

CITY OF SHEFFIELD LAKE, OHIO  
GENERAL PURPOSE FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2002





**Auditor of State  
Betty Montgomery**

To the City Council  
City of Sheffield Lake  
Sheffield Lake, Ohio

We have reviewed the Independent Auditor's Report of the City of Sheffield Lake, Lorain County, prepared by Costin + Company, for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Sheffield Lake is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

June 3, 2003

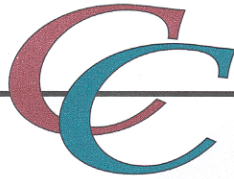
**This Page is Intentionally Left Blank.**

CITY OF SHEFFIELD LAKE, OHIO

TABLE OF CONTENTS

	<u>Page</u>
Independent auditor's report	1
General purpose financial statements	
Combined balance sheet – all fund types and account groups	2
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types	4
Combined statement of revenues, expenditures, and changes in fund balances - budget and actual (non-GAAP basis) – all governmental fund types	5
Combined statement of revenues, expenses, and changes in retained earnings - all proprietary fund types	7
Combined statement of cash flows – all proprietary fund types	8
Notes to general purpose financial statements	9
Supplemental auditor's report	
Report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with “governmental auditing standards”	30

**This Page is Intentionally Left Blank.**



---

**COSTIN + COMPANY**

Certified Public Accountants

35945 Center Ridge Road

North Ridgeville, OH 44039

**INDEPENDENT AUDITOR'S REPORT**

To the City Council  
City of Sheffield Lake, Ohio

We have audited the accompanying general purpose financial statements of the City of Sheffield Lake, Ohio, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Sheffield Lake, Ohio, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2003 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

North Ridgeville, Ohio  
April 17, 2003

CITY OF SHEFFIELD LAKE, OHIO  
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits</u>				
<u>Assets</u>				
Equity in pooled cash and equivalents	\$ 286,456	\$ 459,911	\$ 300,484	\$ 17,700
Cash and investments with fiscal agents	-	-	749	-
Receivables				
Taxes	349,421	1,087,200	73,700	-
Special assessments	-	-	117,023	-
Accounts and other	20,739	-	-	-
Due from other governments	30,140	250,255	4,300	-
Interfund receivable	-	-	2,117	-
Inventories and supplies	3,951	4,224	-	-
Prepaid expenses	27,618	2,689	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
<u>Other debits</u>				
Amount available for debt service	-	-	-	-
Amount to be provided for debt service	-	-	-	-
Amount to be provided for capital leases	-	-	-	-
Amount to be provided for benefits	-	-	-	-
Total assets and other debits	<u>\$ 718,325</u>	<u>\$ 1,804,279</u>	<u>\$ 498,373</u>	<u>\$ 17,700</u>

The accompanying notes are an integral part of these financial statements.



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-term Debt	(Memorandum Only)
\$ 2,904,740	\$ -	\$ 104,331	\$ -	\$ -	\$ 4,073,622
-	-	7,922	-	-	8,671
-	-	202,400	-	-	1,712,721
-	-	-	-	-	117,023
312,738	-	-	-	-	333,477
-	-	11,900	-	-	296,595
-	-	-	-	-	2,117
-	-	-	-	-	8,175
2,493	-	-	-	-	32,800
4,586,369	-	-	4,150,417	-	8,736,786
(2,768,497)	-	-	-	-	(2,768,497)
-	-	-	-	302,601	302,601
-	-	-	-	485,446	485,446
-	-	-	-	31,959	31,959
-	-	-	-	848,116	848,116
<u>\$ 5,037,843</u>	<u>\$ -</u>	<u>\$ 326,553</u>	<u>\$ 4,150,417</u>	<u>\$ 1,668,122</u>	<u>\$ 14,221,612</u>

CITY OF SHEFFIELD LAKE, OHIO  
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS  
 DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, fund equity and other credits</u>				
<u>Liabilities</u>				
Accounts and contracts payable	\$ 11,832	\$ 17,399	\$ -	\$ 2,304
Accrued expenses				
Salaries, wages, and benefits	50,139	6,479	-	-
Interest	-	-	-	1,400
Matured bonds and coupons payable	-	-	749	-
Due to others	-	-	-	-
Due to other governments	18,086	2,000	-	-
Interfund payable	-	-	-	2,117
Deferred revenue	355,300	1,313,200	195,023	-
Notes payable	-	-	-	100,000
OWPC loans payable	-	-	-	-
Bonds payable				
General obligation	-	-	-	-
Special assessment	-	-	-	-
Capital leases	-	-	-	-
Accrued leave benefits	7,052	-	-	-
Total liabilities	<u>442,409</u>	<u>1,339,078</u>	<u>195,772</u>	<u>105,821</u>
<u>Fund equity and other credits</u>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balance				
Reserved for inventory	3,951	4,224	-	-
Reserved for prepaids	27,618	2,689	-	-
Reserved for encumbrances	9,131	11,637	-	15,307
Reserved for debt service	-	-	302,601	-
Unreserved	235,216	446,651	-	(103,428)
Total fund equity and other credits	<u>275,916</u>	<u>465,201</u>	<u>302,601</u>	<u>(88,121)</u>
Total liabilities, fund equity and other credits	<u>\$ 718,325</u>	<u>\$ 1,804,279</u>	<u>\$ 498,373</u>	<u>\$ 17,700</u>

The accompanying notes are an integral part of these financial statements.

