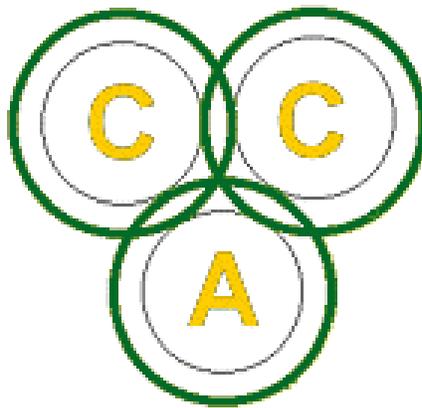


CITY OF CLEVELAND, OHIO
CENTRAL COLLECTION AGENCY



DEPARTMENT OF FINANCE
DIVISION OF TAXATION

REPORT ON AUDIT OF FINANCIAL STATEMENTS
For the year ended December 31, 2016

This page intentionally left blank.

CITY OF CLEVELAND, OHIO

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

TABLE OF CONTENTS

	Page
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis.....	3-9
Statement of Net Position - All Fund Types.....	12-13
Statement of Revenues, Expenses and Changes in Net Position - Internal Service Fund.....	15
Statement of Cash Flows - Internal Service Fund.....	16
Notes to Financial Statements.....	17-33
Schedule of Changes in Assets and Liabilities – Agency Fund.....	34
Required Supplementary Information.....	35-36
Schedule of Cash Receipts and Distribution of Funds.....	37
Schedule of Allocation of Net Operating Expenses.....	38
Schedule of Income Taxes Receivable	39

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Central Collection Agency's Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Ohio (the "Agency") as of and for the year ended December 31, 2016 and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 opinion.

Opinion

In our opinion, the financial statements referred to previously present fairly, in all material respects, the financial position of the Central Collection Agency's Internal Service and Agency Funds, Division of Taxation, City of Cleveland, Ohio as of December 31, 2016, 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, 2016, 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 liability and pension 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 37 through 39 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 27, 2017

**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, 2016. Please read this information in conjunction with the Agency’s financial statements and footnotes that begin 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 for a central income tax collection facility. The Agency began with 14 member communities and during 2016 provided a full range of tax collection services for 75 member communities throughout 35 Ohio counties. Seven communities joined the Agency as new members in 2015-2016 with collections for all beginning in 2016. The Agency employs more than 100 individuals to process approximately one million returns, estimated payments and tax assessments.

COMPARISON OF CURRENT YEAR’S AND PRIOR YEARS’ DATA

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the Agency are \$86,093,820 and \$79,160,828 at December 31, 2016 and 2015 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 as well as the liabilities, deferred inflows of resources and net position increased by \$6,932,992 in 2016. The change is primarily due to a recovering economy resulting in increased return on funds on deposit, and timing differences regarding the receipt and distribution of cash to member communities which directly effects cash balances and accounts receivable.
- The Agency fund total cash receipts were approximately \$464 million in 2016 and \$459 million in 2015. In 2016, cash receipts consisted of \$373 million of employer withholding, \$53 million of business profits, \$34 million of individual payments and \$4 million of other payments.
- The Agency’s total operating expenses were \$9,447,746 in 2016 and \$9,423,966 in 2015. In 2016, operating expenses consisted of \$6,240,038 of employee’s wages and benefits, \$1,356,054 of allocated charges and \$1,851,654 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 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.
- There were additions to capital assets of \$40,552 for computer hardware upgrades for the Central Collection Agency’s internal network.

**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 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 12-16 of this report.

The notes to the financial statements and accompanying schedules provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to the financial statements, required supplementary information and accompanying schedules can be found on pages 17-39 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

CONDENSED STATEMENT OF NET POSITION INFORMATION

Provided below is condensed statement of net position information for the internal service and agency funds of the Agency as of December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Assets:		
Cash and cash equivalents	\$ 9,608,951	\$ 7,835,889
Capital assets, net of accumulated depreciation	141,550	160,344
Taxes receivable	72,507,361	68,961,521
Due from CCA internal service fund	1,086,569	988,457
Due from member municipalities	526,757	502,643
Total assets	<u>83,871,188</u>	<u>78,448,854</u>
Deferred outflows of resources	2,222,632	711,974
Liabilities:		
Accounts payable	181,640	193,166
Due to CCA agency fund	1,086,569	988,457
Due to the City of Cleveland	57,781,732	52,546,368
Due to member municipalities	24,087,670	23,974,117
Accrued wages and benefits - current	613,468	636,140
Accrued wages and benefits - long-term	120,109	110,606
Pension liability	5,365,647	3,617,001
Total liabilities	<u>89,236,835</u>	<u>82,065,855</u>
Deferred inflows of resources	129,961	66,270
Net Position:		
Net investment in capital assets	141,550	160,344
Unrestricted	<u>(3,414,526)</u>	<u>(3,131,641)</u>
Total net position	<u>\$ (3,272,976)</u>	<u>\$ (2,971,297)</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, Montpelier 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. Total assets and deferred outflows of resources increased by \$6,932,992 in 2016. The annual changes are primarily due to changes in cash and cash equivalents due to timing differences in the receipt and distribution of cash to member communities, changes in the membership base and changes in taxes receivable.

