

REGIONAL INCOME TAX AGENCY

*Comprehensive Annual Financial Report
For the Years Ended December 31, 2005 and 2004*

Issued by the Finance Department
Christy J. Price,
Deputy Executive Director, Chief Financial Officer



**Auditor of State
Betty Montgomery**

Board of Trustees
Regional Income Tax Agency
10107 Brecksville Road
Brecksville, Ohio 44141

We have reviewed the *Independent Auditors' Report* of the Regional Income Tax Agency, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Regional Income Tax Agency is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 27, 2006

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PREPARED BY THE FINANCE DEPARTMENT

Christy J. Price – Chief Financial Officer
Lori A. Starcher – Assistant Director of Finance
Kimberly L. Schindler - Accountant
Sandra M. Majkrzak - Accounting Clerk

Regional Income Tax Agency

Comprehensive Annual Financial Report
For the Years Ended December 31, 2005 and 2004

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Introductory Section



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April 13, 2006

The Board of Trustees and
Executive Director of the
Regional Income Tax Agency
and Member Municipalities

We are pleased to present the Comprehensive Annual Financial Report (“CAFR”) for the Regional Income Tax Agency (“R.I.T.A.” or the “Agency”) for the year ended December 31, 2005. This document is the primary report of the Agency’s annual results of operations and its financial position at year end.

The Agency implemented Governmental Accounting Standards Board Statement 34 in 2004. Accordingly, the Management Discussion and Analysis section includes an examination of the 2005 results of operations in comparison to the prior year financials. This discussion follows the independent accountants’ report in the Financial Section of this CAFR.

The responsibility for the accuracy of this report rests with the Finance Department of R.I.T.A. We believe the information, as presented, is accurate in all material respects. The presentation of the data is designed in a manner to fairly set forth the financial position and results of operations of R.I.T.A. as measured by the financial activity of its funds. All disclosures necessary to enable the reader to gain the maximum understanding of R.I.T.A.’s financial activities are included.

The CAFR is organized into three sections:

- The Introductory Section presents the letter of transmittal, a listing of officials, an organization chart, and a copy of the Certificate of Achievement for Excellence in Financial Reporting for 2004.
- The Financial Section includes the Independent Auditor’s Report, the Management’s Discussion and Analysis, the basic financial statements and related notes and the required supplementary information.
- The Statistical Section contains pertinent financial, economic and demographic information for comparative years.

REPORTING ENTITY AND GENERAL GOVERNMENTAL FUNCTIONS

R.I.T.A. was established in 1971 to collect and distribute municipal income taxes. The Agency was created by the members of a Regional Council of Governments (RCOG), under Section 167 of the Ohio Revised Code. The Regional Income Tax Agency is guided by a nine member Board of Trustees, who are elected to three year terms by the members of the RCOG. The Board of Trustees appoints the Executive Director who oversees the daily operations of the Agency.

The Board of Trustees and
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For financial reporting purposes, R.I.T.A.'s basic financial statements include all funds for which the Agency is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board, exists if the Agency appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, R.I.T.A. The Agency may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board, that is fiscally dependent on R.I.T.A.

Also taken into consideration are any other organizations for which the nature and significance of their relationship with R.I.T.A. are such that exclusion would cause R.I.T.A.'s financial statements to be misleading or incomplete. On this basis, there were no other organizations that required incorporation into the financial statements.

Since inception, the Agency has provided a solid example of the benefits of regionalism. Under the concept of regionalism, governments join together to provide essential services to their residents which, in turn, result in cost savings from the elimination of duplicate efforts. By consolidating resources and eliminating redundancies, R.I.T.A.'s municipalities have received high-quality tax collection services at overall costs that are lower than the individual entities could have realized. The advantages of joining the Agency are evident as R.I.T.A.'s membership has grown from 38 municipalities in 1971 to 120 municipalities effective January 1, 2006. As more municipal governments embrace the concept of efficiently sharing resources to obtain and provide superior services, R.I.T.A.'s membership will continue to grow. Another indicator of the Agency's effectiveness is the substantial increase in tax collections which rose from \$267 million in 1996 to over \$541 million in 2005.

The Regional Income Tax Agency has members located throughout the state. With the utilization of electronic information technology the Agency is able to effectively collect taxes for local governments with no restrictions due to the community's location. For the Agency's purposes the State of Ohio is generally broken down into five regions: Northeast, Northwest, Central, Southeast and Southwest. The largest density of R.I.T.A. member municipalities is in the Northeast Region. This area includes 63 municipalities and R.I.T.A.'s primary tax processing facility. The Central Region consists of 24 municipalities and is now the Agency's fastest growing region in Ohio. The remaining regions, with corresponding RITA membership are: Southeast – 7 municipalities; Southwest – 11 municipalities; and Northwest – 15 municipalities. Whereas the entire State is serviced from R.I.T.A.'s primary processing facility in Brecksville, the Agency maintains satellite offices in Upper Arlington and Youngstown to assist municipalities in those regions. R.I.T.A. also has a representative in Bowling Green to assist members in that area.

The 2005 expansion of R.I.T.A.'s member base contributed to the reduction of the average net cost of collections from 2.49% in 2004 to 2.16% in 2005. The goals for 2006 include continuation of member growth with a steady decrease of member costs.

MAJOR INITIATIVES

The municipalities of Campbell, Fremont, Girard, Jewett, Mechanicsburg and Minerva Park became members in 2005. The municipalities of Cardington, Powhatan Point, West Elkton and Youngstown joined the Agency in the first quarter of 2006. In addition, several other municipalities have shown serious interest in R.I.T.A.'s tax collection services. Management is continually monitoring the needs that result from R.I.T.A.'s growth. R.I.T.A.'s mission to provide high quality, cost effective municipal services has remained the same.

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During the year the Agency enhanced its eBusiness functionalities. The objectives for these new systems include increased processing efficiencies, lower operating costs and improved services for our taxpayers and member municipalities. Helping R.I.T.A. to meet these goals is the ability to accept and process internet tax filings. The web service was expanded during the year to include acceptance of substantially all R.I.T.A. tax forms. The significant manual processing work required with paper forms is almost eliminated with electronic filings. The use of eBusiness allows the Agency to redirect personnel resources to focus on enhanced compliance work for our member municipalities.

Other newer electronic functions include the Tax Administrator Form Viewing (TAFV) which was designed for R.I.T.A. member tax administrators to quickly access, from their remote offices, scanned images of paper-based tax documents. Use of the system saves time for the tax administrator, eliminates the need for tax administrators to telephone R.I.T.A. asking for information and improves customer service when working with taxpayers that need access to filed forms. This system is secured through R.I.T.A.'s Virtual Private Network (VPN). R.I.T.A. also provides a link to the Ohio Business Gateway that was established by the state to receive and process net profit estimated payments and requests for extensions.

The new, expanded tax system functionality will continue to be rolled out in stages. The overall project objective is to streamline operations, expand Agency services and continue significant growth. Financing for these initiatives is funded under two capital leases.

INTERNAL ACCOUNTING CONTROLS

Emphasis is placed on the adequacy of R.I.T.A.'s internal accounting controls. Such controls are designed to provide reasonable, but not absolute, assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition, and (2) the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the benefits likely to be derived and that the valuation of cost and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that R.I.T.A.'s internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

BUDGETARY CONTROLS

Although not required under the Ohio Revised Code, an annual operating budget is adopted for management purposes in accordance with the by-laws of R.I.T.A.'s charter. R.I.T.A.'s budget is prepared on the same basis of accounting as the financial statements. The Executive Director is authorized to expend the budget amounts; however, any reallocation between the departments, type of expense items or in the total amount budgeted for a particular fund requires the approval of the Board of Trustees of R.I.T.A. There were two amendments in 2005.

DEBT ADMINISTRATION

Under the laws of the State of Ohio, R.I.T.A is prohibited from entering into debt arrangements. However, the Agency has secured financing through the Cleveland – Cuyahoga County Port Authority and the County of Cuyahoga as detailed in Note 6 and Note 7 of the financial statements.

The Board of Trustees and
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and Member Municipalities

CASH MANAGEMENT

Cash management is a vital component in R.I.T.A.'s overall financial strategy. The primary objective of the Agency's investment activity is the protection of the investment principal. A prudent investment program is maintained to assure the continual investment of all available dollars. In addition to the security of the investments, a priority consideration is the timing of the funds needed meet the tax distribution schedules. The Agency has a formal investment policy and adheres to Section 135 of the Ohio Revised Code when making investments.

RISK MANAGEMENT

Acting as a fiduciary for its members, R.I.T.A.'s management is risk averse. Policies have been established with stringent limitations to minimize risk and protect the member municipalities from financial loss. R.I.T.A. also employs extensive controls to keep taxpayer data strictly confidential.

R.I.T.A. is exposed to the risk of a variety of accidental losses. The primary technique used for risk mitigation is the purchase of insurance policies. R.I.T.A. carries \$1,000,000 of comprehensive general liability insurance coverage and a \$2,000,000 umbrella policy, as well as insurance coverage for R.I.T.A. business interruption and property losses. Additionally, R.I.T.A. is insured through the State of Ohio for workers' compensation and the Agency offers two healthcare plans. As described in Note 13, one is standard premium-based insurance plan and the other is a self-insurance policy. As of January 2006 the self-insured health care plan was replaced by a second premium-based insurance plan.

INDEPENDENT AUDIT

The financial statements of the Regional Income Tax Agency for the fiscal year ended December 31, 2005 have been audited by the independent public accounting firm of Ciuni & Panichi, Inc. Their Independent Auditors' Report is included in the Financial Section of this CAFR.

The financial statements are the responsibility of R.I.T.A.'s management. The responsibility of the independent public accountants is to express an opinion on R.I.T.A.'s financial statements based on their audit. An audit is conducted in accordance with auditing standards generally accepted in the United States of America. Those standards require that the audit be planned and performed in a manner to obtain reasonable assurance as to whether the financial statements are free of material misstatement.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Regional Income Tax Agency for its comprehensive annual financial report for the fiscal year ended December 31, 2004. This is the twentieth consecutive year R.I.T.A. has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles for governments and applicable legal requirements.

The Board of Trustees and
Executive Director of the
Regional Income Tax Agency
And Member Municipalities

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGMENTS

The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the dedication of the Finance Department staff. I wish to thank my staff members for their efforts and assistance in the preparation of this document. I also thank R.I.T.A.'s Executive Director and Board of Trustees for their interest and support of this endeavor and for the manner in which they have directed the financial operations of R.I.T.A.

The Administration Department staff has my appreciation for its assistance in the preparation and assembly of this document. Finally, I express my thanks to all department heads and their staffs for their cooperation during the past year in the financial matters of R.I.T.A.

Sincerely,

A handwritten signature in black ink, appearing to read "Christy J. Price". The signature is fluid and cursive, with the first name "Christy" being the most prominent.

Christy J. Price
Deputy Executive Director
Chief Financial Officer

Regional Income Tax Agency

Officers And Board Members

December 31, 2005

COUNCIL OF GOVERNMENTS

OFFICERS

- President - Mayor Beryl Rothschild – City of University Heights, Ohio
- Secretary - Mayor Kathy Mulcahy – Village of Orange, Ohio
- Treasurer - Mayor Charles DeGross – Village of Moreland Hills, Ohio

BOARD OF TRUSTEES

OFFICERS

- Chairman - Timothy Pope, Finance Director/Tax Administrator – City of Middleburg Heights, Ohio
- Vice Chairman - Prashant Shah, Finance Director/Tax Administrator – City of Pepper Pike, Ohio, Treasurer – Village of Moreland Hills, Ohio
- Secretary - Scott Gill, Tax Administrator – City of Upper Arlington, Ohio
- Treasurer - Karen Fegan, Finance Director/Tax Administrator – City of North Royalton, Ohio

OTHER BOARD MEMBERS

- Frank J. Brichacek - Finance Director/Tax Administrator, City of Shaker Heights, Ohio
- Anne Fritz - Finance Director/Tax Administrator, City of Westlake, Ohio
- Mayor Gary Gottschalk - Mayor, Village of Oakwood
- Robert Hamilton - Finance Director/Tax Administrator, City of Avon, Ohio
- Robert G. Tribby - Finance Director/Tax Administrator, City of Mayfield Heights, Ohio

Regional Income Tax Agency

Management Officials

December 31, 2005

Executive Director	Mr. Rick Carbone
Deputy Director/Chief Financial Officer	Mrs. Christy Price
Assistant Director of Finance	Mrs. Lori Starcher
Chief Operating Officer	Mr. Richard Barille
Executive Assistant/Board Clerk	Mrs. Lynn Recko
Municipal Services Manager	Mr. Ralph Glatzhofer

Operations:

Accelerated Collections Director	Mr. Joe Zamiska
Assistant Director of Taxation/Business Compliance Manager	Mr. Mark Taranto
Assistant Director of Administrative Services	Ms. Mariann Buemi
Director of Central/Southern Ohio Region	Ms. Lori Gischel
Taxation Director	Mr. Gary Chips
Manager – Youngstown Office	Mr. Michael Sommer

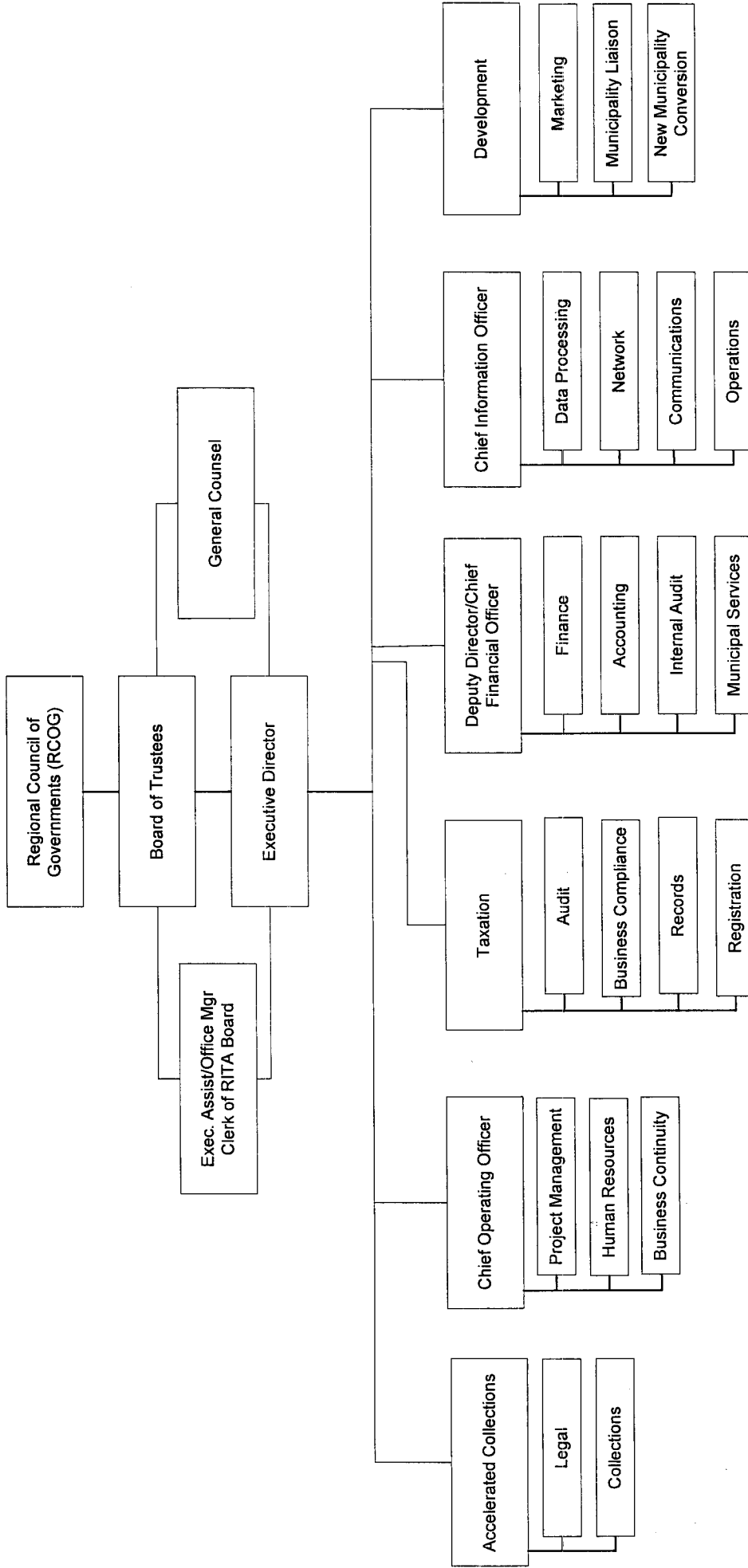
Information Services:

