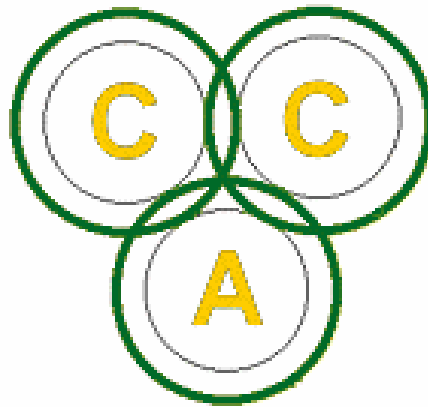


CITY OF CLEVELAND, OHIO

CENTRAL COLLECTION AGENCY



**DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS
For the years ended December 31, 2012 and 2011**

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CITY OF CLEVELAND, OHIO

CENTRAL COLLECTION AGENCY DEPARTMENT OF FINANCE DIVISION OF TAXATION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Frank G. Jackson, Mayor, Members of Council and the Audit Committee
Central Collection Agency
Division of Taxation
City of Cleveland, Ohio:

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Collection Agency's Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Ohio (the "Agency") as of and for the years ended December 31, 2012 and 2011 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinions

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Central Collection Agency's Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Ohio as of December 31, 2012 and 2011, and the changes in financial position and cash flows thereof, where applicable, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

As described in Note A, the financial statements present only the financial position and the changes in financial position and cash flows of the Agency and do not purport to, and do not, present fairly the financial position of the City of Cleveland as of December 31, 2012 and 2011, and the respective 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. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules on pages 26 through 29 are presented for purpose of additional analysis and are not a required part of the Agency's basic financial statements.

The schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Agency's basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly presented in all material respects in relation to the Agency's basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 25, 2013

**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 Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended December 31, 2012 and December 31, 2011. Please read this information in conjunction with the Agency's financial statements and footnotes that begin on page 11.

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 during 2012 provided a full range of tax collection services for 54 member communities throughout 19 Ohio counties. The Agency employs more than 100 individuals to process approximately one million returns, estimated payments and tax assessments.

COMPARISON OF CURRENT YEAR'S AND PRIOR YEARS' DATA

FINANCIAL HIGHLIGHTS

- The assets and the liabilities of the Agency equal \$85,515,911, \$80,568,081 and \$81,201,634, at December 31, 2012, 2011 and 2010, respectively. The Agency's total assets increased by \$4,947,830 in 2012. The Agency's total assets decreased by \$633,553 in 2011. Its total assets increased by \$4,536,150 in 2010. The increase in 2012 was primarily due to increases in cash and cash equivalents and taxes receivable.
- The agency fund total cash receipts were approximately \$430 million, \$410 million and \$404 million in 2012, 2011 and 2010, respectively. In 2012, cash receipts consisted of \$349 million of employer withholding, \$43 million of business profits, \$34 million of individual payments and \$4 million of other payments.
- The Agency's total operational cost was \$8,191,396, \$7,929,898 and \$7,738,182 in 2012, 2011 and 2010, respectively. In 2012, operational costs consisted of \$5,241,763 of employee's wages and benefits, \$1,214,372 of allocated charges and \$1,735,261 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. 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 11-14 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 15-29 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the internal service and agency funds of the Agency as of December 31, 2012, 2011 and 2010:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Assets:			
Cash and cash equivalents	\$ 13,993,219	\$ 11,253,433	\$ 11,474,868
Capital assets, net of accumulated depreciation	51,264	62,149	
Taxes receivable	70,300,395	68,531,863	68,776,540
Due from CCA internal service fund	736,482	317,108	536,515
Due from member municipalities	<u>434,551</u>	<u>403,528</u>	<u>413,711</u>
Total assets	<u>\$ 85,515,911</u>	<u>\$ 80,568,081</u>	<u>\$ 81,201,634</u>
Liabilities:			
Accounts payable	\$ 161,621	\$ 139,472	\$ 130,198
Due to CCA agency fund	736,482	317,108	536,515
Due to the City of Cleveland	57,407,784	54,309,391	52,361,519
Due to member municipalities	26,387,134	25,049,168	27,349,724
Accrued wages and benefits - current	717,938	653,504	713,714
Accrued wages and benefits - long-term	<u>104,952</u>	<u>99,438</u>	<u>109,964</u>
Total liabilities	<u>\$ 85,515,911</u>	<u>\$ 80,568,081</u>	<u>\$ 81,201,634</u>

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. Total assets increased \$4,947,830 during 2012, and decreased \$633,553 during 2011. In 2012, the increase in assets is primarily attributable to an increase in cash and cash equivalents due to timing differences in the receipt of cash and distribution to member communities and increase in taxes receivable. In 2011, the minimal decrease in assets is attributable to decreases in cash and cash equivalents, taxes receivable and due from CCA internal service fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION (Continued)

