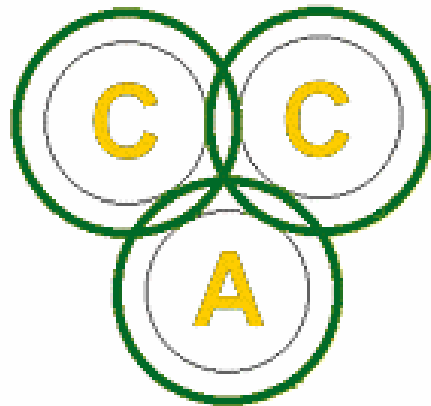


CITY OF CLEVELAND, OHIO

**CENTRAL COLLECTION
AGENCY**



**DEPARTMENT OF FINANCE
DIVISION OF TAXATION**

**REPORT ON AUDITS OF FINANCIAL STATEMENTS
For the years ended December 31, 2006 and 2005**

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CITY OF CLEVELAND, OHIO

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Honorable Frank G. Jackson, Mayor, Members of Council, and the Audit Committee:

We have audited the accompanying basic financial statements of the Central Collection Agency's Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Cuyahoga County, Ohio, (the Agency) as of and for the years ended December 31, 2006 and December 31, 2005, as listed in the table of contents. These financial statements are the responsibility of the Agency's management. Our responsibility is to express opinions on these financial statements based on our audits.

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

As discussed in Note A, the financial statements present only the Agency and do not purport to, and do not, present fairly the financial position of the City of Cleveland, as of December 31, 2006 and December 31, 2005, and the respective changes in its financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Central Collection Agency's Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Cuyahoga County, Ohio, as of December 31, 2006 and December 31, 2005, and the respective changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Central Collection Agency
Division of Taxation
City of Cleveland
Cuyahoga County
Independent Accountants' Report
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the Agency's basic financial statements. The Schedule of Cash Receipts and Distribution of Funds, the Schedule of Allocation of Net Operating Expenses, and the Schedule of Income Taxes Receivable are presented for purposes of additional analysis and are not a required part of the Agency's financial statements. Such information has been subjected to the auditing procedures applied in the audits of the Agency's basic financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the Agency's basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 12, 2007

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

GENERAL

As management of the City of Cleveland's (the "City") Department of Finance, Division of Taxation, Central Collection Agency (the "Agency"), we offer readers of the Division's financial statements this narrative overview and analysis of the financial activities of the Agency for the years ended December 31, 2006 and December 31, 2005. Please read this information in conjunction with the Agency's financial statements and footnotes that begin on page 11.

The Division of Taxation was created in 1966 by the enactment of the City of Cleveland's Income Tax Ordinance providing the City's Income Tax Administrator with the authority to enter into agreements with any other municipal corporation to administer income tax laws and to provide for a central income tax collection facility. The Agency began with 14 member communities and as of December 31, 2006 provides a full range of tax collection services for 50 member communities throughout 12 Ohio counties. The Agency employs more than 100 individuals to process more than 1 million returns, estimated payments, and tax assessments. The Agency collected more than \$454 million and more than \$459 million in 2006 and 2005, respectively.

COMPARISON OF CURRENT YEAR'S AND PRIOR YEARS' DATA

FINANCIAL HIGHLIGHTS

- The assets and the liabilities of the Agency equal \$93,804,553, \$101,307,763 and \$104,719,629 at December 31, 2006, 2005 and 2004, respectively.
- The Agency's total assets decreased by \$7,503,210, decreased by \$3,411,866 and increased by \$14,189,684 in 2006, 2005 and 2004, respectively. The decrease in 2006 was due to lower cash balances at year-end, and a decrease in taxes receivable. The decrease in 2005 was primarily due to lower cash balances at year-end, which was due to an increase in refunds paid during the year. The increase in 2004 was due to higher cash balances at year-end caused by an increase in collections in the 4th quarter which were subsequently distributed in January 2005.
- The agency fund total cash receipts were approximately \$454 million, \$459 million and \$435 million in 2006, 2005 and 2004, respectively. In 2006, cash receipts consisted of \$363 million of employer withholding, \$46 million of business profits, \$40 million of individual payments, and \$5 million of other payments.
- The Agency's total operational cost was \$8,663,720, \$8,004,304 and \$8,093,227 in 2006, 2005 and 2004, respectively. In 2006, operational costs consist of \$5,561,668 of employee's wages and benefits, \$1,114,219 of allocated charges, and \$1,987,833 of other miscellaneous expenses.
- The Agency provides a mechanism for member municipalities to maximize efficiencies, minimize costs and capitalize from economies of scale. Pooling tax collections and investing at current market rates allows the operational costs of the Agency to be reduced by interest income. The Agency's member municipalities also benefit by printing and mailing large volumes of income tax forms to their taxpayers.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements of the Agency can be found on pages 11-14 of this report.

