

REGIONAL INCOME TAX AGENCY

*Comprehensive Annual Financial Report
for the Year Ended December 31, 2003*

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 Auditor's Report of the Regional Income Tax Agency, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2003 through December 31, 2003. 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 28, 2004

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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

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REGIONAL INCOME TAX AGENCY

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2003

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Introductory Section



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April 16, 2004

The Board of Trustees 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, 2003.

The responsibility for the accuracy of this CAFR rests with the Finance Department of R.I.T.A. We believe the information, as presented, is accurate in all material respects. The data is presented in a manner designed to fairly set forth the financial position and results of operations of R.I.T.A. as measured by the financial activity of its various 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 2002.
- The Financial Section includes the general purpose financial statements and individual fund statements that provide additional detailed information relative to the general purpose financial statements.
- 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 to collect and distribute municipal income taxes. The Agency was created by the members of a Regional Council of Governments, under Section 167 of the Ohio Revised Code. Membership has grown from 38 municipalities in 1971 to 107 municipalities in 2003.

The Agency also offers data processing services to member municipalities. Services include systems development and technical assistance.

The Board of Trustees of the
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And Member Municipalities

For financial reporting purposes, R.I.T.A.'s general purpose 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.

ECONOMIC INFORMATION

R.I.T.A. primarily serves municipalities that are suburbs of the City of Cleveland, Ohio, which is the County Seat of Cuyahoga County. The two major business sections in Cuyahoga County are the service and manufacturing industries. The primary employers in the service industry provide health care services and business services. The primary employers in the manufacturing industry produce fabricated metal products and machinery.

The 2003 annual unemployment rate for the Primary Metropolitan Statistical Area was 6.52 percent, which is higher than the rate for the State of Ohio (6.15 percent) and the national rate (6.00 percent).

The diversity of Cuyahoga County's economy is demonstrated in the industries that make up the 25 largest companies submitting withholding tax payments to R.I.T.A. Of the 25 largest withholders, seventeen are service providers, two are manufacturing concerns, four are governments, one is a utility, and one is a sports organization.

MAJOR INITIATIVES

In 2003, R.I.T.A. recorded record high tax collections of \$471.7 million and an average percentage net cost of collections of 2.52 percent.

The municipalities of Arlington Heights, Cedarville, Centerburg, Circleville, Fairport Harbor, Sandusky, Sheffield Lake, Urbancrest and Yellow Springs became members in 2003. The municipalities of Cecil, Haskins and Wellsville became members in the first quarter of 2004 and Grove City will join July 1, 2004. In addition, several other municipalities have shown 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.

In 2003 eProcess was implemented as a part of the Agency's business re-engineering initiative. This system is used to electronically process, document and maintain purchasing transactions and their related payables. In addition, R.I.T.A.'s Virtual Private Network which allows members to securely access the Agency's computer systems via the Internet was extended to meet the municipalities' increasing demands. The new tax system will continue to be rolled out in stages with members' electronic access to imaged forms and businesses' Internet ePayment capabilities planned for fourth quarter 2004 implementations. 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 transfer budget amounts between departments and between line items within any fund; however, any budget amendment that changes the total budget of an individual fund requires the approval of the Board of Trustees of R.I.T.A. There were no amendments in 2003.

FUND STRUCTURE

The fund structure of R.I.T.A. includes the following fund types and categories:

Fund Type	Fund Category
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<i>Proprietary</i>	Enterprise Fund. This fund is used to account for the data processing and other services provided to member municipalities. Accounting for this fund is on the accrual basis using a flow of economic resources measurement focus.
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	Internal Service Fund. This fund is used to account for the tax collection services provided to member municipalities. Accounting for this fund is on the accrual basis using a flow of economic resources measurement focus.
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<i>Fiduciary</i>	Agency Fund. This fund is used to account for all income taxes held by R.I.T.A. as an agent for its member municipalities. Accounting for the fund is on the modified accrual basis of accounting. Agency funds are custodial in nature and do not involve measurement of the results of operations.
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The Board of Trustees of the
Regional Income Tax Agency
And Member Municipalities

FINANCIAL INFORMATION

The following table presents a summary of combined balance sheet information (amounts in thousands of dollars):

	<u>December 31,</u>		Percentage Increase <u>(Decrease)</u>
	<u>2003</u>	<u>2002</u>	
Cash, cash equivalents and investments	\$ 37,333.4	\$ 34,237.6	9.0%
Receivables	140,695.1	134,840.3	4.3
Fixed assets (net)	20,452.5	16,203.9	26.2
Total assets	207,258.4	197,714.9	4.8
Total liabilities	207,010.9	197,466.7	4.8
Retained earnings of proprietary fund types	247.5	248.2	(0.3)

In total, both assets and liabilities increased about 4.8 percent. The increase in net fixed assets is substantially due to the investment made in new computer system initiatives.

The following table presents a summary of operating information (amounts in thousands of dollars):

	<u>Years Ended December 31,</u>		Percentage Increase <u>(Decrease)</u>
	<u>2003</u>	<u>2002</u>	
Operating revenues:			
Tax collection fees	\$ 11,884.3	\$ 10,481.8	13.4%
Charges for services	<u>811.4</u>	<u>703.1</u>	<u>15.4</u>
Total operating revenues	<u>12,695.7</u>	<u>11,184.9</u>	<u>13.5</u>
Total net non-operating revenues	<u>(27.9)</u>	<u>207.2</u>	<u>(113.5)</u>
Total revenues	\$ <u>12,667.8</u>	\$ <u>11,392.1</u>	<u>11.2%</u>
Operating expenses:			
Personal services	\$ 8,023.5	\$ 7,234.9	10.9%
Travel and transportation	121.0	203.1	(40.4)
Facilities and telephone	408.5	383.2	6.6
Equipment/software maintenance and other	457.8	529.3	(13.5)
Professional and processing	1,599.2	1,097.6	45.7
Forms and envelopes	323.9	429.6	(24.6)
Insurance and miscellaneous	83.1	72.6	14.5
Material and supplies	715.2	675.4	5.9
Depreciation and amortization	<u>936.3</u>	<u>768.1</u>	<u>21.9</u>
Total operating expenses	\$ <u>12,668.5</u>	\$ <u>11,393.8</u>	<u>11.2%</u>

In total, revenues and expenses for 2003 are higher than 2002. The net non-operating revenues amount represents interest revenue offset by interest expense. In 2003, the continuing decline in market interest rates caused the interest revenue to be less than the interest expense. Personal services expense rose in 2003 due to full staffing, and increased costs of medical health insurance claims. The higher cost of depreciation and/or

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Regional Income Tax Agency
And Member Municipalities

amortization is directly related to the computerized tax system initiatives. Travel and transportation expense has decreased due to new technology training that was completed in 2002. Finally, the increase in professional and processing is primarily due to the rise in temporary data entry and banking services needed to meet the processing needs of our growing collections.

ENTERPRISE FUND

R.I.T.A.'s Enterprise Fund is used to account for revenues from data processing and other services provided to member municipalities and tax collection services provided to nonmembers. During 2003, there were no tax collections for nonmembers.

In 2003, members' reduced demand for computer equipment, supplies and extraordinary services resulted in decreases in operating revenues, materials and supplies costs and the cost of equipment purchased for members. Professional and processing expense decreased due to outside technical assistance obtained in 2002 that was not needed in 2003.

INTERNAL SERVICE FUND

R.I.T.A.'s Internal Service Fund reflects the results of operations for tax processing services. The member municipalities advance monies (retainers) during the year to R.I.T.A. for operations. The retainers are a percentage of the taxes collected for the municipalities. At year end, costs are allocated to the members, and any excess retainer (retainer over costs) or shortfall (costs over retainer) is refunded to/recovered from the municipalities in the subsequent year.

Overall, operating expenses and tax collection fees increased for the reasons noted previously. Also stated above, net non-operating revenues decreased due to the decline in market interest rates.

AGENCY FUND

R.I.T.A.'s Agency Fund is used to account for the income tax receipts collected, held, and distributed by the Agency for member municipalities.

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 5 of the financial statements.

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

CASH MANAGEMENT

Daily tax receipts are invested as received in accordance with Ohio Revised Code Sections 135 and 167. Monies can be invested in certificates of deposit, repurchase agreements, obligations of the United States Government or certain of its agencies.

Investments in certificates of deposit and repurchase agreements are collateralized by U.S. Government securities or pools of securities as authorized by Ohio law. Repurchase agreements are usually limited to overnight or very short periods of time. All repurchases are made with institutions under master repurchase agreements.

With respect to the level of credit risk assumed, R.I.T.A.'s repurchase agreements are in category three, as established by the Governmental Accounting Standards Board. Category three includes uninsured or unregistered investments for which securities are held by the counterparty, or by their trust department or agent, but not in R.I.T.A.'s name. The StarOhio investments are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3. Investment emphasis is on security, liquidity, and yield, in that order.

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 several measures 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 11, one is standard premium-based insurance plan and the other is a self-insurance policy.

INDEPENDENT AUDIT

The financial statements of the Regional Income Tax Agency for the fiscal year ended December 31, 2003 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.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (G.F.O.A.) 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, 2002. The award is the highest form of official recognition in governmental accounting and financial reporting. A copy of the 2002 Certificate of Achievement has been included in this report. This is the eighteenth consecutive year R.I.T.A. has received this award.

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

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report with contents that conform to program standards. Such reports must satisfy both generally accepted accounting principles for governments and applicable legal requirements.

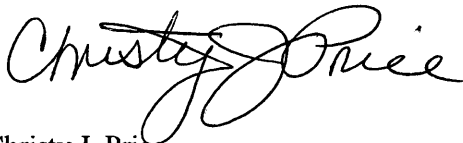
A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement for Excellence in Financial Reporting program requirements, and we are submitting it to the G.F.O.A. to determine its eligibility for a 2003 award.

