



VILLAGE OF MILAN
ERIE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis December 31, 2021	5
Statement of Activities - Cash Basis For the Year Ended December 31, 2021	6
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis Governmental Funds December 31, 2021	7
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds For the Year Ended December 31, 2021	8
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis General Fund For the Year Ended December 31, 2021	9
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis Street Fund For the Year Ended December 31, 2021	10
Statement of Fund Net Position - Cash Basis Proprietary Funds December 31, 2021	11
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Funds For the Year Ended December 31, 2021	12
Notes to the Basic Financial Statements For the Year Ended December 31, 2021	13
Government-Wide Financial Statements:	
Statement of Net Position - Cash Basis December 31, 2020	36
Statement of Activities - Cash Basis For the Year Ended December 31, 2020	37

**VILLAGE OF MILAN
ERIE COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Fund Financial Statements:	
Statement of Assets and Fund Balances - Cash Basis Governmental Funds December 31, 2020	38
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds For the Year Ended December 31, 2020	39
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis General Fund For the Year Ended December 31, 2020	40
Statement of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis Street Levy Fund For the Year Ended December 31, 2020.....	41
Statement of Fund Net Position - Cash Basis Proprietary Funds December 31, 2020	42
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis Proprietary Funds For the Year Ended December 31, 2020	43
Notes to the Basic Financial Statements For the Year Ended December 31, 2020	44
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	67
Schedule of Findings.....	69
Prepared by Management:	
Summary Schedule of Prior Audit Findings	78



INDEPENDENT AUDITOR'S REPORT

Village of Milan
Erie County
11 South Main Street
Milan, Ohio 44846-1450

To the Village Council:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Milan, Erie County, Ohio (the Village), as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village'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 cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2021, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General and Street funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of December 31, 2020, and the respective changes in cash-basis financial position thereof and the respective budgetary comparison for the General and Street Levy funds for the year then ended in accordance with the cash-basis of accounting described in Note 2.

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 Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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 Village'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 Village'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 Village'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2024, on our consideration of the Village'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 Village'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 Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2024

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Village of Milan
Erie County
Statement of Net Position - Cash Basis
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,053,904	\$2,085,617	\$4,139,521
Net Position			
Restricted for:			
Debt Service	\$17,671		\$17,671
Other Purposes	539,060		539,060
Unrestricted	1,497,173	\$2,085,617	3,582,790
<i>Total Net Position</i>	<u>\$2,053,904</u>	<u>\$2,085,617</u>	<u>\$4,139,521</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2021

	General	Street Fund	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,061,240	\$122,287	\$435,933	\$434,444	\$2,053,904
Fund Balances					
Restricted		\$122,287		\$434,444	\$556,731
Committed			\$435,933		435,933
Assigned	\$56,870				56,870
Unassigned	1,004,370				1,004,370
<i>Total Fund Balances</i>	<u>\$1,061,240</u>	<u>\$122,287</u>	<u>\$435,933</u>	<u>\$434,444</u>	<u>\$2,053,904</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2021

	General	Street Fund	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$561,763		\$136,427		\$698,190
Property and Other Local Taxes	155,574			\$84,168	239,742
Fines, Licenses and Permits	37,425			740	38,165
Intergovernmental	71,345	\$89,357		96,573	257,275
Gifts and Contributions				5,710	5,710
Interest	5,524	3,559		151	9,234
Miscellaneous	7,427				7,427
<i>Total Receipts</i>	<u>839,058</u>	<u>92,916</u>	<u>136,427</u>	<u>187,342</u>	<u>1,255,743</u>
Disbursements					
Current:					
General Government	141,993			2,279	144,272
Security of Persons and Property	352,605			38,109	390,714
Leisure Time Activities	8,388				8,388
Community Environment	7,927				7,927
Transportation	100,625	132,244		121,755	354,624
Capital Outlay			115,571	7,984	123,555
<i>Total Disbursements</i>	<u>611,538</u>	<u>132,244</u>	<u>115,571</u>	<u>170,127</u>	<u>1,029,480</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>227,520</u>	<u>(39,328)</u>	<u>20,856</u>	<u>17,215</u>	<u>226,263</u>
Other Financing Sources (Uses)					
Sale of Capital Assets			16,300		16,300
Transfers In		168,000		27,000	195,000
Transfers Out	(221,754)	(40,132)			(261,886)
<i>Total Other Financing Sources (Uses)</i>	<u>(221,754)</u>	<u>127,868</u>	<u>16,300</u>	<u>27,000</u>	<u>(50,586)</u>
<i>Net Change in Fund Balances</i>	5,766	88,540	37,156	44,215	175,677
<i>Fund Balances Beginning of Year</i>	<u>1,055,474</u>	<u>33,747</u>	<u>398,777</u>	<u>390,229</u>	<u>1,878,227</u>
<i>Fund Balances End of Year</i>	<u>\$1,061,240</u>	<u>\$122,287</u>	<u>\$435,933</u>	<u>\$434,444</u>	<u>\$2,053,904</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$488,684	\$614,829	\$561,763	(\$53,066)
Property and Other Local Taxes	125,839	128,729	155,574	26,845
Fines, Licenses and Permits	32,556	40,709	37,425	(3,284)
Intergovernmental	62,064	82,297	71,345	(10,952)
Interest	4,805	6,009	5,524	(485)
Miscellaneous	6,461	10,956	7,427	(3,529)
<i>Total Receipts</i>	<u>720,409</u>	<u>883,529</u>	<u>839,058</u>	<u>(44,471)</u>
Disbursements				
Current:				
General Government	151,150	156,930	146,251	10,679
Security of Persons and Property	429,520	402,583	360,932	41,651
Leisure Time Activities	16,500	8,500	8,388	112
Community Environment	22,650	8,575	7,927	648
Transportation	187,061	123,805	105,991	17,814
<i>Total Disbursements</i>	<u>806,881</u>	<u>700,393</u>	<u>629,489</u>	<u>70,904</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(86,472)</u>	<u>183,136</u>	<u>209,569</u>	<u>26,433</u>
Other Financing Uses				
Transfers Out	<u>(45,000)</u>	<u>(233,919)</u>	<u>(221,754)</u>	<u>12,165</u>
<i>Net Change in Fund Balance</i>	(131,472)	(50,783)	(12,185)	38,598
<i>Fund Balance at Beginning of Year</i>	1,052,383	1,052,383	1,052,383	
Prior Year Encumbrances Appropriated	<u>3,091</u>	<u>3,091</u>	<u>3,091</u>	
<i>Fund Balance at End of Year</i>	<u>\$924,002</u>	<u>\$1,004,691</u>	<u>\$1,043,289</u>	<u>\$38,598</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Fund
For the Year Ended December 31, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$33,220	\$101,852	\$89,357	(\$12,495)
Interest	1,323	4,057	3,559	(498)
<i>Total Receipts</i>	<u>34,543</u>	<u>105,909</u>	<u>92,916</u>	<u>(12,993)</u>
Disbursements				
Current:				
Transportation	198,009	216,141	140,537	75,604
<i>Excess of Disbursements Over Receipts</i>	<u>(163,466)</u>	<u>(110,232)</u>	<u>(47,621)</u>	<u>62,611</u>
Other Financing Sources (Uses)				
Transfers In	62,457	191,492	168,000	(23,492)
Transfers Out		(40,132)	(40,132)	
<i>Total Other Financing Sources (Uses)</i>	<u>62,457</u>	<u>151,360</u>	<u>127,868</u>	<u>(23,492)</u>
<i>Net Change in Fund Balance</i>	(101,009)	41,128	80,247	39,119
<i>Fund Balance at Beginning of Year</i>	33,519	33,519	33,519	
Prior Year Encumbrances Appropriated	228	228	228	
<i>Fund Balance at End of Year</i>	<u>(\$67,262)</u>	<u>\$74,875</u>	<u>\$113,994</u>	<u>\$39,119</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2021