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long- term Debt	
\$ 242,441	\$ -	\$ 46	\$ -	\$ -	\$ 274,022
8,400	-	-	-	-	65,018
17,718	-	-	-	-	19,118
-	-	-	-	-	749
-	-	112,207	-	-	112,207
80,427	-	214,300	-	103,513	418,326
-	-	-	-	-	2,117
-	-	-	-	-	1,863,523
360,000	-	-	-	-	460,000
128,737	-	-	-	33,013	161,750
2,400,000	-	-	-	711,203	3,111,203
-	-	-	-	43,831	43,831
-	-	-	-	31,959	31,959
65,328	-	-	-	744,603	816,983
<u>3,303,051</u>	<u>-</u>	<u>326,553</u>	<u>-</u>	<u>1,668,122</u>	<u>7,380,806</u>
-	-	-	4,150,417	-	4,150,417
24,850	-	-	-	-	24,850
1,709,942	-	-	-	-	1,709,942
-	-	-	-	-	8,175
-	-	-	-	-	30,307
-	-	-	-	-	36,075
-	-	-	-	-	302,601
-	-	-	-	-	578,439
<u>1,734,792</u>	<u>-</u>	<u>-</u>	<u>4,150,417</u>	<u>-</u>	<u>6,840,806</u>
<u>\$ 5,037,843</u>	<u>\$ -</u>	<u>\$ 326,553</u>	<u>\$ 4,150,417</u>	<u>\$ 1,668,122</u>	<u>\$ 14,221,612</u>

CITY OF SHEFFIELD LAKE, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 – ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Revenues</b>				
Local taxes	\$ 1,399,993	\$ 992,364	\$ 66,549	\$ -
Intergovernmental revenue	390,444	505,078	8,675	66,598
Special assessments	-	-	13,602	-
Charges for services	132,443	2,720	-	-
Fines, licenses, and permits	202,510	51,639	-	-
Interest	34,091	1,356	-	-
Miscellaneous	54,126	29,563	-	-
<b>Total revenues</b>	<u>2,213,607</u>	<u>1,582,720</u>	<u>88,826</u>	<u>66,598</u>
<b>Expenditures</b>				
Current				
Security of persons and property	1,238,092	1,153,134	-	-
Public health and welfare	20,834	-	-	-
Leisure time activities	36,991	55,540	-	-
Community environment	89,335	61,908	-	-
Transportation	2,757	343,582	-	-
General government	575,121	4,920	-	-
Capital outlay	-	7,833	-	154,646
Debt service				
Note principal	2,358	-	-	-
Bond principal	-	-	64,000	-
Capital lease principal	3,502	2,083	-	-
Interest and fiscal charges	2,189	637	51,413	9,925
<b>Total expenditures</b>	<u>1,971,179</u>	<u>1,629,637</u>	<u>115,413</u>	<u>164,571</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>242,428</u>	<u>(46,917)</u>	<u>(26,587)</u>	<u>(97,973)</u>
<b>Other financing sources (uses)</b>				
Operating transfers-in	-	66,136	63,574	111,650
Capital lease	-	20,294	-	-
Operating transfers-out	(241,360)	-	-	-
<b>Total other financing sources (uses)</b>	<u>(241,360)</u>	<u>86,430</u>	<u>63,574</u>	<u>111,650</u>
<b>Excess (deficiency) of revenues over expenditures and other sources (uses)</b>	1,068	39,513	36,987	13,677
<b>Fund balances, beginning of year, as restated</b>	<u>274,848</u>	<u>425,688</u>	<u>265,614</u>	<u>(101,798)</u>
<b>Fund balances, end of year</b>	<u>\$ 275,916</u>	<u>\$ 465,201</u>	<u>\$ 302,601</u>	<u>\$ (88,121)</u>

The accompanying notes are an integral part of these financial statements.

Totals  
(Memorandum  
Only)

---

\$ 2,458,906  
970,795  
13,602  
135,163  
254,149  
35,447  
83,689  

---

3,951,751

2,391,226  
20,834  
92,531  
151,243  
346,339  
580,041  
162,479

2,358  
64,000  
5,585  
64,164  

---

3,880,800

---

70,951

241,360  
20,294  

---

(241,360)  

---

20,294

91,245  

---

864,352  
  

---

---

\$ 955,597

CITY OF SHEFFIELD LAKE, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL (NON-GAAP BASIS) – ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Local taxes	\$ 1,398,723	\$ 1,398,723	\$ -
Intergovernmental revenue	390,899	390,899	-
Special assessments	-	-	-
Charges for services	131,286	131,286	-
Fines, licenses, and permits	202,510	202,510	-
Interest	34,012	34,091	79
Miscellaneous	51,759	51,768	9
Total revenues	<u>2,209,189</u>	<u>2,209,277</u>	<u>88</u>
Expenditures			
Current			
Security of persons and property	1,269,025	1,245,281	23,744
Public health and welfare	32,580	30,238	2,342
Leisure time activities	58,680	37,608	21,072
Community environment	94,555	89,904	4,651
Transportation	4,950	3,982	968
General government	608,236	577,930	30,306
Capital outlay	-	-	-
Debt service			
Bond principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>2,068,026</u>	<u>1,984,943</u>	<u>83,083</u>
Excess (deficiency) of revenues over expenditures	<u>141,163</u>	<u>224,334</u>	<u>83,171</u>
Other financing sources (uses)			
Operating transfers-in	826,593	826,593	-
Note proceeds	-	-	-
Operating transfers-out	(1,074,862)	(1,067,953)	6,909
Total other financing sources (uses)	<u>(248,269)</u>	<u>(241,360)</u>	<u>6,909</u>
Excess (deficiency) of revenues over Expenditures and other sources (uses)	(107,106)	(17,026)	90,080
Prior year encumbrances	21,848	21,848	-
Fund balances, beginning of year, as restated	<u>267,813</u>	<u>267,813</u>	<u>-</u>
Fund balances, end of year	<u>\$ 182,555</u>	<u>\$ 272,635</u>	<u>\$ 90,080</u>

The accompanying notes are an integral part of these financial statements.