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 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,



Christy J. Price
Deputy Executive Director
Chief Financial Officer

REGIONAL INCOME TAX AGENCY

OFFICERS AND BOARD MEMBERS

DECEMBER 31, 2003

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 - William Schuchart
- Vice Chairman - Robert Hamilton, Finance Director/Tax Administrator -
City of Avon, Ohio
- Secretary - Tim Pope, Finance Director/Tax Administrator -
City of Middleburg Heights, Ohio
- Treasurer - Mayor Gerald A. Trafis - City of Seven Hills, Ohio

OTHER BOARD MEMBERS

- Mayor Joseph Biddlecombe - Mayor, City of Berea
- Karen Fegan - Finance Director/Tax Administrator, City of North Royalton, Ohio
- Mayor Gary Gottschalk - Mayor, Village of Oakwood
- Prashant Shah - Finance Director/Tax Administrator, City of Pepper Pike, Ohio,
- Treasurer - Village of Moreland Hills, Ohio
- Robert G. Tribby - Finance Director/Tax Administrator, City of Mayfield Heights, Ohio

REGIONAL INCOME TAX AGENCY

MANAGEMENT OFFICIALS

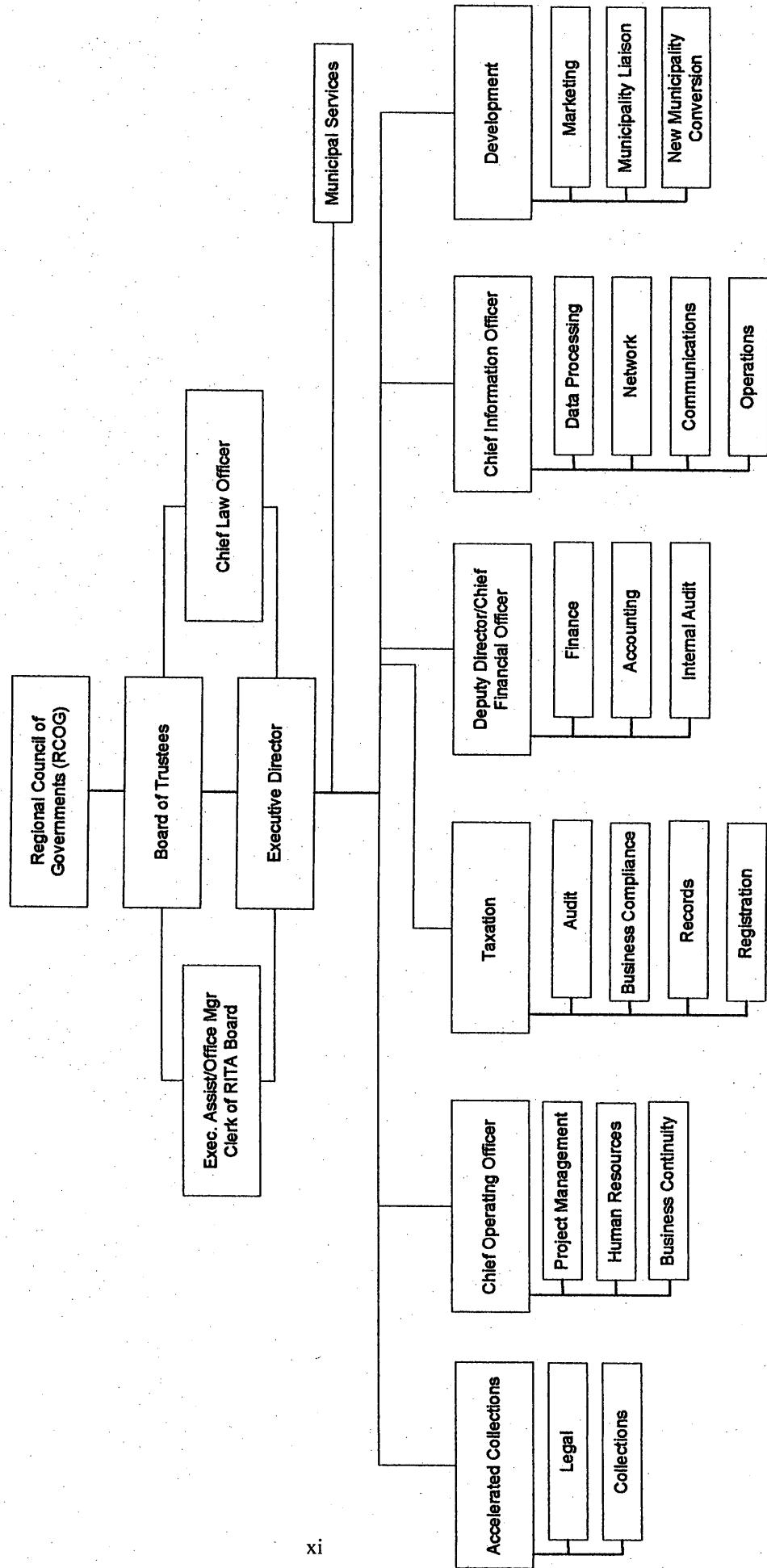
DECEMBER 31, 2003

Executive Director	Mr. Thomas Zammikiel
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
Development Director	Mr. Jeff Christman
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
Registration Manager	Mr. Jack Davenport
Taxation Director	Mr. Gary Chips
Information Services:	
Chief Information Officer	Mr. Tom Wojnarowski
IS Development Manager	Mr. Mike Kobe
Operations Manager	Ms. Amy O'Donnell

REGIONAL INCOME TAX AGENCY

ORGANIZATIONAL CHART

DECEMBER 31, 2003



REGIONAL INCOME TAX AGENCY

GFOA CERTIFICATE

DECEMBER 31, 2003

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, 2002

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.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

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Executive Director

Financial Section

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Independent Auditor's Report

Board of Trustees
Regional Income Tax Agency
Brecksville, Ohio

We have audited the accompanying general purpose financial statements of the Regional Income Tax Agency ("R.I.T.A."), as of and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of R.I.T.A.'s management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of R.I.T.A. as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 5, during the year ended December 31, 2003, R.I.T.A. adopted the provisions of Government Accounting Standards Board Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and For Insurance Recoveries*. This results in a change to R.I.T.A.'s method of accounting for the impairment of capital assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 16, 2004, on our consideration of R.I.T.A.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Trustees

The individual fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of R.I.T.A. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

We did not audit the introductory and statistical information as listed in the table of contents and therefore express no opinion thereon.

Cini & Parichi, Inc.

Cleveland, Ohio
April 16, 2004

General Purpose Financial Statements

REGIONAL INCOME TAX AGENCY

COMBINED BALANCE SHEET – ALL FUND TYPES

DECEMBER 31, 2003

(With Comparative Totals for December 31, 2002)

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)	
	Enterprise	Internal Service	Agency	2003	2002
Assets:					
Cash and Cash Equivalents	\$ 46,022	\$ 1,776,272	\$ 35,511,073	\$ 37,333,367	\$ 34,237,635
Receivables:					
Trade Accounts	30,081	146,273	-	176,354	66,213
Interest	-	161	1,204	1,365	1,335
Income Taxes of Member					
Municipalities, Net	-	-	140,517,378	140,517,378	134,772,798
Due from Other Funds	202,635	5,179,177	-	5,381,812	5,033,646
Fixed Assets:					
Land	-	103,660	-	103,660	103,660
Building	-	3,405,681	-	3,405,681	3,382,281
Office Equipment	62,366	6,263,236	-	6,325,602	6,223,196
Equipment Leased to Member	13,630	-	-	13,630	25,110
Vehicles	-	40,021	-	40,021	40,021
Projects in Process	-	13,650,491	-	13,650,491	8,618,043
	75,996	23,463,089	-	23,539,085	18,392,311
Less Accumulated Depreciation and Amortization					
	50,715	3,035,898	-	3,086,613	2,188,354
Net Fixed Assets	25,281	20,427,191	-	20,452,472	16,203,957
Other Assets – Due From Trust	-	3,037,998	-	3,037,998	7,018,970
Deferred Loan Fees, Net	-	127,122	-	127,122	159,149
Other Assets	1,829	228,711	-	230,540	221,153
Total Assets	\$ 305,848	\$ 30,922,905	\$ 176,029,655	\$ 207,258,408	\$ 197,714,856
Liabilities and Fund Equity:					
Liabilities:					
Accounts Payable	\$ 916	\$ 382,658	\$ -	\$ 383,574	\$ 385,378
Refunds Payable	-	-	2,667,730	2,667,730	1,295,505
Accrued Wages and Benefits	57,441	1,078,994	-	1,136,435	1,004,536
Current Portion of					
Capital Lease	-	437,500	-	437,500	407,500
Other Liabilities	-	68,383	-	68,383	58,973
Capital Lease Obligation	-	22,236,667	-	22,236,667	21,674,167
Due to Other Funds	-	202,635	5,179,177	5,381,812	5,033,646
Due to Other Governments	-	2,381,620	168,182,748	170,564,368	163,702,295
Deferred Revenue	-	4,134,448	-	4,134,448	3,904,659
Total Liabilities	58,357	30,922,905	176,029,655	207,010,917	197,466,659
Fund Equity:					
Retained Earnings - Unreserved	247,491	-	-	247,491	248,197
Total Liabilities and Fund Equity	\$ 305,848	\$ 30,922,905	\$ 176,029,655	\$ 207,258,408	\$ 197,714,856

See Accompanying Notes to the General-Purpose Financial Statements

REGIONAL INCOME TAX AGENCY

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS – PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Totals for December 31, 2002)

	Proprietary Fund Types		Total (Memorandum Only)	
	Enterprise	Internal Service	2003	2002
Operating Revenues:				
Tax Collection Fees	\$ -	\$ 11,884,291	\$ 11,884,291	\$ 10,481,831
Charges for Services and Other Revenues	<u>344,360</u>	<u>467,033</u>	<u>811,393</u>	<u>703,136</u>
Total Operating Revenues	<u>344,360</u>	<u>12,351,324</u>	<u>12,695,684</u>	<u>11,184,967</u>
Operating Expenses:				
Personal Services	265,703	7,757,809	8,023,512	7,234,950
Travel and Transportation	7,003	114,039	121,042	203,099
Office Rent and Maintenance	14,588	168,838	183,426	180,878
Equipment and Software Maintenance	32,297	420,354	452,651	519,390
Cost of Equipment Purchased For Members	5,139	-	5,139	9,957
Professional and Processing	-	1,599,172	1,599,172	1,097,635
Telephone and Utilities	3,410	221,624	225,034	202,227
Forms and Envelopes	-	323,914	323,914	429,642
Insurance	658	45,108	45,766	43,365
Miscellaneous Expenses	183	37,145	37,328	29,197
Material and Supplies	4,366	710,792	715,158	675,394
Depreciation and Amortization	<u>14,080</u>	<u>922,267</u>	<u>936,347</u>	<u>768,132</u>
Total Operating Expenses	<u>347,427</u>	<u>12,321,062</u>	<u>12,668,489</u>	<u>11,393,866</u>
Operating Income (Loss)	<u>(3,067)</u>	<u>30,262</u>	<u>27,195</u>	<u>(208,899)</u>
Non - Operating Revenues (Expense):				
Interest Income	2,361	401,283	403,644	694,655
Interest Expense	-	(428,755)	(428,755)	(486,366)
Loss on Disposal of Fixed Assets	<u>-</u>	<u>(2,790)</u>	<u>(2,790)</u>	<u>(1,046)</u>
Total Non - Operating Revenues (Expense)	<u>2,361</u>	<u>(30,262)</u>	<u>(27,901)</u>	<u>207,243</u>
Net Loss	(706)	-	(706)	(1,656)
Retained Earnings, Beginning of Year	<u>248,197</u>	<u>-</u>	<u>248,197</u>	<u>249,853</u>
Retained Earnings, End of Year	\$ <u><u>247,491</u></u>	\$ <u><u>-</u></u>	\$ <u><u>247,491</u></u>	\$ <u><u>248,197</u></u>

