



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF SHEFFIELD LAKE
LORAIN COUNTY
DECEMBER 31, 2020**

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**CITY OF SHEFFIELD LAKE
LORAIN COUNTY
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

City of Sheffield Lake
Lorain County
609 Harris Road
Sheffield Lake, Ohio 44054

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sheffield Lake, Lorain County, Ohio (the City), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Efficient • Effective • Transparent

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sheffield Lake, Lorain County, Ohio, as of December 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Roads Income Tax funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, the City restated its net position as of December 31, 2019 in the business-type activities and the Water Fund, due to a prior period adjustment. We did not modify our opinion regarding this matter.

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

July 27, 2021

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CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The management's discussion and analysis of the City of Sheffield Lake's (the City) financial performance presents a narrative overview and analysis of the City's financial activities for the year ended December 31, 2020. The intent of the discussion and analysis is to present the City's financial performance as a whole. Readers are encouraged to consider this information in conjunction with the basic financial statements and notes to financial statements for an enhanced understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2020 were as follows.

The assets and deferred outflows of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 20,986,569 (net position).

Total net position increased by \$ 1,899,436. Net position of governmental activities increased \$ 1,278,729 from 2019. Net position of business-type activities increased \$ 620,707 from 2019.

At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 5,723,486, an increase of \$ 1,562,418 in comparison with the prior year. Approximately 25.8 percent of this amount, \$ 1,478,417 is available for spending at the City's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the General Fund was \$ 1,882,017 or 36.4 percent of total General Fund expenditures.

The City's total long-term debt obligations increased by \$ 638,345 (16.0 percent) during the current year.

Overview of Financial Statements

This annual report includes the City's basic financial statements, which consist of government-wide financial statements and fund financial statements, and notes to the basic financial statements. The government-wide financial statements provide information about the City as a whole, providing an aggregate view of the City's finances. The fund financial statements provide an additional level of detail.

Government-wide Financial Statements

The government-wide financial statements provide a broad overview of the City's finances in a manner similar to a private-sector business. The *Statement of Net Position* presents information on all the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the residual difference being reported as net position. Increases or decreases in net position over time serve as a useful indicator of whether or not the financial position of the City is improving or deteriorating. The *Statement of Activities* presents information reflecting the City's financial activities and changes in net position during the year. These two statements use the accrual basis of accounting, under which revenue is generally recognized when earned and expenses recognized when incurred, regardless of when cash is received or paid. These statements distinguish between governmental activities, which are those that are principally supported by taxes and intergovernmental revenues, and business-type activities, which are those that are intended to recover their costs through user fees and charges. The City's business-type activities consist of water system operations, sanitary sewer system operations and storm water system operations.

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Fund Financial Statements

Governmental fund financial statements focus on the City's most significant, or major funds. The City's major governmental funds are the General Fund, Roads Income Tax Fund, and Shoreway Capital Project Fund. The remaining non-major funds are combined and reflected in one single column. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources and on balances of spendable resources available at year end. This information can be useful in determining what financial resources are available to finance the City's activities. A reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities for the year ended December 31, 2020 is presented. The City, similar to other local governments, uses fund accounting to ensure and demonstrate finance related legal requirements.

Fund Categories

The City's funds can be divided into three categories consisting of *governmental* funds, *proprietary* funds and *fiduciary* funds.

Governmental funds

Most of the City's activities are reported in governmental funds, which are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental funds use the modified accrual method of accounting, which measures cash and other financial assets readily convertible to cash.

Proprietary funds

Proprietary funds are generally used to account for activities for which the City will charge customers and users. Proprietary funds of the City consist of enterprise funds which are used to account for those functions reported as business-type activities in the government-wide financial statements. The City's enterprise funds account for water system operations, sanitary sewer system operations and storm water system operations. Proprietary funds use the accrual basis of accounting.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City and are not included in the government-wide financial statements since the resources held are not available to support City programs. These funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

Notes to the basic financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. These should be read in connection with those financial statements.

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The City of Sheffield Lake as a Whole

Analysis of Net Position

The *Statement of Net Position* presents the City as a whole. Following is a summary of the City's net position for 2020 compared to 2019.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	Restated 2019	2020	2019	2020	Restated 2019
Assets						
Current and other assets	\$ 13,447,997	\$ 13,162,144	\$ 1,914,749	\$ 1,862,998	\$ 15,362,746	\$ 15,025,142
Capital assets, net	15,981,566	14,849,349	9,392,505	8,767,547	25,374,071	23,616,896
Total assets	29,429,563	28,011,493	11,307,254	10,630,545	40,736,817	38,642,038
Deferred outflow s of resources						
Pension	1,072,803	2,132,645	149,276	391,124	1,222,079	2,523,769
OPEB	600,854	472,687	97,510	55,629	698,364	528,316
Total deferred outflow s of resources	1,673,657	2,605,332	246,786	446,753	1,920,443	3,052,085
Liabilities						
Current liabilities	3,376,939	4,329,666	181,772	372,111	3,558,711	4,701,777
Long-term liabilities						
Due w ithin one year	277,976	228,822	316,186	285,211	594,162	514,033
Due in more than one year						
Net pension liability	6,040,477	7,434,160	867,368	1,248,335	6,907,845	8,682,495
Net OPEB liability	1,549,719	1,425,267	577,281	553,359	2,127,000	1,978,626
Other amounts	2,113,118	1,634,200	3,216,746	3,097,329	5,329,864	4,731,529
Total liabilities	13,358,229	15,052,115	5,159,353	5,556,345	18,517,582	20,608,460
Deferred inflow s of resources						
Property taxes	1,708,000	1,697,800	-	-	1,708,000	1,697,800
Pension	787,028	80,713	196,516	24,822	983,544	105,535
OPEB	378,503	193,466	83,062	1,729	461,565	195,195
Total deferred inflow s of resources	2,873,531	1,971,979	279,578	26,551	3,153,109	1,998,530
Net position						
Net investment in capital assets	14,150,676	13,291,225	5,944,268	5,474,531	20,094,944	18,765,756
Restricted	3,241,422	3,140,754	-	-	3,241,422	3,140,754
Unrestricted	(2,520,638)	(2,839,248)	170,841	19,871	(2,349,797)	(2,819,377)
Total net position	\$ 14,871,460	\$ 13,592,731	\$ 6,115,109	\$ 5,494,402	\$ 20,986,569	\$ 19,087,133

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The City follows GASB Statement 68, "Accounting and Financial Reporting for Pensions" and GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to pensions other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability (asset) and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Investment in capital assets (land, buildings and improvements, equipment and vehicles and infrastructure) less any related debt to acquire those assets still outstanding represents the largest portion of net position. Capital assets are used to provide services to the City's citizens, however, are not available for future spending.

Total assets increased by \$ 2,094,779 to \$ 40,736,817; current and other assets increased by \$ 337,604 to \$ 15,362,746, while net capital assets increased by \$ 1,757,175.

Current liabilities decreased by \$ 1,143,066 to \$ 3,558,711 primarily due to a decrease in accounts payable and notes payable. Long-term liabilities decreased by \$ 947,812 to \$ 14,958,871.

Total net position increased by \$ 1,899,436 to \$ 20,986,569 with governmental net position comprising \$ 14,871,460 and business-type net position comprising \$ 6,115,109 of that amount.

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Analysis of Changes in Net Position

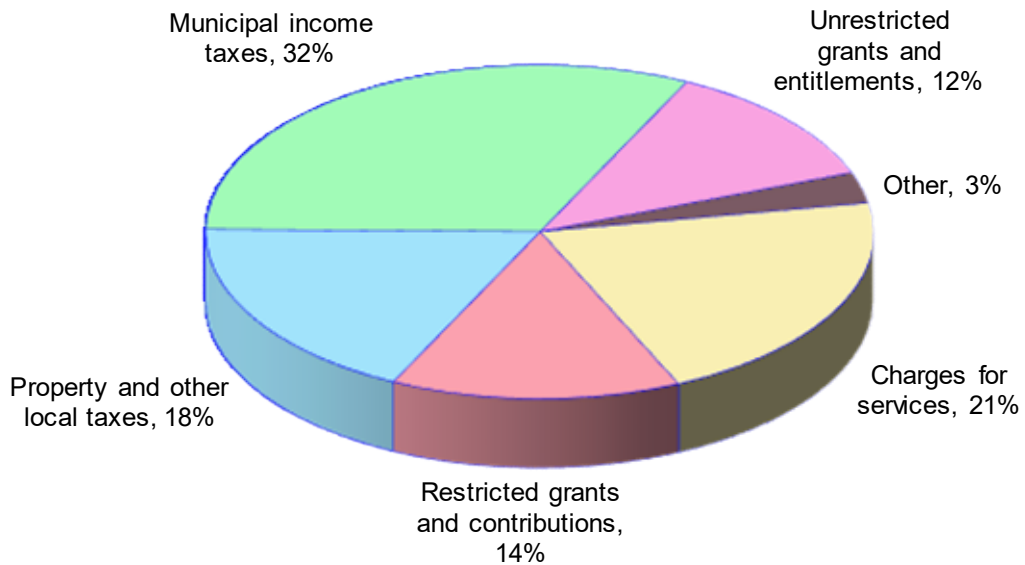
To understand what makes up changes in net position, following are results of activities for the current year compared to the prior year.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues						
Charges for services and sales	\$ 1,990,238	\$ 1,933,725	\$ 2,799,659	\$ 2,811,276	\$ 4,789,897	\$ 4,745,001
Operating grants, interest and contributions	713,065	51,282	-	-	713,065	51,282
Capital grants and contributions	610,467	1,511,763	322,336	106,926	932,803	1,618,689
Total program revenues	<u>3,313,770</u>	<u>3,496,770</u>	<u>3,121,995</u>	<u>2,918,202</u>	<u>6,435,765</u>	<u>6,414,972</u>
General revenues						
Property and other local taxes	1,698,776	1,718,923	-	-	1,698,776	1,718,923
Municipal income taxes	3,060,497	3,496,962	-	-	3,060,497	3,496,962
Unrestricted grants and entitlements	1,093,030	1,073,257	-	-	1,093,030	1,073,257
Other	273,319	211,754	-	293	273,319	212,047
Total general revenues	<u>6,125,622</u>	<u>6,500,896</u>	<u>-</u>	<u>293</u>	<u>6,125,622</u>	<u>6,501,189</u>
Total revenues	<u>9,439,392</u>	<u>9,997,666</u>	<u>3,121,995</u>	<u>2,918,495</u>	<u>12,561,387</u>	<u>12,916,161</u>
Program expenses						
Security of persons and property	4,103,220	947,729	-	-	4,103,220	947,729
Public health and welfare	36,993	6,227	-	-	36,993	6,227
Leisure time activities	803,154	755,300	-	-	803,154	755,300
Community environment	204,324	171,248	-	-	204,324	171,248
Basic utility services	872,209	820,301	-	-	872,209	820,301
Transportation	697,983	604,900	-	-	697,983	604,900
General government	1,308,438	1,745,474	-	-	1,308,438	1,745,474
Interest	138,154	179,706	-	-	138,154	179,706
Water	-	-	1,039,088	1,283,282	1,039,088	1,283,282
Sewer	-	-	1,158,148	1,517,366	1,158,148	1,517,366
Storm water	-	-	300,240	353,466	300,240	353,466
Total program expenses	<u>8,164,475</u>	<u>5,230,885</u>	<u>2,497,476</u>	<u>3,154,114</u>	<u>10,661,951</u>	<u>8,384,999</u>
Change in net position before transfers	1,274,917	4,766,781	624,519	(235,619)	1,899,436	4,531,162
Transfers	3,812	9,842	(3,812)	(9,842)	-	-
Change in net position	1,278,729	4,776,623	620,707	(245,461)	1,899,436	4,531,162
Net position, beginning of year, restated	<u>13,592,731</u>	<u>8,816,108</u>	<u>5,494,402</u>	<u>5,739,863</u>	<u>19,087,133</u>	<u>14,555,971</u>
Net position, end of year	<u>\$ 14,871,460</u>	<u>\$ 13,592,731</u>	<u>\$ 6,115,109</u>	<u>\$ 5,494,402</u>	<u>\$ 20,986,569</u>	<u>\$ 19,087,133</u>

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Governmental activities

Revenues by source of governmental activities for 2020 were comprised of:

