

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017 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 comparisons 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 12, 2017

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VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017, 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 2017 are as follows

Net position of governmental activities increased \$ 529,371 or 46.0 percent from 2016. This was the result of an increase of \$ 656,423 in the General Fund and a net decrease of \$ 127,052 in Other Governmental Funds.

The Village's general receipts are primarily municipal income taxes and property and other local taxes. These receipts represent respectively 57.5 percent and 11.6 percent of the total cash received for governmental activities during the year.

Net position of business-type activities decreased \$ 11,751 from 2016. Net position increased in the Water Fund by \$ 36,901 and the Sewer Fund by \$ 52,764. The Storm Water Fund decreased by \$ 101,416.

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, 2017

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 2017, 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, 2017

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 fund is the General 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.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The Village's agency fund is the Mayor's Court Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net position for 2017 compared to 2016 on a cash basis.

**Table 1
Net Position**

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Assets						
Equity in pooled cash	\$ 1,681,055	\$ 1,151,684	\$ 982,246	\$ 993,997	\$ 2,663,301	\$ 2,145,681
Total assets	\$ 1,681,055	\$ 1,151,684	\$ 982,246	\$ 993,997	\$ 2,663,301	\$ 2,145,681
Net position						
Restricted for:						
Capital projects	\$ 25,378	\$ 193,266	\$ -	\$ -	\$ 25,378	\$ 193,266
Debt service	98,096	103,630	-	-	98,096	103,630
Other	226,660	180,290	-	-	226,660	180,290
Unrestricted	1,330,921	674,498	982,246	993,997	2,313,167	1,668,495
Total net position	\$ 1,681,055	\$ 1,151,684	\$ 982,246	\$ 993,997	\$ 2,663,301	\$ 2,145,681

See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

As mentioned previously, net position of governmental activities increased \$ 529,371 or 46.0 percent from 2016

Table 2 reflects the changes in net position in 2017 compared to 2016 on a cash basis

Table 2
Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Receipts						
Program receipts						
Charges for services	\$ 977,662	\$ 867,019	\$ 1,571,185	\$ 1,528,173	\$ 2,548,847	\$ 2,395,192
Operating grants and contributions	17,254	187,957	-	-	17,254	187,957
Capital grants and contributions	326,309	802,173	71,069	114,423	397,378	916,596
Total program receipts	<u>1,321,225</u>	<u>1,857,149</u>	<u>1,642,254</u>	<u>1,642,596</u>	<u>2,963,479</u>	<u>3,499,745</u>
General receipts						
Property and other local taxes	850,980	854,161	-	-	850,980	854,161
Payments in lieu of taxes	552,511	419,853	-	-	552,511	419,853
Municipal income taxes	4,213,430	4,020,461	-	-	4,213,430	4,020,461
Grants and entitlements	381,377	377,508	-	-	381,377	377,508
Interest	32	12	-	-	32	12
Other	2,454	1,456	-	-	2,454	1,456
Total general receipts	<u>6,000,784</u>	<u>5,673,451</u>	<u>-</u>	<u>-</u>	<u>6,000,784</u>	<u>5,673,451</u>
Total receipts	<u>\$ 7,322,009</u>	<u>\$ 7,530,600</u>	<u>\$ 1,642,254</u>	<u>\$ 1,642,596</u>	<u>\$ 8,964,263</u>	<u>\$ 9,173,196</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, 2017

Table 2
Change in Net Position
(Concluded)

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Program cash disbursements						
Security of persons and property	\$ 3,814,575	\$ 4,089,490	\$ -	\$ -	\$ 3,814,575	\$ 4,089,490
Leisure time activities	40,058	40,594	-	-	40,058	40,594
Community environment	8,769	8,699	-	-	8,769	8,699
Basic utility services	20,225	22,144	-	-	20,225	22,144
Transportation	248,838	209,705	-	-	248,838	209,705
General government	1,685,990	1,513,790	-	-	1,685,990	1,513,790
Capital outlay	476,971	1,125,793	-	-	476,971	1,125,793
Principal	419,955	464,444	-	-	419,955	464,444
Interest and fiscal charges	77,257	89,353	-	-	77,257	89,353
Water	-	-	653,924	609,726	653,924	609,726
Sewer	-	-	636,015	608,461	636,015	608,461
Storm water sewer	-	-	364,066	222,938	364,066	222,938
Total program cash disbursements	<u>6,792,638</u>	<u>7,564,012</u>	<u>1,654,005</u>	<u>1,441,125</u>	<u>8,446,643</u>	<u>9,005,137</u>
Increase (decrease) in net position	529,371	(33,412)	(11,751)	201,471	517,620	168,059
Net position, at beginning of year	<u>1,151,684</u>	<u>1,185,096</u>	<u>993,997</u>	<u>792,526</u>	<u>2,145,681</u>	<u>1,977,622</u>
Net position, at end of year	<u>\$ 1,681,055</u>	<u>\$ 1,151,684</u>	<u>\$ 982,246</u>	<u>\$ 993,997</u>	<u>\$ 2,663,301</u>	<u>\$ 2,145,681</u>