Chief Information Officer	Mr. Tom Wojnarowski
IS Development Manager	Mr. Mike Kobe
Operations Manager	Mr. Robert Kelley

Regional Income Tax Agency

Organizational Chart

December 31, 2005



Regional Income Tax Agency

GFOA Certificate

December 31, 2005

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Regional Income Tax
Agency, Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Carla E. Fudge

President

Jeffrey R. Emer

Executive Director

Financial Section

Independent Auditors' Report

Board of Trustees
Regional Income Tax Agency
Brecksville, Ohio

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Regional Income Tax Agency ("R.I.T.A.") as of and for the years ended December 31, 2005 and 2004, which collectively comprise the R.I.T.A.'s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Regional Income Tax 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 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 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Regional Income Tax Agency, as of December 31, 2005 and 2004, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended December 31, 2005, the Regional Income Tax Agency implemented GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*."

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2006 on our consideration of the Regional Income Tax Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Trustees
Regional Income Tax Agency

Management's Discussion and Analysis, budgetary comparison information and the schedule of changes in Fiduciary Net Assets are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Regional Income Tax Agency's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. We did not subject the introductory section and statistical section to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Cioni & Panichi, Inc.

Cleveland, Ohio
April 13, 2006

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis

(Unaudited)

The purpose of the discussion and analysis is to provide a general review of the Regional Income Tax Agency's financial activities for the year ended December 31, 2005. The reader should consider this analysis in conjunction with the transmittal letter, the basic financial statements and the statistics to gain a further understanding of the Agency's operations and financial performance.

Financial Highlights

- Receipts grew from \$472 million in 2003 to \$493 million in 2004 to a record setting \$541 million in 2005.
- The average net cost of collections decreased again for a second year. The average percent of net cost to collections was 2.52% in 2003, 2.49% in 2004 and 2.16% in 2005. In conjunction with this cost reduction, the total amount of net retainer to be refunded to the municipalities increased by about \$2.7 million from the amount refunded for 2004.
- As of December 31, 2005 assets exceeded liabilities by \$151,074 versus a balance of \$222,443 as of December 31, 2004.
- The change in net assets is due to a loss from the Municipal Services activities. The related services are offered to our members at a low cost. Charges are reviewed on an annual basis to ensure that adequate working capital is maintained.
- In 2004 there was a timing difference between the redemption of short-term notes and the issuance of the replacement bonds that carried over into 2005. Accordingly, the 2004 Statement of Net Assets reflected the assets and debts from both financings. The repayment of the notes resulted in the reductions in both the Current Assets - Due from Trust and the Current Portion of Capital Lease accounts.
- The Depreciable Capital Assets, Net increased to reflect the implementation of the Seibel Customer Service System that was placed into service during 2005.
- In April 2005 the Agency resolved all open issues with its former information technology consultants. The cash settlement received was recorded as an increase in the Noncurrent Assets – Due from Trust balance.

Overview of the Financial Statements

A fund is a grouping of related accounts utilized to maintain control over the resources used to perform specific activities. R.I.T.A. has two funds; one is proprietary (business-type activity) and the other fund is a fiduciary fund.

The proprietary fund is an enterprise fund that primarily accounts for the Agency's tax collection services. R.I.T.A. provides these services to its members on a cost reimbursement basis with no margin for profit. During the year the operations are funded with advance fees from the municipalities. At year-end, costs are allocated to members based on transactions and amounts collected and the municipalities' individual fee refunds or fee payables are computed. After settlement of the amounts owed/due, the net asset balance for the tax collections activity is brought to zero. The proprietary fund is also used to record the financial software leasing and support activities.

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

The fiduciary fund accounts for the members' tax receipts held by R.I.T.A. prior to distribution to the municipalities. The funds are invested in short-term instruments and all interest income is used to offset the costs of the tax collection services.

The Regional Income Tax Agency's basic financial statements have three components: 1) Proprietary Fund statements, 2) Fiduciary Fund statements, and 3) Notes to the financial statements. The proprietary fund statements consist of the Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows. The fiduciary fund statement is the Statement of Fiduciary Net Assets. The CAFR also includes other supplementary information in the Statistical Section.

Financial Analysis of the Agency's Financial Position and Results of Operations

The tables below present summaries of the Agency's financial position and operations for 2005 compared to the prior year results. The Regional Income Tax Agency implemented Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* in 2004.

The first table is a summary of the Agency's net assets, which condenses information on all of R.I.T.A.'s assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating. However, as previously noted R.I.T.A. substantially operates on a cost basis only, with no margin for profit and no net assets. As a result any changes in the net asset amount are solely fluctuations in the retained earnings from the Municipal Services software support activities. This department provides low cost, financial system support to member municipalities.

The second table is the Statement of Revenues, Expenses and Changes in Net Assets, which presents a summary of how the Agency's net assets changed during the year. Revenue is reported when earned and expenses are reported when incurred.

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

Table 1
Net Assets
Proprietary Fund

	2005	2004	2003
Assets:			
Current Assets	\$ 11,600,221	\$ 26,975,138	\$ 7,611,161
Capital Assets, Net	17,186,256	20,691,342	20,452,472
Other Noncurrent Assets	<u>7,976,862</u>	<u>5,441,587</u>	<u>3,165,120</u>
Total Assets	<u>36,763,339</u>	<u>53,108,067</u>	<u>31,228,753</u>
Liabilities:			
Current Liabilities	12,660,512	28,130,040	8,744,595
Long-term Liabilities	<u>23,951,753</u>	<u>24,755,584</u>	<u>22,236,667</u>
Total Liabilities	<u>36,612,265</u>	<u>52,885,624</u>	<u>30,981,262</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	448,367	733,515	943,425
Unrestricted (Deficit)	<u>(297,293)</u>	<u>(511,072)</u>	<u>(695,934)</u>
Total Net Assets	<u>\$ 151,074</u>	<u>\$ 222,443</u>	<u>\$ 247,491</u>

Overall, there are two significant offsetting factors that resulted in the fluctuations of Current Assets.

- First, Cash and Cash Equivalents increased in 2005 due to the greater cash from the excess retainer. As indicated in the Financial Highlight section, the lower average net cost of collections has substantially contributed to a \$2.7 million increase in the total retainer refund due to members for distribution in June 2006. During the year retainers are allocated from tax collections to the proprietary fund for operations use. After the year-end, each member's expenses are computed and the any excess retainers are distributed.
- Second, offsetting the 2005 increase in excess retainer cash is the timing difference, noted previously, between the redemption of the short-term notes and the issuance of the replacement bonds. Accordingly, in 2004, Current Assets rose substantially from the prior year as the December 31st balance reflected the outstanding notes to be repaid early in 2005 as is reflected in the 2005 year end balance.

The reduction in Capital Assets from 2004 is due to the settlement received from the Agency's former information technology consultants. The corresponding cash from the settlement is recorded in Other Noncurrent Assets.

The changes in liabilities are related to the asset activity as noted in the previous paragraphs.

During 2005 the Municipal Services department began switching the customers' computer systems to another software product. The cost of the ongoing transition has resulted in the net asset decrease.

The Statement of Revenue, Expense and Changes in Net Assets reports the proprietary fund operating income and costs, non-operating income and costs, and the change in net assets. This statement, shown in Table 2, reflects the results for 2005, 2004 and 2003.

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

Table 2
Statement of Revenue, Expenses and Changes in Net Assets

	2005	2004	2003
Operating Revenues:			
Tax Collection Fees	\$ 11,645,263	\$ 12,249,244	\$ 11,884,291
Charges for Services and Other Revenues	<u>999,360</u>	<u>805,442</u>	<u>811,393</u>
Total Operating Revenues	<u>12,644,623</u>	<u>13,054,686</u>	<u>12,695,684</u>
Operating Expenses:			
Personal Services	8,208,534	8,729,464	8,023,512
Travel and Transportation	85,355	118,154	121,042
Office Rent and Maintenance	94,366	94,040	183,426
Equipment and Software Maintenance	616,605	653,344	452,651
Cost of Equipment Purchased For Members	86,498	368	5,139
Professional and Processing	1,488,940	1,441,458	1,599,172
Telephone and Utilities	190,713	215,945	225,034
Forms and Envelopes	306,546	173,307	323,914
Insurance	48,391	49,094	45,766
Miscellaneous Expenses	18,576	20,265	37,328
Material and Supplies	636,192	683,129	715,158
Depreciation and Amortization	<u>1,098,343</u>	<u>913,650</u>	<u>936,347</u>
Total Operating Expenses	<u>12,879,059</u>	<u>13,092,218</u>	<u>12,668,489</u>
Operating Loss	<u>(234,436)</u>	<u>(37,532)</u>	<u>27,195</u>
Non - Operating Revenues (Expenses):			
Interest Income	1,247,878	418,272	403,644
Interest Expense	(1,084,795)	(405,076)	(428,755)
Loss on Disposal of Capital Assets	<u>(16)</u>	<u>(712)</u>	<u>(2,790)</u>
Total Non - Operating Revenues	<u>163,067</u>	<u>12,484</u>	<u>(27,901)</u>
Change in Net Assets	(71,369)	(25,048)	(706)
Net Assets, Beginning of Year	<u>222,443</u>	<u>247,491</u>	<u>248,197</u>
Net Assets, End of Year	\$ <u><u>151,074</u></u>	\$ <u><u>222,443</u></u>	\$ <u><u>247,491</u></u>
Total Revenues			
Operating Revenues	\$ 12,644,623	\$ 13,054,686	\$ 12,695,684
Non-Operating Revenues	<u>1,247,878</u>	<u>418,272</u>	<u>403,644</u>
Total Revenues	\$ <u><u>13,892,501</u></u>	\$ <u><u>13,472,958</u></u>	\$ <u><u>13,099,328</u></u>
Total Expenses			
Operating Expenses	\$ 12,879,059	\$ 13,092,218	\$ 12,668,489
Non-Operating Expenses	<u>1,084,811</u>	<u>405,788</u>	<u>431,545</u>
Total Expenses	\$ <u><u>13,963,870</u></u>	\$ <u><u>13,398,006</u></u>	\$ <u><u>13,100,034</u></u>

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

- The tax collection operating fees consist of amounts retained from the municipalities' tax distributions. As the tax services are provided on a cost reimbursement basis, all retainers in excess of actual costs are refunded back to the municipalities. The revenue is then reduced and reported net of the retainer refunds. Because Total Operating Expenses decreased from 2004 and Charges for Services and Other Revenues increased, the net Total Operating Revenue needed to run the Agency dropped.
- The charges for services and other revenues include income from the following services:
 - Subpoena programs – R.I.T.A. field auditors travel to local city halls to assist individuals who are delinquent in filing tax returns and to obtain the related tax payments. This program is substantially responsible for the increase in the revenue.
 - Small claim lawsuits – R.I.T.A. paralegals represent the municipalities in court to obtain judgments against taxpayers for unpaid taxes.
 - Leasing of accounting software and hardware – the Municipal Services department provides software, hardware and support services.
 - Miscellaneous fees/reimbursements – includes amounts charged for copies of records, charges for extraordinary services and reimbursements for employee time spent on special projects.
- The change in interest income is primarily due to the significant growth in market interest rates as dictated by the Federal Reserve Bank.
- The Agency's substantial expenses are:
 - Personal Services – As R.I.T.A. is primarily a service-type organization the bulk of the operating expenses are for personnel. The primary reason for the fluctuations in this expense is the staffing size which was 136 full time equivalents in 2003, 139 in 2004 and 131 in 2005. The variances in staff sizes also contributed to related changes in total health insurance costs.
 - Equipment Software and Maintenance – R.I.T.A. operates a mainframe computer, network servers, robot tape library, scanning and imaging system and interactive voice response unit along with standard office equipment. This expense is for the ongoing software licenses and hardware/equipment maintenance costs. The 2005 amount is comparable to 2004. The increase from 2003 is primarily due to the maintenance and software support for the new scanning and imaging system.
 - Cost of Equipment Purchased For Members – Substantially all of this expense is for the Municipal Service Department's acquisition of software licenses. This department provides low cost, financial software system support to member municipalities and in the course of business purchases the financial application software. In 2005 the cost increased because a project was begun to switch the leased software system to another vendor and thus, new software applications were purchased.

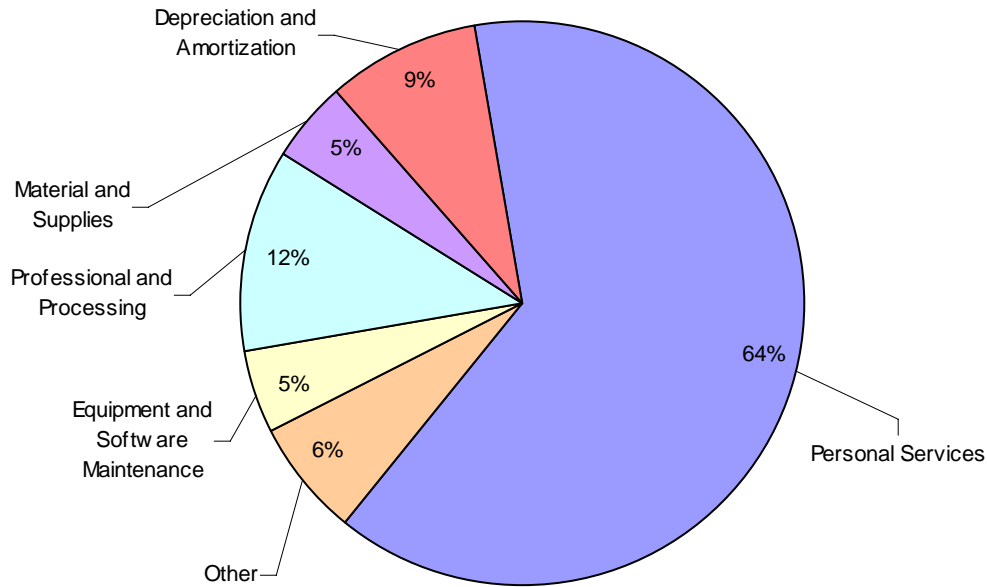
REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

- Professional and Processing – This line item consists of the costs of temporary help to meet peak processing needs, the expense for the two audits (financial and SAS70) that R.I.T.A. undergoes annually, the expense of lockbox services that are utilized to gain processing efficiencies and to maintain high security standards, the costs of Lobbyists to provide assistance in legislative matters at the State House and in Washington D.C. and the cost of short-term technical assistance. The balances are similar over the three year period.
 - Forms and Envelopes – In 2004 there was a printing error in tax forms for which the printer provided a substantial credit toward the cost of the forms. The expense reported for 2005 and 2003 are more indicative of the actual cost of this account.
 - Material and Supplies – The costs of operating materials and postage are reflected in this line item. Expense is comparable to prior years.
 - Depreciation and Amortization – The Agency uses the accrual basis of accounting. As such, when assets are purchased the costs are recognized over the life of the resources. The useful lives are 3 to 16 years. The greater expense substantially reflects the added depreciation for the Seibel Customer Service System placed into service in 2005.
- In 2005 it was determined that all future interest costs relating to the tax system will be expensed in the year incurred which resulted in the sharp increase in interest expense. Previously a substantial portion of expense was capitalized based upon the assets placed into service.

