

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021 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.

Costin and Kendall

February 17, 2022

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VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021, 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 2021 are as follows

Net position of governmental activities increased \$ 1,230,482 or 36.9% in 2021. This was the result of increases in the General Fund, Capital Projects Fund, and Other Governmental Funds of \$ 952,991, \$ 141,767 and \$ 135,724, respectively.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 55.8 percent and 11.6 percent of the total cash received for governmental activities during the year.

Net position of business-type activities increased \$ 87,022 from 2020. Net position increased in the Water Fund and Storm Water Fund by \$ 124,467 and \$ 16,102, respectively. Net position in the Sewer Fund decreased by \$ 53,547.

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, 2021

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 2021, 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, 2021

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 three categories: governmental, proprietary and fiduciary.

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 2021 compared to 2020 on a cash basis.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2019
Assets						
Equity in pooled cash	\$ 4,560,830	\$ 3,330,348	\$ 1,440,187	\$ 1,353,165	\$ 6,001,017	\$ 4,683,513
Total assets	<u>\$ 4,560,830</u>	<u>\$ 3,330,348</u>	<u>\$ 1,440,187</u>	<u>\$ 1,353,165</u>	<u>\$ 6,001,017</u>	<u>\$ 4,683,513</u>
Net position						
Restricted for:						
Capital projects	\$ 562,947	\$ 421,180	\$ -	\$ -	\$ 562,947	\$ 421,180
Debt service	115,423	112,953	-	-	115,423	112,953
Other	1,025,700	892,446	-	-	1,025,700	892,446
Unrestricted	2,856,760	1,903,769	1,440,187	1,353,165	4,296,947	3,256,934
Total net position	<u>\$ 4,560,830</u>	<u>\$ 3,330,348</u>	<u>\$ 1,440,187</u>	<u>\$ 1,353,165</u>	<u>\$ 6,001,017</u>	<u>\$ 4,683,513</u>

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

As mentioned previously, net position of governmental activities increased \$ 1,230,482 or 36.9 percent from 2020.

Table 2 reflects the changes in net position in 2021 compared to 2020 on a cash basis.

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Receipts						
Program receipts						
Charges for services	\$ 764,318	\$ 859,011	\$ 1,874,659	\$ 1,863,786	\$ 2,638,977	\$ 2,722,797
Operating grants and contributions	239,209	310,068	-	-	239,209	310,068
Capital grants and contributions	125,322	198,989	91,097	172,493	216,419	371,482
Total program receipts	<u>1,128,849</u>	<u>1,368,068</u>	<u>1,965,756</u>	<u>2,036,279</u>	<u>3,094,605</u>	<u>3,404,347</u>
General receipts						
Property and other local taxes	1,042,527	936,258	-	-	1,042,527	936,258
Payments in lieu of taxes	777,975	425,957	-	-	777,975	425,957
Municipal income taxes	5,014,691	4,489,842	-	-	5,014,691	4,489,842
Grants and entitlements	555,221	464,722	-	-	555,221	464,722
Interest	3,251	18,209	-	-	3,251	18,209
Other	457,354	259,966	-	-	457,354	259,966
Total general receipts	<u>7,851,019</u>	<u>6,594,954</u>	<u>-</u>	<u>-</u>	<u>7,851,019</u>	<u>6,594,954</u>
Total receipts	<u>\$ 8,979,868</u>	<u>\$ 7,963,022</u>	<u>\$ 1,965,756</u>	<u>\$ 2,036,279</u>	<u>\$ 10,945,624</u>	<u>\$ 9,999,301</u>

(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, 2021

Table 2
Change in Net Position
(Concluded)