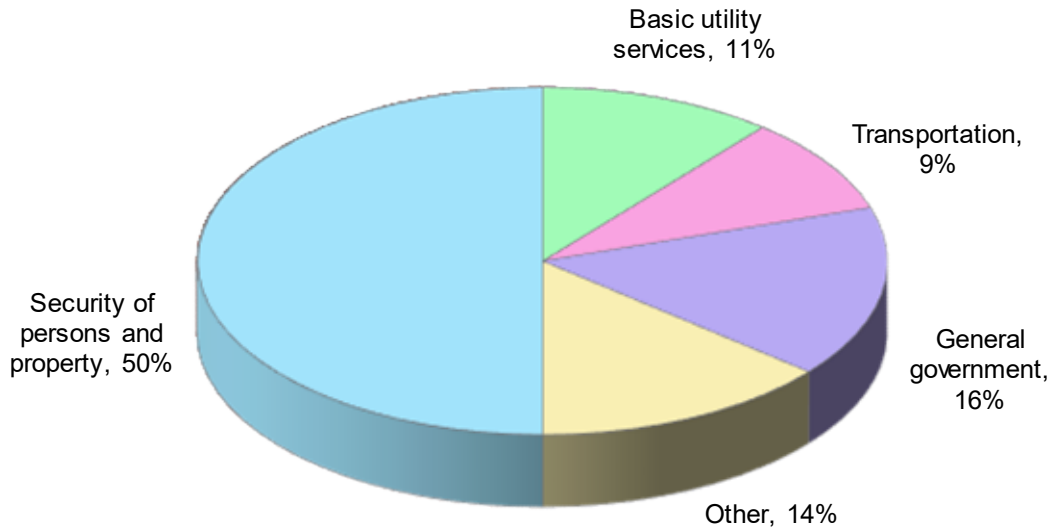


Revenues

For 2020, municipal income taxes, representing 32 percent of total revenue, was the largest portion of revenue for governmental activities. Property and other local taxes, charges for services, and restricted grants and entitlements, represented the next three largest sources of revenue at 18 percent, 21 percent, and 14 percent respectively.

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Program expenses of governmental activities for 2020 were comprised of:



Program expenses

Program expenses amounted to \$ 8,164,475 in 2020, of which \$ 3,313,770 was supported by program revenue.

Governmental activities expenses increased \$ 2,933,590 or 56 percent in 2020, mainly due to an increase in in the Ohio Police & Fire Pension Fund's (OP&F) OPEB plan expense. The OP& F OPEB expense was \$ 78,404 in 2020 compared to (\$ 3,088,389) in 2019. The OPEB expense increase was recognized entirely in the governmental activities.

Security of persons and property, which includes police, fire and paramedic services, represented \$ 4,103,220 or 50 percent of total program expenses. Basic utilities services of \$ 872,209 or 11 percent includes refuse collections. Transportation, which includes street maintenance and snow removal, represented \$ 697,983 or 9 percent of program expenses. General government represented \$ 1,308,438 or 16 percent of program expenses. General government expenses include legislative and administrative services such as council, mayor, finance, law and computer services departments, utilities and maintenance of buildings. Other expenses include public health and welfare, community environment, leisure time activities, including recreation activities and maintenance of the City's park system, and interest amounted to \$ 1,182,625 or 14 percent.

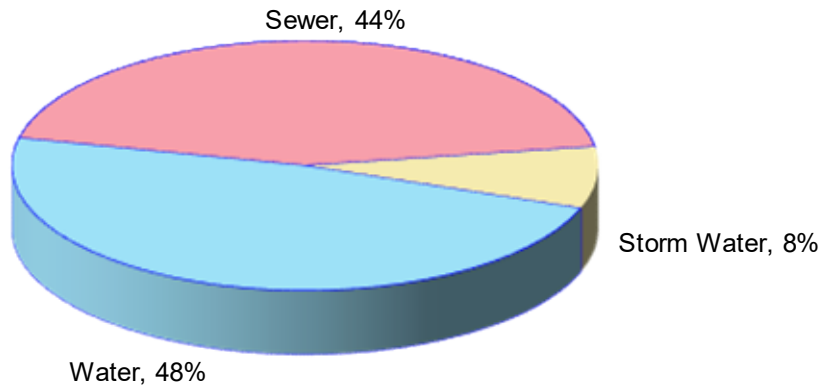
CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Business-type activities

Revenues

Charges for services represented 89.7 percent of total revenues for business-type activities in 2020. Revenues for business-type activities for 2020 were comprised of:

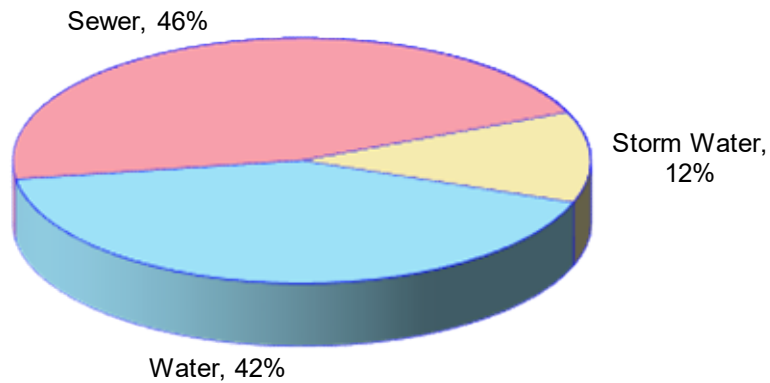
Revenue, Business-type Activities



Expenses

Water operations expenses amounted to \$ 1,039,088 or 42 percent. Sanitary sewer operations expenses amounted to \$ 1,158,148 or 46 percent of total program expenses and storm water operation expenses amounted to \$ 300,240 or 12 percent for business-type activities. Water operations, sanitary sewer operations and storm water operations have historically been self-supporting through user fees and charges.

Expenses, Business-type Activities



CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

The City's Funds

The City's governmental funds financial information begins at page 20. Total assets of governmental funds increased by \$ 285,853, total liabilities of governmental funds decreased by \$ 917,770 and deferred inflows of resources decreased by \$ 358,795 resulting in an increase in governmental total fund balances of \$ 1,562,418 to \$ 5,723,486 at year-end 2020.

Total governmental funds revenues decreased by \$ 209,202 in 2020, while total expenditures decreased by \$ 1,707,613. Total other financing sources (uses) increased by \$ 110,860 to \$ 553,812. The City's major governmental funds in 2020 consisted of the General Fund, Roads Income Tax Fund and Shoreway Capital Projects Fund. General Fund revenues were \$ 441,245 or 7.3 percent higher in 2020 than 2019. General Fund total expenditures decreased by \$ 841,890 or 14.0 percent. General Fund net other financing sources (uses) changed to (\$ 259,944) in 2020 from (\$ 264,357) in 2019. Accordingly, the General Fund balance increased by \$ 1,062,355 to \$ 4,142,138 at year-end 2020. Roads Income Tax Fund had total revenue and other financing sources of \$ 1,127,751 and total expenditures of \$ 920,352, resulting in an increase in fund balance of \$ 207,399 to \$ 4,832. Shoreway Capital Projects Fund had total expenditures of \$ 85,444 and other financing sources of \$ 192,044 resulting in an increase in fund balance of \$ 106,600 to \$ 1,437,047 at year-end 2020.

The City's proprietary funds information begins at page 26. The Water Fund, Sewer Fund and Storm Water Fund net position increased/(decreased) by \$ 453,355, \$ 214,916 and (\$ 47,564), respectively. The City's proprietary funds have historically been self-sufficient.

Budgetary Highlights

The City prepares its budget in accordance with Ohio law on the basis of cash receipts, disbursements and encumbrances. The City's original budget and amendments are enacted by City Council upon recommendation of Council's Finance Committee. Budgetary expenditure modifications at the legal level of control may only be made by ordinance of City Council. The City's final budget differs from the original budget due to various amendments during the year to reflect changes in unanticipated revenue receipts.

The General Fund is the City's most significant budgeted fund. Original budgeted receipts for the General Fund were \$ 4,886,178 and final budgeted receipts were \$ 5,334,877. Original appropriations were \$ 6,784,333. The City actually expended \$ 5,187,016 which was \$ 2,032,817 less than final appropriations.

Original budgeted receipts for the Road Income Tax Fund were \$ 460,000 and final budgeted receipts were \$ 450,151. Original appropriations were \$ 653,220. The City actually expended \$ 570,699 which was \$ 82,536 less than final appropriations.

The City historically spends less than appropriated.

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Capital Assets

Capital assets, net of depreciation, at December 31, consisted of:

	Governmental Activities		Business type Activities		Total	
	Restated		2020	2019	2020	Restated 2019
	2020	2019				
Land	\$ 511,424	\$ 511,424	\$ 153,910	\$ 153,910	\$ 665,334	\$ 665,334
Construction in progress	3,177,209	2,781,067	968,625	365,951	4,145,834	3,147,018
Buildings and improvements	2,881,468	2,817,506	92,300	95,015	2,973,768	2,912,521
Equipment and vehicles	1,636,703	1,665,849	1,017,566	1,085,366	2,654,269	2,751,215
Infrastructure	7,774,762	7,073,504	7,160,104	7,067,305	14,934,866	14,140,809
	<u>\$ 15,981,566</u>	<u>\$ 14,849,350</u>	<u>\$ 9,392,505</u>	<u>\$ 8,767,547</u>	<u>\$ 25,374,071</u>	<u>\$ 23,616,897</u>

Capital assets are major assets that benefit more than one fiscal year. The City's capitalization threshold is \$ 5,000, that is, asset cost must equal \$ 5,000 or more to be capitalized. Infrastructure assets are long-lived capital assets that are normally stationary in nature with a useful life significantly greater than most capital assets. The City's governmental infrastructure includes streets, bridges, culverts, and sidewalks.

The City's total capital assets, net of depreciation, under governmental activities were \$ 15,981,566 at December 31, 2020, which was \$ 1,132,216 higher than the previous year. Business-type capital assets, net of depreciation, increased by \$ 624,958 to \$ 9,392,505. For more information about the City's capital assets, see Note 8 to the Basic Financial Statements.

Debt

Outstanding long-term debt obligations of the City at December 31, consisted of:

	Governmental Activities		Business type Activities		Total	
	Restated		2020	Restated 2019	2020	Restated 2019
	2020	2019				
Notes payable	\$ 16,474	\$ 21,945	\$ -	\$ -	\$ 16,474	\$ 21,945
OPWC loans	1,099,409	568,990	239,931	243,484	1,339,340	812,474
OWDA loan	-	-	2,365,859	2,033,064	2,365,859	2,033,064
General obligation bonds	-	-	123,641	237,282	123,641	237,282
Capital leases	73,102	116,285	717,447	776,468	790,549	892,753
	<u>\$ 1,188,985</u>	<u>\$ 707,220</u>	<u>\$ 3,446,878</u>	<u>\$ 3,290,298</u>	<u>\$ 4,635,863</u>	<u>\$ 3,997,518</u>

As of December 31, 2020, the City had long-term debt obligations, excluding accrued leave benefits and net pension/OPEB liability, of \$ 4,635,863, with \$ 414,980 due within one year.

The general obligation bonds include various purposes including road improvements, city hall improvement, storm water improvements and construction. Sources for debt service payments include property tax collections and transfers from various funds. The OPWC loans consist of several no interest loans with terms between eight and twenty years, used primarily for street reconstruction, which are repaid from the City's capital projects, street funds and sanitary sewer capital improvement funds.

The State of Ohio statute limits the amount of general obligation debt, including both voted and unvoted debt, but excluding certain exempt debt, that may be issued to 10 ½ percent of the total tax valuation of all property within the City. For more information about the City's long-term obligations, see Notes 9, 10, 11, 13 and 14 to the Basic Financial Statements.

CITY OF SHEFFIELD LAKE, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Economic Factors and Next Year's Budget

The City continues to proceed with several ongoing road and infrastructure improvements. In 2020 projects included pavement and infrastructure reconstruction on Irving Park Blvd. as well as finalizing Harris Road storm, sanitary and paving that began in 2019. Our City parks recognized improvements as well. Freedom park has a new dog park area and new playground equipment was installed at Shell Cove Park. A continuation of our walking path from the covered bridge to the Boat Launch has extended our current trail. The City was awarded a grant from Ohio Department of Natural Resources (ODNR) for improvement to our Day Ditch at the City's southern border, of which, Phase I was completed in 2020 and Phase II to be completed in 2021. This improvement, which will include a retention area as well, will ensure that this public watercourse allows for proper drainage and waterflow. Phase II will recognize a rock wall reinforcement north of the covered bridge. Administration, with the support of City Council, is currently working on 2021 improvements with repair and upgrades to several areas and roads within the corporation limits. The City continues to react conservatively in regard to recent years of stabilization and growth in revenue assuring continued reserve to be in position to react to possible unforeseen issues. The annual budget will continue to be monitored efficiently and consistently throughout the year as department heads review their budgets on a monthly basis. The Finance Director, Mayor and City Council continue to work closely in the monitoring of the City's current budget as well as the preparation of the 2022 budget and look forward to providing our citizens a safer and more enjoyable community.