Graphic interpretations of the Agency operating expenses for 2005 and 2004 are presented as follows:

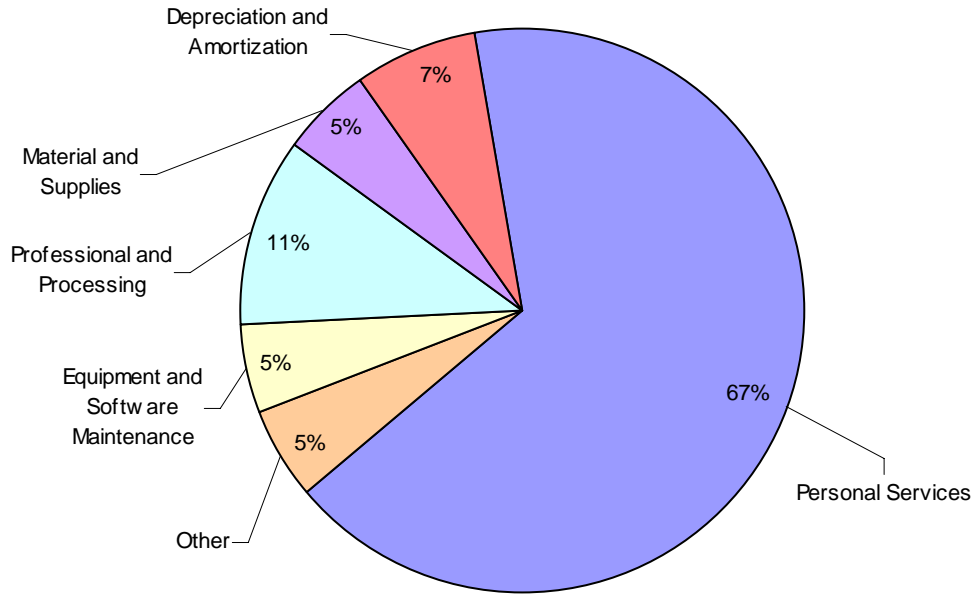
Graph 1



2005 Total Agency Operating Expense

REGIONAL INCOME TAX AGENCY
Management's Discussion and Analysis
(Unaudited)

Graph 2



2004 Total Agency Operating Expense

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

Capital Assets

The following Table indicates the capital asset activity for the years ending December 31, 2005 and December 31, 2004.

Table 3
Capital Asset Activity

	Balance 12/31/2004	Additions	Retirements	Transfers	Balance 12/31/2005
Nondepreciable Capital Assets:					
Land	\$ 103,660	\$ -	\$ -	\$ -	\$ 103,660
Projects in Process	<u>14,775,679</u>	<u>-</u>	<u>(2,500,000)</u>	<u>(4,022,841)</u>	<u>8,252,838</u>
Total Nondepreciable Capital Assets	<u>14,879,339</u>	<u>-</u>	<u>(2,500,000)</u>	<u>(4,022,841)</u>	<u>8,356,498</u>
Capital Assets being depreciated:					
Buildings and Improvements	3,405,681	-	-	-	3,405,681
Office Equipment	6,293,769	92,500	(793)	3,998,676	10,384,152
Equipment Leases to Members	8,651	-	(8,195)	(456)	-
Vehicles	<u>40,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,021</u>
Total capital assets being depreciated	9,748,122	92,500	(8,988)	3,998,220	13,829,854
Less: accumulated depreciation and amortization	<u>(3,936,119)</u>	<u>(1,098,344)</u>	<u>9,746</u>	<u>24,621</u>	<u>(5,000,096)</u>
Net capital assets being depreciated	<u>5,812,003</u>	<u>(1,005,844)</u>	<u>758</u>	<u>4,022,841</u>	<u>8,829,758</u>
Total business-type activities capital assets, net	<u>\$ 20,691,342</u>	<u>\$ (1,005,844)</u>	<u>\$ (2,499,242)</u>	<u>\$ -</u>	<u>\$ 17,186,256</u>

	Balance 12/31/2004	Additions	Retirements	Balance 12/31/2005
Nondepreciable Capital Assets:				
Land	\$ 103,660	\$ -	\$ -	\$ 103,660
Projects in Process	<u>13,650,491</u>	<u>1,259,663</u>	<u>(134,475)</u>	<u>14,775,679</u>
Total Nondepreciable Capital Assets	<u>13,754,151</u>	<u>1,259,663</u>	<u>(134,475)</u>	<u>14,879,339</u>
Capital Assets being depreciated:				
Buildings and Improvements	3,405,681	-	-	3,405,681
Office Equipment	6,325,602	26,955	(58,788)	6,293,769
Equipment Leases to Members	13,630	1,091	(6,070)	8,651
Vehicles	<u>40,021</u>	<u>-</u>	<u>-</u>	<u>40,021</u>
Total capital assets being depreciated	9,784,934	28,046	(64,858)	9,748,122
Less: accumulated depreciation and amortization	<u>(3,086,613)</u>	<u>(913,650)</u>	<u>64,144</u>	<u>(3,936,119)</u>
Net capital assets being depreciated	<u>6,698,321</u>	<u>(885,604)</u>	<u>(714)</u>	<u>5,812,003</u>
Total business-type activities capital assets, net	<u>\$ 20,452,472</u>	<u>\$ 374,059</u>	<u>\$ (135,189)</u>	<u>\$ 20,691,342</u>

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

The 2005 balance shown above is significantly lower than last year due to the settlement with the Agency's former information technology consultants previously discussed and the depreciation/amortization of the computerized tax system assets that were developed to provide state-of-the-art technology to the Agency's membership.

Capital Lease Activity

Details of the changes in the capital lease activity for the years ending December 31, 2005 and December 31, 2004 were as follows:

Table 4
Capital Lease Activity

	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Amounts</u>
	<u>12/31/2004</u>			<u>12/31/2005</u>	<u>Due Within</u>
					<u>One Year</u>
Cleveland-Cuyahoga County Port Authority Capital Lease	\$ 3,736,667	\$ -	\$ (508,333)	\$ 3,228,334	\$ 456,667
National City Leasing Corp. Capital Lease	18,580,000	-	(18,580,000)	-	-
Cleveland-Cuyahoga County Port Authority Capital Lease	20,990,000	-	(121,999)	20,868,001	254,503
Unamortized Premium	<u>672,747</u>	<u>-</u>	<u>(54,331)</u>	<u>618,416</u>	<u>51,828</u>
Total Capital Lease Obligations	\$ <u>43,979,414</u>	\$ <u>-</u>	\$ <u>(19,264,663)</u>	\$ <u>24,714,751</u>	\$ <u>762,998</u>
	<u>Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Amounts</u>
	<u>12/31/2003</u>			<u>12/31/2004</u>	<u>Due Within</u>
					<u>One Year</u>
Cleveland-Cuyahoga County Port Authority Capital Lease	\$ 4,174,167	\$ -	\$ (437,500)	\$ 3,736,667	\$ 467,500
National City Leasing Corp. Capital Lease	18,500,000	80,000	-	18,580,000	18,580,000
Cleveland-Cuyahoga County Port Authority Capital Lease	-	20,990,000	-	20,990,000	121,999
Unamortized Premium	<u>-</u>	<u>672,747</u>	<u>-</u>	<u>672,747</u>	<u>54,331</u>
Total Capital Lease Obligations	\$ <u>22,674,167</u>	\$ <u>21,742,747</u>	\$ <u>(437,500)</u>	\$ <u>43,979,414</u>	\$ <u>19,223,830</u>

As stated in the Financial Highlights, there was a 2004 timing difference between the redemption of short-term notes and the issuance of the replacement bonds that carried over into 2005. Accordingly, the 2004 Total Capital Lease Obligations reflects the assets and debts from both financings. The repayment of the notes resulted in a substantial reduction in the balance. Also contributing to the decrease is the scheduled repayment of the debt. Further details on the capital balances and transactions can be found in Notes Five, Six and Seven.

REGIONAL INCOME TAX AGENCY

Management's Discussion and Analysis (Unaudited)

The other significant proprietary financial report is the Statement of Cash Flows, which provides information about the Agency's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing and financing activities. Finally, refer to the notes to the financial statements for further information that is essential for a full understanding of the financial statements.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Agency's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Chief Financial Officer, Regional Income Tax Agency, 10107 Brecksville Road, Brecksville, Ohio 44141-3275 or by telephone at 440.526.0900.

Regional Income Tax Agency

Statements of Net Assets

December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Current Assets:		
Cash and Cash Equivalents	\$ 5,666,959	\$ 2,281,264
Due From Trust	-	18,580,000
Other Assets	177,651	174,550
Receivables:		
Accounts	129,406	201,849
Due from Others	5,623,755	5,736,792
Interest	<u>2,450</u>	<u>683</u>
Total Current Assets	<u>11,600,221</u>	<u>26,975,138</u>
Noncurrent Assets:		
Nondepreciable Capital Assets	8,356,498	14,879,339
Depreciable Capital Assets, Net	8,829,758	5,812,003
Due From Trust	6,989,984	4,405,741
Deferred Loan Fees, Net	<u>986,878</u>	<u>1,035,846</u>
Total Noncurrent Assets	<u>25,163,118</u>	<u>26,132,929</u>
 Total Assets	 <u>36,763,339</u>	 <u>53,108,067</u>
Liabilities:		
Current Liabilities:		
Accounts Payable	511,343	325,448
Accrued Wages and Benefits	1,378,093	1,397,957
Current Portion of Capital Lease	762,998	19,223,830
Other Liabilities	84,465	77,553
Due to Other Governments	5,492,483	2,827,223
Unearned Revenue	<u>4,431,130</u>	<u>4,278,029</u>
Total Current Liabilities	12,660,512	28,130,040
Noncurrent Liabilities:		
Capital Lease Obligation	<u>23,951,753</u>	<u>24,755,584</u>
Total Liabilities	<u>36,612,265</u>	<u>52,885,624</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	448,367	733,515
Unrestricted (Deficit)	<u>(297,293)</u>	<u>(511,072)</u>
Total Net Assets	<u>\$ 151,074</u>	<u>\$ 222,443</u>

See Accompanying Notes to the Basic Financial Statements

Regional Income Tax Agency

Statements of Revenue, Expenses and Changes in Net Assets

For The Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Operating Revenues:		
Tax Collection Fees	\$ 11,645,263	\$ 12,249,244
Charges for Services and Other Revenues	<u>999,360</u>	<u>805,442</u>
Total Operating Revenues	<u>12,644,623</u>	<u>13,054,686</u>
Operating Expenses:		
Personal Services	8,208,534	8,729,464
Travel and Transportation	85,355	118,154
Office Rent and Maintenance	94,366	94,040
Equipment and Software Maintenance	616,605	653,344
Cost of Equipment Purchased For Members	86,498	368
Professional and Processing	1,488,940	1,441,458
Telephone and Utilities	190,713	215,945
Forms and Envelopes	306,546	173,307
Insurance	48,391	49,094
Miscellaneous Expenses	18,576	20,265
Material and Supplies	636,192	683,129
Depreciation and Amortization	<u>1,098,343</u>	<u>913,650</u>
Total Operating Expenses	<u>12,879,059</u>	<u>13,092,218</u>
Operating Loss	<u>(234,436)</u>	<u>(37,532)</u>
Non - Operating Revenues (Expenses):		
Interest Income	1,247,878	418,272
Interest Expense	(1,084,795)	(405,076)
Loss on Disposal of Capital Assets	<u>(16)</u>	<u>(712)</u>
Total Non - Operating Revenues	<u>163,067</u>	<u>12,484</u>
Change in Net Assets	(71,369)	(25,048)
Net Assets, Beginning of Year	<u>222,443</u>	<u>247,491</u>
Net Assets, End of Year	\$ <u><u>151,074</u></u>	\$ <u><u>222,443</u></u>

See Accompanying Notes to the Basic Financial Statements

Regional Income Tax Agency

Statements Of Cash Flows

For The Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash Flows from Operating Activities:		
Cash Receipts from Municipalities	\$ 17,019,668	\$ 14,400,730
Cash Payments:		
To Suppliers for Goods and Services	(3,382,477)	(3,306,573)
To Employees for Services	(6,154,560)	(6,269,176)
For Employee Benefits	(2,073,837)	(2,198,766)
For Retainer Refund	<u>(1,372,971)</u>	<u>(1,341,513)</u>
Net Cash Provided by Operating Activities	<u>4,035,823</u>	<u>1,284,702</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Capital Assets	(93,273)	(1,287,709)
Release from Trust for Capital Purposes	18,604,353	800,000
Principal Payments on Capital Lease Obligations	(19,210,332)	(437,500)
Proceeds from Capital Lease Obligations	-	20,724,937
Funding of Other Assets-Due From Trust	(108,596)	(20,747,742)
Interest Payments of Capital Lease Obligations	<u>(1,090,158)</u>	<u>(295,990)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(1,898,006)</u>	<u>(1,244,004)</u>
Cash Flows from Investing Activities:		
Interest on Cash Equivalents	<u>1,247,878</u>	<u>418,272</u>
Net Increase in Cash and Cash Equivalents	3,385,695	458,970
Cash and Cash Equivalents, Beginning of Year	<u>2,281,264</u>	<u>1,822,294</u>
Cash and Cash Equivalents, End of Year	\$ <u>5,666,959</u>	\$ <u>2,281,264</u>

Continued

See Accompanying Notes to the Basic Financial Statements

Regional Income Tax Agency

Statements Of Cash Flows (Continued)

