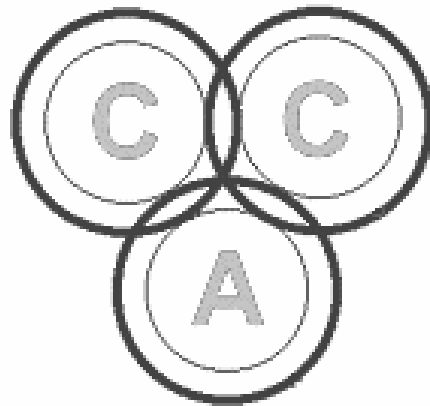


CITY OF CLEVELAND, OHIO

**CENTRAL COLLECTION
AGENCY**



**DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS
For the years ended December 31, 2005 and 2004**

CITY OF CLEVELAND, OHIO

**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, OH 44113

To the Honorable Frank G. Jackson, 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, 2005 and December 31, 2004, 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, 2005 and December 31, 2004, 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 respective financial position of the Central Collection Agency Internal Service and Agency Funds as of December 31, 2005 and December 31, 2004, 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 1, 2006

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

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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, 2005 and December 31, 2004. 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 47 member communities throughout 12 Ohio counties (at December 31, 2005). 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 \$459 million and more than \$435 million in 2005 and 2004, respectively.

COMPARISON OF 2005 DATA TO 2004 DATA

FINANCIAL HIGHLIGHTS

- The assets and the liabilities of the Agency equal \$101,307,763 at December 31, 2005.
- The Agency's total assets decreased in 2005 by \$3,411,866. This was primarily due to lower cash balances at year-end, which was due to an increase in refunds paid during the year.
- The agency fund total cash receipts of approximately \$459 million consisted of \$369 million of employer withholding, \$42 million of business profits, \$43 million of individual payments, and \$5 million of other payments.
- During 2005, the Agency's total operational cost was \$8,004,304. This consists of \$5,295,834 of employee's wages and benefits, \$891,723 of allocated charges, and \$1,816,747 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 17-28 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, 2005 and 2004:

	<u>2005</u>	<u>2004</u>	<u>Increase/ (Decrease)</u>
Assets:			
Cash and cash equivalents	\$ 14,804,219	\$ 18,083,705	\$ (3,279,486)
Taxes receivable	84,713,142	85,639,782	(926,640)
Accrued interest	46,363	16,785	29,578
Due from CCA internal service fund	1,354,666	579,496	775,170
Due from member municipalities	<u>389,373</u>	<u>399,861</u>	(10,488)
Total assets	<u>101,307,763</u>	<u>104,719,629</u>	(3,411,866)
Liabilities:			
Accounts payable	98,133	316,198	(218,065)
Due to CCA agency fund	1,354,666	579,496	775,170
Due to the City of Cleveland	54,695,214	61,486,917	(6,791,703)
Due to member municipalities	44,438,741	41,605,857	2,832,884
Accrued wages and benefits	<u>721,009</u>	<u>731,161</u>	(10,152)
Total liabilities	<u>\$101,307,763</u>	<u>\$104,719,629</u>	\$ (3,411,866)

**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 decrease in assets is primarily attributable to lower cash balances at year-end, which was caused by an increase in refunds paid during the year.

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City of Cleveland). Liabilities decreased by approximately \$3.4 million which was mainly due to a decrease in Due to the City of Cleveland, which represents taxes receivable for the City of Cleveland.

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

	Internal Service Fund		
	<u>2005</u>	<u>2004</u>	<u>Increase/ (Decrease)</u>
Operating Revenues			
Charges for services	\$ 7,430,133	\$ 7,900,947	\$ (470,814)
Total operating revenues	7,430,133	7,900,947	(470,814)
Operating Expenses			
Salaries and wages	4,094,391	4,027,607	66,784
Employee benefits	1,201,443	1,181,441	20,002
Postage and office supplies	512,581	762,477	(249,896)
Allocation of City of Cleveland costs	891,723	801,638	90,085
Other administrative expenses	<u>1,304,166</u>	<u>1,320,064</u>	(15,898)
Total operating expense	<u>8,004,304</u>	<u>8,093,227</u>	(88,923)
Operating loss	(574,171)	(192,280)	381,891
Non-operating Revenue			
Interest income	<u>574,171</u>	<u>192,280</u>	381,891
Change in net assets	-	-	
Net assets at beginning of year	-	-	
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 decrease in postage and office supplies was mainly due to a decrease in payments for income tax forms. The decrease 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 an increase in rent expense associated with CCA's move to the 205 W. Saint Clair building.