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Fund	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$236,538	\$386,826	\$1,441,719	\$20,534	\$2,085,617
Net Position					
Unrestricted	<u>\$236,538</u>	<u>\$386,826</u>	<u>\$1,441,719</u>	<u>\$20,534</u>	<u>\$2,085,617</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2021

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Fund	
Operating Receipts					
Charges for Services	\$386,221	\$303,254	\$1,682,675	\$7,250	\$2,379,400
Other Operating Receipts			17,706		17,706
<i>Total Operating Receipts</i>	<u>386,221</u>	<u>303,254</u>	<u>1,700,381</u>	<u>7,250</u>	<u>2,397,106</u>
Operating Disbursements					
Personal Services	84,474	105,371	171,051		360,896
Employee Fringe Benefits	39,558	43,388	67,970		150,916
Travel and Transportation	250	346			596
Contractual Services	184,627	77,842	23,060		285,529
Supplies and Materials	24,045	44,105	47,886		116,036
Generation Purchase			1,169,957		1,169,957
Miscellaneous			6,557	5,809	12,366
<i>Total Operating Disbursements</i>	<u>332,954</u>	<u>271,052</u>	<u>1,486,481</u>	<u>5,809</u>	<u>2,096,296</u>
<i>Operating Income</i>	<u>53,267</u>	<u>32,202</u>	<u>213,900</u>	<u>1,441</u>	<u>300,810</u>
Non-Operating Receipts (Disbursements)					
Property and Other Local Taxes			4,585		4,585
Capital Outlay	(8,644)	(23,009)	(458,940)		(490,593)
Principal Retirement	(3,051)		(34,803)		(37,854)
Interest and Other Fiscal Charges			(277)		(277)
Other Financing Sources	3,284	1,989			5,273
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(8,411)</u>	<u>(21,020)</u>	<u>(489,435)</u>		<u>(518,866)</u>
<i>Income (Loss) Before Transfers</i>	44,856	11,182	(275,535)	1,441	(218,056)
Transfers In	40,132		26,754		66,886
<i>Change in Net Position</i>	84,988	11,182	(248,781)	1,441	(151,170)
<i>Net Position Beginning of Year</i>	<u>151,550</u>	<u>375,644</u>	<u>1,690,500</u>	<u>19,093</u>	<u>2,236,787</u>
<i>Net Position End of Year</i>	<u>\$236,538</u>	<u>\$386,826</u>	<u>\$1,441,719</u>	<u>\$20,534</u>	<u>\$2,085,617</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Milan, Erie County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four-year terms. The Mayor is elected to a four-year term.

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

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The primary government of the Village of Milan provides general government services, water, sewer, and electric utilities, maintenance of Village roads and bridges, park operations, and police services. The Village contracts with Milan Township to provide fire services.

Public Entity Risk Pool, Joint Ventures, and Jointly Governed Organization

The Village participates in a public entity risk pool, several joint ventures, and a jointly governed organization. Notes 7, 14, and 15 to the basic financial statements provide additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-Wide Financial Statements The statement of net position - cash basis and the statement of activities - cash basis display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The Village 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 funds of the Village are presented in two categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Fund The Street Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

Capital Improvement Fund This fund accounts for resources which are for the purpose of acquisition or construction of major capital facilities and capital outlay purchases.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds. The Village does not have an internal service fund.

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

Water Fund The Water Fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund This fund receives charges for services from residents to cover the cost of providing this utility.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Budgetary Process

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

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

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

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

During 2021, the Village invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at cost, except for STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the Village. The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 were \$5,524 which included \$4,342 assigned from other Village funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for street repair and maintenance and American Rescue Plan Act funding.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

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

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

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Internal Activity

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis presented for the General and Street funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	<u>General</u>	<u>Street</u>
Cash Basis	\$5,766	\$88,540
Encumbrances	<u>(17,951)</u>	<u>(8,293)</u>
Budget Basis	<u><u>(\$12,185)</u></u>	<u><u>\$80,247</u></u>

Note 4 - Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Such monies must be maintained either as cash in the Village 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 passbook accounts.

Protection of the Village'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 bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

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

At year end, the Village had \$400 in undeposited cash on hand, which is included on the balance sheet of the Village as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Village's bank balance of \$3,314,860 was exposed to custodial credit risk.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The Village 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 Village 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. If the institution participates in the Ohio Pooled Collateral System (OPCS), the total market value of the securities pledged can be one hundred two percent or lower if permitted by the Treasurer of State.

Investments

As of December 31, 2020 the Village had the following investments:

Investment Type	Measurement Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
STAR Ohio	\$830,008	\$830,008			

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Note 5 - Income Taxes

The Village levies a 1% income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 1% must pay the difference to the Village. Additional increases in income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

Income tax receipts are to be used to pay the cost of administering the tax, general fund operations, capital improvements, and other governmental functions when needed, as determined by Council. During 2021, the receipts were allocated to the General Fund and the Capital Improvement Fund.

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2021 for real and public utility property taxes represents collections of 2020 taxes.

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

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.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes which became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2021, was \$8.80 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2021 property tax receipts were based are as follows:

	<u>2021 Collection Year</u>
Real property	
Residential and agricultural	\$ 23,390,910
Other	5,041,820
Public utility	1,823,740
Total assessed value	<u>\$ 30,256,470</u>

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

Note 7 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2010 (through October 31, 2017), the corridor is for losses paid is between 60% and 70% of casualty premiums earned in the first \$250,000. Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and remain unchanged effective November 1, 2021 and November 1, 2020. OPRM had 769 members as of December 31, 2021.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2021.

Assets	\$ 21,777,439
Liabilities	<u>(15,037,383)</u>
Members' Equity	<u>\$ 6,740,056</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description - Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension 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.

