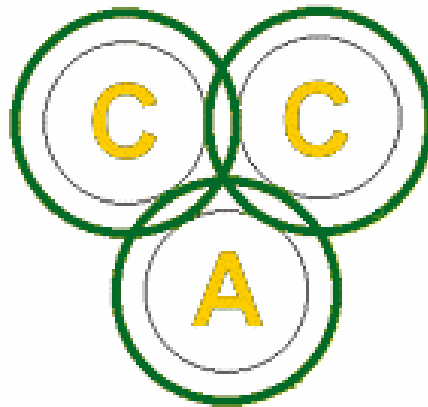


# **CITY OF CLEVELAND, OHIO**

## **CENTRAL COLLECTION AGENCY**



**DEPARTMENT OF FINANCE  
DIVISION OF TAXATION**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS  
For the years ended December 31, 2011 and 2010**

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**CITY OF CLEVELAND, OHIO**

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

**TABLE OF CONTENTS**

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	<b>Page</b>
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis .....	3-8
Balance Sheets - All Fund Types.....	11-12
Statements of Revenues, Expenses and Changes in Net Assets - Internal Service Fund .....	13
Statements of Cash Flows - Internal Service Fund.....	14
Notes to Financial Statements.....	15-24
Schedules of Changes in Assets and Liabilities – Agency Fund .....	25
Schedule of Cash Receipts and Distribution of Funds.....	26
Schedule of Allocation of Net Operating Expenses .....	27
Schedules of Income Taxes Receivable.....	28

## **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:

We have audited the accompanying basic 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, 2011 and 2010, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 opinion.

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, 2011 and 2010, 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 State of America.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the Central Collection Agency's Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Ohio as of December 31, 2011 and 2010, and the respective 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.

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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.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules on pages 25 through 28 are presented for purpose of additional analysis and are not a required part of the Agency's basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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, 2012

**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, 2011 and December 31, 2010. 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 2011 provided a full range of tax collection services for 51 member communities throughout 19 Ohio counties. The Agency employs more than 100 individuals to process approximately one million returns, estimated payments and tax assessments. In 2011, the Agency collected approximately \$410 million and approximately \$404 million and \$402 million in 2010 and 2009, respectively.

**COMPARISON OF CURRENT YEAR'S AND PRIOR YEARS' DATA**

**FINANCIAL HIGHLIGHTS**

- The assets and the liabilities of the Agency equal \$80,568,081, \$81,201,634 and \$76,665,484, at December 31, 2011, 2010 and 2009, respectively. The Agency's total assets decreased by \$633,553 in 2011. The Agency's total assets increased by \$4,536,150 in 2010. Its total assets decreased by \$7,848,574 in 2009. The minimal decrease in 2011 was due to decreases in cash and cash equivalents, taxes receivable and due from CCA internal service fund.
- During 2011, the Agency upgraded hardware and software for the CCA MITIS™ system. This upgrade resulted in an increase in capital assets, net of accumulated depreciation, of \$62,149, at December 31, 2011.
- The agency fund total cash receipts were approximately \$410 million, \$404 million and \$402 million in 2011, 2010 and 2009, respectively. In 2011, cash receipts consisted of \$333 million of employer withholding, \$40 million of business profits, \$32 million of individual payments and \$5 million of other payments.
- The Agency's total operational cost was \$7,929,898, \$7,738,182, and \$8,173,716, in 2011, 2010 and 2009, respectively. In 2011, operational costs consisted of \$4,852,518 of employee's wages and benefits, \$1,263,593 of allocated charges and \$1,813,787 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 15-28 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, 2011, 2010 and 2009:

	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 11,253,433	\$ 11,474,868	\$ 6,270,426
Capital assets, net of accumulated depreciation	62,149		
Taxes receivable	68,531,863	68,776,540	69,682,853
Due from CCA internal service fund	317,108	536,515	309,028
Due from member municipalities	<u>403,528</u>	<u>413,711</u>	<u>403,177</u>
Total assets	<u>\$ 80,568,081</u>	<u>\$ 81,201,634</u>	<u>\$ 76,665,484</u>
<b>Liabilities:</b>			
Accounts payable	\$ 139,472	\$ 130,198	\$ 114,189
Due to CCA agency fund	317,108	536,515	309,028
Due to the City of Cleveland	54,309,391	52,361,519	49,299,727
Due to member municipalities	25,049,168	27,349,724	26,102,296
Accrued wages and benefits - current	653,504	713,714	721,172
Accrued wages and benefits - long-term	<u>99,438</u>	<u>109,964</u>	<u>119,072</u>
Total liabilities	<u>\$ 80,568,081</u>	<u>\$ 81,201,634</u>	<u>\$ 76,665,484</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 decreased \$633,553 during 2011 and increased \$4,536,150 during 2010. 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. In 2010, the increase in assets is attributable to an increase in cash and cash equivalents due to timing differences in the receipt of cash and distribution to member communities.