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Program cash disbursements						
Security of persons and property	\$ 4,813,721	\$ 4,418,004	\$ -	\$ -	\$ 4,813,721	\$ 4,418,004
Public health	7,228	27,124	-	-	7,228	27,124
Leisure time activities	18,937	11,520	-	-	18,937	11,520
Community environment	7,778	4,426	-	-	7,778	4,426
Basic utility services	24,717	17,792	-	-	24,717	17,792
Transportation	229,100	188,104	-	-	229,100	188,104
General government	1,758,457	1,459,363	-	-	1,758,457	1,459,363
Capital outlay	502,243	759,630	-	-	502,243	759,630
Principal	345,480	365,240	-	-	345,480	365,240
Interest and fiscal charges	41,725	48,225	-	-	41,725	48,225
Water	-	-	760,986	711,918	760,986	711,918
Sewer	-	-	862,459	854,729	862,459	854,729
Storm water sewer	-	-	255,289	266,000	255,289	266,000
Total program cash disbursements	<u>7,749,386</u>	<u>7,299,428</u>	<u>1,878,734</u>	<u>1,832,647</u>	<u>9,628,120</u>	<u>9,132,075</u>
Increase (decrease) in net position	1,230,482	663,594	87,022	203,632	1,317,504	867,226
Net position, at beginning of year, restated	<u>3,330,348</u>	<u>2,666,754</u>	<u>1,353,165</u>	<u>1,149,533</u>	<u>4,683,513</u>	<u>3,816,287</u>
Net position, at end of year	<u>\$ 4,560,830</u>	<u>\$ 3,330,348</u>	<u>\$ 1,440,187</u>	<u>\$ 1,353,165</u>	<u>\$ 6,001,017</u>	<u>\$ 4,683,513</u>

Governmental Activities

Program receipts represent 12.6 percent of total receipts and are primarily comprised of charges for services and capital grants and contributions.

General receipts represent 87.4 percent of the Village's total receipts of governmental activities, and of this amount, 77.2 percent are property 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, 2021

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 and general government which account for 62.1 percent and 22.7 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	\$ 4,813,721	\$ (4,137,580)
Public health	7,228	(7,228)
Leisure time activities	18,937	70,203
Community environment	7,778	10,511
Basic utility services	24,717	(24,717)
Transportation	229,100	(229,100)
General government	1,758,457	(1,456,560)
Capital outlay	502,243	(458,861)
Principal	345,480	(345,480)
Interest and fiscal charges	41,725	(41,725)
Total governmental activities	\$ 7,749,386	\$ (6,620,537)

The dependence upon property and income tax receipts is apparent as 78.2 percent of governmental activities are supported through these general receipts.

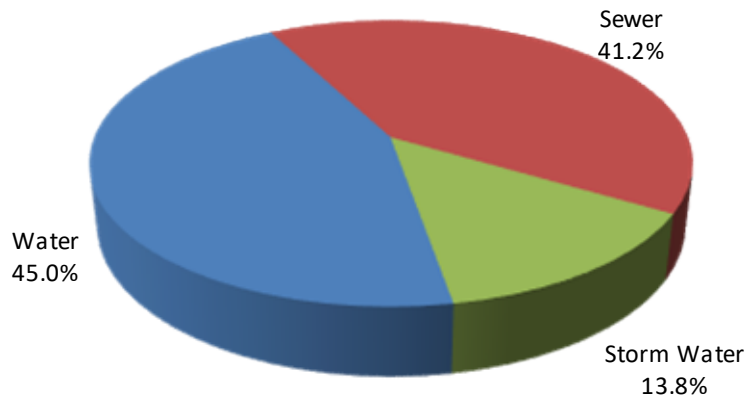
See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

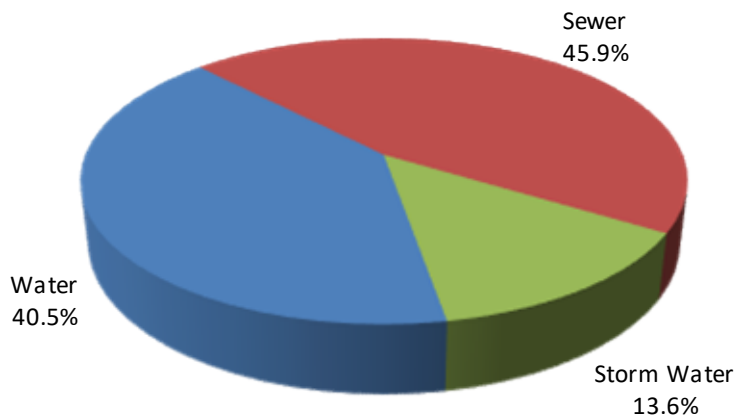
Business-type Activities

The primary source of receipts for the business-type activities is charges for services, which was 95.4 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, 2021

The Village's Funds

Total governmental funds had receipts of \$ 8,979,868, disbursements of \$ 7,749,386. Within the governmental funds, General Fund, Capital Projects Fund and Other Governmental Funds had increases of \$ 952,991, \$ 141,767, and \$ 135,724, 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 2021, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$ 331,303 higher than original budgeted receipts. Actual receipts were more than final budgeted amount by \$ 128,848.