See Accompanying Notes to the General-Purpose Financial Statements

REGIONAL INCOME TAX AGENCY

COMBINED STATEMENT OF CASH FLOWS – PROPRIETARY FUND TYPES

FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Totals for December 31, 2002)

	Proprietary Fund Types		Total (Memorandum Only)	
	Enterprise	Internal Service	2003	2002
Cash Flows from Operating Activities:				
Cash Receipts from Municipalities	\$ 310,406	\$ 13,627,116	\$ 13,937,522	\$ 12,460,951
Cash Payments:				
To Suppliers for Goods and Services	(66,523)	(3,643,887)	(3,710,410)	(3,966,147)
To Employees for Services	(205,184)	(5,687,658)	(5,892,842)	(5,341,551)
For Employee Benefits	(53,554)	(1,945,218)	(1,998,772)	(1,664,052)
For Retainer Refund	-	(1,189,018)	(1,189,018)	(4,293,535)
Net Cash (Used) Provided by Operating Activities	(14,855)	1,161,335	1,146,480	(2,804,334)
Cash Flows from Non-Capital Financing Activities:				
Release from Trust for Operating Purposes	-	-	-	210,026
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Fixed Assets	(1,135)	(5,186,517)	(5,187,652)	(8,535,928)
Release from Trust for Capital Purposes	-	4,980,972	4,980,972	10,723,657
Principal Payments on Capital Lease Obligations	-	(407,500)	(407,500)	(386,667)
Interest Payments of Capital Lease Obligations	-	(396,728)	(396,728)	(291,792)
Net Cash (Used) Provided by Capital and Related Financing Activities	(1,135)	(1,009,773)	(1,010,908)	1,509,270
Cash Flows from Investing Activities:				
Interest on Cash Equivalents	2,361	401,283	403,644	694,655
Net Increase (Decrease) in Cash and Cash Equivalents	(13,629)	552,845	539,216	(390,383)
Cash and Cash Equivalents, Beginning of Year	59,651	1,223,427	1,283,078	1,673,461
Cash and Cash Equivalents, End of Year	\$ 46,022	\$ 1,776,272	\$ 1,822,294	\$ 1,283,078

Continued

See Accompanying Notes to the General-Purpose Financial Statements

REGIONAL INCOME TAX AGENCY

COMBINED STATEMENT OF CASH FLOWS –PROPRIETARY FUND TYPES (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2003
(With Comparative Totals for December 31, 2002)

	Proprietary Fund Types		Total (Memorandum Only)	
	Enterprise	Internal Service	2003	2002
	Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities:			
Operating Loss	\$ (3,067)	\$ 30,262	\$ 27,194	\$ (208,899)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:				
Depreciation and Amortization	14,080	922,267	936,347	768,132
Changes in Assets and Liabilities:				
Trade Accounts Receivable	(1,978)	(108,163)	(110,141)	75,379
Interest Receivable	-	265	265	(426)
Due from Other Funds	(31,976)	(316,190)	(348,166)	1,101,320
Other Assets	781	(10,168)	(9,386)	(112,380)
Accounts Payable	340	(2,144)	(1,804)	(460,584)
Accrued Wages and Benefits	6,965	124,934	131,899	229,345
Other Liabilities	-	9,410	9,410	(2,397)
Due to Other Funds	-	31,976	31,976	(17,047)
Due to Other Governments	-	249,097	249,097	(3,057,062)
Deferred Revenues	-	229,789	229,789	(1,119,715)
Net Cash (Used) Provided by Operating Activities	\$ <u>(14,855)</u>	\$ <u>1,161,335</u>	\$ <u>1,146,480</u>	\$ <u>(2,804,334)</u>

Supplemental Schedule of Non-Cash Investing, Capital and Related Financing Activities:

Amortization on Deferred Loan Fees Classified as Interest Expense	\$ <u>-</u>	\$ <u>112,027</u>	\$ <u>112,027</u>	\$ <u>194,574</u>
Refinancing of Capital Lease Obligation	\$ <u>-</u>	\$ <u>18,500,000</u>	\$ <u>18,500,000</u>	\$ <u>-</u>

See Accompanying Notes to the General-Purpose Financial Statements

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE 1 – DESCRIPTION OF OPERATIONS

The Regional Income Tax Agency (“R.I.T.A.” or the “Agency”) is an independent entity set up to provide 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 (net of related 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. R.I.T.A. also provides data processing, printing and purchasing services to Members who request such services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. GENERAL

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). In accordance with Statement No. 20 of the Governmental Accounting Standards Board (“GASB”), *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, R.I.T.A. has elected to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

B. REPORTING ENTITY

For financial reporting purposes, R.I.T.A.’s general purpose 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.

C. BASIS OF PRESENTATION – FUND ACCOUNTING

R.I.T.A.’s accounting system is organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenses. The various funds are summarized by type in the combined financial statements.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

The following fund types are used by R.I.T.A.:

Proprietary Fund Types – Proprietary fund types are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to achieve sound financial administration. The following are R.I.T.A.'s proprietary fund types:

Enterprise Fund – This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of R.I.T.A. is that the costs of providing goods or special services to the Members and tax collection services to non-members on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund – This fund is used to account for the tax collection services provided to Members on a cost sharing basis.

Fiduciary Fund Type – Fiduciary funds are used to account for assets that are held by R.I.T.A. in a fiduciary capacity.

Agency Fund – This fund is used to account for assets held by R.I.T.A. as an agent for other governments. This fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. Proprietary fund types are 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 balance sheet. Proprietary fund type operating statements present increases (i.e. revenue) and decreases (i.e. expenses) in net total assets. Proprietary fund types are accounted for using the accrual basis of accounting. Under this basis of accounting, revenues are recognized when earned, and expenses are recognized when the related liabilities are incurred. However, with the implementation of GASB 33, it was necessary to record deferred revenue in the Internal Service Fund when recording the amount due from the Agency Fund. This amount is an estimate that R.I.T.A. will withhold from its members when collecting the taxes on 2003 earnings. This amount, \$4,134,448, 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 GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)

Even though the fiduciary fund type does not involve the measurement of result of operations, the modified accrual basis of accounting is followed for recognizing assets and liabilities. Amounts due to R.I.T.A. are recognized when received in cash except for those amounts susceptible to accrual, which are recorded as receivables when measurable and available to satisfy current obligations. “Measurable” means that the amount of the transaction can be determined and “available” means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Amounts susceptible to accrual, per GASB 33, at the end of the year consist of income taxes, penalties and interest earned in 2003 and prior, but not yet paid to R.I.T.A. The income tax of member municipalities’ receivable represents a significant estimate by management. Under the modified accrual basis of accounting, liabilities are recognized when incurred, if measurable.

E. 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 proprietary funds on the same accounting basis used to reflect actual revenues and expenses. The Executive Director is authorized to transfer budget amounts between departments and between line items within any fund; however, any change in the total amount budgeted for a particular fund requires the approval of the Board of Trustees of R.I.T.A.

F. CASH AND CASH EQUIVALENTS

A substantial portion of R.I.T.A.’s cash balances is invested on a daily basis principally in cash equivalents which represent highly liquid investments with a maturity of three months or less when purchased. At December 31, 2003, R.I.T.A.’s cash equivalents consisted of repurchase agreements and investments with the State Treasurer’s investment pool (“STAROhio”) and Huntington National Bank carried at cost, which approximates fair value. Interest income earned on investments is allocated to the funds based upon investment balances.

G. ALLOWANCE FOR DOUBTFUL ACCOUNTS

Income taxes of member municipalities receivable is shown net of a \$2,049,798 allowance for doubtful accounts.

H. FIXED ASSETS AND DEPRECIATION

All fixed assets are recorded at historical cost and are capitalized in the fund that utilizes the assets.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. FIXED ASSETS AND DEPRECIATION (CONTINUED)

Depreciation is charged to operations of proprietary fund types 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 – 10 years
Equipment leased to Members	3 years
Vehicles	5 years

I. 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 \$127,122 are shown net of \$342,649 of accumulated amortization at December 31, 2003.

J. ALLOCATION OF EXPENSES TO MEMBERS

R.I.T.A. allocates to Members net operating expenses in the Internal Service 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.

K. 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 proprietary funds and are reported as fund liabilities.

L. CLAIMS

As described in Note 11, 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.

M. INTERFUND TRANSACTIONS

During the course of normal operations, R.I.T.A. has transactions between funds including transfers of resources to provide services. Such transfers are generally reflected as operating transfers or as reimbursements (reduction in expense) in the accompanying combined financial statements.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. DEFERRED REVENUE

Deferred revenue in the Internal Service Fund represents tax collection fees received that will be earned in subsequent periods as the tax receivables are collected.

O. TOTAL COLUMN ON COMBINED FINANCIAL STATEMENTS

The total column on the accompanying combined financial statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or changes in cash flows in conformity with accounting principles generally accepted in the United States of America. The total includes funds that use different basis of accounting and include interfund transactions that have not been eliminated.

P. RECLASSIFICATION

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 3 – DEPOSITS AND INVESTMENTS

R.I.T.A.’s funds are required to be deposited and invested under the terms of R.I.T.A.’s investment policy and the Ohio Revised Code. In accordance with these provisions, only banks located in Ohio and domestic building and loan associations are eligible to hold public deposits. The provisions also permit R.I.T.A. to invest in certificates of deposit, savings accounts, money market accounts, STAROhio, and obligations of the United States Government or certain agencies thereof. R.I.T.A. may also enter into repurchase agreements with any eligible depository or security dealers who are members of the National Association of Securities Dealers, for a period not exceeding 30 days.

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.