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 in the traditional and combined plans 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 and combined plans 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):

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Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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

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

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

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

	State and Local		
2021 Statutory Maximun Contribution Rates			
Employer	14.0	%	
Employee*	10.0	%	
2021 Actual Contribution Rates			
Employer			
Pension****	14.0	%	
Post-employment Health Care Benefits****	0.0		
Total Employer	14.0	%	
Employee	10.0	%	

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

**** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$80,592.

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

Plan Description - Village full-time police participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that 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.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F 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.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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 after 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.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

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

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

Employer contribution rates are expressed as a percentage of covered payroll. The Village’s contractually required contribution to OP&F was \$38,108 for 2021.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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

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

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

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

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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

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

Ohio Police and Fire Pension Fund

Plan Description - The Village 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.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

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

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

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

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 and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

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

The Village's contractually required contribution to OP&F was \$1,003 for 2021.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 10 - Debt

The Village's long-term debt activity for the year ended December 31, 2021 was as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
OMEGA JV5 Loan	Varies	\$ 437,946	February 15, 2024
OWDA - Drinking Water Fund Planning - 8110	0.00%	10,170	July 1, 2025

<i>Business-Type Activities</i>	Balance at 1/1/2021	Increase	Decrease	Balance at 12/31/2021	Due within one year
OMEGA JV5 Loan	\$ 208,124		\$ 34,803	\$ 173,321	
OWDA - Asset Management Plan #8110	10,170		3,051	7,119	\$ 2,034
Total	<u>\$ 218,294</u>		<u>\$ 37,854</u>	<u>\$ 180,440</u>	<u>\$ 2,034</u>

The Ohio Water Development Authority (OWDA) loan relates to an asset management plan. The loan will be repaid in semiannual installments over five years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Omega JV5 debt relates to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture (OMEGA JV5). OMEGA JV5 are distributive generation projects. OMEGA JV5 debt is composed of two series of bonds, the 2001 and the 2016 bonds. The 2001 bonds are accretion bonds with a series of balloon payments coming due around 2025. In order to not cause mass fluctuation in member rates, AMP Ohio is currently collecting ahead to be able to make those payments. As such the debt paid down will not always equal the amount of principal collected each year. An amortization schedule for the repayment of the debt is currently not available and, therefore, is not included in the schedule below.

Amortization of the above debt is as follows:

Year ending December 31:	OPWC Loan
2022	\$2,034
2023	2,034
2024	2,034
2025	1,017
Total	<u>\$7,119</u>

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 11 - Fund Balances

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

Fund Balances	General	Street	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Restricted for					
Law Enforcement	\$ -	\$ -	\$ -	\$ 9,308	\$ 9,308
Street Maintenance and Repair	-	122,287	-	307,358	429,645
Computer	-	-	-	20,896	20,896
Special Assessments	-	-	-	17,671	17,671
American Rescue Plan Act	-	-	-	69,869	-
Other	-	-	-	5,000	-
Beautification	-	-	-	4,342	4,342
<i>Total Restricted</i>	<u>-</u>	<u>122,287</u>	<u>-</u>	<u>434,444</u>	<u>481,862</u>
Committed to					
Capital Improvements	-	-	435,933	-	435,933
Assigned to					
Encumbrances	56,870	-	-	-	56,870
Unassigned					
	1,004,370	-	-	-	1,004,370
<i>Total Fund Balances</i>	<u>\$ 1,061,240</u>	<u>\$ 122,287</u>	<u>\$ 435,933</u>	<u>\$ 434,444</u>	<u>\$ 1,979,035</u>

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Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

Note 12 - Interfund Transfers

During 2021, the following transfers were made:

Transfers To	Transfers From		Total
	Major Funds		
	General	Street Fund	
Major Funds:			
Street Fund	\$168,000		\$168,000
Water Fund		\$40,132	40,132
Electric Fund	26,754		26,754
Other Nonmajor			
Governmental Funds	27,000		27,000
Total all Funds	\$221,754	\$40,132	\$261,886

The above mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The nonroutine transfer from the Street Major Special Revenue Fund was to correct a prior period posting error identified in a subsequent year.

Note 13 - Contingent Liabilities

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

Note 14 - Joint Ventures and Projects

OMEGA JV2

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .55% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. The Village's net investment in OMEGA JV2 was (\$2,887) at December 31, 2021. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2021 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

Under the Village's cash basis of accounting, the equity interest in OMEGA JV2 is not reported as an asset in the accompanying cash basis financial statements.

OMEGA JV5

The Village is a Financing Participant with an ownership percentage of .39%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Management Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of the OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2021, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of the 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the Beneficial Interest Certificates (2016 Certificates) in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$11,596 at December 31, 2021. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2021

AMP Generating Station (AMPGS) Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,259 kilowatts of a total 771,281 kilowatts, giving the Village a .16% share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station (*AMPGS*), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation ("*Bechtel*"), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate.

As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (*AMPGS Participants*) voted to cease development of AMPGS as a coal fired project. The Village is one of the 81 AMPGS Participants.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2021, the Village's allocated share of the stranded costs recoverable from the AMPGS Participants is \$95,381.

Note 15 - Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2021, the Village paid RITA \$20,693 for income tax collection services.

Note 16 - Compliance

Contrary to the Village's Codified Ordinances, income tax collections were not properly allocated between the General and Capital Improvement funds.

Village of Milan
Erie County
Statement of Net Position - Cash Basis
December 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,878,227	\$2,236,787	\$4,115,014
Net Position			
Restricted for:			
Debt Service	\$17,671		\$17,671
Other Purposes	406,305		406,305
Unrestricted	1,454,251	\$2,236,787	3,691,038
<i>Total Net Position</i>	<u>\$1,878,227</u>	<u>\$2,236,787</u>	<u>\$4,115,014</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2020

	General	Street Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,055,474	\$212,578	\$398,777	\$211,398	\$1,878,227
Fund Balances					
Restricted		\$212,578		\$211,398	\$423,976
Committed			\$398,777		398,777
Assigned	\$134,563				134,563
Unassigned	920,911				920,911
<i>Total Fund Balances</i>	<u>\$1,055,474</u>	<u>\$212,578</u>	<u>\$398,777</u>	<u>\$211,398</u>	<u>\$1,878,227</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2020