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

**MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

**CONDENSED BALANCE SHEET INFORMATION (Continued)**

*Capital assets:* The Agency’s investment in capital assets as of December 31, 2011 amounted to \$62,149 (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, 2011 is as follows:

	<b>January 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>December 31, 2011</b>
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 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. During 2010, the increase in liabilities was 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.

**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 ASSETS**

Provided below is statement of revenue, expenses and changes in net assets for the internal service fund of the Agency for the years ended December 31, 2011, 2010 and 2009:

	<b>Internal Service Fund</b>		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
<b>Operating Revenues</b>			
Charges for services	\$ 7,923,161	\$ 7,725,279	\$ 8,131,635
Total operating revenues	7,923,161	7,725,279	8,131,635
<b>Operating Expenses</b>			
Salaries and wages	3,652,130	3,572,148	3,756,584
Employee benefits	1,200,388	1,348,976	1,289,994
Postage and office supplies	314,709	256,730	347,766
Allocation of City of Cleveland costs	1,263,593	1,115,576	1,322,421
Other administrative expenses	1,495,917	1,444,752	1,456,951
Depreciation	<u>3,161</u>	<u>          </u>	<u>          </u>
Total operating expense	<u>7,929,898</u>	<u>7,738,182</u>	<u>8,173,716</u>
Operating loss	(6,737)	(12,903)	(42,081)
<b>Non-operating Revenue</b>			
Interest income	<u>6,737</u>	<u>12,903</u>	<u>42,081</u>
<b>Change in net assets</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets at beginning of year</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**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%.

**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 ASSETS (Continued)**

**2010:**

The decrease in postage and office supplies of \$91,036 is a result of the decreases of approximately \$49,000 in the postage expense and approximately \$42,000 in office supply expense.

The decrease in allocation of City of Cleveland costs expense of \$206,845 was primarily due to decreases in charges from printing and reproduction and charges from telephone exchange.

Due to economic factors and declining interest rates, interest income decreased \$29,178 in 2010. This is a decrease of approximately 69%.

**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 2012 are approximately 5% more than the collections in the same period in 2011. 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 2012 provides for an overall increase in budgeted expenditures of approximately 4%.

**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**

**BALANCE SHEETS - ALL FUND TYPES  
December 31, 2011 and 2010**

	2011		2010	
	Proprietary Fund Type	Fiduciary Fund Type	Proprietary Fund Type	Fiduciary Fund Type
	Internal Service	Agency	Internal Service	Agency
<b>ASSETS</b>				
<b>CURRENT ASSETS:</b>				
Cash and cash equivalents	\$ 1,271,669	\$ 9,981,764	\$ 1,631,819	\$ 9,843,049
Taxes receivable		68,531,863		68,776,540
Due from CCA internal service fund		317,108		536,515
Due from member municipalities		403,528		413,711
<b>TOTAL CURRENT ASSETS</b>	<u>1,271,669</u>	<u>79,234,263</u>	<u>1,631,819</u>	<u>79,569,815</u>
<b>CAPITAL ASSETS:</b>				
Furniture, fixtures, equipment and vehicles	65,310			
Less: Accumulated depreciation	<u>(3,161)</u>			
<b>CAPITAL ASSETS, NET</b>	<u>62,149</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,333,818</u>	<u>\$ 79,234,263</u>	<u>\$ 1,631,819</u>	<u>\$ 79,569,815</u>