Deposits – At December 31, 2003, the carrying amount of R.I.T.A.’s deposits was \$1,469,225 and the bank balance was \$2,135,960. Of the bank balance, \$359,647 was covered by FDIC insurance and \$1,776,313 was uninsured and uncollateralized as defined by GASB. However, the bank balance of \$1,776,313 was covered by a pool of government securities as described above. At year end, R.I.T.A. had \$400 of undeposited cash on hand.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments – R.I.T.A.’s investments are categorized below to give an indication of the level of credit risk assumed at year end. Category 1 includes investments that are insured or registered, or for which securities are held by R.I.T.A. or its agent in R.I.T.A.’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in R.I.T.A.’s name. Category 3 includes uninsured and unregistered investments for which securities are held by the counterparty, or by their trust department or agent, but not in R.I.T.A.’s name.

	<u>Risk Category</u> <u>3</u>	<u>Carrying</u> <u>Amount</u>	<u>Fair</u> <u>Value</u>
Repurchase agreements	\$ <u>21,565,001</u>	\$ <u>21,565,001</u>	\$ <u>21,565,001</u>
Subtotal	\$ <u>21,565,001</u>	21,565,001	21,565,001
STAROhio investments*		<u>14,299,141</u>	<u>14,299,141</u>
Total		\$ <u>35,864,142</u>	\$ <u>35,864,142</u>

* Non-categorized

STAROhio investments are not classified by risk category because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 3. STAROhio is not registered with the Securities and Exchange Commission as the fund is only offered to Ohio public subdivisions with investment authority. STAROhio is rated AAm by Standard & Poor’s. Investments in STAROhio are valued using STAROhio’s share price, which is the price at which the investments could be redeemed.

R.I.T.A.’s investments (including cash equivalents) are recorded at cost, which approximates market. Under Statement No. 31 of the GASB, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, R.I.T.A. is required to report investments with maturities greater than one year at fair value.

NOTE 4 – DUE TO/FROM OTHER FUNDS

Amounts due to/from other funds at December 31, 2003 are as follows:

<u>Amount</u>	<u>Due To</u>	<u>Due From</u>
\$ 202,635	Enterprise Fund	Internal Service Fund
<u>5,179,177</u>	Internal Service Fund	Agency Fund
\$ <u>5,381,812</u>		

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 5 – 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.

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

2004	\$ 693,674
2005	695,639
2006	695,714
2007	693,899
2008	696,012
Thereafter	<u>1,833,426</u>
Future minimum lease payments	5,308,364
Less amount representing interest	<u>1,134,197</u>
Present value of future minimum lease payments	\$ <u>4,174,167</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 initial term of the lease agreement ended on December 31, 2002 and the Agency’s one-month renewal option was exercised extending the agreement until January 31, 2003. The agreement was renewed on January 31, 2003 in the amount of \$18,500,000 for a period that ended on December 31, 2003, with a one-month renewal option. Interest on the obligation was 3.21% at December 31, 2003.

The agreement was refinanced on January 31, 2004 in the amount of \$18,580,000 for a period that ends on December 31, 2004. The Agency can extend the maturity date to January 28, 2005. Interest on the new obligation is 2.38% per annum.

After all required lease payments are made, ownership of the leased property will transfer to R.I.T.A. The Agency has the option to purchase the leased property after October 29, 2004 at a price specified in the lease agreement. It is management’s intention to obtain permanent bond financing to replace the current capital lease obligation.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 5 – CAPITAL LEASE COMMITMENTS (CONTINUED)

Future minimum lease payments under the agreement with National City Leasing Corporation are as follows:

2004	\$ 454,837
Future minimum lease payments	18,533,284
Less amount representing interest	<u>488,121</u>
Present value of future minimum lease payments	\$ <u>18,500,000</u>

The repayment schedule above does not include the additional \$80,000 borrowed in 2004.

Proceeds in the amount of \$3,037,998 from capital lease arrangements are held in trust at December 31, 2003, and are distributed as project costs are incurred. Project costs in the amount of \$17,898,041 have been capitalized as of December 31, 2003. Of this amount, fixed assets of \$4,247,550 have been placed into service. Accumulated depreciation of \$971,599 at December 31, 2003 has been recorded to the assets placed in service. During the year ended December 31, 2003, interest of \$531,447 was capitalized.

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

Projects in progress on the accompanying combined balance sheet consists of costs incurred as of December 31, 2003 for new systems, which have not yet been put into operation. The amount primarily represents a new core tax system, Customer Relationship Management system, and eFile system. In February 2004, an independent third-party expert reviewed the new core tax system and identified areas of concern that need to be addressed before going live. Parts of the new core tax system may need revision or reconstruction to resolve these concerns. Since the Customer Relationship Management and eFile systems are completed; the Agency is reviewing the business case of implementing these deliverables with the existing core tax system.

In response to the above situation, the Agency has decided to early adopt 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. At this time, any impairment cannot be reasonably estimated since the functionality of the new core tax system is still in the application development stage and its source code is being modified to the Agency's specifications. Therefore, no impairment expense was recognized in 2003.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 6 – 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 Internal Service Fund. In the subsequent year, this excess is distributed to Members. At December 31, 2003, the amount due to other governments is calculated as follows:

Amounts withheld for tax collection fees	\$ 14,265,911
Charges for services and other revenues (expense)	464,243
Net interest income	<u>401,283</u>
Subtotal	15,131,437
Operating expenses and interest expense	<u>12,749,817</u>
Excess of amounts withheld (due to other governments)	\$ <u>2,381,620</u>

NOTE 7 – 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, 2003, the liability accrued for vacation and sick leave is \$688,485. The amounts applicable to the Enterprise Fund of \$37,213 and Internal Service Fund of \$651,272 are included in accrued wages and benefits on the combined balance sheet.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 8 – OPERATING LEASE COMMITMENTS

R.I.T.A. as Lessor – A portion of the revenue included in the Enterprise Fund for 2003 is derived from the rental of computer hardware to Members. The rentals consist of month-to-month or three-year agreements and provide for monthly payments to R.I.T.A. The following schedule provides an analysis of R.I.T.A.'s investment in computer equipment subject to operating leases as of December 31, 2003:

Computer equipment leased to Members	\$	13,630
Accumulated depreciation		<u>12,370</u>
Net computer equipment leased to Members	\$	<u>1,260</u>

In addition to computer hardware, R.I.T.A. also leases computer software to Members. 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 2003 was \$338,813.

The carrying value of the computer software leased to Members at December 31, 2003 was not significant.

NOTE 9 – DEFINED BENEFIT PENSION PLANS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

R.I.T.A. contributes to the Ohio Public Employees Retirement System (“OPERS”), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees Retirement Board. OPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. That report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. During 2003, OPERS employees contributed 8.5 percent of their salary to the plan. The 2003 employer contribution rate was 13.55 percent of covered payroll. The Agency's contributions to OPERS for the years ended December 31, 2003, 2002, and 2001, were \$795,468, \$722,212, and \$581,141, respectively, equal to the required contributions for each year. Required employer contributions are equal to 100 percent of the dollar amount billed to each employer and must be extracted from the employer's records.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 10 – POSTEMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined plans; however, health care benefits are not statutorily guaranteed. 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 must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement 12. 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 for employer contributions. The employer contribution rate was 13.55 percent of covered payroll, of which 5.00 percent was used to fund health care for the year. The Agency's actual contribution for 2003, which was used to fund post-employment benefits, was \$293,528. This contribution is included in the Agency's total 2003 contribution of \$795,468 to OPERS in 2003.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS.

The post-retirement health care coverage is advance-funded on an actuarially determined basis. The following assumptions and calculations were based on OPERS' latest actuarial review performed as of December 31, 2002: an entry age normal actuarial cost method of valuation is used in determining the present value of benefit liabilities; the difference between assumed and actual experience is part of the unfunded actuarial accrued liability; the investment assumption rate for 2002 was 8.00 percent; all investments are carried at market value; for actuarial valuation purposes, a smoothed market approach is used – meaning that assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets; individual pay increases are assumed to increase 4.00 percent compounded annually, with no change in the number of active employees; annual pay increases over and above the 4.00 percent base increase were assumed to range from 0.50 percent to 6.3 percent; and health care costs are assumed to increase 4.00 percent annually. The actuarially accrued post-retirement health care liability for OPERS at December 31, 2002 was \$18.7 billion. The net assets were \$10.0 billion, leaving an unfunded actuarial accrued liability of \$8.7 billion. The number of active contributing participants was 364,881.

In December 2001, the OPERS Board adopted the Health Care "Choices" Plan in its effort to respond to the rise in the cost of health care. The Choices Plan is offered to all persons newly hired under OPERS after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices incorporates a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present Plan.

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 10 – POSTEMPLOYMENT BENEFITS – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (CONTINUED)

The benefit recipients are free to select the option that best meets their needs. Recipients fund health care costs in excess of their monthly health care benefit. The Plan also offers a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

In response to reduced investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending the “Choices” type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

NOTE 11 – INSURANCE COVERAGE

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 \$770,618. As of December 31, 2003, the liability accrued for health care claims is \$202,501. The amounts applicable to the Enterprise Fund of \$12,671 and Internal Service Fund of \$189,830 are included in accrued wages and benefits on the combined balance sheet. 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.

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
2002	\$ 156,598	\$ 642,863	\$ (559,857)	\$ 239,604
2003	239,604	698,132	(735,235)	202,501

REGIONAL INCOME TAX AGENCY

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

NOTE 12 – NEW ACCOUNTING STANDARDS

The Government Standards Board has issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This statement revises accounting and reporting standards for general purpose external financial reporting by governmental units. This statement is effective for the year ending December 31, 2004. The Agency will implement this standard effective January 1, 2004.

Individual Fund
Financial Statements and Schedules

Enterprise Fund

REGIONAL INCOME TAX AGENCY

ENTERPRISE FUND

Enterprise Funds are established to account for operations that are financed and operated in a manner similar to private sector business where the intent is that the expense (including depreciation) of providing goods or services be financed or recovered primarily through user charges. R.I.T.A.'s Enterprise Fund is used to account for tax collection services to non-members (if any) and for the data processing and other services provided to member municipalities.