Capital assets: The Agency’s net investment in capital assets as of December 31, 2016 amounted to \$141,550. The investment in capital assets include furniture, fixtures, equipment and vehicles. A summary of the Agency’s capital assets during the year ended December 31, 2016 is as follows:

	Balance January 1, 2016	Additions	Reductions	Balance December 31, 2016
Furniture, fixtures, equipment and vehicles	\$ 275,808	\$ 40,552	\$ -	\$ 316,360
Total	275,808	40,552	-	316,360
Less: Accumulated depreciation	(115,464)	(59,346)	-	(174,810)
Total capital assets, net	\$ 160,344	\$ (18,794)	\$ -	\$ 141,550

Liabilities: Liabilities primarily consist of amounts owed to member municipalities (including the City of Cleveland). During 2016, the net increase in liabilities resulted from increases in amounts due to other communities, including Cleveland, timing difference between the receipt and distribution of cash and additional current pension reporting requirements.

Pension Liability: During 2015, the Agency adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*, which significantly revises accounting for pension costs and liabilities. 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 related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s net pension liability. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio’s statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

**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)

Under the new standards required by GASB Statement No. 68, the net pension liability equals the Agency’s proportionate share of each plan’s collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system 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 pension system is responsible for the administration of the plan.

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. As previously explained, changes in pension benefits, contribution rates and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns and other changes are insufficient to keep up with required pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

As a result of implementing GASB Statement No. 68, the Agency is reporting a net pension liability and deferred inflows/outflows of resources related to pension 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 is statement of revenue, expenses and changes in net position for the internal service fund of the Agency for the years ended December 31, 2016 and 2015.

	Internal Service Fund	
	2016	2015
Operating Revenues		
Charges for services	\$ 9,104,554	\$ 9,532,518
Total operating revenues	9,104,554	9,532,518
 Operating Expenses		
Salaries and wages	4,432,397	4,449,850
Employee benefits	1,807,641	1,420,136
Postage and office supplies	197,679	295,335
Allocation of City of Cleveland costs	1,356,054	1,420,199
Other administrative expenses	1,572,667	1,770,731
Property rental	21,962	22,913
Depreciation	59,346	44,802
Total operating expense	9,447,746	9,423,966
Operating income (loss)	(343,192)	108,552
 Non-operating Activity		
Interest income	41,513	9,632
 Change in net position	\$ (301,679)	\$ 118,184

Operating Revenues In 2016, charges for services decreased by \$427,964. Charges for services are shared proportionately between all the members.

Operating Expenses: Salaries, wages and employee benefits increased by \$370,052 mainly due to an increase in pension expense. In 2016, other administrative expenses decreased by \$198,064 which is primarily due to fewer technology purchases, longer maintenance contracts and a telephone system upgrade agreement that was paid off early.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

The Agency strives to be cost effective and service oriented in its relationship with the member communities. In an effort to produce these results, the Agency continues to focus on swift and effective methods of collecting income taxes due. The Agency also works to continually increase delinquency collections, develop and maintain open communication with all community members, update the staff's technical and customer service skills and remain diligent in practicing financial efficiency regarding operating expenses necessary to achieve the goals of the Agency.

The operating budget for the Agency, as approved by the Cleveland City Council for 2017, provides for a conservative overall increase in budgeted expenditures of approximately 1.2%.

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.

This page intentionally left blank.

FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION - ALL FUND TYPES
December 31, 2016**

	<u>Proprietary Fund Type</u> <u>Internal Service</u>	<u>Fiduciary Fund Type</u> <u>Agency</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,910,167	\$ 7,698,784
Taxes receivable		72,507,361
Due from CCA internal service fund		1,086,569
Due from member municipalities		526,757
TOTAL CURRENT ASSETS	<u>1,910,167</u>	<u>81,819,471</u>
CAPITAL ASSETS:		
Furniture, fixtures, equipment and vehicles	316,360	
Less: Accumulated depreciation	(174,810)	
CAPITAL ASSETS, NET	<u>141,550</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension	2,222,632	

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

**STATEMENT OF NET POSITION - ALL FUND TYPES
December 31, 2016**

	<u>Proprietary Fund Type</u> <u>Internal Service</u>	<u>Fiduciary Fund Type</u> <u>Agency</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 181,640	\$
Due to CCA agency fund	1,086,569	
Due to the City of Cleveland	49,931	57,731,801
Due to member municipalities		24,087,670
Accrued wages and benefits - current	613,468	
TOTAL CURRENT LIABILITIES	<u>1,931,608</u>	<u>81,819,471</u>
LONG-TERM LIABILITIES		
Pension liability	5,365,647	
Accrued wages and benefits	120,109	
TOTAL LONG-TERM LIABILITIES	<u>5,485,756</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Pension	129,961	
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>7,547,325</u>	<u>81,819,471</u>
NET POSITION		
Net investment in capital assets	141,550	
Unrestricted	(3,414,526)	
TOTAL NET POSITION	<u>\$ (3,272,976)</u>	<u>\$ -</u>

See notes to financial statements.

This page intentionally left blank.