Special Revenue		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 992,364	\$ 992,364	\$ -
504,190	504,190	-
-	-	-
-	-	-
51,639	51,639	-
1,349	1,356	7
29,563	29,563	-
<u>1,579,105</u>	<u>1,579,112</u>	<u>7</u>

Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)
\$ 66,549	\$ 66,549	\$ -
8,675	8,675	-
13,602	13,602	-
-	-	-
-	-	-
-	-	-
-	-	-
<u>88,826</u>	<u>88,826</u>	<u>-</u>

1,311,978	1,159,453	152,525
-	-	-
73,080	64,273	8,807
42,396	42,394	2
352,923	347,086	5,837
7,090	4,961	2,129
11,700	7,833	3,867
-	-	-
-	-	-
<u>1,799,167</u>	<u>1,626,000</u>	<u>173,167</u>

-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
-	-	-
264,000	264,000	-
68,445	66,863	1,582
<u>332,445</u>	<u>330,863</u>	<u>1,582</u>

<u>(220,062)</u>	<u>(46,888)</u>	<u>173,174</u>
------------------	-----------------	----------------

<u>(243,619)</u>	<u>(242,037)</u>	<u>1,582</u>
------------------	------------------	--------------

66,136	66,136	-
-	-	-
-	-	-
<u>66,136</u>	<u>66,136</u>	<u>-</u>

175,224	175,224	-
100,000	100,000	-
-	-	-
<u>275,224</u>	<u>275,224</u>	<u>-</u>

(153,926)	19,248	173,174
-----------	--------	---------

31,605	33,187	1,582
--------	--------	-------

48,280	48,280	-
--------	--------	---

3,800	3,800	-
-------	-------	---

<u>367,939</u>	<u>367,939</u>	<u>-</u>
----------------	----------------	----------

<u>263,497</u>	<u>263,497</u>	<u>-</u>
----------------	----------------	----------

<u>\$ 262,293</u>	<u>\$ 435,467</u>	<u>\$ 173,174</u>
-------------------	-------------------	-------------------

<u>\$ 298,902</u>	<u>\$ 300,484</u>	<u>\$ 1,582</u>
-------------------	-------------------	-----------------

CITY OF SHEFFIELD LAKE, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL (NON-GAAP BASIS) – ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Local taxes	\$ -	\$ -	\$ -
Intergovernmental revenue	150,809	150,809	-
Special assessments	-	-	-
Charges for services	-	-	-
Fines, licenses, and permits	-	-	-
Interest	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>150,809</u>	<u>150,809</u>	<u>-</u>
Expenditures			
Current			
Security of persons and property	-	-	-
Public health and welfare	-	-	-
Leisure time activities	-	-	-
Community environment	-	-	-
Transportation	-	-	-
General government	-	-	-
Capital outlay	255,506	255,369	137
Debt service			
Bond principal	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	<u>255,506</u>	<u>255,369</u>	<u>137</u>
Excess (deficiency) of revenues over expenditures	<u>(104,697)</u>	<u>(104,560)</u>	<u>137</u>
Other financing sources (uses)			
Operating transfers-in	-	-	-
Note proceeds	-	-	-
Operating transfers-out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures and other sources (uses)	(104,697)	(104,560)	137
Prior year encumbrances	800	800	-
Fund balances, beginning of year	<u>103,897</u>	<u>103,897</u>	<u>-</u>
Fund balances, end of year, as restated	<u>\$ -</u>	<u>\$ 137</u>	<u>\$ 137</u>

The accompanying notes are an integral part of these financial statements.



Totals  
(Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 2,457,636	\$ 2,457,636	\$ -
1,054,573	1,054,573	-
13,602	13,602	-
131,286	131,286	-
254,149	254,149	-
35,361	35,447	86
81,322	81,331	9
<u>4,027,929</u>	<u>4,028,024</u>	<u>95</u>
2,581,003	2,404,734	176,269
32,580	30,238	2,342
131,760	101,881	29,879
136,951	132,298	4,653
357,873	351,068	6,805
615,326	582,891	32,435
267,206	263,202	4,004
264,000	264,000	-
68,445	66,863	1,582
<u>4,455,144</u>	<u>4,197,175</u>	<u>257,969</u>
<u>(427,215)</u>	<u>(169,151)</u>	<u>258,064</u>
1,067,953	1,067,953	-
100,000	100,000	-
(1,074,862)	(1,067,953)	6,909
<u>93,091</u>	<u>100,000</u>	<u>6,909</u>
(334,124)	(69,151)	264,973
74,728	74,728	-
<u>1,003,146</u>	<u>1,003,146</u>	<u>-</u>
<u>\$ 743,750</u>	<u>\$ 1,008,723</u>	<u>\$ 264,973</u>

