500	\$ 6,686	\$ 5,853	\$ 49,137
Contributions in Relation to the Contractually Required Contribution	(9,468)	(9,693)	(9,120)	(9,242)	(8,732)	(8,195)	(7,500)	(6,686)	(5,853)	(49,137)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,893,547	\$ 1,938,553	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388
Contributions as a Percentage of Employee Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	6.17%

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

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 – BUDGETARY PROCESS

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

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

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

Tax Budget

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

Estimated Resources

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

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Appropriations

An appropriation ordinance (the appropriation budget) to control the level of expenditures for all funds, except agency funds, must be legally enacted on or before January 1. Appropriations may not exceed estimated resources as established in the official amended certificate of estimated resources. Supplemental appropriations may be adopted by Council action. Several supplemental appropriations were legally enacted during 2023 by Council.

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

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

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

Budgeted Level of Expenditures

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

Encumbrances

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

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Lapsing of Appropriations

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

NOTE 2 - BUDGET TO GAAP RECONCILIATION

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

	General Fund	Fire/EMS Levy Fund
GAAP Basis	\$1,634,678	(\$78,598)
Adjustments:		
Revenue Accruals	(290,913)	(64)
Expenditure Accruals	(105,512)	6,382
GASB 54 funds	(117,361)	0
Budget Basis	<u>\$1,120,892</u>	<u>(\$72,280)</u>

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 3 - NET PENSION LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:

There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

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

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

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

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

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

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

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

2022: The following were the most significant changes of assumptions that affect the total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 7.20% to 6.90%

2023: There were no changes in the methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

There were no changes in benefit terms for the period 2014-2022.

Changes in assumptions:

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

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

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

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%.

2023: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

NOTE 4 - NET OPEB LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:

There were no changes in benefit terms for the periods 2018-2022.

Changes in assumptions:

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

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

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

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

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

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

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

For 2022, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%.

For 2023, There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2023

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

For 2018, there were no changes in benefit terms.

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

Changes in assumptions:

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

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

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

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

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

For 2022 and 2023, there were no changes.

OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Milford, Clermont County, Ohio (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the City of Milford, Clermont County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 10, 2025, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink, reading "Keith Faber". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Keith Faber
Auditor of State
Columbus, Ohio
June 10, 2025

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CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

The discussion and analysis of the City of Milford's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2022. While the intent of this discussion and analysis is to look at the City's financial performance as a whole, readers should also review the basic financial statements and notes to enhance their understanding of the City's fiscal performance.

Financial Highlights

Key highlights for 2022 are as follows:

- ❑ Total assets and deferred outflows of the City exceeded its total liabilities and deferred inflows at the close of the year ended December 31, 2022, by \$19,767,983 (net position). Of this amount, \$2,528,776 is classified as unrestricted in the Water, Wastewater and Stormwater activities. The governmental activities ending unrestricted net position is (\$609,142) although without the net pension/OPEB liabilities and other GASB 68 and GASB 75 related items it would be \$4,881,870.
- ❑ The City's total net position increased by \$2,356,261, which represents a 14% increase from 2021. The increase can be attributed to new voted park levy and increases in property tax and income tax revenue.
- ❑ At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$10,366,443. Of this amount \$4,534,443 is available for spending (unassigned General Fund balance) on behalf of its citizens.
- ❑ At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,534,443 or 79% of total general fund expenditures.
- ❑ The other governmental major funds: Fire/EMS Levy Special Revenue Fund and Sports Complex Land Improvement and Park Levy Capital Projects Funds have ending fund balances of \$545,161; \$65,376; and \$2,434,411.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the City of Milford as a complete operating entity.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

The Statement of Net Position and Statement of Activities present both an aggregate view of the City's finances and longer-term view of the net position. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds presented in total in one column.

Reporting City of Milford as a Whole

Statement of Net Position and the Statement of Activities:

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The Statement of Net Position and the Statement of Activities help answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when the cash is received or paid.

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

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Reporting the City of Milford's Most Significant Funds

Fund Financial Statements

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

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

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

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

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows by \$19,767,983 (\$7,252,859 in governmental activities and \$12,515,124 in business type activities) as of December 31, 2022. The largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, other improvements and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Table 1 provides a summary of the City's statement of net position for 2022 compared to 2021.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and Other Assets	\$20,002,561	\$15,446,778	\$3,618,162	\$3,690,180	\$23,620,723	\$19,136,958
Net OPEB Asset	202,032	112,383	166,839	92,306	368,871	204,689
Capital Assets	8,907,529	8,655,084	12,469,457	13,246,493	21,376,986	21,901,577
Total Assets	29,112,122	24,214,245	16,254,457	17,028,979	45,366,580	41,243,224
Deferred Outflows of Resources	2,099,666	1,634,551	230,606	160,246	2,330,272	1,794,797
Total Assets/Deferred Outflows	31,211,788	25,848,796	16,485,064	17,189,225	47,696,852	43,038,021
Long-term liabilities	13,392,878	11,928,315	3,030,653	3,693,805	16,423,531	15,622,120
Other liabilities	676,819	1,067,546	130,004	77,606	806,823	1,145,152
Total Liabilities	14,069,697	12,995,861	3,160,657	3,771,411	17,230,354	16,767,272
Deferred Inflows of Resources	9,889,232	8,123,413	809,283	735,615	10,698,515	8,859,028
Total Liabilities/Deferred Inflows	23,958,929	21,119,274	3,969,940	4,507,026	27,928,869	25,626,300
Net Position:						
Net investment in capital assets	3,516,940	2,473,328	9,986,348	10,421,524	13,503,288	12,894,852
Restricted	4,345,061	1,510,653	0	0	4,345,061	1,510,653
Unrestricted	(609,142)	745,541	2,528,776	2,260,675	1,919,634	3,006,216
Total Net Position	\$7,252,859	\$4,729,522	\$12,515,124	\$12,682,199	\$19,767,983	\$17,411,721

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

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

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits

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

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

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

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

An additional portion of the City's net position represents resources that are subject to external restrictions on how they may be used. In the current fiscal year, this represented \$4,345,061 of net position. The remaining unrestricted \$1,919,634 of net position may be used to meet the City's ongoing obligations to its citizens and creditors and for business-type activities. As of December 31, 2022, the City is able to report positive balances in all three categories of net position for the City as a whole.

The City saw overall current and other assets increase by \$4.5 million with about \$3 million of the increase attributed to the new park levy. There was over \$2.4 million remaining from the bond issuance and also the taxes receivable that was new for 2022. The majority of the remaining increase is related to higher property and income tax receivables compared to the prior year.

The long-term liabilities increased about \$0.8 million with the changes in the net pension/OPEB liabilities/asset for both retirement systems (decrease \$1.3 million) and changes in the outstanding debt obligations between the new issue and payments (increase \$2.2 million).

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CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for Services	\$959,689	\$931,854	\$2,677,095	\$2,737,835	\$3,636,784	\$3,669,689
Operating Grants and Contributions	1,382,796	1,118,967	0	0	1,382,796	1,118,967
Capital Grants	0	0	152,228	77,762	152,228	77,762
General Revenues						
Income Taxes	5,626,413	4,695,006	0	0	5,626,413	4,695,006
Property Taxes	3,278,720	3,217,422	0	0	3,278,720	3,217,422
Other Taxes	539,809	591,392	0	0	539,809	591,392
Unrestricted Grants	281,834	363,004	0	0	281,834	363,004
Investment earnings	(49,679)	(3,146)	(92,150)	(25,052)	(141,829)	(28,198)
Other Revenues	31,197	8,101	0	0	31,197	8,101
Total Revenues	12,050,779	10,922,600	2,737,173	2,790,545	14,787,952	13,713,145
Expenses:						
Security of Persons and Property	6,332,399	5,777,491	0	0	6,332,399	5,777,491
Public Health and Welfare	417,820	423,526	0	0	417,820	423,526
Leisure Time Activities	123,210	86,066	0	0	123,210	86,066
Transportation	1,177,307	915,643	0	0	1,177,307	915,643
General Government	1,384,608	1,061,151	0	0	1,384,608	1,061,151
Interest and Fiscal Charges	229,443	213,084	0	0	229,443	213,085
Water	0	0	1,084,679	1,049,203	1,084,679	1,049,203
Wastewater	0	0	1,259,454	900,302	1,259,454	900,302
Stormwater Management	0	0	422,771	220,565	422,771	220,565
Total Expenses	9,664,787	8,476,961	2,766,904	2,170,070	12,431,691	10,647,032
Transfers	137,344	136,125	(137,344)	(136,125)	0	0
Change in Net Position	2,523,336	2,581,764	(167,075)	484,350	2,356,261	3,066,113
Beginning Net Position	4,729,523	2,147,759	12,682,199	12,197,849	17,411,722	14,345,608
Ending Net Position	\$7,252,859	\$4,729,523	\$12,515,124	\$12,682,199	\$19,767,983	\$17,411,721

Governmental Activities

The primary focus of governmental activities is in the area of security of persons and property, which represents the police, fire and EMS services of the City. For 2022, total security of persons and property expenses were \$6.3 million representing 65.52% of governmental activity spending (it was 68.16% from 2021) required approximately \$5.8 million of general revenues to fund the program after specific program revenues. The increase from 2021 resulted from the Net Pension Liability and OPEB liability changes to the Ohio Police and Fire Pension Retirement system.

Governmental revenues increased approximately 9% as tax revenues for the City increased by \$1 million as the property and income taxes increased as the economy was coming out of the pandemic from fiscal year 2020.

Overall the expenses were up over 14% as the adjustments to the net pension and OPEB liabilities resulted in most of the line items reporting lower figures. The City also saw operational expenses increase across the functions as the City continues to grow.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Business-Type Activities

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

Financial Analysis of the City's Funds

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

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

As of the end of 2022, the City's governmental funds reported combined ending fund balances of \$10.4 million. Approximately \$4.5 million constitutes unassigned fund balance available for spending for citizen needs as allowed under the Ohio Revised Code guidelines. A portion (\$4.3 million) is restricted by external sources (restricted fund balance) earmarked for specific purposes and not available to be spent for some purposes and another \$1.4 million is assigned for 2023 appropriations. The restricted balance jumped up with the balance of the bonds in the Park Levy fund being unspent.

The General Fund is the chief operating fund of the City. As of December 31, 2022, the unassigned general fund balance was \$4.5 million. As a measure of liquidity, it is often useful to compare these numbers to total general fund expenditures and other financing uses. Unassigned fund balance represents 69% of the total expenditures and other financing uses.

During 2022, the City's General fund overall fund balance increased by \$0.3 million as the City generated \$0.1 million more in revenues compared to 2021 as the tax revenues saw the largest increases. The expenditures increased by \$0.4 million mainly in the security of persons and property function.

The Fire and EMS levy generated about the same revenue as the prior year. The expenditures match up with those tax revenues. The City contracts for these services and collects the tax levy to cover the contract.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

The Sport Complex Land Improvement capital projects fund receives revenue from an agreement with Clermont County for a portion of the lodging tax revenue. The revenue increased about \$50,000 between the two years. The City issued the sports complex land special obligation bond during the 2019 year. The City transfers monies to the economic development bond retirement fund for the annual debt service.