For The Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Reconciliation of Operating Loss to Net Cash from Operating Activities:		
Operating Loss	\$ (234,436)	\$ (37,532)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	1,098,343	913,650
Impairment of Capital Assets	-	134,475
Changes in Assets and Liabilities:		
Trade Accounts Receivable	72,443	(25,495)
Interest Receivable	(1,767)	(521)
Due to/from Other Funds	113,037	(557,615)
Other Assets	(3,101)	55,990
Accounts Payable	185,895	(58,126)
Accrued Wages and Benefits	(19,864)	261,524
Other Liabilities	6,912	9,170
Due to Other Governments	2,665,260	445,600
Unearned Revenues	<u>153,101</u>	<u>143,582</u>
Net Cash Provided by Operating Activities	\$ <u>4,035,823</u>	\$ <u>1,284,702</u>
Supplemental Schedule of Non-Cash Investing, Capital and Related Financing Activities:		
Amortization on Deferred Loan Fees Classified as Interest Expense	\$ <u>48,968</u>	\$ <u>109,086</u>
Deferred Loan Fees Financed as Capital Lease Obligation	\$ <u>-</u>	\$ <u>1,017,810</u>
Reduction in basis of Project In Progress from Legal Settlement	\$ <u>2,500,000</u>	\$ <u>-</u>
Amortization of Premium on Capital Lease Classified as Interest Expense	\$ <u>54,331</u>	\$ <u>-</u>

See Accompanying Notes to the Basic Financial Statements

Regional Income Tax Agency

Statements of Fiduciary Net Assets

December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets:		
Cash and Cash Equivalents	\$ 38,471,432	\$ 48,623,988
Receivables:		
Interest	24,661	10,262
Income Taxes of Member Municipalities, Net	<u>148,207,385</u>	<u>145,576,228</u>
Total Assets	\$ <u>186,703,478</u>	\$ <u>194,210,478</u>
Liabilities:		
Refunds Payable	\$ 573,399	\$ 1,897,571
Due to Others	5,623,756	5,736,792
Due to Other Governments	<u>180,506,323</u>	<u>186,576,115</u>
Total Liabilities	\$ <u>186,703,478</u>	\$ <u>194,210,478</u>

See Accompanying Notes to the Basic Financial Statements

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 1: Reporting Entity

The Regional Income Tax Agency (“R.I.T.A.” or the “Agency”) is an independent entity that provides an efficient collection of municipal income taxes for the member municipalities of a Regional Council of Governments (the “Members”) formed under Section 167 of the Ohio Revised Code. The Members elect a nine member Board of Trustees to oversee the Agency operations. R.I.T.A. has a fiduciary responsibility to collect income taxes for its Members at the rates levied and then distribute the income taxes (less related net expenses and refunds) to its Members. Distributions of tax collections to Members are based upon information provided by taxpayers on tax returns and other supporting data.

For financial reporting purposes, R.I.T.A.’s financial statements include all funds for which R.I.T.A. is financially accountable. Financial accountability, as defined by the GASB, exists if R.I.T.A. appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is potential for the organization to provide specific financial benefits to, or impose specific burdens on, R.I.T.A. The Agency may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on R.I.T.A. Also taken into consideration are any other organizations for which the nature and significance of their relationship with R.I.T.A. are such that exclusion would cause the financial statements to be misleading or incomplete. On this basis, there were no other organizations that require incorporation into the financial statements.

Note 2: Summary of Significant Accounting Policies

The following summarizes the significant accounting policies applied in the preparation of the accompanying combined financial statements.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. R.I.T.A. also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Agency’s accounting policies are described below.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

R.I.T.A.'s basic financial statements consist of statements of net assets, statements of revenue, expenses and changes in net assets, statements of cash flows, and statements of fiduciary net assets.

R.I.T.A uses a single enterprise fund and an agency fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

Enterprise fund reporting focuses on the determination of the change in net assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users.

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: Pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the entity under a trust agreement for individuals, private organizations, or other governments and are, therefore, not available to support the entity's own programs. The Agency has no trust funds. The Agency's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency's only agency fund is used to account for tax collections held by R.I.T.A. as an agent for other governments.

B. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statements of net assets. The statements of revenue, expenses and changes in net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in net total assets. The statements of cash flows provide information about how the Agency finances and meets the cash flows need of its enterprise activities.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Agency's enterprise fund financial statements as well as the fiduciary fund financial statement are prepared using the accrual basis of accounting.

Revenue is recorded on the accrual basis when the exchange takes place. Expenses are recognized at the time they are incurred. However, with the implementation of GASB 33, it was necessary to calculate unearned revenue when recording an estimated receivable that R.I.T.A. will withhold from its members when collecting the taxes on current year earnings. Unearned revenue in the amount of \$4,431,130 at December 31, 2005 and \$4,278,029 at December 31, 2004 has not been recorded as revenue for the following reasons (1) the transactions have not yet been processed, therefore, the money has not yet been earned; and (2) if it were to be recorded as revenue, it would be included in the retainer refund calculation and money that has not yet been collected by R.I.T.A. would be prematurely refunded to its members.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 2: Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents

During fiscal year 2005, the Agency invested in STAROhio, certificates of deposit, obligations of other United States governmental agencies, and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts and nonnegotiable certificates of deposit are reported at cost.

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

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Individual investments are specifically identified as to which fund or funds the investment relates, and which funds are to be credited with the related interest earnings.

For purposes of the combined statement of cash flows and for presentation on the statements of net assets, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Agency are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Allowance for Doubtful Accounts

Income taxes of member municipalities receivable is shown net of a \$2,511,340 allowance for doubtful accounts at December 31, 2005 and \$1,942,030 at December 31, 2004. The allowance reflects management's best estimate of the amounts that will not be collected. This is based on an assessment of aged receivables and historical collection rates.

F. Capital Assets and Depreciation

All capital assets are recorded at historical cost.

Depreciation is charged to operations over the assets' estimated useful lives using the straight-line method, with one half year's depreciation in the year of acquisition. Estimated useful lives are as follows:

Building	16 years
Equipment and Software	5 – 16 years
Equipment leased to Members	3 years
Vehicles	5 years

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 2: Summary of Significant Accounting Policies (continued)

G. Deferred Loan Fees

R.I.T.A. has capitalized the cost of obtaining capital lease financing. Amortization is taken using the effective interest method over the term of the related capital lease obligation. Deferred loan fees of \$986,878 are shown net of \$211,620 of accumulated amortization at December 31, 2005. Deferred loan fees of \$1,035,846 are shown net of \$451,734 of accumulated amortization at December 31, 2004.

H. Allocation Of Expenses To Members

R.I.T.A. allocates to Members net operating expenses in the enterprise fund, after reduction for interest income and charges for services. The Members' allocation is based upon the average of the percentage of each Member's transactions to total transactions and the percentage of each Member's collections to total collections.

I. Compensated Absences

R.I.T.A.'s employees accumulate earned but unused vacation and sick pay benefits. Vacation and sick pay benefits are accrued when incurred in the enterprise fund and are reported using the termination method.

J. Claims

As described in Note 13, R.I.T.A. is self-insured within certain limits for employee health care benefits. R.I.T.A. recognizes a liability for health care claims if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of this loss can be reasonably estimated.

K. Unearned Revenue

Unearned revenue in the enterprise fund represents tax collection fees received that will be earned in subsequent periods as the tax receivables are collected.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulation depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by R.I.T.A. or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. R.I.T.A. applies restricted resources when an expense is incurred for which both restricted and unrestricted net assets are available.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 2: Summary of Significant Accounting Policies (continued)

M. Revenues and Expenses

Operating revenues and expenses result from providing goods or special services to the members and tax collection services to non-members on a continuing basis. Operating expenses include the cost of these services, including administrative expenses and depreciation on capital assets. Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Non-operating revenues and expenses include revenues and expenses from capital and related financing activities, and investing activities.

N. Use of Estimates

The preparation of financial statements in conformity with the accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. Comparative Data/Reclassifications

Comparative data for the prior year are presented in order to provide an understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2004 financial statements in order to conform to the 2005 presentation.

Note 3: Deposits and Investments

For 2005, the Agency implemented GASB Statement No. 40, "*Deposit and Investment Risk Disclosures*". GASB Statement No. 40 establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk. The implementation of GASB Statement No. 40 did not affect the presentation of the financial statements of the Agency.

Per State of Ohio statutes the Agency classified funds held into three categories. The classifications are described as follows.

Active deposits are amounts necessary to meet current cash needs. Such monies are maintained either in commercial accounts payable or withdrawable on demand accounts, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are monies identified as not needed for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 3: Deposits and Investments (continued)

Interim monies are those funds that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

1. Bond, notes or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest therein.
2. Bonds, notes, debentures or other obligations or securities issued by any federal government agency.
3. Deposits with financial institutions and savings and loan associations, collateralized, as required by law.
4. State Treasurer's investment pool (Star Ohio).
5. Bonds and other obligations of the State of Ohio.
6. Commercial paper rated A1/P1 by Moody's and Standard and Poors rating agencies.
7. Repurchase agreements fully collateralized with securities listed under 1 and 2 above.

Investments in mortgage backed securities, principal only or interest only or strips, reverse repurchase agreements and derivatives are forbidden. The use of leverage and short selling are also prohibited. Repurchase agreements are limited to maximum maturities of thirty days. A maximum of six million dollars can be invested over a longer period not to exceed one year with the exception of the debt reserve funds established under the agreements with the Cuyahoga County Port Authority. The debt reserve funds may be invested for the maximum time allowed under the Ohio Revised Code. All other funds shall be invested for a period not to exceed 45 days.

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Agency's deposits may be lost. Protection of the Agency's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the Federal Deposit Insurance Corporation ("FDIC") or may pledge a pool of government securities that have a face value that is at least 110 percent of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. The market value of the securities subject to a repurchase agreement must exceed the value of the principal by two percent and be marked to market daily. State law does not require security for public deposits and investments to be maintained in R.I.T.A.'s name.

At December 31, 2005, the carrying amount of R.I.T.A.'s deposits was \$693,033 and the bank balance was \$1,859,824. Of the bank balance, \$421,645 was covered by FDIC insurance and \$1,438,179 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the Agency's name. At year end, R.I.T.A. had \$400 of undeposited cash on hand.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 3: Deposits and Investments (continued)

At December 31, 2004, the carrying amount of R.I.T.A.'s deposits was \$12,002,624 and the bank balance was \$12,500,171. Of the bank balance, \$550,923 was covered by FDIC insurance and \$11,949,248 was uninsured and collateralized with securities held by the pledging institution's trust department, not in the Agency's name. At year end, R.I.T.A. had \$400 of undeposited cash on hand.

Investments

Investments are reported at fair value. As of December 31, 2005, the Agency had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Repurchase Agreements	\$ 42,687,487	n/a
StarOhio	<u>757,471</u>	n/a
Portfolio Total	\$ <u>43,444,958</u>	

As of December 31, 2004, the Agency had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (days)</u>
Repurchase Agreements	\$ 29,070,585	n/a
StarOhio	<u>9,831,643</u>	n/a
Portfolio Total	\$ <u>38,902,228</u>	

Safety of principal is an investment objective of the Regional Income Tax Agency. The Agency's policy states that each transaction shall seek to first ensure that capital losses are avoided, whether they are from securities, defaults or erosion of market value. The Agency seeks to attain market rates of return on its investments, consistent with constraints imposed by its safety objectives, cash flow considerations and state laws that restrict the placement of certain public funds.

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Agency mitigates risk by timing investment maturities to match operating cash requirements. In addition, due to the bi-monthly cash distribution schedule, investments must be, by necessity, of a relatively short duration.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Agency will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. Investments may only be made through institutions that are members of the National Association of Securities Dealers. The Board of Trustees reviews and approves these institutions.

Credit Risk is addressed by the Agency's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that the portfolio be diversified by issuer.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 3: Deposits and Investments (continued)

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The Agency's investment policy requires that the repurchase agreements cannot exceed ten percent (10%) of the capital of the issuing institution or seventy-five percent (75%) of the Agency investment portfolio with the exception that the Agency is authorized to invest one-hundred percent (100%) of its portfolio in repurchase agreements or other investment vehicles with the State Treasurer's investment pool (Star Ohio).

The following is the Agency's allocation as of December 31, 2005:

<u>Investment Issue</u>	<u>Percentage of Investments</u>
The Huntington National Bank	66.79%
Charter One Bank	31.47
STAROhio	1.74

The following is the Agency's allocation as of December 31, 2004:

<u>Investment Issue</u>	<u>Percentage of Investments</u>
The Huntington National Bank	74.73%
STAROhio	25.27

Note 4: Receivables

Accounts receivable at December 31, 2005 and 2004 on the statements of net assets consists primarily of subpoena fees receivable and miscellaneous service receivables due from member municipalities. Management considers all receivables fully collectible.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

	Balance 12/31/2004	Additions	Retirements	Transfers	Balance 12/31/2005
Nondepreciable Capital Assets:					
Land	\$ 103,660	\$ -	\$ -	\$ -	\$ 103,660
Projects in Process	<u>14,775,679</u>	<u>-</u>	<u>(2,500,000)</u>	<u>(4,022,841)</u>	<u>8,252,838</u>
Total Nondepreciable Capital Assets	<u>14,879,339</u>	<u>-</u>	<u>(2,500,000)</u>	<u>(4,022,841)</u>	<u>8,356,498</u>
Capital Assets being depreciated:					
Buildings and Improvements	3,405,681	-	-	-	3,405,681
Office Equipment	6,293,769	92,500	(793)	3,998,676	10,384,152
Equipment Leases to Members	8,651	-	(8,195)	(456)	-
Vehicles	<u>40,021</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,021</u>
Total capital assets being depreciated	9,748,122	92,500	(8,988)	3,998,220	13,829,854
Less: accumulated depreciation and amortization for:					
Building and Improvements	(1,125,794)	(221,943)	-	-	(1,347,737)
Office Equipment	(2,765,763)	(872,290)	1,551	24,164	(3,612,338)
Equipment Leases to Members	(8,543)	(109)	8,195	457	-
Vehicles	<u>(36,019)</u>	<u>(4,002)</u>	<u>-</u>	<u>-</u>	<u>(40,021)</u>
	<u>(3,936,119)</u>	<u>(1,098,344)</u>	<u>9,746</u>	<u>24,621</u>	<u>(5,000,096)</u>
Net capital assets being depreciated	<u>5,812,003</u>	<u>(1,005,844)</u>	<u>758</u>	<u>4,022,841</u>	<u>8,829,758</u>
Total business-type activities capital assets, net	\$ <u>20,691,342</u>	\$ <u>(1,005,844)</u>	\$ <u>(2,499,242)</u>	\$ <u>-</u>	\$ <u>17,186,256</u>

Capital asset activity for the year ended December 31, 2004, was as follows:

	Balance 12/31/2003	Additions	Deletions	Balance 12/31/2004
Nondepreciable Capital Assets:				
Land	\$ 103,660	\$ -	\$ -	\$ 103,660
Projects in Process	<u>13,650,491</u>	<u>1,259,663</u>	<u>(134,475)</u>	<u>14,775,679</u>
Total Nondepreciable Capital Assets	<u>13,754,151</u>	<u>1,259,663</u>	<u>(134,475)</u>	<u>14,879,339</u>
Capital Assets being depreciated:				
Buildings and Improvements	3,405,681	-	-	3,405,681
Office Equipment	6,325,602	26,955	(58,788)	6,293,769
Equipment Leases to Members	13,630	1,091	(6,070)	8,651
Vehicles	<u>40,021</u>	<u>-</u>	<u>-</u>	<u>40,021</u>
Total capital assets being depreciated	9,784,934	28,046	(64,858)	9,748,122
Less: accumulated depreciation and Amortization for:				
Building and Improvements	(874,375)	(251,419)	-	(1,125,794)
Office Equipment	(2,171,853)	(652,947)	59,037	(2,765,763)
Equipment Leases to Members	(12,370)	(1,280)	5,107	(8,543)
Vehicles	<u>(28,015)</u>	<u>(8,004)</u>	<u>-</u>	<u>(36,019)</u>
	<u>(3,086,613)</u>	<u>(913,650)</u>	<u>64,144</u>	<u>(3,936,119)</u>
Net capital assets being depreciated	<u>6,698,321</u>	<u>(885,604)</u>	<u>(714)</u>	<u>5,812,003</u>
Total business-type activities capital assets, net	\$ <u>20,452,472</u>	\$ <u>374,059</u>	\$ <u>(135,189)</u>	\$ <u>20,691,342</u>

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 5: Capital Assets (continued)

The basis of projects in progress during the year ended December 31, 2005 was reduced by \$2,500,000 to record the net proceeds of a legal settlement.

