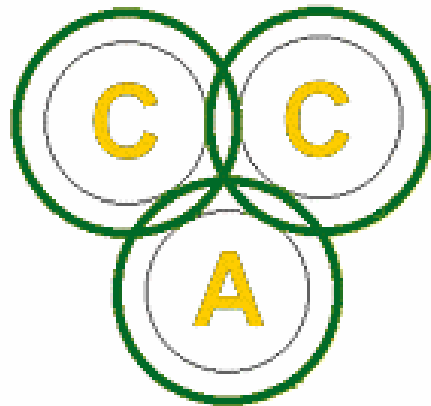


CITY OF CLEVELAND, OHIO

**CENTRAL COLLECTION
AGENCY**



**DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS
For the years ended December 31, 2004 and 2003**

CITY OF CLEVELAND

**CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Central Collection Agency
Division of Taxation
City of Cleveland
Cuyahoga County
205 West St. Clair Avenue
Cleveland, Ohio 44113

To the Honorable Jane L. Campbell, Mayor, Members of Council, and the Audit Committee:

We have audited the accompanying financial statements of the Central Collection Agency Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Ohio, as of and for the years ended December 31, 2004 and December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the Central Collection Agency's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

As discussed in Note A, the financial statements present only the Central Collection Agency Internal Service and Agency Funds and do not purport to, and do not, present fairly the financial position of the City of Cleveland, as of December 31, 2004 and December 31, 2003, and the changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Collection Agency Internal Service and Agency Funds as of December 31, 2004 and December 31, 2003, and the changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The Schedule of Cash Receipts and Distribution of Funds, the Schedule of Allocation of Net Operating Expenses, and the Schedule of Income Taxes Receivable are presented for purposes of additional analysis and are not a required part of the Central Collection Agency Internal Service and Agency Funds financial statements. Such information has been subjected to the auditing procedures applied in the audits of the Central Collection Agency Internal Service and Agency Funds financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the Central Collection Agency Internal Service and Agency Funds financial statements taken as a whole.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information the accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

May 10, 2005

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**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the "City") Department of Finance, Division of Taxation, Central Collection Agency (the "Agency"), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended December 31, 2004 and December 31, 2003. Please read this information in conjunction with the Agency's financial statements and footnotes that begin on page 13.

The Division of Taxation was created in 1966 by the enactment of the City of Cleveland's Income Tax Ordinance providing the City's Income Tax Administrator with the authority to enter into agreements with any other municipal corporation to administer income tax laws and to provide for a central income tax collection facility. The Agency began with 14 member communities and currently provides a full range of tax collection services for 43 member communities throughout 12 Ohio counties. The Agency employs more than 100 individuals to process more than 1.2 million returns, estimated payments, and tax assessments. The Agency collected more than \$435 million and more than \$415 million in 2004 and 2003, respectively.

COMPARISON OF 2004 DATA TO 2003 DATA

FINANCIAL HIGHLIGHTS

- The assets and the liabilities of the Agency equal \$104,719,629 at December 31, 2004.
- The Agency's total assets increased in 2004 by \$14,189,684. This was primarily due to higher cash balances at year-end, which was caused by an increase in collections late in the 4th quarter, and were subsequently distributed in January 2005.
- The agency fund total cash receipts of \$435 million consisted of \$353 million of employer withholding, \$36 million of business profits, \$40 million of individual payments, and \$6 million of other payments.
- During 2004, the Agency's total operational cost was \$8,093,227. This consists of \$5,209,048 of employee's wages and benefits, \$749,476 of allocated charges, and \$2,134,703 of other miscellaneous expenses.
- The Agency provides a mechanism for member municipalities to maximize efficiencies, minimize costs and capitalize from economies of scale. Pooling tax collections and investing at current market rates allows the operational costs of the Agency to be reduced by interest income. The Agency's member municipalities also benefit by printing and mailing large volumes of income tax forms to their taxpayers.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's financial statements. The accompanying financial statements present financial information for the City of Cleveland's Division of Taxation Fund, in which the City of Cleveland accounts for the operations of the Department of Finance, Division of Taxation. A fund is a grouping of related accounts that is used to maintain control over

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Agency operates two funds. The operating fund is considered an internal service proprietary fund because the operations of this fund are similar to a private-sector business enterprise. Accordingly, in accounting for the operating activities within this fund, the economic resources measurement focus and the accrual basis of accounting is used. This is similar to businesses in the private sector. The second fund is an agency fund, which is used to account for the collection and remittance of income taxes for the member municipalities. For accounting measurement purposes, the agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of operations.

The financial statements of the Agency can be found on pages 13-16 of this report.

The notes to the financial statements and accompanying schedules provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements and accompanying schedules can be found on pages 17-27 of this report.