The decrease in other administrative expenses was mainly due to the decrease in the purchase of office supplies and the decrease in the purchase of office furniture and equipment.

Due to an increase in cash available throughout the year and earning a higher rate of return, interest income increased \$381,891 in 2005.

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, \$801,638 of allocated charges, and \$2,082,541 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 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 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 17-28 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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:

	<u>2004</u>	<u>2003</u>	<u>Increase/ (Decrease)</u>
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	<u>104,719,629</u>	<u>90,529,945</u>	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

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.

**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		
	<u>2004</u>	<u>2003</u>	Increase/ (Decrease)
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	801,638	655,522	146,116
Other administrative expenses	<u>1,320,064</u>	<u>1,067,940</u>	252,124
Total operating expense	<u>8,093,227</u>	<u>7,191,151</u>	902,076
Operating loss	(192,280)	(154,111)	38,169
Non-operating Revenue			
Interest income	<u>192,280</u>	<u>154,111</u>	38,169
Change in net assets	<u>-</u>	<u>-</u>	
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 \$146,000 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.

**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 2006 are approximately 2 percent greater than the collections in the same period in 2005.

The operating budget for the Agency as approved by the Cleveland City Council for 2006 provides for an overall increase in budgeted expenditures of approximately 11 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, 2005 and 2004**

	2005		2004	
	Proprietary Fund Type	Fiduciary Fund Type	Proprietary Fund Type	Fiduciary Fund Type
	Internal Service	Agency	Internal Service	Agency
ASSETS				
Cash and cash equivalents	\$2,140,569	\$12,663,650	\$ 1,648,356	\$ 16,435,349
Taxes receivable		84,713,142		85,639,782
Accrued interest	46,363		16,785	
Due from CCA internal service fund		1,354,666		579,496
Due from member municipalities		389,373		399,861
TOTAL ASSETS	<u>2,186,932</u>	<u>99,120,831</u>	<u>1,665,141</u>	<u>103,054,488</u>
LIABILITIES				
Accounts payable	98,133		316,198	
Due to CCA agency fund	1,354,666		579,496	
Due to the City of Cleveland	13,124	54,682,090	38,286	61,448,631
Due to member municipalities		44,438,741		41,605,857
Accrued wages and benefits	721,009		731,161	
TOTAL LIABILITIES	<u>\$2,186,932</u>	<u>\$99,120,831</u>	<u>\$ 1,665,141</u>	<u>\$103,054,488</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, 2005 and 2004

	2005	2004
OPERATING REVENUES		
Charges for services	\$ 7,430,133	\$7,900,947
OPERATING EXPENSES		
Salaries and wages	4,094,391	4,027,607
Employee benefits	1,201,443	1,181,441
Postage and office supplies	512,581	762,477
Allocation of City of Cleveland costs	891,723	801,638
Other administrative expenses	1,304,166	1,320,064
TOTAL OPERATING EXPENSES	8,004,304	8,093,227
OPERATING LOSS	(574,171)	(192,280)
NON-OPERATING REVENUE		
Interest income	574,171	192,280
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, 2005 and 2004**

	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member municipalities	\$ 8,205,302	\$ 7,804,799
Cash payments to suppliers of goods and services	(2,944,025)	(2,652,669)
Cash payments for employee services and benefits	(5,313,658)	(5,120,913)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(52,381)	31,217
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	544,594	178,154
NET CASH PROVIDED BY INVESTING ACTIVITIES	544,594	178,154
NET INCREASE IN CASH AND CASH EQUIVALENTS	492,213	209,371
Cash and cash equivalents at beginning of year	1,648,356	1,438,985
Cash and cash equivalents at end of year	\$ 2,140,569	\$ 1,648,356
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATIONS		
OPERATING LOSS	\$ (574,171)	\$ (192,280)
ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Changes in assets and liabilities:		
Decrease in due from member municipalities		2,191
Increase (decrease) in accounts payable	(218,066)	223,603
Increase (decrease) in due to CCA agency fund	775,170	(98,367)
Increase (decrease) in due to City of Cleveland	(25,162)	19,072
Increase (decrease) in accrued wages and benefits	(10,152)	76,998
TOTAL ADJUSTMENTS	521,790	223,497
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (52,381)	\$ 31,217