CITY OF SHEFFIELD LAKE  
 COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS -  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating revenues			
Charges for services	\$ 2,342,663	\$ 40,298	\$ 2,382,961
Total operating revenues	<u>2,342,663</u>	<u>40,298</u>	<u>2,382,961</u>
Operating expenses			
Personal services	425,016	-	425,016
Contractual services	1,954,407	-	1,954,407
Supplies and materials	241,346	-	241,346
Other operating	11,410	-	11,410
Depreciation	95,251	-	95,251
Total operating expenses	<u>2,727,430</u>	<u>-</u>	<u>2,727,430</u>
Operating income (loss)	<u>(384,767)</u>	<u>40,298</u>	<u>(344,469)</u>
Nonoperating revenues (expenses)			
Interest income	31,849	-	31,849
Interest and fiscal charges	(142,684)	-	(142,684)
Total nonoperating (expenses)	<u>(110,835)</u>	<u>-</u>	<u>(110,835)</u>
Net income (loss)	(495,602)	40,298	(455,304)
Add depreciation on fixed assets acquired by capital grants which reduces contributed capital from such grants	519	-	519
Retained earnings, beginning of year	<u>2,205,025</u>	<u>(40,298)</u>	<u>2,164,727</u>
Retained earnings, end of year	<u>\$ 1,709,942</u>	<u>\$ -</u>	<u>\$ 1,709,942</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHEFFIELD LAKE, OHIO  
 COMBINED STATEMENT OF CASH FLOWS -  
 ALL PROPRIETARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
Cash flows from operating activities:			
Operating income (loss)	\$ (384,767)	\$ 40,298	\$ (344,469)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	95,251	-	95,251
Changes in net assets (increase) decrease and liabilities increase (decrease)			
Accounts receivable	(2,420)	-	(2,420)
Prepaid expenses	(130)	-	(130)
Accounts and contracts payable	182,549	-	182,549
Accrued salaries, wages and benefits	1,293	-	1,293
Claims payable	-	(42,529)	(42,529)
Due to other governments	16,762	-	16,762
Accrued leave benefits	866	-	866
Total adjustments	<u>294,171</u>	<u>(42,529)</u>	<u>251,642</u>
Net cash (used in) operating activities	<u>(90,596)</u>	<u>(2,231)</u>	<u>(92,827)</u>
Cash flows from capital and related financing activities:			
Proceeds from notes payable	360,000	-	360,000
Note principal payment	(9,242)	-	(9,242)
Bond principal payments	(100,000)	-	(100,000)
Interest payments	(136,326)	-	(136,326)
Acquisition of fixed assets	<u>(50,380)</u>	<u>-</u>	<u>(50,380)</u>
Net cash provided by capital and related financing activities	<u>64,052</u>	<u>-</u>	<u>64,052</u>
Cash flows from investing activities:			
Interest income	<u>31,849</u>	<u>-</u>	<u>31,849</u>
Net cash provided by investing activities	<u>31,849</u>	<u>-</u>	<u>31,849</u>
Net increase (decrease) in cash and equivalents	5,305	(2,231)	3,074
Equity in pooled cash and equivalents, beginning of year	<u>2,899,435</u>	<u>2,231</u>	<u>2,901,666</u>
Equity in pooled cash and equivalents, end of year	<u>\$ 2,904,740</u>	<u>\$ -</u>	<u>\$ 2,904,740</u>

The accompanying notes are an integral part of these financial statements.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The City of Sheffield Lake, Ohio was founded in 1815. The voters 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, Finance Director, and Treasurer. The City's fiscal year corresponds with the calendar year.

The 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 consists of all funds, departments, boards and agencies that are not legally separate from the City.

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 24.

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 24.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The City of Sheffield Lake maintains its accounting records on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. For reporting purposes, the individual funds of the City included in these combined financial statements are classified into the following types of funds:

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION - FUND ACCOUNTING (continued)

Governmental funds

General fund - used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds - used to account for the proceeds of specific revenue sources, other than expendable trusts, or for major capital projects, that are legally restricted to expenditure for specified purposes.

Debt service funds - used to account for the accumulation of resources for, and the payment of, general long-term obligation principal and interest.

Capital projects funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

Proprietary funds

Enterprise funds - used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs, including depreciation, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or other purposes.

Internal service funds - used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary funds

Agency funds – custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Account groups

Account groups are used to distinguish fixed assets not related to a specific fund and long-term liabilities not related to a specific fund. For reporting purposes, account groups included in these combined financial statements consisted of:

General fixed assets account group - used to account for fixed assets other than those accounted for in proprietary or trust funds.

General long-term debt account group - used to account for unmatured general long-term obligations other than those accounted for in proprietary or trust funds.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. BASIS OF ACCOUNTING

The modified accrual basis of accounting is used for governmental, expendable trust and agency funds. Revenues are recognized in the accounting period in which they become available and measurable. Available means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be approximately thirty days. Revenues accrued at year-end include local income tax withheld by employers, and certain state levied locally shared taxes. Property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred income until available. Entitlements are recorded at the time of receipt or earlier if the "susceptible to accrual" criteria are met. Other revenues including fines and forfeits, licenses and permits, certain charges for services, income taxes other than employer withholding, and miscellaneous revenues, are recognized when received since they are generally not measurable until collected.

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Unmatured interest on debt is recognized when due. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

The accrual basis of accounting is used for proprietary funds. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized when incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting" the City has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989, to its proprietary activities.

D. BUDGETARY PROCESS AND REPORTING

Budget

A budget of estimated cash receipts and disbursements is submitted to the Lorain County Auditor, as secretary of the county budget commission, by July 20 of each year for the period January 1 to December 31 of the following year. Council has established the legal level of budgetary control at the object level within each fund and function.

Estimated resources

The County Budget commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected receipts of each fund. Before January 1, this certificate is amended to include any unencumbered balances from the preceding year. The "Amended Official Certificate of Estimated Resources" then serves as the basis for the annual appropriation measure. This certificate may be amended during the year as resources change from estimated amounts.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS AND REPORTING (continued)

Appropriations

A temporary appropriation measure to control the cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the entire period January 1 to December 31. The appropriation measure may be amended or supplemented during the year, as new information becomes available. Appropriations may not exceed estimated resources, as stated on the certificate of estimated resources including amendments. Supplemental appropriation ordinances were legally enacted by the City Council during the year. The budget figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

Management control of expenditures is maintained through utilization of appropriations (appropriated budget). Expenditures combined with encumbrances may not exceed appropriations as adopted by Council. Funds appropriated may not be expended for purposes other than those designated in the appropriation ordinance without authority from Council.

Encumbrances

Use of the encumbrance system of accounting is required by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. For financial reporting purposes, encumbrances outstanding at year-end are reported as a reservation of fund balance for expenditures of the subsequent year.

Budgetary reporting

The budgetary process, in accordance with Ohio law, is accounted for on the basis of cash receipts, disbursements and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (non-GAAP basis) - All Governmental Fund Types" 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 modified accrual basis of generally accepted accounting principles (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).

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

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. BUDGETARY PROCESS AND REPORTING (continued)

Budgetary reporting (continued)

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds are as follows:

	Excess (deficiency) of revenues over expenditures and other sources (uses) - reconciliation of budget basis to GAAP basis			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Project Funds
Budget basis	\$ (17,026 )	\$ 19,248	\$ 33,187	\$ (104,560 )
Adjustments, increase (decrease)				
Revenue accruals	4,330	23,902	(211,650 )	27,439
Expenditure accruals	13,764	(3,637 )	215,450	90,798
GAAP basis, as reported	<u>\$ 1,068</u>	<u>\$ 39,513</u>	<u>\$ 36,987</u>	<u>\$ 13,677</u>

E. CASH AND CASH EQUIVALENTS

The City pools its cash for investment and administration purposes. The provisions of the Ohio Revised Code restrict deposit and investment procedures.

For purposes of the statement of cash flows, the City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

F. INVESTMENTS

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 funds in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2002.

G. RECEIVABLES

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.



CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. INVENTORIES

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

I. FIXED ASSETS

General fixed assets, which are those used in governmental fund type operations, are recorded as expenditures in the governmental type funds and capitalized in the general fixed asset account group. General fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Infrastructure general fixed assets, including roads, bridges, curbs, gutters, streets, sidewalks, and storm sewers and drains, are not capitalized. Depreciation expense is not recorded in the governmental funds nor is accumulated depreciation reflected in the general fixed assets account group.

Fixed assets that are used in proprietary type activities are capitalized in the respective funds. Fixed assets are stated at historical cost or estimated historical cost. Donated assets are stated at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on estimated life of assets.

Estimated useful lives of the various classes of depreciable assets consist of: buildings, 30 to 50 years; improvements, 30 to 50 years; equipment, including vehicles, 5 to 20 years.

J. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group. Special assessment bonded debt with governmental commitment has been reflected in the general long-term debt account group.

K. UNPAID COMPENSATED ABSENCES

Vacation benefits are accrued as a liability as the benefits are earned if the employees' 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 the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments and by those employees for whom it is probable they will become eligible to receive termination benefits in the future.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "accrued leave benefits" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. The entire estimated amount of unpaid leave benefits, including sick pay and vacation pay, of the proprietary type funds is reflected as a liability in the respective funds.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

M. TOTAL COLUMNS

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

N. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 COMPLIANCE AND ACCOUNTABILITY

Not apparent in the general purpose financial statements are deficit fund equity balances, as follows:

Capital Projects Fund:	
City Improvement Fund	\$ (91,816)
Enterprise Funds:	
Water Fund	\$ (41,951)
Storm Sewer Fund	\$ (570,697)

These deficit fund equity balances result from reflecting expenditures and expenses in accordance with the modified accrual basis and the accrual basis of accounting, which are larger than the amounts recognized on the budget basis. The City, in accordance with its budget basis, will appropriate such expenses from resources of the subsequent year.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 3 RESTATEMENT OF PRIOR YEAR RETAINED EARNINGS

Beginning of year fund balance in the Capital Projects fund type has been restated to correct the prior year accrual of intergovernmental revenue.

Beginning balance, as previously reported	\$ (17,587)
Adjustment	<u>(84,211)</u>
Beginning balance, as restated	<u>\$ (101,798)</u>

Budget basis fund balance as of December 31, 2001 in the Special Revenue fund type has been restated to reclassify contributions to the D.A.R.E. fund that previously were recorded in the Fiduciary fund type.

Beginning balance, as previously reported	\$ 358,949
Adjustment	<u>8,990</u>
Beginning balance, as restated	<u>\$ 367,939</u>

NOTE 4 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 that the City has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies may be invested in the following:

- 1.) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- 2.) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

- 3.) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- 4.) Bonds and other obligations of the State of Ohio;
- 5.) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
- 6.) The State Treasurer's investment pool (STAR Ohio).

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 of debt of the City, and must be purchased with the expectation that it will be held until maturity.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, 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.

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

The City maintains a cash and investment pool used by various funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in pooled cash and equivalents."

B. DEPOSITS

At year-end, the carrying amount of the City's deposits was \$ 372,435 and the bank balance was \$ 422,875. Of the bank balance, \$ 100,000 was collateralized by federal depository insurance and \$ 322,875 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 Government Accounting Standards Board.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

C. INVESTMENTS

Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the City. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the City's name. Investment in STAR Ohio, the State Treasurer's Investment Pool, is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2002. At year end, the City's investment in STAR Ohio was \$ 3,709,858. STAR Ohio is an investment pool managed by the State Treasurer's Office that 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2002.

Investment proceeds are restricted by the provisions of the Ohio Revised Code.

NOTE 5 RECEIVABLES, NET OF ALLOWANCE

Taxes receivable, net of allowance for estimated uncollectibles, consisted of:

Property taxes	
Current	\$ 1,585,700
Delinquent	103,700
Municipal income taxes, employer withholding	<u>23,321</u>
	<u>\$ 1,712,721</u>

NOTE 6 PREPAID EXPENSES

Prepaid expenses consisted of:

Prepaid insurance	<u>\$ 32,800</u>
-------------------	------------------

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 7 FIXED ASSETS AND ACCUMULATED DEPRECIATION

The changes in general fixed assets during the year consisted of:

	<u>Balance, January 1</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance, December 31</u>
Land and improvements	\$ 679,549	\$ -	\$ -	\$ 679,549
Buildings and improvements	750,299	4,835	-	755,134
Equipment and vehicles	<u>2,608,381</u>	<u>107,353</u>	-	<u>2,715,734</u>
	<u>\$ 4,038,229</u>	<u>\$ 112,188</u>	<u>\$ -</u>	<u>\$ 4,150,417</u>

Proprietary fund fixed assets and accumulated depreciation at year-end consisted of:

Enterprise

	<u>Balance, December 31</u>
Land	\$ 83,500
Buildings and facilities	1,018,465
Improvements, utility systems	3,124,152
Machinery and equipment	<u>360,252</u>
	4,586,369
Accumulated depreciation	<u>(2,768,497)</u>
Fixed assets, net of accumulated depreciation	<u>\$ 1,817,872</u>

NOTE 8 DEFERRED REVENUE

Deferred revenue at year-end, related to:

Property taxes receivable	\$ 1,487,000
Special assessments receivable	117,023
Homestead and rollback receivable	85,700
Local governmental assistance receivable	<u>173,800</u>
	<u>\$ 1,863,523</u>

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 9 NOTES PAYABLE

Notes payable outstanding at year-end consisted of:

	Balance, January 1	Additions	Reductions	Balance, December 31
Bond anticipation notes				
Capital projects fund type				
3.750% issued 7/26/01, due 7/26/02	\$ 200,000	\$ -	\$ 200,000	\$ -
3.200% issued 7/25/02, due 7/25/03	-	100,000	-	100,000
	<u>200,000</u>	<u>100,000</u>	<u>200,000</u>	<u>100,000</u>
Enterprise fund type				
2.500% issued 4/02/02, due 4/01/03	-	360,000	-	360,000
Total bond anticipation notes payable	<u>\$ 200,000</u>	<u>\$ 460,000</u>	<u>\$ 200,000</u>	<u>\$ 460,000</u>

NOTE 10 GENERAL LONG-TERM DEBT

Changes in general long-term debt during the year consisted of:

	Balance, January 1	Additions	Reductions	Balance, December 31
Due to other governments	\$ 98,454	\$ 5,059	\$ -	\$ 103,513
OPWC loans	35,371	-	2,358	33,013
General obligation bonds	766,445	-	55,242	711,203
Special assessments bonds	52,589	-	8,758	43,831
Capital leases	17,250	20,294	5,585	31,959
Accrued leave benefits	692,982	51,621	-	744,603
	<u>\$ 1,663,091</u>	<u>\$ 76,974</u>	<u>\$ 71,943</u>	<u>\$ 1,668,122</u>

NOTE 11 OPWC LOANS PAYABLE

Loans payable to the Ohio Public Works Commission consisted of:

	Balance January 1	Additions	Reductions	Balance, December 31
Street improvements (2001)				
0.0% through 2016	\$ 35,371	\$ -	\$ 2,358	\$ 33,013
Storm sewer (2000)				
0.0% through 2009	22,500	-	3,000	19,500
Storm sewer (2000)				
0.0% through 2020	115,479	-	6,242	109,237
	<u>\$ 173,350</u>	<u>\$ -</u>	<u>\$ 11,600</u>	<u>\$ 161,750</u>

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 12 BONDS PAYABLE

Debt outstanding at December 31, 2002 consisted of the following issues:

	<u>Balance January 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, December 31</u>
<u>Governmental type - general long-term debt account group</u>				
General obligation bonds				
Building improvements (1988)				
7.125% through 2003	\$ 10,000	\$ -	\$ 5,000	\$ 5,000
Street improvements (1986)				
7.250% through 2007	36,000	-	6,000	30,000
Street improvements (1992)				
7.500% through 2007	70,000	-	10,000	60,000
Building improvement (1996)				
6.200% through 2016	175,000	-	10,000	165,000
Street improvement (1998)				
5.000% through 2018	<u>450,000</u>	<u>-</u>	<u>20,000</u>	<u>430,000</u>
	<u>\$ 741,000</u>	<u>\$ -</u>	<u>\$ 51,000</u>	<u>\$ 690,000</u>
 <u>Special assessment bonds with city commitment</u>				
Combination bonds				
Street improvements (1983)				
11.125% through 2007				
Special assessment portion - 67.37%	\$ 52,589	\$ -	\$ 8,758	\$ 43,831
City portion - 32.63%	<u>25,445</u>	<u>-</u>	<u>4,242</u>	<u>21,203</u>
	<u>\$ 78,034</u>	<u>\$ -</u>	<u>\$ 13,000</u>	<u>\$ 65,034</u>
 <u>Proprietary type - storm sewer fund</u>				
General obligation bonds				
Storm water improvement				
5.373% through 2021	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 100,000</u>	<u>\$ 2,400,000</u>
 Total bonds payable	 <u>\$ 3,319,034</u>	 <u>\$ -</u>	 <u>\$ 164,000</u>	 <u>\$ 3,155,034</u>



CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 13 DEBT OBLIGATIONS

The annual requirements, including principal and interest, to amortize bonds payable and OPWC loans outstanding at December 31, 2002 consisted of:

Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Total
2003	\$ 326,756	\$ 13,630	\$ 5,800	\$ 346,186
2004	312,988	12,656	11,600	337,244
2005	304,566	11,682	11,600	327,848
2006	301,135	10,707	11,600	323,442
2007	317,379	9,773	11,600	338,752
2008-2012	1,385,874	-	49,001	1,434,875
2013-2017	1,252,208	-	41,822	1,294,030
2018-2021	604,817	-	18,727	623,544
	<u>\$ 4,805,723</u>	<u>\$ 58,448</u>	<u>\$ 161,750</u>	<u>\$ 5,025,921</u>

NOTE 14 CAPITAL LEASES

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Asset Account Group and the General Long-term Debt Account Group, respectively. Assets under capital leases totaled \$ 38,728 at December 31, 2002. The leases are in effect through 2007. The following is a schedule of future minimum lease payments under capital leases together with the net present value of the minimum lease payments as of December 31, 2002.

Year Ending December 31,	Amount
2003	\$ 10,354
2004	10,354
2005	7,318
2006	7,318
2007	1,943
Total minimum lease payments	37,287
Less amount representing interest	(5,328 )
Net present value of minimum lease payments	<u>\$ 31,959</u>

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 15 PROPERTY TAXES

Property taxes include amounts levied on all real and public utility property and business tangible personal property that is located in the City. Lorain County is responsible for assessing, collecting, and remitting these property taxes to the City.

Real property taxes collected in 2002 were based on assessed value equal to thirty-five percent of appraised value. The Lorain County Auditor reappraises real property every six years with a triennial update, which last update was completed for 2000. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Lorain County, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2002 before certain homestead and rollback reductions, which are reimbursed to the City by the State of Ohio, amounted to \$ 19.99 per \$ 1,000 of assessed valuation. The effective rate applied after adjustment for inflationary increases in property values was \$ 12.15 per \$ 1,000 of assessed valuation for residential and agricultural real property, and \$ 14.36 per \$ 1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2002 was \$ 19.99 per \$ 1,000 of valuation.

Property valuation consisted of:

Real property - 2001	
Residential/agricultural	\$ 115,371,890
Commercial/industrial	12,540,440
Tangible personal property - 2002	
General	6,038,100
Public utilities	<u>2,323,980</u>
Total valuation	<u><u>\$ 136,274,410</u></u>

NOTE 16 MUNICIPAL INCOME TAXES

The City levies an income tax of 1% 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. This tax is collected and administered by the City.

In November 2002, the voters approved an increase of the income tax rate and a reduction in the credit for taxes paid to other cities. Effective January 1, 2003 the tax rate is 1.25% and the credit for taxes paid to other cities is one-half of 1%. The additional revenue generated by this increase will be used to improve the roads in the City.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 17 PENSION PLANS

Ohio Public Employees Retirement System (OPERS)

All employees other than policemen and firemen participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee defined benefit plan. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6075 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. Plan members are required to contribute 8.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The 2002 employer contribution rate was 13.55% of covered payroll. The City's contribution to OPERS for the years ended December 31, 2002, 2001, and 2000, were \$ 153,200, \$ 150,300, and \$ 110,400, respectively, equal to the required contributions for each year. The full amount has been contributed for 2001 and 2000. For 2002, \$ 114,800 (75%) has been contributed, with the remainder being reported as a fund liability and within the general long-term debt account group.

Ohio Police and Fire Pension Fund (OP&F)

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The City's contributions to OP&F for the years ending December 31, 2002, 2001, and 2000 were \$ 271,200, \$ 262,000, and \$ 268,400, respectively, equal to the required contributions for each year. The full amount has been contributed for 2001 and 2000. For 2002, \$ 205,700 (76%) has been contributed, with the remainder being reported as a fund liability and within the general long-term debt account group.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 18 OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2002 employer contribution rate was 13.55% of covered payroll; 5.00% was the portion that was used to fund health care for the year. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions.

Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on the System's latest actuarial review performed as of December 31, 2001.

Funding Method – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 % of unrealized market appreciation or depreciation on investments.

Investment Return – The investment assumption rate for 2001 was 8.00%.

Active Employee Total Payroll – An annual increase of 4.00% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.3%.

Health Care – Health care costs were assumed to increase 4.00% annually.

OPEBs are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The rates stated above are the actuarially determined contribution requirement for OPERS. The portion of the City's contributions that were used to fund postemployment benefits was \$ 56,500. \$ 11.6 billion represents the actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001 (the latest information available). The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$ 16.4 billion and \$ 4.8 billion, respectively.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 18 OTHER POSTEMPLOYMENT BENEFITS (continued)

Ohio Public Employees Retirement System (OPERS) (continued)

In December 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of Health Care. The Choices Plan will be offered to all persons newly hired under OPERS after January, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

Ohio Police and Fire Pension Fund (OP&F)

The Fund provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll. The Ohio Revised Code provides the statutory authority allowing the Fund's Board of Trustees to provide health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you-go basis. The Board defined allocation was 7.5% and 7.75% of covered payroll in 2001 and 2002, respectively. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2001, the date of the last actuarial valuation available, is 13,174 for police and 10,239 for firemen. The City's 2002 contribution to pay postemployment benefits for police and firemen was \$ 46,200 and \$ 49,700, respectively. OP&F's total health care expense for the year ended December 31, 2001 the date of the last actuarial valuation available, was \$ 122,298,771, which was net of member contributions of \$ 6,874,699.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 19 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 commercial insurance coverage.

Through November 30, 2001, the city maintained a medical Self-insurance Fund for City employees and their covered dependents. This program was administered with the use of an outside third-party administrator. At November 30, 2001, self-insurance was in effect for losses up to \$ 10,000 per participant, with an aggregate deductible of \$ 354,000. A private insurance company insured excess losses. During the year ended December 31, 2002, the City paid \$ 42,529 of claims and expenses.

Effective December 1, 2001 the City began purchasing commercial insurance to cover medical insurance claims for the their employees and covered dependents. The City has no liability for unmatured claim obligations (including both reported but unpaid claims and incurred but not reported claims) as of December 31, 2002.

Changes in the balance of claims liability during the years ended December 31, 2002 and 2001 are as follows. Incurred claims and claims payments are not segregated between events related to current year and events related to prior years due to the impracticability of obtaining such information by separate periods.

	<u>2002</u>	<u>2001</u>
Unpaid claims, beginning of year	\$ 42,529	\$ 8,146
Incurred claims	-	369,461
Claims payments	<u>(42,529 )</u>	<u>(335,078 )</u>
Unpaid claims, end of year	<u>\$ -</u>	<u>\$ 42,529</u>

NOTE 20 OPERATING LEASE

The City is obligated under a lease accounted for as an operating lease. Operating leases do not give rise to property rights or lease obligations, and therefore the result of the lease agreement is not reflected in the City's account groups. Total lease expense for the year ended December 31, 2002 was \$ 2,364.