CONDENSED BALANCE SHEET INFORMATION

Provided below is condensed balance sheet information for the internal service and agency funds of the Agency as of December 31, 2004 and 2003:

	2004	2003	Increase/ (Decrease)
Assets:			
Cash and cash equivalents	\$ 18,083,705	\$ 8,672,530	\$ 9,411,175
Taxes receivable	85,639,782	80,808,317	4,831,465
Accrued interest	16,785	2,726	14,059
Due from CCA internal service fund	579,496	677,863	(98,367)
Due from member municipalities	<u>399,861</u>	<u>368,509</u>	31,352
Total assets	104,719,629	90,529,945	14,189,684
Liabilities:			
Accounts payable	316,198	92,595	223,603
Due to CCA agency fund	579,496	677,863	(98,367)
Due to the City of Cleveland	61,486,917	51,590,230	9,896,687
Due to member municipalities	41,605,857	37,515,093	4,090,764
Accrued wages and benefits	<u>731,161</u>	<u>654,164</u>	76,997
Total liabilities	<u>\$ 104,719,629</u>	<u>\$ 90,529,945</u>	\$ 14,189,684

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED BALANCE SHEET INFORMATION (Continued)

Assets: The Agency collects and disburses income tax receipts monthly, except for the City of Cleveland which receives collections of tax receipts in advance of the regular monthly distribution date. Assets primarily consist of cash on hand and anticipated income tax receivable. The increase in assets is primarily attributable to higher cash balances at year-end, which was caused by an increase in collections late in the 4th quarter, and were subsequently distributed in January 2005.

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City of Cleveland). The increase in liabilities is mainly from an increase in due to member municipalities, as a result of the increase in collections late in the 4th quarter.

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

	Internal Service Fund		Increase/ (Decrease)
	2004	2003	
Operating Revenues			
Charges for services	\$ 7,900,947	\$ 7,037,040	\$ 863,907
Total operating revenues	7,900,947	7,037,040	863,907
Operating Expenses			
Salaries and wages	4,027,607	3,876,758	150,849
Employee benefits	1,181,441	1,076,701	104,740
Postage and office supplies	762,477	514,230	248,247
Allocation of City of Cleveland costs	749,476	655,522	93,954
Other administrative expenses	<u>1,372,226</u>	<u>1,067,940</u>	304,286
Total operating expense	<u>8,093,227</u>	<u>7,191,151</u>	902,076
Operating loss	(192,280)	(154,111)	38,169
Interest income	<u>192,280</u>	<u>154,111</u>	38,169
Change in net assets	-	-	-
Net assets at beginning of year	<u>-</u>	<u>-</u>	-
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>	\$ -

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (Continued)**

The increase in salaries and wages was due to step increases for various classifications which contributed to the 3.9 percent increase in 2004 over 2003. In addition, the step increases correspondingly raised employee benefit costs by 9.7 percent.

The increase in postage and office supplies was mainly due to an increase in payments for income tax forms. The increase in payments for income tax forms is a result of the timing of invoices.

The approximately \$90,000 increase in the allocation of City of Cleveland costs was due to costs associated with CCA's move into a new building.

The increase in other administrative expenses was due to the purchase of computer equipment and office furniture for use in the new building.

Due to an increase in cash available throughout the year, interest income increased approximately \$38,000 in 2004.

COMPARISON OF 2003 DATA TO 2002 DATA

FINANCIAL HIGHLIGHTS

- The assets and the liabilities of the Agency equal \$90,529,945 at December 31, 2003.
- The Agency's total assets decreased by \$5,923,941 during 2003 primarily due to a decrease in the amount due from the CCA internal service fund and lower cash balances at year-end due to the increase in distributions made to member communities in 2003. This is evidenced by the decrease of approximately \$3.6 million in the amount collected and due members from December 31, 2002 to December 31, 2003.
- The agency fund total cash receipts of \$415 million consisted of \$336 million of employer withholding, \$34 million of business profits, \$39 million of individual payments, and \$6 million of other payments.
- During 2003, the Agency's total operational cost was \$7,191,151. This consists of \$4,953,459 of employee's wages and benefits, \$655,522 of allocated charges, and \$1,582,170 of other miscellaneous expenses.
- The Agency provides a mechanism for member municipalities to maximize efficiencies, minimize costs and capitalize from economies of scale. Pooling tax collections and investing at current market rates allows the operational costs of the Agency to be reduced by interest income. The Agency's member municipalities also benefit by printing and mailing large volumes of income tax forms to their taxpayers.

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The accompanying financial statements present financial information for the City of Cleveland's Division of Taxation Fund, in which the City of Cleveland accounts for the operations of the Department of Finance, Division of Taxation. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The Division of Taxation operates two funds. The operating fund is considered an internal service proprietary fund because the operations of the Agency are similar to a private-sector business enterprise. Accordingly, in accounting for the operating activities of the Agency, the economic resources measurement focus and the accrual basis of accounting is used. This is similar to businesses in the private sector. The second fund is an agency fund, which is used to account for the collection and remittance of income taxes for the member municipalities. For accounting measurement purposes, the agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of operations.

The financial statements of the Agency can be found on pages 13-16 of this report.

The notes to the financial statements and accompanying schedules provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements and accompanying schedules can be found on pages 17-27 of this report.