The City has a new major fund for 2022. The Park Levy capital projects fund was created to account for the bond issuance and related construction costs on the new Five Point park project.

General Fund Budgeting Highlights

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

During the course of 2022, the City amended its total and general fund budget several times, the most significant noted below. All recommendations for the budget came from the Finance Director after consultation with individual directors and the Finance Department before submission to City Council. The City Council also ministerially approves small interdepartmental budget changes that modify line items within departments within the same fund. With the General fund supporting a majority of our major activities such as public safety programs, as well as most legislative and executive activities, the General Fund is monitored closely with particular attention to possible revenue shortfalls or overspending by individual departments.

The following table summarizes the major revenue sources and expenditures from original to final budget for 2022:

Description	Original Budget	Final Budget	Change
Revenues:			
Property and Other Taxes	\$518,883	\$518,883	\$0
Income Taxes	4,640,422	4,640,422	0
Intergovernmental Revenue	210,182	210,182	0
Other Revenues	973,328	973,328	0
Total Revenues	6,342,815	6,342,815	0
Expenditures:			
Security of Persons/Property	3,392,620	3,572,620	180,000
General Government	1,627,887	1,781,119	153,232
Other Expenditures	1,196,475	1,254,475	58,000
Total Expenditures	6,216,982	6,608,214	391,232

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

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

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

The following table summarizes the major revenue sources and expenditures from final budget to actual results for 2022:

Description	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Property and Other Taxes	\$518,883	\$807,697	\$288,814
Income Taxes	4,640,422	4,951,464	311,042
Intergovernmental Revenue	210,182	205,622	(4,500)
Other Revenues	973,328	893,666	(79,662)
Total Revenues	6,342,815	6,858,449	515,634
Expenditures:			
Security of Persons/Property	3,572,620	3,278,290	294,330
General Government	1,781,119	1,465,874	315,245
Other Expenditures	1,254,475	752,009	502,466
Total Expenditures	6,608,214	5,496,173	1,112,041

The property and other taxes include hotel and cinema taxes which were still down in 2021 with the health orders in place for most of the year. During 2022, those measures were greatly reduced which allowed the values and over night stays to increase. The income tax revenue rose again with more residents in the City as well expansion of the joint economic development districts. The City was able to bring the final expenditures in under budget by about seventeen percent with the police department accounting for about 28% the reduction. The other expenditures are under the final budget as the City continues to work through the CRA agreements and determine how much the developers owe the City. Once that revenue is calculated then the schools will be paid.

Capital Assets and Debt Administration

Capital Assets: The City's investment in net capital assets for its governmental and business type activities as of December 31, 2022, totaled \$13.6 million (net of accumulated depreciation and related debt). This net investment in capital assets includes land, buildings and systems, improvements, equipment and machinery.

The largest change was the infrastructure improvements where American Recovery and Rescue Act funding was applied. For more information on the governmental and business-type capital assets see Note 7 in the notes to the financial statements.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

Long-term Debt: At the end of 2022, the City had one special obligation and three general obligation bonds outstanding of \$7.8 million in governmental activities. The City retired \$415,000 in principal related to special obligation and general obligation bonds during the year but also issued \$2.6 million for the park improvements. The City also has \$2.5 million in business-type debt between the water and wastewater funds. See Note 12 for further information on the City's long-term debt.

Economic Factors affecting the City

Surrounded by hills and woods, with July 1, 2022 population of almost 6,500 (<https://www.census.gov/quickfacts/milfordcityohio>), Milford is Clermont County's only city, is a focal point of new business development in the Greater Cincinnati Area. Milford has preserved the charms of its natural setting and historic downtown while creating a modern infrastructure that makes it a great place to live, work, play and grow.

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

As the River's Edge development has grown over the past decade, the City hosts a multitude of restaurants, Target, Wal-Mart, a top line cinema and four top class hotel accommodations. The area has several parcels under development in 2023 that will bring additional funds into the City's general fund. The City has focused on downtown (Main Street) development over the past several years with the Riverwalk development along the Little Miami River and several new or updated restaurants and store fronts. With the completion of the additional parking lot located on Main Street and the 2020 purchase, the City added significant parking to allow for residents and other communities to enjoy the increased entertainment. The City worked to continue improving the downtown business environment during 2021 and 2022.

CITY OF MILFORD, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022
(Unaudited)

The City has expanded its capacity for income tax revenue by working with Union Township and creating Joint Economic Development Districts (JEDD) around State Route 32 and Interstate 275. The City and Township created the first JEDD in 2006 around the Ivy Pointe Development. During 2012, the City and Township created another JEDD around the new Jungle Jim's market in Eastgate that started collections during the second half of 2012. During 2013, the City and Township worked on expanding to more JEDDs in the area. With the City's boundaries being restricted, using mechanisms, such as this, will allow the City to work with the surrounding Townships to help both the City and Township generate additional revenue as other revenues like local government funding are being reduced. In 2014, the City added a fourth JEDD to include the Mt. Carmel Brewery. The City added another JEDD in 2018 around the West Clermont School complex. The City added another JEDD in 2019 on the old high Glen Este high school site that is being redeveloped. The City continues to explore ways to increase the income tax base outside of the City limits. The City added another JEDD in 2021 along Roundbottom Road which includes in the new Hamilton safe facility. These districts generated over \$251,000 in income tax revenue for the City with a total in the City's custodial fund of \$3.5 million with Union Township receiving the majority of funds.

Requests for Information

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

CITY OF MILFORD, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2022

	Governmental Activities	Business-Type Activities	Total	Component Unit
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$ 10,562,803	\$ 3,300,121	\$ 13,862,924	\$ 67,259
Receivables (net of allowance for doubtful accounts):				
Taxes-Real & Personal Property	4,062,520	-	4,062,520	-
Taxes-Municipal Income	1,134,457	-	1,134,457	-
Accounts	476,330	310,136	786,466	-
Interest	7,905	7,905	15,810	-
Leases	154,365	-	154,365	-
Due from Other Governments	3,604,181	-	3,604,181	-
Net OPEB Assets	202,032	166,839	368,871	-
Nondepreciable Capital Assets:				
Land	3,104,008	331,414	3,435,422	-
Construction In Progress	173,396	146,783	320,179	-
Depreciable Capital Assets:				
Plant	-	6,182,808	6,182,808	-
Water/Sewer Lines	-	8,355,670	8,355,670	-
Buildings and Improvements	6,126,810	-	6,126,810	-
Improvements other than Buildings	3,654,518	14,286,296	17,940,814	-
Furniture, Equipment and Vehicles	2,852,705	1,337,612	4,190,317	-
Less: Accumulated Depreciation	(7,003,908)	(18,171,126)	(25,175,034)	-
Total Assets	29,112,122	16,254,458	45,366,580	67,259
Deferred Outflows of Resources:				
Pensions	1,604,199	228,407	1,832,606	-
OPEB	495,467	2,199	497,666	-
Total Deferred Outflow of Resources	2,099,666	230,606	2,330,272	-
Total Assets and Deferred Outflows of Resources	\$ 31,211,788	\$ 16,485,064	\$ 47,696,852	\$ 67,259
Liabilities:				
Accounts Payable	134,241	108,639	242,880	-
Contracts Payable	12,662	-	12,662	-
Accrued Wages and Benefits	45,401	18,741	64,142	-
Due to Other Governments	428,140	2,624	430,764	-
Accrued Interest Payable	56,375	-	56,375	-
Long Term Liabilities due within 1 year	1,167,229	383,058	1,550,287	-
Long Term Liabilities due over 1 year				
Net Pension Liability	4,501,862	497,959	4,999,821	-
Net OPEB Liability	684,042	-	684,042	-
Other Long Term Liabilities due over 1 year	7,039,745	2,149,636	9,189,381	-
Total Liabilities	14,069,697	3,160,657	17,230,354	-
Deferred Inflows of Resources:				
Pensions	2,118,637	623,545	2,742,182	-
OPEB	488,169	185,738	673,907	-
Intergovernmental agreements	3,225,000	-	3,225,000	-
Leases	154,365	-	154,365	-
Property Tax Levy for Next Fiscal Year	3,903,061	-	3,903,061	-
Total Deferred Inflows of Resources	9,889,232	809,283	10,698,515	-
NET POSITION				
Net Investment in Capital Assets	3,516,940	9,986,348	13,503,288	-
Restricted:				
Transportation	79,698	-	79,698	-
Culture and Recreation	2,787,771	-	2,787,771	-
Protection of Citizens	1,406,197	-	1,406,197	-
Debt Service	5,436	-	5,436	-
Capital Improvements	65,959	-	65,959	-
Unrestricted	(609,142)	2,528,776	1,919,634	67,259
Total Net Position	7,252,859	12,515,124	19,767,983	67,259
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 31,211,788	\$ 16,485,064	\$ 47,696,852	\$ 67,259

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Function/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit
					Governmental Activities	Business-Type Activities	
Governmental Activities:							
Security of Persons and Property	\$ (6,332,399)	\$ 391,078	\$ 183,896	\$ -	\$ (5,757,425)	\$ -	\$ -
Public Health and Welfare	(417,820)	311,634	126,665	-	20,479	-	-
Leisure Time Activities	(123,210)	42,219	273,209	-	192,218	-	-
Transportation	(1,177,307)	10,196	708,550	-	(458,561)	-	-
General Government	(1,384,608)	204,562	90,476	-	(1,089,570)	-	(1,200)
Interest and Fiscal Charges	(229,443)	-	-	-	(229,443)	-	-
Total Governmental Activities	(9,664,787)	959,689	1,382,796	-	(7,322,302)	-	(1,200)
Business-Type Activities:							
Water	(1,084,679)	1,282,842	-	4,911	-	203,074	-
Wastewater	(1,259,454)	897,516	-	73,658	-	(288,280)	-
Stormwater Management	(422,771)	496,737	-	73,659	-	147,625	-
Total Business-Type Activities	(2,766,904)	2,677,095	-	152,228	-	62,419	-
Total	(12,431,691)	\$ 3,636,784	\$ 1,382,796	\$ 152,228	(7,322,302)	62,419	(1,200)
General Revenues:							
Income Taxes					5,626,413	-	-
Property Taxes					3,278,720	-	-
Franchise Fee Taxes					97,379	-	-
Cinema Admissions Taxes					44,165	-	-
Hotel Taxes					257,236	-	-
Permissive Sale Taxes					141,029	-	-
Grants and Contributions not restricted to specific programs					281,834	-	18,113
Unrestricted investment earnings					(49,679)	(92,150)	372
Miscellaneous					31,197	-	-
Total General Revenues					9,708,294	(92,150)	18,485
Transfers					137,344	(137,344)	-
Changes in Net Position					2,523,336	(167,075)	17,285
Net Position-Beginning					4,729,523	12,682,199	17,411,722
Net Position-Ending					\$ 7,252,859	\$ 12,515,124	\$ 19,767,983
							\$ 67,259