The notes to the financial statements and accompanying schedules provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements and accompanying schedules can be found on pages 15-26 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED BALANCE SHEET INFORMATION

Provided below is condensed balance sheet information for the internal service and agency funds of the Agency as of December 31, 2006, 2005 and 2004:

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets:			
Cash and cash equivalents	\$ 9,944,120	\$ 14,804,219	\$ 18,083,705
Taxes receivable	81,590,931	84,713,142	85,639,782
Accrued interest	9,156	46,363	16,785
Due from CCA internal service fund	1,860,271	1,354,666	579,496
Due from member municipalities	<u>400,075</u>	<u>389,373</u>	<u>399,861</u>
Total assets	<u>93,804,553</u>	<u>101,307,763</u>	<u>104,719,629</u>
Liabilities:			
Accounts payable	86,670	98,133	316,198
Due to CCA agency fund	1,860,271	1,354,666	579,496
Due to the City of Cleveland	50,657,517	54,695,214	61,486,917
Due to member municipalities	40,352,924	44,438,741	41,605,857
Accrued wages and benefits	<u>847,171</u>	<u>721,009</u>	<u>731,161</u>
Total liabilities	<u>\$ 93,804,553</u>	<u>\$101,307,763</u>	<u>\$104,719,629</u>

Assets: The Agency collects and disburses income tax receipts monthly, except for the City of Cleveland which receives collections of tax receipts in advance of the regular monthly distribution date. Assets primarily consist of cash on hand and anticipated income tax receivable. During 2006, the decrease in assets is attributable to lower cash balances at year-end, and a decrease in taxes receivable. During 2005, the decrease in assets is primarily attributable to lower cash balances at year-end, which was caused by an increase in refunds paid during the year.

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City of Cleveland). During 2006, liabilities decreased by approximately \$7.5 million which was due to decreases in Due to the City of Cleveland and in Due to member municipalities, the majority representing taxes receivable for the City of Cleveland and its members. During 2005, liabilities decreased by approximately \$3.4 million which was mainly due to a decrease in Due to the City of Cleveland, which represents taxes receivable for the City of Cleveland.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

	Internal Service Fund		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating Revenues			
Charges for services	\$ 7,878,142	\$ 7,430,133	\$ 7,900,947
Total operating revenues	7,878,142	7,430,133	7,900,947
Operating Expenses			
Salaries and wages	4,138,126	4,094,391	4,027,607
Employee benefits	1,423,542	1,201,443	1,181,441
Postage and office supplies	614,836	512,581	762,477
Allocation of City of Cleveland costs	1,114,219	891,723	801,638
Other administrative expenses	1,372,997	1,304,166	1,320,064
Total operating expense	<u>8,663,720</u>	<u>8,004,304</u>	<u>8,093,227</u>
Operating loss	(785,578)	(574,171)	(192,280)
Non-operating Revenue			
Interest income	<u>785,578</u>	<u>574,171</u>	<u>192,280</u>
Change in net assets	-	-	-
Net assets at beginning of year	-	-	-
Net assets at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2006:

The increase in postage and office supplies was mainly due to an increase in postage in the amount of \$94,677.

The \$222,496 increase in the allocation of City of Cleveland cost was due to an increase in city administration and printing services. In 2006, the City's Print Shop started printing CCA's annual, estimates, withholding and assessment forms.

The increase in other administrative expenses was mainly due to an increase in the purchase of computer software.

Due to an increase in cash available throughout the year and earning a higher rate of return, interest income increased \$211,407 in 2006.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

2005:

The decrease in postage and office supplies was mainly due to a decrease in payments for income tax forms.

The approximately \$90,000 increase in the allocation of City of Cleveland costs was due to an increase in rent expense associated with the Agency's move to the 205 W. Saint Clair building.

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

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

2004:

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

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

The approximately \$146,000 increase in the allocation of City of Cleveland costs was due to costs associated with CCA's move into a new building.

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

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

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

The Agency continues to face the challenges of economic recession. One of the challenges the Agency is currently facing is rising basic operating costs. However, the Agency is attempting to reduce the impact of these rising costs by continuing to aggressively collect income taxes due thereby spreading the incremental cost over a larger base. The Agency's collections for the first quarter of 2007 are approximately five percent greater than the collections in the same period in 2006.