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, 2005 and 2004**

	Balance 1/1/2005	Additions	Deductions	Balance 12/31/2005
ASSETS				
Cash and cash equivalents	\$ 16,435,349	\$ 459,985,418	\$ (463,757,117)	\$ 12,663,650
Taxes receivable	85,639,782	84,713,142	(85,639,782)	84,713,142
Due from the CCA internal service fund	579,496	1,354,666	(579,496)	1,354,666
Due from member municipalities	399,861	389,373	(399,861)	389,373
TOTAL ASSETS	\$ 103,054,488	\$ 546,442,599	\$ (550,376,256)	\$ 99,120,831
LIABILITIES				
Due to the City of Cleveland	\$ 61,448,631	\$ 359,876,092	\$ (366,642,633)	\$ 54,682,090
Due to member municipalities	41,605,857	186,566,507	(183,733,623)	44,438,741
TOTAL LIABILITIES	\$ 103,054,488	\$ 546,442,599	\$ (550,376,256)	\$ 99,120,831

	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

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, 2005 and 2004**

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. Beginning January 1, 2002, the Agency changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Effective January 1, 2005, the Agency implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which is effective for the year ended December 31, 2005. The City has determined that GASB Statement No. 42 has no impact on its financial statements as of December 31, 2005.

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

NOTE C--POOLED AND SEGREGATED CASH AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2005 and December 31, 2004 totaled \$3,164,674 and \$2,972,144, respectively, and the Agency's bank balances were \$1,764,858 and \$1,979,072, 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* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, \$1,764,858 and \$1,979,072 of the bank balances at December 31, 2005 and 2004, respectively, were insured or collateralized with securities held by the City or by its agent in the City's name.

Custodial credit risk for deposits is the risk that in the event of bank failure, the Agency will not be able to recover deposits or collateral for securities that are in possession of an outside party. At year end, the Agency's deposits were fully insured or collateralized. All deposits are collateralized with eligible securities pledged and deposited either with the City or with a qualified trustee by the financial institution as security for repayment of all public monies deposited in the financial institution whose market value at all times is equal to at least 110% of the carrying value of the deposits being secured.

Investments: The City's investment policies are governed by state statutes and City ordinances, which authorize the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities; bonds and other State obligations; certificates of deposit; U.S. Government Money Market Mutual Funds; STAROhio; guaranteed investment contracts and repurchase transactions. Such repurchase transactions must be purchased from financial institutions or registered broker/dealers. Repurchase transactions are not to exceed a period of one year and confirmation of securities pledged must be obtained.

Under City policy, investments are limited to repurchase agreements, U.S. Government securities, certificates of deposit, investments in certain money market mutual funds, and STAROhio. Generally, investments are recorded in segregated accounts by way of book entry through the banks' commercial or trust department and are kept at the Federal Reserve Bank in the depository institutions' separate custodial account for the Agency, apart from the assets of the depository institution. Ohio statute prohibits the use of Reverse Repurchase Agreements.

Investment securities are exposed to various risks such as interest rate, market and credit. Market values of securities fluctuate based on the magnitude of changing market conditions; significant changes in market conditions could materially affect portfolio value.