Requests for Information

This financial report is designed to provide our citizens, taxpayers and creditors with a general overview of the City's finances and show the City's accountability for the money it receives and spends. If you have any questions about this report or need additional financial information, contact the Finance Department, City of Sheffield Lake, 609 Harris Rd., Sheffield Lake, Ohio 44054; telephone (440) 949-7141.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in pooled cash	\$ 4,113,011	\$ 1,471,949	\$ 5,584,960
Accounts and other receivable	184,769	406,053	590,822
Due from other governments	599,064	260	599,324
Inventories and supplies	33,565	-	33,565
Prepaid expenses	26,000	3,900	29,900
Income taxes receivable	2,132,500	-	2,132,500
Property taxes receivable	1,951,200	-	1,951,200
Special assessments receivable	-	32,587	32,587
Property held for resale	4,407,888	-	4,407,888
Capital assets			
Nondepreciable capital assets	3,688,633	1,122,535	4,811,168
Depreciable capital assets, net	12,292,933	8,269,970	20,562,903
Total assets	29,429,563	11,307,254	40,736,817
Deferred outflow s of resources			
Pension	1,072,803	149,276	1,222,079
OPEB	600,854	97,510	698,364
Total deferred outflow s of resources	1,673,657	246,786	1,920,443
Liabilities			
Accounts and contracts payable	125,313	161,826	287,139
Accrued wages and benefits	41,391	6,906	48,297
Accrued interest payable	15,700	6,700	22,400
Due to other governments	52,630	6,340	58,970
Notes payable	3,141,905	-	3,141,905
Long term liabilities			
Due within one year	277,976	316,186	594,162
Due in more than one year			
Net pension liability	6,040,477	867,368	6,907,845
Net OPEB liability	1,549,719	577,281	2,127,000
Other amounts	2,113,118	3,216,746	5,329,864
Total liabilities	13,358,229	5,159,353	18,517,582
Deferred inflow s of resources			
Property taxes	1,708,000	-	1,708,000
Pension	787,028	196,516	983,544
OPEB	378,503	83,062	461,565
Total deferred inflow s of resources	2,873,531	279,578	3,153,109
Net position			
Net investment in capital assets	14,150,676	5,944,268	20,094,944
Restricted for:			
Debt service	43,450	-	43,450
Capital projects	887,047	-	887,047
Highw ays and streets	1,749,406	-	1,749,406
Public safety	227,551	-	227,551
Recreation	97,777	-	97,777
Community environment	235,369	-	235,369
Other purposes	822	-	822
Unrestricted	(2,520,638)	170,841	(2,349,797)
Total net position	\$ 14,871,460	\$ 6,115,109	\$ 20,986,569

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants Interest and Contributions	Capital Grants and Contributions
Governmental activities				
Security of persons and property	\$ 4,103,220	\$ 359,771	\$ 693,260	\$ -
Public health and welfare	36,993	-	-	-
Leisure time activities	803,154	15,430	-	174,000
Community environment	204,324	-	8,992	436,467
Basic utility services	872,209	887,349	10,813	-
Transportation	697,983	5,152	-	-
General government	1,308,438	722,536	-	-
Interest	138,154	-	-	-
Total governmental activities	<u>8,164,475</u>	<u>1,990,238</u>	<u>713,065</u>	<u>610,467</u>
Business-type activities:				
Water	1,039,088	1,170,107	-	322,336
Sewer	1,158,148	1,373,064	-	-
Storm Water	300,240	256,488	-	-
Total business-type activities	<u>2,497,476</u>	<u>2,799,659</u>	<u>-</u>	<u>322,336</u>
Total	<u>\$ 10,661,951</u>	<u>\$ 4,789,897</u>	<u>\$ 713,065</u>	<u>\$ 932,803</u>

General revenues

Property and other local taxes levied for:

General purpose

Debt service

Other

Municipal income taxes levied for:

General purpose

Roads

Grants and entitlements not restricted to specific purposes

Investment earnings

Miscellaneous

Total general revenues

Transfers

Change in net position

Net position at beginning of year, restated

Net position at end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (3,050,189)	\$ -	\$ (3,050,189)
(36,993)	-	(36,993)
(613,724)	-	(613,724)
241,135	-	241,135
25,953	-	25,953
(692,831)	-	(692,831)
(585,902)	-	(585,902)
(138,154)	-	(138,154)
<u>(4,850,705)</u>	<u>-</u>	<u>(4,850,705)</u>
-	453,355	453,355
-	214,916	214,916
-	(43,752)	(43,752)
<u>-</u>	<u>624,519</u>	<u>624,519</u>
<u>(4,850,705)</u>	<u>624,519</u>	<u>(4,226,186)</u>
358,416	-	358,416
82,250	-	82,250
1,258,110	-	1,258,110
2,656,080	-	2,656,080
404,417	-	404,417
1,093,030	-	1,093,030
31,826	-	31,826
241,493	-	241,493
<u>6,125,622</u>	<u>-</u>	<u>6,125,622</u>
<u>3,812</u>	<u>(3,812)</u>	<u>-</u>
1,278,729	620,707	1,899,436
13,592,731	5,494,402	19,087,133
<u>\$ 14,871,460</u>	<u>\$ 6,115,109</u>	<u>\$ 20,986,569</u>

CITY OF SHEFFIELD LAKE, OHIO
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Roads Income Tax Fund	Shoreway Capital Project	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash	\$ 3,432,923	\$ 206,630	\$ -	\$ 473,458	\$ 4,113,011
Income taxes receivables	1,855,275	277,225	-	-	2,132,500
Property taxes receivable	413,500	-	-	1,537,700	1,951,200
Due from other governments	129,399	-	-	469,665	599,064
Accounts and other receivable	184,769	-	-	-	184,769
Inventories and supplies	65	-	-	33,500	33,565
Prepaid expenses	25,100	-	-	900	26,000
Property held for resale	459,741	-	3,948,147	-	4,407,888
Total assets	<u>\$ 6,500,772</u>	<u>\$ 483,855</u>	<u>\$ 3,948,147</u>	<u>\$ 2,515,223</u>	<u>\$ 13,447,997</u>
Liabilities					
Accounts and contracts payable	\$ 95,021	\$ 25,947	\$ -	\$ 4,345	\$ 125,313
Accrued wages and benefits	38,389	-	-	3,002	41,391
Accrued interest payable	-	1,000	11,100	3,600	15,700
Due to other governments	49,423	-	-	3,207	52,630
Notes payable	-	241,905	2,500,000	400,000	3,141,905
Accrued leave benefits	179,186	-	-	-	179,186
Total liabilities	<u>362,019</u>	<u>268,852</u>	<u>2,511,100</u>	<u>414,154</u>	<u>3,556,125</u>
Deferred inflow s of resources					
Property taxes levied for next year and unavailable resources	1,996,615	210,171	-	1,961,600	4,168,386
Total deferred inflow s of resources	<u>1,996,615</u>	<u>210,171</u>	<u>-</u>	<u>1,961,600</u>	<u>4,168,386</u>
Fund balances					
Nonspendable	25,165	-	1,437,047	34,400	1,496,612
Restricted	-	4,832	-	508,669	513,501
Assigned	2,234,956	-	-	-	2,234,956
Unassigned	1,882,017	-	-	(403,600)	1,478,417
Total fund balances	<u>4,142,138</u>	<u>4,832</u>	<u>1,437,047</u>	<u>139,469</u>	<u>5,723,486</u>
Total liabilities, deferred inflow s of resources and fund balances	<u>\$ 6,500,772</u>	<u>\$ 483,855</u>	<u>\$ 3,948,147</u>	<u>\$ 2,515,223</u>	<u>\$ 13,447,997</u>

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2020

Total governmental funds balances		\$ 5,723,486
Amount reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		15,981,566
Other long term assets are not available to pay for current period expenditures and therefore are deferred inflow s in the funds:		
Property and other local taxes	\$ 243,200	
Accounts and other receivables	48,065	
Municipal income tax	1,616,700	
Intergovernmental	552,421	
Total	2,460,386	2,460,386
The net pension/OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflow s/outflow s are not reported in governmental funds:		
Deferred outflow s - pension	1,072,803	
Deferred inflow s - pension	(787,028)	
Net pension liability	(6,040,477)	
Deferred outflow s - OPEB	600,854	
Deferred inflow s - OPEB	(378,503)	
Net OPEB liability	(1,549,719)	(7,082,070)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Notes payable	(16,474)	
OPWC loans payable	(1,099,409)	
Capital leases	(73,102)	
Accrued leave benefits	(1,022,923)	(2,211,908)
Net position of governmental activities		\$ 14,871,460

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	General	Roads Income Tax Fund	Shoreway Capital Project	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and other local taxes	\$ 360,116	\$ -	\$ -	\$ 1,345,760	\$ 1,705,876
Municipal income taxes	2,979,546	452,751	-	-	3,432,297
Intergovernmental revenue	925,087	-	-	1,489,327	2,414,414
Charges for services	1,603,558	-	-	690	1,604,248
Fines, licenses, and permits	254,240	-	-	13,600	267,840
Interest	30,249	-	-	1,577	31,826
Miscellaneous	344,323	-	-	7,563	351,886
Total revenues	6,497,119	452,751	-	2,858,517	9,808,387
Expenditures					
Current					
Security of persons and property	1,985,874	-	-	1,695,270	3,681,144
Public health and welfare	36,993	-	-	-	36,993
Leisure time activities	360,793	-	-	445,330	806,123
Community environment	183,743	-	-	-	183,743
Basic utility services	833,950	-	-	-	833,950
Transportation	-	458,207	-	434,464	892,671
General government	1,330,347	-	-	2,459	1,332,806
Capital outlay	392,299	433,663	-	-	825,962
Debt service					
Note principal	5,471	-	-	-	5,471
OPWC loan principal	-	19,581	-	-	19,581
Capital lease principal	6,320	-	-	36,863	43,183
Interest and fiscal charges	39,030	8,901	85,444	4,779	138,154
Total expenditures	5,174,820	920,352	85,444	2,619,165	8,799,781
Excess (deficiency) of revenues over expenditures	1,322,299	(467,601)	(85,444)	239,352	1,008,606
Other financing sources (uses)					
Transfers-in	-	125,000	192,044	181,712	498,756
Loan proceeds	-	550,000	-	-	550,000
Transfers-out	(259,944)	-	-	(235,000)	(494,944)
Total other financing sources (uses)	(259,944)	675,000	192,044	(53,288)	553,812
Net change in fund balance	1,062,355	207,399	106,600	186,064	1,562,418
Fund balances, beginning of year	3,079,783	(202,567)	1,330,447	(46,595)	4,161,068
Fund balances, end of year	\$ 4,142,138	\$ 4,832	\$ 1,437,047	\$ 139,469	\$ 5,723,486

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

Net change in fund balances - total governmental funds		\$ 1,562,418
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.		
	Capital outlay, net	\$ 1,818,954
	Depreciation expense	<u>(686,738)</u>
		1,132,216
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
	Municipal income tax	(371,800)
	Property and other local taxes	(7,100)
	Miscellaneous	7,757
	Intergovernmental revenue	<u>2,148</u>
		(368,995)
Other financing sources in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues in the statement of activities.		
	Note proceeds	<u>(550,000)</u>
		(550,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
	Note principal paid	5,471
	OPWC loan principal paid	19,581
	Capital lease principal paid	<u>43,183</u>
		68,235
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
	Pension	508,833
	OPEB	<u>8,665</u>
		517,498
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
	Pension	(881,307)
	OPEB	<u>(189,987)</u>
		(1,071,294)
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Accrued leave benefits		
		<u>(11,349)</u>
Change in net position of governmental activities		<u>\$ 1,278,729</u>