See accompanying notes to the basic financial statements

**CITY OF MILFORD, OHIO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Park Levy	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Cash Equivalents	\$ 6,219,131	\$ 545,406	\$ 65,376	\$ 2,447,073	\$ 1,285,817	\$ 10,562,803
Receivables (net of allowance for doubtful accounts):						
Taxes-Real & Personal Property	607,815	2,859,883	-	594,822	-	4,062,520
Taxes-Municipal Income	1,102,891	-	-	-	31,566	1,134,457
Accounts	476,330	-	-	-	-	476,330
Interest	7,905	-	-	-	-	7,905
Leases	154,365	-	-	-	-	154,365
Due from Other Governments	66,636	69,871	3,225,000	3,720	238,954	3,604,181
Total Assets	8,635,073	3,475,160	3,290,376	3,045,615	1,556,337	20,002,561
Liabilities:						
Accounts Payable	103,766	245	-	-	30,230	134,241
Contracts Payable	-	-	-	12,662	-	12,662
Accrued Wages and Benefits	42,035	-	-	-	3,366	45,401
Due to Other Governments	427,668	-	-	-	472	428,140
Total Liabilities	573,469	245	-	12,662	34,068	620,444
Deferred Inflows of Resources:						
Property Tax Levy for Next Fiscal Year	542,281	2,782,014	-	578,765	-	3,903,060
Delinquent Property Taxes	15,209	77,869	-	16,057	-	109,135
Income Taxes	757,578	-	-	-	31,566	789,144
Leases	154,365	-	-	-	-	154,365
County Shared Revenues	22,636	69,871	3,225,000	3,720	-	3,321,227
State Shared Revenues	36,422	-	-	-	198,968	235,390
Other miscellaneous revenues	503,353	-	-	-	-	503,353
Total Deferred Inflows of Resources:	2,031,844	2,929,754	3,225,000	598,542	230,534	9,015,674
Fund Balances:						
Restricted	-	545,161	65,376	2,434,411	1,300,112	4,345,060
Assigned	1,495,317	-	-	-	-	1,495,317
Unassigned	4,534,443	-	-	-	(8,377)	4,526,066
Total Fund Balances	6,029,760	545,161	65,376	2,434,411	1,291,735	10,366,443
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 8,635,073	\$ 3,475,160	\$ 3,290,376	\$ 3,045,615	\$ 1,556,337	\$ 20,002,561

See accompanying notes to the basic financial statements

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

DECEMBER 31, 2022

Fund Balances - Governmental Funds		\$ 10,366,443
Amounts reported for governmental activities in the statement of net position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		8,907,529
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		1,733,248
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reporting in governmental funds.		
Deferred Outflows - Pension/OPEB	2,099,666	
Deferred Inflows - Pension/OPEB	(2,606,806)	
Net Pension/OPEB Liability/Asset	<u>(4,983,872)</u>	(5,491,012)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.		<u>(8,263,349)</u>
Net Position of governmental activities		<u>\$ 7,252,859</u>

CITY OF MILFORD, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General	Fire/ EMS Levy	Sports Complex Land Improvement	Park Levy	Other Governmental Funds	Total Governmental Funds
Revenues:						
Income Taxes	\$ 4,955,148	\$ -	\$ -	\$ -	\$ 207,643	\$ 5,162,791
Property and Other Taxes	792,960	2,685,597	-	-	-	3,478,557
Intergovernmental	305,133	142,208	249,866	-	1,186,458	1,883,665
Charges for Services	478,393	-	-	-	112,052	590,445
Licenses and Permits	102,031	-	-	-	-	102,031
Investment Earnings	(64,043)	3,889	510	6,452	3,514	(49,678)
Fines and Forfeitures	179,724	-	-	-	13,380	193,104
All Other Revenues	89,155	-	-	5,106	36,757	131,018
Total Revenues	6,838,501	2,831,694	250,376	11,558	1,559,804	11,491,933
Expenditures:						
Current:						
Security of Persons and Property	3,301,128	2,755,302	-	-	-	6,056,430
Public Health and Welfare	283,908	-	-	-	210,725	494,633
Leisure Time Activities	151,222	-	-	173,397	-	324,619
Transportation	467,363	-	-	-	818,830	1,286,193
General Government	1,520,202	-	-	-	11,955	1,532,157
Capital Outlay	-	-	-	-	261,200	261,200
Debt Service:						
Principal Retirement	-	-	-	-	415,000	415,000
Interest and Fiscal Charges	-	-	-	3,750	183,603	187,353
Total Expenditures	5,723,823	2,755,302	-	177,147	1,901,313	10,557,585
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,114,678	76,392	250,376	(165,589)	(341,509)	934,348
Other Financing Sources (Uses):						
Face Value of Issued Debt	-	-	-	2,600,000	-	2,600,000
Transfers - In	-	-	-	-	1,246,322	1,246,322
Transfers - Out	(812,525)	-	(250,672)	-	(45,781)	(1,108,978)
Total Other Financing Sources (Uses)	(812,525)	-	(250,672)	2,600,000	1,200,541	2,737,344
Change in Fund Balances	302,153	76,392	(296)	2,434,411	859,032	3,671,692
Fund Balances at Beginning of Year	5,727,607	468,769	65,672	-	432,703	6,694,751
Fund Balances at End of Year	\$ 6,029,760	\$ 545,161	\$ 65,376	\$ 2,434,411	\$ 1,291,735	\$ 10,366,443

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Net Change in Fund Balances - total governmental funds	\$ 3,671,692
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	252,445
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	557,090
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of of these differences in the treatment of long-term debt and related items.	(2,225,334)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	649,804
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.	(365,602)
Some items reported in the statement of activities do not require the use of current financial current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(16,759)</u>
Change in net position of governmental activities	<u><u>\$ 2,523,336</u></u>

CITY OF MILFORD, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2022

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Assets:				
<u>Current Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$ 901,514	\$ 1,017,694	\$ 1,380,913	\$ 3,300,121
Receivables (net of allowances for doubtful accounts):				
Accounts	141,690	106,611	61,835	310,136
Interest	3,162	3,162	1,581	7,905
Total Current Assets	<u>1,046,366</u>	<u>1,127,467</u>	<u>1,444,329</u>	<u>3,618,162</u>
<u>Noncurrent Assets:</u>				
Net OPEB Assets	74,070	63,889	28,880	166,839
<u>Nondepreciable Capital Assets:</u>				
Land	103,988	227,426	-	331,414
Construction in Progress	104,382	42,401	-	146,783
<u>Depreciable Capital Assets:</u>				
Improvements Other than Buildings	4,303,950	7,001,670	2,980,676	14,286,296
Furniture, Fixtures, Equipment	668,778	580,653	88,181	1,337,612
Water and Sewer Line	3,727,898	4,627,772	-	8,355,670
Plant	2,051,892	4,130,916	-	6,182,808
Less: Accumulated Depreciation	<u>(6,499,216)</u>	<u>(10,151,284)</u>	<u>(1,520,626)</u>	<u>(18,171,126)</u>
Total Capital Assets (net of (accumulated depreciation)	<u>4,461,672</u>	<u>6,459,554</u>	<u>1,548,231</u>	<u>12,469,457</u>
Total Noncurrent Assets	<u>4,535,742</u>	<u>6,523,443</u>	<u>1,577,111</u>	<u>12,636,296</u>
Total Assets	<u>5,582,108</u>	<u>7,650,910</u>	<u>3,021,440</u>	<u>16,254,458</u>
Deferred Outflows of Resources:				
Pensions	101,402	87,464	39,541	228,407
OPEB	976	842	381	2,199
Total Deferred Outflows of Resources	<u>102,378</u>	<u>88,306</u>	<u>39,922</u>	<u>230,606</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,684,486</u>	<u>\$ 7,739,216</u>	<u>\$ 3,061,362</u>	<u>\$ 16,485,064</u>

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF NET POSITION
ENTERPRISE FUNDS
DECEMBER 31, 2022

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Liabilities				
<u>Current Liabilities:</u>				
Accounts Payable	\$ 46,853	\$ 61,539	\$ 247	\$ 108,639
Accrued Wages and Benefits	10,737	6,785	1,219	18,741
Due to Other Governments	1,503	950	171	2,624
Compensated Absences Payable - Current	22,762	11,901	3,124	37,787
Ohio Water Development				
Authority Loans Payable - Current	106,562	156,551	-	263,113
OPWC Loan Payable - Current	17,916	64,242	-	82,158
Total Current Liabilities	<u>206,333</u>	<u>301,968</u>	<u>4,761</u>	<u>513,062</u>
<u>Noncurrent Liabilities:</u>				
Compensated Absences Payable	7,246	3,315	1,237	11,798
Ohio Water Development				
Authority Loans Payable	847,180	750,924	-	1,598,104
OPWC Loans Payable	173,270	366,464	-	539,734
Net Pension Liability	221,071	190,684	86,204	497,959
Total Noncurrent Liabilities	<u>1,248,767</u>	<u>1,311,387</u>	<u>87,441</u>	<u>2,647,595</u>
Total Liabilities	<u>1,455,100</u>	<u>1,613,355</u>	<u>92,202</u>	<u>3,160,657</u>
Deferred Inflows of Resources:				
Pensions	276,825	238,775	107,945	623,545
OPEB	82,459	71,125	32,154	185,738
Total Deferred Inflows of Resources	<u>359,284</u>	<u>309,900</u>	<u>140,099</u>	<u>809,283</u>
Net Position				
Net Investment in Capital Assets	3,316,744	5,121,373	1,548,231	9,986,348
Unrestricted	553,358	694,588	1,280,830	2,528,776
Total Net Position	<u>3,870,102</u>	<u>5,815,961</u>	<u>2,829,061</u>	<u>12,515,124</u>
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 5,684,486</u>	<u>\$ 7,739,216</u>	<u>\$ 3,061,362</u>	<u>\$ 16,485,064</u>

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Wastewater	Stormwater Management	Totals
<u>Operating Revenues:</u>				
Charges for Services	\$ 1,254,375	\$ 888,877	\$ 495,622	\$ 2,638,874
Other Operating Revenues	28,467	8,639	1,115	38,221
Total Operating Revenues	1,282,842	897,516	496,737	2,677,095
<u>Operating Expenses:</u>				
Personal Services	343,841	329,312	140,505	813,658
Materials and Supplies	199,914	153,310	96,685	449,909
Contractual Services	228,017	265,356	11,793	505,166
Other Operating Expenses	31,937	15,280	5,094	52,311
Depreciation	261,452	486,605	168,694	916,751
Total Operating Expenses	1,065,161	1,249,863	422,771	2,737,795
Operating Income (Loss)	217,681	(352,347)	73,966	(60,700)
<u>Non-Operating Revenues (Expenses):</u>				
Investment Earnings	(40,095)	(37,866)	(14,189)	(92,150)
Interest and Fiscal Charges	(19,518)	(9,591)	-	(29,109)
Grants	4,911	73,658	73,659	152,228
Total Non-Operating Revenues (Expenses)	(54,702)	26,201	59,470	30,969
Income (Loss) Before Transfers	162,979	(326,146)	133,436	(29,731)
Transfers Out	(45,781)	(45,781)	(45,782)	(137,344)
Change in Net Position	117,198	(371,927)	87,654	(167,075)
Total Net Position - Beginning	3,752,904	6,187,888	2,741,407	12,682,199
Total Net Position - Ending	\$ 3,870,102	\$ 5,815,961	\$ 2,829,061	\$ 12,515,124

