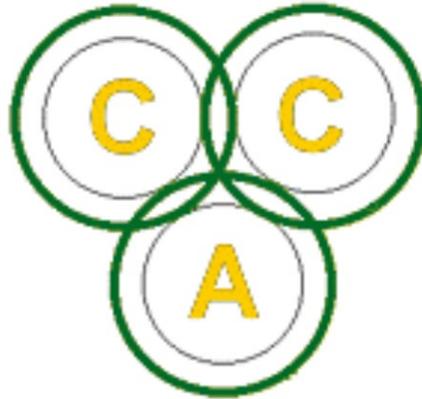


CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY



DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2020

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 Custodial Funds, Division of Taxation, City of Cleveland, Ohio (the "Agency") as of and for the year ended December 31, 2020 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 opinions.

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 Custodial Funds, Division of Taxation, City of Cleveland, Ohio as of December 31, 2020, and the changes in financial position and cash flows thereof, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note A to the basic financial statements, the financial statements present only the Agency and do not purport to, and do not present fairly the financial position of the City of Cleveland as of December 31, 2020, and the respective changes in its financial position and cash flows for the year 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension and OPEB liabilities and pension and OPEB contributions, as listed in the table of contents, 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 44 through 46 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 basic 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 basic financial statements or to the basic 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 stated, in all material respects, in relation to the Agency's basic financial statements taken as a whole.

Clark, Schaefer, Hackett & Co.

Cincinnati, Ohio
June 24, 2021

**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 year ended December 31, 2020. Please read this information in conjunction with the Agency’s financial statements and footnotes starting on page 12.

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 a central income tax collection facility. Initially, in 1966, the Agency provided service for 14 member communities. By 2020, the Agency was providing a full range of tax collection services for 77 member communities throughout 36 Ohio counties. The Agency employs an average of 100 individuals to process approximately 650,000 returns, estimated payments and tax assessments.

COMPARISON OF CURRENT YEAR’S AND PRIOR YEAR’S DATA

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Agency are \$104,082,109 and \$121,728,204 at December 31, 2020 and 2019 respectively; which also equal the liabilities, deferred inflows of resources and net position of the Agency. The Agency’s total assets and deferred outflows of resources decreased by \$17,646,095 in 2020. The change is primarily due to a significant decrease in taxes receivable which is a result of 11 members leaving the Agency by December 31, 2020.
- The custodial fund total cash receipts were approximately \$622 million in 2020 and \$646 million in 2019. In 2020, cash receipts consisted of \$524 million of employer withholding, \$61 million of business profits, \$33 million of individual payments and \$4 million of other payments.
- The Agency’s total operating expenses were \$11,254,905 in 2020 and \$11,914,605 in 2019. In 2020, operating expenses consisted of \$8,160,943 for employee’s wages and benefits, \$1,451,465 for allocated charges and \$1,642,497 for other miscellaneous expenses.
- The Agency provides the opportunity 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 operating expenses of the Agency to be reduced by interest income. The Agency’s member municipalities also benefit by the Agency printing, mailing and delivering large volumes of income tax information and forms in bulk to local community public buildings and their taxpayers. This information is also available on the Agency’s website – www.ccatax.ci.cleveland.oh.us.

**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 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 a custodial fund, which is used to account for the collection and remittance of income taxes for the member municipalities. For accounting measurement purposes, the custodial fund does not involve the measurement of operations.

The financial statements of the Agency can be found on pages 12-17 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, required supplementary information, and accompanying schedules can be found on pages 18-46 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 custodial funds of the Agency as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Assets:		
Cash and cash equivalents	\$ 13,954,563	\$ 14,076,337
Prepaid expenses	43,714	45,990
Capital assets, net of accumulated depreciation	143,268	170,400
Taxes receivable	86,730,427	101,695,622
Due from CCA internal service fund	632,715	1,604,922
Due from member municipalities	776,204	617,317
Total assets	<u>102,280,891</u>	<u>118,210,588</u>
Deferred outflows of resources	1,801,218	3,517,616
Liabilities:		
Accounts payable	104,064	116,989
Due to CCA agency fund	632,715	1,604,922
Due to the City of Cleveland	74,677,647	77,403,039
Due to member municipalities	25,768,694	38,156,472
Accrued wages and benefits - current	924,879	717,976
Accrued wages and benefits - long-term	172,892	211,190
Net pension liability	6,357,970	9,072,105
Net OPEB liability	4,597,992	4,400,808
Total liabilities	<u>113,236,853</u>	<u>131,683,501</u>
Deferred inflows of resources	2,202,064	162,807
Net Position:		
Investment in capital assets	143,268	170,400
Unrestricted	(11,500,076)	(10,288,504)
Total net position	<u>\$ (11,356,808)</u>	<u>\$ (10,118,104)</u>

**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)

Assets: The Agency collects and disburses income tax receipts monthly, except for the Cities of Cleveland, Clayton, Hamilton, Montpelier, Parma Heights, Riverside and Union that receive advances intermittently during the month; the remaining tax receipts balance is disbursed on the scheduled monthly distribution date. Assets primarily consist of cash on hand and anticipated income tax receivable. The total assets and deferred outflows of resources were decreased by \$17,646,095 in 2020. The annual changes are due primarily to a large decrease in taxes receivable.

Capital Assets: The Agency’s investment in capital assets as of December 31, 2020 amounted to \$143,268. The investment in capital assets includes equipment and vehicles. A summary of the Agency’s capital assets during the year ended December 31, 2020 is as follows:

	Balance January 1, 2020	Additions	Reductions	Balance December 31, 2020
Furniture, fixtures, equipment and vehicles	\$ 525,328	\$ 31,860	\$	\$ 557,188
Total	525,328	31,860		557,188
Less: Accumulated depreciation	(354,928)	(58,992)		(413,920)
Total net capital assets	<u>\$ 170,400</u>	<u>\$ (27,132)</u>	<u>\$ -</u>	<u>\$ 143,268</u>

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City of Cleveland) and pension funding responsibilities. During 2020, the net decrease in liabilities resulted from a significant decrease in due to member municipalities and a decrease in net pension liability.