CONDENSED BALANCE SHEET INFORMATION

The following is condensed balance sheet information for the internal service and agency funds of the Agency as of December 31, 2003 and 2002:

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED BALANCE SHEET INFORMATION (Continued)

	2003	2002	Increase/ (Decrease)
Assets:			
Cash and cash equivalents	\$ 8,672,530	\$ 12,157,256	\$ (3,484,726)
Taxes receivable	80,808,317	81,447,294	(638,977)
Accrued interest	2,726		2,726
Due from CCA internal service fund	677,863	2,507,784	(1,829,921)
Due from the City of Cleveland		9,004	(9,004)
Due from member municipalities	<u>368,509</u>	<u>332,548</u>	35,961
Total assets	<u>90,529,945</u>	<u>96,453,886</u>	(5,923,941)
Liabilities:			
Accounts payable	92,595	106,643	(14,048)
Due to CCA agency fund	677,863	2,507,784	(1,829,921)
Due to the City of Cleveland	51,590,230	54,563,022	(2,972,792)
Due to member municipalities	37,515,093	38,701,127	(1,186,034)
Due to other governments		2,741	(2,741)
Accrued wages and benefits	<u>654,164</u>	<u>572,569</u>	81,595
Total liabilities	<u>\$ 90,529,945</u>	<u>\$ 96,453,886</u>	\$ (5,923,941)

Assets: The Agency collects and disburses income tax receipts monthly, except for the City of Cleveland which receives collections of tax receipts in advance of the regular monthly distribution date. Assets primarily consist of cash on hand and anticipated income tax receivable. The decrease in assets is primarily attributable to the Agency's decrease in the amount due from the CCA internal service fund and lower cash balances at year-end due to the increase in distributions made to member communities in 2003.

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City); therefore, the decline in due to member communities is a result of the increase in distributions made to member communities in 2003 and the decrease in the amount due to the CCA agency fund.

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS**

	Internal Service Fund		
	2003	2002	Increase/ (Decrease)
	<u>2003</u>	<u>2002</u>	
Operating Revenues			
Charges for services	\$ 7,037,040	\$ 5,798,865	\$ 1,238,175
Total operating revenues	7,037,040	5,798,865	1,238,175
Operating Expenses			
Salaries and wages	3,876,758	3,500,593	376,165
Employee benefits	1,076,701	953,657	123,044
Postage and office supplies	514,230	721,120	(206,890)
Allocation of City of Cleveland costs	655,522	308,210	347,312
Other administrative expenses	<u>1,067,940</u>	<u>576,900</u>	491,040
Total operating expense	<u>7,191,151</u>	<u>6,060,480</u>	1,130,671
Operating loss	(154,111)	(261,615)	107,504
Interest income	<u>154,111</u>	<u>261,615</u>	(107,504)
Change in net assets	-	-	-
Net assets at beginning of year	<u>-</u>	<u>-</u>	-
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>	\$ -

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**CONDENSED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS (Continued)**

The increase in salaries and wages was due to:

- The addition of four employees in 2003 and three additional employees moved from part-time to full-time.
- The across the board salary increase for all employees of 4 percent.
- Step increases for various classifications.

These factors contributed to the 11 percent increase over 2002. These same factors correspondingly raised employee benefit costs by 13 percent.

The nearly \$350,000 increase in the Allocation of City of Cleveland costs was due to several factors. There was an increase in the amount of indirect costs (i.e., central service costs) allocated to the Agency.

The fluctuation in other administrative expenses was due to the elimination of various accounting accruals in 2002. The net effect of these eliminations was a reduction of other administrative expenses in 2002.

Due to declining interest rates, investment income was lower in 2003 by over \$100,000.

**FACTORS EXPECTED TO IMPACT THE DIVISION'S FUTURE
FINANCIAL POSITION OR RESULTS OF OPERATION**

The Agency continues to face the challenges of economic recession. One of the challenges the Agency is currently facing is rising basic operating costs. However, the Agency is attempting to reduce the impact of these rising costs by continuing to aggressively collect income taxes due thereby spreading the incremental cost over a larger base. The Agency's collections for the first quarter of 2005 are approximately 4 percent greater than the collections in the same period in 2004.

The operating budget for the Agency as approved by the Cleveland City Council for 2005 provides for an overall increase in budgeted expenditures of approximately 18 percent. This increase is associated mainly with additional budgeted costs for staffing and personnel, equipment maintenance, and an increase in the rental expense.

ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the Agency's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, City Hall, Room 104, 601 Lakeside Avenue, Cleveland, Ohio 44114.

FINANCIAL STATEMENTS

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**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**STATEMENTS OF ASSETS AND LIABILITIES - ALL FUND TYPES
For the Years Ended December 31, 2004 and 2003**

	2004		2003	
	Proprietary Fund Type	Fiduciary Fund Type	Proprietary Fund Type	Fiduciary Fund Type
	Internal Service	Agency	Internal Service	Agency
ASSETS				
Cash and cash equivalents	\$ 1,648,356	\$ 16,435,349	\$ 1,438,985	\$ 7,233,545
Taxes receivable		85,639,782		80,808,317
Accrued interest	16,785		2,660	66
Due from CCA internal service fund		579,496		677,863
Due from member municipalities		399,861	2,191	366,318
TOTAL ASSETS	<u>1,665,141</u>	<u>103,054,488</u>	<u>1,443,836</u>	<u>89,086,109</u>
LIABILITIES				
Accounts payable	316,198		92,595	
Due to CCA agency fund	579,496		677,863	
Due to the City of Cleveland	38,286	61,448,631	19,214	51,571,016
Due to member municipalities		41,605,857		37,515,093
Accrued wages and benefits	731,161		654,164	
TOTAL LIABILITIES	<u>\$ 1,665,141</u>	<u>\$103,054,488</u>	<u>\$ 1,443,836</u>	<u>\$ 89,086,109</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND
For the Years Ended December 31, 2004 and 2003**