Note 6: Capital Lease Activity

Details of the changes in the capital lease activity for the year ended December 31, 2005 was as follows:

	Balance <u>12/31/2004</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/2005</u>	Amounts Due Within <u>One Year</u>
Cleveland-Cuyahoga County Port Authority Capital Lease	\$ 3,736,667	\$ -	\$ (508,333)	\$ 3,228,334	\$ 456,667
National City Leasing Corp. Capital Lease	18,580,000	-	(18,580,000)	-	-
Cleveland-Cuyahoga County Port Authority Capital Lease	20,990,000	-	(121,999)	20,868,001	254,503
Unamortized Premium	<u>672,747</u>	<u>-</u>	<u>(54,331)</u>	<u>618,416</u>	<u>51,828</u>
Total Capital Lease Obligations	\$ <u>43,979,414</u>	\$ <u>-</u>	\$ <u>(19,264,663)</u>	\$ <u>24,714,751</u>	\$ <u>762,998</u>

Details of the changes in the capital lease activity for the year ended December 31, 2004 was as follows:

	Balance <u>12/31/2003</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/2004</u>	Amounts Due Within <u>One Year</u>
Cleveland-Cuyahoga County Port Authority Capital Lease	\$ 4,174,167	\$ -	\$ (437,500)	\$ 3,736,667	\$ 467,500
National City Leasing Corp. Capital Lease	18,500,000	80,000	-	18,580,000	18,580,000
Cleveland-Cuyahoga County Port Authority Capital Lease	-	20,990,000	-	20,990,000	121,999
Unamortized Premium	<u>-</u>	<u>672,747</u>	<u>-</u>	<u>672,747</u>	<u>54,331</u>
Total Capital Lease Obligations	\$ <u>22,674,167</u>	\$ <u>21,742,747</u>	\$ <u>(437,500)</u>	\$ <u>43,979,414</u>	\$ <u>19,223,830</u>

Note 7: Capital Lease Commitments

Effective December 19, 2000, the Members entered into a capital lease agreement with the Cleveland-Cuyahoga County Port Authority ("Authority"). The Members are leasing the "Series 2000B Project" from the Authority. The "Series 2000B Project" provides funds for the acquisition and installation of personal property consisting of an HVAC system, computer equipment, computer software and certain other furnishings and equipment to be located and used at the Agency.

The initial term of the lease agreement ended on December 31, 2001, and is renewable for successive one-year terms upon appropriation of funds by R.I.T.A.'s Board of Trustees to pay the rental payments. The final renewal term ends on November 15, 2010 when the remaining balance under the lease is due. At the end of the lease term, the Members have the option to purchase the "Series 2000B Project" for \$1. Interest on the obligation is at 6% per annum. An administrative and trustee fee of 0.3% is also incurred on an annual basis.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 7: Capital Lease Commitments (continued)

Future minimum lease payments under the "Series 2000B Project" lease agreement are as follows:

2006	\$ 637,503
2007	693,899
2008	696,012
2009	700,115
2010	<u>1,133,311</u>
Future minimum lease payments	3,860,840
Less amount representing interest	<u>632,506</u>
Present value of future minimum lease payments	\$ <u>3,228,334</u>

On December 1, 2001, the Members entered into a lease agreement with National City Leasing Corporation ("NCLC") to provide funds for the acquisition and installation of personal property consisting of computer equipment, computer software and certain other furnishings and equipment to be located and used at the Agency. The NCLC lease agreement was refinanced on January 31, 2003 and 2004. The refinancing on January 31, 2004, in the amount of \$18,580,000, had a maturity of December 31, 2004, however the Agency exercised its option to extend the maturity date to January 28, 2005. Interest on this obligation was 2.38% per annum. On December 30, 2004, the Agency obtained "Series 2004" permanent bond financing for this obligation with the Authority.

The new capital lease agreement signed by the Agency generated proceeds of \$21,662,747. This exceeded the par amount of \$20,990,000, resulting in a premium of \$672,747. From the proceeds, \$20,724,937 was placed in trust to refinance the NCLC capital lease in January 2005 and to establish new bond reserve and retirement funds, while \$937,810 was capitalized as deferred loan fees. The leased personal property includes the HVAC system, other improvements and furnishings of the project site, and the development, furnishing, and installing of certain computer hardware and software. The initial lease term is December 30, 2004 to December 31, 2005, however, the Agency exercised its option to extend the maturity date to December 31, 2006. The lessee can renew the lease for consecutive one-year periods, except that the final renewal term will mature on November 15, 2022. The Agency intends to renew the lease through the maturity date and this is stated in the lease. The lease includes a \$10 bargain purchase option therefore management has recorded the obligation as a capital lease. The lease has an imputed interest rate of 4.726%.

Future minimum lease payments under the "Series 2004" lease agreement are as follows:

2006	\$ 1,236,546
2007	1,922,979
2008	1,883,537
2009	1,861,037
2010	1,938,204
Thereafter	<u>21,386,877</u>
Future minimum lease payments	30,229,180
Less amount representing interest	<u>9,361,179</u>
Present value of future minimum lease payments	\$ <u>20,868,001</u>

The new capital lease agreement contains various covenants, including a minimum amount of annual income tax collections. If the minimum amount of annual income tax collections are not met, the lease could be subject to a special mandatory redemption.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 7: Capital Lease Commitments (continued)

Proceeds in the amount of \$6,989,984 and \$22,985,741 from capital lease arrangements are held in trust at December 31, 2005 and 2004, respectively. During 2005, \$18,580,000 was utilized to retire the NCLC lease. The remaining funds consist of bond reserve and project funds. Project funds are distributed as project costs are incurred. Project costs in the amount of \$16,523,229 have been capitalized to date as of December 31, 2005. Of this amount, capital assets of \$8,270,391 (\$1,815,530 to building and improvements and \$6,454,861 to office equipment) and \$4,247,550 (\$1,815,530 to building and improvements and \$2,432,020 to office equipment) have been placed into service as of December 31, 2005 and 2004, respectively. Accumulated depreciation of \$2,013,425 at December 31, 2005 and \$1,399,948 at December 31, 2004 has been recorded to the assets placed in service. During the year ended December 31, 2004, interest of \$467,998 was capitalized.

The Agency has utilized capital lease proceeds to implement a new, multi-dimensional tax information system. To date, operational systems include an Imaging and Document Workflow system, a Telephone Interactive Voice Recognition Unit, a Customer Relationship Management system, a Virtual Private Network, a Right Fax system and an eProcess system.

Projects in progress on the statement of net assets consists of costs incurred as of December 31, 2005 and 2004 for new systems, which have not yet been put into operation. The amount represents a new core tax system.

The tax system has been introduced by phase. Management believes this implementation plan has proven to be effective in the roll out of functionality and that this approach is the most efficient method of implementation.

In 2004, the Agency early adopted GASB 42, *Accounting and Financial Reporting for Impairment of Capital Assets and For Insurance Recoveries*. This standard establishes accounting and financial reporting standards for impairment of capital assets. The Agency has performed an evaluation of construction costs to date to determine if impairment exists. As of December 31, 2004, project costs of \$134,475 was identified as impairment expense and written off during 2004. No impairment was identified to exist at December 31, 2005.

Note 8: Tax Collection Fees

During each year, R.I.T.A. withholds, as its tax collection fee, a portion of the taxes, penalties and interest collected. At year end, the amounts withheld in excess of operating expenses less other revenues is determined and recorded as amounts due to other governments. In the subsequent year, this excess is distributed to Members. At December 31, 2005 and 2004, the amount due to other governments is calculated as follows:

	<u>2005</u>	<u>2004</u>
Amounts withheld for tax collection fees	\$ 17,137,746	\$ 15,076,770
Charges for services and other revenues (expense)	576,380	474,103
Net interest income	<u>1,241,201</u>	<u>415,049</u>
Subtotal	18,955,327	15,965,922
Operating expenses and interest expense	<u>13,462,844</u>	<u>13,138,699</u>
Excess of amounts withheld (due to other governments)	\$ <u>5,492,483</u>	\$ <u>2,827,223</u>

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 9: Compensated Absences

R.I.T.A. employees accumulate vacation leave and unlimited sick leave based upon hours worked and years of service. Upon retirement or death, employees are paid 25 percent of accumulated sick leave, not to exceed 250 hours. Sick leave in excess of the 250 hour maximum is not paid upon retirement or death, but will be paid only upon illness while in the employment of R.I.T.A.

During the first six years of employment, employees can earn 10 days of vacation leave per year. During the next seven years of employment, employees can earn 15 days per year. After 14 years of employment, an employee can earn 20 days and after 22 years of service, employees can earn 25 days per year. Employees may accrue, and be paid upon termination of employment with R.I.T.A., up to a maximum of 20 days in the first six years of employment, 30 days during the next seven years of employment, 40 days in the subsequent eight years and 50 days thereafter.

As of December 31, 2005, the liability accrued for vacation and sick leave is \$752,619 compared to \$750,367 at December 31, 2004. The liability is included in accrued wages and benefits on the statements of net assets.

Note 10: Operating Lease Commitments

R.I.T.A. as Lessor

Previously, a portion of the revenue included in the enterprise fund was derived from the rental of computer hardware to Members. These agreements ended in 2005 and equipment is no longer leased to Members.

R.I.T.A. continues to lease computer software to Members and the leases have month-to-month payment terms. The total rental income recognized by the enterprise fund under R.I.T.A.'s hardware and software leases during 2005 was \$ 330,070.

R.I.T.A. as Lessee

The Regional Income Tax Agency leases office space under a long-term operating lease. Rent expense related to the lease totaled \$ 26,154 in 2005 and 2004.

Future minimum rental commitments for the organization's non-cancelable operating leases are as follows:

2006	\$ 31,370
2007	9,575
2008	9,575
2009	9,575
2010	8,777

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 11: Defined Benefit Pension Plans – Ohio Public Employees Retirement System

R.I.T.A. participates 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 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 the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar 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 Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the years ended December 31, 2005 and 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salary to fund pension obligations. R.I.T.A. contributed 13.55 percent of covered payroll, of which 4 percent was used to fund health care coverage for retirees. The contribution rate is determined actuarially. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Agency's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$824,505, \$839,079, and \$795,468, respectively, equal to the required contributions for each year. The full amount has been contributed for all three years.

Note 12: Postemployment Benefits – Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, survivor and post-retirement health care benefits 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 post-employment health care coverage.

In order to qualify for post-retirement 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 recipients and qualified survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 12: Postemployment Benefits – Ohio Public Employees Retirement System (continued)

A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. The 2005 employer contribution rate was 13.55 percent of covered payroll. The portion of employer contributions for all employers allocated to health care was 4.00 percent.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.0 percent. An annual increase of 4.0 percent, 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 increase, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next eight years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4 percent (the projected wage inflation rate).

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

At December 31, 2005, the number of active contributing participants in the Traditional and Combined Plans totaled 376,109. The Agency's actual contributions for 2005, which were used to fund postemployment benefits, were \$243,394. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$ 10.8 billion. The actuarially accrued liability and the unfounded actuarially accrued liability for OPEB, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retirement Medical Account that can be used to fund future health care expenses.

Regional Income Tax Agency

Notes to Financial Statements

December 31, 2005 and 2004

Note 13: Risk Management

R.I.T.A. is exposed to various risks of loss including employee health care costs, errors and omissions, torts and legal judgments, and damage and destruction of assets.

R.I.T.A. carries \$1,000,000 of comprehensive general liability insurance coverage, a \$2,000,000 umbrella policy, as well as insurance coverage for R.I.T.A. business interruption and property losses. R.I.T.A. is insured through the State of Ohio for workers' compensation. R.I.T.A. employees have two health care options, one of which is standard premium-based insurance coverage and one that is a self-insurance policy. R.I.T.A.'s self-insurance costs related to employee health care cover up to a maximum exposure of \$27,500 per employee, with an aggregate annual exposure of \$1,009,875. As of December 31, 2005 and 2004, the liability accrued for health care claims was \$322,505 and \$312,337, respectively, and is included in accrued wages and benefits on the statements of net assets. The liabilities represent R.I.T.A.'s best estimates based upon available information and include an estimate for claims that have been incurred but not reported. Settled claims have not exceeded R.I.T.A.'s commercial coverage in any of the past three fiscal years. As of January 1, 2006, the self-insured health care plan was replaced by a second standard premium-based insurance plan.

Changes in R.I.T.A.'s health care claims liability were as follows:

	Balance at Beginning Of Year	Current Year Claims and Changes in Estimates	Claim Payments	Balance at End of Year
2004	\$ 202,501	\$ 950,205	\$ (840,369)	\$ 312,337
2005	312,337	764,939	(754,771)	322,505

Regional Income Tax Agency

Schedule of Changes in Fiduciary Net Assets

For the Year Ended December 31, 2005

	Balance at January 1, 2005	Additions	Deductions	Balance at December 31, 2005
Assets:				
Cash and Cash Equivalents	\$ 48,623,988	\$ 545,653,039	\$ (555,805,595)	\$ 38,471,432
Receivables:				
Interest	10,262	24,661	(10,262)	24,661
Income Taxes of Member Municipalities, Net	<u>145,576,228</u>	<u>148,207,385</u>	<u>(145,576,228)</u>	<u>148,207,385</u>
Total Assets	\$ <u>194,210,478</u>	<u>693,885,085</u>	<u>(701,392,085)</u>	<u>186,703,478</u>
Liabilities:				
Refunds Payable	\$ 1,897,571	13,074,736	(14,398,908)	573,399
Due to Other Funds	5,736,792	15,630,463	(15,743,499)	5,623,756
Due to Other Governments	<u>186,576,115</u>	<u>533,682,873</u>	<u>(539,752,665)</u>	<u>180,506,323</u>
Total Liabilities	\$ <u>194,210,478</u>	\$ <u>562,388,072</u>	\$ <u>(569,895,072)</u>	\$ <u>186,703,478</u>

Regional Income Tax Agency

Schedule of Revenues and Expenses – Budget and Actual (GAAP Basis)

For the Year Ended December 31, 2005

	<u>Original Budget</u>	<u>Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 14,900,221	\$ 15,099,940	\$ 12,644,623	\$ (2,455,317)
Interest Income	<u>516,500</u>	<u>516,500</u>	<u>1,247,878</u>	<u>731,378</u>
Total Revenues	<u>15,416,721</u>	<u>15,616,440</u>	<u>13,892,501</u>	<u>(1,723,939)</u>
Expenses:				
Personal Services	8,987,490	8,962,310	8,208,534	753,776
Other	<u>6,392,921</u>	<u>6,715,130</u>	<u>5,755,336</u>	<u>959,794</u>
Total Expenses	<u>15,380,411</u>	<u>15,677,440</u>	<u>13,963,870</u>	<u>1,713,570</u>
Net Loss	\$ <u>(36,310)</u>	\$ <u>(61,000)</u>	\$ <u>(71,369)</u>	\$ <u>(10,369)</u>

Note: Although not required by law, an annual operating budget is adopted for management purposes.