**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, 2016**

OPERATING REVENUES

Charges for services		\$ 9,104,554
	TOTAL OPERATING REVENUES	9,104,554

OPERATING EXPENSES

Salaries and wages		4,432,397
Employee benefits		1,807,641
Postage and office supplies		197,679
Allocation of City of Cleveland costs		1,356,054
Other administrative expenses		1,572,667
Property rental		21,962
Depreciation		59,346
	TOTAL OPERATING EXPENSES	9,447,746

OPERATING INCOME (LOSS) (343,192)

NON-OPERATING ACTIVITY

Interest Income		41,513
-----------------	--	--------

CHANGE IN NET POSITION (301,679)

NET POSITION AT BEGINNING OF YEAR (2,971,297)

NET POSITION AT END OF YEAR \$ (3,272,976)

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, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from member municipalities	\$ 9,202,665
Cash payments to suppliers of goods and services	(3,172,289)
Cash payments for employee services and benefits	(6,000,390)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	29,986
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(40,552)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED ACTIVITIES	(40,552)
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest earned on investments	41,513
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	41,513
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,947
Cash and cash equivalents at beginning of year	1,879,220
Cash and cash equivalents at end of year	\$ 1,910,167
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATIONS	
Operating income (loss)	\$ (343,192)
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:	
Depreciation	59,346
Changes in deferred outflows of resources:	
Pension	(1,510,658)
Changes in liabilities:	
Accounts payable	(11,526)
Due to CCA agency fund	98,112
Due to City of Cleveland	(61,264)
Accrued wages and benefits	(13,169)
Pension liability	1,748,646
Changes in deferred inflows of resources:	
Pension	63,691
Total adjustments	373,178
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ 29,986

See notes to financial statements.

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

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2016**

NOTE A -- DESCRIPTION OF OPERATIONS AND BASIS OF PRESENTATION

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

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

The following fund types are used by the Agency:

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

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

NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and financial reporting practices of the Agency comply with accounting principles generally accepted in the United States of America applicable to governmental units.

In February of 2015, GASB Statement No. 72, *Fair Value Measurement and Application* was issued. This Statement is effective for reporting periods beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. As required, the Agency has implemented GASB Statement No. 72 as of December 31, 2016.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

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

In June of 2015, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68* was issued. This Statement is effective for fiscal periods beginning after June 15, 2015 —except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of GASB Statement No. 68. It also amends certain provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*, and GASB Statement No. 68 for pension plans and pensions that are within their respective scopes. The Agency has determined that GASB Statement No. 73 has no impact on its financial statements as of December 31, 2016.

In June of 2015, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* was issued. This Statement is effective for reporting periods beginning after June 15, 2015. This Statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. As required, the Agency has implemented GASB Statement No. 76 as of December 31, 2016.

In August of 2015, GASB Statement No. 77, *Tax Abatement Disclosures* was issued. This Statement is effective for reporting periods beginning after December 15, 2015. This Statement requires governments that enter into tax abatement agreements to disclose information about the agreements such as: brief descriptive information, gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Governments should organize those disclosures by major tax abatement program and may disclose information for individual tax abatement agreements within those programs. The Agency has determined that GASB Statement No. 77 has no impact on its financial statements as of December 31, 2016.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

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

In December of 2015, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* was issued. This statement is effective for reporting periods beginning after December 15, 2015. The objective of this Statement is to address a practice issue regarding the scope and applicability of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. This Statement amends the scope and applicability of GASB Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. The Agency has determined that GASB Statement No. 78 has no impact on its financial statements as of December 31, 2016.

In December of 2015, GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, was issued. This statement is effective for reporting periods beginning after June 15, 2015, except for the provisions in paragraphs 18, 19, 23–26, and 40, which are effective for reporting periods beginning after December 15, 2015. This Statement establishes additional note disclosure requirements for qualifying external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. Those disclosures for both the qualifying external investment pools and their participants include information about any limitations or restrictions on participant withdrawals. As required, the Agency has implemented GASB Statement No. 79 as of December 31, 2016.

The Agency's net position is accounted for in the accompanying statement of net position and is divided into amounts in net investment in capital assets and unrestricted. The negative unrestricted amount is primarily the unfunded pension liability 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. For accounting purposes, the agency fund is custodial in nature (assets and deferred outflows of resources equal liabilities and deferred inflows of resources) and does not involve the measurement of operations. Financial transactions for the internal service fund are reported on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred. For accounting purposes, the operations of the internal service fund are similar to a private-sector business enterprise. Accordingly, in accounting for the operating activities, the economic resources measurement focus is used.

Supplies: Supplies are expensed when purchased.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

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 liability, 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. 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 2016. 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 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

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

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

Furniture, fixtures, equipment and vehicles	3 to 60 years
---	---------------

Deferred Outflows/Inflows of Resources: In addition to assets, the statement of financial 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 financial 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.

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension 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 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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE C -- LONG-TERM LIABILITIES

Summary: Changes in long-term obligations for the year ended December 31, 2016 are as follows:

	Balance			Balance	Due Within
	January 1, 2016	Increase	Decrease	December 31, 2016	One Year
Accrued wages and benefits	\$ 746,746	\$ 622,971	\$ (636,140)	\$ 733,577	\$ 613,468
Pension	3,617,001	1,748,646		5,365,647	
Total	<u>\$ 4,363,747</u>	<u>\$ 2,371,617</u>	<u>\$ (636,140)</u>	<u>\$ 6,099,224</u>	<u>\$ 613,468</u>

NOTE D--DEPOSITS AND INVESTMENTS

Deposits: The carrying amount of the Agency's deposits at December 31, 2016 totaled \$2,514,639 and the Agency's bank balances were \$2,818,909. The differences represent outstanding warrants payable, positions in pooled bank accounts and normal reconciling items. Based on the criteria described in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures – an Amendment of GASB Statement No. 3*, \$2,818,909 of the bank balances at December 31, 2016, 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% of the carrying value of the deposits being secured.