(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**

**BALANCE SHEETS - ALL FUND TYPES  
December 31, 2011 and 2010**

	2011		2010	
	Proprietary Fund Type	Fiduciary Fund Type	Proprietary Fund Type	Fiduciary Fund Type
	Internal Service	Agency	Internal Service	Agency
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 139,472	\$	\$ 130,198	\$
Due to CCA agency fund	317,108		536,515	
Due to the City of Cleveland	124,296	54,185,095	141,428	52,220,091
Due to member municipalities		25,049,168		27,349,724
Accrued wages and benefits - current	<u>653,504</u>		<u>713,714</u>	
<b>TOTAL CURRENT LIABILITIES</b>	1,234,380	79,234,263	1,521,855	79,569,815
<b>LONG-TERM LIABILITIES</b>				
Accrued wages and benefits	<u>99,438</u>		<u>109,964</u>	
<b>TOTAL LONG-TERM LIABILITIES</b>	<u>99,438</u>	-	<u>109,964</u>	-
<b>TOTAL LIABILITIES</b>	1,333,818	79,234,263	1,631,819	79,569,815
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	62,149			
Unrestricted	<u>(62,149)</u>			
<b>TOTAL NET ASSETS</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,333,818</u>	<u>\$ 79,234,263</u>	<u>\$ 1,631,819</u>	<u>\$ 79,569,815</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 ASSETS  
INTERNAL SERVICE FUND  
For the Years Ended December 31, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
<b>OPERATING REVENUES</b>		
Charges for services	<u>\$ 7,923,161</u>	<u>\$7,725,279</u>
<b>TOTAL OPERATING REVENUES</b>	<b>7,923,161</b>	<b>7,725,279</b>
 <b>OPERATING EXPENSES</b>		
Salaries and wages	3,652,130	3,572,148
Employee benefits	1,200,388	1,348,976
Postage and office supplies	314,709	256,730
Allocation of City of Cleveland costs	1,263,593	1,115,576
Other administrative expenses	1,495,917	1,444,752
Depreciation	<u>3,161</u>	<u>          </u>
<b>TOTAL OPERATING EXPENSES</b>	<u><b>7,929,898</b></u>	<u><b>7,738,182</b></u>
<b>OPERATING LOSS</b>	<b>(6,737)</b>	<b>(12,903)</b>
 <b>NON-OPERATING REVENUE</b>		
Interest income	<u>6,737</u>	<u>12,903</u>
<b>CHANGE IN NET ASSETS</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u><b>-</b></u>	<u><b>-</b></u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ -</b></u></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 CASH FLOWS - INTERNAL SERVICE FUND  
For the Years Ended December 31, 2011 and 2010**

	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from member municipalities	\$ 7,703,754	\$ 7,952,766
Cash payments to suppliers of goods and services	(3,032,164)	(2,754,235)
Cash payments for employee services and benefits	<u>(4,973,167)</u>	<u>(4,887,778)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	(301,577)	310,753
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition of capital assets	<u>(65,310)</u>	<u>                    </u>
<b>NET CASH USED FOR CAPITAL AND RELATED ACTIVITIES</b>	(65,310)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest earned on investments	<u>6,737</u>	<u>12,903</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>6,737</u>	<u>12,903</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(360,150)	323,656
Cash and cash equivalents at beginning of year	<u>1,631,819</u>	<u>1,308,163</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,271,669</u></u>	<u><u>\$ 1,631,819</u></u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATIONS</b>		
Operating loss	\$ (6,737)	\$ (12,903)
Adjustments to reconcile operating loss to net cash provided by (used for)		
operating activities:		
Depreciation	3,161	
Changes in assets and liabilities:		
Increase in accounts payable	9,274	16,009
Increase (decrease) in due to CCA agency fund	(219,407)	227,487
Increase (decrease) in due to City of Cleveland	(17,132)	96,726
Decrease in accrued wages and benefits	<u>(70,736)</u>	<u>(16,566)</u>
Total adjustments	<u>(294,840)</u>	<u>323,656</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u><u>\$ (301,577)</u></u>	<u><u>\$ 310,753</u></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**

**NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2011 and 2010**

**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 June 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which is effective for the year ended December 31, 2010. The Agency has determined that GASB Statement No. 51 has no impact on its financial statements as of December 31, 2011.

The Agency's net assets are accounted for in the accompanying balance sheets and are divided into amounts in capital assets, net of related debt and unrestricted. The negative unrestricted amount will be eliminated as depreciation expense is passed along to members of the Agency.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

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

***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.

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 guidance issued on or before November 30, 1989, unless that guidance conflicts or contradicts GASB pronouncements. The Agency has chosen the option not to apply future FASB guidance (including amendments to earlier guidance).