Regional Income Tax Agency

Notes to Supplementary Information

December 31, 2005

Note 1. Budgetary Process

Although not required under the Ohio Revised Code, an annual operating budget, which lapses as of the end of the year, is adopted for management purposes. The budget is adopted for the enterprise fund on the same accounting basis used to reflect actual revenues and expenses. The Executive Director is authorized to expend the budget amounts; however, any change between the departments, line items or in the total amount budgeted for a particular fund requires the approval of the Board of Trustees of R.I.T.A.

Statistical Section

(Unaudited)

Regional Income Tax Agency

Revenue by Type – Last Ten Fiscal Years

December 31, 2005

Table 1

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Tax Operating Revenues:										
Tax Collection Fees	\$ 11,645,263	\$ 12,249,244	\$ 11,884,291	\$ 10,481,831	\$ 7,074,998	\$ 4,612,317	\$ 3,799,159	\$ 3,083,965	\$ 2,800,207	\$ 2,983,668
Charges for Services and Other Services	<u>999,360</u>	<u>805,442</u>	<u>811,393</u>	<u>703,136</u>	<u>719,818</u>	<u>511,301</u>	<u>528,439</u>	<u>474,120</u>	<u>437,699</u>	<u>523,283</u>
Total Operating Revenues	12,644,623	13,054,686	12,695,684	11,184,967	7,794,816	5,123,618	4,327,598	3,558,085	3,237,906	3,506,951
Non-Operating Revenues:										
Interest Income	<u>1,247,878</u>	<u>418,272</u>	<u>403,644</u>	<u>694,655</u>	<u>1,644,822</u>	<u>2,584,782</u>	<u>1,878,970</u>	<u>1,923,547</u>	<u>1,715,760</u>	<u>1,463,277</u>
Total Revenues	\$ <u>13,892,501</u>	\$ <u>13,472,958</u>	\$ <u>13,099,328</u>	\$ <u>11,879,622</u>	\$ <u>9,439,638</u>	\$ <u>7,708,400</u>	\$ <u>6,206,568</u>	\$ <u>5,481,632</u>	\$ <u>4,953,666</u>	\$ <u>4,970,228</u>

SOURCE: R.I.T.A. accounting records

Regional Income Tax Agency

Operating Expenses by Type – Last Ten Fiscal Years

December 31, 2005

Table 2

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Tax Operating Expenses:										
Personal Services	\$ 8,208,534	\$ 8,729,464	\$ 8,023,512	\$ 7,234,950	\$ 5,708,292	\$ 4,374,676	\$ 3,863,162	\$ 3,316,391	\$ 3,002,145	\$ 2,897,982
Travel and Transportation	85,355	118,154	121,042	203,099	97,350	58,898	64,553	37,725	48,356	52,270
Office Rent and Maintenance	94,366	94,040	183,426	180,878	177,478	246,740	114,173	199,257	311,192	297,424
Equipment and Software Maintenance	616,605	653,344	452,651	519,390	284,099	202,333	197,776	163,780	121,250	107,625
Cost of Equipment Purchased For Members	86,498	368	5,139	9,957	9,384	5,013	15,834	13,470	20,403	20,815
Professional and Processing	1,488,940	1,441,458	1,599,172	1,097,635	1,190,505	1,289,330	587,828	692,357	504,488	549,545
Telephone and Utilities	190,713	215,945	225,034	202,227	207,163	187,893	176,685	175,605	159,252	161,071
Forms & Envelopes	306,546	173,307	323,914	429,642	467,687	292,481	261,950	187,701	187,707	175,819
Insurance	48,391	49,094	45,766	43,365	40,616	33,062	38,435	38,231	38,763	39,308
Miscellaneous Expenses	18,576	20,265	37,328	29,197	41,081	43,247	20,981	46,302	23,235	30,913
Material and Supplies	636,192	683,129	715,158	675,394	620,923	563,337	486,255	461,027	440,872	509,840
Depreciation and Amortization	<u>1,098,343</u>	<u>913,650</u>	<u>936,347</u>	<u>768,132</u>	<u>486,038</u>	<u>346,568</u>	<u>315,039</u>	<u>156,221</u>	<u>59,877</u>	<u>62,690</u>
Total Operating Expenses	12,879,059	13,092,218	12,668,489	11,393,866	9,330,616	7,643,578	6,142,671	5,488,067	4,917,540	4,905,302
Non-Operating Expense:										
Net Interest Expense	1,084,795	405,076	428,755	486,366	134,840	-	-	-	-	-
Loss on Disposal of Capital Asset	<u>16</u>	<u>712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	\$ <u>13,963,870</u>	\$ <u>13,498,006</u>	\$ <u>13,097,244</u>	\$ <u>11,880,232</u>	\$ <u>9,465,456</u>	\$ <u>7,643,578</u>	\$ <u>6,142,671</u>	\$ <u>5,488,067</u>	\$ <u>4,917,540</u>	\$ <u>4,905,302</u>

SOURCE: R.I.T.A. accounting records

Regional Income Tax Agency

Statistical Data

December 31, 2005

Table 3

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Number of cities	118	110	104	97	89	86	85	81	78	70
Net distributions (A)	\$ <u>558,593,495</u>	\$ <u>465,097,577</u>	\$ <u>453,876,568</u>	\$ <u>410,411,220</u>	\$ <u>403,337,929</u>	\$ <u>381,077,887</u>	\$ <u>358,277,676</u>	\$ <u>333,820,641</u>	\$ <u>296,512,963</u>	\$ <u>260,187,345</u>
Number of employees (B)	129	136	132	130	116	100	95	82	80	77

- Notes:
- (A) Represents the distributions to the cities during the respective years.
 - (B) Represents the number of full-time employees at December 31st.

Regional Income Tax Agency

Municipal Income Tax Receipts – Last Ten Fiscal Years

December 31, 2005

Table 4

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Arlington Heights (A)	\$ 409,986	\$ 412,481	\$ 318,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ashville (A)	364,087	367,236	293,038	284,838	285,831	214,315	121,748	135,907	-	-
Aurora	8,492,888	8,835,008	8,061,004	5,464,240	5,588,485	5,482,449	4,903,958	4,613,196	4,065,554	3,793,598
Avon	6,920,540	6,233,184	6,003,837	4,341,119	2,676,128	2,302,999	1,898,535	1,719,507	1,465,381	1,233,356
Avon Lake (A)	6,951,301	7,244,001	6,731,715	6,703,170	6,615,760	6,801,989	5,972,032	5,585,553	2,618,106	-
Bay Village	4,394,909	4,189,782	4,305,547	4,062,576	4,097,083	3,958,331	3,679,207	3,443,980	3,242,559	3,165,731
Beachwood (A)	16,777,363	16,105,554	15,614,794	15,446,406	15,616,185	15,309,941	13,686,500	13,362,577	13,993,918	-
Beachwood East Jedd (A)	315,570	224,704	250,560	237,421	487,332	74,760	-	-	-	-
Beachwood West Jedd (A)	(3)	(305)	993	1,609	2,702	4,287	-	-	-	-
Bedford Heights	8,943,539	8,365,435	8,317,810	8,134,753	9,256,246	8,648,407	8,552,301	8,453,556	8,967,834	7,807,135
Bentleyville	772,729	812,263	961,017	784,618	832,449	754,140	639,770	663,363	698,199	509,965
Berea	9,068,671	9,141,736	8,577,174	8,674,811	8,709,248	8,715,217	7,832,988	6,813,677	6,336,502	6,871,159
Bexley	5,220,226	5,164,869	5,191,839	5,100,245	5,367,039	4,570,838	4,447,977	4,132,681	3,607,633	989,991
Boston Heights	472,769	402,130	376,473	352,660	356,147	325,043	232,605	195,280	164,792	194,222
Brady Lake	72	10,452	13,257	13,602	16,226	13,024	11,201	16,537	17,422	14,254
Brecksville	12,790,541	12,521,243	11,521,261	11,484,762	12,388,352	11,156,555	10,825,306	9,763,895	8,514,512	8,497,413
Broadview Heights	8,740,669	8,110,581	7,500,457	7,063,144	7,129,747	6,518,634	6,484,289	5,778,405	5,221,559	4,795,861
Brooklyn Heights	4,564,081	4,079,522	3,960,316	3,731,396	3,830,887	3,839,697	4,019,780	4,022,209	3,871,829	3,629,060
Campbell (A)	1,808,582	-	-	-	-	-	-	-	-	-
Cecil (A)	17,441	9,925	-	-	-	-	-	-	-	-
Cedarville (A)	442,950	388,123	368,248	-	-	-	-	-	-	-
Centerburg (A)	291,932	275,002	285,221	-	-	-	-	-	-	-
Chagrin Falls	2,541,099	2,394,881	2,371,750	2,328,445	2,461,744	2,330,019	2,342,701	2,222,508	2,166,839	1,915,500
Circleville (A)	3,981,679	4,214,050	2,162,291	-	-	-	-	-	-	-
Clayton (A)	1,871,855	-	-	-	-	-	-	-	-	-
Cuyahoga Heights	7,703,930	7,645,256	7,297,331	5,222,740	6,144,117	6,807,796	6,459,124	6,157,834	6,500,687	6,131,105
East Cleveland	6,522,439	6,626,103	7,651,447	6,781,992	7,105,718	6,852,297	4,816,657	4,580,887	4,376,386	4,591,547
Elyria	20,360,722	20,479,169	19,086,332	18,403,641	20,300,452	18,904,282	18,277,567	17,285,571	16,509,379	16,753,693
Elyria Jedd (A)	428,760	458,426	95,304	-	-	-	-	-	-	-
Fairport Harbor (A)	679,233	582,802	555,214	-	-	-	-	-	-	-
Fairview Park	5,356,976	4,700,560	4,580,937	4,447,363	4,472,064	4,155,487	4,165,793	4,083,613	3,815,603	3,853,536
Fort Jennings (A)	74,437	74,464	76,279	39,528	-	-	-	-	-	-
Fremont (A)	7,791,146	-	-	-	-	-	-	-	-	-
Galena (A)	119,145	100,404	143,312	104,979	108,153	98,262	76,982	79,445	16,661	-
Galion (A)	1,260,750	-	-	-	-	-	-	-	-	-
Garfield Heights	9,265,224	8,935,455	8,905,885	8,734,770	8,785,379	8,480,102	8,526,090	8,031,888	7,449,072	7,348,721
Girard (A)	3,586,521	-	-	-	-	-	-	-	-	-
Glenwillow (A)	1,444,332	1,171,614	1,267,408	1,144,899	922,770	1,004,948	680,271	803,082	462,817	-
Grandview Heights (A)	3,140,619	2,739,117	3,342,406	3,232,081	3,593,972	3,792,821	3,538,895	2,893,057	-	-
Grove City (A)	15,257,975	5,629,606	-	-	-	-	-	-	-	-
Haskins (A)	142,756	122,570	-	-	-	-	-	-	-	-

Continued

Regional Income Tax Agency

Municipal Income Tax Receipts – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 4

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Highland Heights	\$ 5,742,843	\$ 6,122,085	\$ 6,329,961	\$ 6,219,328	\$ 6,200,741	\$ 6,248,852	\$ 6,220,961	\$ 5,890,509	\$ 4,343,568	\$ 4,191,064
Hudson	13,233,521	8,342,563	7,253,524	6,917,993	7,137,023	6,888,064	6,751,185	6,398,722	5,479,061	5,569,056
Hunting Valley (A)	(7,406)	(49,504)	3,914	417,013	383,540	615,552	599,331	-	-	-
Independence	18,799,401	19,462,008	18,104,154	17,149,369	18,364,277	18,140,108	17,400,456	17,297,918	16,191,386	14,980,092
Jewett (A)	58,085	-	-	-	-	-	-	-	-	-
Kirtland	2,793,146	2,544,784	2,386,087	2,622,354	2,033,147	1,916,331	1,864,880	1,723,355	1,619,680	1,569,061
LaGrange	675,677	554,952	605,677	587,792	751,022	626,357	548,006	456,238	465,261	417,012
Lakemore	836,136	785,565	738,092	697,626	701,644	685,874	694,300	663,748	627,893	606,140
Lakewood	15,110,209	15,841,273	15,816,234	17,253,672	16,093,018	14,624,618	12,923,110	12,422,431	11,726,217	11,528,727
Lockland	1,579,100	1,622,558	1,752,266	1,822,553	1,780,473	1,812,351	1,897,163	1,978,042	1,828,836	842,337
Lyndhurst	5,891,114	5,506,114	7,386,453	5,341,645	5,564,293	5,273,029	5,025,716	5,448,621	4,851,487	5,118,612
Macedonia (A)	6,386,466	1,402,742	-	-	-	-	-	-	-	-
Macedonia Northfield Jed (A)	144,576	20,495	-	-	-	-	-	-	-	-
Maineville (A)	212,019	163,204	75,990	7,492	-	-	-	-	-	-
Maple Heights	6,078,964	6,263,009	6,184,532	6,095,770	6,536,726	6,140,657	5,879,303	5,452,550	5,342,727	5,523,941
Martins Ferry (A) (B)	1,052,582	1,028,954	1,027,803	643,079	-	-	-	-	-	328
Marysville (A)	582,523	6,215,610	5,981,792	5,770,975	-	-	-	-	-	-
Mayfield Heights	9,986,391	10,312,568	9,298,122	8,598,234	8,677,150	8,852,255	8,198,951	7,904,008	6,348,043	5,976,407
Mayfield Village	9,682,595	8,727,426	7,670,679	7,600,490	6,902,239	5,934,746	6,179,650	5,958,151	5,382,268	4,773,349
Mechanicsburg (A)	359,151	-	-	-	-	-	-	-	-	-
Middleburg Heights	12,498,286	12,768,169	12,741,649	12,167,139	12,514,175	12,569,270	11,843,642	10,743,002	6,344,927	6,292,881
Milan	225,314	286,280	316,439	279,882	238,728	219,323	237,827	205,591	191,491	229,452
Milford Center (A)	120,968	100,288	107,194	92,210	123,857	101,066	93,254	48,398	-	-
Minerva Park (A)	142,535	-	-	-	-	-	-	-	-	-
Mogadore	1,785,055	1,911,413	1,857,573	1,821,524	1,881,797	1,503,705	1,343,437	1,295,390	1,237,897	1,242,694
Moreland Hills	2,838,502	3,138,603	2,583,252	2,325,553	2,405,163	2,210,277	2,521,189	2,512,625	1,940,178	2,046,751
Mount Gilead (A)	-	118,768	730,270	735,100	762,999	848,532	346,824	-	-	-
Mount Sterling	550,859	518,129	605,070	640,415	660,489	682,820	615,627	554,408	541,371	512,895
New Albany	14,938,168	11,406,094	8,491,611	6,326,466	4,496,119	3,022,408	2,562,427	1,521,742	1,271,040	1,104,195
New Bloomington (A)	24,076	19,315	15,207	3,493	-	-	-	-	-	-
Newburgh Heights	731,964	726,495	729,274	747,376	824,891	714,556	690,282	676,939	618,543	613,278
Newtown (A)	908,331	891,131	1,011,215	860,111	1,081,732	1,011,380	974,675	937,648	9,940	-
North Lewisburg	196,673	196,699	190,163	189,864	193,246	184,973	181,975	182,184	166,724	132,179
North Olmsted	12,219,160	12,393,465	11,218,337	11,250,620	11,581,380	10,384,159	10,165,050	9,481,964	8,988,042	9,020,351
North Royalton (A)	7,969,666	7,810,621	7,626,388	7,276,995	7,611,612	6,495,643	-	-	-	-
Oakwood Village	3,391,487	3,391,704	3,164,863	3,085,394	3,126,813	3,058,141	3,072,958	3,109,151	2,669,909	2,684,769
Oberlin (A)	4,527,435	4,953,423	4,548,877	3,401,503	-	-	-	-	-	-
Olmsted Falls	2,548,446	2,422,215	2,422,673	2,401,890	2,266,339	2,071,072	1,989,119	1,882,537	1,699,709	1,565,202