Investments: In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, 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.

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 Year Ended December 31, 2016**

NOTE D--DEPOSITS 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 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, 2016 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 Standard & Poor's. 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, 2016, 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	2016 Value	2016 Cost	Investment Maturities Less Than One Year
STAROhio	\$ 65,048	\$ 65,048	\$ 65,048
Money Market Mutual Funds	<u>7,029,264</u>	<u>7,029,264</u>	<u>7,029,264</u>
Total Investments	7,094,312	7,094,312	7,094,312
Total Deposits	<u>2,514,639</u>	<u>2,514,639</u>	<u>2,514,639</u>
Total Deposits and Investments	<u>\$ 9,608,951</u>	<u>\$ 9,608,951</u>	<u>\$ 9,608,951</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, 2016, the investments in STAR Ohio and money market mutual funds are approximately 1% and 99%, 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 Year Ended December 31, 2016**

NOTE E -- CAPITAL ASSETS

Capital Asset Activity: Capital Asset Activity for the year ended December 31, 2016 was as follows:

	Balance			Balance
	January 1, 2016	Additions	Reductions	December 31, 2016
Capital assets, being depreciated				
Furniture, fixtures, equipment and vehicles	\$ 275,808	\$ 40,552	\$ -	\$ 316,360
Total capital assets, being depreciated	275,808	40,552	-	316,360
Less: Total accumulated depreciation	(115,464)	(59,346)		(174,810)
Total capital assets, being depreciated, net	160,344	(18,794)	-	141,550
Capital assets, net	\$ 160,344	\$ (18,794)	\$ -	\$ 141,550

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, 2016 are as follows:

	Internal Service	Agency	Total
	Fund	Fund	
Due from CCA internal service fund	\$	\$ 1,086,569	\$ 1,086,569
Due from member municipalities		526,757	526,757
Total Due From	\$ -	\$ 1,613,326	\$ 1,613,326
Due to the CCA agency fund	\$ 1,086,569	\$	\$ 1,086,569
Due to the City of Cleveland	49,931	57,731,801	57,781,732
Due to member municipalities		24,087,670	24,087,670
Total Due To	\$ 1,136,500	\$ 81,819,471	\$ 82,955,971

NOTE G -- DEFINED BENEFIT PENSION PLAN

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

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 and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code 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 intergovernmental payable 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 Ohio Public Employees Retirement System (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.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. 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 the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

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 CAFR referenced above for additional information):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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 cost of living adjustment (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% 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%.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

Funding Policy: The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Agency's contractually required contribution was \$519,187 for 2016. 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, 2015, 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	\$ 5,365,647
Proportion of Net Pension Liability	0.033857%
Pension Expense	\$ 914,897

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

At December 31, 2016, the Agency's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 1,703,445
Agency contributions subsequent to the measurement date	519,187
Total Deferred Outflows of Resources	\$ 2,222,632
Deferred Inflows of Resources	
Differences between expected and actual experience	\$ 110,362
Change in Agency's proportionate share	19,599
Total Deferred Inflows of Resources	\$ 129,961

The \$519,187 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, 2017. 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
2017	\$ 366,230
2018	390,701
2019	431,628
2020	390,374
2021	(737)
Thereafter	(4,712)
Total	\$ 1,573,484

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.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75%
Future Salary Increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05% including wage inflation 3%, simple
	Pre 1/7/2013 retirees: 3%, simple Post 1/7/2013 retirees: 3%, simple through 2018, then 2.8%, simple
Investment Rate of Return	8%
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120% of the disabled female mortality rates were used set forward two years. For females, 100% of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010. 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 2015, OPERS managed investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. During 2016, OPERS consolidated the health care portfolios. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. 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 portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is .4% for 2015.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE G -- DEFINED BENEFIT PENSION PLAN (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees 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 table below displays the Board-approved asset allocation policy for 2015 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	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	<u>100.00 %</u>	5.27 %

Discount Rate: The discount rate used to measure the total pension liability was 8%. 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 8%, 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 (7 %) or one-percentage-point higher (9 %) than the current rate:

	1% Decrease 7.00%	Current Discount Rate 8.00%	1% Increase 9.00%
Agency's proportionate share of the net pension liability	\$ 8,447,032	\$ 5,365,647	\$ 2,766,502

NOTE H -- OTHER POSTEMPLOYMENT BENEFITS

Plan Description - Ohio Public Employees Retirement System: All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

NOTE H -- OTHER POSTEMPLOYMENT BENEFITS (Continued)

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment 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. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code 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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy - Ohio Public Employees Retirement System: The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2016, State and Local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS 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 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS 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 2016 was 4.0%.

The Agency's actual contributions to OPERS to fund postemployment benefits were \$88,000 in 2016, \$87,000 in 2015 and \$77,000 in 2014. The required payments due in 2016, 2015 and 2014 have been made.