Capital assets: The Agency's investment in capital assets as of December 31, 2012 amounted to \$51,264 (net of accumulated depreciation). The investment in capital assets include: furniture, fixtures, equipment and vehicles. A summary of the Agency's capital assets during the year ended December 31, 2012 is as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
Furniture, fixtures, equipment and vehicles	\$ 65,310	\$	\$	\$ 65,310
Total	65,310	-	-	65,310
Less: Accumulated depreciation	(3,161)	(10,885)		(14,046)
Total capital assets, net	<u>\$ 62,149</u>	<u>\$ (10,885)</u>	<u>\$ -</u>	<u>\$ 51,264</u>

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
Furniture, fixtures, equipment and vehicles	\$	\$ 65,310	\$	\$ 65,310
Total	-	65,310	-	65,310
Less: Accumulated depreciation		(3,161)		(3,161)
Total capital assets, net	<u>\$ -</u>	<u>\$ 62,149</u>	<u>\$ -</u>	<u>\$ 62,149</u>

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City of Cleveland). During 2012, the increase in liabilities was primarily due to an increase in Due to the City of Cleveland, which reflects the timing differences in the receipt of cash and distribution to the City. During 2011, the decrease in liabilities was primarily due to a net effect decrease in Due to CCA agency fund, Due to the City of Cleveland and Due to member municipalities.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES
IN NET POSITION**

Provided below is statement of revenue, expenses and changes in net position for the internal service fund of the Agency for the years ended December 31, 2012, 2011 and 2010:

	Internal Service Fund		
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating Revenues			
Charges for services	\$ 8,183,986	\$ 7,923,161	\$ 7,725,279
Total operating revenues	8,183,986	7,923,161	7,725,279
Operating Expenses			
Salaries and wages	3,904,075	3,652,130	3,572,148
Employee benefits	1,337,688	1,200,388	1,348,976
Postage and office supplies	316,428	314,709	256,730
Allocation of City of Cleveland costs	1,214,372	1,263,593	1,115,576
Other administrative expenses	1,388,237	1,495,917	1,444,752
Property rental	19,711		
Depreciation	<u>10,885</u>	<u>3,161</u>	<u> </u>
Total operating expense	<u>8,191,396</u>	<u>7,929,898</u>	<u>7,738,182</u>
Operating loss	(7,410)	(6,737)	(12,903)
Non-operating Revenue			
Interest income	<u>7,410</u>	<u>6,737</u>	<u>12,903</u>
Change in net position	<u> -</u>	<u> -</u>	<u> -</u>
Net position at beginning of year	<u> -</u>	<u> -</u>	<u> -</u>
Net position at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

2012:

There was an increase in the combined costs for salaries and wages and employee benefits of \$389,245 in 2012. This was due to an employee pay increase of 3% and an increase in the cost of benefits.

Other administrative expenses decreased \$107,680 in 2012. This was due to a decrease of approximately \$100,000 in the professional services account.

2011:

The increase in total operating expenses of \$191,716 is primarily a result of the increase in printing and telephone expenses.

Due to economic factors and declining interest rates, interest income decreased \$6,166 in 2011. This is a decrease of approximately 48%.

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

The Agency continues to face the challenges of an economic recession. The Agency's most significant task is dealing with the complications of rising basic operating costs. However, the Agency is attempting to reduce the impact of these increasing expenses 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 2013 are approximately the same as the collections in the same period in 2012. The Agency will continue to strive for increased delinquency collections, while trying to maintain operational expenses at their current level.

The operating budget for the Agency, as approved by the Cleveland City Council for 2013, provides for an overall increase in budgeted expenditures of approximately 2.5%.

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 NET POSITION - ALL FUND TYPES
December 31, 2012 and 2011**

	2012		2011	
	Proprietary Fund Type	Fiduciary Fund Type	Proprietary Fund Type	Fiduciary Fund Type
	Internal Service	Agency	Internal Service	Agency
ASSETS				
CURRENT ASSETS:				
Cash and cash equivalents	\$ 1,782,729	\$ 12,210,490	\$ 1,271,669	\$ 9,981,764
Taxes receivable		70,300,395		68,531,863
Due from CCA internal service fund		736,482		317,108
Due from member municipalities		434,551		403,528
TOTAL CURRENT ASSETS	1,782,729	83,681,918	1,271,669	79,234,263
CAPITAL ASSETS:				
Furniture, fixtures, equipment and vehicles	65,310		65,310	
Less: Accumulated depreciation	(14,046)		(3,161)	
CAPITAL ASSETS, NET	51,264	-	62,149	-
TOTAL ASSETS	\$ 1,833,993	\$ 83,681,918	\$ 1,333,818	\$ 79,234,263

(Continued)

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 NET POSITION - ALL FUND TYPES
December 31, 2012 and 2011**