	General	Street Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$482,874		\$122,614		\$605,488
Property and Other Local Taxes	148,149	\$67,897		\$24,471	240,517
Fines, Licenses and Permits	74,223			745	74,968
Intergovernmental	66,762	9,445		274,252	350,459
Gifts and Contributions				1,221	1,221
Interest	15,690			1,181	16,871
Miscellaneous	11,423				11,423
<i>Total Receipts</i>	<u>799,121</u>	<u>77,342</u>	<u>122,614</u>	<u>301,870</u>	<u>1,300,947</u>
Disbursements					
Current:					
General Government	166,364		1,895	869	169,128
Security of Persons and Property	271,404			30,000	301,404
Public Health Services				102,250	102,250
Leisure Time Activities	2,474				2,474
Community Environment	21,739				21,739
Transportation	98,849	5,813		131,107	235,769
Capital Outlay			41,388	73,750	115,138
<i>Total Disbursements</i>	<u>560,830</u>	<u>5,813</u>	<u>43,283</u>	<u>337,976</u>	<u>947,902</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>238,291</u>	<u>71,529</u>	<u>79,331</u>	<u>(36,106)</u>	<u>353,045</u>
Other Financing Sources (Uses)					
Transfers In				15,000	15,000
Transfers Out	(39,757)				(39,757)
<i>Total Other Financing Sources (Uses)</i>	<u>(39,757)</u>			<u>15,000</u>	<u>(24,757)</u>
<i>Net Change in Fund Balances</i>	198,534	71,529	79,331	(21,106)	328,288
<i>Fund Balances Beginning of Year</i>	<u>856,940</u>	<u>141,049</u>	<u>319,446</u>	<u>232,504</u>	<u>1,549,939</u>
<i>Fund Balances End of Year</i>	<u>\$1,055,474</u>	<u>\$212,578</u>	<u>\$398,777</u>	<u>\$211,398</u>	<u>\$1,878,227</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$445,321	\$445,321	\$482,874	\$37,553
Property and Other Local Taxes	124,704	124,704	148,149	23,445
Fines, Licenses and Permits	68,174	68,174	74,223	6,049
Intergovernmental	63,207	63,207	66,762	3,555
Interest	14,411	14,411	15,690	1,279
Miscellaneous	10,492	10,492	11,423	931
<i>Total Receipts</i>	<u>726,309</u>	<u>726,309</u>	<u>799,121</u>	<u>72,812</u>
Disbursements				
Current:				
General Government	196,150	196,150	166,736	29,414
Security of Persons and Property	407,520	407,520	274,123	133,397
Leisure Time Activities	16,500	16,500	2,474	14,026
Community Environment	21,650	21,650	21,739	(89)
Transportation	187,061	187,061	98,849	88,212
<i>Total Disbursements</i>	<u>828,881</u>	<u>828,881</u>	<u>563,921</u>	<u>264,960</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(102,572)</u>	<u>(102,572)</u>	<u>235,200</u>	<u>337,772</u>
Other Financing Uses				
Transfers Out	<u>(22,000)</u>	<u>(22,000)</u>	<u>(39,757)</u>	<u>(17,757)</u>
<i>Net Change in Fund Balance</i>	<u>(124,572)</u>	<u>(124,572)</u>	<u>195,443</u>	<u>320,015</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	856,094	856,094	856,094	
Prior Year Encumbrances Appropriated	<u>846</u>	<u>846</u>	<u>846</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$732,368</u></u>	<u><u>\$732,368</u></u>	<u><u>\$1,052,383</u></u>	<u><u>\$320,015</u></u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Levy Fund
For the Year Ended December 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$75,930	\$75,930	\$67,897	(\$8,033)
Intergovernmental			9,445	9,445
<i>Total Receipts</i>	<u>75,930</u>	<u>75,930</u>	<u>77,342</u>	<u>1,412</u>
Disbursements				
Current:				
Transportation	182,002	182,002	6,041	175,961
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(106,072)</u>	<u>(106,072)</u>	<u>71,301</u>	<u>177,373</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	141,047	141,047	141,047	
Prior Year Encumbrances Appropriated	<u>2</u>	<u>2</u>	<u>2</u>	
<i>Unencumbered Fund Balance End of Year</i>	<u><u>\$34,977</u></u>	<u><u>\$34,977</u></u>	<u><u>\$212,350</u></u>	<u><u>\$177,373</u></u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2020

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Fund	
Assets					
Equity in Pooled Cash and Cash Equivalents	\$151,550	\$375,644	\$1,690,500	\$19,093	\$2,236,787
Net Position					
Unrestricted	<u>\$151,550</u>	<u>\$375,644</u>	<u>\$1,690,500</u>	<u>\$19,093</u>	<u>\$2,236,787</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Statement of Receipts, Disbursements and Changes in Fund Net Position - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2020

	Business-Type Activities				Total Enterprise Funds
	Water	Sewer	Electric	Other Enterprise Fund	
Operating Receipts					
Charges for Services	\$376,448	\$262,548	\$1,819,195	\$5,175	\$2,463,366
Other Operating Receipts			15,294		15,294
<i>Total Operating Receipts</i>	<u>376,448</u>	<u>262,548</u>	<u>1,834,489</u>	<u>5,175</u>	<u>2,478,660</u>
Operating Disbursements					
Personal Services	86,796	109,651	171,207		367,654
Employee Fringe Benefits	37,579	45,826	83,088		166,493
Contractual Services	164,371	71,054	17,791		253,216
Supplies and Materials	23,294	72,728	40,594		136,616
Generation Purchase			1,218,403		1,218,403
Miscellaneous			6,748	6,093	12,841
<i>Total Operating Disbursements</i>	<u>312,040</u>	<u>299,259</u>	<u>1,537,831</u>	<u>6,093</u>	<u>2,155,223</u>
<i>Operating Income (Loss)</i>	<u>64,408</u>	<u>(36,711)</u>	<u>296,658</u>	<u>(918)</u>	<u>323,437</u>
Non-Operating Receipts (Disbursements)					
Property and Other Local Taxes			5,972		5,972
Capital Outlay	(4,540)	(38,964)	(85,744)		(129,248)
Principal Retirement			(34,273)		(34,273)
Interest and Other Fiscal Charges			(807)		(807)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(4,540)</u>	<u>(38,964)</u>	<u>(114,852)</u>		<u>(158,356)</u>
<i>Income (Loss) Before Transfers</i>	59,868	(75,675)	181,806	(918)	165,081
Transfers In			24,757		24,757
<i>Change in Net Position</i>	59,868	(75,675)	206,563	(918)	189,838
<i>Net Position Beginning of Year</i>	91,682	451,319	1,483,937	20,011	2,046,949
<i>Net Position End of Year</i>	<u>\$151,550</u>	<u>\$375,644</u>	<u>\$1,690,500</u>	<u>\$19,093</u>	<u>\$2,236,787</u>

See accompanying notes to the basic financial statements

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 1 - Reporting Entity

The Village of Milan, Erie County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four-year terms. The Mayor is elected to a four-year term.

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

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The primary government of the Village of Milan provides general government services, water, sewer, and electric utilities, maintenance of Village roads and bridges, park operations, and police services. The Village contracts with Milan Township to provide fire services.

Public Entity Risk Pool, Joint Ventures, and Jointly Governed Organization

The Village participates in a public entity risk pool, several joint ventures, and a jointly governed organization. Notes 7, 14, and 15 to the basic financial statements provide additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-Wide Financial Statements The statement of net position - cash basis and the statement of activities - cash basis display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

Fund Accounting

The Village 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 funds of the Village are presented in two categories: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street Levy Fund This fund accounts for monies derived from property taxes. Disbursements are restricted by the levy to street repair/improvement programs.

Capital Improvement Fund This fund accounts for resources which are for the purpose of acquisition or construction of major capital facilities and capital outlay purchases.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds. The Village does not have an internal service fund.

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

Water Fund The Water Fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Electric Fund This fund receives charges for services from residents to cover the cost of providing this utility.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Budgetary Process

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

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

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2020, the Village invested in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at cost, except for STAR Ohio.

STAR Ohio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Village measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2020, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2020 were \$15,690 which included \$12,681 assigned from other Village funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes primarily includes resources restricted for street repair and maintenance.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

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

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Fiscal Officer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 - Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statements of Receipts, Disbursements and Changes In Fund Balance - Budget and Actual - Budget Basis presented for the General and Street Levy funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	General	Street Levy
Cash Basis	\$198,534	\$71,529
Encumbrances	(3,091)	(228)
Budget Basis	\$195,443	\$71,301

Note 4 - Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Such monies must be maintained either as cash in the Village 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 passbook accounts.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

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

At year end, the Village had \$400 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, none of the Village's bank balance of \$3,309,225 was exposed to custodial credit risk.