Net Pension/Other Postemployment Benefits (OPEB) Liabilities: The net pension and net OPEB liabilities are reported by the Agency at December 31, 2020 and are reported pursuant to Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions — an Amendment of GASB Statement No. 27* and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Agency’s actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources related to pension and OPEB.

**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)

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*) and postemployment benefits (GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB Statement No. 68 and GASB Statement No. 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's State-wide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB Statement No. 68 and GASB Statement No. 75 require the net pension liability and the net OPEB liability to equal the Agency's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange that is, the employee is trading his or her labor in exchange for wages, benefits and the promise of a future pension and OPEB. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Agency is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State Statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State Statute. The Ohio Revised Code (the ORC) permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liabilities of the pension/OPEB plans against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

**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)

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates and return on investments affect the balance of these liabilities, but are outside the control of the Agency. In the event that contributions, investment returns and other changes are insufficient to keep up with required payments, State Statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68 and GASB Statement No. 75, the Agency's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB Statement No's 68 & 75, the Agency is reporting net pension liability and net OPEB liabilities and deferred inflows/outflows of resources related to pension and OPEB on the accrual basis of accounting.

**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 are the statements of revenue, expenses and changes in net position for the internal service fund of the Agency for the years ended December 31, 2020 and 2019:

	Internal Service Fund	
	2020	2019
Operating Revenues		
Charges for services	\$ 9,925,787	\$ 9,403,986
Total operating revenues	9,925,787	9,403,986
Operating Expenses		
Salaries and wages	5,095,513	5,093,686
Employee benefits	3,065,430	3,801,702
Postage and office supplies	144,840	93,095
Allocation of City of Cleveland costs	1,451,465	1,394,897
Other administrative expenses	1,419,945	1,453,725
Property rental	18,720	18,720
Depreciation	58,992	58,780
Total operating expense	11,254,905	11,914,605
Operating income (loss)	(1,329,118)	(2,510,619)
Non-operating Activity		
Loss on Disposal of Capital Assets		(100)
Interest income	90,414	529,174
Change in net position	(1,238,704)	(1,981,545)
Net position at beginning of year	(10,118,104)	(8,136,559)
Net position at end of year	\$ (11,356,808)	\$ (10,118,104)

**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)

Operating Revenues: In 2020, charges for services increased by \$521,801. Charges for services are shared proportionately among all the members.

Operating Expenses: Employee benefits decreased by \$736,272 as a result of a large decrease in net pension liability expenses.

ADDITIONAL INFORMATION

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Agency. In addition, the impact on the Agency's future operating revenue, expenses, and any recovery from emergency funding cannot be estimated.

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

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

**STATEMENT OF NET POSITION - ALL FUND TYPES
December 31, 2020**

	<u>Proprietary Fund Type</u> <u>Internal Service</u>	<u>Fiduciary Fund Type</u> <u>Custodial</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,717,105	\$ 12,237,458
Prepaid expenses	43,714	
Taxes receivable		86,730,427
Due from CCA internal service fund		632,715
Due from member municipalities		776,204
TOTAL CURRENT ASSETS	<u>1,760,819</u>	<u>100,376,804</u>
CAPITAL ASSETS:		
Furniture, fixtures, equipment and vehicles	557,188	
Less: Accumulated depreciation	(413,920)	
CAPITAL ASSETS, NET	<u>143,268</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	1,069,825	
OPEB	731,393	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,801,218</u>	<u>-</u>

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

**STATEMENT OF NET POSITION - ALL FUND TYPES
December 31, 2020**

	<u>Proprietary Fund Type</u> <u>Internal Service</u>	<u>Fiduciary Fund Type</u> <u>Custodial</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 104,064	\$
Due to CCA custodial fund	632,715	
Due to the City of Cleveland	69,537	74,608,110
Due to member municipalities		25,768,694
Accrued wages and benefits - current	924,879	
TOTAL CURRENT LIABILITIES	<u>1,731,195</u>	<u>100,376,804</u>
LONG-TERM LIABILITIES		
Net pension liability	6,357,970	
Net OPEB liability	4,597,992	
Accrued wages and benefits	172,892	
TOTAL LONG-TERM LIABILITIES	<u>11,128,854</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	1,489,943	
OPEB	712,121	
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,202,064</u>	<u>-</u>
NET POSITION		
Investment in capital assets	143,268	
Unrestricted	(11,500,076)	
TOTAL NET POSITION	<u>\$ (11,356,808)</u>	<u>\$ -</u>

See notes to financial statements.

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND**

For the Year Ended December 31, 2020

OPERATING REVENUES

Charges for services	\$ 9,925,787
TOTAL OPERATING REVENUES	<u>9,925,787</u>

OPERATING EXPENSES

Salaries and wages	5,095,513
Employee benefits	3,065,430
Postage and office supplies	144,840
Allocation of City of Cleveland costs	1,451,465
Other administrative expenses	1,419,945
Property rental	18,720
Depreciation	58,992
TOTAL OPERATING EXPENSES	<u>11,254,905</u>

OPERATING INCOME (LOSS) (1,329,118)

NON-OPERATING ACTIVITY

Interest income	<u>90,414</u>
-----------------	---------------

CHANGE IN NET POSITION (1,238,704)

NET POSITION AT BEGINNING OF YEAR (10,118,104)

NET POSITION AT END OF YEAR \$ (11,356,808)

See notes to financial statements.