Interest rate risk: As a means of limiting its exposure to fair value losses caused by rising interest rates, the Agency invests primarily in short-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

NOTE C--POOLED AND SEGREGATED CASH AND INVESTMENTS (Continued)

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

Credit Risk: Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Agency has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The Agency places no limit on the amount it may invest in any one issuer. The Agency had the following investments at December 31, 2005 and 2004, which include those classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9 since they have a maturity of three months or less:

<u>Type of Investment</u>	<u>2005 Fair Value</u>	<u>2005 Cost</u>	<u>2004 Fair Value</u>	<u>2004 Cost</u>
STAROhio	\$ 7,917,973	\$ 7,917,973	\$ 3,358,044	\$ 3,358,044
Investment in Mutual Funds	<u>3,721,571</u>	<u>3,721,571</u>	<u>11,753,517</u>	<u>11,753,517</u>
Total Investments	11,639,544	11,639,544	15,111,561	15,111,561
Total Deposits	<u>3,164,675</u>	<u>3,164,675</u>	<u>2,972,144</u>	<u>2,972,144</u>
Total Deposits and Investments	<u>\$ 14,804,219</u>	<u>\$ 14,804,219</u>	<u>\$ 18,083,705</u>	<u>\$ 18,083,705</u>

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. STAROhio investments and investments in mutual funds are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form. The disclosure required by GASB Statements No. 3 and No. 40 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

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

Individual fund due to and due from receivables and payables balances as of December 31, 2005 are as follows:

	<u>Internal Service Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Due from CCA internal service fund	\$	\$ 1,354,666	\$ 1,354,666
Due from member municipalities	<u> </u>	389,373	<u>389,373</u>
Total Due From	\$ <u> </u> -	\$ <u>1,744,039</u>	\$ <u>1,744,039</u>
Due to the CCA agency fund	1,354,666		1,354,666
Due to the City of Cleveland	13,124	54,682,090	54,695,214
Due to member municipalities	<u> </u>	44,438,741	<u>44,438,741</u>
Total Due To	\$ <u>1,367,790</u>	\$ <u>99,120,831</u>	\$ <u>100,488,621</u>

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

	<u>Internal Service Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Due from CCA internal service fund	\$	\$ 579,496	\$ 579,496
Due from member municipalities	<u> </u>	399,861	<u>399,861</u>
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	<u> </u>	41,605,857	<u>41,605,857</u>
Total Due To	\$ <u>617,782</u>	\$ <u>103,054,488</u>	\$ <u>103,672,270</u>

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

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 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. OPERS 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, 2005, 2004 and 2003 were approximately \$548,000, \$535,000 and \$501,000 each year, respectively. The required payments due in 2005, 2004 and 2003 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

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, 2004. 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 2004 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 (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate). OPEBs are advance-funded on an actuarially determined basis. At year-end 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The employer contribution rates are the actuarially determined contribution requirements for OPERS. The Agency's actual contributions for 2005 which were to fund postemployment benefits were approximately \$162,000. \$10.8 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2004. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

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, 2005 and 2004, were as follows:

	2005	2004
City administration	\$401,748	\$401,748
Office rent	349,350	164,592
Telephone	61,112	55,475
Cleveland Public Power	28,598	49,376
Parking Facilities	2,672	2,786
Printing services	39,318	30,117
Motor Vehicle Maintenance	8,238	5,681
Waste collection	687	1,863
Capital expenditures		90,000
Total	\$891,723	\$801,638

NOTE H--DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$389,373 at December 31, 2005 and \$399,861 at December 31, 2004 as accrued wages and benefits. These amounts are recorded as due from member municipalities 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.

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 2005 or 2004.