REGIONAL INCOME TAX AGENCY

ENTERPRISE FUND

BALANCE SHEET

DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Assets:		
Cash and Cash Equivalents	\$ 46,022	\$ 59,651
Receivables – Trade Accounts	30,081	28,103
Due from Other Funds	202,635	170,659
Fixed Assets:		
Office Equipment	62,366	61,230
Equipment Leased to Members	<u>13,630</u>	<u>25,110</u>
	75,996	86,340
Less Accumulated Depreciation and Amortization	<u>50,715</u>	<u>48,114</u>
Net Fixed Assets	25,281	38,226
Other Assets	<u>1,829</u>	<u>2,610</u>
 Total Assets	 \$ <u><u>305,848</u></u>	 \$ <u><u>299,249</u></u>
 Liabilities and Fund Equity:		
Accounts Payable	\$ 916	\$ 576
Accrued Wages and Benefits	<u>57,441</u>	<u>50,476</u>
Total Liabilities	58,357	51,052
 Fund Equity:		
Retained Earnings – Unreserved	<u>247,491</u>	<u>248,197</u>
 Total Liabilities and Fund Equity	 \$ <u><u>305,848</u></u>	 \$ <u><u>299,249</u></u>

REGIONAL INCOME TAX AGENCY

ENTERPRISE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Operating Revenues:		
Charges for Services and Other Revenues	\$ <u>344,360</u>	\$ <u>363,625</u>
Operating Expenses:		
Personal Services	265,703	271,521
Travel and Transportation	7,003	6,706
Office Rent and Maintenance	14,588	14,589
Equipment and Software Maintenance	32,297	35,522
Cost of Equipment Purchased for Members	5,139	9,957
Professional and Processing	-	4,366
Telephone and Utilities	3,410	2,557
Insurance	658	817
Miscellaneous Expenses	183	533
Material and Supplies	4,366	6,540
Depreciation and Amortization	<u>14,080</u>	<u>15,467</u>
Total Operating Expenses	<u>347,427</u>	<u>368,575</u>
Operating Loss	<u>(3,067)</u>	<u>(4,950)</u>
Non-Operating Revenues:		
Interest Income	2,361	3,871
Loss on Disposal of Fixed Assets	<u>-</u>	<u>(577)</u>
Total Non-Operating Revenues	<u>2,361</u>	<u>3,294</u>
Net Loss	(706)	(1,656)
Retained Earnings, Beginning of Year	<u>248,197</u>	<u>249,853</u>
Retained Earnings, End of Year	\$ <u><u>247,491</u></u>	\$ <u><u>248,197</u></u>

REGIONAL INCOME TAX AGENCY

ENTERPRISE FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Cash Flows from Operating Activities:		
Cash Receipts from Municipalities	\$ 310,406	\$ 392,236
Cash Payments:		
To Suppliers for Goods and Services	(66,523)	(76,646)
To Employees for Services	(205,184)	(211,739)
For Employee Benefits	<u>(53,554)</u>	<u>(54,636)</u>
Net Cash (Used) Provided by Operating Activities	<u>(14,855)</u>	<u>49,215</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Fixed Assets	<u>(1,135)</u>	<u>(19,365)</u>
Cash Flows from Investing Activities:		
Interest on Cash Equivalents	<u>2,361</u>	<u>3,871</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(13,629)	33,721
Cash and Cash Equivalents, Beginning of Year	<u>59,651</u>	<u>25,930</u>
Cash and Cash Equivalents, End of Year	\$ <u><u>46,022</u></u>	\$ <u><u>59,651</u></u>

Continued

REGIONAL INCOME TAX AGENCY

ENTERPRISE FUND

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Reconciliation Of Operating Loss to Net Cash (Used) Provided by Operating Activities:		
Operating Loss	\$ (3,067)	\$ (4,950)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:		
Depreciation and Amortization	14,080	15,467
Changes in Assets and Liabilities:		
Trade Accounts Receivable	(1,978)	14,116
Due from Other Funds	(31,976)	17,047
Other Assets	781	7,733
Accounts Payable	340	(2,792)
Deferred Revenue	-	(2,552)
Accrued Wages and Benefits	<u>6,965</u>	<u>5,146</u>
Net Cash (Used) Provided by Operating Activities	\$ <u><u>(14,855)</u></u>	\$ <u><u>49,215</u></u>

REGIONAL INCOME TAX AGENCY

ENTERPRISE FUND

SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL (GAAP BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues</u>			
Charges for Services	\$ 360,000	\$ 344,360	\$ (15,640)
Interest Income	<u>2,000</u>	<u>2,361</u>	<u>361</u>
Total Revenues	<u>362,000</u>	<u>346,721</u>	<u>(15,279)</u>
<u>Expenses</u>			
Personal Services	279,910	265,703	14,207
Other	<u>104,550</u>	<u>81,724</u>	<u>22,826</u>
Total Expenses	<u>384,460</u>	<u>347,427</u>	<u>37,033</u>
Net Loss	\$ <u>(22,460)</u>	\$ <u>(706)</u>	\$ <u>21,754</u>

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

Internal Service Fund

REGIONAL INCOME TAX AGENCY

INTERNAL SERVICE FUND

Internal Service Funds are used to account for the financing of significant goods or services provided to other governments on a cost reimbursement basis. R.I.T.A. operates one Internal Service Fund which is the Operating Fund. The member municipalities advance monies (tax collection fees) during the year to R.I.T.A. for operations. These tax collection fees are a percentage of the taxes collected for the member municipalities. At year end, costs are allocated to members and any excess tax collection fees (amounts withheld over costs) are refunded to member municipalities in the following year.

REGIONAL INCOME TAX AGENCY

INTERNAL SERVICE FUND

BALANCE SHEET

DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Assets:		
Cash and Cash Equivalents	\$ 1,776,272	\$ 1,223,427
Receivables:		
Trade Accounts	146,273	38,110
Interest	161	426
Due from Other Funds	5,179,177	4,862,987
Fixed Assets:		
Land	103,660	103,660
Building	3,405,681	3,382,281
Office Equipment	6,263,236	6,161,966
Vehicles	40,021	40,021
Projects in Progress	<u>13,650,491</u>	<u>8,618,043</u>
	23,463,089	18,305,971
Less Accumulated Depreciation and Amortization	<u>3,035,898</u>	<u>2,140,240</u>
Net Fixed Assets	20,427,191	16,165,731
Other Assets – Due from Trust	3,037,998	7,018,970
Deferred Loan Fees, Net	127,122	159,149
Other Assets	<u>228,711</u>	<u>218,543</u>
 Total Assets	 \$ <u>30,922,905</u>	 \$ <u>29,687,343</u>
Liabilities and Fund Equity:		
Accounts Payable	\$ 382,658	\$ 384,802
Accrued Wages and Benefits	1,078,994	954,060
Current Portion of Capital Lease	437,500	407,500
Other Liabilities	68,383	58,973
Capital Lease Obligation	22,236,667	21,674,167
Due to Other Funds	202,635	170,659
Due to Other Governments	2,381,620	2,132,523
Deferred Revenues	<u>4,134,448</u>	<u>3,904,659</u>
Total Liabilities	30,922,905	29,687,343
Fund Equity:		
Retained Earnings	<u>-</u>	<u>-</u>
 Total Liabilities and Fund Equity	 \$ <u>30,922,905</u>	 \$ <u>29,687,343</u>

REGIONAL INCOME TAX AGENCY

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Operating Revenues:		
Tax Collection Fees	\$ 11,884,291	\$10,481,831
Charges for Services and Other Revenues	<u>467,033</u>	<u>339,511</u>
Total Operating Revenues	<u>12,351,324</u>	<u>10,821,342</u>
Operating Expenses:		
Personal Services	7,757,809	6,963,429
Travel and Transportation	114,039	196,393
Office Rent and Maintenance	168,838	166,289
Equipment and Software Maintenance	420,354	483,868
Professional and Processing	1,599,172	1,093,269
Telephone and Utilities	221,624	199,670
Forms and Envelopes	323,914	429,642
Insurance	45,108	42,548
Miscellaneous Expenses	37,145	28,664
Material and Supplies	710,792	668,854
Depreciation and Amortization	<u>922,267</u>	<u>752,665</u>
Total Operating Expenses	<u>12,321,062</u>	<u>11,025,291</u>
Operating Income (Loss)	<u>30,262</u>	<u>(203,949)</u>
Non-Operating Revenues (Expense):		
Interest Income	401,283	690,784
Interest Expense	(428,755)	(486,366)
Loss on Disposal of Fixed Assets	<u>(2,790)</u>	<u>(469)</u>
Total Non-Operating Revenues (Expense)	<u>(30,262)</u>	<u>203,949</u>
Net Income	-	-
Retained Earnings, Beginning of Year	<u>-</u>	<u>-</u>
Retained Earnings, End of Year	\$ <u>-</u>	\$ <u>-</u>

REGIONAL INCOME TAX AGENCY

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Cash Flows from Operating Activities:		
Cash Receipts from Municipalities	\$ 13,627,116	\$ 12,068,715
Cash Payments:		
To Suppliers for Goods and Services	(3,643,887)	(3,889,501)
To Employees for Services	(5,687,658)	(5,129,812)
For Employee Benefits	(1,945,218)	(1,609,416)
For Retainer Refund	<u>(1,189,018)</u>	<u>(4,293,535)</u>
Net Cash Provided (Used) by Operating Activities	<u>1,161,335</u>	<u>(2,853,549)</u>
Cash Flows from Non-Capital Financing Activities:		
Release from Trust for Operating Purposes	<u>-</u>	<u>210,026</u>
Cash Flows from Capital and Related Financing Activities:		
Acquisition of Fixed Assets	(5,186,517)	(8,516,563)
Release from Trust for Capital Purposes	4,980,972	10,723,657
Principal Payments on Capital Lease Obligations	(407,500)	(386,667)
Interest Payments of Capital Lease Obligations	<u>(396,728)</u>	<u>(291,792)</u>
Net Cash (Used) Provided by Capital and Related Financing Activities	<u>(1,009,773)</u>	<u>1,528,635</u>
Cash Flows from Investing Activities:		
Interest on Cash Equivalents	<u>401,283</u>	<u>690,784</u>
Net Increase (Decrease) in Cash and Cash Equivalents	552,845	(424,104)
Cash and Cash Equivalents, Beginning of Year	<u>1,223,427</u>	<u>1,647,531</u>
Cash and Cash Equivalents, End of Year	\$ <u>1,776,272</u>	\$ <u>1,223,427</u>