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Property and other local taxes	\$ 351,304	\$ 360,116	\$ 360,116	\$ -
Municipal income taxes	3,100,000	2,962,146	2,962,146	-
Intergovernmental revenue	319,073	752,182	752,182	-
Charges for services	711,025	717,808	719,685	1,877
Fines, licenses, and permits	150,700	168,516	168,516	-
Interest	89,000	29,786	30,249	463
Miscellaneous	165,076	344,323	344,323	-
Total revenues	4,886,178	5,334,877	5,337,217	2,340
Expenditures				
Current				
Security of persons and property	2,984,843	2,999,143	1,977,660	1,021,483
Public health and welfare	40,520	40,520	38,139	2,381
Leisure time activities	397,874	453,374	384,310	69,064
Community environment	244,041	252,296	188,784	63,512
General government	1,522,164	1,879,609	1,452,817	426,792
Capital outlay	1,214,021	1,214,021	838,354	375,667
Debt service				
Principal	334,470	334,470	263,013	71,457
Capital lease principal	3,900	3,900	3,812	88
Interest and fiscal charges	42,500	42,500	40,127	2,373
Total expenditures	6,784,333	7,219,833	5,187,016	2,032,817
Excess (deficiency) of revenues over expenditures	(1,898,155)	(1,884,956)	150,201	2,035,157
Prior year encumbrances	504,889	504,889	504,889	-
Fund balance, beginning of year	2,166,296	2,166,296	2,166,296	-
Fund balance, end of year	\$ 773,030	\$ 786,229	\$ 2,821,386	\$ 2,035,157

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2020

	Roads Income Tax Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Revenues				
Municipal income taxes	\$ 460,000	\$ 450,151	\$ 450,151	\$ -
Total revenues	<u>460,000</u>	<u>450,151</u>	<u>450,151</u>	<u>-</u>
Expenditures				
Current				
Transportation	527,035	527,035	472,615	54,420
Debt service				
Principal	112,685	112,685	84,583	28,102
Interest and fiscal charges	13,500	13,515	13,501	14
Total expenditures	<u>653,220</u>	<u>653,235</u>	<u>570,699</u>	<u>82,536</u>
Excess (deficiency) of revenues over expenditures	(193,220)	(203,084)	(120,548)	82,536
Prior year encumbrances	140,685	140,685	140,685	-
Fund balance, beginning of year	<u>147,149</u>	<u>147,149</u>	<u>147,149</u>	<u>-</u>
Fund balance, end of year	<u>\$ 94,614</u>	<u>\$ 84,750</u>	<u>\$ 167,286</u>	<u>\$ 82,536</u>

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF FUND NET POSITION -
PROPRIETARY FUNDS
DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Assets				
Current assets				
Equity in pooled cash	\$ 606,229	\$ 761,043	\$ 104,677	\$ 1,471,949
Accounts and other receivable	129,696	274,074	2,283	406,053
Due from other governments	130	130	-	260
Prepaid expenses	1,800	1,800	300	3,900
Total current assets	<u>737,855</u>	<u>1,037,047</u>	<u>107,260</u>	<u>1,882,162</u>
Noncurrent assets				
Special assessments receivable	-	-	32,587	32,587
Nondepreciable capital assets	803,985	179,795	138,755	1,122,535
Depreciable capital assets, net	2,044,189	2,020,559	4,205,222	8,269,970
Total noncurrent assets	<u>2,848,174</u>	<u>2,200,354</u>	<u>4,376,564</u>	<u>9,425,092</u>
Total assets	<u>3,586,029</u>	<u>3,237,401</u>	<u>4,483,824</u>	<u>11,307,254</u>
Deferred outflow s of resources				
Pension	59,858	72,791	16,627	149,276
OPEB	39,101	47,548	10,861	97,510
Total deferred outflow s of resources	<u>98,959</u>	<u>120,339</u>	<u>27,488</u>	<u>246,786</u>
Liabilities				
Current				
Accounts and contracts payable	40,555	121,150	121	161,826
Accrued wages and benefits	3,028	3,028	850	6,906
Accrued interest payable	6,300	-	400	6,700
Due to other governments	2,738	2,738	864	6,340
OPWC loans payable	6,454	-	15,997	22,451
OWDA loans payable	49,917	59,079	-	108,996
General obligation bonds payable	-	-	123,641	123,641
Capital leases	61,098	-	-	61,098
Total current liabilities	<u>170,090</u>	<u>185,995</u>	<u>141,873</u>	<u>497,958</u>
Long-term liabilities				
OPWC loans payable	177,492	-	39,988	217,480
OWDA loans payable	1,080,156	1,176,707	-	2,256,863
Capital leases	656,349	-	-	656,349
Accrued leave benefits	41,945	41,945	2,164	86,054
Net pension liability	347,806	422,949	96,613	867,368
Net OPEB liability	231,484	281,496	64,301	577,281
Total long-term liabilities	<u>2,535,232</u>	<u>1,923,097</u>	<u>203,066</u>	<u>4,661,395</u>
Total liabilities	<u>2,705,322</u>	<u>2,109,092</u>	<u>344,939</u>	<u>5,159,353</u>
Deferred inflow s of resources				
Pension	78,801	95,826	21,889	196,516
OPEB	33,308	40,502	9,252	83,062
Total deferred inflow s of resources	<u>112,109</u>	<u>136,328</u>	<u>31,141</u>	<u>279,578</u>
Net position				
Net investment in capital assets	816,708	964,568	4,162,992	5,944,268
Unrestricted	50,849	147,752	(27,760)	170,841
Total net position	<u>\$ 867,557</u>	<u>\$ 1,112,320</u>	<u>\$ 4,135,232</u>	<u>\$ 6,115,109</u>

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Operating revenues				
Charges for services	\$ 1,160,457	\$ 1,363,577	\$ 252,689	\$ 2,776,723
Miscellaneous	9,650	9,487	3,799	22,936
Total operating revenues	<u>1,170,107</u>	<u>1,373,064</u>	<u>256,488</u>	<u>2,799,659</u>
Operating expenses				
Personal services	428,062	391,656	110,983	930,701
Contractual services	454,730	570,576	5,146	1,030,452
Supplies and materials	25,878	39,148	-	65,026
Other operating	20,045	3,057	20,333	43,435
Depreciation	67,306	129,137	154,369	350,812
Total operating expenses	<u>996,021</u>	<u>1,133,574</u>	<u>290,831</u>	<u>2,420,426</u>
Operating income (loss)	<u>174,086</u>	<u>239,490</u>	<u>(34,343)</u>	<u>379,233</u>
Nonoperating revenues (expenses)				
Intergovernmental revenue	322,336	-	-	322,336
Interest and fiscal charges	(43,067)	(24,574)	(9,409)	(77,050)
Net nonoperating revenues (expenses)	<u>279,269</u>	<u>(24,574)</u>	<u>(9,409)</u>	<u>245,286</u>
Income (loss) before transfers	453,355	214,916	(43,752)	624,519
Transfers out	<u>-</u>	<u>-</u>	<u>(3,812)</u>	<u>(3,812)</u>
Change in net position	453,355	214,916	(47,564)	620,707
Net position, beginning of year, restated	<u>414,202</u>	<u>897,404</u>	<u>4,182,796</u>	<u>5,494,402</u>
Net position, end of year	<u>\$ 867,557</u>	<u>\$ 1,112,320</u>	<u>\$ 4,135,232</u>	<u>\$ 6,115,109</u>

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,143,450	\$ 1,241,917	\$ 283,793	\$ 2,669,160
Cash paid to suppliers for materials and supplies	(30,877)	(19,490)	(7,436)	(57,803)
Cash paid for employee services and benefits	(377,134)	(381,209)	(104,686)	(863,029)
Cash paid for contractual services	(452,576)	(734,518)	(5,025)	(1,192,119)
Other operating revenues	9,650	9,650	3,799	23,099
Other operating expenses	(19,523)	(3,104)	(21,950)	(44,577)
Net cash provided by operating activities	<u>272,990</u>	<u>113,246</u>	<u>148,495</u>	<u>534,731</u>
Cash flows from capital and related financing activities:				
Special assessments	-	-	10,687	10,687
Payment on capital lease	(59,021)	-	(3,812)	(62,833)
OPWC loans payments	(3,227)	-	(11,126)	(14,353)
OWDA loan payment	(24,467)	(58,468)	-	(82,935)
Bond principal payments	-	-	(115,000)	(115,000)
Payment of interest and fiscal charges	(46,131)	(24,574)	(8,650)	(79,355)
Acquisition of fixed assets	(66,190)	(141,648)	(16,402)	(224,240)
Net cash (used in) capital and related financing activities	<u>(199,036)</u>	<u>(224,690)</u>	<u>(144,303)</u>	<u>(568,029)</u>
Net increase (decrease) in equity in pooled cash	73,954	(111,444)	4,192	(33,298)
Equity in pooled cash, beginning of year	<u>532,275</u>	<u>872,487</u>	<u>100,485</u>	<u>1,505,247</u>
Equity in pooled cash, end of year	<u>\$ 606,229</u>	<u>\$ 761,043</u>	<u>\$ 104,677</u>	<u>\$ 1,471,949</u>
Non-cash capital and related financing transactions:				
Capital asset acquired through loan and grant proceeds	<u>\$ 735,880</u>	<u>\$ 15,650</u>	<u>\$ -</u>	<u>\$ 751,530</u>

(Continued)

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF CASH FLOWS -
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020
(Concluded)

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 174,086	\$ 239,490	\$ (34,343)	\$ 379,233
Adjustments:				
Depreciation	67,306	129,137	154,369	350,812
(Increase) decrease in assets:				
Accounts and other receivable	(14,343)	(121,497)	31,104	(104,736)
Prepaid expenses	4,500	4,500	-	9,000
Decrease in deferred outflows of resources - pension	89,914	124,679	27,255	241,848
(Increase) in deferred outflows of resources - OPEB	(17,799)	(19,462)	(4,620)	(41,881)
Increase (decrease) in liabilities:				
Accounts and contracts payable	(9,535)	(148,879)	(8,932)	(167,346)
Accrued wages and benefits	(7,707)	(7,707)	(1,915)	(17,329)
Due to other governments	(2,274)	(2,274)	(116)	(4,664)
Accrued leave benefits	(2,473)	(2,473)	(1,242)	(6,188)
Net pension liability	(130,215)	(207,308)	(43,444)	(380,967)
Net OPEB liability	19,588	2,117	2,217	23,922
Increase in deferred inflows of resources - pension	69,296	83,294	19,104	171,694
Increase in deferred inflows of resources - OPEB	32,646	39,629	9,058	81,333
Net cash provided by operating activities	<u>\$ 272,990</u>	<u>\$ 113,246</u>	<u>\$ 148,495</u>	<u>\$ 534,731</u>

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
STATEMENT OF FIDUCIARY NET POSITION
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
DECEMBER 31, 2020

	Custodial Fund
Assets	
Equity in pooled cash	\$ 3,012
Total assets	3,012
Net position	
Restricted for individuals and organizations	\$ 3,012
	Custodial Fund
Additions	
Rental deposits	\$ 6,375
Total additions	6,375
Deductions	
Refunds of deposits	6,910
Total deductions	6,910
Net decrease in fiduciary net position	(535)
Net position at beginning of year	3,547
Net position at end of year	\$ 3,012

See accompanying notes to the basic financial statements.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Sheffield Lake, Ohio was founded in 1815. The voters originally adopted the Sheffield Lake Charter in November 1961, in order to secure the benefits of municipal home rule. Under the Ohio Constitution, the City may exercise all powers of local self-government to the extent not in conflict with applicable general laws. The City, under its charter, operates with an elected Council/Mayor form of government. The responsibilities for the major financial functions of the City are divided among the Mayor, Council, and Finance Director. The City's fiscal year corresponds with the calendar year.

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading. The primary government of the City consists of all funds, agencies, departments, boards and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, fire fighting and prevention, street maintenance and repairs, sanitation, building inspection, parks and recreation, water and sewer, and mayor's court.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organizations' governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization, or 2) the City is legally entitled to or can otherwise access the organizations' resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. The City does not have any component units, therefore the financial statements are that of the primary government.

The City is associated with the Lorain County General Health District, a jointly governed organization, which provides health services to the members of the Health District. The City does not have any financial interest in or responsibility for the Health District. The County Auditor serves as fiscal agent. See Note 18.

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed with an aggregation program for the purchase of electricity. See Note 18.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Sheffield Lake have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. BASIS OF PRESENTATION

The City's basic financial statements consist of government-wide 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 and the statement of activities display information about the City 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 City that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City 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 City 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. Fiduciary funds are reported by type.