***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.

***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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

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

**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
---------------------------------------------	---------------

**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 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.

**NOTE C--POOLED AND SEGREGATED CASH AND INVESTMENTS**

**Deposits:** The carrying amount of the Agency's deposits at December 31, 2011 and December 31, 2010 totaled \$2,905,987 and \$1,196,812, respectively, and the Agency's bank balances were \$2,595,620 and \$1,894,125, 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*, \$2,595,620 and \$1,894,125 of the bank balances at December 31, 2011 and 2010, 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

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

**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.

Under City policy, investments are limited to repurchase agreements, U.S. Government securities, certificates of deposit, investments in certain money market mutual funds, commercial paper, guaranteed investment contracts, manuscript debt 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, custodial, 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.

**Credit Risk:** Investments in STAROhio and mutual funds 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. The Agency has no investment policy that would further limit its investment choices.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

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

*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, 2011 and 2010, which include those classified as cash and cash equivalents in the Statements of Assets and Liabilities 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>2011 Fair Value</u>	<u>2011 Cost</u>	<u>2010 Fair Value</u>	<u>2010 Cost</u>	<u>Investment Maturities Less Than One Year</u>
STAROhio	\$ 1,683,888	\$ 1,683,888	\$ 4,669,708	\$ 4,669,708	\$ 1,683,888
Investment in Mutual Funds	<u>6,663,558</u>	<u>6,663,558</u>	<u>5,608,348</u>	<u>5,608,348</u>	<u>6,663,558</u>
Total Investments	8,347,446	8,347,446	10,278,056	10,278,056	8,347,446
Total Deposits	<u>2,905,987</u>	<u>2,905,987</u>	<u>1,196,812</u>	<u>1,196,812</u>	<u>2,905,987</u>
 Total Deposits and Investments	 <u>\$ 11,253,433</u>	 <u>\$ 11,253,433</u>	 <u>\$ 11,474,868</u>	 <u>\$ 11,474,868</u>	 <u>\$ 11,253,433</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, 2011, the investments in STAROhio and mutual funds are approximately 20% and 80%, respectively, of the Agency's total investments. As of December 31, 2010, the investments in STAROhio and mutual funds are approximately 45% and 55%, respectively, of the Agency's total investments.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

**NOTE D--CAPITAL ASSETS**

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

	<b>January 1, 2011</b>	<b>Additions</b>	<b>Reductions</b>	<b>December 31, 2011</b>
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	<u>\$ -</u>	<u>\$ 62,149</u>	<u>\$ -</u>	<u>\$ 62,149</u>

**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, 2011 are as follows:

	<b>Internal Service Fund</b>	<b>Agency Fund</b>	<b>Total</b>
Due from CCA internal service fund	\$ _____	\$ 317,108	\$ 317,108
Due from member municipalities	_____	403,528	403,528
<b>Total Due From</b>	<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	_____	25,049,168	25,049,168
<b>Total Due To</b>	<u>\$ 441,404</u>	<u>\$ 79,234,263</u>	<u>\$ 79,675,667</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, 2011 and 2010**

**NOTE E--DUE TO AND DUE FROM TRANSACTIONS (Continued)**

Individual fund due to and due from and certain payables balances as of December 31, 2010 are as follows:

	<u>Internal Service Fund</u>	<u>Agency Fund</u>	<u>Total</u>
Due from CCA internal service fund	\$	\$ 536,515	\$ 536,515
Due from member municipalities	<u>                    </u>	<u>413,711</u>	<u>413,711</u>
<b>Total Due From</b>	<u>\$ -</u>	<u>\$ 950,226</u>	<u>\$ 950,226</u>
Due to the CCA agency fund	\$ 536,515	\$	\$ 536,515
Due to the City of Cleveland	141,428	52,220,091	52,361,519
Due to member municipalities	<u>                    </u>	<u>27,349,724</u>	<u>27,349,724</u>
<b>Total Due To</b>	<u>\$ 677,943</u>	<u>\$ 79,569,815</u>	<u>\$ 80,247,758</u>

**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.



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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

**NOTE F--DEFINED BENEFIT PENSION PLAN (Continued)**

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. Member contribution rates were 10.00% in 2011, 2010 and 2009. The employer contribution rates were 14.00% of covered payroll in 2011, 2010 and 2009.