Governmental Activities

Program receipts represent 18.0 percent of total receipts and are primarily comprised of charges for services and capital grants and contributions.

General receipts represent 82.0 percent of the Village's total receipts of governmental activities, and of this amount, 84.4 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, the clerk-treasurer and income tax departments, as well as internal services such as payroll and purchasing.

Security of persons and property are the costs of police 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, 2017

If you look at the Statement of Activities 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 56.2 percent and 24.8 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	\$ 3,814,575	\$ (3,321,119)
Leisure time activities	40,058	(20,458)
Community environment	8,769	1,381
Basic utility services	20,225	(20,225)
Transportation	248,838	(248,838)
General government	1,685,990	(1,211,940)
Capital outlay	476,971	(202,336)
Principal	419,955	(380,453)
Interest and fiscal charges	77,257	(67,425)
Total governmental activities	\$ 6,792,638	\$ (5,471,413)

The dependence upon property and income tax receipts is apparent as 74.6 percent of governmental activities are supported through these general receipts.

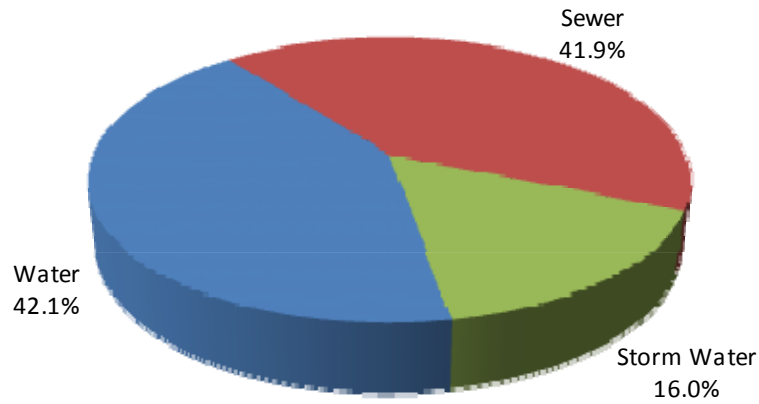
See accountant's compilation report.

VILLAGE OF SHEFFIELD
LORAIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2017

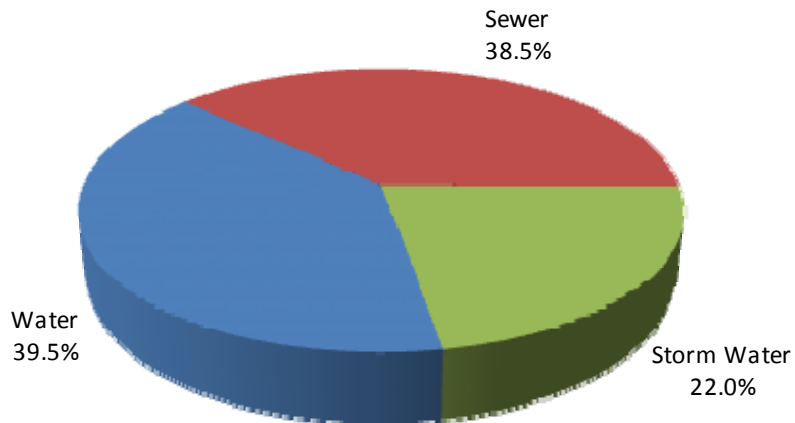
Business-type Activities

The primary source of receipts for the business-type activities is charges for services, which was 95.7 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, 2017

The Village's Funds

Total governmental funds had receipts of \$ 7,322,009, disbursements of \$ 6,792,638. Within the governmental funds, the General Fund increased \$ 656,423 while Other Governmental Funds decreased by \$ 127,052. The General Fund benefited by approximately \$ 250,000 through a premium holiday for three months during 2017.