General Fund original appropriations were \$ 6,942,000 and final appropriations were \$ 7,631,845. Actual disbursements were \$ 955,105 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	
	2021	2020	2021	2020	2021	2020
Bonds						
General obligations	\$ 1,270,000	\$ 1,595,000	\$ -	\$ -	\$ 1,270,000	\$ 1,595,000
OWDA loans	-	-	256,785	267,943	256,785	267,943
OPWC loans	216,593	237,073	99,162	114,841	315,755	351,914
	<u>\$ 1,486,593</u>	<u>\$ 1,832,073</u>	<u>\$ 355,947</u>	<u>\$ 382,784</u>	<u>\$ 1,842,540</u>	<u>\$ 2,214,857</u>

General obligation bonds are for various purposes. OPWC loans financed waterline improvements and replacements. 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, 2021

Current Issues

The Village continued to see growth in residential housing starts, issuing sixteen occupancy permits in 2021. Commercial building activity has also increased with twenty-six occupancy Permits issued in 2021.

In the French Creek Business Park, through a Tax Increment Financing agreement, the construction of a 104,000 square foot "State-of-the-Art" industrial complex was completed in 2020 and is now occupied. Phase 2 of this project is another 160,000 square foot building that is under construction. Phase 3 will be a 450,000 square foot building followed by a 260,000 square foot building. Also, in the business park, a 30,000 square foot building is under construction.

Elsewhere in the Village, a 40,000 square foot building has been completed and is occupied by doctors' offices. Another 30,000 square foot medical building is under construction, with a planned opening around June 2022.

A new housing development is under construction. Planned are one hundred ten luxury apartments and one hundred luxury homes. The Preserve housing development has completed building eighteen new luxury homes with forty planned. Schueller housing development has completed twenty-four new homes with another sixty planned.

Also under construction is a 25,000 square foot automotive building and 12,000 square foot car wash. A new office complex consisting of twenty-eight 4,000 square foot offices is under construction, with twenty-two offices completed and occupied.

The Veterans Administration hospital facility opened in August 2021.

Ford Motor Company has announced an investment of \$ 1.3 billion dollars to be made at the Ford plant which is partially located in Sheffield Village. This investment is targeted to bring in 1,500 new jobs to the plant. Some activity has begun inside the plant with the project committed to being completed by September 15, 2023. Two hundred fifty new jobs have already been added.

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

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, 2021

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash	\$ 4,560,830	\$ 1,440,187	\$ 6,001,017
Total assets	\$ 4,560,830	\$ 1,440,187	\$ 6,001,017
Net position			
Restricted for:			
Capital projects	\$ 562,947	\$ -	\$ 562,947
Debt service	115,423	-	115,423
Highw ays and streets	511,824	-	511,824
Security of persons and property	496,509	-	496,509
Other	17,367	-	17,367
Unrestricted	2,856,760	1,440,187	4,296,947
Total net position	\$ 4,560,830	\$ 1,440,187	\$ 6,001,017

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

STATEMENT OF ACTIVITIES – CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2021

	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	\$ 4,813,721	\$ 438,721	\$ 233,820	\$ 3,600
Public health	7,228	-	-	-
Leisure time activities	18,937	10,800	-	78,340
Community environment	7,778	12,900	5,389	-
Basic utility services	24,717	-	-	-
Transportation	229,100	-	-	-
General government	1,758,457	301,897	-	-
Capital outlay	502,243	-	-	43,382
Principal	345,480	-	-	-
Interest and fiscal charges	41,725	-	-	-
Total governmental activities	7,749,386	764,318	239,209	125,322
Business-type activities				
Water	760,986	852,742	-	32,711
Sewer	862,459	750,526	-	58,386
Storm water sewer	255,289	271,391	-	-
Total business-type activities	1,878,734	1,874,659	-	91,097
Total	\$ 9,628,120	\$ 2,638,977	\$ 239,209	\$ 216,419