	2012		2011	
	Proprietary Fund Type	Fiduciary Fund Type	Proprietary Fund Type	Fiduciary Fund Type
	Internal Service	Agency	Internal Service	Agency
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 161,621	\$	\$ 139,472	\$
Due to CCA agency fund	736,482		317,108	
Due to the City of Cleveland	113,000	57,294,784	124,296	54,185,095
Due to member municipalities		26,387,134		25,049,168
Accrued wages and benefits - current	<u>717,938</u>		<u>653,504</u>	
TOTAL CURRENT LIABILITIES	1,729,041	83,681,918	1,234,380	79,234,263
LONG-TERM LIABILITIES				
Accrued wages and benefits	<u>104,952</u>		<u>99,438</u>	
TOTAL LONG-TERM LIABILITIES	<u>104,952</u>	-	<u>99,438</u>	-
TOTAL LIABILITIES	1,833,993	83,681,918	1,333,818	79,234,263
NET POSITION				
Net investment in capital assets	51,264		62,149	
Unrestricted	<u>(51,264)</u>		<u>(62,149)</u>	
TOTAL NET POSITION	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 1,833,993</u>	<u>\$ 83,681,918</u>	<u>\$ 1,333,818</u>	<u>\$ 79,234,263</u>

(Concluded)

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 POSITION
INTERNAL SERVICE FUND
For the Years Ended December 31, 2012 and 2011**

	2012	2011
OPERATING REVENUES		
Charges for services	\$ 8,183,986	\$ 7,923,161
TOTAL OPERATING REVENUES	8,183,986	7,923,161
 OPERATING EXPENSES		
Salaries and wages	3,904,075	3,652,130
Employee benefits	1,337,688	1,200,388
Postage and office supplies	316,428	314,709
Allocation of City of Cleveland costs	1,214,372	1,263,593
Other administrative expenses	1,388,237	1,495,917
Property rental	19,711	
Depreciation	10,885	3,161
TOTAL OPERATING EXPENSES	8,191,396	7,929,898
OPERATING LOSS	(7,410)	(6,737)
 NON-OPERATING REVENUE		
Interest income	7,410	6,737
CHANGE IN NET POSITION	-	-
NET POSITION AT BEGINNING OF YEAR	-	-
NET POSITION 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, 2012 and 2011**

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member municipalities	\$ 8,603,360	\$ 7,703,754
Cash payments to suppliers of goods and services	(2,932,038)	(3,032,164)
Cash payments for employee services and benefits	(5,167,672)	(4,973,167)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	503,650	(301,577)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets		(65,310)
NET CASH USED FOR CAPITAL AND RELATED ACTIVITIES	-	(65,310)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	7,410	6,737
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,410	6,737
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	511,060	(360,150)
Cash and cash equivalents at beginning of year	1,271,669	1,631,819
Cash and cash equivalents at end of year	\$ 1,782,729	\$ 1,271,669
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATIONS		
Operating loss	\$ (7,410)	\$ (6,737)
Adjustments to reconcile operating loss to net cash provided by (used for) operating activities:		
Depreciation	10,885	3,161
Changes in assets and liabilities:		
Increase in accounts payable	22,149	9,274
Increase (decrease) in due to CCA agency fund	419,374	(219,407)
Decrease in due to City of Cleveland	(11,296)	(17,132)
Increase (decrease) in accrued wages and benefits	69,948	(70,736)
Total adjustments	511,060	(294,840)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 503,650	\$ (301,577)

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 (Continued)
For the Years Ended December 31, 2012 and 2011**

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

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.

In November of 2010, Governmental Accounting Standards Board (GASB) Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The Agency has determined that GASB Statement No. 60 has no impact on its financial statements as of December 31, 2012.

In December of 2010, Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. As required, the Agency has implemented GASB Statement No. 62 effective for the 2012 fiscal year.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

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

In June of 2011, Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* was issued. This Statement is effective for fiscal periods beginning after December 15, 2011. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. As required, the Agency has implemented GASB Statement No. 63 effective for the 2012 fiscal year. The Agency has determined that GASB Statement No. 63 has no impact on its financial statements as of December 31, 2012.

In June of 2011, Governmental Accounting Standards Board (GASB) Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provision* was issued. This Statement is effective for fiscal periods beginning after June 15, 2011. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The Agency has determined that GASB Statement No. 64 has no impact on its financial statements as of December 31, 2012.

The Agency's net position is accounted for in the accompanying statements of net position and is divided into amounts in net investment in capital assets and unrestricted. The negative unrestricted amount will be eliminated as depreciation expense is passed along to members of the Agency.

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.

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 accounts.

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

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

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.

Investments: The Division follows the provisions of GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, which requires governmental entities to report certain investments at fair value and recognize the corresponding change in the fair value of investments in the year in which the change occurred. The fair value is based on quoted market rates.

The City has invested funds in STAROhio during years 2012 and 2011. STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2012 and 2011.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost, or if contributed, at fair market value as of the date received. Depreciation is computed by allocating the cost of capital assets over the estimated useful lives of the assets using the straight-line method. A capital asset is defined as an item with a useful life in excess of one year and an individual cost of more than \$5,000 for land, furniture, fixtures, equipment and vehicles and \$10,000 for all other assets. When capital assets are disposed, the cost and related accumulated depreciation are removed from the accounts with gains or losses on disposition being reflected in operations. The estimated useful lives are as follows:

Furniture, fixtures, equipment and vehicles	3 to 60 years
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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 statement of net position.