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS

	Water	Wastewater	Stormwater Management	Totals
Increase (Decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$ 1,244,691	\$ 881,586	\$ 496,011	\$ 2,622,288
Cash Paid for Employee Services and Benefits	(549,263)	(457,485)	(194,591)	(1,201,339)
Cash Paid to Suppliers for Goods and Services	(425,806)	(419,657)	(136,856)	(982,319)
Other Operating Revenues	28,467	8,639	1,115	38,221
Other Operating Expenses	(20,099)	(12,885)	(5,094)	(38,078)
Net Cash Provided by Operating Activities	277,990	198	160,585	438,773
<u>Cash Flows from Noncapital Financing Activities:</u>				
Transfers-out to Other Funds	(45,781)	(45,781)	(45,782)	(137,344)
Net Cash (Used for) Noncapital Financing Activities	(45,781)	(45,781)	(45,782)	(137,344)
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Capital Grant Contributions	4,911	73,658	73,659	152,228
Acquisition and Construction of Assets	(32,668)	(19,647)	(26,827)	(79,142)
Principal Paid on Loans Payable	(122,512)	(219,348)	-	(341,860)
Interest Paid on All Debt	(19,518)	(9,591)	-	(29,109)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(169,787)	(174,928)	46,832	(297,883)
<u>Cash Flows from Investing Activities:</u>				
Change in the Fair Value of Investments	(47,118)	(47,118)	(23,559)	(117,795)
Interest	5,775	8,004	8,746	22,525
Net Cash (Used for) Investing Activities	(41,343)	(39,114)	(14,813)	(95,270)
Net Increase (Decrease) in Cash and Cash Equivalents	21,079	(259,625)	146,822	(91,724)
Cash and Cash Equivalents at Beginning of Year	880,435	1,277,319	1,234,091	3,391,845
Cash and Cash Equivalents at End of Year	<u>\$ 901,514</u>	<u>\$ 1,017,694</u>	<u>\$ 1,380,913</u>	<u>\$ 3,300,121</u>

**CITY OF MILFORD, OHIO
STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

	BUSINESS-TYPE ACTIVITIES--ENTERPRISE FUNDS			
	Water	Wastewater	Stormwater Management	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	\$ 217,681	\$ (352,347)	\$ 73,966	\$ (60,700)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation Expense	261,452	486,605	168,694	916,751
Change in Assets and Liabilities:				
(Increase) Decrease in Accounts Receivable	(9,684)	(7,291)	389	(16,586)
Increase in Due to Other Governments	470	96	28	594
Increase (Decrease) in Accounts Payables	13,963	1,404	(28,378)	(13,011)
Increase in Accrued Wages and Benefits	3,360	686	196	4,242
Increase in Compensated Absences Payable	851	2,215	1,455	4,521
Net (Decrease) in GASB 75 OPEB Items	(132,890)	(71,468)	(29,264)	(233,622)
Net (Decrease) in GASB 68 Pension Items	(77,213)	(59,702)	(26,501)	(163,416)
Total Adjustments	60,309	352,545	86,619	499,473
Net Cash Provided by Operating Activities	<u>\$ 277,990</u>	<u>\$ 198</u>	<u>\$ 160,585</u>	<u>\$ 438,773</u>

Non-cash disclosure:

The City reported \$18,172 of construction in progress that is included in accounts payable at 2022 year end in the Water fund and \$42,401 of construction in progress in the Wastewater fund.

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
DECEMBER 31, 2022

	Joint Economic Development Districts	Mayor's Court	Total Custodial Funds
Assets:			
Cash and Cash Equivalents in Segregated Accounts	\$ 372,416	\$ 12,643	\$ 385,059
Total Assets	372,416	12,643	385,059
Liabilities:			
Total Liabilities	-	-	-
Net Position			
Restricted - Mayor's Court	-	12,643	12,643
Restricted - Governmental Agreements	372,416	-	372,416
Total Net Position	\$ 372,416	\$ 12,643	\$ 385,059

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - CUSTODIAL FUNDS
FOR THE YEAR FISCAL YEAR ENDED DECEMBER 31, 2022

	Joint Economic Development Districts	Mayor's Court	Total Custodial Funds
<u>Additions:</u>			
Income Tax Collections	\$ 3,525,703	\$ -	\$ 3,525,703
Release Prior Year Retainer	37,049	-	37,049
Interest Earnings	1,058	-	1,058
Fines and Forfeitures	-	228,569	228,569
Miscellaneous	3,617	-	3,617
Total Additions	<u>3,567,427</u>	<u>228,569</u>	<u>3,795,996</u>
<u>Deductions:</u>			
City of Milford	251,602	190,479	442,081
Union Township	3,109,415	-	3,109,415
Distributions to Other Governments	-	41,967	41,967
Other Distributions	-	303	303
Administrative costs	108,672	-	108,672
Total Deductions	<u>3,469,689</u>	<u>232,749</u>	<u>3,702,438</u>
Net Increase (Decrease) in Fiduciary Net Position	97,738	(4,180)	93,558
Beginning Net Position - Restated	274,678	16,823	291,501
Ending Net Position	<u>\$ 372,416</u>	<u>\$ 12,643</u>	<u>\$ 385,059</u>

See accompanying notes to the basic financial statements

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 - REPORTING ENTITY AND BASIS OF ACCOUNTING

A. Reporting Entity

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

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

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

B. Discretely Presented Component Unit

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

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

C. Basis of Presentation – Fund Accounting

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Measurement Focus Basis of Accounting and Financial Statement Presentation

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose of which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets, liabilities and deferred inflows of resources is reported as fund balance.

The City reports the following major governmental funds:

General Fund

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

Fire/EMS Levy Special Revenue Fund

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

Sports Complex Land Improvement Fund

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Park Levy Improvement Fund

Park Levy Improvement fund accounts for the acquisition of the land near the five points intersection. The City is constructing a new park at the location and issued a revenue bond to cover the construction.

The City reports the following major enterprise funds:

Water Fund

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

Wastewater Fund

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

Stormwater Management Fund

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

Additionally, the City reports the following fund types:

Fiduciary Funds:

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: private purpose trust funds, pension trust funds, investment trust funds and custodial funds. The City maintains one fiduciary agency fund. The City's custodial fund is custodial in nature and do not involve the measurement of results of operations. The City is serving as fiscal agent for the Joint Economic Development Districts between Union Township and the City. These monies are maintained in a custodial fund until distributed to the two governments. The City also reports the Mayor's Court activity in a custodial fund since the City has responsibility for distribution of fines and forfeitures received to the various entities described in the court documents.

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Cash and Cash Equivalents

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

During 2022, investments were limited to U.S. Governmental Agency Obligations, U.S. Treasury Notes, Commercial Paper and Money Market funds. Investments are reported at fair value which is based on quoted market prices. The fair value of open-end money market funds is based on the current share price.

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

Interest income is distributed to the funds according to ordinance as directed by the City's charter. Interest revenue credited to the general fund during 2022 amounted to (\$64,043), which includes \$0 assigned from other funds. The negative balance reported is from the change in the fair value of investment at year end. The fire/EMS levy special revenue fund, sports complex land improvement and park levy capital projects funds, debt service, street, state highway, permissive tax, and cemetery special revenue funds, and land acquisition capital project funds, water, wastewater, and stormwater enterprise funds also received interest of \$3,889; \$510; \$6,452; \$151; \$139; \$353; \$917; \$1,942; \$12; (\$40,095); (\$37,866); and (\$14,189) respectively.

C. Capital Assets and Depreciation

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

D. Compensated Absences

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Accrued Liabilities and Other Long-Term Obligations

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

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

F. Fund Balance

The City reports the following categories of fund balance:

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Interfund Transactions

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

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

H. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources in the statement of net position. Net position of net investment in capital assets is calculated, net of accumulated depreciation and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. None of the City’s \$4,345,061 restricted net position is restricted by enabling legislation.

I. Deferred Outflows of Resources

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Deferred Inflows of Resources

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

Property taxes for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance fiscal year 2023 operations, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. Deferred inflows of resources related to pension/OPEB are reported on the government-wide statement of net position (see Notes 8 and 9.) The City reports a deferred inflow for the Clermont County lodging tax revenue pledged to pay on the sports complex land bond obligation purchase. The reported amount matches the remaining principal balance owed. The City also reports a deferred inflow of resources for future lease receivable payments.

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

K. Exchange/Non-Exchange Transactions

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Pensions/OPEB

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

M. Estimates

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

N. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the funds.” The details of this (\$8,263,349) difference are as follows:

General Obligation Bonds	(\$4,600,000)
Special Obligation Bonds	(3,225,000)
Accrued Interest Payable	(56,375)
Compensated Absences	<u>(381,974)</u>
Net Adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>(\$8,263,349)</u></u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Another element of that reconciliation explains that “capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of \$8,907,529 difference are as follows:

Capital Assets	\$15,911,437
Accumulated Depreciation	<u>(7,003,908)</u>
Net Adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$8,907,529</u></u>

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

One element of that reconciliation states that “Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.” The details of this \$252,445 are as follows:

Current Capital Additions	\$721,237
Depreciation Expense	<u>(468,792)</u>
Net Adjustment - capital assets to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$252,445</u></u>

Another element of that reconciliation states that “The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any affect of net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this (\$2,225,334) are as follows:

Principal paid on Long Term Debt	\$415,000
Face Value of Bonds Issued	(2,600,000)
Amortization of Bond Premium Cost	1,756
Change in Interest Payable	<u>(42,090)</u>
Net Adjustment - current financial resources focus to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u><u>(\$2,225,334)</u></u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. At fiscal year-end, the carrying value of the City's deposits was \$9,748,796 and the bank balance was \$9,868,411. \$3,722,677 of the City's deposits was insured by federal depository insurance. At December 31, 2022, the \$6,145,734 of the City's remaining bank balance of \$9,868,411 was exposed to custodial credit risk. The CIC maintains a checking account with a carrying value of \$67,259 that is FDIC insured.

Investments

As of December 31, 2022, the City had the following investments.

Categorized Investments	Fair Value	Weighted Average Maturity (Years)	Fair Value Measuring Unit	Credit Rating	Concentration Percentage
Federal Home Loan Mortgage Corporation Notes	\$394,188	1.87	Level 2	NA	8.78%
Federal Home Loan Bank Notes	1,305,131	1.79	Level 2	NA	29.09%
U.S Treasury Note	269,237	0.87	Level 2	NA	6.00%
Commercial Paper	2,506,605	0.37	Level 1	Aa1/P-1	55.87%
Money Market Funds	11,453	0.16	Level 1	S& P - AAAM	0.26%
Total	<u>\$4,486,614</u>				

Fair Value Measurement

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS (CONTINUED)

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

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

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

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

NOTE 4 - PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2022 for real and public utility property taxes represents collections of 2021 taxes. Property tax payments received during 2022 for tangible personal property (other than public utility property) are for 2022 taxes.