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

Net (Disbursements) Receipts and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (4,137,580)	\$ -	\$ (4,137,580)
(7,228)	-	(7,228)
70,203	-	70,203
10,511	-	10,511
(24,717)	-	(24,717)
(229,100)	-	(229,100)
(1,456,560)	-	(1,456,560)
(458,861)	-	(458,861)
(345,480)	-	(345,480)
(41,725)	-	(41,725)
<u>(6,620,537)</u>	<u>-</u>	<u>(6,620,537)</u>
-	124,467	124,467
-	(53,547)	(53,547)
-	16,102	16,102
<u>-</u>	<u>87,022</u>	<u>87,022</u>
<u>(6,620,537)</u>	<u>87,022</u>	<u>(6,533,515)</u>
616,511	-	616,511
271,292	-	271,292
154,724	-	154,724
777,975	-	777,975
5,014,691	-	5,014,691
555,221	-	555,221
3,251	-	3,251
457,354	-	457,354
<u>7,851,019</u>	<u>-</u>	<u>7,851,019</u>
1,230,482	87,022	1,317,504
<u>3,330,348</u>	<u>1,353,165</u>	<u>4,683,513</u>
<u>\$ 4,560,830</u>	<u>\$ 1,440,187</u>	<u>\$ 6,001,017</u>

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in pooled cash	\$ 2,856,760	\$ 562,947	\$ 1,141,123	\$ 4,560,830
Total assets	\$ 2,856,760	\$ 562,947	\$ 1,141,123	\$ 4,560,830
Fund balances				
Restricted	\$ -	\$ 562,947	\$ 1,141,123	\$ 1,704,070
Assigned	210,808	-	-	210,808
Unassigned	2,645,952	-	-	2,645,952
Total fund balances	\$ 2,856,760	\$ 562,947	\$ 1,141,123	\$ 4,560,830

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

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, 2021

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and other taxes	\$ 693,873	\$ -	\$ 348,654	\$ 1,042,527
Payments in lieu of taxes	-	-	777,975	777,975
Municipal income tax	5,014,691	-	-	5,014,691
Intergovernmental	259,583	-	659,869	919,452
Charges for services	259,578	-	13,165	272,743
Fines, licenses and permits	663,448	-	8,336	671,784
Donations	300	-	-	300
Interest	3,251	-	-	3,251
Miscellaneous	277,145	-	-	277,145
Total receipts	7,171,869	-	1,807,999	8,979,868
Disbursements				
Current				
Security of persons and property	4,230,182	-	583,539	4,813,721
Public health	-	-	7,228	7,228
Leisure time activities	18,937	-	-	18,937
Community environment	-	-	7,778	7,778
Basic utility services	24,717	-	-	24,717
Transportation	-	-	229,100	229,100
General government	1,323,874	-	434,583	1,758,457
Capital outlay	295,630	58,233	148,380	502,243
Debt service	-	-	-	-
Principal	-	-	345,480	345,480
Interest and fiscal charges	-	-	41,725	41,725
Total disbursements	5,893,340	58,233	1,797,813	7,749,386
Excess of receipts over (under) disbursements	1,278,529	(58,233)	10,186	1,230,482
Other financing sources				
Transfers in	-	200,000	468,930	668,930
Transfers out	(325,538)	-	(343,392)	(668,930)
Total other financing sources	(325,538)	200,000	125,538	-
Net change in fund balances	952,991	141,767	135,724	1,230,482
Fund balances at beginning of year	1,903,769	421,180	1,005,399	3,330,348
Fund balances at end of year	\$ 2,856,760	\$ 562,947	\$ 1,141,123	\$ 4,560,830