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

**NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended December 31, 2016**

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 of the internal service fund for the years ended December 31, 2016 were as follows:

City administration	\$ 499,550
Office rent	425,000
Telephone	54,900
Utilities	175,905
Parking Facilities	2,160
Printing services	186,694
Motor Vehicle Maintenance	6,363
Other	5,482
Total	<u>\$ 1,356,054</u>

NOTE J -- DUE FROM MEMBER CITIES

The Agency has recorded certain liabilities in the internal service fund related to compensated absences totaling \$526,757 at December 31, 2016 as accrued wages and benefits. These amounts are recorded as due from member municipalities in the agency 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. The City is responsible for the lawsuits. The City's management is of the opinion that ultimate settlement of such claims will not result in a material adverse effect on the Agency's financial position, results of operations or cash flows.

Risk Management: The Agency is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2016.

The City provides the choice of three separate health insurance plans to its employees until March 31, 2016. As of April 1, 2016, the City provided the choice of two separate health self-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 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 Year Ended December 31, 2016**

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

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

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. Claims liability for the Agency is immaterial.

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

**SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
For the Year Ended December 31, 2016**

	Balance			Balance
	January 1, 2016	Additions	Deductions	December 31, 2016
ASSETS				
Cash and cash equivalents	\$ 5,956,669	\$ 464,290,828	\$ (462,548,713)	\$ 7,698,784
Taxes receivable	68,961,521	72,507,361	(68,961,521)	72,507,361
Due from the CCA internal service fund	988,457	1,086,569	(988,457)	1,086,569
Due from member municipalities	502,643	526,757	(502,643)	526,757
TOTAL ASSETS	\$ 76,409,290	\$ 538,411,515	\$ (533,001,334)	\$ 81,819,471
LIABILITIES				
Due to the City of Cleveland	\$ 52,435,173	\$ 432,790,616	\$ (427,493,988)	\$ 57,731,801
Due to member municipalities	23,974,117	105,620,899	(105,507,346)	24,087,670
TOTAL LIABILITIES	\$ 76,409,290	\$ 538,411,515	\$ (533,001,334)	\$ 81,819,471

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

REQUIRED SUPPLEMENTARY INFORMATION

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

	2015	2014	2013
Agency's Proportion of the Net Pension Liability	0.033857%	0.030085%	0.030085%
Agency's Proportionate Share of the Net Pension Liability (Asset)	\$ 5,365,647	\$ 3,617,001	\$ 3,541,261
Agency's Covered - Employee Payroll	\$ 4,316,792	\$ 3,764,833	\$ 3,409,992
Agency's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered - Employee Payroll	124.30%	96.07%	103.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information presented based on measurement periods ended December 31.

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

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

**REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
SCHEDULE OF CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FOUR YEARS (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contributions	\$ 519,187	\$ 518,015	\$ 451,780	\$ 443,299
Contributions in Relation to the Contractually Required Contributions	<u>\$ (519,187)</u>	<u>\$ (518,015)</u>	<u>\$ (451,780)</u>	<u>\$ (443,299)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Agency Covered-employee Payroll	\$ 4,326,558	\$ 4,316,792	\$ 3,764,833	\$ 3,409,992
Contribution as a Percentage of Covered - Employee Payroll	12.00%	12.00%	12.00%	13.00%

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

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF CASH RECEIPTS AND DISTRIBUTION OF FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