2022 real property taxes are levied after October 1, 2021 on the assessed value as of January 1, 2022 the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2022.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2022 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 - PROPERTY TAXES (CONTINUED)

The full tax rate for all City operations for the year ended December 31, 2022, was \$3.00 per \$1,000 of assessed value for inside millage. Additionally, voted levies were \$12.50 per \$1,000 of assessed value for fire and emergency medical service. The assessed values of real and tangible personal property upon which 2022 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$177,595,640
Public Utility Tangible Personal Property	12,009,250
Total Property Tax	<u>\$189,604,890</u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Milford. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor are they intended to finance 2022 operations. The receivable is offset by unearned revenue.

NOTE 5 - INCOME TAX

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 5 - INCOME TAX (CONTINUED)

Income tax proceeds are to be used to pay the cost of administering the tax. After these costs are recovered the proceeds are allocated to the General Fund, the Parks and Recreation Fund and the Capital Improvement Capital Projects Fund. Income tax revenue (net of refunds) for 2022 was \$5,162,791.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2022, consisted primarily of property taxes, income taxes, accounts, interfund, interest on investments, and intergovernmental receivables arising from grants, entitlements and shared revenues. All receivables are considered fully collectible.

A summary of intergovernmental receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>MAJOR FUNDS</u>	
<i>General Fund:</i>	
Local Government	\$44,000
Homestead/Rollback	22,636
Total General Fund	<u>66,636</u>
<i>Fire/EMS Levy</i>	
Homestead/Rollback	<u>69,871</u>
<i>Sports Complex Land Improvement</i>	
County Pledged Revenues	<u>3,225,000</u>
<i>Park Levy</i>	
Homestead/Rollback	<u>3,720</u>
<u>NONMAJOR FUNDS</u>	
<i>Street Fund</i>	
Gasoline Excise Tax	161,611
Motor Vehicle License Tax	25,137
Total Street Fund	<u>186,748</u>
<i>State Highway Fund</i>	
Gasoline Excise Tax	13,104
Motor Vehicle License Tax	2,039
Total State Highway Fund	<u>15,143</u>
<i>Permissive Motor Vehicle License Fund</i>	
Permissive Tax	<u>37,063</u>
Total All Funds	<u><u>\$3,604,181</u></u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – CAPITAL ASSETS

	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Governmental Activities:				
Capital Assets, not being depreciated:				
Land	\$3,080,008	\$24,000	\$0	\$3,104,008
Construction in Progress	0	173,396	0	173,396
Total capital assets, not being depreciated	3,080,008	197,396	0	3,277,404
Capital Assets, being depreciated:				
Buildings	6,115,288	11,522	0	6,126,810
Improvements other than Buildings	3,260,135	394,383	0	3,654,518
Vehicles, Furniture and Equipment	2,736,769	117,936	(2,000)	2,852,705
Total capital assets being depreciated	12,112,192	523,841	(2,000)	12,634,033
Less Accumulated Depreciation For:				
Buildings	(3,379,234)	(204,802)	0	(3,584,036)
Improvements other than Buildings	(1,079,183)	(119,869)	0	(1,199,052)
Vehicles, Furniture and Equipment	(2,078,699)	(144,121)	2,000	(2,220,820)
Total Accumulated Depreciation	(6,537,116)	(468,792)	2,000	(7,003,908)
Total capital assets, being depreciated, net	5,575,076	55,049	0	5,630,125
Governmental Activities - Capital Assets, Net	\$8,655,084	\$252,445	\$0	\$8,907,529

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – CAPITAL ASSETS (CONTINUED)

	Balance 12/31/21	Increases	Decreases	Balance 12/31/22
Business Type Activities				
Capital Assets, not being depreciated				
Land	\$331,414	\$0	\$0	\$331,414
Construction in Progress	86,210	60,573	0	146,783
Total capital assets, not being depreciated	417,624	60,573	0	478,197
Capital Assets, being depreciated				
Improvements other than Buildings	14,259,469	26,827	0	14,286,296
Plant	6,182,808	0	0	6,182,808
Machinery and Equipment	1,285,297	52,315	0	1,337,612
Sewer and Water Lines	8,355,670	0	0	8,355,670
Total capital assets, being depreciated	30,083,244	79,142	0	30,162,386
Less Accumulated Depreciation For:				
Improvements other than Buildings	(6,157,189)	(514,851)	0	(6,672,040)
Plant	(5,084,627)	(118,549)	0	(5,203,176)
Machinery and Equipment	(857,927)	(186,628)	0	(1,044,555)
Sewer and Water Lines	(5,154,632)	(96,723)	0	(5,251,355)
Total Accumulated Depreciation	(17,254,375)	(916,751)	0	(18,171,126)
Total capital assets, being depreciated, net	12,828,869	(837,609)	0	11,991,260
Business Type Activities - Capital Assets, Net	\$13,246,493	(\$777,036)	\$0	\$12,469,457

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7 – CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:

Security of Persons and Property	\$112,817
Public Health and Welfare	5,765
Leisure Time Activities	16,183
Transportation	226,957
General Government	107,070
Total Depreciation Expense - governmental activities	<u>\$468,792</u>

Business Type Activities:

Water	\$261,452
Wastewater	486,605
Stormwater Management	168,694
Total Depreciation Expense – business-type activities	<u>\$916,751</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	<u>State and Local</u>
2022 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2022 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$271,786 for the year ending December 31, 2022. Of this amount, \$4,440 is reported as accrued wages and benefits.

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

	<u>Police</u>
2022 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee:	12.25 %
 2022 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>
Employee:	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$368,325 for 2022. Of this amount \$6,161 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021 to December 31, 2021. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net Pension Liability -			
Prior Measurement Year	0.012335%	0.0644530%	
Proportion of the Net Pension Liability -			
Current Measurement Year	<u>0.012654%</u>	<u>0.0624080%</u>	
Change in proportion	<u>0.000319%</u>	<u>-0.002045%</u>	
Proportionate Share of the Net Pension Liability	\$1,100,949	\$3,898,872	\$4,999,821
Pension Expense	(\$523,703)	\$115,061	(\$408,642)

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes in proportion and differences	\$ 39,473	\$ 134,327	\$ 173,800
Differences between expected and actual experience	56,058	112,420	168,478
Change in assumptions	137,673	712,544	850,217
City contributions subsequent to the measurement date	271,786	368,325	640,111
Total Deferred Outflows of Resources	<u>\$504,990</u>	<u>\$1,327,616</u>	<u>\$1,832,606</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$24,146	\$202,685	\$226,831
Net difference between projected and actual earnings on pension plan investments	1,309,539	1,022,225	2,331,764
Changes in proportion and differences	44,923	138,664	183,587
Total Deferred Inflows of Resources	<u>\$1,378,608</u>	<u>\$1,363,574</u>	<u>\$2,742,182</u>

\$640,111 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2023	(\$190,022)	\$39,333	(\$150,689)
2024	(439,140)	(284,349)	(723,489)
2025	(307,925)	(128,476)	(436,401)
2026	(208,317)	(93,305)	(301,622)
2027	0	62,514	62,514
Total	<u>(\$1,145,404)</u>	<u>(\$404,283)</u>	<u>(\$1,549,687)</u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

	<u>OPERS Traditional Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 15.3 percent for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	<u>100.00%</u>	<u>4.21%</u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 8 - DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the traditional pension plan, combined plan and member-directed plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$2,902,701	\$1,100,949	(\$398,348)

Actuarial Assumptions – OPF

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2021, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

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

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

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

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

Discount Rate For 2021, the total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$5,782,001	\$3,898,872	\$2,330,725

NOTE 9 – NET OPEB ASSET/LIABILITY

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2022.

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

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

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

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The City's contractually required contribution to OP&F was \$9,693 for 2022. Of this amount, \$163 is reported as an *accrued wages and benefits*.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

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

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability (asset) was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	
Proportion of the Net OPEB Asset/Liability:			
Current Measurement Date	0.011777%	0.0624080%	
Prior Measurement Date	<u>0.011488%</u>	<u>0.0624450%</u>	
Change in Proportionate Share	<u>0.0002890%</u>	<u>-0.0000370%</u>	
			<u>Total</u>
Proportionate Share of the Net OPEB Asset/Liability	(\$368,871)	\$684,042	\$315,171
OPEB Expense/(Income)	(\$362,432)	\$89,834	(\$272,598)

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

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Changes of assumptions	\$ -	\$ 302,779	\$ 302,779
Differences between expected and actual experience	0	31,118	31,118
Changes in proportionate share	4,863	149,213	154,076
City contributions subsequent to the measurement date	<u>0</u>	<u>9,693</u>	<u>9,693</u>
Total Deferred Outflows of Resources	<u>\$4,863</u>	<u>\$492,803</u>	<u>\$497,666</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$55,953	\$90,479	\$146,432
Changes of assumptions	149,316	79,448	228,764
Net difference between projected and actual earnings on OPEB plan investments	175,853	61,792	237,645
Changes in proportionate share	<u>29,529</u>	<u>31,537</u>	<u>61,066</u>
Total Deferred Inflows of Resources	<u>\$410,651</u>	<u>\$263,256</u>	<u>\$673,907</u>

\$9,693 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2023	(\$262,042)	\$70,585	(\$191,457)
2024	(80,067)	61,411	(18,656)
2025	(38,423)	56,417	17,994
2026	(25,256)	4,331	(20,925)
2027	0	13,555	13,555
Thereafter	<u>0</u>	<u>13,555</u>	<u>13,555</u>
Total	<u><u>(\$405,788)</u></u>	<u><u>\$219,854</u></u>	<u><u>(\$185,934)</u></u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

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

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

For 2020, pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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

During 2021, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 14.3 percent for 2021.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	7.00	1.93
Total	<u>100.00%</u>	<u>3.45%</u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

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

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
City's proportionate share of the net OPEB asset	(\$216,932)	(\$368,871)	(\$494,987)

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

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

Sensitivity of the City’s Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2022 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB asset	(\$372,860)	(\$368,871)	(\$364,145)

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

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

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	3.25 percent
Blended discount rate:	
Current measurement date	2.84 percent
Prior measurement date	2.96 percent
Cost of Living Adjustments	2.2 percent simple per year

In February 2022, the OP&F Board adopted a change in the investment rate of return, changing it from 8 percent for the 2020 measurement period to 7.5 percent for the 2021 measurement period.

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

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2021, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	3.60
Non-US Equity	14.00	4.40
Private Markets	8.00	6.80
Core Fixed Income *	23.00	1.10
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation Linked Bonds*	17.00	0.80
Midstream Energy Infrastructure	5.00	5.00
Real Assets	8.00	5.90
Gold	5.00	2.40
Private Real Estate	12.00	4.80
Total	<u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2x

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 9 – NET OPEB ASSET/LIABILITY (CONTINUED)

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. For 2020, the total OPEB liability was calculated using the discount rate of 2.96 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.05 percent at December 31, 2021, and 2.12 percent at December 31, 2020, was blended with the long-term rate of 7.5 percent for 2021 and 8 percent for 2020, which resulted in a blended discount rate of 2.84 percent for 2021 and 2.96 percent for 2020. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2037. The long-term expected rate of return on health care investments was applied to projected costs through 2037, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.84 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84 percent), or one percentage point higher (3.84 percent) than the current rate.