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

**STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND
For the Year Ended December 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from member municipalities	\$ 8,945,207
Cash payments to suppliers of goods and services	(2,991,240)
Cash payments for employee services and benefits	(6,742,985)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(789,018)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of capital assets	(31,860)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED ACTIVITIES	<u>(31,860)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned on investments	90,414
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>90,414</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (730,464)

Cash and cash equivalents at beginning of year 2,447,569

Cash and cash equivalents at end of year \$ 1,717,105

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATIONS

Operating income (loss)	\$ (1,329,118)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	58,992
Changes in assets:	
Prepaid expense	2,276
Changes in deferred outflows of resources:	
Pension	2,065,958
OPEB	(349,560)
Changes in liabilities:	
Accounts payable	(12,925)
Due to CCA custodial fund	(972,207)
Due to City of Cleveland	56,655
Accrued wages and benefits	168,605
Net pension liability	(2,714,135)
Net OPEB liability	197,184
Changes in deferred inflows of resources:	
Pension	1,339,076
OPEB	700,181
Total adjustments	<u>540,100</u>

NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES \$ (789,018)

See notes to financial statements.

CITY OF CLEVELAND, OHIO

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Central Collection Agency</u>
Additions	
Income tax collected for other governments	\$ 596,752,835
Total additions	<u>596,752,835</u>
Deductions	
Payments of income tax to other governments	<u>596,752,835</u>
Total deductions	<u>596,752,835</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</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 Year Ended December 31, 2020**

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 - Custodial 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 2016, GASB Statement No. 83, *Certain Asset Retirement Obligations*, was issued. This Statement is effective for the reporting periods beginning after June 15, 2019. The objective of this Statement is to provide financial statement users with information about asset retirement obligations (ARO) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. The Agency has determined that GASB Statement No. 83 has no impact on its financial statements as of December 31, 2020.

In January of 2017, GASB Statement No. 84, *Fiduciary Activities*, was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. This Statement also is intended to improve the usefulness of fiduciary activity information primarily for assessing the accountability of governments in their roles as fiduciaries. As required, the Agency has implemented GASB Statement No. 84 as of December 31, 2020.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In March of 2018, GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, was issued. This Statement is effective for reporting periods beginning after June 15, 2019. The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The Agency has determined that GASB Statement No. 88 has no impact on its financial statements as of December 31, 2020.

In August of 2018, GASB Statement No. 90, *Majority Equity Interests an Amendment of GASB Statements No. 14 and No. 61*, was issued. This Statement is effective for reporting periods beginning after December 15, 2019. The objective of this Statement is to improve consistency in the measurement and comparability of the financial statement presentation of majority interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Agency has determined that GASB Statement No. 90 has no impact on its financial statements as of December 31, 2020.

The Agency's net position is accounted for in the accompanying statement of net position and is divided into amounts in investment in capital assets and unrestricted. The negative unrestricted amount is primarily the unfunded net pension and OPEB liabilities and will not be 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. 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.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and changes to unfunded pension and OPEB liabilities, 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.

Investments: The Agency follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which requires governmental entities to record their investments at fair value within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are significant other observable inputs valued by pricing sources used by the City's investment managers. Level 3 inputs are significant unobservable inputs. The Agency's investments in money market mutual funds and State Treasurer Asset Reserve Fund (STAR Ohio) funds are excluded from fair value measurement requirements under GASB Statement No. 72 and instead are reported at amortized cost.

The Agency has invested funds in STAR Ohio during 2020. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, for the purpose of measuring the value of shares in STAR Ohio. The Agency measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

Prepaid Expenses and Other Assets: Payments made to vendors for services that benefit future periods are recorded as prepayments in the financial statements. A current asset for the prepaid amount is recorded at the time of purchase and the expense is reported in the year in which services are consumed.

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interfund Transactions: During the course of normal operations, the Agency has numerous transactions between other city divisions and departments. Unpaid amounts at year end are generally reflected as due to or due from in the accompanying financial statements.

Capital Assets and Depreciation: Capital assets are stated on the basis of historical cost, or if contributed, at their acquisition value on the date contributed. 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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Deferred Outflows/Inflows of Resources: In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as a deferred outflow of resources (expense) until then. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as a deferred inflow of resources (revenue) until that time.

Net Pension/OPEB Liabilities: For purposes of measuring the net pension/OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expenses, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value.

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)
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NOTE C – LONG TERM LIABILITIES

Summary: Changes in long-term obligations for the year ended December 31, 2020 are as follows:

	Balance January 1, 2020	Increase	Decrease	Balance December 31, 2020	Due Within One Year
Accrued wages and benefits	\$ 929,166	\$ 887,605	\$ (719,000)	\$ 1,097,771	\$ 924,879
Net pension liability	9,072,105		(2,714,135)	6,357,970	
Net OPEB liability	4,400,808	197,184		4,597,992	
Total	<u>\$ 14,402,079</u>	<u>\$ 1,084,789</u>	<u>\$ (3,433,135)</u>	<u>\$ 12,053,733</u>	<u>\$ 924,879</u>

NOTE D - DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Agency’s deposits at December 31, 2020 totaled \$3,190,746 and the Agency’s bank balances were \$4,230,221. 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*, \$4,230,221 of the bank balances at December 31, 2020, respectively, was 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 110.0% of the carrying value of the deposits being secured.

Investments: In accordance with GASB Statement No. 72, the City reports its investments at fair value based on quoted market values, where applicable and recognized the corresponding change in the fair value of the investments is recorded in investment earnings in the year in which the change occurs. 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; STAR Ohio; commercial paper; U.S. 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 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.

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NOTE D - DEPOSITS AND INVESTMENTS (Continued)

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 both short and long-term investments maturing within five years from the date of purchase. The intent is to avoid the need to sell securities prior to maturity. Investment maturities are disclosed in the Concentration of Credit Risk section.

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: The Agency's investments as of December 31, 2020 include STAR Ohio and money market mutual funds. Investments in STAR Ohio and the Federated Government Obligations Fund carry a rating of AAAM, which is the highest money market fund rating given by S&P Global. Ohio law requires that STAR Ohio 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, 2020, which include those classified as cash and cash equivalents in the statement of net position in accordance with the provisions of GASB Statement No. 9 since they have a maturity of three months or less:

Type of Investment	2020 Value	2020 Cost	Investment Maturities Less Than One Year
STAR Ohio	\$ 2,013,470	\$ 2,013,470	\$ 2,013,470
Money Market Mutual Funds	8,750,347	8,750,347	8,750,347
Total Investments	10,763,817	10,763,817	10,763,817
Total Deposits	3,190,746	3,190,746	3,190,746
Total Deposits and Investments	<u>\$ 13,954,563</u>	<u>\$ 13,954,563</u>	<u>\$ 13,954,563</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 STAR Ohio and money market mutual funds. These investments are carried at cost which approximates fair value. Monies due to member agencies are disbursed from these funds on a monthly basis.