Normally, all vacation time is to be taken in the year available. The Agency allows employees to carryover vacation time from one year to the next. 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 (Continued)
For the Years Ended December 31, 2012 and 2011**

NOTE C--POOLED AND SEGREGATED CASH AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2012 and December 31, 2011 totaled \$2,967,406 and \$2,905,987, respectively, and the Agency's bank balances were \$2,166,208 and \$2,595,620, respectively. The differences represent outstanding warrants payable, positions in pooled bank accounts 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*, \$2,166,208 and \$2,595,620 of the bank balances at December 31, 2012 and 2011, 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; State Treasurer Asset Reserve Fund (STAROhio); commercial paper; US Government Money Market Mutual Funds; guaranteed investment contracts; manuscript debt; bonds and other State of Ohio obligations; certificates of deposit; 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.

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.

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. The Agency does not have an investment policy dealing with investment custodial credit risk beyond the requirement in the state statute.

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DIVISION OF TAXATION**

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

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

Credit Risk: The Division's investments as of December 31, 2012 and 2011 include STAROhio and mutual funds. Investments in STAROhio and Federated Government Obligation Mutual Fund carry a rating of AAAM, which is the highest money market fund rating given by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk: The Agency places a limitation on the amount it may invest in any one issuer to help minimize the concentration of credit risk. The Agency had the following investments at December 31, 2012 and 2011, which include those classified as cash and cash equivalents in the Statements of Net Position 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>2012 Fair Value</u>	<u>2012 Cost</u>	<u>2011 Fair Value</u>	<u>2011 Cost</u>	<u>Investment Maturities Less Than One Year</u>
STAROhio	\$ 10,052,926	\$ 10,052,926	\$ 1,683,888	\$ 1,683,888	\$ 10,052,926
Investment in Mutual Funds	<u>972,887</u>	<u>972,887</u>	<u>6,663,558</u>	<u>6,663,558</u>	<u>972,887</u>
Total Investments	11,025,813	11,025,813	8,347,446	8,347,446	11,025,813
Total Deposits	<u>2,967,406</u>	<u>2,967,406</u>	<u>2,905,987</u>	<u>2,905,987</u>	<u>2,967,406</u>
Total Deposits and Investments	<u>\$ 13,993,219</u>	<u>\$ 13,993,219</u>	<u>\$ 11,253,433</u>	<u>\$ 11,253,433</u>	<u>\$ 13,993,219</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.

As of December 31, 2012, the investments in STAROhio and mutual funds are approximately 91% and 9%, respectively, of the Agency's total investments. As of December 31, 2011, the investments in STAROhio and mutual funds are approximately 20% and 80%, respectively, of the Agency's total investments.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

NOTE D--CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2012 was as follows:

	Balance January 1, 2012	Additions	Reductions	Balance December 31, 2012
Capital assets, being depreciated:				
Furniture, fixtures, equipment and vehicles	\$ 65,310	\$	\$	\$ 65,310
Total capital assets, being depreciated	65,310	-	-	65,310
Less: Total accumulated depreciation	(3,161)	(10,885)		(14,046)
Total capital assets, being depreciated, net	62,149	(10,885)	-	51,264
Capital assets, net	\$ 62,149	\$ (10,885)	\$ -	\$ 51,264

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2011 was as follows:

	Balance January 1, 2011	Additions	Reductions	Balance December 31, 2011
Capital assets, being depreciated				
Furniture, fixtures, equipment and vehicles	\$	\$ 65,310	\$	\$ 65,310
Total capital assets, being depreciated	-	65,310	-	65,310
Less: Total accumulated depreciation		(3,161)		(3,161)
Total capital assets, being depreciated, net	-	62,149	-	62,149
Capital assets, net	\$ -	\$ 62,149	\$ -	\$ 62,149

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

NOTE E--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.

Individual fund due to and due from and certain payables balances as of December 31, 2012 are as follows:

	<u>Internal Service Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Due from CCA internal service fund	\$	\$ 736,482	\$ 736,482
Due from member municipalities		<u>434,551</u>	<u>434,551</u>
Total Due From	<u>\$ -</u>	<u>\$ 1,171,033</u>	<u>\$ 1,171,033</u>
Due to the CCA agency fund	\$ 736,482	\$	\$ 736,482
Due to the City of Cleveland	113,000	57,294,784	57,407,784
Due to member municipalities		<u>26,387,134</u>	<u>26,387,134</u>
Total Due To	<u>\$ 849,482</u>	<u>\$ 83,681,918</u>	<u>\$ 84,531,400</u>

Individual fund due to and due from and certain payables balances as of December 31, 2011 are as follows:

	<u>Internal Service Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Due from CCA internal service fund	\$	\$ 317,108	\$ 317,108
Due from member municipalities		<u>403,528</u>	<u>403,528</u>
Total Due From	<u>\$ -</u>	<u>\$ 720,636</u>	<u>\$ 720,636</u>
Due to the CCA agency fund	\$ 317,108	\$	\$ 317,108
Due to the City of Cleveland	124,296	54,185,095	54,309,391
Due to member municipalities		<u>25,049,168</u>	<u>25,049,168</u>
Total Due To	<u>\$ 441,404</u>	<u>\$ 79,234,263</u>	<u>\$ 79,675,667</u>

**CITY OF CLEVELAND, OHIO
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

NOTE F--DEFINED BENEFIT PENSION PLAN

Ohio Public Employees Retirement System: All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

- 1) The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.
- 2) The Member-Directed Plan – 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 – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions 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 in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2012, member and employer contribution rates were consistent across all three plans. Member contribution rates were 10.00% in 2012, 2011 and 2010. The employer contribution rates were 14.00% of covered payroll in 2012, 2011 and 2010.

The Agency's required employer contributions to OPERS for the pension portion of all the plans for the years ending December 31, 2012, 2011 and 2010 were \$381,000, \$363,000 and \$364,000 each year, respectively. The required payments due in 2012, 2011 and 2010 have been made.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement No. 27 and it is effective for employer fiscal years beginning after June 15, 2014.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

NOTE G-- OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System: All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS maintains a cost-sharing multiple employer defined benefit postemployment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, 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 postemployment 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 benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for funding of post-retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. The employer contribution rates were 14.00% of covered payroll in 2012, 2011 and 2010. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll. Active members do not make contributions to the OPEB Plan. OPERS' Postemployment Health Care plan was established under and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. Employer contribution rates used to fund postemployment benefits were 4.00% for members of the Traditional Plan in 2012 and 2011, 6.05% for members of the Combined Plan in 2012 and 2011 and 5.50% from January 1, 2010 through February 28, 2010 and 5.00% from March 1, 2010 through December 31, 2010 for both plans. Effective January 1, 2013, the portion of employer contributions allocated to health care was lowered to 1.00% for both plans, as recommended by the OPERS Actuary. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Agency's actual contributions to OPERS to fund postemployment benefits were \$152,000 in 2012, \$145,000 in 2011 and \$207,000 in 2010. The required payments due in 2012, 2011 and 2010 have been made.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

NOTE H--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. These costs, as reported in the statement of revenues and expenses of the internal service fund for the years ended December 31, 2012 and 2011 were as follows:

	2012	2011
City administration	\$414,261	\$401,050
Office rent	425,000	393,948
Telephone	84,184	79,230
Cleveland Public Power	24,743	23,258
Parking Facilities	2,652	2,903
Printing services	247,724	351,281
Motor Vehicle Maintenance	15,808	11,923
Total	<u>\$1,214,372</u>	<u>\$1,263,593</u>

NOTE I--DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$434,551 at December 31, 2012 and \$403,528 at December 31, 2011 as accrued wages and benefits. These amounts are recorded as due from member municipalities in the agency fund.

NOTE J--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 lawsuits. 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 2012 or 2011.

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.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2012 and 2011**

NOTE J--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
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**SCHEDULES OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
For the Years Ended December 31, 2012 and 2011**

	Balance 1/1/2012	Additions	Deductions	Balance 12/31/2012
ASSETS				
Cash and cash equivalents	\$ 9,981,764	\$ 430,398,251	\$ (428,169,525)	\$ 12,210,490
Taxes receivable	68,531,863	70,300,395	(68,531,863)	70,300,395
Due from the CCA internal service fund	317,108	736,482	(317,108)	736,482
Due from member municipalities	403,528	434,551	(403,528)	434,551
TOTAL ASSETS	\$ 79,234,263	\$ 501,869,679	\$ (497,422,024)	\$ 83,681,918
LIABILITIES				
Due to the City of Cleveland	\$ 54,185,095	\$ 394,567,927	\$ (391,458,238)	\$ 57,294,784
Due to member municipalities	25,049,168	107,301,752	(105,963,786)	26,387,134
TOTAL LIABILITIES	\$ 79,234,263	\$ 501,869,679	\$ (497,422,024)	\$ 83,681,918

	Balance 1/1/2011	Additions	Deductions	Balance 12/31/2011
ASSETS				
Cash and cash equivalents	\$ 9,843,049	\$ 410,127,906	\$ (409,989,191)	\$ 9,981,764
Taxes receivable	68,776,540	68,531,863	(68,776,540)	68,531,863
Due from the CCA internal service fund	536,515	317,108	(536,515)	317,108
Due from member municipalities	413,711	403,528	(413,711)	403,528
TOTAL ASSETS	\$ 79,569,815	\$ 479,380,405	\$ (479,715,957)	\$ 79,234,263
LIABILITIES				
Due to the City of Cleveland	\$ 52,220,091	\$ 376,688,080	\$ (374,723,076)	\$ 54,185,095
Due to member municipalities	27,349,724	102,692,325	(104,992,881)	25,049,168
TOTAL LIABILITIES	\$ 79,569,815	\$ 479,380,405	\$ (479,715,957)	\$ 79,234,263

