

**VILLAGE OF SHEFFIELD, OHIO**

**ANNUAL INFORMATION FILING FOR**  
**FISCAL YEAR 2023**

The following provides, in accordance with the continuing disclosure agreement (the Continuing Disclosure Agreement) entered into by the Village of Sheffield, Ohio (the Village), annual financial information and operating data for the Village's fiscal year ended December 31, 2023 (Fiscal Year 2023), of the type included in the final official statement for its primary offering of and issuance:

**\$3,540,000 Various Purpose Improvement and Refunding Bonds, Series 2014**, dated July 8, 2014. Final Maturity December 1, 2031.

The applicable CUSIP number is 821243.

**This Annual Information Filing constitutes only the annual financial information and operating data agreed to be provided under the Continuing Disclosure Agreement entered into at the time of the primary offering referenced above. No representation is made as to the materiality or completeness of that information. Other relevant information for Fiscal Year 2023 may exist, and matters may have occurred or become known during or since that period, which an investor would consider to be important when making an investment decision. Further, no representation is made that the Annual Information Filing is indicative of financial or operating results of the Village since the end of Fiscal Year 2023 or future financial or operating results. Finally, the inclusion of certain information pertaining to post-Fiscal Year 2023 events, if any, is provided solely for convenience, and is not intended to suggest that other such information not so included is any less material or important to an investor.**

**Dated: September 29, 2024**

**VILLAGE OF SHEFFIELD, OHIO**

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## INTRODUCTORY STATEMENT

The Village entered into the Continuing Disclosure Agreement pursuant to SEC Rule 15c2-12 (the Rule), in connection with the primary offering and issuance of the bond issue identified on the cover page (the Bonds). The Continuing Disclosure Agreement requires the Village to provide annually financial information and operating data with respect to the Village for its immediately preceding fiscal year of the type included in the final official statement for that offering (the Official Statement). This Annual Information Filing provides such financial information and operating data for the Village's Fiscal Year ended December 31, 2023.

All financial and other information in this Annual Information Filing has been provided by the Village from its records, except for information expressly attributed to other sources. More complete information regarding laws, reports and documents referenced in this Annual Information Filing may be obtained by reviewing those laws, reports and documents. Subject to limited exceptions, records of the Village are available for public inspection and copies may be obtained at cost upon request. Questions regarding information contained in this Annual Information Filing and requests for copies of documents should be directed to the Fiscal Officer of the Village at the address shown on the cover. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historical information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the Village. No representation is made that past experience, as shown by that financial and other information, will necessarily continue or otherwise be predictive of future experience. The information and expressions of opinion herein are subject to change without notice. The delivery of this Annual Information Filing shall not, under any circumstances, give rise to any implication that the affairs of the Village have not changed since the date of this Annual Information Filing.

The Village is on a biennial audit schedule. The last audit completed included Fiscal Years 2021 and 2022. The Village's audited financial statements for Fiscal Year 2023 are not yet available and, in accordance with the Continuing Disclosure Agreement, will be filed with the Municipal Securities Rulemaking Board (MSRB) in an electronic format prescribed by the MSRB using the MSRB's Electronic Municipal Market Access (EMMA) platform promptly after they have been made available by the Ohio Auditor of State (OAS) on the internet address of the OAS, currently <http://www.auditor.state.oh.us>. Unaudited financial statements of the Village for Fiscal Year 2023 are attached as **Appendix C** (the Unaudited Fiscal Year 2023 Financial Statements).

As used in this Annual Information Filing:

- **“Council”** means the Council of the Village.
- **“County”** means the County of Lorain, Ohio.
- **“County Auditor”** means the Auditor of the County.
- **“Debt charges”** means the principal (including any mandatory sinking fund deposits and mandatory redemption payments), interest and any redemption premium payable on the obligations referred to as those payments come due and are payable; debt charges may also be referred to as “debt service.”
- **“Fiscal Year”** means the 12-month period ending December 31, and reference to a particular Fiscal Year (such as “Fiscal Year 2023”) means the Fiscal Year ending on December 31 in that year.
- **“Revised Code”** means the Ohio Revised Code.

- “School District” means Sheffield-Sheffield Lake City School District.
- “State” or “Ohio” means the State of Ohio.

## AD VALOREM PROPERTY TAXES

### Assessed Valuation

The following table shows the recent assessed valuations of property subject to ad valorem taxes levied by the Village.

Collection Year	Real(a)	Public Utility(b)	Total Assessed Valuation
2020	\$179,424,990	\$7,307,350	\$186,732,340
2021	183,965,240	7,752,770	191,718,010
2022(c)	198,836,720	8,354,890	207,191,610
2023	206,143,750	8,707,820	214,851,570
2024	207,941,800	9,289,880	217,231,680

- (a) Other than real property of railroads. The real property of public utilities, other than railroads, is assessed by the County Auditor. Real property of railroads is assessed, together with tangible personal property of all public utilities, by the State Tax Commissioner.
- (b) Tangible personal property of all public utilities and real property of railroads; see discussion below of reductions to the valuation of tangible personal property of certain utilities.
- (c) Reflects triennial adjustment.

Source: County Auditor.

Taxes collected on “Real” in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. “Public Utility” (real and tangible personal) taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year.

Pursuant to statutory requirements for sexennial reappraisals, in 2024 the County Auditor is adjusting the true value of taxable real property to reflect current fair market values. These adjustments will be first reflected in the 2024 duplicate (collection year 2025) and in the ad valorem taxes distributed to the Village in 2025 and thereafter. The County Auditor is required to adjust (but without individual appraisal of properties except in the sexennial reappraisal), and has adjusted, taxable real property value triennially to reflect true values. The County Auditor completed such a triennial adjustment in 2021.

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is to be assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate upon its assessed value.

As a result of the phase-out of taxation of tangible personal property used in general business (excluding certain public utility property) and tangible personal property used by telephone, telegraph or interexchange telecommunications companies, and a 2002 reduction of the percentages of true value of electric utility production equipment and natural gas utility property assessed for taxation, eligible local governments have received reimbursement payments from the

State to account for the loss of property tax revenue. The Village has not received reimbursement from the State relating to lost property revenue from operating levies since 2011.

As indicated herein, the General Assembly has from time to time exercised its power to revise the laws applicable to the determination of assessed valuation of taxable property and the amount of receipts to be produced by ad valorem taxes levied on that property and may continue to make similar revisions.

Ohio law grants tax credits to offset increases in taxes resulting from increases in the true value of real property. Legislation classifies real property as between residential and agricultural property and all other real property, and provides for tax reduction factors to be separately computed for and applied to each class. These tax credits apply only to certain voted levies on real property, and they do not apply to unvoted levies or to voted levies to pay debt charges on general obligation debt. None of the Village’s tax levies are affected by these credits. These credits are discussed further following **Tax Table A**.

**Tax Rates**

All references to tax rates under this caption are in terms of stated rates in mills per \$1.00 of assessed valuation.

The following are the rates at which the Village and overlapping taxing subdivisions have in recent years levied ad valorem property taxes.

**TAX TABLE A  
Overlapping Tax Rates**

<b>Collection Year</b>	<b>Village</b>	<b>County(a)</b>	<b>Sheffield-Sheffield Lake-City School District</b>	<b>Lorain County Career Center</b>	<b>Total</b>
2020	5.35	15.58	67.02	2.45	90.40
2021	5.35	16.08	66.97	2.45	90.85
2022	5.35	15.80	65.03	2.45	88.63
2023	5.35	15.93	64.59	2.45	88.32
2024	5.35	16.58	64.59	2.45	88.97

(a) Includes a 0.5-mill County Health Levy.

Source: County Auditor.

Statutory procedures limit, by the application of tax credits, the amount realized by each taxing subdivision from real property taxation to the amount realized from those taxes in the preceding year plus both:

- the proceeds of any new taxes (other than renewals) approved by the electors, calculated to produce an amount equal to the amount that would have been realized if those taxes had been levied in the preceding year; and
- amounts realized from new and existing taxes on the assessed valuation of real property added to the tax duplicate since the preceding year.

The tax credit provisions do not apply to amounts realized from taxes levied at whatever rate is required to produce a specified amount or an amount to pay debt charges on voted general obligations, or from taxes levied inside the ten-mill limitation or any applicable charter tax rate limitation. To calculate the limited amount to be realized, a reduction factor is applied to the stated rates of the levies subject to these tax credits. A resulting “effective tax rate” reflects the aggregate of those reductions, and is the rate based on which real property taxes are in fact collected. As an example, the total overlapping tax rate for the 2024 tax collection year of 88.97 mills within the Village (in the portion overlapping the School District) is reduced by reduction factors of 0.311387 for residential/agricultural property and 0.277745 for all other real property, which results in “effective tax rates” of 61.268029 mills for residential and agricultural property and 64.261273 mills for all other real property. See **Tax Table A**.

Residential and agricultural real property tax amounts paid by taxpayers generally have been further reduced by an additional 10% (12.5% in the case of owner-occupied residential property); however, legislation passed by the State’s General Assembly in 2013 eliminated such reductions for additional and replacement levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Collections** for a discussion of reimbursements by the State to taxing subdivisions for these reductions and related changes made by that State legislation.

The following are the rates at which the Village levied property taxes for the general categories of purposes for the years shown, both outside and inside the ten-mill limitation.