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

Investments

As of December 31, 2020 the Village had the following investments:

Investment Type	Measurement Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
STAR Ohio	\$829,329	\$829,329			

Credit risk is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Note 5 - Income Taxes

The Village levies a 1% income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax less than 1% must pay the difference to the Village. Additional increases in income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

Income tax receipts are to be used to pay the cost of administering the tax, general fund operations, capital improvements, and other governmental functions when needed, as determined by Council. During 2020, the receipts were allocated to the General Fund and the Capital Improvement Fund.

Note 6 - Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2020 for real and public utility property taxes represents collections of 2019 taxes.

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

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

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

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

The full tax rate for all Village operations for the year ended December 31, 2020, was \$8.80 per \$1,000 of assessed value. The assessed values of real property and public utility property upon which 2020 property tax receipts were based are as follows:

	<u>2020 Collection Year</u>
Real property	
Residential and agricultural	\$ 23,135,300
Other	5,019,890
Public utility	1,399,090
Total assessed value	<u>\$ 29,554,280</u>

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

Note 7 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees. The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the Plan), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments (Members). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 8 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description - Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension 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.

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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 Age 52 with 15 years of service credit	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35 Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

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

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

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

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

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

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

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

	<u>State and Local</u>
2020 Statutory Maximum Contribution Rates	
Employer	14%
Employee	10%
 2020 Actual Contribution Rates	
Employer:	
Pension	14%
Post-employment Health Care Benefits	0%
 Total Employer	 14%
 Employee	 10%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village's contractually required contribution was \$77,553 for the year 2020.

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

Plan Description - Village full-time police participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that 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.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F 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 after 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 CAFR 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.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percentage increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3 percent of their base pension or disability benefit.

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

	Police	Firefighters
2020 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2020 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OP&F was \$30,000 for 2020.

Note 9 - Postemployment Benefits

Ohio Public Employees Retirement System

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 postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member-directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS CAFR referenced below for additional information.

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, State and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, 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.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$0 for 2020.

Ohio Police and Fire Pension Fund

Plan Description - The Village 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.

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

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 and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The Village's contractually required contribution to OP&F was \$600 for 2020.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 10 - Debt

The Village's long-term debt activity for the year ended December 31, 2020 was as follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
OMEGA JV5 Loan	Varies	\$ 437,946	February 15, 2024
OWDA - Drinking Water Fund Planning - 8110	0.00%	10,170	July 1, 2025

<i>Business-Type Activities</i>	Restated			Balance at 12/31/2020	Due within one year
	Balance at 1/1/2020	Increase	Decrease		
OMEGA JV5 Loan	\$ 242,397		\$ 34,273	\$ 208,124	
OWDA - Asset Management Plan #8110	10,170			10,170	\$ 2,034
Total	<u>\$ 252,567</u>		<u>\$ 34,273</u>	<u>\$ 218,294</u>	<u>\$ 2,034</u>

The Ohio Water Development Authority (OWDA) loan relates to an asset management plan. The loan will be repaid in semiannual installments over five years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The January 1, 2020 balance was restated from \$0 to \$10,170 based on confirmation with OWDA.

The Omega JV5 debt relates to the purchase of Ohio Municipal Electronic Generation Agency Joint Venture (OMEGA JV5). OMEGA JV5 are distributive generation projects. OMEGA JV5 debt is composed of two series of bonds, the 2001 and the 2016 bonds. The 2001 bonds are accretion bonds with a series of balloon payments coming due around 2025. In order to not cause mass fluctuation in member rates, AMP Ohio is currently collecting ahead to be able to make those payments. As such the debt paid down will not always equal the amount of principal collected each year. The January 1, 2020 balance was restated from \$97,911 to \$242,297 based on confirmation with AMP Ohio. An amortization schedule for the repayment of the debt is currently not available and, therefore, is not included in the schedule below.

Amortization of the above debt is as follows:

Year ending December 31:	OPWC Loan
2021	\$2,034
2022	2,034
2023	2,034
2024	2,034
2025	2,034
	<u>\$10,170</u>

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

Note 11 - Fund Balances

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

Fund Balances	General	Street Levy	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Restricted for					
Law Enforcement	\$ -	\$ -	\$ -	\$ 11,478	\$ 11,478
Street Maintenance and Repair	-	212,578	-	157,600	370,178
Computer	-	-	-	20,156	20,156
Special Assessments	-	-	-	17,671	17,671
Beautification	-	-	-	4,493	4,493
<i>Total Restricted</i>	-	212,578	-	211,398	423,976
Committed to					
Capital Improvements	-	-	398,777	-	398,777
Assigned to					
Subsequent Year Appropriations	131,472	-	-	-	131,472
Encumbrances	3,091	-	-	-	3,091
<i>Total Assigned</i>	134,563	-	-	-	134,563
Unassigned	920,911	-	-	-	920,911
<i>Total Fund Balances</i>	<u>\$ 1,055,474</u>	<u>\$ 212,578</u>	<u>\$ 398,777</u>	<u>\$ 211,398</u>	<u>\$ 1,878,227</u>

Note 12 - Interfund Transfers

During 2020, the following transfers were made:

<u>Transfers To</u>	<u>Transfers From</u> <u>Major Fund</u> <u>General</u>
Major Funds:	
Electric Fund	\$24,757
Other Nonmajor Governmental Funds	15,000
Total All Funds	<u>\$39,757</u>

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The above-mentioned Transfers From/To were used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorization.

Note 13 - Contingent Liabilities

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

Note 14 - Joint Ventures and Projects

OMEGA JV2

The Village is a Non-Financing Participant and an Owner Participant with an ownership percentage of .55% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net position will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP, which acts as the joint venture's agent. The Village's net investment in OMEGA JV2 was (\$175) at December 31, 2020. Complete financial statements for OMEGA JV2 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

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Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2020 are:

<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>	<u>Municipality</u>	<u>Percent Ownership</u>	<u>Kw Entitlement</u>
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary's	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	<u>0.79%</u>	<u>1,066</u>	Custar	<u>0.00%</u>	<u>4</u>
	<u>95.20%</u>	<u>127,640</u>		<u>4.80%</u>	<u>6,441</u>
			Grand Total	<u>100.00%</u>	<u>134,081</u>

Under the Village's cash basis of accounting, the equity interest in OMEGA JV2 is not reported as an asset in the accompanying cash basis financial statements.

OMEGA JV5

The Village is a Financing Participant with an ownership percentage of .39%, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Management Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

On dissolution of OMEGA JV5, the net position will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of the OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2020, the Village has met its debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of the 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014. On January 29, 2016, OMEGA JV5 issued the Beneficial Interest Certificates (2016 Certificates) in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$11,596 at December 31, 2020. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.ohioauditor.gov.

AMP Generating Station (AMPGS) Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 1,259 kilowatts of a total 771,281 kilowatts, giving the Village a .16% share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. Until November 2009, AMP had been developing a 960 MW twin unit, supercritical boiler, coal-fired, steam and electric generating facility, to be known as the American Municipal Power Generating Station ("*AMPGS*"), in Meigs County, in southeastern Ohio, on the Ohio River. AMP had planned for AMPGS to enter commercial operation in 2014 at a total capital cost of approximately \$3 billion. In the fourth quarter of 2009, however, the estimated capital costs increased by 37% and Bechtel Power Corporation (*Bechtel*), the EPC (engineer, procure and construct) contractor, would not guarantee that the costs would not continue to escalate.