The operating budget for the Agency as approved by the Cleveland City Council for 2007 provides for an overall increase in budgeted expenditures of approximately 2.5 percent. This increase is associated mainly with additional budgeted costs for staffing and personnel, and contractual services.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ADDITIONAL INFORMATION

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

FINANCIAL STATEMENTS

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

**STATEMENTS OF ASSETS AND LIABILITIES - ALL FUND TYPES
For the Years Ended December 31, 2006 and 2005**

	2006		2005	
	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Internal Service</u>	<u>Agency</u>	<u>Internal Service</u>	<u>Agency</u>
ASSETS				
Cash and cash equivalents	\$2,849,761	\$ 7,094,359	\$2,140,569	\$ 12,663,650
Taxes receivable		81,590,931		84,713,142
Accrued interest	9,156		46,363	
Due from CCA internal service fund		1,860,271		1,354,666
Due from member municipalities		400,075		389,373
TOTAL ASSETS	<u>2,858,917</u>	<u>90,945,636</u>	<u>2,186,932</u>	<u>99,120,831</u>
LIABILITIES				
Accounts payable	86,670		98,133	
Due to CCA agency fund	1,860,271		1,354,666	
Due to the City of Cleveland	64,805	50,592,712	13,124	54,682,090
Due to member municipalities		40,352,924		44,438,741
Accrued wages and benefits	847,171		721,009	
TOTAL LIABILITIES	<u>\$2,858,917</u>	<u>\$90,945,636</u>	<u>\$2,186,932</u>	<u>\$ 99,120,831</u>

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

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

**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUND
For the Years Ended December 31, 2006 and 2005**

	2006	2005
OPERATING REVENUES		
Charges for services	\$ 7,878,142	\$7,430,133
OPERATING EXPENSES		
Salaries and wages	4,138,126	4,094,391
Employee benefits	1,423,542	1,201,443
Postage and office supplies	614,836	512,581
Allocation of City of Cleveland costs	1,114,219	891,723
Other administrative expenses	1,372,997	1,304,166
TOTAL OPERATING EXPENSES	8,663,720	8,004,304
OPERATING LOSS	(785,578)	(574,171)
NON-OPERATING REVENUE		
Interest income	785,578	574,171
CHANGE IN NET ASSETS	-	-
NET ASSETS AT BEGINNING OF YEAR	-	-
NET ASSETS AT END OF YEAR	\$ -	\$ -

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

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

**STATEMENTS OF CASH FLOWS - INTERNAL SERVICE FUND
For the Years Ended December 31, 2006 and 2005**

	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from member municipalities	\$ 8,383,747	\$ 8,205,302
Cash payments to suppliers of goods and services	(3,073,685)	(2,944,025)
Cash payments for employee services and benefits	<u>(5,423,655)</u>	<u>(5,313,658)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(113,593)	(52,381)
 CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earned on investments	<u>822,785</u>	<u>544,594</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	822,785	544,594
 NET INCREASE IN CASH AND CASH EQUIVALENTS	709,192	492,213
 Cash and cash equivalents at beginning of year	<u>2,140,569</u>	<u>1,648,356</u>
 Cash and cash equivalents at end of year	<u>\$ 2,849,761</u>	<u>\$ 2,140,569</u>
 RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATIONS		
 OPERATING LOSS	\$ (785,578)	\$ (574,171)
 ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:		
Changes in assets and liabilities:		
Decrease in accounts payable	(11,463)	(218,066)
Increase in due to CCA agency fund	505,605	775,170
Increase (decrease) in due to City of Cleveland	51,681	(25,162)
Increase (decrease) in accrued wages and benefits	<u>126,162</u>	<u>(10,152)</u>
TOTAL ADJUSTMENTS	<u>671,985</u>	<u>521,790</u>
 NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (113,593)</u>	<u>\$ (52,381)</u>

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

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

**STATEMENTS OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
For the Years Ended December 31, 2006 and 2005**

	Balance 1/1/2006	Additions	Deductions	Balance 12/31/2006
ASSETS				
Cash and cash equivalents	\$ 12,663,650	\$ 454,315,635	\$ (459,884,926)	\$ 7,094,359
Taxes receivable	84,713,142	81,590,931	(84,713,142)	81,590,931
Due from the CCA internal service fund	1,354,666	1,860,271	(1,354,666)	1,860,271
Due from member municipalities	389,373	400,075	(389,373)	400,075
TOTAL ASSETS	\$ 99,120,831	\$ 538,166,912	\$ (546,342,107)	\$ 90,945,636