As of December 31, 2020, the investments in STAR Ohio and money market mutual funds are approximately 18.7% and 81.3%, of the Agency's total investments.

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NOTE E - CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2020 was as follows:

	Balance			Balance	
	January 1, 2020	Additions	Reductions	December 31, 2020	
Capital assets, being depreciated					
Furniture, fixtures, equipment and vehicles	\$ 525,328	\$ 31,860	\$	\$ 557,188	
Total capital assets, being depreciated	525,328	31,860		557,188	
Less: Total accumulated depreciation	(354,928)	(58,992)		(413,920)	
Total capital assets, being depreciated, net	170,400	(27,132)	-	143,268	
Capital assets, net	\$ 170,400	\$ (27,132)	\$ -	\$ 143,268	

NOTE F - 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 due to and due from and certain payable balances as of December 31, 2020 are as follows:

	Internal Service		Custodial		Total	
	Fund		Fund		Total	
Due from CCA internal service fund	\$		\$	632,715	\$	632,715
Due from member municipalities				776,204		776,204
Total Due From	\$	-	\$	1,408,919	\$	1,408,919
Due to CCA custodial fund	\$	632,715	\$		\$	632,715
Due to the City of Cleveland		69,537		74,608,110		74,677,647
Due to member municipalities				25,768,694		25,768,694
Total Due To	\$	702,252	\$	100,376,804	\$	101,079,056

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NOTE G - DEFINED BENEFIT PENSION PLANS

Net Pension Liability: The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Agency's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments (COLA) and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The ORC limits the Agency's obligation for this liability to annually required payments. The Agency cannot control benefit terms or the manner in which pensions are financed; however, the Agency does receive the benefit of employees' services in exchange for compensation including pension.

GASB Statement No. 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State Statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State Statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System (OPERS): The Agency's employees, other than full-time police and firefighters, participate in the OPERS. OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Agency's employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual COLA to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the ORC. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Plan as per the reduced benefits adopted by SB 343 (see OPERS Comprehensive Annual Financial Report referenced above for additional information):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements:	Age and Service Requirements:	Age and Service Requirements:
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	Formula:	Formula:
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

FAS represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career. Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual COLA is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.0% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.0%.

Funding Policy: The ORC provides statutory authority for member and employer contributions. For 2020, member contribution rates were 10.0% and employer contribution rates were 14.0%.

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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Agency's contractually required contribution was \$688,704 for 2020. All required payments have been made.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: The net pension liability for OPERS was measured as of December 31, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Agency's proportion of the net pension liability was based on the Agency's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportionate Share of the Net Pension Liability	\$ 6,357,970
Proportion of the Net Pension Liability	0.035740 %
Change in Proportion	(0.000422) %
Pension Expense	\$ 1,370,455

At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred outflows:	
Change in assumptions	\$ 362,950
Change in Agency's proportionate share and difference in employer contributions	18,171
Agency's contributions subsequent to the measurement date	688,704
Total deferred outflows	\$ 1,069,825
 Deferred inflows:	
Differences between expected and actual experience	\$ 99,833
Net difference between projected and actual earnings on pension plan investment	1,338,620
Change in Agency's proportionate share and difference in employer contributions	51,490
Total deferred inflows	\$ 1,489,943

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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The \$688,704 reported as deferred outflows of resources related to pension resulting from the Agency's contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS
2021	\$ (164,403)
2022	(447,424)
2023	50,734
2024	(535,597)
2025	(3,577)
Thereafter	(8,555)
Total	\$ (1,108,822)

Actuarial Assumptions – OPERS: Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	December 31, 2019
Wage Inflation	3.25%
Future Salary Increases, including wage inflation	3.25 to 10.75%
COLA or Ad Hoc COLA	3.25%, simple
	Pre 1/7/2013 retirees: 3%, simple
	Post 1/7/2013 retirees: 1.4%, simple
	through 2020, then 2.15%, simple
Investment Rate of Return	7.2%
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and female, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and female, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Defined Benefit Portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit Portfolio, contributions into the plans are all recorded at the same time and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Defined Benefit Portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit Portfolio was 17.2% for 2019.

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NOTE G - DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit Portfolio is approved by the Board of Trustees (the Board) as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board approved asset allocation policy for 2019 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	<u>100.00 %</u>	5.61 %

Discount Rate: The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Agency's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Agency's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2% as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease 6.2%	Current Discount Rate 7.2%	1% Increase 8.2%
Agency's proportionate share of the net pension liability	\$ 9,197,151	\$ 6,357,970	\$ 4,008,100

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For the Year Ended December 31, 2020**

NOTE H – DEFINED BENEFIT OPEB PLANS

Net OPEB Liability: The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the Agency's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, COLA and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

The ORC limits the Agency's obligation for this liability to annually required payments. The Agency cannot control benefit terms or the manner in which OPEB are financed; however, the Agency does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The ORC permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term net OPEB liability on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description – 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 trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. This trust is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, Member-Directed Plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020**

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

In order to qualify for postemployment health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have twenty 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 OPEB as described in GASB Statement No. 75. See OPERS' Comprehensive Annual Financial Report referenced below for additional information.

The ORC permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the ORC.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Funding Policy: The ORC provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by the Board, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020 state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the ORC. Active member contributions do not fund health care.

Each year, the Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 0.0% for both plans in 2020. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.0%.