Village of Milan
Erie County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2020

As a result of the estimated cost increases and prior to the commencement of major construction at the project site, the 81 AMP Members that had subscribed for capacity from AMPGS (*AMPGS Participants*) voted to cease development of AMPGS as a coal fired project. The Village is one of the 81 AMPGS Participants.

In August 2016, AMP and Bechtel engaged in court-ordered mediation to resolve disputes raised in litigation relating to the cancellation of the AMPGS Project. Following the mediation, AMP and Bechtel reached a comprehensive settlement which resolved all claims. The terms of such settlement are confidential.

As of December 31, 2020, the Village's allocated share of the stranded costs recoverable from the AMPGS Participants is \$105,312.

Note 15 - Jointly Governed Organization

Regional Income Tax Agency

The Regional Income Tax Agency (RITA) is a regional council of governments formed to establish a central collection facility for the purpose of administering the income tax laws of the members and for the purpose of collecting income taxes on behalf of each member. RITA currently has approximately 350 members in the council of governments. Each member has one representative to the council of governments and is entitled to one vote on items under consideration. RITA is administered by a nine-member board of trustees elected by the members of the council of governments. The board exercises total control over RITA's operation including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the council. For 2020, the Village paid RITA \$18,218 for income tax collection services.

Note 16 - Compliance

Contrary to the Village's Codified Ordinances, income tax collections were not properly allocated between the General and Capital Improvement funds.

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

Village of Milan
Erie County
11 South Main Street
Milan, Ohio 44846-1450

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Milan, Erie County, Ohio (the Village) as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March , wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

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 Village's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency described in the accompanying schedule of findings as item 2021-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2021-002 and 2021-003 to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village'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 matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2021-002.

Village's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village'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 Village'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 Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

March 21, 2024

VILLAGE OF MILAN
ERIE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021 AND 2020

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

FINDING NUMBER 2021-001

Material Weakness - Financial Reporting

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

The following errors were identified in the accompanying basic financial statements and notes to the basic financial statements:

- In 2021, General Fund municipal income tax original budgeted receipts were decreased in the amount of \$128,114 in order to bring the amount reported in the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis in line with the authorized budget amount;
- In 2021, General Fund transportation original budgeted disbursements were increased in the amount of \$63,256 and transfers out original budgeted disbursements were decreased in the amount of \$188,919 in order to bring the amounts reported in the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis in line with the authorized budget amounts;
- In 2021, Street Fund intergovernmental and transfers in original budgeted receipts were decreased in the amounts of \$259,835 and \$108,067, respectively, in order to bring the amounts reported in the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis in line with the authorized budget amounts;
- In 2021, Street Fund intergovernmental final budgeted receipts were decreased in the amount of \$83,402 in order to bring the amount reported in the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis in line with the authorized budget amount;
- In 2021, Street Fund transportation and transfers out original budgeted disbursements were decreased in the amounts of \$18,132 and \$40,132, respectively, in order to bring the amounts reported in the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis in line with the authorized budget amounts;
- In 2021, Street Fund balance at beginning of year was increased in the amount of \$2,806 in order to bring the amount reported in the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis in line with the actual fund balance amount;
- In 2021, Capital Improvement Fund restricted fund balance in the amount of \$435,933 was reclassified to committed in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 -.179);
- In 2021, Capital Improvement Fund sale of capital assets receipts in the amount of \$16,300 were improperly classified as intergovernmental receipts;
- In 2021, Governmental Activities unrestricted net position was increased in the amount of \$431,655 and net position restricted for capital projects and net position restricted for other purposes were decreased in the amounts of \$177,907 and \$253,748, respectively, in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB Cod 1800.155 -.163);

**FINDING NUMBER 2021-001
(Continued)**

- In 2020, General Fund, Street Levy Fund, Water Fund, Sewer Fund, and Other Governmental Funds fund balances beginning of the year were misstated due to prior audit adjustments not being posted to the Village's accounting system timely. Adjustment amounts ranged from \$4,542 to \$47,257;
- In 2020, General Fund unassigned fund balance in the amount of \$131,472 was reclassified to assigned in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 -.179);
- In 2020, the Street Levy Fund was omitted as a major fund and was instead incorrectly reported as part of Other Governmental Funds (GASB Cod. 2200.159). The Statement of Assets and Fund Balances - Cash Basis Governmental Funds, Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis Governmental Funds, and the Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budget Basis Street Levy Fund have been adjusted to reflect the Street Levy Fund as a major fund. The adjustment amounts ranged from \$2 to \$217,120;
- In 2020, Street Levy Fund intergovernmental receipts in the amount of \$9,445 were improperly classified as property and other local taxes receipts;
- In 2020, Capital Improvement Fund restricted fund balance in the amount of \$398,777 was reclassified to committed in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB Cod 1800.165 -.179);
- In 2020, Other Governmental Funds intergovernmental receipts and capital outlay disbursements were each increased in the amount of \$50,000 in order to properly account for the Village's share of an Ohio Public Works Commission Issue 2 project;
- In 2020, Other Governmental Funds intergovernmental receipts and capital outlay disbursements were each increased in the amount of \$23,750 in order to properly record on behalf of payments for Safe Routes to School project; and
- In 2020, Governmental Activities unrestricted net position was increased and restricted for other purposes was decreased in the amount of \$363,526 in accordance with the provisions of Governmental Accounting Standards Board Statement No. 54 (GASB Cod 1800.155 -.163).

These errors were not identified and corrected prior to the Village preparing its basic financial statements and notes to the basic financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The failure to adequately monitor the basic financial statements and notes to the basic financial statements could allow for misstatements to occur and go undetected. The accompanying basic financial statements and notes to the basic financial statements have been adjusted to reflect these changes. In addition to the adjustments noted above, we also identified numerous additional immaterial misstatements ranging from \$259 to \$38,919 that we have brought to the Village's attention.

The Village should adopt policies and procedures, including a final review of the basic financial statements and notes to the basic financial statements to help identify and correct errors and omissions.

Officials' Response:

We are going to complete the year end financial reports internally using the UAN software system.

FINDING NUMBER 2021-002

Noncompliance Citation and Significant Deficiency

Village of Milan Codified Ordinance Chapter 197.13 provides:

The funds collected under the provisions of this chapter shall be applied for the following purposes:

- (a) Administration. Such part thereof as shall be necessary to defray all costs of collecting all income taxes levied and the cost of administering and enforcing the provisions of this chapter including the cost of a legal program by Regional Income Tax Agency (R.I.T.A.), as the duly authorized agent of the Village of Milan, Ohio.
- (b) General Fund. Eighty percent (80%) of the balance of net available income tax receipts after first deducting the administrative expenses described in subsection (a) hereof, shall be deposited in the General Fund and used for general operating expenses of the Village.
- (c) Capital Improvement Fund. Twenty percent (20%) of the balance of net available income tax receipts after first deducting the administrative expenses described in subsection (a) hereof, shall be placed in a Capital Improvement Fund. Funds shall be disbursed from this fund only by ordinance passed by Council for capital improvements having a useful life of at least four years.