Continued

REGIONAL INCOME TAX AGENCY

INTERNAL SERVICE FUND

STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Reconciliation Of Operating Income (Loss) to Net Cash from Operating Activities:		
Operating Income (Loss)	\$ 30,262	\$ (203,949)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities:		
Depreciation and Amortization	922,267	752,665
Changes in Assets and Liabilities:		
Trade Accounts Receivable	(108,163)	61,263
Interest Receivable	265	(426)
Due from Other Funds	(316,190)	1,084,273
Other Assets	(10,168)	(120,113)
Accounts Payable	(2,144)	(457,792)
Accrued Wages and Benefits	124,934	224,199
Other Liabilities	9,410	(2,397)
Due to Other Funds	31,976	(17,047)
Due to Other Government	249,097	(3,057,062)
Deferred Revenues	<u>229,789</u>	<u>(1,117,163)</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>1,161,335</u>	\$ <u>(2,853,549)</u>

Supplemental Schedule of Non-Cash Investing, Capital and Related Financing Activities:

Amortization on Deferred Loan Fees		
Classified as Interest Expense	\$ <u>112,027</u>	\$ <u>194,574</u>
Refinancing of		
Capital Lease Obligation	\$ <u>18,500,000</u>	\$ <u>-</u>

REGIONAL INCOME TAX AGENCY

INTERNAL SERVICE FUND

SCHEDULE OF REVENUES AND EXPENSES – BUDGET AND ACTUAL (GAAP BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Tax Collection Fees	\$ 13,757,920	\$ 11,884,291	\$ (1,873,629)
Charges for Services and Other Revenues	642,200	467,033	(175,167)
Interest Income	<u>375,000</u>	<u>401,283</u>	<u>26,283</u>
Total Revenues	<u>14,775,120</u>	<u>12,752,607</u>	<u>(2,022,513)</u>
<u>Expenses</u>			
Personal Services	8,135,290	7,757,809	377,481
Other	<u>6,639,830</u>	<u>4,994,798</u>	<u>1,645,032</u>
Total Expenses	<u>14,775,120</u>	<u>12,752,607</u>	<u>2,022,513</u>
Net Income	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

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

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Agency Fund

REGIONAL INCOME TAX AGENCY

AGENCY FUND

Agency Funds are used to account for assets held by a governmental unit as an agent for others. R.I.T.A. operates one Agency Fund which is the Tax Receipts Fund. This fund is used to account for the income tax receipts collected for member municipalities.

REGIONAL INCOME TAX AGENCY

AGENCY FUND

BALANCE SHEET

DECEMBER 31, 2003 AND 2002

	<u>2003</u>	<u>2002</u>
Assets:		
Cash and Cash Equivalents	\$ 35,511,073	\$ 32,954,557
Receivables:		
Interest	1,204	909
Income Taxes of Member Municipalities, Net	<u>140,517,378</u>	<u>134,772,798</u>
Total Assets	\$ <u>176,029,655</u>	\$ <u>167,728,264</u>
Liabilities:		
Refunds Payable	\$ 2,667,730	\$ 1,295,505
Due to Other Funds	5,179,177	4,862,987
Due to Other Governments	<u>168,182,748</u>	<u>161,569,772</u>
Total Liabilities	\$ <u>176,029,655</u>	\$ <u>167,728,264</u>

REGIONAL INCOME TAX AGENCY

AGENCY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Balance at January 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance at December 31, 2003</u>
Assets:				
Cash and Cash Equivalents	\$ 32,954,557	\$ 471,225,589	\$ (468,669,073)	\$ 35,511,073
Receivables:				
Interest	909	1,204	(909)	1,204
Income Taxes of Member Municipalities, Net	<u>134,772,798</u>	<u>140,517,378</u>	<u>(134,772,798)</u>	<u>140,517,378</u>
Total Assets	\$ <u>167,728,264</u>	\$ <u>611,744,171</u>	\$ <u>(603,442,780)</u>	\$ <u>176,029,655</u>
Liabilities:				
Refunds Payable	\$ 1,295,505	\$ 15,045,655	\$ (13,673,430)	\$ 2,667,730
Due to Other Funds	4,862,987	11,948,093	(11,631,903)	5,179,177
Due to Other Governments	<u>161,569,772</u>	<u>467,022,657</u>	<u>(460,409,681)</u>	<u>168,182,748</u>
Total Liabilities	\$ <u>167,728,264</u>	\$ <u>494,016,405</u>	\$ <u>(485,715,014)</u>	\$ <u>176,029,655</u>

Statistical Section

(Unaudited)

REGIONAL INCOME TAX AGENCY

TABLE OF STATISTICAL DATA – LAST TEN FISCAL YEARS

DECEMBER 31, 2003

TABLE 1

	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Number of cities	104	97	89	86	85	81	78	70	68	62
Net distributions (A)	\$ <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>	\$ <u>225,863,961</u>	\$ <u>200,686,846</u>
Number of employees (B)	132	130	116	100	95	82	80	77	76	76
Internal service fund revenue and other financing sources:										
Retainer	\$ 11,884,291	\$ 10,481,831	\$ 7,074,998	\$ 4,765,219	\$ 3,799,159	\$ 3,083,965	\$ 2,800,207	\$ 2,983,668	\$ 2,697,119	\$ 2,896,788
Interest	401,283	690,784	1,635,615	2,573,335	1,871,828	1,916,511	1,710,418	1,459,714	1,441,343	955,902
Other (C)	<u>467,033</u>	<u>339,511</u>	<u>358,055</u>	<u>151,299</u>	<u>141,080</u>	<u>126,340</u>	<u>91,653</u>	<u>232,291</u>	<u>200,186</u>	<u>173,408</u>
Total	\$ <u>12,752,607</u>	\$ <u>11,512,126</u>	\$ <u>9,068,668</u>	\$ <u>7,489,853</u>	\$ <u>5,812,067</u>	\$ <u>5,126,816</u>	\$ <u>4,602,278</u>	\$ <u>4,675,673</u>	\$ <u>4,338,648</u>	\$ <u>4,026,098</u>
Internal service fund expenses and other financing uses:										
Administration	\$ 1,830,090	\$ 1,652,073	\$ 1,301,472	\$ 1,348,174	\$ 929,931	\$ 996,116	\$ 948,653	\$ 967,025	\$ 870,245	\$ 852,683
Taxation (E)	8,949,222	8,078,706	6,363,884	4,643,709	3,661,602	3,268,940	2,871,280	2,916,075	2,697,840	2,474,418
Information Services (F)	<u>1,973,295</u>	<u>1,781,347</u>	<u>1,403,312</u>	<u>1,497,970</u>	<u>1,220,534</u>	<u>861,760</u>	<u>782,345</u>	<u>792,573</u>	<u>770,563</u>	<u>698,997</u>
Total (D)	\$ <u>12,752,607</u>	\$ <u>11,512,126</u>	\$ <u>9,068,668</u>	\$ <u>7,489,853</u>	\$ <u>5,812,067</u>	\$ <u>5,126,816</u>	\$ <u>4,602,278</u>	\$ <u>4,675,673</u>	\$ <u>4,338,648</u>	\$ <u>4,026,098</u>
Distribution to municipalities relating to previous year	\$ <u>1,189,018</u>	\$ <u>4,293,535</u>	\$ <u>6,346,969</u>	\$ <u>6,394,970</u>	\$ <u>7,187,538</u>	\$ <u>6,516,366</u>	\$ <u>5,250,867</u>	\$ <u>4,726,132</u>	\$ <u>3,659,686</u>	\$ <u>2,700,915</u>
Enterprise Fund:										
Revenue (C)	\$ 346,721	\$ 367,496	\$ 371,795	\$ 370,825	\$ 394,501	\$ 354,816	\$ 351,388	\$ 294,555	\$ 266,039	\$ 306,080
Expenses (D)	<u>347,427</u>	<u>369,152</u>	<u>396,788</u>	<u>306,627</u>	<u>330,604</u>	<u>361,251</u>	<u>315,262</u>	<u>229,629</u>	<u>301,115</u>	<u>273,163</u>
Net income (loss)	\$ <u>(706)</u>	\$ <u>(1,656)</u>	\$ <u>(24,993)</u>	\$ <u>64,198</u>	\$ <u>63,897</u>	\$ <u>(6,435)</u>	\$ <u>36,126</u>	\$ <u>64,926</u>	\$ <u>(35,076)</u>	\$ <u>32,917</u>

Notes:

(A) Represents the distributions to the cities during the respective years.

(B) Represents the number of employees at December 31st.

(C) Includes operating transfers in.

(D) Includes operating transfers out and/or interest.

(E) As of January 1, 1999, the Audit and Collection Departments were combined, forming the Tax Department. Previous years' data were combined with this change.

(F) As of January 1, 1999, the Data Processing Department was reclassified Information Services.