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2005 and 2004**

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

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
CENTRAL COLLECTION AGENCY
DEPARTMENT OF FINANCE
DIVISION OF TAXATION
SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Members	Balance Collected and Due Members January 1, 2005	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2005
Ada	\$ 58,075.09	\$ 891,861.28	\$ 949,936.37	\$ 862,740.87	\$ 25,844.17	\$ 888,585.04	\$ 61,351.33
Andover	43,792.78	571,288.38	615,081.16	561,315.48	12,130.92	573,446.40	41,634.76
Barberton		10,820,801.99	10,820,801.99	9,835,121.48	166,177.76	10,001,299.24	819,502.75
Braider		107,864.96	107,864.96	98,481.46	5,155.54	103,637.00	4,227.96
Bratenahl	89,220.77	849,145.00	938,365.77	880,178.36	20,682.78	900,861.14	37,504.63
Burton	25,228.29	375,839.63	401,067.92	360,475.99	18,414.72	378,890.71	22,177.21
Charlton	182,825.94	4,312,288.80	4,495,114.74	4,083,135.20	93,673.31	4,176,808.51	318,306.23
Cleveland	7,862,307.77	297,172,414.07	305,034,721.84	296,856,400.64	4,292,334.06	301,148,734.70	3,885,987.14
Creston	20,172.05	354,013.15	374,185.20	347,957.52	16,958.93	364,916.45	9,268.75
Cridersville	9,555.63	250,125.87	259,681.50	239,804.16	10,441.95	250,246.11	9,435.39
Dunkirk	1,852.55	58,748.44	60,600.99	53,907.61	4,466.72	58,374.33	2,226.66
Euclid	1,849,782.14	26,863,785.12	28,713,567.26	26,564,246.18	472,980.92	27,037,227.10	1,676,340.16
Gates Mills	155,543.76	1,318,778.65	1,474,322.41	1,379,991.87	33,918.09	1,413,909.96	60,412.45
Geneva-on-the-Lake	5,350.46	207,376.31	212,726.77	113,550.28	9,288.22	122,838.50	89,888.27
Grand Rapids	10,822.58	205,417.02	216,239.60	194,132.70	11,605.52	205,738.22	10,501.38
Grand River	13,755.51	309,680.37	323,435.88	299,339.57	6,518.20	305,857.77	17,578.11
Highland Hills	220,635.95	2,610,768.00	2,831,403.95	2,610,031.35	25,997.20	2,636,028.55	195,375.40
Liberty Center	7,438.77	161,572.47	169,011.24	152,527.90	9,159.98	161,687.88	7,323.36
Laindale	6,137.49	89,924.60	96,062.09	87,520.27	1,778.99	89,299.26	6,762.83
Madison	62,840.13	912,700.88	975,541.01	896,274.95	37,308.70	933,583.65	41,957.36
Medina	780,815.78	11,945,390.27	12,726,206.05	11,624,071.01	285,107.15	11,909,178.16	817,027.89
Mentor	2,100,887.50	27,851,677.27	29,952,564.77	27,444,460.46	450,577.85	27,895,038.31	2,057,526.46
Mentor-on-the-Lake	45,222.06	692,714.55	737,936.61	663,045.74	29,762.44	692,808.18	45,128.43
Metamora	9,415.12	179,359.97	188,775.09	172,605.13	6,629.29	179,234.42	9,540.67
Middlefield	190,982.05	2,840,523.31	3,031,505.36	2,800,876.25	41,942.35	2,842,818.60	188,686.76
New Franklin		94,767.47	94,767.47	56,555.57	1,807.72	58,363.29	36,404.18
Northfield	49,152.29	971,610.68	1,020,762.97	921,387.00	29,829.33	951,216.33	69,546.64
North Baltimore	33,242.74	518,885.47	551,828.21	498,166.40	17,900.50	516,066.90	35,761.31
North Perry	71,183.13	1,048,297.88	1,119,481.01	1,047,183.85	12,546.18	1,059,730.03	59,750.98
North Randall	91,548.55	1,285,907.10	1,377,455.65	1,250,376.34	24,072.18	1,274,448.52	103,007.13
Norton		1,937,543.24	1,937,543.24	1,647,510.07	28,175.51	1,675,685.58	261,857.66
Village of Oakwood	8,858.99	94,769.55	103,628.54	90,494.89	5,589.70	96,084.59	7,543.95
Orwell	61,738.40	983,406.89	1,045,145.29	906,185.65	15,979.32	922,164.97	122,980.32
Painesville	532,700.01	7,609,210.50	8,141,910.51	7,428,989.46	139,040.90	7,568,030.36	573,880.15
Paulding	21,949.20	457,710.06	479,710.26	429,198.61	29,163.48	458,362.09	21,348.17
Penninsula	20,950.39	274,986.49	295,936.88	264,803.42	10,611.84	275,415.26	20,521.62
Perry	31,525.35	494,411.15	525,936.50	469,280.77	16,578.11	485,858.88	40,077.62
Rock Creek	6,978.46	65,329.11	72,307.57	64,557.67	4,515.86	69,073.53	3,234.04
Rocky River	634,935.15	7,717,994.66	8,352,929.81	7,663,453.49	224,250.49	7,887,703.98	465,225.83
Russells Point		68,271.01	68,271.01	57,572.73	2,471.56	60,044.29	8,226.72
Seville	51,959.82	812,293.90	864,253.72	790,681.99	29,194.22	819,876.21	44,377.51
South Russell	94,364.93	1,043,268.78	1,137,633.71	1,051,776.78	38,607.56	1,090,384.34	47,249.37
Timberlake	4,478.91	68,592.92	73,071.83	66,578.02	5,734.60	72,312.62	759.21
Wadsworth	374,368.14	5,729,070.35	6,103,438.49	5,580,010.42	170,799.31	5,750,809.73	352,628.76
Warrensville Heights	744,257.50	10,454,781.78	11,199,039.28	10,298,672.34	158,256.07	10,456,928.41	742,110.87
Willoughby	1,059,877.23	14,203,156.72	15,263,033.95	14,054,885.49	273,885.65	14,328,771.14	934,262.81
Willoughby Hills	195,086.49	2,756,562.86	2,951,649.35	2,703,800.40	102,267.45	2,806,067.85	145,581.50
Totals	\$ 17,841,815.85	\$ 450,644,639.93	\$ 468,486,455.78	\$ 446,524,313.79	\$ 7,430,133.30	\$ 453,954,447.09	\$ 14,532,008.69