Due to deficiencies in the Village's internal controls over income tax receipts, the Village inappropriately recorded \$6,912 of income tax revenue in the General Fund during 2021. Given the allocation of income tax funds above, this should have been recorded in the Capital Improvement Fund. The Village also inappropriately recorded \$4,012 of income tax revenue in the General Fund during 2020. Given the allocation of income tax funds above, this should have been recorded in the Capital Improvement Fund. Audit adjustments are reflected in the basic financial statements and in the accounting records correcting the misstatements.

The lack of controls over the posting of financial transactions decreases the reliability of financial data at year-end and can result in undetected errors and irregularities. The Village should implement controls to help ensure all transactions are reviewed to help ensure posting to the proper funds.

Officials' Response:

We are entering all RITA receipts in the UAN software systems as a memo receipt to show gross amount collected minus the administrative fees.

FINDING NUMBER 2021-003

Significant Deficiency - Cash Reconciliation Process Errors

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.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft, and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council and/or other administrator are responsible for reviewing the reconciliations and related support.

**FINDING NUMBER 2021-003
(Continued)**

Monthly bank to book reconciliations were not prepared or reviewed from July, 2020 to April, 2021. Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Village Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

Officials' Response:

We are enrolled in the Ohio Auditor of State eServices, which offers the option to generate a notification to the governing body if a complete bank reconciliation has not been posted in UAN in the past 60 days.

2. OTHER - FINDINGS FOR RECOVERY

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS report.

FINDING NUMBER 2021-004

Finding for Recovery Repaid Under Audit

Village of Milan Codified Ordinance § 151.07(a) work period and overtime states, in part, the work period for all other Village employees shall be fourteen days, and they shall receive additional compensation for hours worked in excess of eight hours a day at one and one-half times their regular hourly rate of pay, provided such additional hours shall be approved by the employee's department head.

Daniel Hipp's hours per his timesheets dated November 8, 2020 and January 31, 2021 were overstated resulting in an overpayment of \$88. This was due to time in and time out per the timesheets not agreeing to the hours that were compensated.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Daniel Hipp, Water and Sewer employee, in the amount of \$88, and in favor of the Village of Milan Water (\$35) and Sewer (\$53) funds.

On February 6, 2024 Daniel Hipp reimbursed the Village \$88 with a personal check in favor of the Village's Water (\$35) and Sewer (\$53) funds. This finding has been repaid under audit.

Officials' Response:

Settled under this audit.

FINDING NUMBER 2021-005

Finding for Recovery Resolved and Repaid Under Audit

Ohio Rev. Code § 731.13 provides, in part, that the legislative authority of a village shall fix the compensation and bonds of all officers, clerks, and employees of the village except as otherwise provided by law.

Village of Milan Compensation Time Policy states, all full-time employees, including full-time police officers, may elect to accept time off (compensation time) in lieu of monetary compensation for hours worked beyond their regularly scheduled work period. Compensation time will accrue at the rate of one and one-half hours for each overtime hour worked. Each employee is responsible for informing the Fiscal Officer at the end of each pay period whether the eligible hours are to be paid overtime or credited as compensation time.

Village of Milan Codified Ordinance § 151.07 work period and overtime states, in part, the work period for all other Village employees shall be fourteen days, and they shall receive additional compensation for hours worked in excess of eight hours a day at one and one-half times their regular hourly rate of pay, provided such additional hours shall be approved by the employee's department head.

Village of Milan Codified Ordinance § 151.23 Approved leave of absence for volunteer fire calls states, (a) Leaving their employment duty by a Village employee is a member of the Milan Township Volunteer Fire Department to answer a fire call shall be considered an excused absence without pay. (b) The length of such excused leave shall be measured from the time such employee leaves the service of the Village until he or she returns to such Village service. (c) Village employees shall forfeit an equal number of either vacation or comp time while attending an emergency call during regular Village hours.

- Timothy Heim took administrative time off given by the Mayor that was not in accordance with Village policy in the amount of \$335 for pay periods ending January 4, 2020, July 5, 2020, and January 3, 2021. This was a benefit that the Mayor could not legally give and was not approved by Village Council.
- Timothy Heim left the Village to go on a fire call and claimed this as a "break" on his timesheet during pay periods ending December 5, 2021 and December 19, 2021 for a total of \$59. Per Milan Codified Ordinance § 151.23, he should have taken an excused absence without pay or used vacation or comp time while on the fire call.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tim Heim, Street employee, in the amount of \$416, and in favor of the Village of Milan General (\$355) and Street (\$61) funds.

On the December 20, 2023 meeting council retroactively approved four hours paid off for Christmas and New Years resulting in \$316 being considered resolved under audit. On February 13, 2024, Timothy Heim reimbursed the Village \$78 with a personal check in favor of the Village's General (\$32) and Street (\$46) funds. This finding has been resolved and repaid under audit.

Officials' Response:

Settled under this audit.

FINDING NUMBER 2021-006

Finding for Recovery Resolved and Repaid Under Audit

Village of Milan Compensation Time Policy states, all full-time employees, including full-time police officers, may elect to accept time off (compensation time) in lieu of monetary compensation for hours worked beyond their regularly scheduled work period. Compensation time will accrue at the rate of one and one-half hours for each overtime hour worked. Each employee is responsible for informing the Fiscal Officer at the end of each pay period whether the eligible hours are to be paid overtime or credited as compensation time.

Village of Milan Codified Ordinance § 151.07(a) work period and overtime states, in part, the work period for all other Village employees shall be fourteen days, and they shall receive additional compensation for hours worked in excess of eight hours a day at one and one-half times their regular hourly rate of pay, provided such additional hours shall be approved by the employee's department head.

- Franklin Hamilton improperly used compensation time when he had no compensation time available to use in the amount of \$49 for pay periods ending February 14, 2021 and April 11, 2021.
- Franklin Hamilton's hours per his timesheets dated May 9, 2021, June 6, 2021, and July 4, 2021 were overstated resulting in an overpaid of \$167. This was due to time in and time out per the timesheets not agreeing to the hours that were compensated.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Franklin Hamilton, Electric Lineman, in the amount of \$216, and in favor of the Village of Milan Electric Fund.

On February 13, 2024, the Village reduced Mr. Hamilton's compensation time by \$49, so \$49 is considered resolved under audit. On February 14, 2024, Franklin Hamilton reimbursed the Village \$167 with a personal check in favor of the Village's Electric Fund. This finding has been resolved and repaid under audit.

Officials' Response:

Settled under this audit.

FINDING NUMBER 2021-007

Finding for Recovery Repaid Under Audit

Village of Milan Codified Ordinance § 151.07(a) work period and overtime states, in part, the work period for all other Village employees shall be fourteen days, and they shall receive additional compensation for hours worked in excess of eight hours a day at one and one-half times their regular hourly rate of pay, provided such additional hours shall be approved by the employee's department head.

Tyson Metz's hours per his timesheets dated April 25, 2021 and November 7, 2021 were overstated resulting in an overpayment of \$48. This was due to time in and time out per the timesheets not agreeing to the hours that were compensated.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tyson Metz, Electric employee, in the amount of \$48, and in favor of the Village of Milan Electric Fund.