Continued

Regional Income Tax Agency

Municipal Income Tax Receipts – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 4

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Orange	\$ 2,546,028	\$ 2,483,888	\$ 2,362,669	\$ 2,151,335	\$ 2,211,599	\$ 1,941,690	\$ 2,035,859	\$ 1,789,555	\$ 1,732,340	\$ 1,620,987
Orange Chagrin Highland Jedd (A)	172,155	184,863	135,343	151,687	48,608	49,073	-	-	-	-
Ottawa (A)	1,128,203	1,116,901	1,454,384	1,604,995	1,544,661	1,775,889	1,705,193	1,657,050	177,796	-
Pepper Pike	4,000,337	3,825,487	3,660,415	3,402,408	3,712,518	3,616,223	3,391,847	3,386,169	3,431,241	3,449,446
Piketon	35,521	-	-	-	-	-	-	-	-	-
Plain City	874,202	860,028	831,993	762,515	601,232	567,304	544,133	494,703	470,292	427,720
Plymouth (A)	145,029	128,992	127,921	133,322	29,733	-	-	-	-	-
Powell	3,101,343	2,838,732	2,470,689	2,572,880	2,279,293	1,993,122	1,866,089	1,496,480	1,377,631	1,215,436
Reminderville	1,005,113	953,890	900,024	764,907	670,310	623,810	579,310	398,653	365,043	400,778
Reminderville Twins Jedd(A)	2,814,108	2,752,743	1,562,914	-	-	-	-	-	-	-
Reynoldsburg	8,626,186	8,727,145	9,748,253	7,616,845	9,289,276	9,481,422	8,413,084	7,172,374	5,959,704	4,847,158
Richmond Heights	4,325,010	3,995,697	4,403,427	4,036,489	4,178,336	3,901,797	3,519,985	3,397,120	2,955,246	2,881,226
Richwood	385,138	312,812	195,136	173,120	163,110	163,836	166,252	160,466	140,359	148,329
Ridgeway (A)	24,753	25,433	14,498	40	-	-	-	-	-	-
Riverside	4,481,199	4,221,231	4,195,122	4,108,880	4,114,665	2,929,139	2,548,948	2,579,935	2,355,571	2,332,371
Sabina (A)	341,217	62,167	71,353	370,841	94,135	-	-	-	-	-
Saint Paris (A)	236,637	236,891	228,372	224,699	228,198	252,788	241,663	245,841	89,692	-
Salineville	175,890	159,495	181,021	186,969	172,899	167,933	176,716	131,656	94,784	81,250
Sandusky (A)	7,058,309	6,857,865	7,224,771	-	-	-	-	-	-	-
Seven Hills	4,157,764	4,353,566	4,358,167	4,164,748	4,274,161	4,449,611	4,180,028	3,829,752	3,784,418	3,519,901
Shaker Heights	19,808,975	17,303,875	24,202,995	18,775,824	18,979,360	17,066,236	17,493,945	16,784,301	15,534,324	15,320,250
Shawnee Hills	215,783	236,838	194,600	191,689	173,700	156,452	142,284	128,200	120,378	125,355
Sheffield Lake (A)	1,424,791	1,629,567	257,996	-	-	-	-	-	-	-
Sheffield Village	2,256,659	2,191,320	2,423,324	1,564,814	1,268,642	1,309,299	1,224,643	1,021,930	1,057,513	1,064,650
Sherwood (A)	60,932	20,156	-	-	-	-	-	-	-	-
Silver Lake	431,161	432,554	417,259	357,302	414,610	385,577	394,968	386,214	374,649	338,541
South Euclid	5,561,115	5,333,268	5,730,073	5,718,510	5,736,905	5,336,643	5,350,100	5,310,758	4,817,888	4,952,280
South Solon (A)	34,335	28,563	23,817	18,947	26,878	42,002	21,694	35,240	5,688	-
Streetsboro	5,795,963	5,156,778	5,037,955	4,573,064	4,610,661	4,400,940	4,220,617	3,838,485	3,436,809	3,291,201
Steubenville	8,166,069	8,011,866	8,605,455	8,376,878	7,695,389	8,366,631	4,758,637	4,537,816	4,402,893	4,311,000
Strongsville	24,575,686	21,118,155	18,631,219	17,934,416	18,670,908	17,464,177	16,252,376	15,402,382	14,878,164	13,698,465
Sunbury (A)	1,516,496	1,496,267	1,418,580	1,153,249	1,017,569	881,688	937,443	-	-	-
Toronto	1,254,023	1,207,811	1,169,159	1,188,147	1,158,804	1,075,264	1,167,268	1,314,685	1,131,653	1,018,563
University Heights	5,574,742	4,895,792	4,970,319	4,963,337	4,782,707	4,300,538	4,292,619	4,142,512	3,792,347	3,760,989
Upper Arlington	13,539,189	11,845,486	12,264,988	12,397,663	13,717,001	11,464,385	11,951,158	8,582,633	8,015,046	7,842,008
Urbancrest (A)	419,054	308,373	167,350	-	-	-	-	-	-	-
Valley View	8,369,946	8,059,175	8,265,868	7,814,541	8,155,098	6,956,588	7,376,813	6,485,224	5,810,763	5,271,774

Continued

Regional Income Tax Agency

Municipal Income Tax Receipts – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 4

	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Vermilion (A)	\$ 1,194,264	\$ 1,163,213	\$ 1,152,282	\$ 1,211,700	\$ 1,143,966	\$ 1,165,393	\$ 216,033	\$ -	\$ -	\$ -
Wakeman	125,533	140,268	118,592	114,497	132,938	129,744	109,982	101,937	88,096	48,062
Walton Hills	4,082,194	4,411,056	4,445,129	3,299,858	2,285,189	2,530,522	2,542,781	2,313,301	2,332,288	2,619,970
Wellston (A)	764,180	735,874	762,909	651,175	239,894	-	-	-	-	-
Wellsville (A)	365,549	400,070	-	-	-	-	-	-	-	-
Westlake	16,314,506	15,507,647	14,927,199	15,005,585	14,879,861	13,979,628	13,321,028	12,977,156	11,596,214	10,695,176
Willowick	2,292,818	2,119,653	2,212,622	2,133,356	2,166,869	2,083,067	2,085,456	2,067,897	1,940,813	1,929,931
Wintersville	707,250	708,392	693,369	665,614	609,902	598,457	544,027	517,526	537,105	480,075
Woodmere	1,607,405	1,642,328	1,464,661	1,313,201	1,511,487	1,406,439	1,491,122	1,526,824	1,313,603	1,348,294
Worthington (A)	13,915,446	13,473,720	11,477,756	4,362,377	-	-	-	-	-	-
Yellow Springs (A)	<u>1,262,798</u>	<u>1,433,848</u>	<u>1,340,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	\$ <u>541,375,463</u>	\$ <u>492,978,422</u>	\$ <u>471,667,088</u>	\$ <u>419,885,152</u>	\$ <u>411,035,925</u>	\$ <u>386,966,066</u>	\$ <u>358,277,676</u>	\$ <u>333,798,855</u>	\$ <u>298,089,793</u>	\$ <u>267,677,806</u>

Note: Above amounts are the net collections for the period January 1 to December 31 of the respective years.

(A) Municipality joined the Regional Council of Governments during the year in which tax collections began. All years prior to joining are accordingly left blank.

(B) Municipality joined the Regional Council of Governments March 31, 1994; referendum to appeal the income tax was approved by the electorate effective November 28, 1994 which ended the contractual relationship.

Regional Income Tax Agency

Membership as of December 31, 2005 Table of Census Data

December 31, 2005

Table 5

	<u>2000 Population</u>	<u>Calendar Year 2000 Per capita Income</u>
<u>Belmont County</u>		
Martins Ferry	7,226	\$ 16,672
<u>Champaign County</u>		
Mechanicsburg	1,744	16,685
North Lewisburg	1,588	18,461
St. Paris	1,998	16,811
<u>Clinton County</u>		
Sabina	2,780	16,481
<u>Columbiana County</u>		
Salineville	1,397	13,895
Wellsville	4,133	14,335
<u>Crawford County</u>		
Galion	11,341	16,113
<u>Cuyahoga County</u>		
Bay Village	16,087	35,318
Beachwood	12,186	40,509
Bedford Heights	11,375	21,791
Bentleyville	947	72,392
Berea	18,970	21,647
Brecksville	13,382	37,838
Broadview Heights	15,967	29,440
Brooklyn Heights	1,558	27,012
Chagrin Falls	4,024	42,885
Cuyahoga Heights	599	21,446
East Cleveland	27,217	12,602
Fairview Park	17,572	27,662
Garfield Heights	30,734	18,988
Glenwillow	449	19,942
Highland Heights	8,082	31,184
Hunting Valley	735	144,281
Independence	7,109	26,447
Lakewood	56,646	23,945
Lyndhurst	15,279	28,206
Maple Heights	26,156	18,676
Mayfield Heights	19,386	24,392
Mayfield Village	3,435	36,360
Middleburg Heights	15,542	25,201
Moreland Hills	3,298	72,001
Newburgh Heights	2,389	18,636

Continued

Regional Income Tax Agency

Membership as of December 31, 2005 Table of Census Data (Continued)

December 31, 2005

Table 5

	2000 Population	Calendar Year 2000 Per capita Income
<u>Cuyahoga County (continued)</u>		
North Olmsted	34,113	\$ 24,329
North Royalton	28,648	26,610
Oakwood Village	3,667	15,273
Olmsted Falls	7,962	25,716
Orange	3,236	46,296
Pepper Pike	6,040	71,255
Richmond Heights	10,944	25,738
Seven Hills	12,080	25,014
Shaker Heights	29,405	41,354
South Euclid	23,537	22,383
Strongsville	43,858	29,722
University Heights	14,146	26,949
Valley View	2,179	26,560
Walton Hills	2,400	26,405
Westlake	31,719	37,142
Woodmere	828	22,703
<u>Defiance County</u>		
Sherwood	801	16,212
<u>Delaware County</u>		
Galena	305	20,163
Powell	6,247	46,257
Shawnee Hills	419	25,266
Sunbury	2,630	18,861
<u>Erie County</u>		
Milan	1,445	23,143
Sandusky	27,844	18,111
Vermilion	10,927	23,635
<u>Franklin County</u>		
Bexley	13,203	37,375
Grandview Heights	6,695	27,495
Grove City	27,075	22,305
Minerva Park	1,288	29,629
New Albany	3,711	62,131
Reynoldsburg	32,069	23,388
Upper Arlington	33,686	42,025
Urbancrest	868	10,003
Worthington	14,125	34,495

Continued

Regional Income Tax Agency

Membership as of December 31, 2005 Table of Census Data (Continued)

December 31, 2005

Table 5

	2000 Population	Calendar Year 2000 Per capita Income
<u>Greene County</u>		
Cedarville	3,828	\$ 9,499
Yellow Springs	3,761	27,062
<u>Hamilton County</u>		
Arlington Heights	899	17,683
Lockland	3,707	15,661
Newtown	2,420	32,590
<u>Hardin County</u>		
Ridgeway	354	18,537
<u>Harrison County</u>		
Jewett	784	12,158
<u>Huron County</u>		
Plymouth	1,852	15,474
Wakeman	951	18,559
<u>Jackson County</u>		
Wellston	6,078	13,476
<u>Jefferson County</u>		
Steubenville	19,015	17,830
Toronto	5,676	15,761
Wintersville	4,067	18,941
<u>Knox County</u>		
Centerburg	1,432	16,764
<u>Lake County</u>		
Fairport Harbor	3,180	20,722
Kirtland	6,670	32,148
Willowick	14,361	22,053
<u>Lorain County</u>		
Avon	11,446	28,334
Avon Lake	18,145	32,336
Elyria	55,953	19,344
LaGrange	1,815	19,465
Oberlin	8,195	20,704
Sheffield Lake	9,371	20,219
Sheffield Village	2,949	25,218

Continued

Regional Income Tax Agency

Membership as of December 31, 2005 Table of Census Data (Continued)

December 31, 2005

Table 5

	2000 Population	Calendar Year 2000 Per capita Income
<u>Marion County</u>		
New Bloomington	548	\$ 13,707
<u>Madison County</u>		
Mount Sterling	1,865	16,138
Plain City	2,832	20,815
South Solon	405	15,152
<u>Mahoning County</u>		
Campbell	9,460	17,981
<u>Montgomery County</u>		
Clayton	13,347	26,569
Riverside	23,545	18,702
<u>Morrow County</u>		
Mount Gilead	3,290	19,064
<u>Paulding County</u>		
Cecil	216	12,687
<u>Pickaway County</u>		
Ashville	3,174	16,645
Circleville	13,485	17,220
<u>Portage County</u>		
Aurora	13,556	35,537
Brady Lake	513	19,357
Streetsboro	12,311	21,764
<u>Putnam County</u>		
Fort Jennings	432	20,169
Ottawa	4,367	22,476
<u>Sandusky County</u>		
Fremont	17,375	16,014
<u>Summit County</u>		
Boston Heights	1,186	36,960
Hudson	22,439	40,915
Lakemore	2,561	14,837
Macedonia	9,224	27,739
Mogadore	3,893	20,965
Reminderville	2,347	24,477
Silver Lake	3,019	35,614

Continued

Regional Income Tax Agency

Membership as of December 31, 2005 Table of Census Data (Continued)