REGIONAL INCOME TAX AGENCY

TABLE OF MUNICIPAL INCOME TAX RECEIPTS – LAST TEN FISCAL YEARS

DECEMBER 31, 2003

TABLE 2

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Arlington Heights (A)	\$ 318,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Ashville (A)	293,038	284,838	285,831	214,315	121,748	135,907	-	-	-	-
Aurora	8,061,004	5,464,240	5,588,485	5,482,449	4,903,958	4,613,196	4,065,554	3,793,598	2,952,359	2,632,313
Avon	6,003,837	4,341,119	2,676,128	2,302,999	1,898,535	1,719,507	1,465,381	1,233,356	994,823	1,041,299
Avon Lake (A)	6,731,715	6,703,170	6,615,760	6,801,989	5,972,032	5,585,553	2,618,106	-	-	-
Bay Village	4,305,547	4,062,576	4,097,083	3,958,331	3,679,207	3,443,980	3,242,559	3,165,731	2,880,337	2,883,368
Beachwood (A)	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)	250,560	237,421	487,332	74,760	-	-	-	-	-	-
Beachwood West Jedd (A)	993	1,609	2,702	4,287	-	-	-	-	-	-
Bedford Heights (A)	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	961,017	784,618	832,449	754,140	639,770	663,363	698,199	509,965	364,315	307,548
Berea	8,577,174	8,674,811	8,709,248	8,715,217	7,832,988	6,813,677	6,336,502	6,871,159	6,684,186	6,457,628
Bexley (A)	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	376,473	352,660	356,147	325,043	232,605	195,280	164,792	194,222	186,829	177,682
Brady Lake	13,257	13,602	16,226	13,024	11,201	16,537	17,422	14,254	14,746	14,482
Brecksville	11,521,261	11,484,762	12,388,352	11,156,555	10,825,306	9,763,895	8,514,512	8,497,413	7,631,964	6,770,028
Broadview Heights	7,500,457	7,063,144	7,129,747	6,518,634	6,484,289	5,778,405	5,221,559	4,795,861	4,395,965	3,867,520
Brooklyn Heights	3,960,316	3,731,396	3,830,887	3,839,697	4,019,780	4,022,209	3,871,829	3,629,060	3,274,018	2,888,350
Cedarville (A)	368,248	-	-	-	-	-	-	-	-	-
Centerburg (A)	285,221	-	-	-	-	-	-	-	-	-
Chagrin Falls	2,371,750	2,328,445	2,461,744	2,330,019	2,342,701	2,222,508	2,166,839	1,915,500	1,662,981	1,542,816
Circleville (A)	2,162,291	-	-	-	-	-	-	-	-	-
Cuyahoga Heights	7,297,331	5,222,740	6,144,117	6,807,796	6,459,124	6,157,834	6,500,687	6,131,105	5,941,171	5,587,203
East Cleveland	7,651,447	6,781,992	7,105,718	6,852,297	4,816,657	4,580,887	4,376,386	4,591,547	4,350,083	4,119,057
Elyria	19,086,332	18,403,641	20,300,452	18,904,282	18,277,567	17,285,571	16,509,379	16,753,693	15,591,333	14,472,191
Elyria Jedd (A)	95,304	-	-	-	-	-	-	-	-	-
Fairport Harbor (A)	555,214	-	-	-	-	-	-	-	-	-
Fairview Park	4,580,937	4,447,363	4,472,064	4,155,487	4,165,793	4,083,613	3,815,603	3,853,536	3,608,452	3,417,043
Fort Jennings (A)	76,279	39,528	-	-	-	-	-	-	-	-
Galena (A)	143,312	104,979	108,153	98,262	76,982	79,445	16,661	-	-	-
Garfield Heights	8,905,885	8,734,770	8,785,379	8,480,102	8,526,090	8,031,888	7,449,072	7,348,721	6,764,332	6,061,432
Glenwillow (A)	1,267,408	1,144,899	922,770	1,004,948	680,271	803,082	462,817	-	-	-
Grandview Heights (A)	3,342,406	3,232,081	3,593,972	3,792,821	3,538,895	2,893,057	-	-	-	-
Highland Heights	6,329,961	6,219,328	6,200,741	6,248,852	6,220,961	5,890,509	4,343,568	4,191,064	4,032,392	4,350,943
Hudson	7,253,524	6,917,993	7,137,023	6,888,064	6,751,185	6,398,722	5,479,061	5,569,056	5,096,910	4,183,122
Hunting Valley (A)	3,914	417,013	383,540	615,552	599,331	-	-	-	-	-
Independence	18,104,154	17,149,369	18,364,277	18,140,108	17,400,456	17,297,918	16,191,386	14,980,092	13,516,914	11,826,537
Kirtland (B)	2,386,087	2,622,354	2,033,147	1,916,331	1,864,880	1,723,355	1,619,680	1,569,061	1,466,927	1,345,646
LaGrange	605,677	587,792	751,022	626,357	548,006	456,238	465,261	417,012	346,190	312,112
Lakemore	738,092	697,626	701,644	685,874	694,300	663,748	627,893	606,140	603,467	552,118
Lakewood	15,816,234	17,253,672	16,093,018	14,624,618	12,923,110	12,422,431	11,726,217	11,528,727	10,937,451	10,871,668
Lockland (A)	1,752,266	1,822,553	1,780,473	1,812,351	1,897,163	1,978,042	1,828,836	842,337	-	-

Continued

REGIONAL INCOME TAX AGENCY

TABLE OF MUNICIPAL INCOME TAX RECEIPTS – LAST TEN FISCAL YEARS (CONTINUED)

DECEMBER 31, 2003

TABLE 2

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Lyndhurst	7,386,453	5,341,645	5,564,293	5,273,029	5,025,716	5,448,621	4,851,487	5,118,612	4,477,161	4,407,761
Maineville (A)	75,990	7,492	-	-	-	-	-	-	-	-
Maple Heights	6,184,532	6,095,770	6,536,726	6,140,657	5,879,303	5,452,550	5,342,727	5,523,941	5,465,754	5,638,677
Martins Ferry (A) (C)	1,027,803	643,079	-	-	-	-	-	328	89,804	255,433
Marysville (A)	5,981,792	5,770,975	-	-	-	-	-	-	-	-
Mayfield Heights	9,298,122	8,598,234	8,677,150	8,852,255	8,198,951	7,904,008	6,348,043	5,976,407	5,032,107	4,399,514
Mayfield Village	7,670,679	7,600,490	6,902,239	5,934,746	6,179,650	5,958,151	5,382,268	4,773,349	4,265,242	3,427,401
Middleburg Heights	12,741,649	12,167,139	12,514,175	12,569,270	11,843,642	10,743,002	6,344,927	6,292,881	5,627,336	5,293,750
Milan (D)	316,439	279,882	238,728	219,323	237,827	205,591	191,491	229,452	179,260	169,488
Milford Center (A)	107,194	92,210	123,857	101,066	93,254	48,398	-	-	-	-
Mogadore	1,857,573	1,821,524	1,881,797	1,503,705	1,343,437	1,295,390	1,237,897	1,242,694	1,107,174	1,019,193
Moreland Hills	2,583,252	2,325,553	2,405,163	2,210,277	2,521,189	2,512,625	1,940,178	2,046,751	1,754,786	1,775,425
Mount Gilead (A)	730,270	735,100	762,999	848,532	346,824	-	-	-	-	-
Mount Sterling (E)	605,070	640,415	660,489	682,820	615,627	554,408	541,371	512,895	388,440	420,802
New Albany	8,491,611	6,326,466	4,496,119	3,022,408	2,562,427	1,521,742	1,271,040	1,104,195	799,203	648,290
New Bloomington (A)	15,207	3,493	-	-	-	-	-	-	-	-
Newburgh Heights	729,274	747,376	824,891	714,556	690,282	676,939	618,543	613,278	629,330	571,200
Newtown (A)	1,011,215	860,111	1,081,732	1,011,380	974,675	937,648	9,940	-	-	-
North Lewisburg (A)	190,163	189,864	193,246	184,973	181,975	182,184	166,724	132,179	14,152	-
North Olmsted	11,218,337	11,250,620	11,581,380	10,384,159	10,165,050	9,481,964	8,988,042	9,020,351	8,125,245	7,510,172
North Royalton (A)	7,626,388	7,276,995	7,611,612	6,495,643	-	-	-	-	-	-
Oakwood Village	3,164,863	3,085,394	3,126,813	3,058,141	3,072,958	3,109,151	2,669,909	2,684,769	2,387,936	2,136,849
Oberlin (A)	4,548,877	3,401,503	-	-	-	-	-	-	-	-
Olmsted Falls	2,422,673	2,401,890	2,266,339	2,071,072	1,989,119	1,882,537	1,699,709	1,565,202	1,477,734	1,381,303
Orange	2,362,669	2,151,335	2,211,599	1,941,690	2,035,859	1,789,555	1,732,340	1,620,987	1,596,330	1,469,215
Orange Chagrin Highland Jedd (A)	135,343	151,687	48,608	49,073	-	-	-	-	-	-
Ottawa (A)	1,454,384	1,604,995	1,544,661	1,775,889	1,705,193	1,657,050	177,796	-	-	-
Pepper Pike	3,660,415	3,402,408	3,712,518	3,616,223	3,391,847	3,386,169	3,431,241	3,449,446	2,843,695	2,730,879
Plain City	831,993	762,515	601,232	567,304	544,133	494,703	470,292	427,720	433,213	360,916
Plymouth (A)	127,921	133,322	29,733	-	-	-	-	-	-	-
Powell	2,470,689	2,572,880	2,279,293	1,993,122	1,866,089	1,496,480	1,377,631	1,215,436	1,053,993	1,102,961
Reminderville	900,024	764,907	670,310	623,810	579,310	398,653	365,043	400,778	344,863	379,801
Reminderville Twins Jedd(A)	1,562,914	-	-	-	-	-	-	-	-	-
Reynoldsburg (A)	9,748,253	7,616,845	9,289,276	9,481,422	8,413,084	7,172,374	5,959,704	4,847,158	4,700,231	-
Richmond Heights	4,403,427	4,036,489	4,178,336	3,901,797	3,519,985	3,397,120	2,955,246	2,881,226	2,608,373	2,419,612
Richwood (A)	195,136	173,120	163,110	163,836	166,252	160,466	140,359	148,329	53,507	-
Ridgeway (A)	14,498	40	-	-	-	-	-	-	-	-
Riverside	4,195,122	4,108,880	4,114,665	2,929,139	2,548,948	2,579,935	2,355,571	2,332,371	2,325,874	1,301,959
Sabina (A)	71,353	370,841	94,135	-	-	-	-	-	-	-

Continued

REGIONAL INCOME TAX AGENCY

TABLE OF MUNICIPAL INCOME TAX RECEIPTS – LAST TEN FISCAL YEARS (CONTINUED)