**TAX TABLE B**  
**Village Tax Rates**

**Inside the Limitation**

<b>Collection Year</b>	<b>Total, All Operating</b>
2020	3.60
2021	3.60
2022	3.60
2023	3.60
2024	3.60

**Voted**

<b>Collection Year</b>	<b>Total, All Fire Operations</b>
2020	1.75
2021	1.75
2022	1.75
2023	1.75
2024	1.75

See the discussion of the ten-mill limitation, and the priority of claim on that millage for debt charges on unvoted general obligation debt, under **Indirect Debt and Unvoted Property Tax Limitations**.

The Village has one voter-authorized tax levy, most recently approved in 2021 (for first collection in collection year 2023 and through collection year 2027) at 1.75 mills to fund fire operations.

### Collections

The following are the amounts billed and collected for Village ad valorem property taxes on real and public utility property and special assessments for the tax collection years shown.

Collection Year	Current Billed	Current Collected	Current % Collected	Delinquent	
				Current	Accumulated
<i>Real and Public Utility Property</i>					
2019	\$ 950,343	\$887,647	93.40%	\$ 62,696	\$ 73,125
2020	966,019	898,041	92.96	67,978	94,780
2021	993,568	933,274	93.93	69,294	127,077
2022	1,054,003	975,154	92.52	78,849	89,525
2023	1,090,463	1,029,838	94.44	60,625	105,962

### *Special Assessments*

Collection Year	Current Billed	Current Collected	Current % Collected	Accumulated Delinquent
2019	\$62,572	\$62,572	100.00%	\$71,676
2020(a)	0	0	N/A	N/A
2021(a)	0	0	N/A	N/A
2022(a)	0	0	N/A	N/A
2023(a)	0	0	N/A	N/A

(a) Scheduled special assessments completed in tax year 2019/collection year 2020.

Source: County Auditor

Included in the “Current Billed” and “Current Collected” figures above are payments made from State revenue sources under two Statewide real property tax relief programs – the Homestead Exemption and the Property Tax Rollback Exemption. Homestead Exemptions have been available for (i) persons 65 years of age or older, (ii) persons who are totally or permanently disabled and (iii) surviving spouses of persons who were totally or permanently disabled or 65 years of age or older, and had applied and qualified for a reduction of property taxes in the year of death, so long as the surviving spouses were not younger than 59 or older than 65 years of age on the date of their deceased spouses’ deaths. The Homestead Exemption exempts \$25,000 of the homestead’s market value from taxation, thereby reducing the property owner’s ad valorem property tax liability. The Property Tax Rollback Exemption applies to all non-business properties, and reduces each property owner’s ad valorem property tax liability by either 12.5% (for owner-occupied non-business properties) or 10% (for non-owner non-business occupied properties). Payments to taxing subdivisions have been made in amounts approximately equal to the Homestead and Property Tax Rollback Exemptions granted. This State assistance reflected in the Village’s tax collections for 2023 was \$10,459 for the elderly/disabled homestead payment and \$61,484 for the rollback payment.

The Homestead Exemption became subject to means testing beginning in 2014, and the Property Tax Rollback Exemption and related reimbursements have been eliminated with respect

to new or replacement tax levies approved at elections after September 29, 2013, and for other taxes (or increases in taxes) not levied for tax year 2013. See **Tax Rates**.

Real property taxes are payable in two installments, the first usually by February and the second in July.

### **Delinquencies**

Of the 2,308 nonexempt parcels in the Village for collection year 2023, the number of delinquent parcels was 117; the number of those against which foreclosure proceedings were commenced was not available from the County.

### **MUNICIPAL INCOME TAX**

Ohio law authorizes a city or village to levy a municipal income tax on both business income and employee wages and salaries at a rate of up to 1% without voter authorization. An income tax in excess of 0.50% requires approval by the voters. At the May 7, 2002 election, Village electors authorized an additional income tax at the rate of 1.50%. The Village had previously passed a five year ½% income tax levy making the income tax rate equal to 2.00%. In November, 2013, the voters approved the levy of the 2.00% income tax rate for a continuing period of time. The Village, pursuant to Council action and those voter authorizations, currently levies the tax at the rate of 2.00%. This tax on business income and individuals' salaries and wages is collected and administered by the Regional Income Tax Authority on behalf of the Village. For taxable years beginning on or after January 1, 2018, taxpayers subject to a municipal net profit tax may elect to file one municipal net profit tax return that covers its total municipal net profit tax liability to all municipal corporations through the Ohio Business Gateway for processing by the Ohio Department of Taxation. The Ohio Department of Taxation will provide all administrative functions for those centrally-filed returns and will distribute payments to the appropriate municipalities, as well as address audits and appeals.

The tax is in effect for a continuing period of time. It could be reduced or terminated by action of the Council, or by vote of the electors initiated by petition of 10% of the number of electors of the Village who voted at the last preceding election for governor, following initiated ordinance procedures. Under current law, the Council could reimpose a 1% tax without authorization by the electors.

Income tax proceeds, after payment of collection expenses, have been allocated by the Council for the current year as follows: .5% to capital expenditures, including payment of debt charges, less the cost of collection expenses, and 1.5% to the General Fund.

Annual income tax receipts in recent years were:

<b>Year</b>	<b>Receipts</b>	<b>Tax Rate (%)</b>
2019	\$4,920,782	2.00%
2020	4,489,843	2.00
2021	5,014,692	2.00
2022	6,141,492	2.00
2023	6,090,209	2.00



Residents are currently permitted, as a credit against their Village income tax liability, up to a maximum of 100% paid as municipal income tax on the same income in another municipal corporation.

Based on employer payments of corporate and withheld personal income taxes, the following employers each contributed more than 5% of the Village income taxes collected in 2023:

<b>Employer</b>	<b>Nature of Business</b>
University Hospitals	Healthcare Provider

Certain of the income subject to the Village income tax is also subject to the State income tax.

In response to the spread of the Pandemic, the Ohio General Assembly passed, and Governor DeWine signed into law, Amended Substitute House Bill 197 (H.B. 197) in March 2020. Section 29 of H.B. 197 provided temporary changes to Ohio’s municipal income tax rules to clarify and simplify municipal income tax collection during the period of the emergency declared by Governor DeWine’s Executive Order 2020-01D, issued on March 9, 2020, and continuing for 30 days following the conclusion of that period (the COVID Temporary Period). Under that section 29, cities could temporarily impose (i) a nonresident income tax on individuals who in the absence of the Executive Order would have reported to a work location in the city (an Employer Site), without regard to the taxpayer’s physical presence in the city, and (ii) an obligation on employers located in the city to withhold and remit to the city the foregoing income tax temporarily imposed on nonresident individuals who otherwise would have performed employee services in the city. Under that provision, the Village imposed (i) its income taxes on workers working from their homes outside of the Village rather than at Employer Sites in the Village and (ii) the Village income tax withholding and remittance obligations of employers of such workers. Governor DeWine lifted the state of emergency in Ohio on June 18, 2021, which would have ended the COVID Temporary Period and the applicability of the provisions of section 29 of H.B. 197 on July 18, 2021.

However, the Ohio General Assembly passed, and on July 1, 2021, Governor DeWine signed into law, Substitute House Bill 110 (H.B. 110) which extended until December 31, 2021, the period during which employers withheld and remitted the municipal income taxes to the city in which the Employer Site is located. H.B. 110 allows employees who performed work during tax year 2021 from a location outside the municipality in which the Employer Site is located to apply for refunds of the municipal income taxes that their employer withheld and remitted to the municipality in which the Employer Site is located. Such an employee may claim a refund for the portion of the remitted tax applicable to the wages the employee earned on days worked outside the city in which the Employer Site is located. In processing such refunds, a city may only request from employers information as to the number of days an employee worked at the Employer Site and whether the employer has already refunded to the employee the amount of tax the employer withheld and remitted to the city.

Effective January 1, 2022, Ohio’s twenty-day rule – requiring employers to withhold municipal income taxes for the municipality in which an employee has worked for more than twenty days during the calendar year – has been reinstated without the modifications effected by H.B. 110. If an employee has worked in a municipality twenty days or less during a calendar year, an employer is not required to withhold municipal income taxes for that municipality for that calendar year. An employee can only be considered working in one municipality per calendar day.

The Village is unable at this time to estimate the net effect of the provisions of H.B. 110 on the Village’s municipal income tax revenues.

## STATE LOCAL GOVERNMENT ASSISTANCE FUNDS

Statutory state-level local government assistance funds, comprised of designated State revenues, are another source of revenue to the General Fund. Most are distributed to each county and then allocated on a formula basis, or in some cases on an agreement basis, among the county and cities, villages and townships, and in some cases park districts, in the county. Village receipts from those funds are set forth in the following table:

Year	Receipts
2019	\$73,868
2020	66,585
2021	75,227
2022	82,514
2023	88,155

The amounts of and formula for distribution of these funds have been and may be revised from time to time.

## VILLAGE DEBT AND OTHER LONG-TERM OBLIGATIONS

The following describes the security for general obligation debt, applicable debt and ad valorem property tax limitations, and outstanding and projected bond and note indebtedness and certain other long-term financial obligations of the Village.

As used in the discussions that follow, the term “BANs” refers to notes issued in anticipation of the issuance of general obligation bonds.