LIABILITIES				
Due to the City of Cleveland	\$ 54,682,090	\$ 371,447,934	\$ (375,537,312)	\$ 50,592,712
Due to member municipalities	44,438,741	166,718,978	(170,804,795)	40,352,924
TOTAL LIABILITIES	\$ 99,120,831	\$ 538,166,912	\$ (546,342,107)	\$ 90,945,636

	Balance 1/1/2005	Additions	Deductions	Balance 12/31/2005
ASSETS				
Cash and cash equivalents	\$ 16,435,349	\$ 459,985,418	\$ (463,757,117)	\$ 12,663,650
Taxes receivable	85,639,782	84,713,142	(85,639,782)	84,713,142
Due from the CCA internal service fund	579,496	1,354,666	(579,496)	1,354,666
Due from member municipalities	399,861	389,373	(399,861)	389,373
TOTAL ASSETS	\$ 103,054,488	\$ 546,442,599	\$ (550,376,256)	\$ 99,120,831

LIABILITIES				
Due to the City of Cleveland	\$ 61,448,631	\$ 359,876,092	\$ (366,642,633)	\$ 54,682,090
Due to member municipalities	41,605,857	186,566,507	(183,733,623)	44,438,741
TOTAL LIABILITIES	\$ 103,054,488	\$ 546,442,599	\$ (550,376,256)	\$ 99,120,831

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

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

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended December 31, 2006 and 2005**

NOTE A--DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

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

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

The following fund types are used by the Agency:

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

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

NOTE B--SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial reporting practices of the Agency comply with accounting principles generally accepted in the United States of America applicable to governmental units. Beginning January 1, 2002, the Agency changed its financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Effective January 1, 2005, the Agency implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures*. In November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, which is effective for the year ended December 31, 2005. The City has determined that GASB Statement No. 42 has no impact on its financial statements as of December 31, 2005. In May 2004, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section*, which is effective for the year ended December 31, 2006. The Agency has determined that GASB Statement No. 44 has no impact on its financial statements as of December 31, 2006. In June 2005, the GASB issued Statement No. 47, *Accounting for Termination Benefits*, which is effective for the year ended December 31, 2006. The Agency has determined that GASB Statement No. 47 has no impact on its financial statements as of December 31, 2006.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

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

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

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

Supplies: Supplies are expensed when purchased.

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

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

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

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

NOTE C--POOLED AND SEGREGATED CASH AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2006 and December 31, 2005 totaled \$921,895 and \$3,164,675, respectively, and the Agency's bank balances were \$4,790,161 and \$1,764,858, respectively. The differences represent outstanding warrants payable and normal reconciling items.

Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, \$4,790,161 and \$1,764,858 of the bank balances at December 31, 2006 and 2005, respectively, were insured or collateralized with securities held by the City or by its agent in the City's name.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

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

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

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

Credit Risk: Investments in STAROhio carry a rating of AAAM, which is the highest money market fund rating given by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The Agency has no investment policy that would further limit its investment choices.

Concentration of Credit Risk: The Agency places no limit on the amount it may invest in any one issuer. The Agency had the following investments at December 31, 2006 and 2005, which include those classified as cash and cash equivalents in the balance sheet in accordance with the provisions of GASB Statement No. 9 since they have a maturity of three months or less:

<u>Type of Investment</u>	<u>2006 Fair Value</u>	<u>2006 Cost</u>	<u>2005 Fair Value</u>	<u>2005 Cost</u>	<u>Investment Maturities Less Than One Year</u>
STAROhio	\$ 3,920,627	\$ 3,920,627	\$ 7,917,973	\$ 7,917,973	\$ 3,920,627
Investment in Mutual Funds	<u>5,101,598</u>	<u>5,101,598</u>	<u>3,721,571</u>	<u>3,721,571</u>	<u>5,101,598</u>
Total Investments	9,022,225	9,022,225	11,639,544	11,639,544	9,022,225
Total Deposits	<u>921,895</u>	<u>921,895</u>	<u>3,164,675</u>	<u>3,164,675</u>	<u>921,895</u>
Total Deposits and Investments	<u>\$ 9,944,120</u>	<u>\$ 9,944,120</u>	<u>\$ 14,804,219</u>	<u>\$ 14,804,219</u>	<u>\$ 9,944,120</u>

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

As of December 31, 2006, the investments in STAROhio and mutual funds are approximately 43% and 57%, respectively, of the Agency's total investments. As of December 31, 2005, the investments in STAROhio and mutual funds were approximately 68% and 32%, respectively, of the Agency's total investments.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