	2004	2003
OPERATING REVENUES		
Charges for services	\$ 7,900,947	\$ 7,037,040
OPERATING EXPENSES		
Salaries and wages	4,027,607	3,876,758
Employee benefits	1,181,441	1,076,701
Postage and office supplies	762,477	514,230
Allocation of City of Cleveland costs	749,476	655,522
Other administrative expenses	1,372,226	1,067,940
TOTAL OPERATING EXPENSES	8,093,227	7,191,151
OPERATING LOSS	(192,280)	(154,111)
Interest income	192,280	154,111
CHANGE IN NET ASSETS	-	-
NET ASSETS AT BEGINNING OF YEAR	-	-
NET ASSETS AT END OF YEAR	\$ -	\$ -

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**STATEMENTS OF CASH FLOWS - INTERNAL SERVICE FUND
For the Years Ended December 31, 2004 and 2003**

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member municipalities	\$ 7,804,799	\$ 5,203,597
Cash payments to suppliers of goods and services	(2,652,669)	(2,251,666)
Cash payments for employee services and benefits	(5,120,913)	(4,871,864)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	31,217	(1,919,933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	178,154	160,931
NET CASH PROVIDED BY INVESTING ACTIVITIES	178,154	160,931
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	209,371	(1,759,002)
Cash and cash equivalents at beginning of year	1,438,985	3,197,987
Cash and cash equivalents at end of year	\$ 1,648,356	\$ 1,438,985
RECONCILIATION OF OPERATING LOSS TO NET PROVIDED BY (USED FOR) OPERATIONS		
Operating loss	\$ (192,280)	\$ (154,111)
Adjustments to reconcile operating loss to net cash provided by (used in) operations:		
Changes in assets and liabilities:		
Decrease (increase) in due from City of Cleveland		9,004
Decrease (increase) in due from member municipalities	2,191	(1,704)
Increase (decrease) in accounts payable	223,603	(14,048)
Increase (decrease) in due to CCA agency fund	(98,367)	(1,829,921)
Increase (decrease) in due to City of Cleveland	19,072	(8,007)
Increase (decrease) in due to other governments		(2,741)
Increase (decrease) in accrued wages and benefits	76,998	81,595
Total Adjustments	223,497	(1,765,822)
Net Cash Provided (Used for) by Operating Activities	\$ 31,217	\$ (1,919,933)

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
For the Years Ended December 31, 2004 and 2003**

	Balance 1/1/2004	Additions	Deductions	Balance 12/31/2004
ASSETS				
Cash and cash equivalents	\$ 7,233,545	\$ 435,440,121	\$ (426,238,317)	\$ 16,435,349
Taxes receivable	80,808,317	85,639,782	(80,808,317)	85,639,782
Accrued interest	66		(66)	
Due from the CCA internal service fund	677,863	579,496	(677,863)	579,496
Due from member municipalities	366,318	399,861	(366,318)	399,861
TOTAL ASSETS	\$ 89,086,109	\$ 522,059,260	\$ (508,090,881)	\$ 103,054,488
LIABILITIES				
Due to the City of Cleveland	\$ 51,571,016	\$ 360,319,019	\$ (350,441,404)	\$ 61,448,631
Due to member municipalities	37,515,093	161,740,241	(157,649,477)	41,605,857
TOTAL LIABILITIES	\$ 89,086,109	\$ 522,059,260	\$ (508,090,881)	\$ 103,054,488

	Balance 1/1/2003	Additions	Deductions	Balance 12/31/2003
ASSETS				
Cash and cash equivalents	\$ 8,959,269	\$ 415,362,301	\$ (417,088,025)	\$ 7,233,545
Taxes receivable	81,447,294	80,808,317	(81,447,294)	80,808,317
Accrued interest		66		66
Due from the CCA internal service fund	2,507,784	677,863	(2,507,784)	677,863
Due from member municipalities	322,581	366,318	(322,581)	366,318
TOTAL ASSETS	\$ 93,236,928	\$ 497,214,865	\$ (501,365,684)	\$ 89,086,109
LIABILITIES				
Due to the City of Cleveland	\$ 54,535,801	\$ 343,730,768	\$ (346,695,553)	\$ 51,571,016
Due to member municipalities	38,701,127	153,484,097	(154,670,131)	37,515,093
TOTAL LIABILITIES	\$ 93,236,928	\$ 497,214,865	\$ (501,365,684)	\$ 89,086,109

The notes to the financial statements are an integral part of this statement.

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE A--DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

The Central Collection Agency, Division of Taxation, City of Cleveland, Ohio (the " Agency ") is reported as part of the City of Cleveland's primary government and was created for the purpose of collecting city income taxes and disbursing those funds to the respective member municipalities ("members") after payment of related expenses. Allocations of tax collections to members are based upon information provided by the taxpayers on the returns and supporting data. Such allocations are subject to adjustments in the subsequent year, dependent upon final returns filed by taxpayers and final review by the Agency. Refunds for overpayments are offset against allocated collections as amounts are determined.

Basis of Presentation: The financial statements are presented in accordance with Governmental Accounting Standards Board's (GASB) *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification) which requires financial statements by fund type. These financial statements present a columnar total for all fund types included in the statement of assets and liabilities.

The following fund types are used by the Agency:

Proprietary Fund Type--Internal Service Fund: This fund is used to account for the services provided to members on a cost-reimbursement basis.

Fiduciary Fund Type--Agency Fund: This fund is used to account for assets held by the Agency as an agent for others.