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

**SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2005**

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	0.364564%	0.581122%	\$ 29,180.81	\$ 3,336.64	\$ 25,844.17
Andover	0.178257%	0.372242%	14,268.23	2,137.31	12,130.92
Barberton	2.581868%	7.050658%	206,660.61	40,482.85	166,177.76
Bradner	0.069451%	0.070283%	5,559.09	403.55	5,155.54
Bratenahl	0.298085%	0.553289%	23,859.61	3,176.83	20,682.78
Burton	0.247627%	0.244891%	19,820.81	1,406.09	18,414.72
Chardon	1.371843%	2.809817%	109,806.47	16,133.16	93,673.31
Cleveland	53.625325%	0.000000%	4,292,334.06	-	4,292,334.06
Creston	0.228419%	0.230699%	18,283.37	1,324.44	16,958.93
Cridersville	0.142145%	0.162978%	11,377.72	935.77	10,441.95
Dunkirk	0.058550%	0.038280%	4,686.51	219.79	4,466.72
Euclid	7.164693%	17.504005%	573,483.87	100,802.93	472,680.94
Gates Mills	0.485388%	0.859295%	38,851.91	4,933.82	33,918.09
Geneva-on-the-Lake	0.125733%	0.135123%	10,064.06	775.84	9,288.22
Grand Rapids	0.154592%	0.133846%	12,374.03	768.51	11,605.52
Grand River	0.095908%	0.201783%	7,676.78	1,158.58	6,518.20
Highland Hills	0.446817%	1.701134%	35,764.62	9,767.42	25,997.20
Liberty Center	0.121900%	0.105278%	9,764.46	604.48	9,159.98
Linddale	0.026429%	0.058593%	2,115.42	336.43	1,778.99
Madison	0.508767%	0.594701%	40,723.30	3,414.60	37,308.70
Medina	4.120249%	7.783422%	329,797.31	44,690.16	285,107.15
Mentor	6.930980%	18.147699%	554,776.71	104,198.86	450,577.85
Mentor-on-the-Lake	0.404208%	0.451362%	32,354.03	2,591.59	29,762.44
Metamora	0.091205%	0.116868%	7,300.31	671.02	6,629.29
Middlefield	0.656763%	1.850839%	52,569.33	10,626.98	41,942.35
New Franklin	0.027014%	0.061749%	2,162.26	354.54	1,807.72
Northfield	0.418079%	0.633086%	33,464.33	3,635.00	29,829.33
North Baltimore	0.247874%	0.337902%	19,840.63	1,940.13	17,900.50
North Perry	0.205740%	0.683054%	16,468.08	3,921.90	12,546.18
North Randall	0.360844%	0.837876%	28,883.02	4,810.84	24,072.18
Norton	0.442565%	1.262472%	35,424.26	7,248.75	28,175.51
Village of Oakwood	0.074263%	0.061750%	5,944.25	354.55	5,589.70
Orwell	0.245598%	0.640772%	19,688.45	3,679.13	15,979.32
Painesville	2.092730%	4.958037%	167,508.52	28,467.62	139,040.90
Paulding	0.385743%	0.298270%	30,876.06	1,712.58	29,163.48
Peninsula	0.145429%	0.179177%	11,640.62	1,028.78	10,611.84
Perry	0.230224%	0.322150%	18,427.80	1,849.69	16,578.11
Rock Creek	0.059471%	0.042567%	4,760.27	244.41	4,515.86
Rocky River	3.162362%	5.028919%	253,125.10	28,874.61	224,250.49
Russells Point	0.034069%	0.044484%	2,726.98	255.42	2,471.56
Seville	0.402698%	0.529277%	32,233.18	3,038.96	29,194.22
South Russell	0.531097%	0.679777%	42,510.64	3,903.08	38,607.56
Timberlake	0.074850%	0.044694%	5,991.22	256.62	5,734.60
Wadsworth	2.401620%	3.732969%	192,232.94	21,433.63	170,799.31
Warrensville Heights	2.465793%	6.812165%	197,369.56	39,113.49	158,256.07
Willoughby	4.085584%	9.254545%	327,022.58	53,136.93	273,885.65
Willoughby Hills	1.406497%	1.796131%	112,580.32	10,312.87	102,267.45
Totals	100.000000%	100.000000%	\$ 8,004,304.50	\$ 574,171.18	\$ 7,430,133.32