General Fund 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 2017, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were \$ 872,208 higher than original budgeted receipts. Actual receipts were more than final budgeted amount by \$ 40,432.

Original appropriations were \$ 5,519,585 and final appropriations were \$ 5,750,687. Actual disbursements were \$ 162,338 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	
	2017	2016	2017	2016	2017	2016
Bonds						
General obligations	\$ 2,560,000	\$ 2,880,000	\$ -	\$ -	\$ 2,560,000	\$ 2,880,000
Special assessment	110,000	160,000	-	4,000	110,000	164,000
OPWC loans	191,005	206,960	163,118	184,851	354,123	391,811
Note payable	90,000	120,000	-	-	90,000	120,000
	<u>\$ 2,951,005</u>	<u>\$ 3,366,960</u>	<u>\$ 163,118</u>	<u>\$ 188,851</u>	<u>\$ 3,114,123</u>	<u>\$ 3,555,811</u>

General obligation bonds are for various purposes. The special assessment bonds are for street, waterline and sewer improvements. 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, 2017

Current Issues

The Village has seen some continued growth in residential housing starts, and continued increase in commercial activity in 2017. Phase 1 of a luxury apartment complex, The Preserve, is almost complete. Phase 2 of this complex has been approved by Planning Commission and is already under construction. A second hotel in the Village, a Holiday Inn, has been approved by Planning Commission and an official ground breaking has occurred. Construction however has not yet begun but is expected in 2018. Also approved by Planning Commission is the development of 3 parcels in the French Creek Business Park. Through a Tax Increment Financing agreement, on these three parcels the developer plans to build a 207,474 SF "State-of-the Art" industrial complex.

Collective Bargaining agreements were negotiated and are in place through March 31, 2020 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, Clerk-Treasurer, 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, 2017

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash	\$ 1,681,055	\$ 982,246	\$ 2,663,301
Total assets	\$ 1,681,055	\$ 982,246	\$ 2,663,301
Net position			
Restricted for:			
Capital projects	\$ 25,378	\$ -	\$ 25,378
Debt service	98,096	-	98,096
Highways and streets	178,062	-	178,062
Security of persons and property	43,852	-	43,852
Other	4,746	-	4,746
Unrestricted	1,330,921	982,246	2,313,167
Total net position	\$ 1,681,055	\$ 982,246	\$ 2,663,301

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, 2017

	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	\$ 3,814,575	\$ 480,702	\$ 12,754	\$ -
Leisure time activities	40,058	19,600	-	-
Community environment	8,769	6,150	4,000	-
Basic utility services	20,225	-	-	-
Transportation	248,838	-	-	-
General government	1,685,990	471,210	500	2,340
Capital outlay	476,971	-	-	274,635
Principal	419,955	-	-	39,502
Interest and fiscal charges	77,257	-	-	9,832
Total governmental activities	6,792,638	977,662	17,254	326,309
Business-type activities				
Water	653,924	672,005	-	18,820
Sewer	636,015	636,530	-	52,249
Storm water sewer	364,066	262,650	-	-
Total business-type activities	1,654,005	1,571,185	-	71,069
Total	\$ 8,446,643	\$ 2,548,847	\$ 17,254	\$ 397,378

General receipts

Property taxes levied for:

General purposes

Other

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
\$ (3,321,119)	\$ -	\$ (3,321,119)
(20,458)	-	(20,458)
1,381	-	1,381
(20,225)	-	(20,225)
(248,838)	-	(248,838)
(1,211,940)	-	(1,211,940)
(202,336)	-	(202,336)
(380,453)	-	(380,453)
(67,425)	-	(67,425)
<u>(5,471,413)</u>	<u>-</u>	<u>(5,471,413)</u>
-	36,901	36,901
-	52,764	52,764
-	(101,416)	(101,416)
<u>-</u>	<u>(11,751)</u>	<u>(11,751)</u>
<u>(5,471,413)</u>	<u>(11,751)</u>	<u>(5,483,164)</u>
597,654	-	597,654
253,326	-	253,326
552,511	-	552,511
4,213,430	-	4,213,430
381,377	-	381,377
32	-	32
2,454	-	2,454
<u>6,000,784</u>	<u>-</u>	<u>6,000,784</u>
529,371	(11,751)	517,620
<u>1,151,684</u>	<u>993,997</u>	<u>2,145,681</u>
<u>\$ 1,681,055</u>	<u>\$ 982,246</u>	<u>\$ 2,663,301</u>