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Model: The accounting policies and financial reporting practices of the Agency comply with accounting principles generally accepted in the United States of America applicable to governmental units. Effective January 1, 2002, the Agency changed its financial reporting by implementing the provisions of Statement No. 34 of the Governmental Accounting Standards Board (GASB), *Management's Discussion and Analysis – for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*, and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. These "Reporting Model" statements affect the way the Agency prepares and presents financial information.

Basis of Accounting: All financial transactions of the Agency are reported on the accrual basis of accounting. Under this accounting method, assets and the related liabilities at the end of the year primarily consist of individual income taxes receivable arising from payroll tax withholdings in December and a receivable for quarterly and annual payments of income taxes pertaining to net profits, self-employment and residents taxes earned in the prior years. For accounting purposes, the agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of operations. Financial transactions for the internal service fund are reported on the accrual basis of accounting; revenues are recognized when earned and measurable, and expenses are recognized as incurred. For accounting purposes, the operations of the internal service fund are similar to a private-sector business enterprise. Accordingly, in accounting for the operating activities, the economic resources measurement focus is used.

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CENTRAL COLLECTION AGENCY
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DIVISION OF TAXATION**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

With respect to proprietary activities, the Agency has adopted GASB 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Units that Use Proprietary Accounting*. The Agency has elected to apply all applicable GASB pronouncements as well as Financial Accounting Standards Board pronouncements and Accounting Principles Board Opinions issued on or before November 30, 1989, unless those pronouncements conflict or contradict GASB pronouncements. The Agency has chosen the option not to apply future FASB standards (including amendments to earlier pronouncements).

Supplies: Supplies are expensed when purchased.

Statement of Cash Flows: The Agency utilizes the direct method of reporting for the statement of cash flows as defined by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, for its internal service fund. In a statement of cash flows, cash receipts and cash payments are classified according to operating, non-capital financing, capital and related financing, and investing activities.

For purposes of this statement, cash and cash equivalents include highly liquid investments with a maturity of three months or less when purchased and all of the Agency's share of the City of Cleveland's pooled cash account.

Allocation of Expenses: The Agency allocates all operating expenses, net of interest income, to members based upon the arithmetic mean of the percentage of each municipality's transactions to total transactions and the percentage of each municipality's revenue to total revenue.

Allocation of Interest Income: Excess funds are invested on a daily basis and interest income earned on such investments is allocated to members based on the percentage of each municipality's revenue to total revenue. The City of Cleveland receives collections of tax receipts in advance of the regular monthly distribution date, and accordingly, interest income is allocated exclusively to the other members.

Compensated Absences: The Agency accrues for compensated absences such as vacation, sick leave and compensatory time using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. These amounts are recorded as accrued wages and benefits in the accompanying balance sheets.

Normally, all vacation time is to be taken in the year available. The Agency allows employees to carryover up to 80 hours of vacation time from one year to the next with proper approval. Sick days not taken may be accumulated until retirement. An employee is paid one-third of accumulated sick leave upon retirement, calculated at the three-year average base salary rate, with the balance being forfeited.

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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE C--POOLED AND SEGREGATED CASH AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2004 and December 31, 2003 totaled \$2,972,144 and (\$185,085), respectively, and the Agency's bank balances were \$1,979,072 and \$5,264,015, respectively. The differences represent outstanding warrants payable and normal reconciling items.

Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*, \$1,979,072 and \$5,264,015 of the bank balances at December 31, 2004 and 2003, respectively, were insured or collateralized with securities held by the City or by its agent in the City's name.

Investments: These amounts are monies invested by the City Treasurer on behalf of the Agency and are used in daily operations with excess monies invested daily in STAROhio and mutual funds. These investments are carried at cost which approximates market value. Monies due to member agencies are disbursed from these funds on a monthly basis.

The Agency's investments with STAROhio at December 31, 2004 and December 31, 2003 totaled \$3,358,044 and \$7,317,566, respectively. The Agency's investment in mutual funds at December 31, 2004 and December 31, 2003 totaled \$11,753,517 and \$1,540,049, respectively. STAROhio investments and mutual funds are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form and do not meet the criteria established by GASB Statement No. 3. The GASB Statement No. 3 disclosure for the amount in the City of Cleveland Pooled Cash Account is included in the Comprehensive Annual Financial Report for the City of Cleveland.

NOTE D--DUE TO AND DUE FROM TRANSACTIONS

During the course of normal operations, the Agency has numerous transactions between its own funds and the municipalities which it serves, including transfers of resources to provide services. Such transactions are generally reflected as due to or due from account balances in the accompanying financial statements.

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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE D--DUE TO AND DUE FROM TRANSACTIONS (Continued)

Individual fund due to and due from receivables and payables balances as of December 31, 2004 are as follows:

	Internal Service Fund	Agency Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Due from CCA internal service fund	\$	\$ 579,496	\$ 579,496
Due from member municipalities		399,861	399,861
Total Due From	<u>\$ -</u>	<u>\$ 979,357</u>	<u>\$ 979,357</u>
Due to the CCA agency fund	579,496		579,496
Due to the City of Cleveland	38,286	61,448,631	61,486,917
Due to member municipalities		41,605,857	41,605,857
Total Due To	<u>\$ 617,782</u>	<u>\$ 103,054,488</u>	<u>\$ 103,672,270</u>

Individual fund due to and due from receivables and payables balances as of December 31, 2003 are as follows:

	Internal Service Fund	Agency Fund	Total
	<u> </u>	<u> </u>	<u> </u>
Due from CCA internal service fund	\$	\$ 677,863	\$ 677,863
Due from member municipalities	2,191	366,318	368,509
Total Due From	<u>\$ 2,191</u>	<u>\$ 1,044,181</u>	<u>\$ 1,046,372</u>
Due to the CCA agency fund	677,863		677,863
Due to the City of Cleveland	19,214	51,571,016	51,590,230
Due to member municipalities		37,515,093	37,515,093
Total Due To	<u>\$ 697,077</u>	<u>\$ 89,086,109</u>	<u>\$ 89,783,186</u>

**CITY OF CLEVELAND, OHIO
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE E--PENSION AND RETIREMENT PLANS

All full-time employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

- 1) The Traditional Pension Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
- 3) The Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. 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 OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Member and employer contribution rates were consistent across all three plans (TP, MD and CO). Member contribution rates were 8.5% and employer contribution rates were 13.55% of covered payroll. The Agency's required employer contributions to OPERS for all plans for the years ending December 31, 2004, 2003 and 2002 were approximately \$535,000, \$501,000 and \$475,000 each year, respectively. The required payments due in 2004, 2003 and 2002 have been made.

NOTE F--OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS provides retirement, disability and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage. In order to qualify for postretirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE F--OTHER POSTEMPLOYMENT BENEFITS (Continued)

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The City's contribution rate was 13.55% of covered payroll, and 4.00% was used to fund health care for the year. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2003. 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 the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for 2003 was 8.00%. 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 6.30%.

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (and beyond) health care costs were assumed to increase at 4% (the projected inflation rate). OPEBs are advance-funded on an actuarially determined basis. At year-end 2004, the number of active contributing participants in the Traditional and Combined Plans totaled 369,885. The employer contribution rates are the actuarially determined contribution requirements for OPERS. The Agency's actual contributions for 2004 which were to fund postemployment benefits were approximately \$158,000. \$10.5 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2003. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE G--RELATED PARTY TRANSACTIONS

The Agency is provided various services by the City of Cleveland. Charges are based on actual use or on a reasonable pro rata basis. The more significant of these costs, as reported in the statement of revenues and expenses of the internal service fund for the years ended December 31, 2004 and 2003, were as follows:

	2004	2003
City administration	\$401,748	\$384,185
Office rent	164,592	164,592
Telephone	55,475	56,594
Water Pollution Control		1,541
Cleveland Public Power	49,376	6,686
Parking Facilities	2,786	222
Printing services	30,117	32,294
Motor Vehicle Maintenance	5,681	7,059
Waste collection	1,863	2,349
	\$711,638	\$655,522

NOTE H--DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$399,861 at December 31, 2004 and \$366,318 at December 31, 2003 as accrued wages and benefits. These amounts are recorded as due from member municipalities receivable in the agency fund.

NOTE I--CONTINGENT LIABILITIES AND RISK MANAGEMENT

Contingent Liabilities: Various claims are pending against the City involving the Agency for personal injuries, property damage and other matters. The City is responsible for the suits. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Agency's financial position, results of operations or cash flows.

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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2004 and 2003**

NOTE I--CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

Risk Management: The Agency is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2004 or 2003.

The City provides the choice of four separate health insurance plans for its employees. These plans are provided by two different insurers through commercial insurance. Operating funds are charged a monthly rate per employee, by type of coverage. The City participates in the State of Ohio workers' compensation retrospective rating program.

In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Agency is immaterial.

**CITY OF CLEVELAND, OHIO
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**SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2004**