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

**SCHEDULE OF INCOME TAXES RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004**

	Income Taxes Receivable Dec. 31, 2005	Income Taxes Receivable Dec. 31, 2004
Ada	202,586.59	\$ 194,488.92
Andover	87,808.26	95,620.92
Barberton	1,262,267.99	1,096,611.25
Bradner	19,164.57	
Bratenahl	359,237.72	368,889.48
Burton	99,258.81	102,247.29
Chardon	1,134,965.51	588,138.63
Cleveland	50,796,103.14	53,586,323.24
Creston	138,474.61	153,730.23
Cridersville	110,871.52	39,710.17
Dunkirk	18,363.62	17,493.91
Euclid	6,266,585.71	6,032,778.32
Gates Mills	527,462.98	556,986.65
Geneva-on-the-Lake	141,704.93	84,941.06
Grand Rapids	76,490.18	87,540.87
Grand River	82,364.56	94,422.70
Highland Hills	435,130.78	296,809.11
Liberty Center	48,712.65	80,105.32
Linndale	12,240.17	11,146.02
Madison	314,395.56	296,036.67
Medina	3,532,620.63	3,325,227.38
Mentor	5,462,228.40	5,544,363.28
Mentor-on-the-Lake	189,193.09	220,823.55
Metamora	44,037.22	46,493.67
Middlefield	404,844.09	389,306.76
Munroe Falls	94,419.23	
New Franklin	85,453.15	
Northfield	224,374.75	177,691.75
North Baltimore	107,423.34	116,269.27
North Perry	126,028.34	99,982.04
North Randall	195,888.52	231,311.56
Norton	514,735.99	
Village of Oakwood	56,695.55	82,632.58
Orwell	140,540.42	128,790.39
Painesville	1,251,570.95	1,251,367.99
Paulding	126,175.93	118,135.31
Peninsula	67,404.33	72,662.70
Perry	114,883.36	126,873.04
Rock Creek	19,663.64	22,883.99
Rocky River	2,074,383.07	2,247,362.89
Russells Point	21,242.15	
Seville	250,630.34	229,080.70
South Russell	358,303.59	401,969.89
Timberlake	25,574.80	31,763.14
Wadsworth	1,381,885.36	1,332,001.98
Warrensville Heights	2,229,222.50	2,185,925.00
Willoughby	2,686,645.91	2,629,291.39
Willoughby Hills	792,883.27	843,550.74
	<u>\$ 84,713,141.78</u>	<u>\$ 85,639,781.75</u>



**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 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
JUNE 6, 2006**