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – BUDGET BASIS

FOR THE YEAR ENDED DECEMBER 31, 2021

GENERAL FUND

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and other taxes	\$ 771,720	\$ 671,720	\$ 693,873	\$ 22,153
Municipal income tax	4,544,665	4,794,665	5,014,691	220,026
Intergovernmental	189,812	371,115	254,194	(116,921)
Charges for services	214,052	214,052	259,578	45,526
Fines, licenses and permits	406,975	406,975	381,611	(25,364)
Donations	-	-	300	300
Interest	25,000	25,000	3,251	(21,749)
Miscellaneous	261,468	261,468	266,345	4,877
Total receipts	<u>6,413,692</u>	<u>6,744,995</u>	<u>6,873,843</u>	<u>128,848</u>
Disbursements				
Personnel costs	3,231,452	3,361,252	3,075,474	285,778
Other	3,160,202	3,720,247	3,255,728	464,519
Total disbursements	<u>6,391,654</u>	<u>7,081,499</u>	<u>6,331,202</u>	<u>750,297</u>
Excess of receipts over (under) disbursements	<u>22,038</u>	<u>(336,504)</u>	<u>542,641</u>	<u>879,145</u>
Other financing sources (uses)				
Transfers out	(550,346)	(550,346)	(345,538)	204,808
Total other financing sources (uses)	<u>(550,346)</u>	<u>(550,346)</u>	<u>(345,538)</u>	<u>204,808</u>
Net change in fund balances	(528,308)	(886,850)	197,103	1,083,953
Prior year encumbrances appropriated	108,322	108,322	108,322	-
Fund balances at beginning of year	<u>1,687,958</u>	<u>1,687,958</u>	<u>1,687,958</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,267,972</u>	<u>\$ 909,430</u>	<u>\$ 1,993,383</u>	<u>\$ 1,083,953</u>

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
STATEMENT OF FUND NET POSITION – CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2021

	Water Fund	Sewer Fund	Storm Water Fund	Total Enterprise Funds
Assets				
Equity in pooled cash	\$ 696,045	\$ 376,314	\$ 367,828	\$ 1,440,187
Total assets	\$ 696,045	\$ 376,314	\$ 367,828	\$ 1,440,187
Net position				
Unrestricted	\$ 696,045	\$ 376,314	\$ 367,828	\$ 1,440,187
Total net position	\$ 696,045	\$ 376,314	\$ 367,828	\$ 1,440,187

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

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, 2021

	Water Fund	Sewer Fund	Storm Water Fund	Total Enterprise Funds
Receipts				
Charges for services	\$ 851,975	\$ 750,526	\$ 271,391	\$ 1,873,892
Miscellaneous	767	-	-	767
Total receipts	<u>852,742</u>	<u>750,526</u>	<u>271,391</u>	<u>1,874,659</u>
Operating disbursements				
Personal services	316,521	154,947	154,341	625,809
Contractual services	293,039	639,094	2,423	934,556
Materials and supplies	72,091	34,865	62,358	169,314
Total operating disbursements	<u>681,651</u>	<u>828,906</u>	<u>219,122</u>	<u>1,729,679</u>
Operating income (loss)	<u>171,091</u>	<u>(78,380)</u>	<u>52,269</u>	<u>144,980</u>
Non-operating receipts (disbursements)				
Capital outlay	(44,889)	(33,553)	(36,167)	(114,609)
Principal paid	(26,837)	-	-	(26,837)
Interest and fiscal charges	(7,609)	-	-	(7,609)
Total non-operating disbursements	<u>(79,335)</u>	<u>(33,553)</u>	<u>(36,167)</u>	<u>(149,055)</u>
Income (loss) before contributions	<u>91,756</u>	<u>(111,933)</u>	<u>16,102</u>	<u>(4,075)</u>
Capital contributions - tap fees	<u>32,711</u>	<u>58,386</u>	<u>-</u>	<u>91,097</u>
Change in net position	124,467	(53,547)	16,102	87,022
Net position at beginning of year	<u>571,578</u>	<u>429,861</u>	<u>351,726</u>	<u>1,353,165</u>
Net position at end of year	<u>\$ 696,045</u>	<u>\$ 376,314</u>	<u>\$ 367,828</u>	<u>\$ 1,440,187</u>

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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, serves as the President of Council and votes only 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, 2021

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, proprietary, and fiduciary.

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, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING

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, 2021

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 2021, 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, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$ 100 million or more. STAR Ohio reserves the right to limit the transaction to \$ 250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$ 250 million limit. All accounts of the participant will be combined for these purposes.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2021 was \$ 3,251 which includes \$ 1,803 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 14 and 15, 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, 2021

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. 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 \$ 1,704,070, none of which is restricted by enabling legislation.

N. 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.

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.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. FUND BALANCE (continued)

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.