NOTE D--DUE TO AND DUE FROM TRANSACTIONS

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

Individual fund due to and due from receivables and payables balances as of December 31, 2006 are as follows:

	Internal Service Fund	Agency Fund	Total
Due from CCA internal service fund	\$	\$ 1,860,271	\$ 1,860,271
Due from member municipalities	<u> </u>	<u>400,075</u>	<u>400,075</u>
Total Due From	<u>\$ -</u>	<u>\$ 2,260,346</u>	<u>\$ 2,260,346</u>
Due to the CCA agency fund	1,860,271		1,860,271
Due to the City of Cleveland	64,805	50,592,712	50,657,517
Due to member municipalities	<u> </u>	<u>40,352,924</u>	<u>40,352,924</u>
Total Due To	<u>\$ 1,925,076</u>	<u>\$ 90,945,636</u>	<u>\$ 92,870,712</u>

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

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

NOTE E--PENSION AND RETIREMENT PLANS

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. Member and employer contribution rates were consistent across all three plans (TP, MD and CO). Member contribution rates were 9.0% in 2006 and 8.5% in 2005 and 2004 and employer contribution rates were 13.70% of covered payroll in 2006 and 13.55% of covered payroll in 2005 and 2004. The Agency's required employer contributions to OPERS for the pension portion of all the plans for the years ending December 31, 2006, 2005 and 2004 were approximately \$377,000, \$386,000 and \$377,000 each year, respectively. The required payments due in 2006, 2005 and 2004 have been made.

NOTE F--OTHER POSTEMPLOYMENT BENEFITS

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

**CITY OF CLEVELAND, OHIO
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**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

NOTE F--OTHER POSTEMPLOYMENT BENEFITS (Continued)

A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The Agency's contribution rate was 13.70% of covered payroll in 2006 and 13.55% of covered payroll in 2005 and 2004, and 4.50% was used to fund health care for the year in 2006 and 4.00% was used to fund health care for the year in 2005 and 2004. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2005. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.50%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate). OPEBs are advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in December 31, 2005, actuarial valuation was 358,804. The employer contribution rate of 13.70% is the actuarially determined contribution requirements for OPERS. The Agency's actual contributions for 2006 which were to fund postemployment benefits were approximately \$184,000. \$11.1 billion represents the actuarial value of OPERS' net assets available for OPEB at December 31, 2005. Based on the actuarial cost method used, the actuarial valuation as of December 31, 2005, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at \$31.3 billion and \$20.2 billion, respectively.

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

NOTE G--RELATED PARTY TRANSACTIONS

The Agency is provided various services by the City of Cleveland. Charges are based on actual use or on a reasonable pro rata basis. These costs, as reported in the statement of revenues and expenses of the internal service fund for the years ended December 31, 2006 and 2005, were as follows:

	2006	2005
City administration	\$494,438	\$401,748
Office rent	350,000	349,350
Telephone	61,863	61,112
Cleveland Public Power	23,885	28,598
Parking Facilities	2,659	2,672
Printing services	172,473	39,318
Motor Vehicle Maintenance	8,901	8,238
Waste collection		687
Total	<u>\$1,114,219</u>	<u>\$891,723</u>

NOTE H--DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$400,075 at December 31, 2006 and \$389,373 at December 31, 2005 as accrued wages and benefits. These amounts are recorded as due from member municipalities in the agency fund.

NOTE I--CONTINGENT LIABILITIES AND RISK MANAGEMENT

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

Risk Management: The Agency is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2006 or 2005.

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

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Years Ended December 31, 2006 and 2005**