Members	Balance Collected and Due Members January 1, 2004		Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses		Total Disbursements and Expenses	Balance Collected and Due Members December 31, 2004				
	\$	\$				\$	\$						
Ada	54,092.34	\$	869,613.26	\$	923,705.60	\$	837,741.29	\$	27,889.22	\$	865,630.51	\$	58,075.09
Andover	36,034.52		579,355.33		615,389.85		558,228.22		13,368.85		571,597.07		43,792.78
Bratenahl	156,419.55		1,110,968.36		1,267,387.91		1,152,384.64		25,782.50		1,178,167.14		89,220.77
Burton	27,053.53		370,607.09		397,660.62		354,710.12		17,722.21		372,432.33		25,228.29
Chardon	162,086.37		2,395,356.69		2,557,443.06		2,289,411.24		85,205.88		2,374,617.12		182,825.94
Cleveland	5,268.61		297,639,121.20		297,644,389.81		285,028,684.93		4,753,397.11		289,782,082.04		7,862,307.77
Creston	15,870.92		333,371.90		349,242.82		313,659.38		15,411.39		329,070.77		20,172.05
Cridersville			137,358.79		137,358.79		124,380.98		3,422.18		127,803.16		9,555.63
Dunkirk	2,974.33		55,727.46		58,701.79		52,300.28		4,548.96		56,849.24		1,852.55
Eucled	1,563,616.36		25,187,492.53		26,751,108.89		24,379,163.29		522,163.46		24,901,326.75		1,849,782.14
Gates Mills	138,950.24		1,238,289.52		1,377,239.76		1,183,697.63		37,998.37		1,221,696.00		155,543.76
Geneva	69,359.48		107,821.45		177,180.93		174,190.21		2,990.72		177,180.93		-
Geneva-on-the-Lake	11,145.25		147,189.80		158,335.05		143,193.60		9,790.99		152,984.59		5,350.46
Grand Rapids	8,183.56		206,741.38		214,924.94		191,718.67		12,383.69		204,102.36		10,822.58
Grand River	17,537.46		341,788.13		359,325.59		337,995.74		7,574.34		345,570.08		13,755.51
Highland Hills	183,590.49		2,354,432.16		2,538,022.65		2,287,894.37		29,492.33		2,317,386.70		220,635.95
Liberty Center	5,769.24		156,136.48		161,905.72		144,458.88		10,008.07		154,466.95		7,438.77
Linddale	5,615.47		81,743.93		87,359.40		79,448.33		1,773.58		81,221.91		6,137.49
Madison	50,576.08		802,164.21		852,740.29		752,471.71		37,428.45		789,900.16		62,840.13
Marblehead	386.86				386.86		386.86				386.86		-
Medina	246,745.67		9,500,525.32		9,747,270.99		8,679,892.19		286,563.02		8,966,455.21		780,815.78
Mentor	1,797,096.62		27,147,235.59		28,944,332.21		26,330,649.56		512,795.15		26,843,444.71		2,100,887.50
Mentor-on-the-Lake	44,618.82		740,900.06		785,518.88		707,280.75		33,016.07		740,296.82		45,222.06
Metamora	7,883.43		185,980.50		193,863.93		177,176.22		7,272.59		184,448.81		9,415.12
Middlefield	204,124.20		2,562,033.03		2,766,157.23		2,530,262.02		44,913.16		2,575,175.18		190,982.05
Northfield	34,036.16		766,622.51		800,658.67		720,732.45		30,773.93		751,506.38		49,152.29
North Baltimore	42,744.83		536,349.72		579,094.55		526,408.54		19,443.27		545,851.81		33,242.74
North Perry	28,487.44		836,991.21		865,478.65		780,444.10		13,851.42		794,295.52		71,183.13
North Randall	80,533.59		1,322,069.66		1,402,603.25		1,281,972.89		29,081.81		1,311,054.70		91,548.55
Village of Oakwood	5,020.96		105,141.39		110,162.35		95,677.28		5,626.08		101,303.36		8,858.99
Orwell	100,433.67		910,070.68		1,010,504.35		931,713.10		17,052.85		948,765.95		61,738.40
Painesville	551,445.40		7,075,635.70		7,627,081.10		6,940,011.04		154,370.05		7,094,381.09		532,700.01
Paulding	15,694.64		436,189.56		451,884.20		404,252.62		25,682.38		429,935.00		21,949.20
Peninsula	13,305.76		268,955.94		282,261.70		250,113.97		11,197.34		261,311.31		20,950.39
Perry	17,437.25		567,935.87		585,373.12		535,338.27		18,509.50		553,847.77		31,525.35
Rock Creek	4,499.86		76,371.75		80,871.61		68,586.87		5,306.28		73,893.15		6,978.46
Rocky River	571,097.46		7,755,602.33		8,326,699.79		7,452,849.22		238,915.42		7,691,764.64		634,935.15
Seville	37,532.71		786,131.36		823,664.07		742,345.29		29,358.96		771,704.25		51,959.82
South Russell	67,583.26		1,110,848.22		1,178,431.48		1,041,288.67		42,777.88		1,084,066.55		94,364.93
Timberlake	3,617.03		70,865.23		74,482.26		63,948.32		6,055.03		70,003.35		4,478.91
Wadsworth	320,132.21		5,301,069.75		5,621,201.96		5,068,161.62		178,672.20		5,246,833.82		374,368.14
Warrensville Heights	477,490.35		10,140,981.74		10,618,472.09		9,698,564.08		175,650.51		9,874,214.59		744,257.50
Willoughby	966,990.11		13,081,694.87		14,048,684.98		12,698,929.11		289,878.64		12,988,807.75		1,059,877.23
Willoughby Hills	178,045.60		2,779,951.77		2,957,997.37		2,657,070.39		105,831.49		2,762,910.88		195,086.49
Totals	8,331,127.69	\$	428,181,433.43	\$	436,512,561.12	\$	410,769,797.94	\$	7,900,947.33	\$	418,670,745.27	\$	17,841,815.85

**CITY OF CLEVELAND, OHIO
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**SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2004**