Certain overlapping subdivisions also may issue voted and unvoted general obligation debt.

The Village is not, and to the knowledge of current Village officials has not in at least the last 25 years been in default in the payment of debt charges on any of the bonds or notes on which the Village is obligor.

### Security for General Obligation Debt; Bonds and BANs

The following describes the security for Village general obligation debt: bonds and bond anticipation notes (BANs).

**Voted Bonds.** The basic security for voted Village general obligation bonds is the authorization by the electors for the Village to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes, without limitation as to rate or amount, on all real and tangible personal property subject to ad valorem taxation by the Village. These taxes are outside of the ten-mill limitation and are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on the voted bonds (subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities).

As of December 31, 2023, the Village had no voted general obligation bonds outstanding.

**Unvoted Bonds.** The basic security for unvoted Village general obligation bonds is the Village's ability to levy, and its levy pursuant to constitutional and statutory requirements of, ad valorem taxes on all real and tangible personal property subject to ad valorem taxation by the Village, within the ten-mill limitation described below. These taxes are to be sufficient in amount to pay (to the extent not paid from other sources) as they come due the debt charges on unvoted general obligation bonds. The law provides that the levy necessary for debt charges has priority over any levy for other purposes within that tax limitation; that priority may be subject to bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or transfer, and other laws relating to or affecting the rights and remedies of creditors generally; to the application of equitable principles, whether considered in a proceeding at law or in equity; to the exercise of judicial discretion; and to limitations on legal remedies against public entities. See the discussion under **Indirect Debt and Unvoted Property Tax Limitations** of the ten-mill limitation, and the priority of claim on it for debt charges on unvoted general obligation debt of the Village and all overlapping taxing subdivisions.

As of December 31, 2023, the Village had \$735,000 of unvoted general obligation bonds outstanding.

**BANs.** BANs may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the BANs, or available funds of the city, or a combination of these sources. While BANs are outstanding, Ohio law requires the levy of ad valorem property taxes in an amount not less than what would have been levied if bonds had been issued without the prior issuance of the BANs. That levy need not actually be collected if payment in fact is to be provided from other sources, such as the proceeds of the bonds anticipated or of renewal BANs. BANs, including renewal BANs, may be issued and outstanding from time to time up to a maximum period of 240 months (20 years) from the date of issuance of the original notes. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of BANs outstanding for more than five years must be retired in amounts at least equal to, and payable not later than, those principal maturities that would have been required if the bonds had been issued at the expiration of the initial five-year period.

As of December 31, 2023, the Village had \$648,000 outstanding BANs. See **Subsequent Events**.

### **Statutory Direct Debt Limitations**

The Revised Code provides that:

- The net principal amount of both voted and unvoted debt of a village, excluding "exempt debt" (discussed below), may not exceed 10½% of the total tax valuation of all property in the village as listed and assessed for taxation.
- The net principal amount of the unvoted nonexempt debt of a village may not exceed 5½% of that valuation.

These two limitations, which are referred to as the "direct debt limitations," may be amended from time to time by the General Assembly.

The Village's ability to incur unvoted debt (whether or not exempt from the direct debt limitations) also is restricted by the indirect debt limitation discussed below under **Indirect Debt and Unvoted Property Tax Limitations**.

Certain debt the Village may issue is exempt from the direct debt limitations (“exempt debt”). Exempt debt includes, among others:

- General obligation debt:
  - That is “self supporting” (*i.e.*, nontax revenues from the facility or category of facilities are sufficient to pay operating and maintenance expenses and related debt charges and other requirements) issued for facilities for city utility systems, airports, railroads, mass transit systems, parking, health care, solid waste, urban development, recreation, sports, convention, auditorium, museum, trade show and other public attractions, facilities for natural resource exploration, development, recovery, use or sale and correctional, detention and related rehabilitation facilities.
  - To the extent debt charges are expected to be paid from tax increment financing payments in lieu of taxes pledged to the payment of those debt charges (subject to certain limitations).
  - For highway improvements if the municipality has covenanted to pay debt charges and financing costs from distributions of motor vehicle license and fuel taxes.
  - In anticipation of the levy or collection of special assessments.
  - To pay final judgments or court-approved settlements.
- Securities for water or sanitary or storm water sewerage facilities to the extent that another subdivision has agreed to pay to the Village amounts equal to debt charges on those securities.
- Unvoted general obligation bonds to the extent that debt charges will be met from lawfully available municipal income taxes, to be applied to those debt charges pursuant to ordinance covenants.
- Revenue debt and mortgage revenue bonds to finance municipal utilities.
- Notes issued in anticipation of (i) the collection of current revenues (which have a latest maturity of the last day of the Fiscal Year in which issued) or (ii) the proceeds of a specific tax levy.
- Notes issued for certain energy conservation improvements or certain emergency purposes.
- Debt issued in anticipation of the receipt of federal or State grants for permanent improvements, or to evidence loans from the State capital improvements fund or State infrastructure bank.
- Voted debt for urban redevelopment purposes not in excess of 2% of the Village’s assessed valuation.
- Securities issued to make a single payment on certain accrued liability to the statewide Police and Fire Pension Fund.
- Securities issued for municipal educational and cultural facilities and sports facilities.

BANs issued in anticipation of exempt bonds also are exempt debt.

The Village may incur debt for operating purposes, such as current tax revenue anticipation notes or tax anticipation notes, only under certain limited statutory authority.

In the calculation of debt subject to the direct debt limitations, the amount in a village’s bond retirement fund allocable to the principal amount of nonexempt debt is deducted from gross non-exempt debt. Without consideration of amounts in the Village’s Bond Retirement Fund, and

based on outstanding debt, and current tax (assessed) valuation, the Village’s voted and unvoted nonexempt debt capacities as of December 31, 2023, were:

<b>Limitation</b>	<b>Nonexempt Debt Outstanding</b>	<b>Additional Debt Capacity within Limitation</b>
10½% = \$22,809,326	\$646,800	\$22,162,526
5½% = \$11,947,742	\$646,800	\$11,300,942

This is further detailed in **Debt Table A**.

### **Indirect Debt and Unvoted Property Tax Limitations**

Voted general obligation debt may be issued by the Village if authorized by vote of the electors. Ad valorem taxes, without limitation as to amount or rate, to pay debt charges on voted bonds are authorized by the electors at the same time they authorize the issuance of the bonds.

General obligation debt also may be issued by the Village without a vote of the electors. This unvoted debt may not be issued unless the ad valorem property tax for the payment of debt charges on those bonds (or the bonds in anticipation of which BANs are issued) and all outstanding unvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the Village resulting in the highest tax required for such debt charges in any year is 10 mills or less per \$1.00 of assessed valuation. This indirect debt limitation, the product of what is commonly referred to as the “ten-mill limitation,” is imposed by a combination of provisions of the Ohio Constitution and the Revised Code.

The ten mill limitation is the maximum aggregate millage for all purposes that may be levied on any single piece of property by all overlapping taxing subdivisions without a vote of the electors. These 10 mills are allocated pursuant to a statutory formula among certain overlapping taxing subdivisions in the County, including the Village. For collection year 2024, the entire 10 mills was levied by the combination of the Village and taxing subdivisions overlapping the Village. For collection year 2024, the current allocation of the 10 mills (sometimes referred to as the “inside millage”) was as follows: 3.64 Village, 1.60 County and 4.76 School District. That allocation has remained constant for at least the last five years.

Present Ohio law requires the inside millage allocated to a taxing subdivision to be used first for the payment of debt charges on its unvoted general obligation debt, unless provision has been made for that payment from other sources, with the balance usable for other purposes. To the extent this inside millage is required for debt charges of a taxing subdivision (which may exceed the formula allocation to that subdivision), the amount that would otherwise be available to that subdivision for general fund purposes is reduced. Because the inside millage that may actually be required to pay debt charges on a subdivision’s unvoted general obligation debt may exceed the formula allocation of that millage to the subdivision, the excess reduces the amount of inside millage available to overlapping subdivisions. In the case of the Village, however, a law applicable to all Ohio cities and villages requires that any lawfully available receipts from a municipal income tax or from voted property tax levies be allocated to pay debt charges on Village unvoted debt before the formula allocations of the inside millage to overlapping subdivisions can be invaded for that purpose.

In the case of BANs issued in anticipation of unvoted general obligation bonds, the highest annual debt charges estimated for the anticipated bonds is used to calculate the millage required.

Revenue bonds and notes and mortgage revenue bonds are not included in debt subject to the indirect limitation because they are not general obligations of the Village, and the full faith and credit of the Village is not pledged for their payment.

The indirect limitation applies to all unvoted general obligation debt even if debt charges on some of it is expected to be paid in fact from municipal income taxes, special assessments, utility revenues or other sources.

As of December 31, 2023, if the Village were to have converted to the anticipated bonds its \$648,000 of unvoted general obligation BANs at the interest rates assumed in the ordinances authorizing the BANs (see **Debt Table D**), the estimated highest requirement for debt charges in any year for all Village debt subject to the ten-mill limitation was estimated to be \$285,462.50. That debt included unvoted general obligation bonds outstanding and bonds anticipated by BANs outstanding (see **Debt Table D**). The payment of those annual debt charges would require a levy of an estimated 1.3141 mills based on current assessed valuation. Of this maximum annual requirement, \$253,600 is expected by the Village to be paid from sources other than ad valorem taxes such as tax increment financing and special assessments (see **Debt Table C**).