The Agency's required employer contributions to OPERS for the pension portion of all the plans for the years ending December 31, 2011, 2010 and 2009 were \$363,000, \$364,000 and \$327,000 each year, respectively. The required payments due in 2011, 2010 and 2009 have been made.

**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 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 2011, 2010 and 2009. 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 2011, 6.05% for members of the Combined Plan in 2011, 5.50% from January 1, 2010

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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

**NOTE G-- OTHER POSTEMPLOYMENT BENEFITS (Continued)**

through February 28, 2010 and 5.00% from March 1, 2010 through December 31, 2010 and 7.00% from January 1, 2009 through March 31, 2009 and 5.50% from April 1, 2009 through December 31, 2009. The portion of employer contributions allocated to health care beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during 2012. 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 \$145,000 in 2011, \$207,000 in 2010 and \$237,000 in 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**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, 2011 and 2010 were as follows:

	<b>2011</b>	<b>2010</b>
City administration	\$401,050	\$425,484
Office rent	393,948	373,948
Telephone	79,230	9,358
Cleveland Public Power	23,258	23,865
Parking Facilities	2,903	2,434
Printing services	351,281	273,231
Motor Vehicle Maintenance	11,923	7,256
Total	\$1,263,593	\$1,115,576

**NOTE I--DUE FROM MEMBER CITIES**

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$403,528 at December 31, 2011 and \$413,711 at December 31, 2010 as accrued wages and benefits. These amounts are recorded as due from member municipalities in the agency fund.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)  
For the Years Ended December 31, 2011 and 2010**

**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 2011 or 2010.

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

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

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

**SCHEDULES OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND  
For the Years Ended December 31, 2011 and 2010**

	<b>Balance 1/1/2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 12/31/2011</b>
<b>ASSETS</b>				
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
<b>TOTAL ASSETS</b>	<b>\$ 79,569,815</b>	<b>\$ 479,380,405</b>	<b>\$ (479,715,957)</b>	<b>\$ 79,234,263</b>
<b>LIABILITIES</b>				
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
<b>TOTAL LIABILITIES</b>	<b>\$ 79,569,815</b>	<b>\$ 479,380,405</b>	<b>\$ (479,715,957)</b>	<b>\$ 79,234,263</b>
	<b>Balance 1/1/2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 12/31/2010</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,962,263	\$ 403,631,775	\$ (398,750,989)	\$ 9,843,049
Taxes receivable	69,682,853	68,776,540	(69,682,853)	68,776,540
Due from the CCA internal service fund	309,028	536,515	(309,028)	536,515
Due from member municipalities	403,177	413,711	(403,177)	413,711
<b>TOTAL ASSETS</b>	<b>\$ 75,357,321</b>	<b>\$ 473,358,541</b>	<b>\$ (469,146,047)</b>	<b>\$ 79,569,815</b>
<b>LIABILITIES</b>				
Due to the City of Cleveland	\$ 49,255,025	\$ 364,146,169	\$ (361,181,103)	\$ 52,220,091
Due to member municipalities	26,102,296	109,212,372	(107,964,944)	27,349,724
<b>TOTAL LIABILITIES</b>	<b>\$ 75,357,321</b>	<b>\$ 473,358,541</b>	<b>\$ (469,146,047)</b>	<b>\$ 79,569,815</b>