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

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

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

**SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2006**

Members	Balance Collected and Due Members January 1, 2006		Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses		Total Disbursements and Expenses	Balance Collected and Due Members December 31, 2006				
	\$	\$				\$	\$		\$	\$			
Ada	61,351.33	\$	1,003,337.51	\$	1,064,688.84	\$	961,160.41	\$	29,398.38	\$	990,558.79	\$	74,130.05
Andover	41,634.76		544,975.54		586,610.30		537,167.33		14,081.00		551,248.33		35,361.97
Anwerp			23,756.47		23,756.47		17,207.13		824.09		18,031.22		5,725.25
Barberton	819,502.75		11,154,693.44		11,974,196.19		10,991,544.52		182,273.61		11,173,818.13		800,378.06
Bradner	4,227.96		132,244.23		136,472.19		129,595.98		7,477.27		137,073.25		(601.06)
Bratenahl	37,504.63		919,169.18		956,673.81		884,665.99		22,109.24		906,775.23		49,898.58
Burton	22,177.21		381,358.55		403,535.76		368,673.48		20,032.89		388,706.37		14,829.39
Cairo			19,744.09		19,744.09		18,115.86		840.69		18,956.55		787.54
Chardon	318,306.23		4,911,157.05		5,229,463.28		4,776,616.34		101,564.68		4,878,181.02		351,282.26
Cleveland	3,885,987.14		310,172,150.75		314,058,137.89		309,037,713.84		4,822,461.21		313,860,175.05		197,962.84
Creston	9,268.75		350,262.70		359,531.45		332,234.29		16,946.33		349,180.62		10,350.83
Cridersville	9,435.39		266,466.11		275,901.50		255,310.43		13,265.77		268,576.20		7,325.30
Dunkirk	2,226.66		32,559.61		34,786.27		32,909.85		1,876.42		34,786.27		20,765.89
Elida			125,314.62		125,314.62		101,004.60		3,544.13		104,548.73		67,950.11
Euclid	1,676,340.16		972,637.19		2,648,977.35		2,591,411.58		57,565.77		2,648,977.35		3,803.45
Gates Mills	60,412.45		1,286,011.16		1,346,423.61		1,241,413.10		37,060.40		1,278,473.50		4,724.33
Geneva-on-the-Lake	89,888.27		205,172.22		295,060.49		280,840.54		10,416.50		291,257.04		16,227.10
Grand Rapids	10,501.38		205,261.65		215,763.03		197,568.12		13,470.58		211,038.70		240,538.10
Grand River	17,578.11		303,580.77		321,158.88		298,165.46		6,766.32		304,931.78		6,948.15
Highland Hills	195,375.40		2,837,148.58		3,032,523.98		2,767,860.38		24,125.50		2,791,985.88		4,208.05
Liberty Center	7,323.36		172,674.39		179,997.75		161,548.48		11,501.12		173,049.60		36,804.56
Limdale	6,762.83		89,883.67		96,646.50		90,580.04		1,858.41		92,438.45		704,579.80
Madison	41,957.36		803,743.89		845,701.25		769,643.85		39,252.84		808,896.69		2,100,835.16
Medina	817,027.89		12,248,408.20		13,065,436.09		12,045,141.18		315,715.11		12,360,856.29		42,731.64
Mentor	2,057,526.46		29,256,154.12		31,313,680.58		28,740,257.44		472,587.98		29,212,845.42		8,612.99
Mentor-on-the-Lake	45,128.43		751,214.16		796,342.59		719,996.57		33,614.38		753,610.95		256,133.66
Metamora	9,540.67		199,811.75		209,352.42		192,727.11		8,012.32		200,739.43		80,363.20
Middlefield	188,686.76		3,100,971.92		3,289,658.68		2,988,053.32		45,471.70		3,033,525.02		68,834.31
Munroe Falls	36,404.18		1,094,312.96		1,094,312.96		980,333.78		33,615.98		1,013,949.76		33,140.39
New Franklin	69,546.64		784,039.42		820,443.60		766,694.40		34,385.09		801,079.49		68,991.97
Northfield			1,196,269.34		1,265,815.98		1,162,562.76		34,418.91		1,196,981.67		80,475.74
North Baltimore	35,761.31		517,855.21		553,616.52		500,874.49		19,601.64		520,476.13		217,337.52
North Perry	59,750.98		891,410.19		951,161.17		870,650.64		11,518.56		882,169.20		3,121.09
North Randall	103,007.13		1,199,891.51		1,302,898.64		1,195,139.41		27,283.49		1,222,422.90		115,133.82
Norton	261,857.66		3,915,944.45		4,177,802.11		3,872,997.84		87,466.75		3,960,464.59		484,963.92
Village of Oakwood	7,543.95		84,023.57		91,567.52		81,933.41		6,513.02		88,446.43		20,109.14
Orwell	122,980.32		1,022,110.66		1,145,090.98		1,013,144.56		16,812.60		1,029,957.16		44,214.74
Painesville	573,880.15		7,764,552.20		8,338,432.35		7,710,886.85		142,581.58		7,853,468.43		567,997.49
Paundling	21,348.17		452,982.59		474,330.76		423,422.37		30,799.25		454,221.62		11,233.98
Peninsula	20,521.62		284,721.06		305,242.68		281,802.51		12,206.19		294,008.70		11,762.05
Perry	40,077.62		566,388.44		606,466.06		542,419.36		19,831.96		562,251.32		407,304.07
Rock Creek	3,234.04		82,824.86		86,058.90		72,085.28		5,696.43		77,781.71		8,182,092.29
Rocky River	465,225.83		8,109,085.97		8,574,311.80		7,757,390.30		248,924.01		8,006,314.31		64,889.10
Russells Point	8,226.72		209,439.63		217,666.35		197,175.70		8,728.60		205,904.30		11,620.50
Seville	44,377.51		1,074,880.34		1,119,257.85		973,891.57		33,188.52		1,007,080.09		112,177.76
South Russell	47,249.37		1,114,564.67		1,161,814.04		1,054,351.27		42,573.67		1,096,924.94		64,889.10
Timberlake	759.21		77,831.23		78,590.44		73,161.59		6,270.66		79,432.25		(881.81)
Wadsworth	352,628.76		6,210,587.01		6,563,215.77		5,962,412.41		193,499.29		6,155,911.70		407,304.07
Warrensville Heights	742,110.87		10,476,007.69		11,218,118.56		10,246,878.43		153,030.86		10,399,909.29		818,209.27
Willoughby	934,262.81		14,464,808.55		15,399,071.36		14,093,338.07		279,806.62		14,373,144.69		1,025,926.67
Willoughby Hills	145,581.50		3,234,653.27		3,380,234.77		3,094,341.30		115,273.27		3,209,614.57		170,620.20
Totals	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
	14,532,008.69		447,299,048.34		461,831,057.03		444,457,015.52		7,878,141.59		452,335,157.11		9,495,899.92