	1% Decrease (1.84%)	Current Discount Rate (2.84%)	1% Increase (3.84%)
City's proportionate share of the net OPEB liability	\$859,860	\$684,402	\$539,525

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10 - EMPLOYEE BENEFITS

Compensated Absences

Accumulated Unpaid Vacation

Full time City employees earn vacation leave at varying rates based upon length of service. Upon departure from City employment, an employee (or his estate) will be paid for unused vacation leave. For the City as a whole, the total obligation for vacation accrual amounted to \$254,284.

Accumulated Unpaid Sick Leave

Full time City employees earn sick leave at the rate of 3.70 hours per eighty hours of service. Sick leave is cumulative without limit. In the case of retirement, employees with ten (10) or more years of service will be paid twenty-five percent (25%) of accrued but unused sick leave, up to a maximum of 240 hours. For the City as a whole, the total obligation for sick leave accrual amounted to \$146,316.

Accumulated Unpaid Personal Leave

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

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

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

For the City as a whole, the total obligation for personal leave accrual amounted to \$30,960.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 10 - EMPLOYEE BENEFITS (CONTINUED)

Insurance Benefits

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

NOTE 11 - RISK MANAGEMENT

For 2022, the City contracted with McGowan Governmental Underwriters for general commercial coverage. The City had a general aggregate limit of \$3,000,000; personal injury limit of \$1,000,000.

Settled claims have not exceeded the City's coverage in any of the past three years. There was no significant decline in the level of coverage from the prior year. The Finance Director is covered by \$100,000 performance bond. All other employees are covered under Employee Dishonesty/crime coverage at a maximum of \$100,000 with a \$1,000 deductible.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of Salaries. This rate is calculated based on accident history and administrative cost. The rate for 2022 paid in 2023 was .013965 for non-emergency service employees and .102913 for safety service employees.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - LONG-TERM OBLIGATIONS

Issue Date	Interest Rate	Description	December 31, 2021	Additions	Reductions	December 31, 2022	Due Within One Year
Governmental activities:							
General Obligation Bonds							
2007	4.25% - 5.75%	Refunded Capital Facility	\$545,000	\$0	\$130,000	\$415,000	\$130,000
2017	2.50%	Public Works Building	1,725,000	0	140,000	1,585,000	140,000
2022	2.83%	Park Improvements	0	\$2,600,000	0	2,600,000	439,000
		Total General Obligation Bonds Payable	2,270,000	2,600,000	270,000	4,600,000	709,000
2007		Premium on Refunded GO Bonds	1,756	0	1,756	0	0
		Net General Obligation Bonds Payable	2,271,756	2,600,000	271,756	4,600,000	709,000
Special Obligation Nontax Revenue Bonds							
2019	2.70%-3.50%	Sports Complex Land	3,370,000	0	145,000	3,225,000	150,000
		Net Pension Liability					
		Public Employees Retirement System	1,002,773	0	399,783	602,990	0
		Ohio Police and Fire Pension	4,256,952	0	358,080	3,898,872	0
		Net OPEB Liability					
		Ohio Police and Fire Pension	661,619	22,423	0	684,042	0
		Compensated absences	365,215	358,837	342,078	381,974	308,229
		Total Governmental Activities	11,928,315	2,981,260	1,516,697	13,392,878	1,167,229
Business – Type Activities:							
2005	0.90%	OWDA Loans	676,968	0	110,310	566,658	111,306
2007	2.00%	OWDA Loans	534,376	0	71,858	462,518	73,303
2008	1.00%	OWDA Loans	163,084	0	21,046	142,038	21,257
2010	1.00%	OWDA Loans	222,530	0	23,751	198,779	23,988
2010	0.00%	OWDA Loans	58,043	0	6,828	51,215	6,828
2014	2.00%	OWDA Loans	146,077	0	5,058	141,019	5,160
2015	2.00%	OWDA Loans	319,842	0	20,852	298,990	21,271
2006	0.00%	OPWC Loans	424,550	0	60,650	363,900	60,650
2009	0.00%	OPWC Loans	88,946	0	11,050	77,896	11,050
2010	0.00%	OPWC Loans	51,934	0	2,734	49,200	2,734
2010	0.00%	OPWC Loans	18,463	0	858	17,605	858
2018	0.00%	OPWC Loans	120,156	0	6,866	113,290	6,866
		Net Pension Liability					
		Public Employees Retirement System	823,772	0	325,813	497,959	0
		Compensated absences	45,064	73,579	69,058	49,586	37,787
		Total Business – Type Activities	3,693,805	73,579	736,732	3,030,653	383,058
		All FUNDS	\$15,622,120	\$3,054,839	\$2,253,429	\$16,423,531	\$1,550,287

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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

In May 2022, the City issued \$2,600,000 general obligation bonds for Five Points Park Improvement project. The bonds were issued at an average 2.83% rate and will mature on December 1, 2027. The bonds will be paid from the park levy bond retirement fund.

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

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

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

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

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

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

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

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

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

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

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

The City has pledged a portion of future water and wastewater revenues to repay the OWDA and OPWC loans through final maturity on each debt obligation. The amount of future pledged revenues from the Water Fund is \$1,259,760 and from the Wastewater Fund is \$1,362,035 which equal the outstanding principal and interest obligations on the related debt.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

As of December 31, 2022, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$19,908,513, and the unvoted legal debt margin was \$10,428,269.

A summary of the City's long-term debt funding requirements as of December 31, 2022 is represented in the following schedules. Principal, interest and total debt service is provided for General Obligation Bonds, Ohio Water Development Authority Loans, and Ohio Public Works Commission Loans.

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

GOVERNMENTAL ACTIVITIES			
Special and General Obligation Bonds			
Years	Principal	Interest	Total
2023	\$859,000	\$271,139	\$1,130,139
2024	958,000	208,771	1,166,771
2025	983,000	180,389	1,163,389
2026	862,000	151,077	1,013,077
2027	883,000	127,482	1,010,482
2028-2032	1,740,000	420,123	2,160,123
2033-2037	1,060,000	196,659	1,256,659
2038-2039	480,000	25,375	505,375
Total	\$7,825,000	\$1,581,015	\$9,406,015

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 12 - LONG-TERM OBLIGATIONS (CONTINUED)

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

BUSINESS-TYPE ACTIVITIES

Years	Ohio Water Development Authority Loans		
	Principal	Interest	Total
2023	\$263,113	\$25,697	\$288,810
2024	267,015	22,235	289,250
2025	270,541	18,719	289,260
2026	274,120	13,863	287,983
2027	278,179	10,215	288,394
2028-2032	362,478	26,307	388,785
2033-2037	101,339	10,019	111,358
2038-2042	39,162	3,995	43,157
2043-2044	5,271	1,125	6,396
Totals	<u>\$1,861,217</u>	<u>\$132,175</u>	<u>\$1,993,392</u>

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

BUSINESS-TYPE ACTIVITIES

Years	Ohio Public Works Commission Loans		
	Principal	Interest	Total
2023	\$82,158	\$0	\$82,158
2024	82,158	0	82,158
2025	82,158	0	82,158
2026	82,158	0	82,158
2027	82,158	0	82,158
2028-2032	135,039	0	135,039
2033-2037	52,289	0	52,289
2038-2042	22,792	0	22,792
2043-2044	981	0	981
Totals	<u>\$621,891</u>	<u>\$0</u>	<u>\$621,891</u>

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 13 – NOTES PAYABLE

In 2021, the City issued \$540,000 in notes payable for the acquisition of the old Park National Bank Building and two parking lots on Main Street. The notes were issued at a 3.25 percent rate with a maturity date of October 5, 2022.

NOTE 14 – INTERFUND TRANSACTIONS

Following is a summary of transfers in and out for all funds for 2022:

Fund	Transfers	
	In	Out
MAJOR FUNDS		
General	\$0	\$812,525
Sports Complex Land Improvement	0	250,672
Water	0	45,781
Wastewater	0	45,781
Stormwater Management	0	45,782
Non-Major Governmental Funds	1,246,322	45,781
Total All Funds	<u>\$1,246,322</u>	<u>\$1,246,322</u>

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

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS

The Center for Local Government, a jointly governed organization, was established to improve public service delivery by the cities, townships and villages in the Greater Cincinnati metropolitan area, especially among its member jurisdictions, through improved information exchange, cost reductions, shared resources, interjurisdictional collaboration, and new approaches to capital equipment and skills acquisition. The Board of Trustees consists of five members made up of elected representatives from the participating governments. The City does not have any financial interest in or responsibility for the Center. The City made a \$0 financial contribution during 2022 for membership. Information can be obtained from the Center by writing to Director of the Center for Local Government, 10945 Reed Hartman Highway, Suite 303, Cincinnati, Ohio 45242.

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

OKI contracts periodically for local funds and other support with the governing board of each of the governments who are members of OKI or with such other persons as may be appropriate to provide such funds and support. The support is based on the population of the area represented. A Board of Trustees was created for conducting the activities of the OKI. This Board consists of one elected official of each City and municipal corporation, one individual selected by each City planning agency or commission and one person selected by each planning agency or commission of each municipal corporation located in each member City. This Board of Trustees then selects not more than ten residents of the OKI Region. The total membership of the Board of Trustees shall not exceed 100. Any member of OKI may withdraw its membership upon written notice to OKI to be effective two years after receipt of the notice by OKI. The City made no financial contribution during 2022. To obtain financial information, write to Director of Finance and Administration of the Ohio-Kentucky-Indiana Regional Council of Governments at 920 Pete Rose Way Suite 420, Cincinnati, Ohio, 45202.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 15 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

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

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

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

The TID contracts with local governments within Clermont County to assist in infrastructure projects. The City contracted with the TID in 2009 for a traffic study at the U.S 50/S.R.131 intersection. The City pledged \$175,000 to the TID in 2010 to pay for the study with payments through 2014. During 2022, the City paid \$0 to the TID. Copies of the TID's financial report are on file at the Clermont County Transportation Improvement District, 2381 Chamber Center Drive, Batavia, Ohio 45103.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 16 – CLAIMS PAYABLE

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

All funds of the City participate in the program and make payments to the Risk Management Fund based on actuarial estimates of the amounts needed to pay claims and actual amounts needed to pay fixed costs (premiums for stop-loss coverage and medical conversion and administrative fees and services). The plan changed the bylaws during fiscal year 2015 that allows for a participant to leave the plan without any claims following them. Also, for fiscal years 2015 - 2022, the plan was running a surplus net position.

NOTE 17 – FUND BALANCE ALLOCATION

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

Fund Balance	General	Sports			
		Fire/EMS Levy	Complex Land Improvement	Park Levy	Other Governmental
Restricted:					
Debt Service	\$0	\$0	\$0	\$0	\$5,436
Public Safety	0	545,161	0	0	83,818
Cemetery Service	0	0	0	0	281,010
Transportation	0	0	0	0	195,529
Public Health	0	0	0	0	661,386
Parks and Recreation	0	0	0	2,434,411	0
Capital Improvements	0	0	65,376	0	72,933
Total Restricted	0	545,161	65,376	2,434,411	1,300,112
Assigned:					
Budget Appropriation	1,358,348	0	0	0	0
Parks and Recreation	136,969	0	0	0	0
Unassigned	4,534,443	0	0	0	(8,377)
Total Fund Balance	\$6,029,760	\$545,161	\$65,376	\$2,434,411	\$1,291,735

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 18 - CONTINGENT LIABILITIES

LITIGATION

The City is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City. The City had no pending litigation as of December 31, 2022.