B. FUND ACCOUNTING

The City 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. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets and deferred outflows of resources are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities and deferred inflows of resources are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources compared to liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. FUND ACCOUNTING (continued)

General Fund - The General fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and/or the general laws of Ohio.

Roads Income Tax Fund – This fund accounts for resources from income tax revenue and expenditures for road improvements.

Shoreway Capital Project Fund – This fund accounts for the cleaning up, remediation of and redevelopment of the Shoreway Shopping Center.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service. The City 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 City's major enterprise funds:

Water Fund - The Water fund accounts for the operation of the City's drinking water distribution system.

Sewer Fund – The Sewer fund accounts for the operation of the City's sewer collection system.

Storm Water Fund – The Storm Water fund accounts for the operation of the City's storm water system.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The City has no trust funds. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City's custodial fund accounts for rental deposits for the Community Center.

C. MEASUREMENT FOCUS

Government-wide Financial Statements

The government-wide financial statements are prepared using the flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in net position.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. MEASUREMENT FOCUS (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources along with current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Amounts reported as program revenues include: charges to customers for goods, services, or privileges provided; operating grants and contributions; and capital grants and contributions including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues, as are taxes.

Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in accordance with the proprietary fund's principle on going operations. The principle operating revenue of the City's water fund, sewer fund and storm water fund are charges for services. These funds also recognize fees intended to recover the cost of connecting new customers to the City's water and sewer utility systems as operating revenue. Operating expenses for the enterprise funds include the cost of services, administrative expenses and overhead and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenue and expenses.

As with the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources along with all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

D. BASIS OF ACCOUNTING

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the City, available means expected to be received within thirty-one days of year-end.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BASIS OF ACCOUNTING (continued)

Revenues - Exchange and Non-exchange Transactions (continued)

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax), fines and forfeitures, interest, grants, fees and rentals.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 13 and 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City unavailable revenue includes delinquent property taxes, income taxes, special assessments and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balance to net position of governmental activities found on page 21. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 13 and 14).

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS

All funds, except custodial 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 decreased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified. 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 certificate of estimated resources in effect at the time the final appropriations were enacted by 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 appropriations amounts passed by Council during the year.

F. CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash" on the balance sheet. Under existing Ohio statutes, interest earnings are allocated to funds based on average monthly balances. Interest revenue credited to the General Fund during the year amounted to \$ 30,249 of which \$ 11,596 was assigned from other City Funds.

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

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

For STAR Ohio's fiscal year ended June 30, 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemptions gates. However, twenty-four hours advance notice to Public Funds Administrators is appreciated for deposits and withdrawals of \$ 25 million or more. STAR Ohio reserves the right to limit the transactions to \$ 100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$ 100 million limit. All accounts of the participant will be combined for these purposes.

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. INVENTORIES

Inventories are valued at the lower of cost (first-in, first-out) or market. The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds.

H. CAPITAL ASSETS

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

Capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars. The City's infrastructure consists of streets, bridges, culverts, curbs, sidewalks, storm sewers, and water and sanitary sewer systems. Improvements are capitalized; whereas the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and improvements	30 to 50 years
Infrastructure	10 to 50 years
Equipment and vehicles	3 to 20 years

I. PROPERTY HELD FOR RESALE

Property held for resale is recorded at the lower of cost or net realizable value.

J. INTERFUND BALANCES

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund loans, which do not represent available expendable resources would be offset by an equal amount in nonspendable fund balance unless the proceeds from their collection are restricted, committed or assigned. Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. ACCRUED LEAVE BENEFITS

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

L. ACCRUED LIABILITIES AND LONG-TERM LIABILITIES

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. NET POSITION

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The government-wide statement of net position for the governmental activities reports \$ 3,241,422 of restricted net position, none of which is restricted by enabling legislation. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

N. FUND BALANCE

Fund balance is divided into five classifications based primarily on the extent to which the City 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 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 loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. FUND BALANCE (continued)

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the City Council.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City 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. OPERATING REVENUES AND EXPENSES

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services primarily for water, sanitary sewer and storm water services. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

P. CONTRIBUTIONS OF CAPITAL

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Q. INTERFUND ACTIVITY

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods 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 revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. PENSIONS / OTHER POST EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

S. EXTRAORDINARY AND SPECIAL ITEMS

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the current year.

T. USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 RESTATEMENT OF NET POSITION AND FUND BALANCE

Net position of governmental activities at December 31, 2019 has been restated to include a capital asset that had previously not been capitalized and to correct the reporting of a long-term liability. Net position of business-type activities at December 31, 2019 have been restated to correct the reporting of a long-term liability. The effect of the restatements is as follows:

	Governmental Activities	Business-type Activities	Total
Net position, December 31, 2019	\$ 13,389,474	\$ 5,670,775	\$ 19,060,249
Adjustments:			
Capital asset acquisition	26,884	-	26,884
Long-term liability	176,373	(176,373)	-
Restated net position, December 31, 2019	\$ 13,592,731	\$ 5,494,402	\$ 19,087,133

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3 RESTATEMENT OF NET POSITION AND FUND BALANCE (continued)

Proprietary fund net position has been restated to correct the reporting of a long-term liability. The effect of the restatements is as follows:

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Storm Water	Total
	Net position, December 31, 2019	\$ 590,575	\$ 897,404	\$ 4,182,796
Adjustments:				
Long-term liability	(176,373)	-	-	(176,373)
Restated net position, December 31, 2019	\$ 414,202	\$ 897,404	\$ 4,182,796	\$ 5,494,402

NOTE 4 BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The "Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).

Expenditures are recorded when paid or encumbered (budget basis), rather than when the liability is incurred (GAAP basis).

Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance (GAAP basis)

Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the General Fund and Road Income Tax Fund.

	Net Change in Fund Balance	
	General Fund	Roads Income Tax Fund
Budget basis	\$ 150,201	\$ (120,548)
Adjustments, increase (decrease)		
Revenue accruals	186,829	677,600
Expenditure accruals	1,033,137	(310,309)
Encumbrances	(378,695)	(39,344)
Net change in fund balance for funds combined with the General Fund for GASB 54	70,883	-
GAAP basis, as reported	\$ 1,062,355	\$ 207,399

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 5 – FUND BALANCES

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

	General Fund	Roads Income Tax Fund	Shoreway Capital Project Fund	Other Governmental Funds	Total
Nonspendable:					
Inventories and supplies	\$ 65	\$ -	\$ -	\$ 33,500	\$ 33,565
Prepaid expenses	25,100	-	-	900	26,000
Shoreway capital project	-	-	1,437,047	-	1,437,047
Total nonspendable	<u>25,165</u>	<u>-</u>	<u>1,437,047</u>	<u>34,400</u>	<u>1,496,612</u>
Restricted for:					
Debt service	-	-	-	25,550	25,550
Highways and streets	-	4,832	-	381,298	386,130
Public safety	-	-	-	39,851	39,851
Recreation	-	-	-	14,677	14,677
Community environment	-	-	-	46,471	46,471
Other	-	-	-	822	822
Total restricted	<u>-</u>	<u>4,832</u>	<u>-</u>	<u>508,669</u>	<u>513,501</u>
Assigned for:					
Encumbrances	346,213	-	-	-	346,213
Next year's appropriations	1,701,697	-	-	-	1,701,697
Refuse services	187,046	-	-	-	187,046
Total assigned	<u>2,234,956</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,234,956</u>
Unassigned	<u>1,882,017</u>	<u>-</u>	<u>-</u>	<u>(403,600)</u>	<u>1,478,417</u>
Total fund balances	<u>\$4,142,138</u>	<u>\$ 4,832</u>	<u>\$ 1,437,047</u>	<u>\$ 139,469</u>	<u>\$5,723,486</u>

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City 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 the City 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 monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be invested in the following securities:

1. Obligations of the United States including U.S. treasury securities and government agency securities guaranteed by the United States.
2. United States government agency securities and the securities issued by instrumentalities of the U.S. including, but not limited to, obligations of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Farm Credit Bank, the Federal Home Loan Bank, the Government National Mortgage Association (GNMA), and the Small Business Administration (SBA).
3. State Treasury Asset Reserve of Ohio (STAR Ohio).
4. Obligations of the State of Ohio and obligations of political subdivisions of the State of Ohio.
5. Deposits of any Ohio financial institution subject to collateralization of public funds defined by the Ohio Revised Code.
6. Bankers Acceptances and Deposits of the top fifty banks in the United States based upon asset size or Ohio based financial institutions with at least \$2 billion in total assets.
7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poor's Corporation or A-1 by Moody's rating service.
8. Obligations of corporate entities having debt rating of Aa or better by Standard & Poor's Corporation or Moody's rating service.

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (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 City, and must be purchased with the expectation that it will be held to maturity.

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

B. DEPOSITS AND CASH ON HAND

Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned. At fiscal year end, the carrying amount of the City's deposits was \$ 1,617,034 and the bank balance was \$ 2,074,186. Of the bank balance, \$ 250,000 was covered by federal depository insurance and \$ 1,824,186 by collateral held by third party trustees in accordance with the Ohio Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions, which amount is considered uncollateralized as defined by the Governmental Accounting Standards Board.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 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.

Cash on hand at December 31, 2020 amounted to \$ 200.

C. INVESTMENTS

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

	<u>Maturities</u>	<u>Fair Value</u>
STAR Ohio	<u>55.8 days</u>	<u>\$ 3,970,738</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the City's recurring fair value measurements as of December 31, 2020. As discussed further in Note 2F, STAR Ohio is reported at its share price. All other investments of the City are valued using quoted market prices (Level 1 inputs).

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

D. INTEREST RATE RISK

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date.

E. CREDIT RISK

The City follows the Ohio Revised Code that limits its investment choices

F. CONCENTRATION OF CREDIT RISK

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

NOTE 7 RECEIVABLES

Receivables at December 31, 2020 consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, and accounts (billings for utility service).

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

A. PROPERTY TAXES

Property taxes include amounts levied against all real and public utility tangible personal property located in the City. Property tax revenue received during 2020 for real and public utility property taxes represents collections of the 2019 taxes. Property tax payments received during 2020 for tangible personal property (other than public utility property) is for 2020 taxes.

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

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

The full tax rate for all City operations for the year ended December 31, 2020 was \$ 19.36 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2020 property tax receipts were based are as follows:

Property valuation consisted of:	
Real property	
Residential/agricultural	\$ 145,360,260
Commercial/industrial	21,343,340
Tangible personal property	
Public utilities	3,017,330
Total valuation	\$ 169,720,930

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 7 RECEIVABLES (continued)

A. PROPERTY TAXES (continued)

Real property taxes are payable annually or semi-annually. If paid annually, the 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.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Sheffield Lake. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility personal property taxes and outstanding delinquencies which are measurable as of December 31, 2020 and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by a credit to deferred inflows of resources since the current taxes were not levied to finance 2020 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, delinquent property taxes have been recorded as revenue while the remainder of the receivable is recorded to deferred inflows of resources.

B. INCOME TAXES

The City levies an income tax of 2.0% on substantially all income earned within the City. In addition, residents are required to pay City income tax on income earned outside the City with a certain credit for income taxes paid to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated taxes at least quarterly and file a final return annually.