Members	Balance Collected and Due Members January 1, 2016	Cash Receipts Net	Total Cash Receipts	Cash Disbursed	Allocation of Net Operating Expenses	Total Disbursements and Expenses	Balance Collected And Due Members December 31, 2016
Ada	\$ 174,020.01	\$ 1,854,734.62	\$ 2,028,754.63	\$ 1,811,340.92	\$ 53,768.08	\$ 1,865,109.00	\$ 163,645.63
Akron	(285.76)	9,889.39	9,603.63	7,040.21	2,472.35	9,512.56	91.07
Alger	(1,227.09)	46,048.35	44,821.26	39,562.86	6,330.32	45,893.18	(1,071.92)
Alliance	(1,150.35)	31,629.45	30,479.10	20,840.99	7,916.11	28,757.10	1,722.00
Athens	828.00	7,121.04	7,949.04	6,094.04	1,841.66	7,935.70	13.34
Barberton	935,182.33	13,560,217.76	14,495,400.09	13,252,360.03	309,159.67	13,561,519.70	933,880.39
Barnesville	(46.07)		(46.07)				(46.07)
Bedford	(399.43)	577.00	177.57	65.00	144.25	209.25	(31.68)
Bradner	2,707.11	143,884.33	146,591.44	131,760.34	11,250.00	143,010.34	3,581.10
Bratenahl	183,472.28	1,814,795.38	1,998,267.66	1,627,707.02	38,365.54	1,666,072.56	332,195.10
Burton	63,785.54	578,040.95	641,826.49	571,000.32	27,485.97	598,486.29	43,340.20
Carey		788,325.24	788,325.24	653,097.43	18,393.22	671,490.65	116,834.59
Centerville	498.80	3,638.06	4,136.86	3,216.86	909.52	4,126.38	10.48
Chillicothe	66.01	10,815.72	10,881.73	8,382.41	2,703.93	11,086.34	(204.61)
Clayton	1,949.98	3,635,814.80	3,637,764.78	3,374,426.44	121,251.28	3,495,677.72	142,087.06
Cleveland	282,121.42	365,918,815.86	366,200,937.28	356,507,206.06	6,484,473.99	362,991,680.05	3,209,257.23
Cuyahoga Falls	(723.79)	601.40	(122.39)		150.35	150.35	(272.74)
Dayton	4,029.54	19,729.10	23,758.64	17,984.44	5,779.29	23,763.73	(5.09)
Dresden	7,784.44	275,071.31	282,855.75	252,766.58	18,883.55	271,650.13	11,205.62
East Liverpool		53,063.75	53,063.75	38,385.94	13,310.86	51,696.80	1,366.95
Elida	23,533.15	483,782.09	507,315.24	445,730.59	29,520.01	475,250.60	32,064.64
Englewood	(153.24)	589.02	435.78	400.78	147.26	548.04	(112.26)
Franklin	183.50	2,023.34	2,206.84	1,564.36	505.84	2,070.20	136.64
Frazesburg	5,697.08	171,173.00	176,870.08	147,430.97	13,000.66	160,431.63	16,438.45
Gates Mills	134,555.33	1,693,433.32	1,827,988.65	1,602,963.38	53,706.70	1,656,670.08	171,318.57
Geneva-on-the-Lake	12,409.05	244,459.38	256,868.43	230,209.07	14,895.41	245,104.48	11,763.95
Grand Rapids	4,560.84	199,883.49	204,444.33	178,972.86	18,907.83	197,880.69	6,563.64
Grand River	26,386.81	300,039.66	326,426.47	289,566.58	8,712.57	298,279.15	28,147.32
Hamilton	2,283.28	78,955.96	81,239.24	59,312.97	19,836.67	79,149.64	2,089.60
Hartville	(146.28)		(146.28)				(146.28)
Highland Hills	313,250.42	3,818,681.20	4,131,931.62	3,779,404.21	47,104.45	3,826,508.66	305,422.96
Huber Heights	829.71	3,155.36	3,985.07	2,958.89	788.84	3,747.73	237.34
Huntsville	2,675.99	72,921.19	75,597.18	65,202.23	7,184.00	72,386.23	3,210.95
Lakewood	840.74	2,217.60	3,058.34	2,458.76	554.40	3,013.16	45.18
Lancaster	83.08	1,025.00	1,108.08	783.08	256.25	1,039.33	68.75
Liberty Center	7,901.01	285,134.02	293,035.03	263,224.35	17,970.84	281,195.19	11,839.84
Lima	(0.29)	1,060.63	1,060.34	880.34	265.16	1,145.50	(85.16)
Linndale	4,690.17	62,976.95	67,667.12	61,395.65	2,194.14	63,589.79	4,077.33
London	160.10	2,836.92	2,997.02	1,862.74	709.23	2,571.97	425.05
Lorain	(107.90)	92,883.04	92,775.14	46,436.81	23,220.76	69,657.57	23,117.57