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES – CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in pooled cash	\$ 1,330,921	\$ 350,134	\$ 1,681,055
Total assets	\$ 1,330,921	\$ 350,134	\$ 1,681,055
Fund balances			
Restricted	\$ -	\$ 350,134	\$ 350,134
Assigned	25,587	-	25,587
Unassigned	1,305,334	-	1,305,334
Total fund balances	\$ 1,330,921	\$ 350,134	\$ 1,681,055

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, 2017

	General Fund	Other Governmental Funds	Total Governmental Funds
Receipts			
Property and other taxes	\$ 597,654	\$ 253,326	\$ 850,980
Payments in lieu of taxes	-	552,511	552,511
Municipal income tax	4,213,430	-	4,213,430
Intergovernmental	153,259	520,025	673,284
Special assessments	-	51,656	51,656
Charges for services	284,777	6,150	290,927
Fines, licenses and permits	576,446	9,487	585,933
Interest	32	-	32
Miscellaneous	103,256	-	103,256
Total receipts	5,928,854	1,393,155	7,322,009
Disbursements			
Current			
Security of persons and property	3,466,316	348,259	3,814,575
Leisure time activities	40,058	-	40,058
Community environment	-	8,769	8,769
Basic utility services	20,225	-	20,225
Transportation	-	248,838	248,838
General government	1,228,973	457,017	1,685,990
Capital outlay	191,936	285,035	476,971
Debt service			
Principal	-	419,955	419,955
Interest and fiscal charges	-	77,257	77,257
Total disbursements	4,947,508	1,845,130	6,792,638
Excess of receipts over (under) disbursements	981,346	(451,975)	529,371
Other financing sources			
Advances in	319,787	-	319,787
Advances out	-	(319,787)	(319,787)
Transfers in	-	742,544	742,544
Transfers out	(644,710)	(97,834)	(742,544)
Total other financing sources	(324,923)	324,923	-
Net change in fund balances	656,423	(127,052)	529,371
Fund balances at beginning of year	674,498	477,186	1,151,684
Fund balances at end of year	\$ 1,330,921	\$ 350,134	\$ 1,681,055

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, 2017

GENERAL FUND

	Budget Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and other taxes	\$ 645,988	\$ 645,988	\$ 597,654	\$ (48,334)
Municipal income tax	3,282,395	4,154,603	4,213,430	58,827
Intergovernmental	79,489	79,489	149,259	69,770
Charges for services	181,886	181,886	284,777	102,891
Fines, licenses and permits	522,302	522,302	576,446	54,144
Interest	11	11	32	21
Miscellaneous	280,543	280,543	83,656	(196,887)
Total receipts	<u>4,992,614</u>	<u>5,864,822</u>	<u>5,905,254</u>	<u>40,432</u>
Disbursements				
Personnel costs	2,654,020	2,785,291	2,742,446	42,845
Other	2,359,733	2,259,564	2,140,130	119,434
Total disbursements	<u>5,013,753</u>	<u>5,044,855</u>	<u>4,882,576</u>	<u>162,279</u>
Excess of receipts over (under) disbursements	<u>(21,139)</u>	<u>819,967</u>	<u>1,022,678</u>	<u>202,711</u>
Other financing sources (uses)				
Advances in	319,787	319,787	319,787	-
Transfers out	<u>(505,832)</u>	<u>(705,832)</u>	<u>(705,773)</u>	<u>59</u>
Total other financing sources	<u>(186,045)</u>	<u>(386,045)</u>	<u>(385,986)</u>	<u>59</u>
Net change in fund balances	(207,184)	433,922	636,692	202,711
Prior year encumbrances appropriated	-	-	-	-
Fund balances at beginning of year	<u>668,642</u>	<u>668,642</u>	<u>668,642</u>	<u>-</u>
Fund balances at end of year	<u>\$ 461,458</u>	<u>\$ 1,102,564</u>	<u>\$ 1,305,334</u>	<u>\$ 202,711</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, 2017