C. DUE FROM OTHER GOVERNMENTS

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Local government assistance	\$ 88,500
Gasoline tax	322,182
Permissive tax	50,336
Homestead and rollback	123,200
Miscellaneous	14,846
Total governmental activities	599,064
Business-Type Activities	
Miscellaneous	260
Total business-type activities	260
Total due from other governments	\$ 599,324

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 CAPITAL ASSETS

A summary of changes in capital assets during 2020 follows:

	Restate Balance January 1	Additions	Disposals	Balance December 31
<u>Governmental activities</u>				
Capital assets, not being depreciated				
Land	\$ 511,424	\$ -	\$ -	\$ 511,424
Construction in progress	2,781,067	1,218,602	822,460	3,177,209
Total capital assets, not being depreciated	<u>3,292,491</u>	<u>1,218,602</u>	<u>822,460</u>	<u>3,688,633</u>
Capital assets, being depreciated				
Buildings and improvements	4,640,607	153,992	-	4,794,599
Equipment and vehicles	3,399,845	155,247	-	3,555,092
Infrastructure	38,698,438	1,113,573	-	39,812,011
Total capital assets being depreciated	<u>46,738,890</u>	<u>1,422,812</u>	<u>-</u>	<u>48,161,702</u>
Less accumulated depreciation				
Buildings and improvements	1,823,101	90,030	-	1,913,131
Equipment and vehicles	1,733,996	184,393	-	1,918,389
Infrastructure	31,624,934	412,315	-	32,037,249
Total accumulated depreciation	<u>35,182,031</u>	<u>686,738</u>	<u>-</u>	<u>35,868,769</u>
Total capital assets being depreciated, net	<u>11,556,859</u>	<u>736,074</u>	<u>-</u>	<u>12,292,933</u>
Total governmental capital assets, net	<u>\$ 14,849,350</u>	<u>\$ 1,954,676</u>	<u>\$ 822,460</u>	<u>\$ 15,981,566</u>
<u>Business-type activities</u>				
Capital assets, not being depreciated				
Land	\$ 153,910	\$ -	\$ -	\$ 153,910
Construction in progress	365,951	946,592	343,918	968,625
Total capital assets, not being depreciated	<u>519,861</u>	<u>946,592</u>	<u>343,918</u>	<u>1,122,535</u>
Capital assets, being depreciated				
Buildings and improvements	150,818	-	-	150,818
Equipment and vehicles	1,745,071	-	-	1,745,071
Infrastructure	13,273,438	373,096	-	13,646,534
Total capital assets being depreciated	<u>15,169,327</u>	<u>373,096</u>	<u>-</u>	<u>15,542,423</u>
Less accumulated depreciation				
Buildings and improvements	55,803	2,715	-	58,518
Equipment and vehicles	659,708	67,800	-	727,508
Infrastructure	6,206,130	280,297	-	6,486,427
Total accumulated depreciation	<u>6,921,641</u>	<u>350,812</u>	<u>-</u>	<u>7,272,453</u>
Total capital assets being depreciated, net	<u>8,247,686</u>	<u>22,284</u>	<u>-</u>	<u>8,269,970</u>
Total business-type capital assets, net	<u>\$ 8,767,547</u>	<u>\$ 968,876</u>	<u>\$ 343,918</u>	<u>\$ 9,392,505</u>

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 CAPITAL ASSETS (continued)

Depreciation expense was charged to governmental functions as follows:

Security of persons and property	\$ 108,289
Leisure time activities	72,127
Basic utility services	39,158
Transportation	430,241
General government	36,923
	\$ 686,738

NOTE 9 NOTES PAYABLE

Short-term notes payable during the year consisted of the following general obligation bond anticipation and tax anticipation notes:

	Balance January 1	Additions	Reductions	Balance December 31
Governmental activities				
Short-term notes payable				
Bond anticipation notes				
Shoreway Capital Project fund				
3.55% issued 10/24/19 due 10/23/20	2,600,000	-	2,600,000	-
Various purpose				
3.00% issued 8/9/19 due 8/8/20	569,000	-	569,000	-
Shoreway Capital Project fund				
2.35% issued 10/23/20 due 10/22/21	-	2,500,000	-	2,500,000
Various purpose				
2.25% issued 8/7/20 due 8/7/21	-	400,000	-	400,000
Tax anticipation note				
Street improvements				
4.78% issued 4/12/07 due 4/1/27	281,905	-	40,000	241,905
	\$ 3,450,905	\$ 2,900,000	\$ 3,209,000	\$ 3,141,905

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 LONG-TERM DEBT

The original issue date, interest rate, original issue amount and date of maturity of each of the City's bonds, long-term loans and notes follow:

<u>Debt Issue</u>	<u>Original Issue Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>
<u>Governmental activities</u>				
911 system improvement note	2012	2022	0.00%	\$ 54,705
Ohio Public Works loan	2007	2028	0.00%	\$ 99,190
Ohio Public Works loan	2007	2028	0.00%	\$ 25,264
Ohio Public Works loan	2010	2030	0.00%	\$ 100,000
Ohio Public Works loan	2010	2030	0.00%	\$ 118,172
Ohio Public Works loan	2017	2033	0.00%	\$ 235,500
Ohio Public Works loan	2019	2040	0.00%	\$ 363,545
Ohio Public Works loan	2020	2040	0.00%	\$ 550,000
<u>Business-type activities</u>				
General obligation bonds				
Storm water improvements	2011	2021	1.00 - 3.70%	\$ 1,575,000
Ohio Public Works loan	2000	2020	0.00%	\$ 124,842
Ohio Public Works loan	2003	2024	0.00%	\$ 140,949
Ohio Public Works loan	2003	2024	0.00%	\$ 81,187
Ohio Public Works loan	2003	2024	0.00%	\$ 97,793
Ohio Water Development Authority loan	2016	2036	1.310%	\$ 337,586
Ohio Water Development Authority loan	2017	2037	3.530%	\$ 558,960
Ohio Water Development Authority loan	2019	2039	2.080%	\$ 1,031,802
Ohio Water Development Authority loan	2019	2039	2.410%	\$ 250,875
Ohio Water Development Authority loan	2020	2040	1.620%	\$ 397,579

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 LONG-TERM DEBT (continued)

Changes in the City's long-term obligations during 2020 were as follows:

	Restated, Balance January 1	Additions	Reductions	Balance December 31	Due in One Year
<u>Governmental activities</u>					
Net pension liability					
OPERS	\$ 1,796,386	\$ -	\$ 516,806	\$ 1,279,580	\$ -
OP&F	5,637,774	-	876,877	4,760,897	-
Total net pension liability	<u>7,434,160</u>	<u>-</u>	<u>1,393,683</u>	<u>6,040,477</u>	<u>-</u>
Net OPEB liability					
OPERS	796,297	55,335	-	851,632	-
OP&F	628,970	69,117	-	698,087	-
Total net OPEB liability	<u>1,425,267</u>	<u>124,452</u>	<u>-</u>	<u>1,549,719</u>	<u>-</u>
911 system improvement note	21,945	-	5,471	16,474	5,471
OPWC loans	568,989	550,000	19,581	1,099,408	48,649
Capital leases	116,285	-	43,183	73,102	44,670
Accrued leave benefits	1,155,803	190,535	144,229	1,202,109	179,186
Total governmental activities	<u>\$ 10,722,449</u>	<u>\$ 864,987</u>	<u>\$ 1,606,147</u>	<u>\$ 9,981,289</u>	<u>\$ 277,976</u>

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 LONG-TERM DEBT (continued)

	Restated, Balance January 1	Additions	Reductions	Balance December 31	Due in One Year
<u>Business-type activities</u>					
General obligation bonds					
Storm water improvement 1.00% - 3.70% through 2021	\$ 240,000	\$ -	\$ 115,000	\$ 125,000	\$ 125,000
Premium	(2,718)	-	(1,359)	(1,359)	(1,359)
Total general obligation bonds	<u>237,282</u>	<u>-</u>	<u>113,641</u>	<u>123,641</u>	<u>123,641</u>
Net pension liability - OPERS					
Water	478,021	-	130,215	347,806	-
Sewer	630,257	-	207,308	422,949	-
Storm Water	140,057	-	43,444	96,613	-
Total net pension liability	<u>1,248,335</u>	<u>-</u>	<u>380,967</u>	<u>867,368</u>	<u>-</u>
Net OPEB liability - OPERS					
Water	211,896	19,588	-	231,484	-
Sewer	279,379	2,117	-	281,496	-
Storm Water	62,084	2,217	-	64,301	-
Total net OPEB liability	<u>553,359</u>	<u>23,922</u>	<u>-</u>	<u>577,281</u>	<u>-</u>
OPWC loans	254,286	-	14,353	239,933	22,451
OWDA loans	2,033,064	415,730	82,935	2,365,859	108,996
Capital leases	776,468	-	59,021	717,447	61,098
Accrued leave benefits	92,242	12,659	18,847	86,054	-
Total business-type activities	<u>\$ 5,195,036</u>	<u>\$ 452,311</u>	<u>\$ 669,764</u>	<u>\$ 4,977,583</u>	<u>\$ 316,186</u>

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for payment. The general obligation bonds are paid from Storm Water Fund revenues. Long-term notes payable are paid from the General Fund, Capital Improvements Fund, and the Water Fund. OPWC loan payments are paid from the General Fund and from the respective special revenue, capital project and enterprise funds. OWDA loan payments are paid from the Sewer Fund. Accrued leave benefits will be paid from the funds from which employees' wages are paid.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2020, excluding accrued leave benefits, are as follows:

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 LONG-TERM DEBT (continued)

Year	Governmental Activities		
	Note	OPWC Loans	Total
	Principal	Principal	Principal
2021	\$ 5,471	\$ 48,649	\$ 54,120
2022	11,003	58,132	69,135
2023	-	58,132	58,132
2024	-	58,134	58,134
2025	-	58,134	58,134
2026-2030	-	275,105	275,105
2031-2035	-	180,994	180,994
2036-2040	-	127,100	127,100
2041-2045	-	127,103	127,103
2046-2050	-	107,926	107,926
	\$ 16,474	\$1,099,409	\$ 1,115,883

Year	Business-Type Activities						
	General Obligation Bonds		OPWC Loans	OWDA Loan		Total	
	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2021	\$ 125,000	\$ 4,624	\$ 22,451	\$ 108,996	\$ 52,945	\$ 256,447	\$ 57,569
2022	-	-	22,452	111,453	50,488	133,905	50,488
2023	-	-	22,451	113,972	47,969	136,423	47,969
2024	-	-	14,450	116,554	45,388	131,004	45,388
2025	-	-	6,454	119,200	42,741	125,654	42,741
2026-2030	-	-	32,270	638,121	171,581	670,391	171,581
2031-2035	-	-	32,270	715,171	94,530	747,441	94,530
2036-2040	-	-	32,270	442,392	18,527	474,662	18,527
2041-2045	-	-	32,273	-	-	32,273	-
2046-2050	-	-	22,592	-	-	22,592	-
	\$ 125,000	\$ 4,624	\$ 239,933	\$ 2,365,859	\$ 524,169	\$ 2,730,792	\$ 528,793

NOTE 11 CAPITAL LEASES

The City is obligated under certain leases accounted for as capital leases. The leased assets are included in capital assets and the related obligations are included under long-term debt. At December 31, 2020, assets under capital lease totaled \$ 222,037 in governmental activities and \$ 993,150 in business-type activities, with related accumulated depreciation of \$ 48,029 and \$ 160,890, respectively. The leases are in effect until 2030. The following is the schedule of future minimum lease payments under the capital lease together with the net present value of the minimum lease payments as of December 31, 2020.

Year Ending December 31,	Governmental-type Activities	Business-type Activities
2021	\$ 47,577	\$ 85,609
2022	15,248	85,609
2023	15,248	85,609
2024	-	85,609
2025	-	85,609
2026-2030	-	428,045
Total minimum lease payments	78,073	856,090
Less amount representing interest	(4,971)	(138,643)
Net present value of minimum lease payments	\$ 73,102	\$ 717,447

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 OPERATING LEASES

The City is obligated under leases accounted for as operating leases. Total lease expense for the year ended December 31, 2020 was \$ 10,110. The following is a schedule of future minimum lease payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2020.

Year ending December 31	Amount
2021	\$ 9,737
2022	4,875
2023	4,250
2024	779
Total minimum payments	<u>\$ 19,641</u>

NOTE 13 DEFINED BENEFIT PENSION PLANS

A. NET PENSION LIABILITY

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 DEFINED BENEFIT PENSION PLANS (continued)

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

Plan Description - City 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. City 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):

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

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

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

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 DEFINED BENEFIT PENSION PLANS (continued)

B. 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
2020 Statutory maximum contribution rates	
Employer	14.0%
Employee	10.0%
2020 Actual contribution rates	
Employer	
Pension	14.0%
Post-employment health care benefits	0.0%
Total employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$ 228,273 for 2020. Of this amount, \$ 21,352 is reported as due to other governments.

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

Plan Description - City 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. 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.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

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

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.

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 participating in the DROP program have separate eligibility requirements related to COLA.

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

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

	Police	Firefighters
2020 Statutory maximum contribution rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2020 Actual contribution rates		
Employer		
Pension	19.00%	23.50%
Post-employment health care benefits	0.50%	0.50%
Total employer	19.50%	24.00%
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$ 372,782 for 2020. Of this amount \$ 36,787 is reported as due to other governments.