As of December 31, 2023, the total millage theoretically required by the Village and the County (the only overlapping taxing subdivisions that had issued unvoted debt) for debt charges on their outstanding unvoted general obligation debt was estimated to be 2.0632 mills for Fiscal Year 2024, the year of the highest potential debt charge requirements. There thus remained 8.6859 mills within the ten-mill limitation that had yet to be allocated to debt charges and that were available to the Village and overlapping subdivisions in connection with the issuance of additional unvoted general obligation debt.

### **Debt Outstanding**

The Debt Tables attached provide information concerning the Village’s outstanding debt represented by bonds and notes, with respect to Village and overlapping subdivision general obligation debt allocations, and debt charges.

The following table shows the principal amount of Village general obligation debt outstanding (all unvoted) as of December 31 in the years shown:

<b>Year</b>	<b>Total, all Unvoted</b>
2019	\$1,920,000
2020	1,595,200
2021	1,270,200
2022	940,200
2023	1,383,000

### **Bond Retirement Fund**

The Bond Retirement Fund is the fund from which the Village pays debt charges on its general obligation debt, and into which money required to be applied to those payments is

deposited. The following table is an unaudited summary of Bond Retirement Fund receipts and disbursements (excluding proceeds of renewal or refunding obligations) for the years shown.

<b>Year</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>December 31 Balance</b>
2019	\$550,150	\$548,284	\$112,953
2020	373,225	373,225	112,953
2021	369,195	366,725	115,423
2022	481,054	363,673	232,804
2023	7,532	13,494	226,842

### **Long-Term Financial Obligations Other than Bonds and Notes**

The Village has entered into loan agreements with the Ohio Public Works Commission which bear 0% interest and which, as of December 31, 2023, were outstanding in the aggregate principal amount of \$280,026.

The Village has entered into loan agreements with the Ohio Water Development Authority which bear 2.87% interest and which, as of December 31, 2023, were outstanding in the aggregate principal amount of \$239,440.

As of December 31, 2023, the Village had no other long-term financial obligations, other than the bonds and notes described above, the retirement obligations and liability described under **Retirement Expenses** and the compensated absences described in the Notes to the Unaudited Fiscal Year 2023 Financial Statements attached as **Appendix C**.

### **Retirement Expenses**

Present and retired employees of the Village are covered under two statewide public employee retirement (including disability retirement) systems. The Ohio Police and Fire Pension Fund (OP&F) covers uniformed members of the police and fire departments. All other eligible Village employees are covered by the Ohio Public Employees Retirement System (OPERS).

OPERS and OP&F are two of five statewide public employee retirement systems created by and operating pursuant to Ohio law, all of which currently have unfunded actuarial accrued liabilities. The General Assembly has the power to amend the format of those systems and to revise rates and methods of contributions to be made by public employers and their employees and eligibility criteria, benefits or benefit levels for employee members. In 2012, the General Assembly passed five separate pension reform measures intended to assist each of the five retirement systems in addressing its unfunded actuarial accrued liabilities. The reform legislation passed with respect to OPERS and OP&F provided for (i) no change in the Village contribution rates with respect to its employees' earnable salaries, (ii) no change in OPERS employee contribution rate, and (iii) an increase in the OP&F employee contribution rate from 10% to 12.25% in annual increments of 0.75% that began on July 2, 2013. With certain transition provisions applicable to certain current employees, the reform legislation has, among other changes, increased minimum age and service requirements for retirement and disability benefits, revised the calculation of an employee's final average salary on which pension benefits are based to include the five highest years (rather than the three highest years), provided for OPERS pension benefits to be calculated on a lower, fixed formula, changed provisions with respect to future cost-of-living adjustments to limit those adjustments to the lesser of any increase in the Consumer Price Index or three percent. The OP&F reform legislation also authorizes the OP&F board to further

adjust member contribution rates or further adjust age and service requirements after November 1, 2017, if, after an actuarial investigation, the board determines that an adjustment is appropriate.

For further information on these pension plans and for Fiscal Year 2023 reporting with respect to employer pensions, see the Notes to the Unaudited Fiscal Year 2023 Financial Statements attached as **Appendix C**. Financial and other information for OPERS and OP&F can also be found on the respective website for each retirement system including its Comprehensive Annual Financial Report.

As of December 31, 2023, the Village had the net pension liability reported and explained in the Notes to the Unaudited Fiscal Year 2023 Financial Statements attached as **Appendix C**. In Fiscal Year 2021, Village employees covered by OPERS contributed at a statutory rate of 10.0% of earnable salary. As the employer, the Villages's statutory contribution rate for those employees was 14.0% of the same base. Village employees covered by OP&F contributed at a statutory rate of 12.25% of earnable salary. As the employer, the Village's statutory contribution rates, applied to the same base, was 19.5% for police personnel and 24.0% for fire personnel. These employee and employer contribution rates have been and are now the maximums permitted under current State law.

The Village "picks-up" 4.25% of full-time employee contributions.

The Village's current employer contributions to OPERS and OP&F, and the payments toward the accrued OP&F liability, have been treated as current expenses and included in the Village's operating expenditures, except to the extent paid from the proceeds of the "Fire Operations" levy referred to under **Tax Rates**.

Federal law requires Village employees hired after March 31, 1986 to participate in the federal Medicare program, which requires matching employer and employee contributions, each being 1.45% of the wage base. Otherwise, Village employees who are covered by a State retirement system are not currently covered under the federal Social Security Act. OPERS and OP&F are not subject to the funding and vesting requirements of the federal Employee Retirement Income Security Act of 1974.

## **COVID-19 PANDEMIC**

The spread of the strain of coronavirus commonly known as COVID-19 (COVID-19 or the Pandemic) began altering the behavior of businesses and people early in Fiscal Year 2020 in a manner that had negative effects on global, state and local economies and, in turn, on state and local governments and their revenues and expenses.

As the initial effects of the Pandemic became known, the Village actively monitored its revenue collections and implemented certain mitigation and expense reduction measures. As a part of its response to the Pandemic, the federal government provided assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and other legislation to assist states in addressing the adverse impacts of COVID 19.

The amounts of the reductions (and any offsets) in any local tax sources, additional grant assistance received as well as both Pandemic-related expenses and any operational cost savings experienced by the Village in Fiscal Years 2020 and 2021, are all taken into account in the information provided in this Annual Information Filing. See, e.g., **Municipal Income Tax, State Local Government Assistance Funds** and **Appendix A**.



## SUBSEQUENT EVENTS

### **Sanitary Sewerage System Improvement Notes, Series 2024**

On June 6, 2024, the Village issued its \$695,000 Sanitary Sewerage System Improvement Notes, Series 2024 (the 2024 Notes). The proceeds of the sale of the Series 2024 Notes were used to retire at maturity the Village's then-outstanding \$648,000 Sanitary Sewerage System Improvement Notes, Series 2023 (the Series 2023 Notes). The Series 2024 Notes will mature on June 6, 2025.

The attached **Debt Tables** are as of December 31, 2023, and thus do not reflect the issue of the Series 2024 Notes or the retirement of the Series 2023 Notes.

## DEBT TABLE A

### Principal Amounts of Outstanding General Obligation (GO) and Exempt Debt; Leeway for Additional Debt within Direct Debt Limitations (as of December 31, 2023)(a)

A.	Total debt:		\$ 1,383,000
B.	Exempt debt:		
	Category	Outstanding Principal Amount	
	Tax Increment Financing	\$ 88,200	
	Special Assessment	648,000	
	Total exempt debt:		\$ 736,200
C.	Total nonexempt debt [A minus B]:		\$ 646,800
D.	5½% of tax valuation (unvoted nonexempt debt limitation):		\$11,947,742
E.	Total nonexempt limited tax bonds and notes outstanding:		
	Bonds	\$ 646,800	
	Notes	0	\$ 646,800
F.	Debt leeway within 5½% unvoted debt limitation [D minus E]:		\$11,300,942*
G.	10½% of tax valuation (voted and unvoted debt limitation):		\$22,809,326
H.	Total nonexempt bonds and notes outstanding:		
	Bonds	\$ 646,800	
	Notes	0	\$ 646,800
I.	Debt leeway within 10½% debt limitation [G minus H]:		\$22,162,526*

(a) See **Subsequent Events**.

\* Debt leeway in this table determined without considering moneys in the Bond Retirement Fund.

**DEBT TABLE B**

**Various Village and Overlapping  
GO Debt Allocations (Principal Amounts)  
(as of December 31, 2023)(a)**

	<b>Amount</b>	<b>Per Capita(b)</b>	<b>% of Village's Current Assessed Valuation(c)</b>
Village Nonexempt GO Debt	\$ 646,800	\$ 153.09	0.30%
Total Village GO Debt (exempt and nonexempt)	1,383,000	327.34	0.64
Highest Total Overlapping GO Debt(d)	16,397,604	3,881.09	7.55

(a) See **Subsequent Events**.

(b) Based on 2022 (estimated for Village) population of 4,225.

(c) The Village's assessed valuation as of December 31, 2023, was \$217,231,680.

(d) Includes, in addition to "Total Village GO Debt," allocations of total GO debt of overlapping debt issuing subdivisions (as of December 31, 2023) resulting in the calculation of highest total overlapping debt based on percent of tax valuation of territory of the subdivisions located within the Village (% figures are resulting percent of total debt of subdivisions allocated to the Village in this manner), as follows:

\$ 1,614,918 County (2.37%); and  
\$13,399,686 Sheffield-Sheffield Lake City School District (52.22%).

Allocation of GO debt of the remaining overlapping subdivisions is as follows:

\$ 27,412 Lorain County Career Center Joint Vocational School District (2.64%).

Source of tax valuation and GO debt figures for overlapping subdivisions: OMAC\*

\* Ohio Municipal Advisory Council (OMAC) compiles information from official and other sources. OMAC believes the information it compiles is accurate and reliable, but OMAC does not independently confirm or verify the information and does not guaranty its accuracy. OMAC has not reviewed this Annual Information Filing to confirm that the information attributed to it is information provided by OMAC or for any other purpose.

## DEBT TABLE C

### Debt Charges on GO Debt (as of December 31, 2023)(a)

Year	Outstanding Bonds	<u>Debt Charges On Portion of Total Anticipated to be Paid from</u>				
		Bonds Anticipated by BANS(b)	Total	Special Assessments	Limited Ad Valorem Taxes	Tax Increment Financing(c)
2024	\$231,862.50	\$53,600.00	\$285,462.50	\$53,600.00	\$31,862.50	\$200,000.00
2025	236,087.50	43,580.00	279,667.50	43,580.00	36,087.50	200,000.00
2026	54,487.50	43,280.00	97,767.50	43,280.00	0.00	54,487.50
2027	58,137.50	42,980.00	101,117.50	42,980.00	0.00	58,137.50
2028	56,637.50	42,680.00	99,317.50	42,680.00	0.00	56,637.50
2029	55,137.50	42,380.00	97,517.50	42,380.00	0.00	55,137.50
2030	58,575.00	42,080.00	100,655.00	42,080.00	0.00	58,575.00
2031	56,787.50	41,780.00	98,567.50	41,780.00	0.00	56,787.50
2032	0.00	41,480.00	41,480.00	41,480.00	0.00	0.00
2033	0.00	41,180.00	41,180.00	41,180.00	0.00	0.00
2034	0.00	40,880.00	40,880.00	40,880.00	0.00	0.00
2035	0.00	45,580.00	45,580.00	45,580.00	0.00	0.00
2036	0.00	44,980.00	44,980.00	44,980.00	0.00	0.00
2037	0.00	44,380.00	44,380.00	44,380.00	0.00	0.00
2038	0.00	43,780.00	43,780.00	43,780.00	0.00	0.00
2039	0.00	43,180.00	43,180.00	43,180.00	0.00	0.00
2040	0.00	42,580.00	42,580.00	42,580.00	0.00	0.00
2041	0.00	41,980.00	41,980.00	41,980.00	0.00	0.00
2042	0.00	41,380.00	41,380.00	41,380.00	0.00	0.00
2043	0.00	45,780.00	45,780.00	45,780.00	0.00	0.00
2044	0.00	44,880.00	44,880.00	44,880.00	0.00	0.00
2045	0.00	43,980.00	43,980.00	43,980.00	0.00	0.00
2046	0.00	43,080.00	43,080.00	43,080.00	0.00	0.00
2047	0.00	42,180.00	42,180.00	42,180.00	0.00	0.00
2048	0.00	41,280.00	41,280.00	41,280.00	0.00	0.00
2049	0.00	45,380.00	45,380.00	45,380.00	0.00	0.00
2050	0.00	44,180.00	44,180.00	44,180.00	0.00	0.00
2051	0.00	42,980.00	42,980.00	42,980.00	0.00	0.00
2052	0.00	41,780.00	41,780.00	41,780.00	0.00	0.00
2053	0.00	45,580.00	45,580.00	45,580.00	0.00	0.00
2054	0.00	44,080.00	44,080.00	44,080.00	0.00	0.00
2055	0.00	42,580.00	42,580.00	42,580.00	0.00	0.00
2056	0.00	41,080.00	41,080.00	41,080.00	0.00	0.00
2057	0.00	44,580.00	44,580.00	44,580.00	0.00	0.00
2058	0.00	42,780.00	42,780.00	42,780.00	0.00	0.00
2059	0.00	40,980.00	40,980.00	40,980.00	0.00	0.00
2060	0.00	44,180.00	44,180.00	44,180.00	0.00	0.00
2061	0.00	42,080.00	42,080.00	42,080.00	0.00	0.00
2062	0.00	44,980.00	44,980.00	44,980.00	0.00	0.00
2063	0.00	45,580.00	45,580.00	45,580.00	0.00	0.00

(a) See **Subsequent Events**.

(b) Assumes all BANS (outstanding on December 31, 2023) are retired with bonds dated as of the issuance date, having first interest payment and first principal payment, being paid serially on the debt service basis and over the number of years and at the estimated interest rates, all as referred to in the legislation authorizing those BANS. See also **Debt Table D**.

(c) Reflects anticipated receipt of payments in lieu of taxes. In the authorizing legislation relating to the Bonds, the Village covenanted that, to the extent necessary, the debt charges on the \$1,585,000 portion of the Bonds related to the refunding of the Village's Series 2005 Bonds would be paid from payments in lieu of taxes lawfully available therefor under the Constitution and laws of the State of Ohio and, subject and pursuant to such authority, including particularly Section 133.04(B)(8) of the Revised Code, to appropriate annually from such payments in lieu of taxes such amount as is necessary to make those annual debt charges payments. Such payments in lieu of taxes are, at present, estimated to be approximately \$200,000 annually.

**DEBT TABLE D**

**Outstanding GO Bond Anticipation Notes  
(as of December 31, 2023)<sup>(a)</sup>**

The following debt is reflected in **Debt Tables A, B and C.**

<b>General Purpose of Issue</b>	<b>Principal Amount</b>	<b>Due</b>	<b><u>Estimated Bond</u></b>		<b><u>Original Notes</u></b>	
			<b>Maturity Years</b>	<b>Interest Rate</b>	<b>Year of Issuance</b>	<b>Principal Amount</b>
Sanitary Sewer System	\$648,000	06/07/2024	40	6.00%	--	--

(a) See **Subsequent Events.**

The ability of the Village to retire BANs from the proceeds of the sale of either bonds or renewal BANs will be dependent upon the marketability of those obligations under market conditions prevailing at the time of that sale. Under present laws applicable to the Village, there is no statutory maximum interest rate applicable to those bonds or renewal BANs.

**DEBT TABLE E**

**Outstanding GO Bonds  
(as of December 31, 2023)**

The following debt is reflected in **Debt Tables A, B and C.**

<b>Issue</b>	<b>Bonds</b>		<b>Original Principal Amount</b>	<b>Outstanding Principal Amount</b>
	<b>Date of Issuance</b>	<b>Final Maturity</b>		
Various Purpose Improvement and Refunding Bonds, Series 2014	07/08/2014	2031	\$3,540,000	\$735,000

## APPENDIX A

### Comparative Cash-Basis Summary of General Fund Receipts and Expenditures for Fiscal Years 2019 through 2023

	2019	2020(a)	2021(a)	2022(a)	2023
<b>BEGINNING BALANCE</b>	\$1,228,208	\$1,558,999	\$1,903,769	\$2,856,760	\$3,715,792(b)
<b>RECEIPTS</b>					
Local Taxes	\$5,580,510	\$5,124,367	\$5,708,564	\$6,943,083	\$7,151,339
Intergovernmental Revenues	193,077	174,974	259,583	194,636	311,092
Charges for Services	248,117	246,472	259,578	270,495	306,955
Fines, Licenses and Permits	630,775	593,116	663,448	592,626	874,132
Miscellaneous	125,692	150,647	280,696	237,243	840,300
Advances In	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>\$6,778,171</b>	<b>\$6,289,576</b>	<b>\$7,171,869</b>	<b>\$8,238,083</b>	<b>\$9,483,818</b>
<b>EXPENDITURES</b>					
Security of Persons & Property	\$4,307,114	\$3,809,186	\$4,230,182	\$4,335,055	\$4,867,023
General Government	1,264,839	1,197,912	1,367,528	1,504,338	2,145,082
Capital Outlay	310,278	315,325	295,630	625,494	585,253
Transfers Out	591,602	622,383	325,538	913,594	666,532
Advances Out	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$6,473,833</b>	<b>\$5,944,806</b>	<b>\$6,218,878</b>	<b>\$7,378,481</b>	<b>\$8,263,890</b>
Receipts Over/Under Disb.	\$ 304,338	\$ 344,770	\$ 952,991	\$ 859,602	\$1,219,928
Adjustment – GASB 84	26,453	0	0	0	0
<b>ENDING BALANCE</b>	<b>\$1,558,999</b>	<b>\$1,903,769</b>	<b>\$2,856,760</b>	<b>\$3,716,362(b)</b>	<b>\$4,935,720</b>

(a) See **COVID-19 Pandemic**.

(b) Fiscal Year 2022 ending balance was overstated by \$570.

**APPENDIX B**

**All-Funds Summary 2023(a)  
(Cash Basis)**

<b>Fund</b>	<b>Beginning Balance</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Ending Balance</b>
<b>General Fund</b>	<b>\$3,715,792<sup>(b)</sup></b>	<b>\$9,483,818</b>	<b>\$8,263,890</b>	<b>\$4,935,720</b>
<b>Special Revenue Funds</b>	<b>\$1,105,452</b>	<b>\$2,110,905</b>	<b>\$1,710,956</b>	<b>\$1,505,401</b>
Street Construction	388,259	485,836	290,348	583,748
State Highway	63,317	32,590	17,878	78,029
Cemetery	9,890	26,567	13,829	22,628
Opioid Settlement Fund	3,314	8,664	0	11,978
American Rescue Plan	0	88,614	88,614	0
State Grants, Police	3,548	11,940	10,832	4,656
MC Computer Fund	11,750	10,635	2,555	19,830
Economic Dev. & Tourism	321,271	93,079	0	414,350
Drug Forfeiture	513	0	0	513
Police Drug	5,427	795	0	6,222
Law Enforcement	107,327	964	2,423	105,868
Fire Dept. Equipment Levy	190,835	395,957	391,191	195,600
French Creek TIF	0	59,260	59,260	0
Detroit Rd. TIF	0	682,772	640,794	41,978
Redev TIF Equivalent	760	213,231	193,231	20,000
<b>Bond Retirement</b>	<b>\$232,804</b>	<b>\$7,532</b>	<b>\$13,494</b>	<b>\$226,842</b>
<b>Capital Funds</b>	<b>\$962,207</b>	<b>\$1,781,817</b>	<b>\$1,643,306</b>	<b>\$1,100,718</b>
<b>Enterprise Fund</b>	<b>\$1,588,369</b>	<b>\$2,106,158</b>	<b>\$2,026,939</b>	<b>\$1,667,588</b>
Water	766,618	923,665	850,235	840,048
Sewer	467,527	904,571	898,328	473,771
Sewer Replacement	2,000	0	0	2,000
Storm Water	352,224	260,507	278,375	334,356
PCB Settlement	0	17,414	0	17,414
<b>Totals</b>	<b>\$7,604,624<sup>(b)</sup></b>	<b>\$15,490,231</b>	<b>\$13,658,584</b>	<b>\$9,436,271</b>

(a) Numbers may not foot due to rounding.

(b) Fiscal Year 2022 ending balance was overstated by \$570.



**APPENDIX C**

**Financial Statements  
from the Village's Financial Report for Fiscal Year 2023  
(Unaudited)**

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY  
STATEMENT OF NET POSITION – CASH BASIS  
DECEMBER 31, 2023

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Equity in pooled cash	\$ 7,775,532	\$ 1,667,589	\$ 9,443,121
<b>Total assets</b>	<b>\$ 7,775,532</b>	<b>\$ 1,667,589</b>	<b>\$ 9,443,121</b>
<b>Net position</b>			
Restricted for:			
Capital projects	\$ 1,100,719	\$ -	\$ 1,100,719
Debt service	226,842	-	226,842
Highways and streets	661,777	-	661,777
Security of persons and property	742,383	-	742,383
Other	101,240	-	101,240
Unrestricted	4,942,571	1,667,589	6,610,160
<b>Total net position</b>	<b>\$ 7,775,532</b>	<b>\$ 1,667,589</b>	<b>\$ 9,443,121</b>

See accountant's compilation report and accompanying notes to the financial statements.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

STATEMENT OF ACTIVITIES – CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Cash Disbursements	Program Cash Receipts		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Security of persons and property	\$ 5,967,636	\$ 579,261	\$ 420,910	\$ -
Leisure time activities	30,223	400	-	-
Community environment	13,829	11,567	-	-
Basic utility services	32,286	-	-	-
Transportation	195,824	-	-	-
General government	2,149,916	601,394	-	-
Capital outlay	2,309,817	-	-	1,381,697
Principal	237,244	-	-	-
Interest and fiscal charges	28,442	-	-	-
Total governmental activities	<u>10,965,217</u>	<u>1,192,622</u>	<u>420,910</u>	<u>1,381,697</u>
Business-type activities				
Water	850,236	882,585	-	58,495
Sewer	898,327	791,361	-	113,210
Storm water sewer	278,375	260,507	-	-
Total business-type activities	<u>2,026,938</u>	<u>1,934,453</u>	<u>-</u>	<u>171,705</u>
Total	<u>\$ 12,992,155</u>	<u>\$ 3,127,075</u>	<u>\$ 420,910</u>	<u>\$ 1,553,402</u>

General receipts

Property taxes levied for:

    General purposes

    Other

Other local taxes

Payments in lieu of taxes

Municipal income taxes

Grants and entitlements not restricted to specific programs

Interest

Other

Total general receipts

Change in net position

Net position at beginning of year

Net position at end of year

See accountant's compilation report and accompanying notes to the financial statements.

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,967,465)	\$ -	\$ (4,967,465)
(29,823)	-	(29,823)
(2,262)	-	(2,262)
(32,286)	-	(32,286)
(195,824)	-	(195,824)
(1,548,522)	-	(1,548,522)
(928,120)	-	(928,120)
(237,244)	-	(237,244)
(28,442)	-	(28,442)
<u>(7,969,988)</u>	<u>-</u>	<u>(7,969,988)</u>
-	90,844	90,844
-	6,244	6,244
-	(17,868)	(17,868)
-	79,220	79,220
<u>(7,969,988)</u>	<u>79,220</u>	<u>(7,890,768)</u>
700,566	-	700,566
295,957	-	295,957
186,158	-	186,158
951,263	-	951,263
6,170,059	-	6,170,059
585,031	-	585,031
412,796	-	412,796
426,866	-	426,866
<u>9,728,696</u>	<u>-</u>	<u>9,728,696</u>
1,758,708	79,220	1,837,928
<u>6,016,824</u>	<u>1,588,369</u>	<u>7,605,193</u>
<u>\$ 7,775,532</u>	<u>\$ 1,667,589</u>	<u>\$ 9,443,121</u>

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS  
GOVERNMENTAL FUNDS

DECEMBER 31, 2023

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in pooled cash	\$ 4,942,571	\$ 1,100,719	\$ 1,732,242	\$ 7,775,532
<b>Total assets</b>	<b>\$ 4,942,571</b>	<b>\$ 1,100,719</b>	<b>\$ 1,732,242</b>	<b>\$ 7,775,532</b>
<b>Fund balances</b>				
Restricted	\$ -	\$ 1,100,719	\$ 1,732,242	\$ 2,832,961
Assigned	101,208	-	-	101,208
Unassigned	4,841,363	-	-	4,841,363
<b>Total fund balances</b>	<b>\$ 4,942,571</b>	<b>\$ 1,100,719</b>	<b>\$ 1,732,242</b>	<b>\$ 7,775,532</b>

See accountant's compilation report and accompanying notes to the financial statements.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES –  
CASH BASIS - GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2023

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property and other taxes	\$ 793,645	\$ -	\$ 389,036	\$ 1,182,681
Payments in lieu of taxes	-	-	951,263	951,263
Municipal income tax	6,170,059	-	-	6,170,059
Intergovernmental	498,726	1,381,697	506,615	2,387,038
Charges for services	306,955	-	11,567	318,522
Fines, licenses and permits	880,519	-	12,394	892,913
Donations	600	-	-	600
Interest	391,647	120	21,029	412,796
Miscellaneous	408,053	-	-	408,053
<b>Total receipts</b>	<b>9,450,204</b>	<b>1,381,817</b>	<b>1,891,904</b>	<b>12,723,925</b>
<b>Disbursements</b>				
<b>Current</b>				
Security of persons and property	5,474,575	-	493,061	5,967,636
Leisure time activities	30,223	-	-	30,223
Community environment	-	-	13,829	13,829
Basic utility services	32,286	-	-	32,286
Transportation	-	-	195,824	195,824
General government	1,475,125	-	674,791	2,149,916
Capital outlay	576,928	1,643,305	89,584	2,309,817
Debt service	-	-	-	-
Principal	6,872	-	230,372	237,244
Interest and fiscal charges	1,454	-	26,988	28,442
<b>Total disbursements</b>	<b>7,597,463</b>	<b>1,643,305</b>	<b>1,724,449</b>	<b>10,965,217</b>
Excess of receipts over (under) disbursements	<u>1,852,741</u>	<u>(261,488)</u>	<u>167,455</u>	<u>1,758,708</u>
<b>Other financing sources</b>				
Transfers in	40,000	400,000	226,532	666,532
Transfers out	(666,532)	-	-	(666,532)
<b>Total other financing sources</b>	<u>(626,532)</u>	<u>400,000</u>	<u>226,532</u>	<u>-</u>
<b>Net change in fund balances</b>	<b>1,226,209</b>	<b>138,512</b>	<b>393,987</b>	<b>1,758,708</b>
Fund balances at beginning of year	<u>3,716,362</u>	<u>962,207</u>	<u>1,338,255</u>	<u>6,016,824</u>
<b>Fund balances at end of year</b>	<b>\$ 4,942,571</b>	<b>\$ 1,100,719</b>	<b>\$ 1,732,242</b>	<b>\$ 7,775,532</b>

See accountant's compilation report and accompanying notes to the financial statements.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL – BUDGET BASIS - GENERAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total receipts	\$ 6,822,736	\$ 8,000,661	\$ 9,036,967	\$ 1,036,306
Disbursements				
Personnel costs	3,791,329	3,871,329	3,767,239	104,090
Other	4,179,550	4,439,989	4,065,795	374,194
Total disbursements	7,970,879	8,311,318	7,833,034	478,284
Excess of receipts over (under) disbursements	(1,148,143)	(310,657)	1,203,933	1,514,590
Other financing sources (uses)				
Transfers out	(630,805)	(666,532)	(666,532)	-
Total other financing sources (uses)	(630,805)	(666,532)	(666,532)	-
Net change in fund balances	(1,778,948)	(977,189)	537,401	1,514,590
Prior year encumbrances appropriated	542,486	542,486	542,486	-
Fund balances at beginning of year	3,053,169	3,053,169	3,053,169	-
Fund balances at end of year	\$ 1,816,707	\$ 2,618,466	\$ 4,133,056	\$ 1,514,590

See accountant's compilation report and accompanying notes to the financial statements.

VILLAGE OF SHEFFIELD, OHIO  
 LORAIN COUNTY  
 STATEMENT OF FUND NET POSITION – CASH BASIS  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2023

	Water Fund	Sew er Fund	Storm Water Fund	Total Enterprise Funds
Assets				
Equity in pooled cash	\$ 840,048	\$ 493,185	\$ 334,356	\$ 1,667,589
Total assets	<u>\$ 840,048</u>	<u>\$ 493,185</u>	<u>\$ 334,356</u>	<u>\$ 1,667,589</u>
Net position				
Unrestricted	\$ 840,048	\$ 493,185	\$ 334,356	\$ 1,667,589
Total net position	<u>\$ 840,048</u>	<u>\$ 493,185</u>	<u>\$ 334,356</u>	<u>\$ 1,667,589</u>

See accountant's compilation report and accompanying notes to the financial statements.



VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET POSITION –  
CASH BASIS - PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Water Fund	Sewer Fund	Storm Water Fund	Total Enterprise Funds
Receipts				
Charges for services	\$ 882,124	\$ 789,874	\$ 260,507	\$ 1,932,505
Miscellaneous	461	18,901	-	19,362
Total receipts	<u>882,585</u>	<u>808,775</u>	<u>260,507</u>	<u>1,951,867</u>
Operating disbursements				
Personal services	338,231	177,600	196,966	712,797
Contractual services	394,725	671,045	4,475	1,070,245
Materials and supplies	40,898	23,920	48,974	113,792
Total operating disbursements	<u>773,854</u>	<u>872,565</u>	<u>250,415</u>	<u>1,896,834</u>
Operating income (loss)	<u>108,731</u>	<u>(63,790)</u>	<u>10,092</u>	<u>55,033</u>
Non-operating receipts (disbursements)				
Capital outlay	(37,920)	(17,262)	(19,460)	(74,642)
Principal paid	(31,506)	(8,500)	(8,500)	(48,506)
Interest and fiscal charges	(6,956)	-	-	(6,956)
Total non-operating disbursements	<u>(76,382)</u>	<u>(25,762)</u>	<u>(27,960)</u>	<u>(130,104)</u>
Income (loss) before contributions	<u>32,349</u>	<u>(89,552)</u>	<u>(17,868)</u>	<u>(75,071)</u>
Capital contributions - tap fees	<u>41,081</u>	<u>113,210</u>	<u>-</u>	<u>154,291</u>
Change in net position	73,430	23,658	(17,868)	79,220
Net position at beginning of year	<u>766,618</u>	<u>469,527</u>	<u>352,224</u>	<u>1,588,369</u>
Net position at end of year	<u>\$ 840,048</u>	<u>\$ 493,185</u>	<u>\$ 334,356</u>	<u>\$ 1,667,589</u>

See accountant's compilation report and accompanying notes to the financial statements.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**NOTE 1 - REPORTING ENTITY**

The Village of Sheffield (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 for four year terms. The Mayor is elected to a four-year term. The Mayor serves as the President of Council, who only votes to break a tie.

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

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 Sheffield provides the following services to its citizens: police and fire protection, parks and recreation, building inspection, street maintenance and repairs, water, sewer and refuse collection. Council has direct responsibility for these services.

The Village participates in the Ohio Municipal Joint Self-Insurance Pool, an unincorporated non-profit association available to municipal corporations and their instrumentalities. See Note 9.

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.

**A. BASIS OF PRESENTATION**

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

**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, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental in nature 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 SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)A. BASIS OF PRESENTATION (continued)

The statement of net position presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function 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, 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 program or business 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 in order 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.

B. 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 three 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.

Capital Projects Fund - Accounts for resources used for the acquisition and construction of major capital assets.

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 SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)B. FUND ACCOUNTING (continued)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 has no internal service funds.

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.

Storm Water Fund - The Storm Water Fund accounts for the provision of safe and efficient capture of storm and water runoff.

C. BASIS OF ACCOUNTING

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Village are described in the appropriate section in this note.

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.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)D. 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 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, personnel costs, and other costs 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 appropriations were passed by Village Council.

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.

E. 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".

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 revenue), respectively.

During 2023, the Village invested in STAR Ohio.

STAR Ohio (the State Treasury Asset Reserve of 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 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 an NAV per share that approximates fair value.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)E. CASH AND INVESTMENTS (continued)

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$ 100 million or more. STAR Ohio reserves the right to limit the transaction to \$ 250 million per day, 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 2023 was \$ 391,647 which includes \$ 171,160 assigned from other Village funds.

F. 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 externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the Village are reported as restricted.

G. INVENTORY AND PREPAID ITEMS

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

H. 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.

I. INTERFUND RECEIVABLES/PAYABLES

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. 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.

K. EMPLOYER CONTRIBUTIONS TO COST-SHARING PENSION PLANS

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 13 and 14, the employer contributions include portions for pension benefits and for postretirement health care benefits.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)L. 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 a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

M. LEASES

The Village is the lessee in various leases related to noncancelable leases. Lease payables are not reflected under the Village's cash basis of accounting. Lease disbursements are recognized when they are paid.

N. 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.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available. The government wide statement of net position for governmental activities includes restricted net position of \$ 2,832,961, none of which is restricted by enabling legislation.

O. 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. It also includes the long-term amount of interfund loans.

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.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)O. FUND BALANCE (continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) 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) 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 Village Council or a Village official delegated that authority by ordinance, or by State Statute.

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 expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. INTERFUND TRANSACTIONS

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

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 SHEFFIELD, OHIO  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2023, the Village has implemented GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription-Based Information Technology Arrangements”, and certain paragraphs of GASB Statement No 99, “Omnibus 2022”

GASB Statement No 94 will improve financial reporting by establishing the definitions of Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs) and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of financial statements by requiring the reporting of assets and liabilities related to PPPs and disclose important information about PPP transactions. The require disclosures will allow users to understand the scale and important aspects of PPPs and evaluate future obligations and assets resulting from PPPs. The implementation of GASB Statement No. 94 did not have an effect on the financial statement of the Village.

GASB Statement No. 96 will improve financial reporting by establishing definitions for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. This will enhance the relevance and reliability of financial statement by requiring the reporting of subscription assets and subscription liabilities for SBITA and to disclose essential information about the arrangement. The implementation of GASB Statement No. 96 did not have an effect on the financial statement of the Village.

GASB Statement No. 99 will provide clarification of provisions in Statement No. 87, Lease, Statement No 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangement, and Statement No.96 Subscription-Based Information Technology. The implementation of GASB Statement No. 99 did not have an effect on the financial statement of the Village.

NOTE 4 - 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 Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General is 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 restricted, committed or assigned fund balance (cash basis). The following table summarizes the adjustments necessary to reconcile the cash basis statements to the budgetary basis statements for the General Fund.

	General Fund
Budget basis	\$ 537,401
Adjustments, increase (decrease)	
Encumbrances	708,307
Funds budgeted elsewhere **	(19,499)
Cash basis, as reported	<u>\$ 1,226,209</u>

\*\* As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Park Operating Fund, Solid Waste Fund and Mayor’s Court Fund.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 – 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:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances				
Restricted for:				
Security of persons and property	\$ -	\$ -	\$ 344,667	\$ 344,667
Highways and streets	-	-	661,777	661,777
Capital projects	-	1,100,719	-	1,100,719
Debt service	-	-	226,842	226,842
Other	-	-	498,956	498,956
	<u>-</u>	<u>1,100,719</u>	<u>1,732,242</u>	<u>2,832,961</u>
Assigned				
Recreation	48,114	-	-	48,114
Solid waste management	18,485	-	-	18,485
Security of persons and property	34,609	-	-	34,609
Subsequent year's appropriations	-	-	-	-
	<u>101,208</u>	<u>-</u>	<u>-</u>	<u>101,208</u>
Unassigned	4,841,363	-	-	4,841,363
Total fund balances	<u>\$ 4,942,571</u>	<u>\$ 1,100,719</u>	<u>\$ 1,732,242</u>	<u>\$ 7,775,532</u>

NOTE 6 – DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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. Active 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 SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 6 – DEPOSITS AND INVESTMENTS (continued)A. LEGAL REQUIREMENTS (continued)

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 held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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, and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities 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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 6 – DEPOSITS AND INVESTMENTS (continued)B. DEPOSITS

At year end, \$ 392,283 of the Village's bank balance of \$ 1,049,389 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. The Village's financial institutions were approved for a reduced collateral rate of 102 percent through the Ohio Pooled Collateral System.

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 the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

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

C. INVESTMENTS

As of December 31, 2023, the Village had \$ 8,431,877 invested in STAR Ohio, which had a maturity of 46.4 days.

D. INTEREST RATE RISK

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

E. CREDIT RISK

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

F. CONCENTRATION OF CREDIT RISK

The Village places no limit on the amount that may be invested in any one issuer.

G. CUSTODIAL RISK

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Village has no investment policy dealing with investment custodial risk beyond the requirements in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualifying trustee.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 – INCOME TAXES

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 8 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2023 for real and public utility property taxes represents collections of 2022 taxes.

2023 real property taxes are levied after October 1, 2023, on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

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. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2023 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2023, was \$ 5.35 per \$ 1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

	2023 Collection Year
Property valuation consisted of:	
Real property	\$ 206,143,750
Public utility property	8,707,820
Total valuation	<u>\$ 214,851,570</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 9 - RISK MANAGEMENT

The Village has obtained commercial insurance for employee dishonesty (Fiscal Officer’s Bond). There have been no significant changes in insurance coverage from the prior year.

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members’ deductibles.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 - RISK MANAGEMENT (continued)

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess of loss contracts in force protect the Pool against losses over the retention level. At March 31, 2023, the Pool's retention levels are \$ 100,000 for property and casualty coverage, respectively. The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2023 and 2022:

	2023	2022
Assets	\$ 841,929	\$ 909,464
Liabilities	(1,029,623)	(1,109,394)
Accumulated surplus (deficit)	<u>\$ (187,694)</u>	<u>\$ (199,930)</u>

NOTE 10 - DEBT

The changes in the Village's long-term debt during 2023 were as follows:

	Outstanding 12/31/2022	Additions	Payments	Outstanding 12/31/2023	Due in One Year
<u>Governmental activities</u>					
General obligation bonds					
Various purposed (2014)					
Varying % through 2031	\$ 940,000	\$ -	\$ 205,000	\$ 735,000	\$ 210,000
Total general obligation bonds	<u>940,000</u>	<u>-</u>	<u>205,000</u>	<u>735,000</u>	<u>210,000</u>
Ohio Public Works Commission (OPWC)					
Road resurfacing (2007)					
0% through 2026	531	-	133	398	133
Road improvements (2014)					
0% through 2030	118,674	-	15,823	102,851	15,823
Road improvements (2019)					
0% through 2039	76,908	-	4,524	72,384	4,524
	<u>196,113</u>	<u>-</u>	<u>20,480</u>	<u>175,633</u>	<u>20,480</u>
Lease payable - financed purchases					
Equipment	6,872	-	6,872	-	-
Total governmental activities	<u>\$ 1,142,985</u>	<u>\$ -</u>	<u>\$ 232,352</u>	<u>\$ 910,633</u>	<u>\$ 230,480</u>

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 – DEBT (continued)

	Outstanding 12/31/2022	Additions	Payments	Outstanding 12/31/2023	Due in One Year
<u>Business-type activities</u>					
Ohio Public Works Commission (OPWC)					
Water Line Replacement (2010)					
0% through 2030	16,390	-	4,683	11,707	4,683
Water Line Replacement (2006)					
0% through 2026	38,296	-	4,787	33,509	4,787
Water Line Replacement (2010)					
0% through 2040	31,039	-	1,725	29,314	1,725
Total OPWC loans	<u>85,725</u>	<u>-</u>	<u>11,195</u>	<u>74,530</u>	<u>11,195</u>
Ohio Water Development Authority (OWDA)					
Water Line Repair (2019)					
2.87% through 2039	245,305	-	11,812	233,493	12,154
Total OWDA loans	<u>245,305</u>	<u>-</u>	<u>11,812</u>	<u>233,493</u>	<u>12,154</u>
Lease payable - financed purchases					
Equipment	25,500	-	25,500	-	-
Total business-type activities	<u>\$ 356,530</u>	<u>\$ -</u>	<u>\$ 48,507</u>	<u>\$ 308,023</u>	<u>\$ 23,349</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

All general obligation bonds are supported by the full faith and credit of The Village of Sheffield and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Village entered into lease-purchase agreements in 2019 for a Sutphen Fire Truck and an International HV507 truck.

VILLAGE OF SHEFFIELD, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 10 – DEBT (continued)

The following is a summary of the Village’s future annual debt service requirements:

Year	Governmental Activities						
	General Obligation Bonds		OPWC loans	Lease - Purchase		Total	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2024	\$ 210,000	\$ 21,862	\$ 20,480	\$ -	\$ -	\$ 230,480	\$ 21,862
2025	220,000	16,088	20,479	-	-	240,479	16,088
2026	45,000	9,488	20,480	-	-	65,480	9,488
2027	50,000	8,138	20,347	-	-	70,347	8,138
2028	50,000	6,636	20,347	-	-	70,347	6,636
2029 - 2033	160,000	10,501	46,356	-	-	206,356	10,501
2034 - 2038	-	-	22,620	-	-	22,620	-
2039 - 2042	-	-	4,524	-	-	4,524	-
	<u>\$ 735,000</u>	<u>\$ 72,713</u>	<u>\$ 175,633</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 910,633</u>	<u>\$ 72,713</u>

Year	Business-type Activities						
	OPWC loans	OWDA loans		Lease - Purchase		Total	
	Principal	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 11,195	\$ 12,154	\$ 6,615	\$ -	\$ -	\$ 23,349	\$ 6,615
2025	11,195	12,505	6,263	-	-	23,700	6,263
2026	8,853	12,866	5,902	-	-	21,719	5,902
2027	6,512	13,238	5,530	-	-	19,750	5,530
2028	6,512	13,621	5,147	-	-	20,133	5,147
2029 - 2033	18,194	74,245	19,600	-	-	92,439	19,600
2034 - 2038	8,620	85,613	8,229	-	-	94,233	8,229
2039 - 2042	3,449	9,251	133	-	-	12,700	133
	<u>\$ 74,530</u>	<u>\$ 233,493</u>	<u>\$ 57,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 308,023</u>	<u>\$ 57,419</u>

NOTE 11 – DEFEASED DEBT

In 2014 the Village defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Village’s financial statements. At December 31, 2023, \$ 350,000 of bonds outstanding are considered defeased.



VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 12 - INTERFUND TRANSFERS

General Fund transfers to the Capital Projects fund and to other non-major governmental funds were made to provide additional resources for capital improvements, current operations and debt service.

	<u>Transferred From:</u>	
	<u>General Fund</u>	<u>Total</u>
Transfer to:		
Capital Projects Fund	\$ 400,000	\$ 400,000
Non-major governmental funds	266,532	266,532
	<u>\$ 666,532</u>	<u>\$ 666,532</u>

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

VILLAGE OF SHEFFIELD, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

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):

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
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
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

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

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

Effective January 1, 2022, the Combined Plan is no longer available for member selection.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

A. PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

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

	State and Local	Public Safety	Law Enforcement
2023 statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0%	**	***
2023 Actual Contribution Rates			
Employer:			
Pension ****	14.0%	18.1%	18.1%
Post-employment Health Care Benefits ****	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

- \* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- \*\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- \*\*\* This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- \*\*\*\* 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 \$ 247,580 for 2023.

B. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OPF)

Plan Description – Village full-time police and firefighters 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](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of 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 SHEFFIELD, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

B. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OPF) (continued)

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before 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 Annual 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 under optional plans, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit. The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent. Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$ 360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2023 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2023 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required pension contribution to OPF was \$ 562,467 for 2023.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)C. SOCIAL SECURITY

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 1, 2023.

NOTE 14 – POSTEMPLOYMENT BENEFITSA. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit 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.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care. Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

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

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

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

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. 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 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and 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 2023 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2023, OPERS did not allocate any employer contributions to post-employment health care.

VILLAGE OF SHEFFIELD, OHIO  
LORAIN COUNTYNOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)B. 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.

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

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

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

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



VILLAGE OF SHEFFIELD, OHIO  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

B. OHIO POLICE AND FIRE PENSION FUND (continued)

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 2022, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The 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 \$ 13,004 for 2023.

NOTE 15 – TAX ABATEMENT

On February 12, 2014, a ten-year real estate tax abatement was granted to OldCastle APG South, Inc.

- 75% real estate tax abatement was granted for years 1 thru 5
  - In each year of the tax exemption, OldCastle is obligated to pay to the Sheffield/Sheffield Lake City School District \$ 9,058.
- 60% real estate tax abatement was granted for years 6 – 10.
  - In each year of the tax exemption, OldCastle is obligated to pay to the Sheffield/Sheffield Lake City School District \$ 5,746.

This tax abatement involved the construction of a new 28,000 square foot building at their present site in Sheffield Village. The cost of the new construction was to be at least \$ 1,500,000.

The new construction shifted four employment positions from their Berea, Ohio location and six additional employees upon the closing of the Berea location. The annual payroll of the new employees was \$ 630,000 estimated to grow to \$ 855,000 over the next five years. In 2023 their payroll exceeded \$ 2,000,000.

NOTE 16 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.