For the year ended December 31, 2020, OPERS did not allocate any employer contributions to the OPEB plan.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020**

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment and interest accruals during the year. The Agency's proportion of the net OPEB liability was based on the Agency's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.033288%
Prior Measurement Date	0.033755%
 Change in Proportionate Share	 (0.000467)%
 Proportionate Share of the Net OPEB Liability	 \$ 4,597,992
 OPEB Expense	 \$ 547,283

At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred outflows:	
Differences between expected and actual experience	\$ 123
Change in assumptions	727,813
Change in Agency's proportionate share and difference in employer contributions	3,457
Total deferred outflows	\$ 731,393
 Deferred inflows:	
Differences between expected and actual experience	\$ 420,508
Net difference between projected and actual earnings on OPEB plan investment	234,129
Change in Agency's proportionate share and difference in employer contributions	57,484
Total deferred inflows	\$ 712,121

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020**

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB as follows:

Year Ending December 31:	OPERS
2021	\$ 80,304
2022	38,829
2023	186
2024	(100,047)
Total	\$ 19,272

Actuarial Assumptions – OPERS: Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*:

Wage Inflation	3.25%
Projected Salary Increases, including wage inflation	3.25% to 10.75%
Single Discount Rate:	
Current Measurement Date	3.16%
Prior Measurement Date	3.96%
Investment Rate of Return	6.00%
Municipal Bond Rate:	
Current Measurement Date	2.75%
Prior Measurement Date	3.71%
Health Care Cost Trend Rate:	
Current Measurement Date	10.50%, initial 3.50%, ultimate in 2030
Prior Measurement Date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled Mortality Table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 Mortality Improvement Scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit Portfolio, the Health Care Portfolio and the Defined Contribution Portfolio. The Health Care Portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care Portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the Health Care Portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care Portfolio was 19.7% for 2019.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020**

NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

The allocation of investment assets with the Health Care Portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board approved asset allocation policy for 2019 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate: A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date as of December 31, 2019. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034 and the municipal bond rate was applied to all health care costs after that date.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE H – DEFINED BENEFIT OPEB PLANS (Continued)

Sensitivity of the Agency’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate: The following table presents the Agency’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the Agency’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	1% Decrease (2.16%)		Current Discount Rate (3.16%)		1% Increase (4.16%)
Agency's proportionate share of the net OPEB liability	\$ 6,017,302	\$	4,597,992	\$	3,461,712

Sensitivity of the Agency’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate: Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates and the expected net OPEB liability if it were calculated using a health care cost trend rate that is one percentage-point-lower or one-percentage-point higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenses will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries’ project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	1% Decrease (2.50%)		Current Health Care Cost Trend Rate Assumption (3.50%)		1% Increase (4.50%)
Agency's proportionate share of the net OPEB liability	\$ 4,462,258	\$	4,597,992	\$	4,731,876

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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2020**

NOTE I - 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 and changes in net position of the internal service fund for the years ended December 31, 2020 were as follows:

City Administration	\$	574,230
Office Rent		425,000
Telephone		53,422
Utilities		163,092
Parking Facilities		1,370
Printing Services		229,597
Motor Vehicle Maintenance		4,754
Total	<u>\$</u>	<u>1,451,465</u>

NOTE J - DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$776,204 at December 31, 2020 as accrued wages and benefits. These amounts are recorded as due from member municipalities in the custodial fund.

NOTE K - 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, which the City is responsible for. 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 2020.

The City provides the choice of two separate health insurance plans to its employees. The Agency is charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio Worker's Compensation retrospective rating program.

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**NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE K - CONTINGENT LIABILITIES AND RISK MANAGEMENT (Continued)

In accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, 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.

NOTE L - COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of the pandemic and the ensuing emergency measures will impact subsequent periods of the Agency. In addition, the impact on the Agency's future operating revenue, expenses, and any recovery from emergency funding cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SEVEN YEARS (1), (2)**

	Agency's Proportion of the Net Pension Liability		Agency's Proportionate Share of the Net Pension Liability		Agency's Covered Payroll	Agency's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.030085%	\$	3,541,261	\$	3,409,992	103.85 %	86.36 %
2015	0.030085		3,617,001		3,764,833	96.07	86.45
2016	0.033857		5,365,647		4,316,792	124.30	81.08
2017	0.032616		6,906,177		4,326,558	159.62	77.25
2018	0.033800		4,774,282		4,565,446	104.57	84.66
2019	0.036162		9,072,105		5,124,500	177.03	74.70
2020	0.035740		6,357,970		5,084,007	125.06	82.17

(1) Information presented for each year was determined as the Agency's measurement date, which is the prior year end.

(2) Information prior to 2014 is not available. The Agency will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

Change in assumptions. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.0% down to 7.5% (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018. For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.5% down to 7.2%. There were no changes in assumptions in 2020.

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

**SCHEDULE OF CONTRIBUTIONS - NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST EIGHT YEARS (1)**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Agency's Covered Payroll	Contributions as a Percentage of Covered Payroll
2013	\$ 443,299	\$ (443,299)	\$ -	\$ 3,409,992	13.00 %
2014	451,780	(451,780)	-	3,764,833	12.00
2015	518,015	(518,015)	-	4,316,792	12.00
2016	519,187	(519,187)	-	4,326,558	12.00
2017	593,508	(593,508)	-	4,565,446	13.00
2018	717,430	(717,430)	-	5,124,500	14.00
2019	711,761	(711,761)	-	5,084,007	14.00
2020	688,704	(688,704)	-	4,919,314	14.00

(1) Represents Agency's calendar year. Information prior to 2013 is not available. The Agency will to continue to present information for years available until a full ten-year trend is compiled.

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

**SCHEDULE OF THE AGENCY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR YEARS (1), (2)**

	Agency's Proportion of the Net OPEB Liability	Agency's Proportionate Share of the Net OPEB Liability	Agency's Covered Payroll	Agency's Proportionat Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2017	0.032039%	\$ 3,236,001	\$ 4,326,558	74.79 %	54.04 %
2018	0.033251	3,610,773	4,565,446	79.09	54.14
2019	0.033755	4,400,808	5,124,500	85.88	46.33
2020	0.033288	4,597,992	5,084,007	90.44	47.80

- (1) Information presented for each year was determined as of the Agency's measurement date, which is the prior year end.
- (2) Information prior to 2017 is not available. The Agency will continue to present information for years available until a full ten-year trend is compiled.