O. 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 2021, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. These changes were incorporated in the Village's 2021 financial statements; however, there was no effect on beginning net position or fund balance.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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	\$ 197,103
Adjustments, increase (decrease)	
Encumbrances	769,644
Funds budgeted elsewhere **	(13,756)
Cash basis, as reported	\$ 952,991

** 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, 2021

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	\$ -	\$ -	\$ 268,304	\$ 268,304
Highways and streets	-	-	511,824	511,824
Capital projects	-	562,947	-	562,947
Debt service	-	-	115,423	115,423
Other	-	-	245,572	245,572
	<u>-</u>	<u>562,947</u>	<u>1,141,123</u>	<u>1,704,070</u>
Assigned				
Recreation	61,851	-	-	61,851
Solid waste management	12,211	-	-	12,211
Security of persons and property	19,671	-	-	19,671
Subsequent year's appropriations	117,075	-	-	117,075
	<u>210,808</u>	<u>-</u>	<u>-</u>	<u>210,808</u>
Unassigned	2,645,952	-	-	2,645,952
Total fund balances	<u>\$ 2,856,760</u>	<u>\$ 562,947</u>	<u>\$ 1,141,123</u>	<u>\$ 4,560,830</u>

NOTE 6 – DEPOSITS AND INVESTMENTS

A. LEGAL REQUIRMENTS

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, 2021

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, 2021

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

B. DEPOSITS

At year end, \$ 376,245 of the Village's bank balance of \$ 1,076,519 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, 2021, the Village had \$ 5,000,367 invested in STAR Ohio, which had a maturity of 51.3 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, 2021

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 2021 for real and public utility property taxes represents collections of 2020 taxes.

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

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

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

The full tax rate for all Village operations for the year ended December 31, 2021, was \$ 5.35 per \$ 1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

	2021 Collection Year
Property valuation consisted of:	
Real property	\$ 183,965,240
Public utility property	7,752,770
Total valuation	\$ 191,718,010

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

NOTE 9 - RISK MANAGEMENT

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

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 9 - RISK MANAGEMENT (continued)

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess of loss contracts in force protect the Pool against losses over the retention level. At March 31, 2021, the Pool's retention levels are \$ 100,000 for property and casualty coverage, respectively. The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2021 and 2020:

	2021	2020
Assets	\$ 824,661	\$ 940,409
Liabilities	(554,038)	(359,749)
Accumulated surplus	\$ 270,623	\$ 580,660

NOTE 10 - DEBT

The changes in the Village's long-term debt during 2021 were as follows:

	Outstanding 12/31/2020	Additions	Payments	Outstanding 12/31/2021	Due in One Year
<u>Governmental activities</u>					
General obligation bonds					
Various purposed (2014)					
Varying % through 2031	\$ 1,595,000	\$ -	\$ 325,000	\$ 1,270,000	\$ 330,000
Total general obligation bonds	1,595,000	-	325,000	1,270,000	330,000
Ohio Public Works Commission (OPWC)					
Road resurfacing (2007)					
0% through 2026	797	-	133	664	133
Road improvements (2014)					
0% through 2030	150,320	-	15,823	134,497	15,823
Road improvements (2019)					
0% through 2039	85,956	-	4,524	81,432	4,524
	237,073	-	20,480	216,593	20,480
Total governmental activities	\$ 1,832,073	\$ -	\$ 345,480	\$ 1,486,593	\$ 350,480

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 10 – DEBT (continued)

	Outstanding 12/31/2020	Additions	Payments	Outstanding 12/31/2021	Due in One Year
<u>Business-type activities</u>					
Ohio Public Works Commission (OPWC)					
Water Main Replacement (2002)					
0% through 2022	\$ 6,726	\$ -	\$ 4,484	\$ 2,242	\$ 2,242
Water Line Replacement (2010)					
0% through 2030	25,756	-	4,683	21,073	4,683
Water Line Replacement (2006)					
0% through 2026	47,870	-	4,787	43,083	4,787
Water Line Replacement (2010)					
0% through 2040	34,489	-	1,725	32,764	1,725
Total OPWC loans	<u>114,841</u>	<u>-</u>	<u>15,679</u>	<u>99,162</u>	<u>13,437</u>
Ohio Water Development Authority (OWDA)					
Water Line Repair (2019)					
2.87% through 2039	267,943	-	11,158	256,785	11,480
Total OWDA loans	<u>267,943</u>	<u>-</u>	<u>11,158</u>	<u>256,785</u>	<u>11,480</u>
Total business-type activities	<u>\$ 382,784</u>	<u>\$ -</u>	<u>\$ 26,837</u>	<u>\$ 355,947</u>	<u>\$ 24,917</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.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