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

**SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

Members	Balance Collected and Due Members January 1, 2011	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2011
Ada	\$ 69,125.43	\$ 1,169,682.73	\$ 1,238,808.16	\$ 1,081,531.57	\$ 42,329.52	\$ 1,123,861.09	\$ 114,947.07
Alger	(486.20)	40,074.99	39,588.79	35,444.35	5,354.46	40,798.81	(1,210.02)
Antwerp	13,815.73	11,350.67	25,166.40	24,266.40	900.00	25,166.40	-
Barberton	839,640.75	11,727,688.76	12,567,329.51	11,462,758.62	281,340.61	11,744,099.23	823,230.28
Bedford	520.31	18,276.37	18,796.68	17,802.22	1,423.28	19,225.50	(428.82)
Bradner	3,593.26	117,539.21	121,132.47	107,538.48	9,449.93	116,988.41	4,144.06
Bratenahl	191,666.18	1,239,491.30	1,431,157.48	1,134,745.86	34,305.79	1,169,051.65	262,105.83
Burton	28,106.67	464,202.19	492,308.86	429,449.51	25,566.99	455,016.50	37,292.36
Cairo	483.62	2,797.91	3,281.53	2,881.72	399.81	3,281.53	-
Chardon	360,634.83	221,507.99	582,142.82	575,142.82	7,000.00	582,142.82	-
Cleveland	4,285,713.15	317,588,331.23	321,874,044.38	311,777,894.57	5,081,862.30	316,859,756.87	5,014,287.51
Cridersville	13,833.10	298,432.32	312,265.42	279,895.19	21,920.05	301,815.24	10,450.18
Dayton	21,431.89	406,369.72	427,801.61	378,702.59	26,344.81	405,047.40	22,754.21
Elida	20,726.85	428,789.88	449,516.73	405,262.05	28,058.58	433,320.63	16,196.10
Gates Mills	203,351.07	1,617,951.77	1,821,302.84	1,564,634.25	53,248.94	1,617,883.19	203,419.65
Geneva-on-the-Lake	957.59	130,308.11	131,265.70	118,312.79	14,032.21	132,345.00	(1,079.30)
Grand Rapids	10,301.92	211,696.26	221,998.18	203,942.15	18,535.79	222,477.94	(479.76)
Grand River	16,082.02	246,805.31	262,887.33	225,326.53	8,235.59	233,562.12	29,325.21
Highland Hills	242,133.57	3,047,168.36	3,289,301.93	3,013,949.87	47,216.14	3,061,166.01	228,135.92
Huntsville	103.79	52,484.77	52,588.56	46,740.16	5,564.35	52,304.51	284.05
Lakewood	(1,538.22)	17,366.55	15,828.33	14,815.04	992.60	15,807.64	20.69
Liberty Center	1,036.66	172,141.81	173,178.47	157,255.51	13,233.29	170,488.80	2,689.67
Lima		43,888.58	43,888.58	40,027.77	4,641.91	44,669.68	(781.10)
Linndale	6,560.56	79,565.44	86,126.00	77,594.29	2,699.67	80,293.96	5,832.04
Lorain		62,433.23	62,433.23	57,059.00	7,723.72	64,782.72	(2,349.49)
Madison	64,132.06	854,381.26	918,513.32	809,341.95	52,550.16	861,892.11	56,621.21
Medina	845,817.16	12,643,526.96	13,489,344.12	12,144,199.55	447,509.66	12,591,709.21	897,634.91
Mentor-on-the-Lake	74,941.52	919,035.36	993,976.88	894,775.31	43,976.13	938,751.44	55,225.44
Metamora	(395.99)	395.99	-	-	-	-	-
Munroe Falls	114,829.18	1,058,501.05	1,173,330.23	1,048,840.82	48,990.46	1,097,831.28	75,498.95
Northfield	56,143.27	972,447.50	1,028,590.77	921,020.25	43,556.02	964,576.27	64,014.50
North Baltimore	32,115.30	658,962.69	691,077.99	609,638.97	31,283.56	640,922.53	50,155.46
North Perry	67,329.54	1,156,169.11	1,223,498.65	1,129,348.02	20,540.46	1,149,888.48	73,610.17
North Randall	49,415.39	939,759.86	989,175.25	871,680.91	26,791.87	898,472.78	90,702.47
Norton	273,662.40	4,539,827.70	4,813,490.10	4,336,416.49	166,595.22	4,503,011.71	310,478.39
Village of Oakwood	984.77	97,691.85	98,676.62	87,022.42	7,704.06	94,726.48	3,950.14
Orwell	53,859.07	20,082.04	73,941.11	73,341.11	600.00	73,941.11	-
Painesville	609,897.01	7,555,170.10	8,165,067.11	7,401,603.21	201,919.20	7,603,522.41	561,544.70
Paulding	7,272.90	404,776.11	412,049.01	366,527.71	38,165.27	404,692.98	7,356.03
Peninsula	17,378.34	279,792.81	297,171.15	264,289.71	16,650.28	280,939.99	16,231.16
Rocky River	581,672.39	8,422,547.07	9,004,219.46	8,075,579.78	333,902.63	8,409,482.41	594,737.05
Russells Point	8,615.94	199,258.20	207,874.14	182,883.04	15,248.14	198,131.18	9,742.96
Seville	64,060.13	953,995.04	1,018,055.17	911,785.10	44,786.70	956,571.80	61,483.37
South Russell	95,084.95	1,181,745.97	1,276,830.92	1,119,233.17	59,699.07	1,178,932.24	97,898.68
Stow	1,389.80	56,894.76	58,284.56	53,479.82	2,436.28	55,916.10	2,368.46
Timberlake	625.62	75,166.96	75,792.58	67,779.10	7,749.32	75,528.42	264.16
Trotwood	(7,321.95)	100,864.27	93,542.32	80,757.08	6,303.10	87,060.18	6,482.14
Troy		49,597.83	49,597.83	46,404.23	5,400.72	51,804.95	(2,207.12)
Wadsworth	482,088.21	6,578,311.03	7,060,399.24	6,264,357.96	289,589.19	6,553,947.15	506,452.09
Warren		180,052.48	180,052.48	166,190.18	15,778.89	181,969.07	(1,916.59)
Warrensville Heights	1,003,467.99	12,671,554.55	13,675,022.54	12,461,549.30	244,998.48	12,706,547.78	968,474.76
Waynesfield	4,941.97	114,453.86	119,395.83	108,991.57	8,055.47	117,047.04	2,348.79
Totals	\$ 10,829,801.50	\$ 402,101,307.87	\$ 412,931,109.37	\$ 393,730,010.07	\$ 7,923,160.68	\$ 401,653,170.75	\$ 11,277,938.62