Madison	112,402.13	987,568.09	1,099,970.22	972,006.75	57,050.00	1,029,056.75	70,913.47
Medina	1,072,947.31	14,425,534.18	15,498,481.49	13,726,735.81	475,809.37	14,202,545.18	1,295,936.31
Mentor-on-the-Lake	65,438.30	942,317.18	1,007,755.48	881,646.78	44,161.89	925,808.67	81,946.81
Montgomery	(734.01)	25.00	(709.01)		6.25	6.25	(715.26)
Montpelier		428,259.51	428,259.51	360,869.06	7,787.64	368,656.70	59,602.81
Mt. Orab	12.05	390.00	402.05	267.45	97.50	364.95	37.10
Munroe Falls	73,479.31	1,225,674.82	1,299,154.13	1,142,305.59	51,486.25	1,193,791.84	105,362.29
Napoleon	(140.40)	1,379.50	1,239.10	893.94	344.88	1,238.82	0.28
New Carlisle		235.80	235.80		17.50	17.50	218.30
North Baltimore	71,112.02	801,811.24	872,923.26	758,084.61	37,601.51	795,686.12	77,237.14
North Perry	74,364.09	1,169,892.38	1,244,256.47	1,147,551.93	18,379.90	1,165,931.83	78,324.64
North Randall	175,249.80	2,143,596.95	2,318,846.75	2,114,931.82	37,355.82	2,152,287.64	166,559.11
Northfield	272,178.76	3,961,808.21	4,233,986.97	3,888,495.07	77,157.21	3,965,652.28	268,334.69
Norton	411,536.00	5,849,209.00	6,260,745.00	5,567,165.33	188,091.12	5,755,256.45	505,488.55
Orwell		815,815.49	815,815.49	736,428.52	19,052.57	755,481.09	60,334.40
Paulding	65,116.67	1,018,426.81	1,083,543.48	957,193.70	47,391.13	1,004,584.83	78,958.65
Peninsula	3,845.57		3,845.57		3,845.57		-
Rock Creek		103,884.33	103,884.33	96,990.28	6,517.99	103,508.27	376.06
Rocky River	1,156,415.95	694,497.18	1,850,913.13	1,825,768.13	25,145.00	1,850,913.13	-
Rushsylvania	1,444.76	76,319.85	77,764.61	68,503.77	4,833.86	73,337.63	4,426.98
Russells Point	13,158.92	280,162.50	293,321.42	253,017.24	19,825.22	272,842.46	20,478.96
Salem	(489.27)	150.00	(339.27)	(414.27)	37.50	(376.77)	37.50
Seville	73,553.52	908,504.97	982,058.49	864,928.84	48,097.10	913,025.94	69,032.55
South Russell	129,028.78	1,692,088.91	1,821,117.69	1,588,636.19	65,926.94	1,654,563.13	166,554.56
Springfield	395.82	16,621.29	17,017.11	11,607.11	4,155.32	15,762.43	1,254.68
Stow	(107.57)	1,632.95	1,525.38	1,061.63	408.24	1,469.87	55.51
Timberlake	1,207.56	83,897.09	85,104.65	72,412.75	8,387.65	80,800.40	4,304.25
Trotwood	(49.72)	6,317.95	6,268.23	3,758.80	1,579.49	5,338.29	929.94
Troy	(73.78)	448.00	374.22	294.22	112.00	406.22	(32.00)
Union	36,130.32	1,049,083.59	1,085,213.91	1,036,061.68	51,831.90	1,087,893.58	(2,679.67)
Village of Oakwood	3,981.47	70,308.38	74,289.85	66,530.14	7,134.40	73,664.54	625.31
Wadsworth	605,581.93	243,765.83	849,347.76	838,152.76	11,195.00	849,347.76	-
Warren	(92.40)	16,674.63	16,582.23	8,658.48	4,168.66	12,827.14	3,755.09
Warrensville Heights	1,397,245.08	16,735,678.99	18,132,924.07	16,420,918.51	287,088.20	16,708,006.71	1,424,917.36
Waynesfield	7,917.56	131,147.35	139,064.91	121,591.60	9,687.41	131,279.01	7,785.90
West Alexandria		291,595.91	291,595.91	274,438.07	16,966.25	291,404.32	191.59
West Liberty	25,428.82	424,058.77	449,487.59	396,945.52	25,338.78	422,284.30	27,203.29
West Milton	169.62	1,349,195.60	1,349,365.22	1,231,419.17	59,597.92	1,291,017.09	58,348.13
Wickliffe	(193.26)	8.00	(185.26)		2.00	2.00	(187.26)
Wilmington	(221.48)	2,624.33	2,402.85	1,660.62	656.08	2,316.70	86.15
Totals	\$ 8,039,485.75	\$ 454,220,655.24	\$ 462,260,140.99	\$ 442,945,359.68	\$ 9,104,554.41	\$ 452,049,914.09	\$ 10,210,226.90