December 31, 2005

Table 5

	<u>2000 Population</u>	<u>Calendar Year 2000 Per capita Income</u>
<u>Trumbull County</u>		
Girard	10,900	\$ 17,077
<u>Union County</u>		
Marysville	15,942	19,127
Milford Center	626	18,346
Richwood	2,156	16,799
<u>Warren County</u>		
Maineville	885	24,054
<u>Wood County</u>		
Haskins	638	17,696

Source: Per Capita Income
 Bureau of the Census; Census 2000 Social, Economic and Housing Profiles, Table DP-3 Profile of Selected Economic Characteristics

Population
 U.S. Census Bureau, Census 2000 Summary File 3

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years

December 31, 2005

Table 6

		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Arlington Heights	Tax Rate	2.10%	2.10%	2.10%	-	-	-	-	-	-	-
	Tax Credit	100	100	100	-	-	-	-	-	-	-
	Credit Limit	2.10	2.10	2.10	-	-	-	-	-	-	-
Ashville	Tax Rate	0.50	0.50	0.50	0.50%	0.50%	0.50%	0.29%	0.87%	-	-
	Tax Credit	0	0	0	0	0	0	0	50	-	-
	Credit Limit	0.50	0.50	0.50	0.50	0.50	0.50	0.29	0.87	-	-
Aurora	Tax Rate	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00%	1.00%
	Tax Credit	100	100	100	25	50	50	50	50	50	50
	Credit Limit	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Avon	Tax Rate	1.50	1.50	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.25	1.25	1.25	1.25	1.00	1.00	1.00	1.00	1.00	1.00
Avon Lake	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	-
	Tax Credit	100	100	100	100	100	100	100	100	100	-
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	-
Bay Village	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Beachwood	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	-
	Tax Credit	100	100	100	100	100	100	100	100	100	-
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	-
Beachwood East Jedd	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	-	-	-	-
Beachwood West Jedd	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	-	-	-	-
Bedford Heights	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Bentleyville	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	25	25	25	25	25	25	25	25	25	0
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Berea	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Bexley	Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Tax Credit	80	80	80	80	80	80	80	80	80	90
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Boston Heights	Tax Rate	2.00	1.50	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	1.50	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00
Brady Lake	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Brecksville	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Broadview Heights	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	75	75	75	75	75	75	75	75	75	75
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Brooklyn Heights	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Campbell	Tax Rate	2.50	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	2.50	-	-	-	-	-	-	-	-	-
Cecil	Tax Rate	1.00	1.00	-	-	-	-	-	-	-	-
	Tax Credit	50	100	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	-	-	-	-	-	-	-	-
Cedarville	Tax Rate	1.00	1.00	1.00	-	-	-	-	-	-	-
	Tax Credit	100	100	100	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	-	-	-	-	-	-	-
Centerburg	Tax Rate	1.00	1.00	1.00	-	-	-	-	-	-	-
	Tax Credit	50	50	50	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	-	-	-	-	-	-	-
Chagrin Falls	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	75	75	75	75	75	75	75	75	75	75
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Circleville	Tax Rate	1.50%	1.50%	1.50%	-	-	-	-	-	-	-
	Tax Credit	100	100	100	-	-	-	-	-	-	-
	Credit Limit	1.50	1.50	1.50	-	-	-	-	-	-	-
Clayton	Tax Rate	1.50	1.50	-	-	-	-	-	-	-	-
	Tax Credit	100	100	-	-	-	-	-	-	-	-
	Credit Limit	1.50	1.50	-	-	-	-	-	-	-	-
Cuyahoga Heights	Tax Rate	2.00	2.00	2.00	1.50/2.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	1.50/2.00	1.50	1.50	1.50	1.50	1.50	1.50
East Cleveland	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Elyria	Tax Rate	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
	Tax Credit	100	100/50	100	100	100	100	100	100	100	100
	Credit Limit	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Elyria Jedd Fairport Harbor	Tax Rate	2.00	1.75	1.75	-	-	-	-	-	-	-
	Tax Rate	2.00	2.00	2.00	-	-	-	-	-	-	-
	Tax Credit	100	100	100	-	-	-	-	-	-	-
Fairview Park	Tax Rate	2.00	2.00	2.00	-	-	-	-	-	-	-
	Tax Credit	2.00	2.00	2.00	-	-	-	-	-	-	-
	Credit Limit	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Fort Jennings	Tax Rate	1.00	1.00	1.00	1.00	-	-	-	-	-	-
	Tax Credit	100	100	100	100	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Fremont	Tax Rate	1.50	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	1.50	-	-	-	-	-	-	-	-	-
Galena	Tax Rate	1.00	1.00	1.00	1.00	1.00%	1.00%	1.00%	1.00%	1.00%	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Galion	Tax Rate	1.50%	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	-	-	-	-	-	-	-	-	-
Garfield Heights	Tax Rate	2.00	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Girard	Tax Rate	2.00	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	2.00	-	-	-	-	-	-	-	-	-
Glenwillow	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-
	Tax Credit	100	100	100	100	100	100	100	100	100	-
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-
Grandview Heights	Tax Rate	2.25	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-
	Tax Credit	100	100	100	100	100	100	100	100	-	-
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-
Grove City	Tax Rate	2.00	2.00	-	-	-	-	-	-	-	-
	Tax Credit	100	100	-	-	-	-	-	-	-	-
	Credit Limit	2.00	2.00	-	-	-	-	-	-	-	-
Haskins	Tax Rate	1.00	1.00	1.00	-	-	-	-	-	-	-
	Tax Credit	50	50	50	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	-	-	-	-	-	-	-
Highland Heights	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Hudson	Tax Rate	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Hunting Valley	Tax Rate	-	-	0.75	0.75	0.75	0.75	1.00	-	-	-
	Tax Credit	-	-	75	75	75	50	50	-	-	-
	Credit Limit	-	-	0.75	0.75	0.75	0.75	1.00	-	-	-

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Independence	Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Jewett	Tax Rate	1.00	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	-	-	-	-	-	-	-	-	-
Kirtland	Tax Rate	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	25	25	25	25	25	25
	Credit Limit	1.75	1.75	1.75	1.75	1.00	1.00	1.00	1.00	1.00	1.00
LaGrange	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Lakemore	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Lakewood	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Lockland	Tax Rate	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10	2.10
Lyndhurst	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Macedonia	Tax Rate	2.00	2.00	-	-	-	-	-	-	-	-
	Tax Credit	100	100	-	-	-	-	-	-	-	-
	Credit Limit	2.00	2.00	-	-	-	-	-	-	-	-
Macedonia/ Northfield Jedd	Tax Rate	2.00	2.00	-	-	-	-	-	-	-	-

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Maineville	Tax Rate	1.00%	1.00%	1.00%	1.00%	-	-	-	-	-	-
	Tax Credit	50	50	50	50	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Maple Heights	Tax Rate	2.00	2.00	2.00	2.00	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Tax Credit	80	80	80	80	80	80	80	80	80	80
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Martins Ferry	Tax Rate	0.75	0.75	0.75	0.75	0.00	0.00	0.00	0.00	0.00	0.00
	Tax Credit	100	100	100	100	0	0	0	0	0	0
	Credit Limit	0.75	0.75	0.75	0.75	0.00	0.00	0.00	0.00	0.00	0.00
Marysville	Tax Rate	-	1.00	1.00	1.00	-	-	-	-	-	-
	Tax Credit	-	50	50	50	-	-	-	-	-	-
	Credit Limit	-	1.00	1.00	1.00	-	-	-	-	-	-
Mayfield Heights	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mayfield Village	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Mechanics-burg	Tax Rate	1.00	-	-	-	-	-	-	-	-	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	-	-	-	-	-	-	-	-	-
Middleburg Heights	Tax Rate	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	75	75
	Credit Limit	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.00	1.00
Milan	Tax Rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	Tax Credit	-	-	-	-	-	100	100	100	100	100
	Credit Limit	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Milford Center	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-
	Tax Credit	50	50	50	50	50	50	50	50	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Minerva Park	Tax Rate	1.00%	-	-	-	-	-	-	-	-	-
	Tax Credit	50	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	-	-	-	-	-	-	-	-	-
Mogadore	Tax Rate	2.00	2.00%	2.00%	2.00%	2.00%	2.00%	1.50%	1.50%	1.50%	1.50%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50
Moreland Hills	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	-	-	-	-	-	-	-	-	0/12.5	12.5
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Mount Gilead	Tax Rate	-	-	1.00	1.00	1.00	1.00	1.00	-	-	-
	Tax Credit	-	-	100	100	100	100	100	-	-	-
	Credit Limit	-	-	1.00	1.00	1.00	1.00	1.00	-	-	-
Mount Sterling	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
New Albany	Tax Rate	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	50	50	50	50	50	50	50
	Credit Limit	2.00	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
New Bloomington	Tax Rate	1.00	1.00	1.00	1.00	-	-	-	-	-	-
	Tax Credit	50	50	50	50	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	-	-	-	-	-	-
Newburgh Heights	Tax Rate	2.00	2.00	2.00	2.00	2.00	1.50	1.50	1.50	1.50	1.50
	Tax Credit	60	60	60	60	60	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Newtown	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
	Tax Credit	100	100	100	100	100	100	100	100	100	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
North Lewisburg	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
North Olmsted	Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
North Royalton	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
	Tax Credit	25	25	25	25	25	25	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Oakwood Village	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Oberlin	Tax Rate	1.90	1.90	1.90	1.90	-	-	-	-	-	-
	Tax Credit	100	100	100	100	-	-	-	-	-	-
	Credit Limit	1.90	1.90	1.90	1.90	-	-	-	-	-	-
Olmsted Falls	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Orange	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	60	60	60	60	60	60	60	60	60	60
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Orange Chagrin Highland Jedd	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-	-
	Tax Credit	100	100	100	100	100	100	100	100	100	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Ottawa	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
	Tax Credit	100	100	100	100	100	100	100	100	100	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Pepper Pike	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Plain City	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Plymouth	Tax Rate	0.50	0.50	0.50	0.50	0.50	-	-	-	-	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	0.50	0.50	0.50	0.50	0.50	-	-	-	-	-

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Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Powell	Tax Rate	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%	0.75%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Reminderville	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.25	1.00	1.00
	Tax Credit	-	-	-	-	-	25	25	25	25	25
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.25	-	1.00
Reminderville/ Twinsburg											
Jedd	Tax Rate	1.50	1.50	1.50	-	-	-	-	-	-	-
Reynoldsburg	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Richmond Heights	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Richwood	Tax Rate	1.00	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
	Tax Credit	-	-	25	25	25	25	25	25	25	25
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Ridgeway	Tax Rate	0.50	0.50	0.50	0.50	-	-	-	-	-	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	0.50	0.50	0.50	0.50	-	-	-	-	-	-
Riverside	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.25	1.00	1.00	1.00	1.00
Sabina	Tax Rate	1.00	0/0.50	1.00/0	1.00	-	-	-	-	-	-
	Tax Credit	100	-	50/0	50	-	-	-	-	-	-
	Credit Limit	1.00	0.50	1.00/0	1.00	-	-	-	-	-	-
Saint Paris	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
	Tax Credit	100	100	100	100	100	100	100	100	100	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-
Salineville	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Sandusky	Tax Rate	1.00%	1.00%	1.00%	-	-	-	-	-	-	-
	Tax Credit	50	50	50	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	-	-	-	-	-	-	-
Seven Hills	Tax Rate	2.00	2.00	2.00	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10	1.10
Shaker Heights	Tax Rate	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
	Tax Credit	50	50	50	50	50	50	50	50	50	50
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Shawnee Hills	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
Sheffield Lake	Tax Rate	1.25	1.25	1.25	-	-	-	-	-	-	-
	Tax Credit	50	50	50	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	-	-	-	-	-	-	-
Sheffield Village	Tax Rate	1.50	1.50	1.50	1.00/1.50	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.00/1.50	1.00	1.00	1.00	1.00	1.00	1.00
Sherwood	Tax Rate	1.00	1.00	-	-	-	-	-	-	-	-
	Tax Credit	100	100	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	-	-	-	-	-	-	-	-
Silver Lake	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
South Euclid	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	75	75	75	75	75	75	75	75	75	75
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
South Solon	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.50	-
Steubenville	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Streetsboro	Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Strongsville	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	75	100/75	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sunbury	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	2.00	-	-	-
	Tax Credit	-	-	-	50	50	50	100	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	2.00	-	-	-
Toronto	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
University Heights	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	-	50/0	50	50	50	50	50	50	50	50
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Upper Arlington	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Urbancrest	Tax Rate	2.00	2.00	2.00	-	-	-	-	-	-	-
	Tax Credit	100	100	100	-	-	-	-	-	-	-
	Credit Limit	2.00	2.00	2.00	-	-	-	-	-	-	-
Valley View	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Vermilion	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
	Tax Credit	100	100	100	100	100	100	100	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-
Wakeman	Tax Rate	1.00	1.00/0/1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00/0
	Tax Credit	50	50/0/50	50	50	50	50	50	50	50	50/0
	Credit Limit	1.00	1.00/0/1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00/0.00
Walton Hills	Tax Rate	2.00	2.00	2.00	1.00/2.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	2.00	2.00	2.00	1.00/2.00	1.00	1.00	1.00	1.00	1.00	1.00

Continued

Regional Income Tax Agency

Table of Municipal Income Tax Rates, Credits and Limits – Last Ten Fiscal Years (Continued)

December 31, 2005

Table 6

		<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>
Wellston	Tax Rate	0.75%	0.75%	0.75%	0.75%	0.75%	-	-	-	-	-
	Tax Credit	100	100	100	100	100	-	-	-	-	-
	Credit Limit	0.75	0.75	0.75	0.75	0.75	-	-	-	-	-
Wellsville	Tax Rate	1.00	1.00	-	-	-	-	-	-	-	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	-	-	-	-	-	-	-	-
Westlake	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50%	1.50%	1.50%	1.50%	1.50%
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Willowick	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	87.5	87.5	87.5	87.5	87.5	87.5	87.5	87.5	87.5	87.5
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wintersville	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	100
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Woodmere	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	Tax Credit	75	75	75	75	75	75	75	75	75	75
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Worthington	Tax Rate	2.00	2.00	1.65	1.65	-	-	-	-	-	-
	Tax Credit	100	75	100	100	-	-	-	-	-	-
	Credit Limit	2.00	2.00	1.65	1.65	-	-	-	-	-	-
Yellow Springs	Tax Rate	1.50	1.50	1.50	-	-	-	-	-	-	-
	Tax Credit	100	100	100	-	-	-	-	-	-	-
	Credit Limit	1.50	1.50	1.50	-	-	-	-	-	-	-

**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Regional Income Tax Agency
Brecksville, Ohio

We have audited the financial statements of the business-type activities and the aggregate remaining fund of the Regional Income Tax Agency (“R.I.T.A.”) as of and for the year ended December 31, 2005, and have issued our report thereon dated April 13, 2006, wherein we noted R.I.T.A. adopted *Governmental Accounting Standards Board Statements 40*. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered R.I.T.A.’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether R.I.T.A.’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

Members of the Board of Trustees of the
Regional Income Tax Agency

This report is intended solely for the information and use of management, members of the Regional Income Tax Agency, Board of Trustees, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Panichi, Inc.

Cleveland, Ohio
April 13, 2006



**Auditor of State
Betty Montgomery**

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REGIONAL INCOME TAX 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 11, 2006**