**CITY OF CLEVELAND, OHIO
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DIVISION OF TAXATION**

**SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Members	Balance Collected and Due Members January 1, 2012	Cash Receipts Net	Cash Receipts	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected and Due Members December 31, 2012
Ada	\$ 114,947.07	\$ 1,565,922.50	\$ 54,328.07	\$ 1,680,869.57	\$ 48,258.84	\$ 1,493,755.01	\$ 138,855.72	
Alger	(1,210.02)	55,533.09	54,958.60	1,093,917.97	6,404.78	1,035.31	(1,035.31)	
Athens		665.00	665.00	625.00	49.28	674.28	(9.28)	
Barberton	823,230.28	10,241,810.10	11,065,040.38	9,898,035.30	275,078.73	10,173,114.03	891,926.35	
Bedford	(428.82)	12,379.18	11,950.36	11,395.36	869.52	12,264.88	(314.52)	
Bradner	4,144.06	128,284.32	132,428.38	116,879.85	10,464.95	127,344.80	5,083.58	
Bratenahl	262,105.83	1,466,240.43	1,728,346.26	1,520,962.81	37,001.11	1,557,963.92	170,382.34	
Burton	37,292.36	467,608.71	504,901.07	450,903.31	26,027.13	476,930.44	27,970.63	
Cleveland	5,014,287.51	334,664,097.67	339,678,385.18	327,762,699.03	5,222,006.46	332,984,705.49	6,693,679.69	
Cridersville	10,450.18	304,476.78	314,926.96	279,413.04	22,306.48	301,719.52	13,207.44	
Cuyahoga Falls	22,754.21	67,404.68	67,404.68	60,933.70	6,727.76	67,661.46	(256.78)	
Dayton	16,196.10	228,982.94	251,737.15	228,417.40	23,550.34	251,967.74	(230.59)	
Eastlake		33,659.14	33,659.14	31,708.07	2,113.99	33,822.06	(162.92)	
Elida		425,905.04	442,101.14	396,223.94	27,852.53	424,076.47	18,024.67	
Englewood	203,419.65	18,545.87	18,545.87	17,522.20	2,172.79	19,694.99	(1,149.12)	
Gates Mills	(1,079.30)	1,638,569.38	1,841,989.03	1,592,823.08	54,983.26	1,647,806.34	194,182.69	
Geneva-on-the-Lake	(479.76)	167,005.84	165,926.54	145,646.71	16,209.69	161,856.40	4,070.14	
Grand Rapids	29,325.21	258,554.01	258,074.25	225,962.29	19,817.45	245,779.74	12,294.51	
Grand River		268,667.34	297,992.55	266,091.45	8,744.24	274,835.69	23,156.86	
Hamilton	228,135.92	203,052.70	203,052.70	178,949.90	16,485.78	195,435.68	7,617.02	
Highland Hills	284.05	3,227,048.28	3,455,184.20	3,195,515.57	47,982.71	3,243,498.28	211,685.92	
Huntsville	20.69	63,143.17	63,427.22	55,081.43	5,920.02	61,001.45	2,425.77	
Lakewood		12,963.40	12,984.09	11,404.48	1,792.11	13,196.59	(212.50)	
Lancaster	2,689.67	99,510.32	99,510.32	86,728.54	5,968.59	92,697.13	6,813.19	
Liberty Center	(781.10)	183,242.41	185,932.08	167,595.76	13,281.97	180,877.73	5,054.35	
Lima	5,832.04	16,085.91	15,304.81	13,831.44	2,342.23	16,173.67	(868.86)	
Lindale	(2,349.49)	31,779.66	83,549.91	76,209.97	2,804.76	79,014.73	4,535.18	
Lorain	56,621.21	863,610.36	920,231.57	812,486.66	2,142.30	27,512.84	1,717.33	
Madison	897,634.91	13,712,781.05	14,610,415.96	13,048,995.24	571,676.10	13,520,671.34	1,089,744.62	
Medina	55,225.44	848,545.59	903,771.03	803,719.55	44,385.56	848,105.11	55,665.92	
Mentor-on-the-Lake	75,498.95	1,091,824.82	1,167,323.77	1,026,156.62	50,585.71	1,076,742.33	90,581.44	
Munroe Falls	64,014.50	1,126,126.75	1,126,141.25	980,732.95	45,592.43	1,026,325.43	99,815.82	
Northfield	50,155.46	686,597.86	736,753.32	632,309.52	33,946.24	666,255.76	70,497.56	
North Baltimore	73,610.17	1,002,641.95	1,076,252.12	979,633.97	18,793.54	998,427.51	77,824.61	
North Perry	90,702.47	1,007,884.67	1,098,587.14	991,311.51	27,783.23	1,019,094.74	79,492.40	
North Randall	3,950.14	4,816,401.81	5,126,880.20	4,578,014.77	8,016.50	4,750,945.94	375,934.26	
Norton	561,544.70	8,066,350.08	8,627,894.78	7,694,763.93	192,670.00	7,887,433.93	3,808.48	
Village of Oakwood		1,204.77	1,204.77	1,144.77	60.00	1,204.77	740,460.85	
Painesville	7,356.03	434,657.80	442,013.83	388,120.01	38,490.03	426,610.04	15,403.79	
Parma Heights	16,231.16	292,242.09	308,473.25	273,126.90	16,595.95	289,722.85	18,750.40	
Pending	594,737.05	8,868,954.44	9,463,691.49	8,395,345.53	353,560.78	8,748,906.31	714,785.18	
Penninsula	9,742.96	230,051.47	239,794.43	211,437.49	17,157.68	228,595.17	11,199.26	
Rocky River	61,483.37	1,026,007.19	1,087,490.56	972,100.67	47,814.66	1,019,915.33	67,575.23	
Russells Point	97,898.68	1,334,853.13	1,432,751.81	1,271,160.55	62,499.95	1,333,660.50	99,091.31	
Seville	2,368.46	24,211.05	26,579.51	22,561.01	2,334.38	24,895.39	1,684.12	
South Russell	264.16	84,115.64	84,379.80	73,948.70	8,384.21	82,332.91	2,046.89	
Stow	6,482.14	36,884.34	43,366.48	36,139.03	2,568.57	38,707.60	4,658.88	
Timberlake	(2,207.12)	42,877.80	42,877.80	24,167.78	30,488.65	30,488.65	10,181.77	
Troy	506,452.09	7,596,514.98	8,102,967.07	7,143,137.89	318,166.73	7,461,304.62	641,662.45	
Trotwood	(1,916.59)	80,335.99	78,419.40	67,840.19	6,186.84	74,027.03	4,392.37	
Warren	968,474.76	13,522,492.73	14,490,967.49	13,118,549.75	266,872.17	13,385,421.92	1,105,545.57	
Waynesville Heights	2,348.79	129,571.15	131,919.94	118,666.76	8,487.78	127,154.54	4,765.40	
Waynesfield		422,877,873.40	434,155,812.02	412,102,814.10	8,183,986.46	420,286,800.56	13,869,011.46	
Totals	\$ 11,277,938.62	\$ 422,877,873.40	\$ 434,155,812.02	\$ 412,102,814.10	\$ 8,183,986.46	\$ 420,286,800.56	\$ 13,869,011.46	