STATE GRANTS

For the period January 1, 2022 to December 31, 2022, the City received State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 19 – CONTRACTUAL COMMITMENTS

The City has several outstanding contracts for construction projects. The following amounts remain on these contracts as of December 31, 2022:

<u>Project</u>	<u>Outstanding Balance</u>
Wallace and Garfield Water Lines	\$1,292,000
Water Tower Design	3,000,000
Jim Terrell Park Canoe/Kayak Launch	295,588

NOTE 20 – DEFICIT FUND BALANCE

The cemetery fund reports a negative fund balance of \$8,377 as the general accepted accounting principles entries effect the balance. The City would transfer cash as needed to cover the deficit.

CITY OF MILFORD, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 21 – COVID -19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

For fiscal year 2022, the City implemented GASB Statement No. 87, "Leases". GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The implementation of statement no impact on the beginning net position or fund balance for the City. The City did restate the General Fund beginning assets and deferred inflows of resources by \$181,961 for leases receivable.

The City did not include the activity from the Mayor's Court custodial fund in prior years. The information is presented on the fiduciary statements for fiscal year 2022, which included a restatement to the beginning net position of \$16,823.

THE CITY OF MILFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022

GENERAL FUND

	Budget		Actual	Variance Positive (Negative)
	Initial	Final		
Revenues:				
Property and Other Local Taxes	\$ 518,883	\$ 518,883	\$ 807,697	\$ 288,814
Income Taxes	4,640,422	4,640,422	4,951,464	311,042
Intergovernmental	210,182	210,182	205,622	(4,560)
Charges for Services	434,000	434,000	476,398	42,398
Licenses and Permits	167,320	167,320	100,036	(67,284)
Investment Earnings	50,000	50,000	45,179	(4,821)
Fines and Forfeitures	218,350	218,350	179,599	(38,751)
Other All Revenue	103,658	103,658	92,454	(11,204)
Total Revenue	6,342,815	6,342,815	6,858,449	515,634
Expenditures:				
Current:				
Security of Persons and Property:				
Police				
Personal Services	2,871,542	3,017,042	2,882,506	134,536
Other	362,500	397,000	325,819	71,181
Total Police	3,234,042	3,414,042	3,208,325	205,717
Building Inspection				
Other	158,578	158,578	69,965	88,613
Total Building Inspection	158,578	158,578	69,965	88,613
Total Security of Persons and Property	3,392,620	3,572,620	3,278,290	294,330
Public Health and Welfare Services:				
Health				
Other	31,000	31,000	29,349	1,651
Total Health	31,000	31,000	29,349	1,651
Grounds and Facilities				
Personal Services	227,425	232,525	213,933	18,592
Other	64,650	62,050	39,366	22,684
Total Grounds and Facilities	292,075	294,575	253,299	41,276
Total Public Health and Welfare	323,075	325,575	282,648	42,927
Transportation				
Public Works - Administration				
Other	453,400	476,900	469,361	7,539
Total Transportation	453,400	476,900	469,361	7,539
General Government				
Mayor's Court				
Personal Services	98,891	106,791	101,138	5,653
Other	21,610	23,410	18,409	5,001
Total Mayor's Court	120,501	130,201	119,547	10,654
City Council				
Personal Services	39,575	41,125	38,546	2,579
Other	45,480	46,730	39,504	7,226
Total City Council	85,055	87,855	78,050	9,805
Five Points Building				
Other	101,500	101,500	82,628	18,872
Total Five Points Building	101,500	101,500	82,628	18,872
Civil Defense				
Other	4,100	4,100	1,740	2,360
Total Civil Defense	4,100	4,100	1,740	2,360

(continued)

THE CITY OF MILFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022

	GENERAL FUND			Variance Positive (Negative)
	Initial	Budget Final	Actual	
City Manager				
Personal Services	\$ 287,569	\$ 303,919	\$ 253,620	\$ 50,299
Other	135,520	185,500	117,889	67,611
Total City Manager	423,089	489,419	371,509	117,910
Law Director				
Personal Services	115,847	82,047	74,143	7,904
Other	10,500	52,500	33,372	19,128
Total Law Director	126,347	134,547	107,515	27,032
Department of Civil Service				
Other	5,200	11,200	4,636	6,564
Total Department of Civil Service	5,200	11,200	4,636	6,564
Finance and Accounting				
Personal Services	170,522	183,922	169,160	14,762
Other	59,600	62,700	56,989	5,711
Total Finance and Accounting	230,122	246,622	226,149	20,473
Administration				
Other	72,500	78,500	65,551	12,949
Total Administration	72,500	78,500	65,551	12,949
Engineering				
Other	48,750	53,750	43,795	9,955
Total Engineering	48,750	53,750	43,795	9,955
Development				
Personal Services	120,080	148,482	119,181	29,301
Other	23,950	27,750	19,385	8,365
Total Development	144,030	176,232	138,566	37,666
Income Tax				
Personal Services	100,535	101,260	70,498	30,762
Other	166,158	165,933	155,690	10,243
Total Income Tax	266,693	267,193	226,188	41,005
Total General Government	1,627,887	1,781,119	1,465,874	315,245
Intergovernmental	420,000	452,000	-	452,000
Total Expenditures	6,216,982	6,608,214	5,496,173	1,112,041
Excess of Revenues Over (Under) Expenditures	125,833	(265,399)	1,362,276	1,627,675 (continued)

THE CITY OF MILFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
FOR THE YEAR ENDED DECEMBER 31, 2022

	GENERAL FUND			Variance Positive (Negative)
	Initial	Budget Final	Actual	
<u>Other Financing Sources (Uses):</u>				
Income Tax Refunds	\$ (200,000)	\$ (200,000)	\$ (139,389)	\$ (60,611)
Sale of Capital Assets	2,000	2,000	-	(2,000)
Advances In	74,500	74,500	74,500	-
Advances Out	-	(3,000,000)	-	3,000,000
Transfers - Out	(1,153,978)	(1,520,526)	(832,525)	688,001
Total Other Financing Sources (Uses)	(1,277,478)	(4,644,026)	(897,414)	3,746,612
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,151,645)	(4,909,425)	464,862	5,374,287
Fund Balances at Beginning of Year	5,714,408	5,714,408	5,714,408	-
Fund Balances at End of Year	<u>\$ 4,562,763</u>	<u>\$ 804,983</u>	<u>\$ 6,179,270</u>	<u>\$ 5,374,287</u>

See accompanying notes to the required supplementary information

THE CITY OF MILFORD, OHIO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
MAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

Fire/EMS LEVY FUND

	Budget			Variance
	Initial	Final	Actual	Positive (Negative)
Revenues:				
Property and Other Local Taxes	\$ 2,642,131	\$ 2,642,131	\$ 2,685,597	\$ 43,466
Intergovernmental	142,000	142,000	142,208	208
Investment Earnings	3,530	3,530	3,889	359
Total Revenue	2,787,661	2,787,661	2,831,694	44,033
Expenditures:				
Current:				
Security of Persons and Property:				
Fire/EMS Department				
Other	2,731,750	2,806,650	2,755,907	50,743
Total Fire/EMS Department	2,731,750	2,806,650	2,755,907	50,743
Change in Fund Balances	55,911	(18,989)	75,787	94,776
Fund Balances at Beginning of Year	469,619	469,619	469,619	-
Fund Balances at End of Year	\$ 525,530	\$ 450,630	\$ 545,406	\$ 94,776

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.012654%	0.012335%	0.013304%	0.013403%	0.013806%	0.012503%	0.013562%	0.014318%	0.014318%
The City's Proportion Share of the Net Pension Liability	\$ 1,100,949	\$ 1,826,545	\$ 2,629,626	\$ 3,670,811	\$ 2,165,894	\$ 2,839,219	\$ 2,349,109	\$ 1,726,961	\$ 1,687,954
The City's Covered Payroll	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	60.52%	101.05%	139.75%	203.45%	124.25%	176.40%	133.48%	87.02%	125.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available

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

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 271,786	\$ 254,696	\$ 253,054	\$ 263,424	\$ 252,600	\$ 226,611	\$ 193,146	\$ 211,195	\$ 238,149	\$ 174,505
Contributions in Relation to the Contractually Required Contribution	(271,786)	(254,696)	(253,054)	(263,424)	(252,600)	(226,611)	(193,146)	(211,195)	(238,149)	(174,505)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,941,329	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346
Contributions as a Percentage of Covered-Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014
The City's Proportion of the Net Pension Liability	0.062408%	0.064453%	0.063736%	0.064110%	0.065103%	0.056426%	0.052351%	0.052714%	0.052714%
The City's Proportion Share of the Net Pension Liability	\$ 3,898,872	\$ 4,256,952	\$ 4,293,603	\$ 5,233,070	\$ 3,995,650	\$ 3,573,969	\$ 3,367,752	\$ 2,730,822	\$ 2,567,353
The City's Covered Payroll	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502
The City's Proportion Share of the Net Pension Liability as a Percentage of its Covered Payroll	213.76%	230.30%	245.86%	319.30%	266.37%	267.26%	287.70%	342.90%	205.63%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.03%	70.65%	69.89%	63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available

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

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 368,325	\$ 346,556	\$ 351,208	\$ 331,808	\$ 311,398	\$ 285,004	\$ 254,082	\$ 222,406	\$ 141,996	\$ 159,184
Contributions in Relation to the Contractually Required Contribution	(368,325)	(346,556)	(351,208)	(331,808)	(311,398)	(285,004)	(254,082)	(222,406)	(141,996)	(159,184)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,938,553	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502
Contributions as a Percentage of Covered Payroll	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	17.83%	12.75%

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB (Asset)/Liability	0.011777%	0.011488%	0.012390%	0.012481%	0.012880%	0.011695%
The City's Proportion Share of the Net OPEB (Asset)/Liability	\$ (368,871)	\$ (204,689)	\$ 1,711,381	\$ 1,627,229	\$ 1,398,673	\$ 1,181,238
The City's Covered Payroll	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550
The City's Proportion Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	-20.28%	-11.32%	90.95%	90.19%	80.24%	73.39%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	128.23%	115.57%	47.80%	46.33%	54.14%	54.50%

(1) Information prior to 2017 is not available

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

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,432	\$ 32,191	\$ 35,199	\$ 19,846	\$ 13,423
Contributions in Relation to the Contractually Required Contribution	-	-	-	-	-	(17,432)	(32,191)	(35,199)	(19,846)	(13,423)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,941,329	\$ 1,819,257	\$ 1,807,529	\$ 1,881,600	\$ 1,804,286	\$ 1,743,162	\$ 1,609,550	\$ 1,759,958	\$ 1,984,575	\$ 1,342,346
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%	2.00%	2.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017
The City's Proportion of the Net OPEB Liability	0.062408%	0.062445%	0.063736%	0.064110%	0.065103%	0.056426%
The City's Proportion Share of the Net OPEB Liability	\$ 684,042	\$ 661,619	\$ 629,570	\$ 583,820	\$ 3,688,629	\$ 2,678,418
The City's Covered Payroll	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274
The City's Proportion Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.50%	35.79%	36.05%	35.62%	245.91%	200.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.90%	45.42%	47.10%	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available