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

**SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

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	0.534976%	1.388235%	\$ 42,423.05	\$ 93.53	\$ 42,329.52
Alger	0.067563%	0.047563%	5,357.66	3.20	5,354.46
Antwerp	0.021308%	0.000000%	900.00		900.00
Barberton	3.559673%	13.918975%	282,278.41	937.80	281,340.61
Bedford	0.017967%	0.021691%	1,424.74	1.46	1,423.28
Bradner	0.119287%	0.139501%	9,459.33	9.40	9,449.93
Bratenahl	0.433863%	1.471087%	34,404.91	99.12	34,305.79
Burton	0.322881%	0.550937%	25,604.11	37.12	25,566.99
Cairo	0.005733%	0.000000%	399.81		399.81
Chardon	0.138322%	0.000000%	7,000.00		7,000.00
Cleveland	64.014168%	0.000000%	5,081,862.30		5,081,862.30
Cridersville	0.276724%	0.354194%	21,943.91	23.86	21,920.05
Dayton	0.332631%	0.482299%	26,377.31	32.50	26,344.81
Elida	0.354265%	0.508908%	28,092.87	34.29	28,058.58
Gates Mills	0.673127%	1.920262%	53,378.32	129.38	53,248.94
Geneva-on-the-Lake	0.177085%	0.154656%	14,042.63	10.42	14,032.21
Grand Rapids	0.233959%	0.251251%	18,552.72	16.93	18,535.79
Grand River	0.104104%	0.292920%	8,255.33	19.74	8,235.59
Highland Hills	0.598492%	3.616523%	47,459.81	243.67	47,216.14
Huntsville	0.070222%	0.062291%	5,568.55	4.20	5,564.35
Lakewood	0.012535%	0.020611%	993.99	1.39	992.60
Liberty Center	0.167052%	0.204306%	13,247.06	13.77	13,233.29
Lima	0.058581%	0.052089%	4,645.42	3.51	4,641.91
Linndale	0.034124%	0.094432%	2,706.03	6.36	2,699.67
Lorain	0.097463%	0.074099%	7,728.71	4.99	7,723.72
Madison	0.663545%	1.014020%	52,618.48	68.32	52,550.16
Medina	5.656071%	15.005937%	448,520.69	1,011.03	447,509.66
Mentor-on-the-Lake	0.555488%	1.090755%	44,049.62	73.49	43,976.13
Munroe Falls	0.618862%	1.256279%	49,075.10	84.64	48,990.46
Northfield	0.550244%	1.154147%	43,633.78	77.76	43,556.02
North Baltimore	0.395166%	0.782088%	31,336.25	52.69	31,283.56
North Perry	0.260191%	1.372196%	20,632.91	92.45	20,540.46
North Randall	0.338807%	1.115351%	26,867.02	75.15	26,791.87
Norton	2.105427%	5.388082%	166,958.25	363.03	166,595.22
Village of Oakwood	0.097251%	0.115945%	7,711.87	7.81	7,704.06
Orwell	0.017535%	0.000000%	600.00		600.00
Painesville	2.553921%	8.966833%	202,523.35	604.15	201,919.20
Paulding	0.481691%	0.480407%	38,197.64	32.37	38,165.27
Peninsula	0.210250%	0.332071%	16,672.65	22.37	16,650.28
Rocky River	4.219173%	9.996277%	334,576.14	673.51	333,902.63
Russells Point	0.192488%	0.236489%	15,264.07	15.93	15,248.14
Seville	0.565745%	1.132246%	44,862.99	76.29	44,786.70
South Russell	0.754027%	1.402552%	59,793.57	94.50	59,699.07
Stow	0.030780%	0.067525%	2,440.83	4.55	2,436.28
Timberlake	0.097799%	0.089212%	7,755.33	6.01	7,749.32
Trotwood	0.079587%	0.119710%	6,311.17	8.07	6,303.10
Troy	0.068156%	0.058865%	5,404.69	3.97	5,400.72
Wadsworth	3.658499%	7.807450%	290,115.22	526.03	289,589.19
Warren	0.199161%	0.213695%	15,793.29	14.40	15,778.89
Warrensville Heights	3.102332%	15.039199%	246,011.76	1,013.28	244,998.48
Waynesfield	0.101699%	0.135839%	8,064.62	9.15	8,055.47
Totals	100.000000%	100.000000%	\$ 7,929,898.27	\$ 6,737.59	\$ 7,923,160.68