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

**SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities Other Than Cleveland	Allocation of Net Operating Expenses
Ada	0.406163%	0.737089%	\$ 35,188.78	\$ 5,790.40	\$ 29,398.38
Andover	0.198831%	0.400359%	17,226.13	3,145.13	14,081.00
Antwerp	0.011094%	0.017452%	961.19	137.10	824.09
Barberton	2.846918%	8.194647%	246,648.94	64,375.33	182,273.61
Bradner	0.095115%	0.097151%	8,240.47	763.20	7,477.27
Bratenahl	0.316422%	0.675255%	27,413.90	5,304.66	22,109.24
Burton	0.256631%	0.280160%	22,233.76	2,200.87	20,032.89
Cairo	0.011019%	0.014505%	954.64	113.95	840.69
Chardon	1.499445%	3.607916%	129,907.67	28,342.99	101,564.68
Cleveland	55.662711%	0.000000%	4,822,461.21	4,822,461.21	
Creston	0.218933%	0.257316%	18,967.75	2,021.42	16,946.33
Cridersville	0.170869%	0.195756%	14,803.58	1,537.81	13,265.77
Dunkirk	0.045041%	0.000000%	1,876.42		1,876.42
Elkfa	0.049255%	0.092061%	4,267.34	723.21	3,544.13
Euclid	0.637060%	0.000000%	57,565.77		57,565.77
Gates Mills	0.513430%	0.944751%	44,482.15	7,421.75	37,060.40
Geneva-on-the-Lake	0.133898%	0.150727%	11,600.58	1,184.08	10,416.50
Grand Rapids	0.169156%	0.150793%	14,655.17	1,184.59	13,470.58
Grand River	0.098322%	0.223022%	8,518.33	1,752.01	6,766.32
Highland Hills	0.467456%	2.084274%	40,499.09	16,373.59	24,125.50
Liberty Center	0.144253%	0.126853%	12,497.65	996.53	11,501.12
Lindale	0.027438%	0.066032%	2,377.14	518.73	1,858.41
Madison	0.506611%	0.590460%	43,891.36	4,638.52	39,252.84
Medina	4.460006%	8.998130%	386,402.42	70,687.31	315,715.11
Mentor	7.407630%	21.492644%	641,429.41	168,881.43	472,547.98
Mentor-on-the-Lake	0.438031%	0.551870%	37,949.74	4,335.36	33,614.38
Metamora	0.105791%	0.146789%	9,165.46	1,153.14	8,012.32
Middlefield	0.731416%	2.278088%	63,367.85	17,896.15	45,471.70
Munroe Falls	0.460904%	0.803922%	39,931.42	6,315.44	33,615.98
New Franklin	0.449113%	0.575984%	38,909.89	4,524.80	34,385.09
Northfield	0.476963%	0.878823%	41,322.75	6,903.84	34,418.91
North Baltimore	0.260745%	0.380435%	22,590.26	2,988.62	19,601.64
North Perry	0.192331%	0.654863%	16,663.02	5,144.46	11,518.56
North Randall	0.394845%	0.881484%	34,308.23	6,924.74	27,383.49
Norton	1.270427%	2.876797%	110,066.22	22,599.47	87,466.75
Village of Oakwood	0.080773%	0.061727%	6,997.93	484.91	6,513.02
Orwell	0.262143%	0.750880%	22,711.35	5,898.75	16,812.60
Painesville	2.162950%	5.704125%	187,391.92	44,810.34	142,581.58
Paulding	0.385671%	0.332778%	33,413.48	2,614.23	30,799.25
Peninsula	0.159855%	0.209167%	13,849.36	1,643.17	12,206.19
Perry	0.266637%	0.416090%	23,100.67	3,268.71	19,831.96
Rock Creek	0.071268%	0.060846%	6,174.42	477.99	5,696.43
Rocky River	3.413346%	5.957232%	295,722.70	46,798.69	248,924.01
Russells Point	0.114700%	0.153862%	9,937.31	1,208.71	8,728.60
Seville	0.454675%	0.789647%	39,391.81	6,203.29	33,188.52
South Russell	0.565646%	0.188000%	49,005.98	6,432.31	42,573.67
Timberlake	0.077563%	0.057178%	6,719.84	449.18	6,270.66
Wadsworth	2.647148%	4.562525%	229,341.47	35,842.18	193,499.29
Warrensview Heights	2.464177%	7.696060%	213,489.39	60,458.53	153,030.86
Willoughby	4.193177%	10.626380%	363,285.09	83,478.47	279,806.62
Willoughby Hills	1.545998%	2.376295%	133,940.92	18,667.65	115,273.27
Totals	100.000000%	100.000000%	\$ 8,663,719.33	\$ 785,371.74	\$ 7,878,347.59