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities Other Than Cleveland	Allocation of Net Operating Expenses
Ada	0.376642%	0.666154%	\$ 29,170.10	\$ 1,280.88	\$ 27,889.22
Andover	0.183636%	0.443807%	14,222.20	853.35	13,368.85
Bratenahl	0.354030%	0.851041%	27,418.88	1,636.38	25,782.50
Burton	0.235876%	0.283898%	18,268.09	545.88	17,722.21
Chardon	1.145726%	1.834927%	88,734.08	3,528.20	85,205.88
Cleveland	56.822902%	0.000000%	4,753,397.11	-	4,753,397.11
Creston	0.205331%	0.255375%	15,902.42	491.03	15,411.39
Cridersville	0.046799%	0.105222%	3,624.50	202.32	3,422.18
Dunkirk	0.059796%	0.042689%	4,631.04	82.08	4,548.96
Euclid	7.221899%	19.294505%	559,262.98	37,099.52	522,163.46
Gates Mills	0.514182%	0.948573%	39,822.29	1,823.92	37,998.37
Geneva	0.093440%	0.082593%	3,149.53	158.81	2,990.72
Geneva-on-the-Lake	0.129220%	0.112753%	10,007.79	216.80	9,790.99
Grand Rapids	0.163829%	0.158371%	12,688.21	304.52	12,383.69
Grand River	0.104299%	0.261822%	8,077.77	503.43	7,574.34
Highland Hills	0.425580%	1.803578%	32,960.25	3,467.92	29,492.33
Liberty Center	0.132193%	0.119606%	10,238.05	229.98	10,008.07
Lindale	0.024455%	0.062619%	1,893.98	120.40	1,773.58
Madison	0.498529%	0.614486%	38,609.99	1,181.54	37,428.45
Medina	3.880759%	7.277736%	300,556.67	13,993.65	286,563.02
Mentor	7.137459%	20.795737%	552,781.24	39,986.09	512,795.15
Mentor-on-the-Lake	0.440391%	0.567555%	34,107.37	1,091.30	33,016.07
Metamora	0.097440%	0.142468%	7,546.53	273.94	7,272.59
Middlefield	0.628640%	1.962607%	48,686.87	3,773.71	44,913.16
Northfield	0.411930%	0.587260%	31,903.11	1,129.18	30,773.93
North Baltimore	0.261250%	0.410863%	20,233.28	790.01	19,443.27
North Perry	0.194766%	0.641165%	15,084.25	1,232.83	13,851.42
North Randall	0.400645%	1.012752%	31,029.13	1,947.32	29,081.81
Village of Oakwood	0.074643%	0.080542%	5,780.95	154.87	5,626.08
Orwell	0.237493%	0.697146%	18,393.32	1,340.47	17,052.85
Painesville	2.127779%	5.420186%	164,792.00	10,421.95	154,370.05
Paulding	0.339904%	0.334137%	26,324.86	642.48	25,682.38
Peninsula	0.149694%	0.206030%	11,593.49	396.15	11,197.34
Perry	0.249794%	0.435059%	19,346.03	836.53	18,509.50
Rock Creek	0.069967%	0.058503%	5,418.77	112.49	5,306.28
Rocky River	3.232352%	5.941064%	250,338.91	11,423.49	238,915.42
Seville	0.394031%	0.602204%	30,516.88	1,157.92	29,358.96
South Russell	0.573471%	0.850949%	44,414.09	1,636.21	42,777.88
Timberlake	0.079530%	0.054285%	6,159.41	104.38	6,055.03
Wadsworth	2.407816%	4.060806%	186,480.33	7,808.13	178,672.20
Warrens Heights	2.460848%	7.768348%	190,587.51	14,937.00	175,650.51
Willoughby	3.991678%	10.021038%	309,147.12	19,268.48	289,878.64
Willoughby Hills	1.419356%	2.129541%	109,926.18	4,094.69	105,831.49
Totals	100.000000%	100.000000%	\$ 8,093,227.56	\$ 192,280.23	\$ 7,900,947.33

**CITY OF CLEVELAND, OHIO
CENTRAL COLLECTIONS AGENCY
DIVISION OF TAXATION**

**SCHEDULE OF INCOME TAXES RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

	Income Taxes Receivable Dec. 31, 2004	Income Taxes Receivable Dec. 31, 2003
Ada	\$ 194,488.92	\$ 190,929.29
Andover	95,620.92	94,604.52
Barberton	1,096,611.25	
Bratenahl	368,889.48	472,999.36
Burton	102,247.29	99,238.55
Chardon	588,138.63	603,053.23
Cleveland	53,586,323.24	51,565,748.00
Creston	153,730.23	135,352.13
Cridersville	39,710.17	
Dunkirk	17,493.91	18,911.25
Euclid	6,032,778.32	5,818,760.85
Gates Mills	556,986.65	640,463.92
Geneva		452,014.49
Geneva-on-the-Lake	84,941.06	66,915.61
Grand Rapids	87,540.87	86,447.07
Grand River	94,422.70	93,073.76
Highland Hills	296,809.11	329,377.88
Liberty Center	80,105.32	88,829.16
Linndale	11,146.02	10,997.71
Madison	296,036.67	286,365.96
Medina	3,325,227.38	1,431,585.51
Mentor	5,544,363.28	5,460,978.32
Mentor-on-the-Lake	220,823.55	230,145.76
Metamora	46,493.67	44,686.86
Middlefield	389,306.76	360,466.54
Northfield	177,691.75	181,389.52
North Baltimore	116,269.27	130,225.93
North Perry	99,982.04	126,536.69
North Randall	231,311.56	250,074.61
Village of Oakwood	82,632.58	17,408.30
Orwell	128,790.39	127,427.48
Painesville	1,251,367.99	1,304,601.57
Paulding	118,135.31	104,760.79
Peninsula	72,662.70	66,287.77
Perry	126,873.04	108,239.21
Rock Creek	22,883.99	20,250.92
Rocky River	2,247,362.89	2,252,624.45
Seville	229,080.70	230,993.52
South Russell	401,969.89	346,020.26
Timberlake	31,763.14	31,079.84
Wadsworth	1,332,001.98	1,286,787.54
Warrensville Heights	2,185,925.00	2,035,139.05
Willoughby	2,629,291.39	2,782,391.47
Willoughby Hills	843,550.74	824,132.20
	<u>\$ 85,639,781.75</u>	<u>\$ 80,808,316.85</u>



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
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Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY**

CUYAHOGA 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
JULY 14, 2005**