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

See accompanying notes to the required supplementary information

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

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contributions	\$ 9,693	\$ 9,120	\$ 9,242	\$ 8,732	\$ 8,195	\$ 7,500	\$ 6,686	\$ 5,853	\$ 49,137	\$ 84,274
Contributions in Relation to the Contractually Required Contribution	(9,693)	(9,120)	(9,242)	(8,732)	(8,195)	(7,500)	(6,686)	(5,853)	(49,137)	(84,274)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
The City Covered Payroll	\$ 1,938,553	\$ 1,823,979	\$ 1,848,463	\$ 1,746,358	\$ 1,638,937	\$ 1,500,021	\$ 1,337,274	\$ 1,170,558	\$ 796,388	\$ 1,248,502
Contributions as a Percentage of Employee Payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	6.17%	6.75%

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

See accompanying notes to the required supplementary information

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 – BUDGETARY PROCESS

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

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

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

Tax Budget

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

Estimated Resources

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

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Appropriations

An appropriation ordinance (the appropriation budget) to control the level of expenditures for all funds, except agency funds, must be legally enacted on or before January 1. Appropriations may not exceed estimated resources as established in the official amended certificate of estimated resources. Supplemental appropriations may be adopted by Council action. Several supplemental appropriations were legally enacted during 2022 by Council.

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

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

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

Budgeted Level of Expenditures

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

Encumbrances

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

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 1 – BUDGETARY PROCESS (CONTINUED)

Lapsing of Appropriations

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

NOTE 2 - BUDGET TO GAAP RECONCILIATION

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, appropriations and encumbrances.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.
4. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP basis).

	General Fund	Fire/EMS Levy Fund
GAAP Basis	\$302,153	\$76,392
Adjustments:		
Revenue Accruals	222,856	0
Expenditure Accruals	76,428	(605)
Advances	74,500	0
GASB 54 funds	(211,075)	0
Budget Basis	<u>\$464,862</u>	<u>\$75,787</u>

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

NOTE 3 - NET PENSION LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:

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

Changes in assumptions:

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

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

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

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

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

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

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

2022: The following were the most significant changes of assumptions that affect the total pension liability since the prior measurement date

- Reduction in actuarial assumed rate of return from 7.20% to 6.90%

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

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

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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

Changes in assumptions:

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

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

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

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

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

- Reduction in actuarial assumed rate of return from 8.00% to 7.50%

NOTE 4 - NET OPEB LIABILITY – COST SHARING PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms:

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

Changes in assumptions:

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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

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

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

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

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

For 2022, the following were the most significant changes of assumptions that affected total OPEB liability since the prior measurement date:

- Change in health care cost trend rate from 8.5% to 5.5%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms:

For 2018, there were no changes in benefit terms.

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

Changes in assumptions:

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

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

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

CITY OF MILFORD, OHIO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2022

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

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

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

For 2022, there were no changes.

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OHIO AUDITOR OF STATE KEITH FABER

65 East State 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

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

To the City Council:

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 discretely presented component unit and remaining fund information of the City of Milford, Clermont County, (the City) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-002.

City's Response to Findings

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 10, 2025

**CITY OF MILFORD
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023 AND 2022**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2023-001

Material Weakness

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. 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 lack of internal controls over financial recording and reporting, the following errors were identified in the accompanying financial statements for the years ended December 31, 2022 and 2023:

- In 2022, Taxes Receivable and Deferred Inflows – Property Taxes Levy for Next Fiscal Year were overstated by \$594,822 in the Fire/EMS Levy fund.
- In 2022, a Body Armor Grant from the State of Ohio in the amount of \$12,940 was reported as Municipal Income Tax in the Capital Improvement Fund and should have been reported as Intergovernmental Revenue.
- In 2022 and 2023 the Mayor's Court activity was not included in the Fiduciary statements as a Custodial Fund. In 2022, Fines and Forfeitures receipts, Distributions to Other Governments, Distributions to the City of Milford, Other Distributions, and Beginning fund balance were understated by \$228,859, \$41,967, \$190,479, \$303, and \$16,823 respectively. In 2023, Fines and Forfeitures receipts, Distributions to Other Governments, Distributions to the City of Milford, Other Distributions and Beginning fund balance were understated by \$219,323, \$38,319, \$178,405, \$447 and \$12,463 respectively.
- In 2023, Income Taxes Receivable and the related Deferred Inflow of Resources - Income Taxes were understated by \$16,402 in the General Fund.
- In 2023, Net Investment in Capital Assets was overstated and Unrestricted Net Position was understated by \$376,000 in the Stormwater Management fund.
- In 2022 and 2023, Final approved appropriations on the budget versus actual schedule for the General Fund were overstated by \$31,500 and \$1,348,000, respectively.
- In 2023, Accounts Payable and Contractual Services in Water Fund and Business-Type Activities was overstated by \$96,423.

FINDING NUMBER 2023-001
(Continued)

These errors were not identified and corrected prior to the City preparing its financial statements and notes to the financial statements due to deficiencies in the City's internal controls over financial statement monitoring. Failing to prepare accurate financial statements, including notes to the financial statements, could lead Council to make misinformed decisions. The accompanying financial statements and accounting system have been adjusted to reflect these changes, where applicable.

The City should adopt and implement policies and procedures over financial reporting, including a final review of the financial statements and notes to the financial statements by the management and Council to help identify and correct errors and omissions.

Officials' Response:

The City agrees with the changes and has reviewed the items with the consultant. A couple of the items were due to incorrect formulas for 2022 which were corrected with the 2023 report as those corrections were not repeated. The City's mayor court provides the majority of the funding to the City's general fund and was not reported separately for the two fiscal years. The auditors determined it should be a separate custodial fund under GASB 84 and the City updated the financials to reflect that and will report it as such moving forward.

FINDING NUMBER 2023-002

Material Weakness and Noncompliance

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Ohio Admin. Code § 117-2-02 (D)(4)(c) states that all local public offices may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public office provides and should consider the degree of automation and other factors. All local public offices should maintain or provide a report similar to the following accounting records:

Capital asset records including such information as the original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset description, location, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data. Capital assets are tangible assets that normally do not change form with use and should be distinguished from repair parts and supply items.

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of fund balances and periodically reconciling them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data. The Council and City management are responsible for tracking capital assets purchased and utilized by the City and for accurate financial reporting of capital assets.

FINDING NUMBER 2023-002
(Continued)

A capital asset listing should provide the following information for each item capitalized:

- Description of asset
- Inventory number unique to each asset in order to locate asset in the school
- Original cost of asset
- Date of acquisition, including the month and year
- Life of asset, years of useful life as stated in the capital asset policy
- Annual depreciation
- Accumulated Depreciation
- Net value of asset

The City has not established procedures for the accounting and reporting of capital assets.

Any such policy should, at a minimum, contain the following elements:

- Definitions of the categories of capital assets;
- A capitalization threshold, the amount above which an asset will be reported in the financial statements;
- Procedures for the acquisition of capital assets;
- Procedures for the disposal of capital assets;
- Procedures for the acquisition or disposal of capital assets acquired with federal funds;
- Procedures and methods for the depreciation of capital assets; and
- Procedures for the transfer of capital assets to another entity or department.

The City does not maintain a capital asset record system. The City's GAAP converter provides a list of assets and updates the list for additions and deletions during the GAAP conversion. The capital asset listing provided by the City's GAAP converter had the following deficiencies:

- Assets were grouped together with no unique inventory number for purposes of tracking assets to ensure they are still held by the City.
- Several assets did not include the month of purchase only the year it was purchased; some assets had no purchase date.
- Many assets did not list the years of useful life.
- Description of asset was often ambiguous.
- Many assets did not list an asset tag number.

FINDING NUMBER 2023-002
(Continued)

In addition, there was no evidence that a periodic physical count of capital assets was performed and the City does not use the fixed assets module in SSI VIP for asset tracking. The main listing of assets is being maintained by the GAAP converter rather than the City.

The City did not have procedures in place for effective monitoring of capital asset financial activity. There were several variances between capital assets reported on the financial statements and capital asset balances on the manual capital asset listing maintained by the GAAP converter. At December 31, 2022 for there was a total Governmental Activities variance of \$270,429 for capital assets and \$81,269 for accumulated depreciation. Additionally, there was a total Business-Type Activities variance of \$38,537 for capital assets and \$62,636 for accumulated depreciation. At December 31, 2023 there was a total Governmental Activities variance of \$283,092 for capital assets and \$56,482 for accumulated depreciation. Additionally, there was a total Business-Type Activities variance of \$46,178 for capital assets and \$27,791 for accumulated depreciation. The following individual misstatements were noted for 2022 and 2023:

- In 2022, a camera system was omitted from capital asset additions resulting in Depreciable Capital Assets: Furniture, Equipment and Vehicles being understated by \$40,369 and depreciation expense being understated by \$4,037 for Governmental Activities.
- In 2022, construction in progress additions were overstated by \$18,172 in the Water fund and \$42,401 in the Wastewater fund.
- In 2023, Nondepreciable Capital Assets: Land was understated and Depreciable Capital Assets: Improvements Other Than Buildings was overstated by \$299,486 for Governmental Activities due to a correction of beginning balances being recorded in the wrong asset category.
- In 2022 and 2023, Accumulated Depreciation for the Stormwater fund was understated by \$52,846. In 2023, Accumulated Depreciation for the Wastewater fund was overstated by \$106,566.

Failure to maintain detailed, accurate and complete capital assets records and adopt a capital asset policy could result in difficulties locating assets, monitoring useful lives, and ensuring adequate reporting of asset activity. This could also result in financial statement errors and increases the risk of undetected loss or misappropriation of City capital assets.

The City should implement internal control procedures and adopt a capital assets policy to accurately track capital asset information and properly update the capital asset listing and should consider using the fixed assets module in SSI VIP.

Due care should be exercised when posting entries to the financial records to prevent errors and to assist in properly reflecting the City's financial activity in the financial statements. The City should update and record capital asset additions and deletions in a capital asset listing or system in a timely manner and ensure capital assets reported in the financial statements reconcile to the capital asset system. This will not only ensure capital assets reported in the financial statements are supported, but will ensure adequate insurance coverage is obtained for City owned property.

Officials' Response:

The City has determined the best way currently to track capital assets is through manually compilation. The City will review the capital asset process to determine if an updated appraisal is necessary in fiscal year 2025 but due to software constraints and costs it probably isn't possible to move the system into an electronic format but that will be evaluated at the time of an appraisal. The noted items on the workpapers will be evaluated for 2024 to see if any of those deficiencies are able to be corrected.

OHIO AUDITOR OF STATE KEITH FABER



CITY OF MILFORD

CLERMONT COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/24/2025

65 East State 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