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF ALLOCATION OF NET OPERATING EXPENSES
FOR THE ENTIRE YEAR ENDED DECEMBER 31, 2016

Members	Cost Allocation Percent	Interest Allocation Percent	Cost Allocation Before Interest Income	Interest Income of Municipalities	Allocation of Net Operating Expenses
Ada	0.716694%	2.256318%	\$ 54,704.74	\$ 936.66	\$ 53,768.08
Akron	0.000000%	0.000000%	2,472.35		2,472.35
Alger	0.083266%	0.060919%	6,355.61	25.29	6,330.32
Alliance	0.000000%	0.000000%	7,916.11		7,916.11
Athens	0.000000%	0.000000%	1,841.66		1,841.66
Barberton	4.140397%	16.558716%	316,033.66	6,873.99	309,159.67
Bedford	0.000000%	0.000000%	144.25		144.25
Bradner	0.151672%	0.000000%	11,250.00		11,250.00
Bratenahl	0.514586%	2.198005%	39,277.99	912.45	38,365.54
Burton	0.363918%	0.702464%	27,777.58	291.61	27,485.97
Carey	0.246111%	0.944986%	18,785.51	392.29	18,393.22
Centerville	0.000000%	0.000000%	909.52		909.52
Chillicothe	0.000000%	0.000000%	2,703.93		2,703.93
Clayton	1.612481%	4.404141%	123,079.56	1,828.28	121,251.28
Cleveland	66.405947%	0.000000%	6,484,473.99		6,484,473.99
Cuyahoga Falls	0.000000%	0.000000%	150.35		150.35
Dayton	0.000000%	0.000000%	5,779.29		5,779.29
Dresden	0.249207%	0.333034%	19,021.80	138.25	18,883.55
East Liverpool	0.000000%	0.000000%	13,310.86		13,310.86
Elida	0.390047%	0.606984%	29,771.99	251.98	29,520.01
Englewood	0.000000%	0.000000%	147.26		147.26
Franklin	0.000000%	0.000000%	505.84		505.84
Frazeesburg	0.171453%	0.207780%	13,086.92	86.26	13,000.66
Gates Mills	0.714917%	2.077441%	54,569.10	862.40	53,706.70
Geneva-on-the-Lake	0.196764%	0.297338%	15,018.84	123.43	14,895.41
Grand Rapids	0.249061%	0.247661%	19,010.64	102.81	18,907.83
Grand River	0.116128%	0.364629%	8,863.94	151.37	8,712.57
Hamilton	0.000000%	0.000000%	19,836.67		19,836.67
Highland Hills	0.642200%	4.611193%	49,018.69	1,914.24	47,104.45
Huber Heights	0.000000%	0.000000%	788.84		788.84
Huntsville	0.094623%	0.092793%	7,222.52	38.52	7,184.00
Lakewood	0.000000%	0.000000%	554.40		554.40
Lancaster	0.000000%	0.000000%	256.25		256.25
Liberty Center	0.237326%	0.347109%	18,114.93	144.09	17,970.84
Lima	0.000000%	0.000000%	265.16		265.16
Linndale	0.029163%	0.076822%	2,226.03	31.89	2,194.14
London	0.000000%	0.000000%	709.23		709.23
Lorain	0.000000%	0.000000%	23,220.76		23,220.76
Madison	0.793385%	0.000000%	57,050.00		57,050.00
Medina	6.331188%	17.936307%	483,255.23	7,445.86	475,809.37
Mentor-on-the-Lake	0.584910%	1.165649%	44,645.78	483.89	44,161.89
Montgomery	0.000000%	0.000000%	6.25		6.25
Montpelier	0.104869%	0.522670%	8,004.61	216.97	7,787.64
Mt. Orab	0.000000%	0.000000%	97.50		97.50
Munroe Falls	0.682667%	1.496565%	52,107.52	621.27	51,486.25
Napoleon	0.000000%	0.000000%	344.88		344.88
New Carlisle	0.000231%	0.000283%	17.62	0.12	17.50
North Baltimore	0.498022%	0.992890%	38,013.69	412.18	37,601.51
North Perry	0.248491%	1.414536%	18,967.11	587.21	18,379.90
North Randall	0.503441%	2.581140%	38,427.32	1,071.50	37,355.82
Northfield	1.010846%	0.000000%	77,157.21		77,157.21
Norton	2.502814%	7.098863%	191,038.06	2,946.94	188,091.12
Orwell	0.254997%	0.990489%	19,463.75	411.18	19,052.57
Paulding	0.627613%	1.238458%	47,905.25	514.12	47,391.13
Rock Creek	0.086072%	0.124860%	6,569.82	51.83	6,517.99
Rocky River	0.234970%	0.000000%	25,145.00		25,145.00
Rushsylvania	0.063826%	0.091456%	4,871.83	37.97	4,833.86
Russells Point	0.261580%	0.339654%	19,966.22	141.00	19,825.22
Salem	0.000000%	0.000000%	37.50		37.50
Seville	0.636126%	1.103192%	48,555.07	457.97	48,097.10
South Russell	0.875122%	2.096967%	66,797.45	870.51	65,926.94
Springfield	0.000000%	0.000000%	4,155.32		4,155.32
Stow	0.000000%	0.000000%	408.24		408.24
Timberlake	0.110447%	0.102755%	8,430.31	42.66	8,387.65
Trotwood	0.000000%	0.000000%	1,579.49		1,579.49
Troy	0.000000%	0.000000%	112.00		112.00
Union	0.685984%	1.273830%	52,360.70	528.80	51,831.90
Village of Oakwood	0.093949%	0.088344%	7,171.07	36.67	7,134.40
Wadsworth	0.134519%	0.000000%	11,195.00		11,195.00
Warren	0.000000%	0.000000%	4,168.66		4,168.66
Warrensville Heights	3.871465%	20.278212%	295,506.25	8,418.05	287,088.20
Waynesfield	0.127777%	0.158411%	9,753.17	65.76	9,687.41
West Alexandria	0.224190%	0.351804%	17,112.29	146.04	16,966.25
West Liberty	0.334805%	0.521905%	25,555.44	216.66	25,338.78
West Milton	0.789733%	1.642427%	60,279.74	681.82	59,597.92
Wickliffe	0.000000%	0.000000%	2.00		2.00
Wilmington	0.000000%	0.000000%	656.08		656.08
Totals	100.000000%	100.000000%	\$ 9,146,067.20	\$ 41,512.79	\$ 9,104,554.41

CITY OF CLEVELAND
CENTRAL COLLECTION AGENCY
DIVISION OF TAXATION

SCHEDULE OF INCOME TAXES RECEIVABLE
FOR YEAR ENDED DECEMBER 31, 2016

Ada	\$	342,485.61
Akron		25.00
Alger		22,502.53
Alliance		4,566.94
Athens		52.00
Barberton		2,278,990.24
Bedford		100.00
Bratenahl		660,224.94
Burton		161,725.16
Carey		194,086.04
Chillicothe		332.95
Clayton		350,227.56
Cleveland		54,522,543.92
Dayton		3,221.51
Dresden		79,360.91
East Liverpool		4,488.20
Elida		166,088.76
Franklin		224.96
Frazeysburg		58,777.28
Gates Mills		651,491.32
Geneva-on-the-Lake		82,853.94
Grand Rapids		66,393.07
Grand River		58,106.48
Hamilton		7,217.68
Highland Hills		378,286.21
Huber Heights		322.36
Huntsville		23,732.74
Lancaster		150.00
Liberty Center		77,521.35
Linndale		8,394.55
London		676.47
Lorain		26,506.89
Medina		3,898,817.45
Mentor-on-the-Lake		249,117.14
Montpelier		188,091.73
Mt. Orab		59.20
Munroe Falls		336,457.86
North Baltimore		184,349.48
North Perry		160,172.35
North Randall		373,204.39
Norton		1,683,922.26
Orwell		75,669.88
Paulding		261,146.16
Rock Creek		9,969.92
Rushsylvania		17,357.84
Russells Point		88,105.84
Salem		100.00
Seville		256,833.68
South Russell		641,091.35
Springfield		1,792.07
Stow		237.00
Timberlake		33,964.68
Trotwood		845.49
Union		100,366.72
Village of Oakwood		18,089.27
Warren		7,366.07
Warrensville Heights		3,356,146.41
Waynesfield		34,715.53
West Alexandria		28,354.70
West Liberty		139,323.92
West Milton		129,875.20
Wilmington		140.00
	<u>\$</u>	<u>72,507,361.16</u>