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

**SCHEDULES OF INCOME TAXES RECEIVABLE  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	Income Taxes Receivable Dec. 31, 2011	Income Taxes Receivable Dec. 31, 2010
Ada	\$ 217,305.95	\$ 189,554.98
Alger	21,022.10	23,774.84
Antwerp		113,663.83
Barberton	1,938,784.65	1,792,199.55
Bedford	2,982.42	2,266.36
Bradner	45,508.92	44,513.32
Bratenahl	542,783.42	635,840.97
Burton	139,101.15	135,865.82
Cairo		16,864.80
Chardon		1,049,999.31
Cleveland	49,170,807.30	48,705,035.77
Cridersville	111,722.14	108,524.12
Dayton	50,548.67	119,843.66
Elida	169,552.09	180,255.19
Gates Mills	631,825.04	576,170.42
Geneva-on-the-Lake	48,416.86	49,239.83
Grand Rapids	77,145.84	66,013.30
Grand River	51,552.69	39,462.13
Highland Hills	438,438.55	408,793.21
Huntsville	16,079.62	17,431.23
Lakewood	1,957.47	2,695.77
Liberty Center	44,530.43	40,694.55
Lima	2,759.83	111.16
Linndale	11,017.73	13,490.38
Lorain	13,497.11	8,766.03
Madison	310,531.44	316,753.31
Medina	3,253,925.84	3,266,555.23
Mentor-on-the-Lake	233,512.32	205,473.57
Munroe Falls	240,165.75	242,214.78
Northfield	260,876.72	257,930.12
North Baltimore	135,053.14	121,042.58
North Perry	125,602.11	99,908.61
North Randall	148,095.83	155,149.61
Norton	1,181,535.00	1,045,515.21
Village of Oakwood	28,907.45	22,309.86
Orwell		89,794.10
Painesville	1,198,473.22	1,209,310.31
Paulding	102,009.38	98,814.40
Peninsula	66,031.55	70,395.69
Rocky River	2,412,346.28	2,264,192.58
Russells Point	77,413.16	78,579.29
Seville	305,018.85	289,054.54
South Russell	424,839.48	376,491.93
Stow	4,327.99	2,823.85
Timberlake	33,621.74	33,113.42
Trotwood	11,156.74	22,582.04
Troy	4,265.06	7,752.45
Wadsworth	1,750,699.83	1,646,650.46
Warren	20,889.22	6,016.91
Warrensville Heights	2,420,485.06	2,470,149.14
Waynesfield	34,739.51	36,895.57
	<u>\$ 68,531,862.65</u>	<u>\$ 68,776,540.09</u>