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net pension liability	\$ 2,146,948	\$ 4,760,897	\$ 6,907,845
Pension expense	\$ 340,848	\$ 665,256	\$ 1,006,104
Proportion of the net pension liability			
Prior measurement date	0.0111170%	0.0690680%	
Current measurement date	<u>0.0108620%</u>	<u>0.0706728%</u>	
Change in proportionate share	<u>0.0002550%</u>	<u>-0.0016048%</u>	

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Difference between expected and actual experience	\$ -	\$ 180,215	\$ 180,215
Change in assumptions	114,672	116,868	231,540
Changes in proportionate share and difference between City's contributions and proportionate share of contributions	26,551	182,718	209,269
City contributions subsequent to the measurement date	<u>228,273</u>	<u>372,782</u>	<u>601,055</u>
Total deferred outflows of resources	<u>\$ 369,496</u>	<u>\$ 852,583</u>	<u>\$ 1,222,079</u>
Deferred inflows of resources			
Difference between expected and actual experience	\$ 27,145	\$ 245,539	\$ 272,684
Net difference between projected and actual earnings on pension plan investments	428,268	229,990	658,258
Changes in proportionate share and difference between City's contributions and proportionate share of contributions	<u>31,015</u>	<u>21,587</u>	<u>52,602</u>
Total deferred inflows of resources	<u>\$ 486,428</u>	<u>\$ 497,116</u>	<u>\$ 983,544</u>

\$ 601,055 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

D. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)

Year Ending December 31:	OPERS	OP&F	Total
2021	\$ (43,499)	\$ 4,292	\$ (39,207)
2022	(149,390)	47,942	(101,448)
2023	17,734	130,432	148,166
2024	(170,050)	(186,411)	(356,461)
2025	-	(13,570)	(13,570)
Total	<u>\$ (345,205)</u>	<u>\$ (17,315)</u>	<u>\$ (362,520)</u>

E. ACTUARIAL ASSUMPTIONS – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below:

Actuarial Cost	Individual Entry Age
Investment Rate of Return	7.2 percent
Wage Inflation	3.25 percent
Projected Salary Increases	3.25 to 10.75 percent (includes wage inflation at 3.25 percent)
COLA or Ad Hoc COLA	Pre-1/7/2013 retirees: 3 percent, simple Post-1/7/2013 retirees: 1.4 percent, simple through 2020, then 2.15 percent simple

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, hanging it from 3 percent simple through 2018 then 2.15 simple, to 1.4 simple through 2020 then 2.15 percent simple.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – OPERS (continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00%	1.83%
Domestic equities	19.00%	5.75%
Real estate	10.00%	5.20%
Private equity	12.00%	10.70%
International equities	21.00%	7.66%
Other investments	13.00%	4.98%
Total	<u>100.00%</u>	<u>5.61%</u>

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

E. ACTUARIAL ASSUMPTIONS – OPERS (continued)

Discount Rate - The discount rate used to measure the total pension liability was 7.2 percent, post-experience study results. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability	\$ 3,541,012	\$ 2,146,948	\$ 893,725

Changes in Assumptions or Benefit Terms Since the Last Measurement Date, and Changes from the Measurement Date to the Report Date -There were no recent significant changes of pension benefit terms, health care plans, investment policies, the size or composition of the population covered by the benefit terms and health care plans impacting the actuarial valuation studies for pension and health care for the measurement date of December 31, 2019.

F- ACTUARIAL ASSUMPTIONS – OPF

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing retirement plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth. The changes in assumptions are being amortized over the estimated remaining useful live of the participants which was 5.38 years at December 31, 2019.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

F- ACTUARIAL ASSUMPTIONS – OPF (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2019, are presented below:

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumption	
Experience Study Date	5 year period ended December 31, 2016
Investment Rate of Return	8.00 percent
Cost of Living Increases	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3.00 percent
Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of inflation rate of 2.75 percent plus

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

F- ACTUARIAL ASSUMPTIONS – OPF (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in OP&F's Statement of Investment Policy. A forecasted rate of inflation serves as a baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash and Cash Equivalents	0.00%	1.00%
Domestic Equity	16.00%	5.40%
Non-US Equity	16.00%	5.80%
Private Markets	8.00%	8.00%
Core Fixed Income *	23.00%	2.70%
High Yield Fixed Income	7.00%	4.70%
Private Credit	5.00%	5.50%
U.S. Inflation Linked Bonds *	17.00%	2.50%
Master Limited Partnerships	8.00%	6.60%
Real Assets	8.00%	7.40%
Private Real Estate	12.00%	6.40%
Total	<u>120.00%</u>	

OPF's Board of Trustees has incorporated the "risk parity" concept into OPF's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

F- ACTUARIAL ASSUMPTIONS – OPF (continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 6,598,438	\$ 4,760,897	\$ 3,223,977

Changes in Assumptions or Benefit Terms Since the Last Measurement Date, and Changes from the Measurement Date to the Report Date - There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation studies of the pension plan for the measurement date.

NOTE 14 – DEFINED BENEFIT OPEB PLANS

A. NET OPEB LIABILITY

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – DEFINED BENEFIT OPEB PLANS (continued)

A. NET OPEB LIABILITY (continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

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

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

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

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

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

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

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

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – DEFINED BENEFIT OPEB PLANS (continued)

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

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0 percent during calendar year 2019. 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 for Member-Directed Plan health care accounts for 2020 was 4.0 percent.

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

C. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F 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 OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – DEFINED BENEFIT OPEB PLANS (continued)

C. PLAN DESCRIPTION – OHIO POLICE & FIRE PENSION FUND (OP&F) (continued)

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

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 2020, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The City's contractually required contribution to OP&F was \$ 8,665 for 2020. Of this amount, \$ 831 is reported as an intergovernmental payable.

D. OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019 to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate share of the net OPEB liability	\$ 1,428,913	\$ 698,087	\$ 2,127,000
OPEB expense	\$ 174,957	\$ 78,404	\$ 253,361
Proportion of the net OPEB liability			
Prior measurement date	0.0103520%	0.0690680%	
Current measurement date	<u>0.0103450%</u>	<u>0.0706728%</u>	
Change in proportionate share	<u>0.0000070%</u>	<u>-0.0016048%</u>	

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – DEFINED BENEFIT OPEB PLANS (continued)

D. OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Difference between expected and actual experience	\$ 38	\$ -	\$ 38
Change in assumptions	226,182	408,129	634,311
Changes in proportionate share and difference between City's contributions and proportionate share of contributions	15,141	40,209	55,350
City contributions subsequent to the measurement date	-	8,665	8,665
Total deferred outflows of resources	<u>\$ 241,361</u>	<u>\$ 457,003</u>	<u>\$ 698,364</u>
Deferred inflows of resources			
Difference between expected and actual experience	\$ 130,681	\$ 75,073	\$ 205,754
Change in assumptions	-	148,773	148,773
Net difference between projected and actual earnings on pension plan investments	72,760	32,123	104,883
Changes in proportionate share and difference between City's contributions and proportionate share of contributions	2,155	-	2,155
Total deferred inflows of resources	<u>\$ 205,596</u>	<u>\$ 255,969</u>	<u>\$ 461,565</u>

\$ 8,665 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

December 31:	OPERS	OP&F	Total
2021	\$ 50,045	\$ 34,506	\$ 84,551
2022	16,751	34,506	51,257
2023	58	41,095	41,153
2024	(31,089)	30,707	(382)
2025	-	34,195	34,195
Thereafter	-	17,360	17,360
Total	<u>\$ 35,765</u>	<u>\$ 192,369</u>	<u>\$ 228,134</u>

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

E. ACTUARIAL ASSUMPTIONS - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Cost Method	Individual Entry Age Normal
Single Discount Rate:	
Current measurement date	3.16 percent
Prior measurement date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	2.75 percent
Wage Inflation	3.25 percent
Projected Salary Increases	3.25 to 10.75 percent
	(includes wage inflation at 3.25 percent)
Health Care Cost Trend Rate	10.5 percent initial, 3.50 percent ultimate in 2030

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

E. ACTUARIAL ASSUMPTIONS – OPERS (continued)

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and healthcare-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 19.7% for 2019.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-term Expected Real Rate of Return (Arithmetic)
Fixed income	36.00%	1.53%
Domestic equities	21.00%	5.75%
Real estate investment trust	6.00%	5.69%
International equities	23.00%	7.66%
Other investments	14.00%	4.90%
Total	<u>100.00%</u>	<u>4.55%</u>

Discount Rate - A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance the health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

E. ACTUARIAL ASSUMPTIONS – OPERS (continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the City’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the City’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
City's proportionate share of the net pension liability	\$ 1,869,962	\$ 1,428,913	\$ 1,075,777

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net pension liability	\$ 1,386,747	\$ 1,428,913	\$ 1,470,542

Changes between Measurement Date and Report Date - On January 15, 2020, the Board adopted several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 15, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

CITY OF SHEFFIELD LAKE, OHIO
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

F. ACTUARIAL ASSUMPTIONS – OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Actuarial Assumption	
Experience Study Date	5 year period ended December 31, 2016
Investment Rate of Return	OP&F OPEB long term rate is 8.0 percent
Cost of Living Increases	3.00 percent simple; 2.2 percent simple for increases based on the lesser of the increase in CPI and 3.00 percent
Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

F. ACTUARIAL ASSUMPTIONS – OP&F (continued)

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash and Cash Equivalents	0.00%	1.00%
Domestic Equity	16.00%	5.40%
Non-US Equity	16.00%	5.80%
Private Markets	8.00%	8.00%
Core Fixed Income *	23.00%	2.70%
High Yield Fixed Income	7.00%	4.70%
Private Credit	5.00%	5.50%
U.S. Inflation Linked Bonds *	17.00%	2.50%
Master Limited Partnerships	8.00%	6.60%
Real Assets	8.00%	7.40%
Private Real Estate	12.00%	6.40%
Total	120.00%	

Note: Assumptions are geometric

* levered 2x

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

F. ACTUARIAL ASSUMPTIONS – OP&F (continued)

OP&F’s Board of Trustees has incorporated the risk parity concept into OP&F’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.56 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75 percent at December 31, 2019 and 4.13percent at December 31, 2018, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.56 percent.

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56 percent), or one percentage point higher (4.56 percent) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
City’s proportionate share of the net pension liability	\$ 865,583	\$ 698,087	\$ 558,910

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The net OPEB liability for OP&F is sensitive to changes in the healthcare cost trend rate because it is based on a medical benefit that is a flat dollar amount.

Changes Since Prior Measurement Date and to Report Date - There was a decrease in the discount rate from 4.66 percent at the prior measurement date to 3.56 percent at the current measurement date. There are no changes to benefit terms.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 15 RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. For the past several years, settled claims from these risks have not exceeded coverage.

NOTE 16 FEDERAL GRANTS AND ENTITLEMENTS

For the year ended December 31, 2020, the City recognized federal grants and entitlements. These programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the City at December 31, 2020.

NOTE 17 INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2020 consisted of the following transfers from the General Fund:

	Transfer to:			Total
	Roads Income Tax Fund	Shoreway Capital Project Fund	Non-major Governmental Funds	
<u>Transfer from:</u>				
General Fund	\$ -	\$ 82,044	\$ 177,900	\$ 259,944
Non-major Governmental Funds	125,000	110,000	-	235,000
Storm Water Fund	-	-	3,812	3,812
	<u>\$ 125,000</u>	<u>\$ 192,044</u>	<u>\$ 181,712</u>	<u>\$ 498,756</u>

The General Fund transfer to the Shoreway Capital Project Fund was made to account for payment on short term bond anticipation notes. The General Fund and Non-major governmental fund transfers to Non-major Governmental Funds were made to account for payment on short term bond anticipation notes. The transfer from the Storm Water Fund was made for payment on a capital lease.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 18 JOINTLY GOVERNED ORGANIZATIONS

A. LORAIN COUNTY GENERAL HEALTH DISTRICT

The Lorain County General Health District, a jointly governed organization, provides health care services to the citizens within the Health District. The Health District is governed by the Board of Health which represents the area served by the Health District and oversees the operation of the Health District. The Board of Health members are appointed to staggered four year terms. One member is appointed by the City of North Ridgeville, one member is jointly appointed by the Cities of Avon and Sheffield Lake and one member is appointed jointly by the Cities of Amherst and Oberlin. The remaining four members are appointed by the various mayors of villages, chairmen of the township trustees and the County Commissioners. Financial information can be obtained by contacting the Health Commissioner, 9880 S. Murray Ridge Road, Elyria, Ohio 44035.