Note to Schedule:

In 2018, the single discount rate changed from 4.23% to 3.85%.

In 2019, the single discount rate changed from 3.85% to 3.96%, the investment rate of return changed from 6.50% to 6.00% and the health care cost trend rate changed from 7.5% initial to 10.0% initial.

In 2020, the single discount rate changed from 3.96% to 3.16% and the health care cost trend rate changed from 10.0% initial, 3.25% ultimate in 2029 to 10.5% initial, 3.50% ultimate in 2030.

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REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

**SCHEDULE OF CONTRIBUTIONS - NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FIVE YEARS (1), (2), (3)**

	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	Agency's Covered Payroll	Contributions as a Percentage of Covered Payroll
2016 \$	86,531	\$ (86,531)	-	\$ 4,326,558	2.00 %
2017	45,654	(45,654)	-	4,565,446	1.00
2018	-	-	-	5,124,500	0.00
2019	-	-	-	5,084,007	0.00
2020	-	-	-	5,111,514	0.00

- (1) Beginning in 2016, OPERS used one trust as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.
- (2) The OPEB plan includes the members from the Traditional Plan, the Combined Plan and the Member-Directed Plan.
- (3) Represents Agency's calendar year. Information prior to 2016 is not available. The Agency will continue to present information for years available until a full ten-year trend is compiled.

**CITY OF CLEVELAND
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**SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Members	Balance Collected and Due Members January 1, 2020	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2020
ADA	\$ 184,365.40	\$ 1,769,561.13	\$ 1,953,926.53	\$ 1,764,902.90	\$ 48,290.19	\$ 1,813,193.09	\$ 140,733.44
AKRON	104.50	260.00	364.50	239.50	65.00	304.50	60.00
ALGER	1,682.29	144,271.01	145,953.30	126,572.26	7,128.12	133,700.38	12,252.92
ALLIANCE	55.71	500.00	555.71	345.71	125.00	470.71	85.00
BARBERTON	1,442,469.25	11,868,013.43	13,310,482.68	12,192,903.57	242,370.10	12,435,273.67	875,209.01
BRATENAHL	93,402.97	2,429,362.82	2,522,765.79	2,283,120.56	41,389.76	2,324,510.32	198,255.47
BURTON	59,902.07	622,865.41	682,767.48	609,597.69	28,897.17	638,494.86	44,272.62
CHILLICOTHE	(22.87)		(22.87)				(22.87)
CLAYTON	163,103.96	4,681,624.73	4,844,728.69	4,485,285.00	162,701.75	4,647,986.75	196,741.94
CLEVELAND	3,244,086.11	472,292,309.58	475,536,395.69	463,323,692.10	6,607,676.98	469,931,369.08	5,605,026.61
DAYTON	64.60	782.00	846.60	626.60	195.50	822.10	24.50
DRESDEN	27,382.21	298,107.43	325,489.64	288,255.06	18,650.63	306,905.69	18,583.95
EAST LIVERPOOL	333.51	1,414.69	1,748.20	1,383.20	353.67	1,736.87	11.33
ELIDA	39,152.59	495,011.97	534,164.56	465,275.72	31,461.33	496,737.05	37,427.51
ENGLEWOOD	(112.26)		(112.26)			-	(112.26)
FRAZEYSBURG	7,956.50	151,655.99	159,612.49	139,335.37	11,223.45	150,558.82	9,053.67
GATES MILLS	141,188.29	613,204.07	754,392.36	733,693.39	24,421.60	758,114.99	(3,722.63)
GENEVA-ON-THE-LAKE	15,566.91	232,079.51	247,646.42	221,394.97	13,378.17	234,773.14	12,873.28
GERMANTOWN	140,373.99	1,664,623.12	1,804,997.11	1,585,685.80	76,155.21	1,661,841.01	143,156.10
GRAND RAPIDS	6,143.53	205,538.55	211,682.08	184,394.14	18,642.87	203,037.01	8,645.07
GRAND RIVER	26,026.53	314,787.12	340,813.65	310,812.68	7,921.00	318,733.68	22,079.97
HAMILTON	806,563.39	29,703,968.65	30,510,532.04	29,563,628.50	655,123.98	30,218,752.48	291,779.56
HARTVILLE	(146.28)		(146.28)			-	(146.28)
HIGHLAND HILLS	362,918.80	4,596,304.99	4,959,223.79	4,574,645.32	48,045.80	4,622,691.12	336,532.67