	Water Fund	Sewer Fund	Storm Water Fund	Total Enterprise Funds
Assets				
Equity in pooled cash	\$ 302,383	\$ 301,101	\$ 378,762	\$ 982,246
Total assets	<u>\$ 302,383</u>	<u>\$ 301,101</u>	<u>\$ 378,762</u>	<u>\$ 982,246</u>
Net position				
Unrestricted	\$ 302,383	\$ 301,101	\$ 378,762	\$ 982,246
Total net position	<u>\$ 302,383</u>	<u>\$ 301,101</u>	<u>\$ 378,762</u>	<u>\$ 982,246</u>

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, 2017

	Water Fund	Sewer Fund	Storm Water Fund	Total Enterprise Funds
Receipts				
Charges for services	\$ 668,999	\$ 636,530	\$ 262,650	\$ 1,568,179
Miscellaneous	3,006	-	-	3,006
Total receipts	<u>672,005</u>	<u>636,530</u>	<u>262,650</u>	<u>1,571,185</u>
Operating disbursements				
Personal services	258,489	131,403	141,619	531,511
Contractual services	258,121	495,574	3,333	757,028
Materials and supplies	97,612	7,299	86,405	191,316
Total operating disbursements	<u>614,222</u>	<u>634,276</u>	<u>231,357</u>	<u>1,479,855</u>
Operating income	<u>57,783</u>	<u>2,254</u>	<u>31,293</u>	<u>91,330</u>
Non-operating disbursements				
Capital outlay	(17,969)	(1,739)	(132,709)	(152,417)
Principal paid	(21,733)	-	-	(21,733)
Total non-operating disbursements	<u>(39,702)</u>	<u>(1,739)</u>	<u>(132,709)</u>	<u>(174,150)</u>
Income before contributions	<u>18,081</u>	<u>515</u>	<u>(101,416)</u>	<u>(82,820)</u>
Capital contributions - tap fees	<u>18,820</u>	<u>52,249</u>	<u>-</u>	<u>71,069</u>
Change in net position	36,901	52,764	(101,416)	(11,751)
Net position at beginning of year	<u>265,482</u>	<u>248,337</u>	<u>480,178</u>	<u>993,997</u>
Net position at end of year	<u>\$ 302,383</u>	<u>\$ 301,101</u>	<u>\$ 378,762</u>	<u>\$ 982,246</u>

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
STATEMENT OF NET POSITION – CASH BASIS
FIDUCIARY FUNDS
DECEMBER 31, 2017

Assets	<u>Agency</u>
Equity in pooled cash	<u>\$ 23,470</u>
Total assets	<u><u>23,470</u></u>
Net position	
Unrestricted	<u>23,470</u>
Total net position	<u><u>\$ 23,470</u></u>

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

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VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017

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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

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 is the Village's major governmental fund:

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.

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, 2017

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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations.

The Village's agency fund is the Mayor's Court Agency Fund which accounts for fines court costs and fees that are held pending distribution in accordance with statutory specifications or as directed by the court.

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, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS

All funds, except agency 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".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage, bond reserves and debt service are reported as "Cash with Fiscal Agents."

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.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. CASH AND INVESTMENTS (continued)

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 2017 was \$ 32 which includes \$ 19 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, 2017

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 \$ 350,134, 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, 2017

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 PRINCIPLES

During 2017, the Village implemented the following Governmental Accounting Standards Board (GASB) statements: Statement No. 80, "Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14"; Statement No. 81, "Irrevocable Split-Interest Agreements"; and Statement No. 82, "Pension Issues – an amendment of GASB Statements No. 67, No.68 and No.73".

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement had no effect on the Village's financial statements.

GASB Statement No 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This statement had no effect on the Village's financial statements.