Future minimum rental payments required under the operating lease as of December 31, 2002 are as follows:

<u>Year ending December 31</u>	<u>Amount</u>
2003	\$ 2,364
2004	<u>591</u>
Total future operating lease payments	<u>\$ 2,955</u>

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 21 SEGMENT INFORMATION - ENTERPRISE FUNDS

Segment information related to the City's enterprise funds follows:

	Water	Sewer	Refuse	Storm Sewer	Total Enterprise Funds
Operating statement					
Operating revenues	\$ 493,061	\$ 975,452	\$ 530,495	\$ 343,655	\$ 2,342,663
Operating expenses					
Personal services	184,090	240,900	26	-	425,016
Contractual services	261,875	408,122	496,361	788,049	1,954,407
Supplies and materials	202,862	38,484	-	-	241,346
Other operating	9,052	-	-	2,358	11,410
Depreciation	2,020	88,006	347	4,878	95,251
Total operating expenses	<u>659,899</u>	<u>775,512</u>	<u>496,734</u>	<u>795,285</u>	<u>2,727,430</u>
Operating income (loss)	<u>(166,838 )</u>	<u>199,940</u>	<u>33,761</u>	<u>(451,630 )</u>	<u>(384,767 )</u>
Non-operating revenues (expenses)					
Interest revenue	-	-	-	31,849	31,849
Interest and fiscal charges	<u>(6,800 )</u>	<u>-</u>	<u>-</u>	<u>(135,884 )</u>	<u>(142,684 )</u>
Total nonoperating (expenses)	<u>(6,800 )</u>	<u>-</u>	<u>-</u>	<u>(104,035 )</u>	<u>(110,835 )</u>
Net income (loss)	<u>\$ (173,638 )</u>	<u>\$ 199,940</u>	<u>\$ 33,761</u>	<u>\$ (555,665 )</u>	<u>\$ (495,602 )</u>
Other information					
Net working capital	<u>\$ (30,572 )</u>	<u>\$ 744,072</u>	<u>\$ 142,274</u>	<u>\$ 1,655,211</u>	<u>\$ 2,510,985</u>
Fixed asset, additions	<u>\$ 12,504</u>	<u>\$ 37,876</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,380</u>
Total assets	<u>\$ 385,632</u>	<u>\$ 2,321,278</u>	<u>\$ 145,428</u>	<u>\$ 2,185,505</u>	<u>\$ 5,037,843</u>
Total equity	<u>\$ (41,951 )</u>	<u>\$ 2,202,452</u>	<u>\$ 144,988</u>	<u>\$ (570,697 )</u>	<u>\$ 1,734,792</u>

NOTE 22 CONTRIBUTED CAPITAL

The changes to the City's contributed capital accounts for its enterprise funds were as follows:

	Storm Sewer
Beginning balance, 12/31/01	\$ 25,369
Depreciation	<u>(519 )</u>
Ending balance, 12/31/02	<u>\$ 24,850</u>

NOTE 23 PENDING LITIGATION

The City is a party to certain legal proceedings seeking damages. The City's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

CITY OF SHEFFIELD LAKE, OHIO  
NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
DECEMBER 31, 2002

NOTE 24 JOINTLY GOVERNED ORGANIZATIONS

A. LORAIN COUNTY GENERAL HEALTH DISTRICT

The Lorain County General Health District is a jointly governed organization, which provides health services to the citizens within the Health District. The Health District is governed by the Board of Health that 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 township trustees and the County Commissioners. The City contributed \$ 18,330 during 2002 for the operation of the Health District.

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 jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 90 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 2002. Financial information can be obtained by contacting Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

NOTE 25 CONTRACTUAL COMMITMENTS

At December 31, 2002 the City had contractual commitments as follows:

Water meters	\$ 164,355
Storm sewers	<u>978,209</u>
	<u><u>\$1,142,564</u></u>

NOTE 26 SUBSEQUENT EVENTS

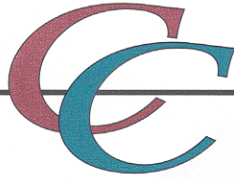
In March, 2003, City Council authorized the issuance of \$ 330,000 in Bond Anticipation Notes, to be used for improving the municipal water works system by acquiring and installing computerized water meters. These notes will be repaid from Water fund revenues.

In March, 2003, City Council authorized the Mayor to borrow, by issuing bonds, or other negotiable instruments \$ 1,000,000 to provide a fund for low interest loans for residents to improve their sewer lines and connections to reduce infiltration into the city sanitary sewer lines.



CITY OF SHEFFIELD LAKE, OHIO  
SUPPLEMENTAL AUDITOR'S REPORT  
DECEMBER 31, 2002

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"



---

**COSTIN + COMPANY**

Certified Public Accountants  
35945 Center Ridge Road  
North Ridgeville, OH 44039

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"

To the City Council  
City of Sheffield Lake, Ohio

We have audited the general purpose financial statements of City of Sheffield Lake, Ohio, as of and for the year ended December 31, 2002, and have issued our report thereon dated April 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether City of Sheffield Lake, Ohio's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that we have reported to management of City of Sheffield Lake, Ohio, in a separate letter dated April 17, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered City of Sheffield Lake, Ohio's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of City of Sheffield Lake, Ohio, in a separate letter dated April 17, 2003.

This report is intended solely for the information and use of management, others within the organization and City Council, and is not intended to be and should not be used by anyone other than these specified parties.

North Ridgeville, Ohio  
April 17, 2003





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF SHEFFIELD LAKE**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 17, 2003**