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

**SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2012**

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	0.590908%	1.953832%	\$ 6,409.91	\$ 144.78	\$ 48,258.84
Alger	0.078252%	0.069296%	49.34	5.13	6,404.78
Athens	0.000602%	0.000830%	276,025.63	0.06	275,078.73
Barberton	3.369702%	12.778906%	870.66	946.90	869.52
Bedford	0.010629%	0.015446%	10,476.81	1.14	10,464.95
Bradner	0.127900%	0.160063%	37,136.67	11.86	37,001.11
Bratenahl	0.453362%	1.829457%	26,070.36	135.56	26,027.13
Burton	0.318265%	0.583444%	5,222,006.46	43.23	5,222,006.46
Cleveland	63.508923%	0.000000%	22,334.63	28.15	22,306.48
Cridersville	0.272660%	0.379902%	6,733.99	6.23	6,727.76
Cuyahoga Falls	0.082208%	0.084102%	23,571.51	21.17	23,550.34
Dayton	0.287759%	0.285706%	2,117.10	3.11	2,113.99
Eastlake	0.025845%	0.041997%	27,891.91	39.38	27,852.53
Elida	0.340503%	0.531410%	2,174.50	1.71	2,172.79
Englewood	0.026546%	0.023140%	55,134.75	151.49	54,983.26
Gates Mills	0.673081%	2.044475%	16,225.13	15.44	16,209.69
Geneva-on-the-Lake	0.198075%	0.208376%	19,841.35	23.90	19,817.45
Grand Rapids	0.242222%	0.322603%	8,769.08	24.84	8,744.24
Grand River	0.107052%	0.335221%	16,504.55	18.77	16,485.78
Hamilton	0.201486%	0.253353%	48,281.07	298.36	47,982.71
Highland Hills	0.589412%	4.026451%	5,925.86	5.84	5,920.02
Huntsville	0.072343%	0.078785%	1,793.31	1.20	1,792.11
Lakewood	0.021893%	0.016175%	5,977.79	9.20	5,968.59
Lancaster	0.072976%	0.124161%	13,298.91	16.94	13,281.97
Liberty Center	0.162352%	0.228635%	2,343.72	1.49	2,342.23
Lima	0.028612%	0.020071%	2,811.95	7.19	2,804.76
Linndale	0.034328%	0.096970%	2,145.22	2.92	2,142.30
Lorain	0.026189%	0.039403%	52,825.37	79.84	52,745.53
Madison	0.644888%	1.077543%	472,943.91	1,267.81	471,676.10
Medina	5.773667%	17.109704%	44,464.01	78.45	44,385.56
Mentor-on-the-Lake	0.542814%	1.058747%	50,686.65	100.94	50,585.71
Munroe Falls	0.618779%	1.362291%	45,690.68	98.20	45,592.48
Northfield	0.557789%	1.325236%	34,009.72	63.48	33,946.24
North Baltimore	0.415188%	0.856682%	18,886.24	92.70	18,793.54
North Perry	0.230562%	1.251016%	27,876.41	93.18	27,783.23
North Randall	0.340313%	1.257557%	173,376.47	445.30	172,931.17
Norton	2.116568%	6.009518%	8,024.40	7.90	8,016.50
Village of Oakwood	0.097961%	0.106647%	192,670.00		192,670.00
Painesville	2.589867%	0.000000%	60.00		60.00
Parma Heights	0.003939%	0.000000%	38,530.22	40.19	38,490.03
Paulling	0.470374%	0.542331%	16,622.97	27.02	16,595.95
Pennsila	0.202932%	0.364636%	354,380.75	819.97	353,560.78
Rosky River	4.326256%	11.065967%	17,178.95	21.27	17,157.68
Russells Point	0.209719%	0.287040%	47,909.52	94.86	47,814.66
Seville	0.584876%	1.280169%	62,623.36	123.41	62,499.95
South Russell	0.764502%	1.665522%	2,336.62	2.24	2,334.38
Stow	0.028525%	0.030209%	8,391.99	7.78	8,384.21
Timberlake	0.102449%	0.104953%	2,571.98	3.41	2,568.57
Trotwood	0.031399%	0.046021%	6,324.83	3.96	6,320.87
Troy	0.077213%	0.053499%	318,869.06	702.33	318,166.73
Wadsworth	3.892731%	9.478320%	6,194.27	7.43	6,186.84
Warren	0.075619%	0.100237%	268,122.39	1,250.22	266,872.17
Warrensville Heights	3.273220%	16.87277%	8,499.76	11.98	8,487.78
Wynnesfield	0.103765%	0.161668%	\$ 8,191,396.32	\$ 7,409.86	\$ 8,183,986.46
Totals	100.000000%	100.000000%	\$	\$	\$