GASB Statement No. 82 improves consistency in the application of pension accounting. These changes were incorporated in the Village's fiscal year 2017 financial statements; however, there was no effect on beginning net position/fund balance.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 Fund 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	\$ 636,692
Adjustments, increase (decrease)	
Funds budgeted elsewhere **	19,731
Cash basis, as reported	\$ 656,423

** 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 and the Solid Waste Fund.

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:

	General Fund	Other Governmental Funds	Total Governmental Funds
Fund balances			
Restricted for:			
Security of persons and property	\$ -	\$ 43,852	\$ 43,852
Highways and streets	-	178,062	178,062
Capital projects	-	25,378	25,378
Debt service	-	98,096	98,096
Other	-	4,746	4,746
	-	350,134	350,134
Assigned			
Recreation	18,405	-	18,405
Solid waste management	7,182	-	7,182
	25,587	-	25,587
Unassigned	1,305,334	-	1,305,334
Total fund balances	\$ 1,330,921	\$ 350,134	\$ 1,681,055

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. 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.

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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above 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;
4. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty 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.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 – DEPOSITS AND INVESTMENTS (continued)

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$ 2,061,205 of the Village's bank balance of \$ 2,716,975 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation. Certain Village 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

A certain Village financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

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.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2017, was \$ 5.35 per \$ 1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

	2017 Collection Year
Property valuation consisted of:	
Real property	\$ 152,170,910
Public utility property	5,024,780
Total valuation	\$ 157,195,690

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 (Clerk Treasurer'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.

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, 2017, the Pool's retention levels are \$ 50,000 and \$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 deficit at March 31, 2017 and 2016:

	2017	2016
Assets	\$ 1,091,882	\$ 1,272,799
Liabilities	(757,765)	(821,016)
Accumulated surplus	\$ 334,117	\$ 451,783

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 - DEBT

The changes in the Village's long-term debt during 2017 were as follows:

	<u>Outstanding 12/31/2016</u>	<u>Additions</u>	<u>Payments</u>	<u>Outstanding 12/31/2017</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
General obligation bonds					
Various purposed (2014)					
Varying % through 2031	\$ 2,880,000	\$ -	320,000	\$ 2,560,000	\$ 320,000
Total general obligation bonds	<u>2,880,000</u>	<u>-</u>	<u>320,000</u>	<u>2,560,000</u>	<u>320,000</u>
Special assessment bonds					
with governmental commitment					
Various purpose (1999)					
Varying % through 2019	160,000	-	50,000	110,000	55,000
Total special assessment bonds	<u>160,000</u>	<u>-</u>	<u>50,000</u>	<u>110,000</u>	<u>55,000</u>
Ohio Public Works Commission (OPWC)					
Road resurfacing (2007)					
0% through 2026	1,259	-	132	1,127	132
Roadimprovements (2014)					
0% through 2030	205,701	-	15,823	189,878	15,823
	<u>206,960</u>	<u>-</u>	<u>15,955</u>	<u>191,005</u>	<u>15,955</u>
County engineer loan payable	<u>120,000</u>	<u>-</u>	<u>30,000</u>	<u>90,000</u>	<u>30,000</u>
Total governmental activities	<u>\$ 3,366,960</u>	<u>\$ -</u>	<u>\$ 415,955</u>	<u>\$ 2,951,005</u>	<u>\$ 420,955</u>

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 10 – DEBT (continued)

	Outstanding 12/31/2016	Additions	Due in One Year	Outstanding 12/31/2017	Due in One Year
<u>Business-type activities</u>					
Special assessment bonds with governmental commitment					
Waterline improvements (1997) various % through 2017	\$ 4,000	\$ -	\$ 4,000	\$ -	\$ -
Total special assessment bonds	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>-</u>	<u>-</u>
Ohio Public Works Commission (OPWC)					
Water Main Replacement, Phase I (1999) 0% through 2019	5,763	-	2,305	3,458	2,305
Water Main Replacement, Phase II (1999) 0% through 2019	9,375	-	3,750	5,625	3,750
Water Main Replacement (2002) 0% through 2022	22,420	-	4,484	17,936	4,484
Water Line Replacement (2010) 0% through 2030	42,143	-	4,682	37,461	4,682
Water Line Replacement (2006) 0% through 2026	64,624	-	4,787	59,837	4,787
Water Line Replacement (2010) 0% through 2040	40,526	-	1,725	38,801	1,725
Total OPWC loans	<u>184,851</u>	<u>-</u>	<u>21,733</u>	<u>163,118</u>	<u>21,733</u>
Total business-type activities	<u>\$ 188,851</u>	<u>\$ -</u>	<u>\$ 25,733</u>	<u>\$ 163,118</u>	<u>\$ 21,733</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, 2017

NOTE 10 – DEBT (continued)

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

Year	Governmental Activities			
	General Obligation Bonds		Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2018	\$ 320,000	\$ 61,025	\$ 55,000	\$ 6,600
2019	320,000	54,625	55,000	3,300
2020	325,000	48,225	-	-
2021	325,000	41,725	-	-
2022	330,000	34,412	-	-
2023 - 2027	730,000	82,564	-	-
2028 - 2031	210,000	17,137	-	-
	<u>\$ 2,560,000</u>	<u>\$ 339,713</u>	<u>\$ 110,000</u>	<u>\$ 9,900</u>

Year	Governmental Activities			
	OPWC loans	County Engineer	Total	
	Principal	Principal	Principal	Interest
2018	15,955	30,000	420,955	67,625
2019	15,955	30,000	420,955	57,925
2020	15,956	30,000	370,956	48,225
2021	15,956	-	340,956	41,725
2022	15,956	-	345,956	34,412
2023 - 2027	79,579	-	809,579	82,564
2028 - 2031	31,648	-	241,648	17,137
	<u>\$ 191,005</u>	<u>\$ 90,000</u>	<u>\$ 2,951,005</u>	<u>\$ 349,613</u>

Year	Business-type Activities
	OPWC loans
	Principal
2018	\$ 21,733
2019	18,706
2020	15,678
2021	15,679
2022	11,195
2023 - 2027	46,609
2028 - 2032	20,588
2033 - 2037	8,620
2038- 2041	4,310
	<u>\$ 163,118</u>

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017, \$ 1,920,000 of bonds outstanding are considered defeased

NOTE 12 - INTERFUND TRANSACTIONS

A. TRANSFERS

The General Fund transfers to other non-major governmental funds were made to provide additional resources for current operations, capital improvements and debt service. The French Creek TIF Fund and the Detroit Road TIF Fund, non-major governmental funds, transferred \$ 13,554 and \$ 84,280, respectively, for debt service.

	Transferred From:		Total
	General Fund	Non-major Governmental Funds	
Transfer to:			
Non-major governmental funds	\$ 644,710	\$ 97,834	\$ 742,544

B. ADVANCES

The Capital Projects Fund repaid an advance of \$ 319,787 from the General Fund in the prior year.

NOTE 13 - LEASES

The Village leases vehicles and other equipment under non-cancelable leases. The Village disbursed \$ 34,363, to pay lease costs for the year ended December 31, 2017. Future lease payments are as follows:

Year End	Total
2018	\$ 29,731

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

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.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 14 - DEFINED BENEFIT PENSION PLANS (continued)

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0%	18.1%	18.1%
Employee	10.0%	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0%	17.1%	16.1%
Post-employment Health Care Benefits	1.0%	1.0%	2.0%
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>

* 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$ 203,404 year 2017.

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

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

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 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 OPF CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF 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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

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

	<u>Police</u>	<u>Firefighters</u>
2017 Statutory Maximum Contribution Rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2017 Actual Contribution Rates		
Employer:		
Pension	19.00%	23.50%
Post-employment Health Care Benefits	0.50%	0.50%
Total Employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$ 394,642 for 2017.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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, 2017.

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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

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

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

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 15 – POSTEMPLOYMENT BENEFITS (continued)

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. 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 2017 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$ 14,529, \$ 28,108, and \$ 28,641, respectively. The full amount has been contributed for all three years.

B. OHIO POLICE AND FIRE PENSION FUND

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

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 OPF 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.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, 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 and is limited by the provisions of Sections 115 and 401(h).

The OPF 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 contribution to OPF for the years ended December 31, 2017, 2016, and 2015 were \$ 394,642, \$ 369,199, and \$ 370,459, respectively, of which \$ 8,973, \$ 8,403, and \$ 8,415, respectively, was allocated to the healthcare plan. The full amount has been contributed for all three years.

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 shifts four employment positions from their Berea, Ohio location immediately and up to six other employees upon the closing of the Berea location. An additional five to six new hires were planned over the next five years. The annual payroll of the new employees was \$ 630,000 estimated to grow to \$ 855,000 over the next five years.

VILLAGE OF SHEFFIELD, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 17 – SUBSEQUENT EVENTS

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

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