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

**SCHEDULE OF INCOME TAXES RECEIVABLE
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

	Income Taxes Receivable Dec. 31, 2006	Income Taxes Receivable Dec. 31, 2005
Ada	\$ 211,911.39	\$ 202,586.59
Alger	7,981.51	
Andover	83,978.11	87,808.26
Antwerp	17,446.61	
Barberton	1,837,041.58	1,262,267.99
Bradner	46,938.56	19,164.57
Bratenahl	356,307.74	359,237.72
Burton	102,093.85	99,258.81
Cairo	17,869.28	
Chardon	1,200,327.19	1,134,965.51
Cleveland	50,394,749.12	50,796,103.14
Creston	153,220.63	138,474.61
Cridersville	110,515.00	110,871.52
Dunkirk		18,363.62
Elida	57,556.59	
Euclid		6,266,585.71
Gates Mills	464,946.90	527,462.98
Geneva-on-the-Lake	57,793.44	141,704.93
Grand Rapids	74,142.53	76,490.18
Grand River	81,427.38	82,364.56
Highland Hills	299,146.34	435,130.78
Liberty Center	48,067.57	48,712.65
Linddale	12,219.02	12,240.17
Madison	323,095.78	314,395.56
Medina	3,652,500.27	3,532,620.63
Mentor	5,570,502.04	5,462,228.40
Mentor-on-the-Lake	187,588.84	189,193.09
Metamora	47,332.36	44,037.22
Middlefield	417,084.29	404,844.09
Munroe Falls	116,502.62	94,419.23
New Franklin	1,153,114.40	85,453.15
Northfield	294,015.05	224,374.75
North Baltimore	100,339.64	107,423.34
North Perry	99,886.98	126,028.34
North Randall	177,513.79	195,888.52
Norton	1,508,050.69	514,735.99
Village of Oakwood	43,795.28	56,695.55
Orwell	147,059.49	140,540.42
Painesville	1,286,658.74	1,251,570.95
Paulding	134,479.41	126,175.93
Peninsula	78,160.28	67,404.33
Perry	126,273.85	114,883.36
Rock Creek	24,913.04	19,663.64
Rocky River	2,220,721.18	2,074,383.07
Russells Point	150,427.45	21,242.15
Seville	315,513.90	250,630.34
South Russell	370,207.86	358,303.59
Timberlake	27,504.46	25,574.80
Wadsworth	1,484,661.11	1,381,885.36
Warrensville Heights	2,215,073.45	2,229,222.50
Willoughby	2,767,827.14	2,686,645.91
Willoughby Hills	914,447.56	792,883.27
	<u>\$ 81,590,931.29</u>	<u>\$ 84,713,141.78</u>



Mary Taylor, CPA
Auditor of State

**CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY**

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 17, 2007**