LAKEWOOD	(3.00)		(3.00)			-	(3.00)
LINNDALE	4,544.22	56,164.87	60,709.09	55,097.19	1,964.53	57,061.72	3,647.37
LORAIN	242.89	1,113.12	1,356.01	1,041.01	278.28	1,319.29	36.72
MARBLE CLIFF	202,514.86	1,634,400.69	1,836,915.55	1,694,353.14	22,426.47	1,716,779.61	120,135.94
MENTOR-ON-THE-LAKE	104,496.57	1,050,619.41	1,155,115.98	1,039,025.60	43,644.66	1,082,670.26	72,445.72
MONTGOMERY	(715.26)		(715.26)			-	(715.26)
MONTPELIER	42,488.69	1,971,480.25	2,013,968.94	1,883,581.84	46,251.67	1,929,833.51	84,135.43
MUNROE FALLS	165,952.16	1,555,208.79	1,721,160.95	1,544,562.83	58,116.75	1,602,679.58	118,481.37
NEW CARLISLE	148,009.51	1,643,186.45	1,791,195.96	1,582,768.56	74,395.51	1,657,164.07	134,031.89
NEW MADISON	3,297.84	156,539.82	159,837.66	144,804.64	8,125.15	152,929.79	6,907.87
NEW MIAMI	3,659.47	166,908.08	170,567.55	139,827.62	10,922.95	150,750.57	19,816.98
NEW PARIS	12,101.92	148,054.72	160,156.64	142,359.61	12,887.94	155,247.55	4,909.09
NORTH BALTIMORE	90,480.76	1,090,784.68	1,181,265.44	1,054,341.00	43,382.78	1,097,723.78	83,541.66
NORTH PERRY VILLAGE	107,657.38	993,617.06	1,101,274.44	1,021,516.75	14,578.97	1,036,095.72	65,178.72
NORTH RANDALL	728,867.02	7,468,550.25	8,197,417.27	7,505,745.03	68,837.43	7,574,582.46	622,834.81
NORTON	569,806.41	6,195,661.75	6,765,468.16	6,092,115.44	177,208.67	6,269,324.11	496,144.05
OBETZ	2,179,865.82	15,176,739.41	17,356,605.23	16,054,567.44	168,121.75	16,222,689.19	1,133,916.04
ORWELL	130,220.97	1,475,998.60	1,606,219.57	1,472,229.43	28,155.03	1,500,384.46	105,835.11
PARMA HEIGHTS	139,246.06	8,183,700.91	8,322,946.97	7,764,634.97	275,223.19	8,039,858.16	283,088.81
PAULDING	82,821.82	1,059,792.38	1,142,614.20	1,005,690.44	43,541.76	1,049,232.20	93,382.00
PHILLIPSBURG	1,025.96	70,938.74	71,964.70	62,477.12	6,962.45	69,439.57	2,525.13
RIVERSIDE	-	5,297,348.15	5,297,348.15	4,913,683.11	183,500.89	5,097,184.00	200,164.15
ROCK CREEK	8,476.02	95,967.25	104,443.27	89,902.20	6,840.62	96,742.82	7,700.45
RUSHSVLVANIA	5,501.35	70,884.28	76,385.63	64,610.53	5,758.16	70,368.69	6,016.94
RUSSELLS POINT	17,847.04	302,598.80	320,445.84	280,686.74	20,485.80	301,172.54	19,273.30
SALEM	(0.89)		(0.89)		(0.89)		-
SEVILLE	106,211.78	1,135,238.72	1,241,450.50	1,097,450.73	49,253.41	1,146,704.14	94,746.36
SHREVE	15,711.39	272,818.68	288,530.07	255,336.79	15,941.52	271,278.31	17,251.76
SOUTH RUSSELL	149,755.90	1,746,663.12	1,896,419.02	1,678,512.53	67,145.84	1,745,658.37	150,760.65
SPRINGFIELD	96.25	938.38	1,034.63	714.63	234.60	949.23	85.40
STOW	42.50	200.00	242.50	137.50	50.00	187.50	55.00
TIMBERLAKE	8,396.94	67,530.34	75,927.28	68,648.53	6,648.31	75,296.84	630.44
TROTWOOD	863.32	12,594.84	13,458.16	9,832.16	3,153.21	12,985.37	472.79
TROY	(32.00)		(32.00)				(32.00)
UNION	87,032.95	1,592,991.55	1,680,024.50	1,502,407.64	59,580.96	1,561,988.60	118,035.90
VILLAGE OF OAKWOOD	7,946.71	117,779.14	125,725.85	108,940.75	7,569.90	116,510.65	9,215.20
WARREN	30.15	425.00	455.15	290.15	106.25	396.40	58.75
WARRENSVILLE HEIGHTS	1,599,754.52	17,065,719.64	18,665,474.16	16,916,772.10	258,515.28	17,175,287.38	1,490,186.78
WAYNESFIELD	8,768.69	124,819.32	133,588.01	113,737.34	8,351.47	122,088.81	11,499.20
WEST ALEXANDRIA	16,391.17	276,078.32	292,469.49	252,233.00	19,586.96	272,819.96	19,649.53
WEST LIBERTY	38,666.67		38,666.67			38,666.67	-
WEST MILTON	120,058.17	1,351,406.81	1,471,464.98	1,297,060.03	63,741.39	1,360,801.42	110,663.56
WILMINGTON	11.62	321.17	332.79	242.79	80.29	323.08	9.71
Totals	\$ 13,670,674.02	\$ 611,718,029.69	\$ 625,388,703.71	\$ 601,807,395.62	\$ 9,925,787.19	\$ 611,733,182.81	\$ 13,655,520.90