**FINDING NUMBER 2021-007
(Continued)**

On February 15, 2024, Tyson Metz reimbursed the Village \$48 with a personal check in favor of the Village's Electric Fund. This finding has been repaid under audit.

Officials' Response:

Settled under this audit.

FINDING NUMBER 2021-008

Finding for Recovery Repaid Under Audit

Village of Milan Codified Ordinance § 151.02 stated, in part, that all full-time employees who have completed one year of continuous service with the Village, on or before January 1 of any calendar year, shall be entitled to vacation with pay. § 151.02(a) states all employees of the Village who have not completed one year of continuous service with the Village before January 1, shall be eligible for vacation, at the rate of 6.666 hours of vacation per month of continuous employment in the preceding calendar year. This formula shall only be used during the employee's first year of employment.

Catherine Ramey, former Fiscal Officer, was hired by the Village on November 30, 2020 and given 80 hours of vacation by Council upon her hiring. At the start of 2021, Ms. Ramey should have had received an additional 6.666 hours of vacation balance per the policy, totaling 86.666 hours. The actual balance per the system; however, was 100 hours. On April 22, 2021 Ms. Ramey used eight hours of vacation bringing her actual accrual to 78.666 and the system accrual to 92 hours. On May 3, 2021 Ms. Ramey adjusted her accrual to 86.666 hours which did not account for the 8 hours previously used. At the end of 2021 Ms. Ramey had an actual vacation accrual balance of negative 3.334 hours and a system accrual of 4.666 hours. The 4.666 hours were carried over to 2022 resulting in eight hours of vacation used that was not properly accrued.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Catherine Ramey, former Fiscal Officer, in the amount of \$211, and in favor of the Village of Milan General (\$105), Water (\$32), Sewer (\$32), and Electric (\$42) funds.

On December 28, 2023, Catherine Ramey reimbursed the Village \$211 with a personal check in favor of the General (\$105), Water (\$32), Sewer (\$32), and Electric (\$42) funds. This finding has been repaid under audit.

Officials' Response:

Settled under this audit.

FINDING NUMBER 2021-009

Finding for Recovery Resolved and Repaid Under Audit

Ohio Rev. Code § 731.13 provides, in part, that the legislative authority of a village shall fix the compensation and bonds of all officers, clerks, and employees of the village except as otherwise provided by law.

**FINDING NUMBER 2021-009
(Continued)**

Village of Milan Compensation Time Policy states, all full-time employees, including full-time police officers, may elect to accept time off (compensation time) in lieu of monetary compensation for hours worked beyond their regularly scheduled work period. Compensation time will accrue at the rate of one and one-half hours for each overtime hour worked. Each employee is responsible for informing the Fiscal Officer at the end of each pay period whether the eligible hours are to be paid overtime or credited as compensation time.

Village of Milan Codified Ordinance § 151.07(a) work period and overtime states, in part, the work period for all other Village employees shall be fourteen days, and they shall receive additional compensation for hours worked in excess of eight hours a day at one and one-half times their regular hourly rate of pay, provided such additional hours shall be approved by the employee's department head.

- Brian Rospert took administrative time off given by the Mayor that was not in accordance with Village policy in the amount of \$525 for pay periods ending January 4, 2020, July 5, 2020, and January 3, 2021. This was a benefit that the Mayor could not legally give and was not approved by Village Council.
- Brian Rospert's hours per his timesheet dated November 7, 2021 was overstated resulting in an overpayment of \$22. This was due to time in and time out per the timesheets not agreeing to the hours that were compensated.

On the December 20, 2023 meeting council retroactively approved four hours paid off for Christmas and New Years resulting in \$494 being considered resolved under audit.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Brian Rospert, Village Administrator, in the amount of \$53, and in favor of the Village of Milan General (\$13), Street (\$13), Water (\$8), Sewer (\$8), and Electric (\$11) funds.

On February 5, 2024 Brian Rospert reimbursed the Village \$53 with a personal check in favor of the Village's General (\$13), Street (\$13), Water (\$8), Sewer (\$8), and Electric (\$11) funds. This finding has been resolved and repaid under audit.

Officials' Response:

Settled under this audit.

FINDING NUMBER 2021-010

Finding for Recovery Repaid Under Audit

Village of Milan Codified Ordinance § 151.07(a) work period and overtime states, in part, the work period for all other Village employees shall be fourteen days, and they shall receive additional compensation for hours worked in excess of eight hours a day at one and one-half times their regular hourly rate of pay, provided such additional hours shall be approved by the employee's department head.

Lewis Kalin's hours per his timesheet dated February 29, 2020 was overstated resulting in an overpayment of \$94. This was due to time in and time out per the timesheets not agreeing to the hours that were compensated.

**FINDING NUMBER 2021-010
(Continued)**

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Lewis Kalin, Electric Supervisor, in the amount of \$94, and in favor of the Village of Milan Electric Fund.

On February 2, 2024 Lewis Kalin reimbursed the Village \$94 with a personal check in favor of the Village's Electric Fund. This finding has been repaid under audit.

Officials' Response:

Settled under this audit.

FINDING NUMBER 2021-011

Finding for Recovery Resolved Under Audit

Village of Milan Ordinance 745-11-18 passed November 28, 2018 states: Beginning January 1, 2019 and thereafter, the Village shall provide a clothing allowance, to include pants, shirts, jackets and foot wear to each full-time employee of the Streets and Parks Department, the Water and Sewer Department and Electrical Department of Four Hundred Dollars (\$400.00) per year. Such clothing allowance shall be reimbursed to the employee upon presentation of a receipt for the clothing purchased and the amount left in an employee's account shall not carry over year to year. Cashiers and Assistance Cashiers will not receive a clothing allowance."

Brian Rospert was a part-time Superintendent of the Street Department and part-time Village Administrator until he was appointed to serve as full-time Village Administrator on March 24, 2021. Mr. Rospert received the clothing allowance while he was part-time Superintendent of the Street Department. Village Council passed a motion on January 26, 2022 "to allow Brian clothing allowance \$400.00 uniform stipend, retroactive to the time he became full-time Administrator." During the audit we found three instances prior to the March 24, 2021 date where Mr. Rospert was reimbursed for the uniform allowance totaling \$535.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Brian Rospert, Village Administrator, in the amount of \$535, and in favor of the Village of Milan Street (\$285) and Electric (\$250) funds.

At the January 26, 2022 meeting Council retroactively approved, via motion, the allowance back to when Mr. Rospert became full-time Village Administrator. At the December 20, 2023 meeting Council retroactively approved, via motion, the allowance back to when he was both Village Administrator and Street Superintendent. This finding has been resolved under audit.

Officials' Response:

Settled under this audit.



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**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2021 AND 2020**

Finding Number	Finding Summary	Status	Additional Information
2019-001	Finding was first reported during the audit of the 2017 financial statements. Material weakness for errors in financial reporting.	Not corrected and reissued as Finding 2021-001 in this report.	These matters were not corrected due to deficiencies in Village's internal controls over financial reporting. The Village is going to complete the year end financial reports internally using the UAN software systems.
2019-002	Finding was first reported during the audit of the 2017 financial statements. Ohio Rev. Code § 5705.41(D)(1) for not properly certifying purchases.	Fully corrected.	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MILAN

ERIE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/4/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov