

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

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Village Council
Village of Sheffield, Ohio
Lorain County
4820 Detroit Road
Sheffield, Ohio 44035

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sheffield, Ohio, Lorain County (the Village), as of and for the year ended December 31, 2024 and related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with the cash basis of accounting, and determining that the cash basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

As disclosed in the notes to the basic financial statements, summary of significant accounting policies, these financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 3 through 11, and the budgetary comparison on page 18 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement, however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

Inner Circle Accountancy Corporation

February 25, 2025

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VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

This discussion and analysis of the Village of Sheffield, Ohio's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2024, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2024 are as follows:

Net position of governmental activities increased \$ 2,829,235 or 36.4 percent in 2024. This was the result of increases in the General Fund, Capital Projects Fund, and Other Governmental Funds of \$ 2,333,774, \$ 58,337 and \$ 437,124, respectively.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 54.2 percent and 8.4 percent of the total cash received for governmental activities during the year.

Net position of business-type activities increased \$ 271,202 from 2024. Net position increased in the Water Fund and Sewer Fund by \$ 140,013 and \$ 241,236, respectively. Net position in the Storm Water Fund decreased by \$ 92,633.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The Statement of Net Position – Cash Basis and the Statement of Activities - Cash Basis provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Government-wide Financial Statements

The Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis reflect how the Village did financially during 2024, within the limitations of cash basis accounting. The Statement of Net Position – Cash Basis presents the equity in pooled cash of the governmental and business-type activities of the Village at year-end. The Statement of Activities – Cash Basis compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Position – Cash Basis and the Statement of Activities – Cash Basis, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including police, streets, and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity - The Village has several business-type activities; including the provision of water, sewer, and storm water. Business-type activities are financed by a fee charged to the customers receiving the services.

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Fund Financial Statements

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that restricted money is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund and Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village's significant proprietary funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major proprietary funds are the Water Fund, Sewer Fund, and Storm Water Sewer.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2024 compared to 2023 on a cash basis.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Equity in pooled cash	\$ 10,604,767	\$ 7,775,532	\$ 1,938,791	\$ 1,667,589	\$ 12,543,558	\$ 9,443,121
Total assets	<u>\$ 10,604,767</u>	<u>\$ 7,775,532</u>	<u>\$ 1,938,791</u>	<u>\$ 1,667,589</u>	<u>\$ 12,543,558</u>	<u>\$ 9,443,121</u>
Net position						
Restricted for:						
Capital projects	\$ 1,182,539	\$ 1,100,719	\$ -	\$ -	\$ 1,182,539	\$ 1,100,719
Debt service	226,842	226,842	-	-	226,842	226,842
Other	1,919,041	1,505,400	-	-	1,919,041	1,505,400
Unrestricted	7,276,345	4,942,571	1,938,791	1,667,589	9,215,136	6,610,160
Total net position	<u>\$ 10,604,767</u>	<u>\$ 7,775,532</u>	<u>\$ 1,938,791</u>	<u>\$ 1,667,589</u>	<u>\$ 12,543,558</u>	<u>\$ 9,443,121</u>

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

As mentioned previously, net position of governmental activities increased \$ 2,829,235 or 36.4 percent from 2023.

Table 2 reflects the changes in net position in 2024 compared to 2023 on a cash basis.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Receipts						
Program receipts						
Charges for services	\$ 1,960,247	\$ 770,338	\$ 2,052,522	\$ 1,893,328	\$ 4,012,769	\$ 2,663,666
Operating grants and contributions	59,668	252,117	-	-	59,668	252,117
Capital grants and contributions	1,052,330	604,033	498,448	198,173	1,550,778	802,206
Total program receipts	3,072,245	1,626,488	2,550,970	2,091,501	5,623,215	3,717,989
General receipts						
Property and other local taxes	1,177,664	1,187,067	-	-	1,177,664	1,187,067
Payments in lieu of taxes	771,483	622,943	-	-	771,483	622,943
Municipal income taxes	7,571,006	6,141,492	-	-	7,571,006	6,141,492
Grants and entitlements	579,470	564,013	-	-	579,470	564,013
Interest	499,011	101,493	-	-	499,011	101,493
Other	301,697	241,844	-	-	301,697	241,844
Total general receipts	10,900,331	8,858,852	-	-	10,900,331	8,858,852
Total receipts	\$ 13,972,576	\$ 10,485,340	\$ 2,550,970	\$ 2,091,501	\$ 16,523,546	\$ 12,576,841

(continued on next page)

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

Table 2
Change in Net Position
(Concluded)

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Program cash disbursements						
Security of persons and property	\$ 6,162,781	\$ 4,663,000	\$ -	\$ -	\$ 6,162,781	\$ 4,663,000
Public health	-	-	-	-	-	-
Leisure time activities	29,776	30,223	-	-	29,776	30,223
Community environment	23,554	13,829	-	-	23,554	13,829
Basic utility services	29,407	32,286	-	-	29,407	32,286
Transportation	210,566	195,824	-	-	210,566	195,824
General government	2,417,086	1,918,451	-	-	2,417,086	1,918,451
Capital outlay	2,006,823	1,462,802	-	-	2,006,823	1,462,802
Principal	241,485	594,304	-	-	241,485	594,304
Interest and fiscal charges	21,863	44,706	-	-	21,863	44,706
Water	-	-	1,085,229	858,522	1,085,229	858,522
Sewer	-	-	830,486	801,744	830,486	801,744
Storm water sewer	-	-	364,053	283,053	364,053	283,053
Total program cash disbursements	<u>11,143,341</u>	<u>8,955,425</u>	<u>2,279,768</u>	<u>1,943,319</u>	<u>13,423,109</u>	<u>10,898,744</u>
Increase in net position	2,829,235	1,529,915	271,202	148,182	3,100,437	1,678,097
Net position, at beginning of year	<u>7,775,532</u>	<u>6,016,824</u>	<u>1,667,589</u>	<u>1,440,187</u>	<u>9,443,121</u>	<u>7,457,011</u>
Net position, at end of year	<u>\$ 10,604,767</u>	<u>\$ 7,546,739</u>	<u>\$ 1,938,791</u>	<u>\$ 1,588,369</u>	<u>\$ 12,543,558</u>	<u>\$ 9,135,108</u>

Governmental Activities

Program receipts represent 22.0 percent of total receipts and are primarily comprised of charges for services and capital grants and contributions.

General receipts represent 78.0 percent of the Village's total receipts of governmental activities, and of this amount, 80.3 percent are property and other local taxes and municipal income taxes. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, finance and income tax departments, as well as internal services such as payroll and purchasing.

Security of persons and property are the costs of police and fire protection; public health services is the health department; leisure time activities are the costs of maintaining the parks and playing fields; the economic development department promotes the village to industry and commerce as well as working with other governments in the area to attract new business; and transportation is the cost of maintaining the roads.

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

If you look at the Statement of Activities – Cash Basis on page 14, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for security of persons and property, general government and capital outlay which account for 55.3 percent, 21.7 percent and 18.0 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net (Disbursement) Receipts column compares the program receipts to the cost of the service. This “net cost” amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Table 3
Governmental Activities

	Total Cost of Services	Net Cost of Services
Governmental activities		
Security of persons and property	\$ 6,162,781	\$ (5,558,334)
Leisure time activities	29,776	34,257
Community environment	23,554	(15,704)
Basic utility services	29,407	(29,407)
Transportation	210,566	(210,566)
General government	2,417,086	(1,073,501)
Capital outlay	2,006,823	(954,493)
Principal	241,485	(241,485)
Interest and fiscal charges	21,863	(21,863)
Total governmental activities	\$ 11,143,341	\$ (8,071,096)

The dependence upon property and other local taxes, payments in lieu of taxes and municipal income tax receipts is apparent as 68.1 percent of governmental activities are supported through these general receipts.

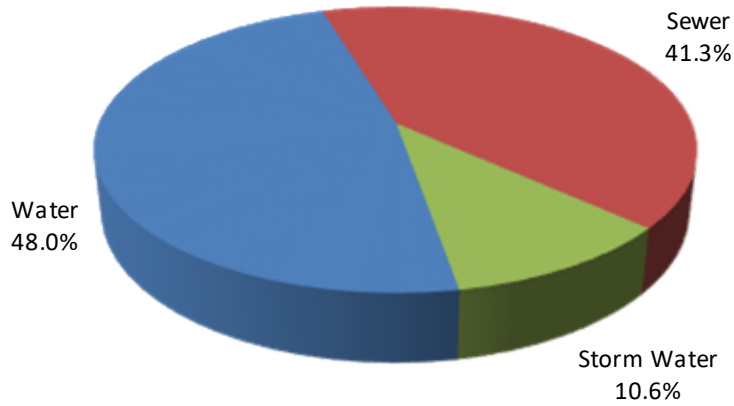
See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

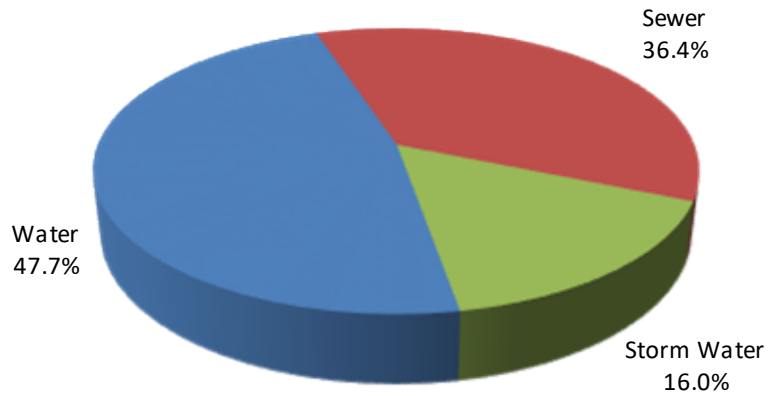
Business-type Activities

The primary source of receipts for the business-type activities is charges for services, which was 80.4 percent of total receipts.

Receipts, Business-type Activities



Disbursements, Business-type Activities



See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024
(UNAUDITED)

The Village's Funds

Total governmental funds had receipts of \$ 13,972,576, disbursements of \$ 11,143,341. Within the governmental funds, General Fund, Capital Projects Fund and Other Governmental Funds had increases of \$ 2,333,774, \$ 58,337, and \$ 437,124, respectively.

Budgeting Highlights

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

During 2024, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$ 992,270 lower than original budgeted receipts. Actual receipts were more than final budgeted amount by \$ 1,287,455.

General Fund original appropriations were \$ 9,327,582 and final appropriations were \$ 9,767,932, excluding other financing uses. Actual disbursements were \$ 1,049,438 less than the final budgeted amount.

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

Outstanding long-term debt obligations of the Village consisted of:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds						
General obligations	\$ 525,000	\$ 735,000	\$ -	\$ -	\$ 525,000	\$ 735,000
OWDA loans	-	-	1,464,408	233,493	1,464,408	233,493
OPWC loans	276,217	175,633	63,335	74,530	339,552	250,163
Leases payable	-	-	-	25,500	-	25,500
	<u>\$ 801,217</u>	<u>\$ 910,633</u>	<u>\$ 1,527,743</u>	<u>\$ 333,523</u>	<u>\$ 2,328,960</u>	<u>\$ 1,244,156</u>

General obligation bonds are for various purposes. OWDA loans financed waterline improvements and replacements. OPWC loans financed road and waterline projects and water meter replacement. Leases payable were for a fire truck and two trucks. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024

(UNAUDITED)

Current Issues

The Village continued to see growth in residential housing projects in 2024.

A new housing development is under construction, Walnut Ridge. Planned are (66) luxury single family homes and (26) multifamily buildings consisting of 119 units. Of the single-family homes in Phase 1, twenty-eight have been completed and seven are under construction. In Phase 2, which has thirty-one lots, there have been six starts as of February 2025. The Walnut Ridge – Multi Family project has twenty-one buildings complete, which totals ninety-three units. Five remaining buildings are not complete, but two of the buildings, with a total of nine units, are nearing completion.

Another new housing development is under construction, Magnolia Meadows. Planned are (55) luxury single family homes. The construction of two model homes has been completed. The clubhouse and five homes are under construction.

The Preserve at French Creek Phase 4, has 14 lots. Three homes have been completed and the remaining eleven are near completion.

Collective bargaining agreements are in place through March 31, 2026, for all unions within the police and fire departments.

Ford Motor Company's \$1.5 billion dollar expansion is now in its second phase, with the 2.3 million square foot production facility nearly complete. Ford announced in August 2024, they will manufacture an all-electric commercial van at this facility. The second phase will include the installation of the equipment for the assembly line. The project remains on schedule for its first vehicle release in early 2026 and is expected to bring in 1800 new jobs to the Village. Ford's \$17 million investment in an addition to their paint shop, is underway. Fifty percent of this investment will be in the Village.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Timothy J. Pelcic, Fiscal Officer, Village of Sheffield, 4820 Detroit Road, Sheffield, Ohio 44035.

See accountant's compilation report.

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VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
STATEMENT OF NET POSITION – CASH BASIS
DECEMBER 31, 2024

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash	\$ 10,604,767	\$ 1,938,791	\$ 12,543,558
Total assets	\$ 10,604,767	\$ 1,938,791	\$ 12,543,558
Net position			
Restricted for:			
Capital projects	\$ 1,182,539	\$ -	\$ 1,182,539
Debt service	226,842	-	226,842
Highways and streets	766,220	-	766,220
Security of persons and property	1,012,472	-	1,012,472
Other	140,349	-	140,349
Unrestricted	7,276,345	1,938,791	9,215,136
Total net position	\$ 10,604,767	\$ 1,938,791	\$ 12,543,558

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, 2024

	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	\$ 6,162,781	\$ 544,779	\$ 59,668	\$ -
Leisure time activities	29,776	64,033	-	-
Community environment	23,554	7,850	-	-
Basic utility services	29,407	-	-	-
Transportation	210,566	-	-	-
General government	2,417,086	1,343,585	-	-
Capital outlay	2,006,823	-	-	1,052,330
Principal	241,485	-	-	-
Interest and fiscal charges	21,863	-	-	-
Total governmental activities	11,143,341	1,960,247	59,668	1,052,330
Business-type activities				
Water	1,085,229	954,448	-	270,794
Sewer	830,486	826,654	-	227,654
Storm water sewer	364,053	271,420	-	-
Total business-type activities	2,279,768	2,052,522	-	498,448
Total	\$ 13,423,109	\$ 4,012,769	\$ 59,668	\$ 1,550,778

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
\$ (5,558,334)	\$ -	\$ (5,558,334)
34,257	-	34,257
(15,704)	-	(15,704)
(29,407)	-	(29,407)
(210,566)	-	(210,566)
(1,073,501)	-	(1,073,501)
(954,493)	-	(954,493)
(241,485)	-	(241,485)
(21,863)	-	(21,863)
<u>(8,071,096)</u>	<u>-</u>	<u>(8,071,096)</u>
-	140,013	140,013
-	223,822	223,822
-	(92,633)	(92,633)
<u>-</u>	<u>271,202</u>	<u>271,202</u>
<u>(8,071,096)</u>	<u>271,202</u>	<u>(7,799,894)</u>
700,110	-	700,110
290,208	-	290,208
187,346	-	187,346
771,483	-	771,483
7,571,006	-	7,571,006
579,470	-	579,470
499,011	-	499,011
301,697	-	301,697
<u>10,900,331</u>	<u>-</u>	<u>10,900,331</u>
2,829,235	271,202	3,100,437
<u>7,775,532</u>	<u>1,667,589</u>	<u>9,443,121</u>
<u>\$ 10,604,767</u>	<u>\$ 1,938,791</u>	<u>\$ 12,543,558</u>

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash	\$ 7,276,345	\$ 1,159,056	\$ 2,169,366	\$ 10,604,767
Total assets	\$ 7,276,345	\$ 1,159,056	\$ 2,169,366	\$ 10,604,767
Fund balances				
Restricted	\$ -	\$ 1,159,056	\$ 2,169,366	\$ 3,328,422
Assigned	103,947	-	-	103,947
Unassigned	7,172,398	-	-	7,172,398
Total fund balances	\$ 7,276,345	\$ 1,159,056	\$ 2,169,366	\$ 10,604,767

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, 2024

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and other taxes	\$ 793,783	\$ -	\$ 383,881	\$ 1,177,664
Payments in lieu of taxes	-	-	771,483	771,483
Municipal income tax	7,571,006	-	-	7,571,006
Intergovernmental	198,268	1,052,330	439,870	1,690,468
Charges for services	342,830	-	7,850	350,680
Fines, licenses and permits	1,751,197	-	8,448	1,759,645
Donations	1,000	-	-	1,000
Interest	469,081	-	29,930	499,011
Miscellaneous	150,819	-	800	151,619
Total receipts	11,277,984	1,052,330	1,642,262	13,972,576
Disbursements				
Current				
Security of persons and property	6,035,845	-	126,936	6,162,781
Leisure time activities	29,776	-	-	29,776
Community environment	-	-	23,554	23,554
Basic utility services	29,407	-	-	29,407
Transportation	-	-	210,566	210,566
General government	1,919,519	-	497,567	2,417,086
Capital outlay	914,663	993,993	98,167	2,006,823
Debt service	-	-	-	-
Principal	-	-	241,485	241,485
Interest and fiscal charges	-	-	21,863	21,863
Total disbursements	8,929,210	993,993	1,220,138	11,143,341
Excess of receipts over (under) disbursements	2,348,774	58,337	422,124	2,829,235
Other financing sources				
Transfers in	12,000	-	15,000	27,000
Transfers out	(27,000)	-	-	(27,000)
Total other financing sources	(15,000)	-	15,000	-
Net change in fund balances	2,333,774	58,337	437,124	2,829,235
Fund balances at beginning of year	4,942,571	1,100,719	1,732,242	7,775,532
Fund balances at end of year	<u>\$ 7,276,345</u>	<u>\$ 1,159,056</u>	<u>\$ 2,169,366</u>	<u>\$ 10,604,767</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 BALANCE
BUDGET AND ACTUAL – BUDGET BASIS - GENERAL

FOR THE YEAR ENDED DECEMBER 31, 2024

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Total receipts	\$ 10,618,094	\$ 9,625,824	\$ 10,913,279	\$ 1,287,455
Disbursements				
Personnel costs	4,207,735	4,506,825	4,294,795	212,030
Other	5,119,847	5,261,107	4,423,699	837,408
Total disbursements	9,327,582	9,767,932	8,718,494	1,049,438
Excess of receipts over (under) disbursements	1,290,512	(142,108)	2,194,785	2,336,893
Other financing sources (uses)				
Transfers out	(630,805)	(630,805)	(27,000)	603,805
Total other financing sources (uses)	(630,805)	(630,805)	(27,000)	603,805
Net change in fund balances	659,707	(772,913)	2,167,785	2,940,698
Prior year encumbrances appropriated	708,307	708,307	708,307	-
Fund balances at beginning of year	4,133,056	4,133,056	4,133,056	-
Fund balances at end of year	\$ 5,501,070	\$ 4,068,450	\$ 7,009,148	\$ 2,940,698

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, 2024

	Water Fund	Sew er Fund	Storm Water Fund	Total Enterprise Funds
Assets				
Equity in pooled cash	\$ 980,061	\$ 717,007	\$ 241,723	\$ 1,938,791
Total assets	\$ 980,061	\$ 717,007	\$ 241,723	\$ 1,938,791
Net position				
Unrestricted	\$ 980,061	\$ 717,007	\$ 241,723	\$ 1,938,791
Total net position	\$ 980,061	\$ 717,007	\$ 241,723	\$ 1,938,791

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, 2024

	Water Fund	Sewer Fund	Storm Water Fund	Total Enterprise Funds
Receipts				
Charges for services	\$ 884,412	\$ 826,654	\$ 271,420	\$ 1,982,486
Miscellaneous	70,036	17,414	-	87,450
Total receipts	954,448	844,068	271,420	2,069,936
Operating disbursements				
Personal services	398,631	175,153	260,443	834,227
Contractual services	453,837	596,675	2,501	1,053,013
Materials and supplies	128,146	19,162	31,974	179,282
Total operating disbursements	980,614	790,990	294,918	2,066,522
Operating income (loss)	(26,166)	53,078	(23,498)	3,414
Non-operating receipts (disbursements)				
Capital outlay	(74,652)	(39,496)	(69,135)	(183,283)
Principal paid	(23,348)	-	-	(23,348)
Interest and fiscal charges	(6,615)	-	-	(6,615)
Total non-operating disbursements	(104,615)	(39,496)	(69,135)	(213,246)
Income (loss) before contributions	(130,781)	13,582	(92,633)	(209,832)
Capital contributions - tap fees	270,794	227,654	-	498,448
Change in net position	140,013	241,236	(92,633)	288,616
Net position at beginning of year	840,048	475,771	334,356	1,650,175
Net position at end of year	\$ 980,061	\$ 717,007	\$ 241,723	\$ 1,938,791

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 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 COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 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 COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 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 2024, 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 COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

STAR Ohio reserves the right to limit participant transactions to \$ 250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates

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 2024 was \$ 469,081 which includes \$ 157,244 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 COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 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 \$ 3,328,422, 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 COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 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.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2024, the Village has implemented GASB Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62" and GASB Statement No. 101, "Compensated Absences", GASB implementation Guide No. 2021-1 – as it related to question 5.1 and GASB implementation Guide No 2023-1.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLE (continued)

GASB Statement No.100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The Village reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position/fund balance. In an effort to promote comparability with other governments, the Village updated its calculation of net position restricted for pension and OPEB plans for 2024.

This change had no impact on beginning net position, but rather reclassified the amounts presented as net position restricted for OPEB plans and unrestricted net position.

GASB Statement No. 101, Compensated Absences, defines a compensated absence as leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The Village does not offer noncash settlements. This GASB pronouncement had no effect on beginning net position/fund balance as unpaid leave is not reflected as a liability under the Village’s cash basis of accounting.

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	\$ 2,167,785
Adjustments, increase (decrease)	
Encumbrances	163,250
Funds budgeted elsewhere **	2,739
Cash basis, as reported	<u>\$ 2,333,774</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, 2024

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	\$ -	\$ -	\$ 549,880	\$ 549,880
Highways and streets	-	-	766,220	766,220
Capital projects	-	1,159,056	-	1,159,056
Debt service	-	-	226,842	226,842
Other	-	-	626,424	626,424
	<u>-</u>	<u>1,159,056</u>	<u>2,169,366</u>	<u>3,328,422</u>
Assigned				
Recreation	82,371	-	-	82,371
Solid waste management	1,078	-	-	1,078
Security of persons and property	20,498	-	-	20,498
Subsequent year's appropriations	877,818	-	-	877,818
	<u>981,765</u>	<u>-</u>	<u>-</u>	<u>981,765</u>
Unassigned	6,294,580	-	-	6,294,580
Total fund balances	<u>\$ 7,276,345</u>	<u>\$ 1,159,056</u>	<u>\$ 2,169,366</u>	<u>\$ 10,604,767</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 COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 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 COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

B. DEPOSITS

At year end, \$ 901,333 of the Village's bank balance of \$ 1,401,333 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, 2024, the Village had \$ 11,229,943 invested in STAR Ohio, which had a maturity of 27.2 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, 2024

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 2024 for real and public utility property taxes represents collections of 2023 taxes.

2024 real property taxes are levied after October 1, 2024, on the assessed value as of January 1, 2024, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2024 real property taxes are collected in and intended to finance 2025.

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. 2024 public utility property taxes which became a lien December 31, 2023, are levied after October 1, 2024, and are collected in 2025 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2024, was \$ 5.35 per \$ 1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2024 property tax receipts were based are as follows:

	2024 Collection Year
Property valuation consisted of:	
Real property	\$ 207,941,800
Public utility property	9,289,880
Total valuation	\$ 217,231,680

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 belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to 801 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 9 - RISK MANAGEMENT (continued)

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the casualty and the property portions the Plan retains. The Plan retains the first \$250,000 of casualty losses and the first \$200,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2023 (the latest information available):

	2023
Assets	\$ 23,113,696
Liabilities	(16,078,587)
Accumulated surplus (deficit)	\$ 7,035,109

NOTE 10 - DEBT

The changes in the Village's long-term debt during 2024 were as follows:

	Outstanding 12/31/2023	Additions	Payments	Outstanding 12/31/2024	Due in One Year
Governmental activities					
General obligation bonds					
Various purposed (2014)					
Varying % through 2031	\$ 735,000	\$ -	\$ 210,000	\$ 525,000	\$ 220,000
Total general obligation bonds	735,000	-	210,000	525,000	220,000
Ohio Public Works Commission (OPWC)					
Road resurfacing (2007)					
0% through 2026	398	-	133	265	132
Road improvements (2014)					
0% through 2030	102,851	-	15,823	87,028	15,823
Road improvements (2019)					
0% through 2039	72,384	-	4,524	67,860	4,524
Road improvements (2024)					
0% through 2035	-	117,436	9,786	107,650	9,786
Road improvements (2024)					
0% through 2036	-	14,634	1,220	13,414	1,220
	175,633	132,070	31,486	276,217	31,485
Total governmental activities	\$ 910,633	\$ 132,070	\$ 241,486	\$ 801,217	\$ 251,485

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 10 – DEBT (continued)

	<u>Outstanding 12/31/2023</u>	<u>Additions</u>	<u>Payments</u>	<u>Outstanding 12/31/2024</u>	<u>Due in One Year</u>
<u>Business-type activities</u>					
Ohio Public Works Commission (OPWC)					
Water Line Replacement (2010) 0% through 2030	11,707	-	4,683	7,024	4,683
Water Line Replacement (2006) 0% through 2026	33,509	-	4,787	28,722	4,787
Water Line Replacement (2010) 0% through 2040	29,314	-	1,725	27,589	1,725
Total OPWC loans	<u>74,530</u>	<u>-</u>	<u>11,195</u>	<u>63,335</u>	<u>11,195</u>
Ohio Water Development Authority (OWDA)					
Water Line Repair (2019) 2.87% through 2039	245,305	-	11,812	233,493	12,505
Water Line Repair (2024) 3.48% through 2045	-	892,696	-	892,696	51,569
Water Line Repair (2024) 3.62% through 2055	-	647,828	-	647,828	10,983
Total OWDA loans	<u>245,305</u>	<u>1,540,524</u>	<u>11,812</u>	<u>1,774,017</u>	<u>75,057</u>
Total business-type activities	<u>\$ 319,835</u>	<u>\$ 1,540,524</u>	<u>\$ 23,007</u>	<u>\$ 1,837,352</u>	<u>\$ 86,252</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
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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	Total	
	Principal	Interest	Principal	Principal	Interest
2025	\$ 220,000	\$ 16,088	\$ 31,485	\$ 251,485	\$ 16,088
2026	45,000	9,488	31,486	76,486	9,488
2027	50,000	8,138	31,353	81,353	8,138
2028	50,000	6,636	31,353	81,353	6,636
2029	50,000	5,138	31,355	81,355	5,138
2030 - 2034	110,000	5,363	85,559	195,559	5,363
2035 - 2039	-	-	33,626	33,626	-
2040 - 2044	-	-	-	-	-
	<u>\$ 525,000</u>	<u>\$ 50,851</u>	<u>\$ 276,217</u>	<u>\$ 801,217</u>	<u>\$ 50,851</u>

Year	Business-type Activities				
	OPWC loans	OWDA loans		Total	
	Principal	Principal	Interest	Principal	Interest
2025	\$ 11,195	\$ 75,057	\$ 79,407	\$ 86,252	\$ 79,407
2026	8,853	95,380	59,085	104,233	59,085
2027	6,512	98,688	55,776	105,200	55,776
2028	6,512	102,111	52,354	108,623	52,354
2029	6,511	105,654	48,812	112,165	48,812
2030 - 2034	13,407	585,879	186,446	599,286	186,446
2035 - 2039	8,620	288,688	96,036	297,308	96,036
2040 - 2044	1,725	112,951	67,514	114,676	67,514
	<u>\$ 63,335</u>	<u>\$ 1,464,408</u>	<u>\$ 645,430</u>	<u>\$ 1,527,743</u>	<u>\$ 645,430</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, 2024, \$ 180,000 of bonds outstanding are considered defeased.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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.

Transfer to:	<u>Transferred From:</u>	
	General Fund	Total
General Fund	\$ 12,000	\$ 12,000
Non-major governmental funds	15,000	15,000
	\$ 27,000	\$ 27,000

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
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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

Traditional plan state and local 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 at retirement.

Law enforcement and public safety members who retire before meeting the age-and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

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

Combined plan members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

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.

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 member's original 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.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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
2024 statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0%	**	***
2024 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; however, effective July 1, 2022, a portion of the health care reate is funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village’s contractually required contribution was \$ 275,966 for 2024.

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 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
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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>
2024 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2024 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	<u>12.25%</u>	<u>12.25%</u>

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required pension contribution to OPF was \$ 656,408 for 2024.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 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, 2024.

NOTE 14 – POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. 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. Retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice and other eligible expenses. An OPERS vendor is available to assist with the selection of a health care program

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

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

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;

Group B 31 years of total service credit with at least 20 years of qualified health care service credit;

Group C 32 years of total service cred with at least 20 years of qualified health care service credit.

Age 59 or younger Based on the following age-and-service criteria:

Group A 30 years of qualified health care service credit;

Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at least age 52;

Group C 32 years of qualified health care service credit and at least page 55.

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

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

Group A	Group B	Group C
Age and Service Requirements	Age and Service Requirements	Age and Service Requirements
<i>December 1, 2014 or Prior</i>	December 1, 2014 or Prior	December 1, 2014 or Prior
Any Age with 10 years of service credit	Any Age with 10 years of service credit	Any Age with 10 years of service credit
<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>	<i>January 1, 2015 through December 31, 2021</i>
Age 60 with 20 years of service credit or Any Age with 30 years of service credit	Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any Age with 32 years of service credit	Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

The base allowance is determined by OPERS and is currently \$1,200 per month for non-Medicare retirees and \$350 per month for Medicare retirees. The retiree receives a percentage of the base allowance, calculated 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 for both non-Medicare and Medicare retirees.

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

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

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

Participants in the Member-Directed Plan have access to the Connector and have a separate health care funding mechanism. A portion of employer contributions for these participants is allocated to a retiree medical account (RMA). Members who elect the Member-Directed Plan after July 1, 2015, will vest in the RMA over 15 years at a rate of 10 percent each year starting with the sixth year of participation. Members who elected the Member-Directed Plan prior to July 1, 2015, vest in the RMA over a five-year period at a rate of 20 percent per year. Upon separation or retirement, participants may use vested RMA funds for reimbursement of qualified medical expenses.

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. For fiscal year 2024, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2024, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan. Beginning July 1, 2022, there was a two percent allocation to health care for the Combined Plan which has continued through 2024. 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 2024 was 4.0 percent. Effective July 1, 2022, a portion of the health care rate was funded with reserves which has continued through 2024.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2024, OPERS did not allocate any employer contributions to post-employment health care.

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 or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

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 2024, 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 \$ 15,246 for 2024.

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 2024 their payroll did not exceed \$ 2,000,000.

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