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
2022	\$ 330,000	\$ 34,412	\$ 20,480	\$ 350,480	\$ 34,412
2023	205,000	26,988	20,480	225,480	26,988
2024	210,000	21,862	20,480	230,480	21,862
2025	220,000	16,088	20,479	240,479	16,088
2026	45,000	9,488	20,480	65,480	9,488
2027 - 2031	260,000	25,275	78,002	338,002	25,275
2032 - 2036	-	-	22,620	22,620	-
2037 - 2041	-	-	13,572	13,572	-
	<u>\$ 1,270,000</u>	<u>\$ 134,113</u>	<u>\$ 216,593</u>	<u>\$ 1,486,593</u>	<u>\$ 134,113</u>

Year	Business-type Activities				
	OPWC loans	OWDA loans		Total	
	Principal	Principal	Interest	Principal	Interest
2022	\$ 13,437	\$ 11,480	\$ 7,288	\$ 24,917	\$ 7,288
2023	11,195	11,812	6,956	23,007	6,956
2024	11,195	12,154	6,615	23,349	6,615
2025	11,195	12,505	6,263	23,700	6,263
2026	8,853	12,866	5,902	21,719	5,902
2027 - 2031	27,770	70,131	23,712	97,901	23,712
2032 - 2036	8,620	80,871	12,972	89,491	12,972
2037 - 2041	6,897	44,966	1,955	51,863	1,955
	<u>\$ 99,162</u>	<u>\$ 256,785</u>	<u>\$ 71,663</u>	<u>\$ 355,947</u>	<u>\$ 71,663</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, 2021, \$ 820,000 of bonds outstanding are considered defeased

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 12 - INTERFUND TRANSFERS

The 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. The French Creek TIF Fund and the Detroit Road TIF Fund, non-major governmental funds, transferred \$ 172,316 and \$ 171,076, respectively, for debt service.

	Transferred From:		
	General Fund	Non-major Governmental Funds	Total
Transfer to:			
Capital Projects Fund	\$ 200,000	\$ -	\$ 200,000
Non-major governmental funds	125,538	343,392	468,930
	\$ 325,538	\$ 343,392	\$ 668,930

NOTE 13 - LEASES

The Village leases vehicles and other equipment under non-cancelable leases. The Village disbursed \$ 298,908, to pay lease costs for the year ended December 31, 2021. Future lease payments are as follows:

Year End	Total
2022	\$ 298,908
2023	36,221
	\$ 335,129

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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 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, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment 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 their benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - 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
2021 statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee *	10.0%	**	***
2021 Actual Contribution Rates			
Employer:			
Pension ****	14.0%	18.1%	18.1%
Post-employment Health Care Benefits ****	0.0%	0.0%	0.0%
Total Employer	<u>14.0%</u>	<u>18.1%</u>	<u>18.1%</u>
Employee	<u>10.0%</u>	<u>12.0%</u>	<u>13.0%</u>

- * Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.
- ** This rate is determined by OPERS' Board and has no maximum rate established by ORC.
- *** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.
- **** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member directed plan is allocated 4 percent for health care with the remainder going to pension.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$ 218,076 for 2021.

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
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - 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, 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:

	Police	Firefighters
2021 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2021 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	19.50%	24.00%
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required pension contribution to OPF was \$ 458,048 for 2021.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 14 - 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, 2021.

NOTE 15 – 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 postemployment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

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

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 – POSTEMPLOYMENT BENEFITS (continued)

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

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

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

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

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

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

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

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

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2021, OPERS did not allocate any employer contributions to post-employment health care.

VILLAGE OF SHEFFIELD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 – POSTEMPLOYMENT BENEFITS (continued)

B. OHIO POLICE AND FIRE PENSION FUND

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

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

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

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

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

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 15 – 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 2021, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The Village's contractually required contribution to OP&F was \$ 10,634 for 2021.

NOTE 16 – 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 2021 their payroll exceeded \$2,700,000

VILLAGE OF SHEFFIELD, OHIO
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 17 – COVID-19

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

NOTE 18 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date that the financial statements were available to be issued.

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