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

**SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE ENTIRE YEAR ENDED DECEMBER 31, 2020**

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities (Excluding Cleveland)	Allocation of Net Operating Expenses
ADA	0.580894%	1.267241%	\$ 49,435.96	\$ 1,145.77	\$ 48,290.19
ALLIANCE	0.000000%	0.000000%	125.00	-	125.00
AKRON	0.000000%	0.000000%	65.00	-	65.00
ALGER	0.084850%	0.102801%	7,221.07	92.95	7,128.12
BARBERTON	2.937906%	8.468276%	250,026.64	7,656.54	242,370.10
BRATENAHL	0.505207%	1.775363%	42,994.95	1,605.19	41,389.76
BURTON	0.344300%	0.446883%	29,301.22	404.05	28,897.17
CLAYTON	1.947736%	3.381969%	165,759.54	3,057.79	162,701.75
DAYTON	0.000000%	0.000000%	195.50	-	195.50
CLEVELAND	60.003100%	0.000000%	6,607,676.98	-	6,607,676.98
DRESDEN	0.221410%	0.212512%	18,842.77	192.14	18,650.63
EAST LIVERPOOL	0.000000%	0.000000%	353.67	-	353.67
ELIDA	0.373472%	0.356732%	31,783.87	322.54	31,461.33
FRAZEYSBURG	0.133047%	0.109844%	11,322.76	99.31	11,223.45
GATES MILLS	0.291642%	0.440391%	24,819.78	398.18	24,421.60
GENEVA-ON-THE-LAKE	0.158952%	0.165017%	13,527.37	149.20	13,378.17
GERMANTOWN	0.907709%	1.210175%	77,249.38	1,094.17	76,155.21
GRAND RAPIDS	0.220629%	0.147624%	18,776.34	133.47	18,642.87
GRAND RIVER	0.095467%	0.225213%	8,124.63	203.63	7,921.00
HAMILTON	7.924291%	21.304619%	674,386.44	19,262.46	655,123.98
HIGHLAND HILLS	0.599372%	3.277065%	51,008.74	2,962.94	48,045.80
LINNDALE	0.023511%	0.040184%	2,000.86	36.33	1,964.53
LORAIN	0.000000%	0.000000%	278.28	-	278.28
MARBLE CLIFF	0.275925%	1.167738%	23,482.27	1,055.80	22,426.47
MENTOR-ON-THE-LAKE	0.520843%	0.753154%	44,325.62	680.96	43,644.66
MONTPELIER	0.558690%	1.432211%	47,546.60	1,294.93	46,251.67
MUNROE FALLS	0.694898%	1.129983%	59,138.42	1,021.67	58,116.75
NEW CARLISLE	0.887011%	1.208232%	75,487.93	1,092.42	74,395.51
NEW MADISON	0.096667%	0.112297%	8,226.68	101.53	8,125.15
NEW MIAMI	0.129610%	0.118744%	11,030.31	107.36	10,922.95
NEW PARIS	0.152613%	0.110606%	12,987.94	100.00	12,887.94
NORTH BALTIMORE	0.518009%	0.776133%	44,084.52	701.74	43,382.78
NORTH PERRY VILLAGE	0.178817%	0.706800%	15,218.02	639.05	14,578.97
NORTH RANDALL	0.865231%	5.305516%	73,634.38	4,796.95	68,837.43
NORTON	2.129818%	4.475737%	181,255.38	4,046.71	177,208.67
VILLAGE OF OAKWOOD	0.089865%	0.086195%	7,647.83	77.93	7,569.90
OBETZ	2.090422%	10.817857%	177,902.66	9,780.91	168,121.75
ORWELL	0.341994%	1.050669%	29,104.99	949.96	28,155.03
PARMA HEIGHTS	3.296265%	5.863160%	280,524.34	5,301.15	275,223.19
PAULDING	0.519683%	0.757793%	44,226.91	685.15	43,541.76
PHILLIPSBURG	0.082355%	0.051165%	7,008.71	46.26	6,962.45
RIVERSIDE	2.196678%	3.809698%	186,945.41	3,444.52	183,500.89
ROCK CREEK	0.081132%	0.070763%	6,904.60	63.98	6,840.62
RUSHSYLVANIA	0.068208%	0.051525%	5,804.75	46.59	5,758.16
RUSSELLS POINT	0.243046%	0.219339%	20,684.11	198.31	20,485.80
SALEM	0.000000%	0.000000%	(0.89)	-	(0.89)
SEVILLE	0.587604%	0.833785%	50,007.27	753.86	49,253.41
SHREVE	0.189378%	0.193851%	16,116.79	175.27	15,941.52
SPRINGFIELD	0.000000%	0.000000%	234.60	-	234.60
STOW	0.000000%	0.000000%	50.00	-	50.00
TROTWOOD	0.000000%	0.000000%	3,153.21	-	3,153.21
SOUTH RUSSELL	0.802570%	1.278371%	68,301.67	1,155.83	67,145.84
TIMBERLAKE	0.078631%	0.048090%	6,691.79	43.48	6,648.31
UNION	0.712169%	1.136187%	60,608.24	1,027.28	59,580.96
WARREN	0.000000%	0.000000%	106.25	-	106.25
WILMINGTON	0.000000%	0.000000%	80.29	-	80.29
WARRENSVILLE HEIGHTS	3.167702%	12.241265%	269,583.15	11,067.87	258,515.28
WAYNESFIELD	0.099078%	0.088985%	8,431.93	80.46	8,351.47
WEST ALEXANDRIA	0.232289%	0.200947%	19,768.65	181.69	19,586.96
WEST MILTON	0.759304%	0.971295%	64,619.58	878.19	63,741.39
Totals	100.000000%	100.000000%	\$ 10,016,201.66	\$ 90,414.47	\$ 9,925,787.19

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

**SCHEDULE OF INCOME TAXES RECEIVABLE
FOR YEAR ENDED DECEMBER 31, 2020**

AKRON	\$ 75.00
ALLIANCE	200.00
BURTON	157,042.12
CLAYTON	1,559,607.34
CLEVELAND	69,003,083.26
DAYTON	178.00
DRESDEN	93,159.13
ELIDA	163,084.88
GENEVA-ON-THE LAKE	65,134.82
GERMANTOWN	455,366.07
GRAND RAPIDS	69,892.80
GRAND RIVER	53,018.45
HAMILTON	5,344,071.71
HIGHLAND HILLS	435,368.03
LINNDALE	9,218.03
LORAIN	857.92
MARBLE CLIFF	189,558.65
MENTOR-ON-THE LAKE	287,468.35
MONTPELIER	376,828.94
MUNROE FALLS	401,616.23
NEW CARLISLE	460,891.74
NEW MADISON	32,821.69
NEW MIAMI	51,655.29
NEW PARIS	53,059.58
NORTH BALTIMORE	267,687.38
NORTH RANDALL	1,753,850.69
OBETZ	2,171,761.81
ORWELL	208,033.99
PAULDING	263,210.84
PHILLIPSBURG	29,791.28
RIIVERSIDE	577,939.28
ROCK CREEK	27,833.35
RUSHSYLVANIA	34,985.93
RUSSELLS POINT	87,213.37
SEVILLE	331,282.78
SHREVE	79,261.41
SOUTH RUSSELL	590,885.13
SPRINGFIELD	125.00
TROTWOOD	945.00
UNION	428,966.13
VILLAGE OF OAKWOOD	27,787.21
WARREN	75.00
WAYNESFIELD	29,726.88
WEST ALEXANDRIA	84,006.52
WEST MILTON	471,800.37
Total	\$ 86,730,427.38