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

**SCHEDULES OF INCOME TAXES RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	Income Taxes Receivable Dec. 31, 2012	Income Taxes Receivable Dec. 31, 2011
Ada	\$ 287,695.99	\$ 217,305.95
Alger	29,310.91	21,022.10
Athens	53,599.17	
Barberton	1,831,823.64	1,938,784.65
Bedford	2,360.56	2,982.42
Bradner	45,933.97	45,508.92
Bratenahl	504,917.23	542,783.42
Burton	130,734.19	139,101.15
Cleveland	50,601,104.01	49,170,807.30
Cridersville	104,407.84	111,722.14
Cuyahoga Falls	1,888.27	
Dayton	34,425.93	50,548.67
Eastlake	1,727.33	
Elida	169,972.19	169,552.09
Englewood	1,077.67	
Gates Mills	674,927.21	631,825.04
Geneva-on-the-Lake	57,603.53	48,416.86
Grand Rapids	99,563.72	77,145.84
Grand River	57,513.97	51,552.69
Hamilton	41,375.15	
Highland Hills	452,776.23	438,438.55
Huntsville	20,482.71	16,079.62
Lakewood	6,716.89	1,957.47
Lancaster	8,944.21	
Liberty Center	46,360.77	44,530.43
Lima	3,034.51	2,759.83
Linndale	10,711.15	11,017.73
Lorain	9,708.68	13,497.11
Madison	301,217.06	310,531.44
Medina	3,507,821.88	3,253,925.84
Mentor-on-the-Lake	221,636.88	233,512.32
Munroe Falls	249,824.08	240,165.75
Northfield	267,887.35	260,876.72
North Baltimore	136,744.80	135,053.14
North Perry	104,171.19	125,602.11
North Randall	165,821.85	148,095.83
Norton	1,199,095.38	1,181,535.00
Village of Oakwood	21,827.00	28,907.45
Painesville	503,872.84	1,198,473.22
Paulding	105,130.53	102,009.38
Peninsula	72,324.25	66,031.55
Rocky River	2,558,965.40	2,412,346.28
Russells Point	76,113.73	77,413.16
Seville	317,959.58	305,018.85
South Russell	506,003.88	424,839.48
Stow	5,560.19	4,327.99
Timberlake	34,109.34	33,621.74
Trotwood	2,919.33	11,156.74
Troy	9,096.47	4,265.06
Wadsworth	2,003,237.57	1,750,699.83
Warren	18,819.48	20,889.22
Warrensville Heights	2,582,004.35	2,420,485.06
Waynesfield	37,532.82	34,739.51
	<u>\$ 70,300,394.86</u>	<u>\$ 68,531,862.65</u>