B. NORTHEAST OHIO PUBLIC ENERGY COUNCIL

The City is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide electricity at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City did not contribute to NOPEC during 2020. Financial information can be obtained by contacting the Chuck Keiper, Executive Director, 31320 Solon Road, Suite 33, Solon, Ohio 44139.

NOTE 19 CONTINGENCIES

The City is defendant in certain lawsuits, the outcome of which cannot be determined. It is the opinion of the City's management that any judgment against the City would not have a material adverse effect on the City's financial position.

NOTE 20 COMPLIANCE AND ACCOUNTABILITY

Not apparent in the basic financial statements is a deficit fund balance in the Bond Construction Fund of \$ 403,600. All of these deficits result from reflecting short-term tax anticipation and bond anticipation notes on the modified accrual basis.

CITY OF SHEFFIELD LAKE, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 21 PROPERTY ON LEASE TO OTHERS

The City leases building space in the Shoreway Shopping Center to various commercial enterprises. The leases in effect as of December 31, 2020 have varying lease terms through 2024. All leases include renewal options that are not reflected in the amounts noted here. The Shoreway Shopping Center is accounted for as property held for resale at a cost of \$ 4,407,888. Rental income from the leases totaled \$ 428,660 during the year ended December 31, 2020. Future minimum rentals to be received under these leases as of December 31, 2020 are as follows:

Year ending December 31	Amount
2021	\$ 382,447
2022	317,996
2023	246,641
2024	95,294
	<u>\$ 1,042,378</u>

NOTE 22 COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the City received CARES Act funding. These amounts are reflected as general government expenditures in the Federal Grants Special Revenue Fund on the accompanying financial statements.

NOTE 23 – ASSET RETIREMENT OBLIGATIONS

Ohio Revised Code Section 6111.44 requires the City to submit any changes to their sewage treatment system to the Ohio EPA for approval. Through this permitting process, the City would be responsible to address any public safety issues associated with their sewage treatment facilities, requiring the City to record an asset retirement obligation (ARO). There may be additional AROs related to public safety issues; however, these amounts are not reasonably estimable. Currently, there is significant uncertainty as to what items would need to be addressed; therefore, a reliable estimated amount could not be determined.

NOTE 24 SUBSEQUENT EVENTS

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN

LAST SEVEN YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.0108620%	0.0111170%	0.0106200%	0.0110200%
City's proportionate share of the net pension liability	\$ 2,146,948	\$ 3,044,721	\$ 1,666,072	\$ 2,502,455
City's covered payroll	\$ 1,561,955	\$ 1,498,635	\$ 1,404,869	\$ 1,473,055
City's proportionate share of the net pension liability as a percentage of its covered payroll	137.45%	203.17%	118.59%	169.88%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%

(1) Information prior to 2013 is not available

Amounts presented as of the City's measurement date, which is the prior fiscal year end.

See notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.010849%	0.011403%	0.011403%
\$ 1,878,800	\$ 1,375,015	\$ 1,344,179
\$ 1,353,132	\$ 1,400,930	\$ 1,332,876
138.85%	98.15%	100.85%
81.08%	86.45%	86.36%

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OHIO POLICE AND FIRE PENSION FUND

LAST SEVEN YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.0706728%	0.0690680%	0.0684960%	0.0679970%
City's proportionate share of the net pension liability	\$ 4,760,897	\$ 5,637,774	\$ 4,203,909	\$ 4,306,862
City's covered payroll	\$ 1,648,341	\$ 1,525,515	\$ 1,462,407	\$ 1,422,505
City's proportionate share of the net pension liability as a percentage of its covered payroll	288.83%	369.57%	287.47%	302.77%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

(1) Information prior to 2013 is not available

(2) The City's Proportionate Share of the Net Pension Liability for 2014 has changed due to a restatement by the Ohio Police and Fire Pension Fund.

Amounts presented as of the City's measurement date, which is the prior fiscal year end.

See accountant's compilation report and notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0647790%	0.0668390%	0.0668390%
\$ 4,167,279	\$ 3,547,890	\$ 3,255,269
\$ 1,302,997	\$ 1,250,429	\$ 1,311,619
319.82%	283.73%	248.19%
66.77%	71.71%	73.00%

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS - PENSION
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN

LAST EIGHT YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 228,273	\$ 218,674	\$ 209,809	\$ 182,633
Contributions in relation to the contractually required contributions	<u>(228,273)</u>	<u>(218,674)</u>	<u>(209,809)</u>	<u>(182,633)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,630,524	\$ 1,561,955	\$ 1,498,635	\$ 1,404,869
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%

(1) Information prior to 2013 is not available

See accountant's compilation report and notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 176,766	\$ 162,376	\$ 168,112	\$ 173,274
<u>(176,766)</u>	<u>(162,376)</u>	<u>(168,112)</u>	<u>(173,274)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,473,055	\$ 1,353,132	\$ 1,400,930	\$ 1,332,876
12.00%	12.00%	12.00%	13.00%

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS - PENSION
OHIO POLICE AND FIRE PENSION FUND

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 372,782	\$ 355,212	\$ 330,756	\$ 316,853
Contributions in relation to the contractually required contributions	<u>(372,782)</u>	<u>(355,212)</u>	<u>(330,756)</u>	<u>(316,853)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,732,957	\$ 1,648,341	\$ 1,525,515	\$ 1,462,407
Contributions as a percentage of covered payroll	21.51%	21.55%	21.68%	21.67%

See notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 309,671	\$ 284,869	\$ 274,427	\$ 205,354	\$ 227,286	\$ 220,550
<u>(309,671)</u>	<u>(284,869)</u>	<u>(274,427)</u>	<u>(205,354)</u>	<u>(227,286)</u>	<u>(220,550)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,422,505	\$ 1,302,997	\$ 1,250,429	\$ 1,311,619	\$ 1,464,683	\$ 1,426,637
21.77%	21.86%	21.95%	15.66%	15.52%	15.46%

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN

LAST FOUR YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.0103450%	0.0103520%	0.0099200%	0.010271%
City's proportionate share of the net OPEB liability	\$ 1,428,913	\$ 1,349,656	\$ 1,077,239	\$ 1,001,954
City's covered payroll	\$ 1,561,955	\$ 1,498,635	\$ 1,404,869	\$ 1,473,055
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	91.48%	90.06%	76.68%	68.02%
Plan fiduciary net position as a percentage of the total OPEB liability	47.80%	46.33%	54.14%	54.04%

(1) This schedule is intended to reflect information for ten year, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date, which is the prior fiscal year end.

See notes to required supplementary information.

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO POLICE AND FIRE PENSION FUND

LAST FOUR YEARS (1)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.0706728%	0.0690680%	0.0684960%	0.0679970%
City's proportionate share of the net OPEB liability	\$ 698,087	\$ 628,970	\$ 3,880,887	\$ 3,227,665
City's covered payroll	\$ 1,648,341	\$ 1,525,515	\$ 1,462,407	\$ 1,422,505
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	42.35%	41.23%	265.38%	226.90%
Plan fiduciary net position as a percentage of the total OPEB liability	47.10%	46.57%	14.13%	15.96%

(1) This schedule is intended to reflect information for ten year, information prior to 2017 is not available. An additional column will be added each year.

Amounts presented as of the City's measurement date, which is the prior fiscal year end.

See notes to required supplementary information.

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS - OPEB
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN

LAST FIVE YEARS (1)

	2020	2019	2018	2017
Contractually required contribution	\$ -	\$ -	\$ -	\$ 14,049
Contributions in relation to the contractually required contributions	-	-	-	(14,049)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,630,524	\$ 1,561,955	\$ 1,498,635	\$ 1,404,869
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	1.00%

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans, therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

See notes to required supplementary information.

2016
\$ 29,461

(29,461)

\$ -

\$ 1,473,055

2.00%

CITY OF SHEFFIELD LAKE, OHIO

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S CONTRIBUTIONS - OPEB
OHIO POLICE AND FIRE PENSION FUND

LAST TEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 8,665	\$ 8,242	\$ 7,628	\$ 7,312
Contributions in relation to the contractually required contributions	<u>(8,665)</u>	<u>(8,242)</u>	<u>(7,628)</u>	<u>(7,312)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,732,957	\$ 1,648,341	\$ 1,525,515	\$ 1,462,407
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

See notes to required supplementary information.

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,098	\$ 6,515	\$ 6,252	\$ 47,602	\$ 98,866	\$ 96,298
<u>(7,098)</u>	<u>(6,515)</u>	<u>(6,252)</u>	<u>(47,602)</u>	<u>(98,866)</u>	<u>(96,298)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,422,505	\$ 1,302,997	\$ 1,250,429	\$ 1,311,619	\$ 1,464,683	\$ 1,426,637
0.50%	0.50%	0.50%	3.62%	6.75%	6.75%

CITY OF SHEFFIELD LAKE, OHIO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

NOTE 1 PENSIONS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) –

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the expected investment return was reduced from 8.00% to 7.50%, (b) the expected long-term average wage inflation rate was reduced from 3.75% to 3.25%, (c) the expected long-term average price inflation rate was reduced from 3.00% to 2.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality rates were updated to the RP-2014 Health Annuitant Mortality Table, adjusted for mortality improvement back to the observant period base year of 2006 and then established the base year as 2015 (f) mortality rates used in evaluating disability allowances were updated to the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and a base year of 2015 for males and 2010 for females (g) Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2018: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

For 2019: OPERS Board adopted a change in the investment return assumption, reducing it from 7.50% to 7.20%.

For 2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions.

B. OHIO POLICE AND FIRE PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) reduction in actuarial assumed rate of return from 8.25% to 8.00% (b) decrease salary increases from 3.75% to 3.25% (c) change in payroll growth from 3.75% to 3.25% (d) reduce DROP interest rate from 4.5% to 4.0% (e) reduce CPI-based COLA from 2.6% to 2.2% (f) Inflation component reduced from 3.25% to 2.75%

For 2019-2020: There have been no OP&F pension plan amendments adopted or changes in assumptions between the measurement date and the report date that would have impacted the actuarial valuation of the pension plan as of the measurement date.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

NOTE 2 OPEB

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) –

Changes in benefit terms: For 2019, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 4.23% to 3.85%.

For 2019, OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. In January 2020, the Board adopted changes to health care coverage for Medicare and pre-Medicare retirees. It will include discontinuing the PPO plan for pre-Medicare retirees and replacing it with a monthly allowance to help participants pay for a health care plan of their choosing. The base allowance for Medicare eligible retirees will be reduced. The specific effect of these changes on the net OPEB liability and OPEB expense are unknown at this time.

2020: On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability. The single discount rate changed from 3.96% to 3.16%, the municipal bond rate changed from 3.71% to 2.75% and the health care cost trend rate changed from 10.00% to 10.50%.

B. OHIO POLICE AND FIRE PENSION FUND

Changes in benefit terms: For 2018, the single discount rate changed from 3.79% to 3.24%.

For 2019, see below regarding the change to stipend-based model.

For 2020, there were no changes in benefit terms.

Changes in assumptions: For 2018, the single discount rate changed from 3.79% to 3.24%.

Beginning January 1, 2019 OP&F changed its retiree health care model and the current self-insured health care plan is no longer offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current health care model to the stipend-based health care model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Beginning in 2020 the Board approved a change to the Deferred Retirement Option Plan. The minimum interest rate accruing will be 2.5%

For 2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions. The single discount rate changed from 4.66% to 3.56%

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CITY OF SHEFFIELD LAKE
LORAIN COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Lorain County</i>			
COVID 19- Coronavirus Relief Distribution Fund	21.019	HB481-CFR-Local	\$683,260
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction - Local-Let Project	20.205	PID 110386	<u>174,000</u>
Total Federal Assistance			<u><u>\$857,260</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF SHEFFIELD LAKE
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Sheffield Lake (the City) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OHIO AUDITOR OF STATE KEITH FABER



Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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

City of Sheffield Lake
Lorain County
609 Harris Road
Sheffield Lake, Ohio 44054

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sheffield Lake, Lorain County, (the City) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 27, 2021, wherein we noted the City restated its net position as of December 31, 2019 due to a prior period adjustment. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 27, 2021

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Sheffield Lake
Lorain County
609 Harris Road
Sheffield Lake, Ohio 44054

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Sheffield Lake's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Sheffield Lake's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, the City of Sheffield Lake complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

July 27, 2021

**CITY OF SHEFFIELD LAKE
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Coronavirus Relief Fund - CFDA #21.019
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



CITY OF SHEFFIELD LAKE

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/10/2021

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

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