DECEMBER 31, 2003

TABLE 2

	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Saint Paris (A)	228,372	224,699	228,198	252,788	241,663	245,841	89,692	-	-	-
Salineville	181,021	186,969	172,899	167,933	176,716	131,656	94,784	81,250	77,213	62,060
Sandusky (A)	7,224,771	-	-	-	-	-	-	-	-	-
Seven Hills	4,358,167	4,164,748	4,274,161	4,449,611	4,180,028	3,829,752	3,784,418	3,519,901	3,225,516	3,000,426
Shaker Heights	24,202,995	18,775,824	18,979,360	17,066,236	17,493,945	16,784,301	15,534,324	15,320,250	14,393,575	13,370,679
Shawnee Hills	194,600	191,689	173,700	156,452	142,284	128,200	120,378	125,355	125,802	24,318
Sheffield Lake (A)	257,996	-	-	-	-	-	-	-	-	-
Sheffield Village	2,423,324	1,564,814	1,268,642	1,309,299	1,224,643	1,021,930	1,057,513	1,064,650	940,205	918,269
Silver Lake	417,259	357,302	414,610	385,577	394,968	386,214	374,649	338,541	382,909	62,340
South Euclid	5,730,073	5,718,510	5,736,905	5,336,643	5,350,100	5,310,758	4,817,888	4,952,280	4,677,530	4,496,093
South Solon (A)	23,817	18,947	26,878	42,002	21,694	35,240	5,688	-	-	-
Streetsboro	5,037,955	4,573,064	4,610,661	4,400,940	4,220,617	3,838,485	3,436,809	3,291,201	2,790,115	2,298,702
Steubenville (A)	8,605,455	8,376,878	7,695,389	8,366,631	4,758,637	4,537,816	4,402,893	4,311,000	386,625	-
Strongsville	18,631,219	17,934,416	18,670,908	17,464,177	16,252,376	15,402,382	14,878,164	13,698,465	12,248,032	10,953,223
Sunbury (A)	1,418,580	1,153,249	1,017,569	881,688	937,443	-	-	-	-	-
Toronto	1,169,159	1,188,147	1,158,804	1,075,264	1,167,268	1,314,685	1,131,653	1,018,563	912,951	863,609
University Heights	4,970,319	4,963,337	4,782,707	4,300,538	4,292,619	4,142,512	3,792,347	3,760,989	3,684,649	3,554,194
Upper Arlington	12,264,988	12,397,663	13,717,001	11,464,385	11,951,158	8,582,633	8,015,046	7,842,008	7,936,698	7,649,106
Urbancrest (A)	167,350	-	-	-	-	-	-	-	-	-
Valley View	8,265,868	7,814,541	8,155,098	6,956,588	7,376,813	6,485,224	5,810,763	5,271,774	4,478,166	4,257,750
Vermilion (A)	1,152,282	1,211,700	1,143,966	1,165,393	216,033	-	-	-	-	-
Wakeman (A)	118,592	114,497	132,938	129,744	109,982	101,937	88,096	48,062	13,729	-
Walton Hills	4,445,129	3,299,858	2,285,189	2,530,522	2,542,781	2,313,301	2,332,288	2,619,970	2,570,427	2,357,024
Wellston (A)	762,909	651,175	239,894	-	-	-	-	-	-	-
Westlake	14,927,199	15,005,585	14,879,861	13,979,628	13,321,028	12,977,156	11,596,214	10,695,176	9,199,623	8,505,854
Willowick	2,212,622	2,133,356	2,166,869	2,083,067	2,085,456	2,067,897	1,940,813	1,929,931	1,906,514	1,759,298
Wintersville (A)	693,369	665,614	609,902	598,457	544,027	517,526	537,105	480,075	90,933	-
Woodmere	1,464,661	1,313,201	1,511,487	1,406,439	1,491,122	1,526,824	1,313,603	1,348,294	1,213,887	1,115,685
Worthington (A)	11,477,756	4,362,377	-	-	-	-	-	-	-	-
Yellow Springs (A)	1,340,900	-	-	-	-	-	-	-	-	-
Totals	\$ <u>471,667,088</u>	\$ <u>419,881,934</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>	\$ <u>232,333,987</u>	\$ <u>209,751,337</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) Nonmember tax collections began January 1, 1992; municipality joined the Regional Council of Governments January 1, 1995.
- (C) 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.
- (D) Nonmember tax collections began April 1, 1990; municipality joined the Regional Council of Governments March 14, 1995.
- (E) Nonmember tax collections began October 1, 1991; municipality joined the Regional Council of Governments January 1, 1995.

REGIONAL INCOME TAX AGENCY

MEMBERSHIP AS OF DECEMBER 31, 2002 TABLE OF CENSUS DATA

DECEMBER 31, 2003

TABLE 3

	<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>		
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
<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, 2002 TABLE OF CENSUS DATA (CONTINUED)

DECEMBER 31, 2003

TABLE 3

	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>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
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
<u>Greene County</u>		
Cedarville	3,828	9,499
Yellow Springs	3,761	27,062

Continued

REGIONAL INCOME TAX AGENCY

MEMBERSHIP AS OF DECEMBER 31, 2002 TABLE OF CENSUS DATA (CONTINUED)

DECEMBER 31, 2003

TABLE 3

	<u>2000 Population</u>	<u>Calendar Year 2000 Per capita Income</u>
<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>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
<u>Marion County</u>		
New Bloomington	548	13,707

Continued

REGIONAL INCOME TAX AGENCY

MEMBERSHIP AS OF DECEMBER 31, 2002 TABLE OF CENSUS DATA (CONTINUED)

DECEMBER 31, 2003

TABLE 3

	<u>2000 Population</u>	<u>Calendar Year 2000 Per capita Income</u>
<u>Madison County</u>		
Mount Sterling	1,865	\$ 16,138
Plain City	2,832	20,815
South Solon	405	15,152
<u>Montgomery County</u>		
Riverside	23,545	18,702
<u>Morrow County</u>		
Mount Gilead	3,290	19,064
<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>Summit County</u>		
Boston Heights	1,186	36,960
Hudson	22,439	40,915
Lakemore	2,561	14,837
Mogadore	3,893	20,965
Reminderville	2,347	24,477
Silver Lake	3,019	35,614
<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

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, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Arlington Heights	Tax Rate	2.10%	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	2.10	-	-	-	-	-	-	-	-	-
Ashville	Tax Rate	0.50	0.50%	0.50%	0.50%	0.29%	0.87%	-	-	-	-
	Tax Credit	0	0	0	0	0	50	-	-	-	-
	Credit Limit	0.50	0.50	0.50	0.50	0.29	0.87	-	-	-	-
Aurora	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	25	50	50	50	50	50	50	50	50
	Credit Limit	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Avon	Tax Rate	1.50	1.50	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	1.25	1.25	1.00	1.00	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	-	-	-
	Tax Credit	100	100	100	100	100	100	100	-	-	-
	Credit Limit	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	-	-	-
	Tax Credit	100	100	100	100	100	100	100	-	-	-
	Credit Limit	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	-	-	-	-	-	-
Beachwood West Jedd	Tax Rate	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	-	-
	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	-	-
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	0	25	25
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00
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, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Bexley	Tax Rate	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	90	-	-
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-
Boston Heights	Tax Rate	1.50	1.50	1.50	1.50	1.25	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	1.50	1.25	1.00	1.00	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
Cedarville	Tax Rate	1.00	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	-	-	-	-	-	-	-	-	-
Centerburg	Tax Rate	1.00	-	-	-	-	-	-	-	-	-
	Tax Credit	50	-	-	-	-	-	-	-	-	-
	Credit Limit	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, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Circleville	Tax Rate	1.50%	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	1.50	-	-	-	-	-	-	-	-	-
Cuyahoga Heights	Tax Rate	2.00	1.50/2.00%	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	2.00	1.50/2.00	1.50	1.50	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	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	1.75	-	-	-	-	-	-	-	-	-
	Tax Rate	2.00	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
Fairview Park	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	1.25	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	-	-	-	-	-	-	-	-
	Tax Credit	100	100	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	-	-	-	-	-	-	-	-
Galena	Tax Rate	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	-	-	-
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
Glenwillow	Tax Rate	2.00	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-
	Tax Credit	100	100	100	100	100	100	100	-	-	-
	Credit Limit	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, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Grandview											
Heights	Tax Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	-	-	-	-
	Tax Credit	100	100	100	100	100	100	-	-	-	-
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	-	-	-	-
Haskins	Tax Rate	1.00	-	-	-	-	-	-	-	-	-
	Tax Credit	50	-	-	-	-	-	-	-	-	-
	Credit Limit	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	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
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	-	-	-	-	-
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
Kirtland	Tax Rate	2.00	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	100	25	25	25	25	25	25	25	25
	Credit Limit	1.75	1.75	1.00	1.00	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

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REGIONAL INCOME TAX AGENCY

TABLE OF MUNICIPAL INCOME TAX RATES, CREDITS AND LIMITS – LAST TEN FISCAL YEARS (CONTINUED)

DECEMBER 31, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Lockland	Tax Rate	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	-	-
	Credit Limit	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
Maineville	Tax Rate	1.00	1.00	-	-	-	-	-	-	-	-
	Tax Credit	50	50	-	-	-	-	-	-	-	-
	Credit Limit	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	75
	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0/1.0/0
	Tax Credit	100	100	0	0	0	0	0	0	0	0/100/0
	Credit Limit	0.75	0.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0/1.0/0
Marysville	Tax Rate	1.00	1.00	-	-	-	-	-	-	-	-
	Tax Credit	50	50	-	-	-	-	-	-	-	-
	Credit Limit	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
Middleburg Heights	Tax Rate	1.75	1.75	1.75	1.75	1.75	1.75	1.00	1.00	1.00	1.00
	Tax Credit	100	100	100	100	100	100	75	75	75	75
	Credit Limit	1.75	1.75	1.75	1.75	1.75	1.75	1.00	1.00	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	100	100
	Credit Limit	0.50	0.50	0.50	0.50	0.50	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, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Milford Center	Tax Rate	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	-	-	-	-
	Tax Credit	50	50	50	50	50	50	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	-	-	-	-
Mogadore	Tax Rate	2.00	2.00	2.00	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	2.00	1.50	1.50	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	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	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
	Tax Credit	100	50	50	50	50	50	50	50	50	50
	Credit Limit	2.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
New Bloomington	Tax Rate	1.00	1.00	-	-	-	-	-	-	-	-
	Tax Credit	50	50	-	-	-	-	-	-	-	-
	Credit Limit	1.00	1.00	-	-	-	-	-	-	-	-
Newburgh Heights	Tax Rate	2.00	2.00	2.00	1.50	1.50	1.50	1.50	1.50	1.50	1.50
	Tax Credit	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	-	-	-
	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	-	-	-
North Lewisburg	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0/1.00	-
	Tax Credit	50	50	50	50	50	50	50	50	0/50	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0/1.00	-

Continued

REGIONAL INCOME TAX AGENCY

TABLE OF MUNICIPAL INCOME TAX RATES, CREDITS AND LIMITS – LAST TEN FISCAL YEARS (CONTINUED)

DECEMBER 31, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
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	-	-	-	-	-	-
	Tax Credit	25	25	25	25	-	-	-	-	-	-
	Credit Limit	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	-	-	-	-	-	-	-	-
	Tax Credit	100	100	-	-	-	-	-	-	-	-
	Credit Limit	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	-	-	-	-	-	-
Ottawa	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	-	-	-
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	-	-	-	-	-	-	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	0.50	0.50	0.50	-	-	-	-	-	-	-

Continued

REGIONAL INCOME TAX AGENCY

TABLE OF MUNICIPAL INCOME TAX RATES, CREDITS AND LIMITS – LAST TEN FISCAL YEARS (CONTINUED)

DECEMBER 31, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</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	50
	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	1.25	1.00	1.00	1.00	1.00
	Tax Credit	-	-	-	25	25	25	25	25	25	25
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.25	-	1.00	1.00	1.00
Reminderville/ Twinsburg Jedd	Tax Rate	1.50	-	-	-	-	-	-	-	-	-
Reynoldsburg	Tax Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0/1.50	-
	Tax Credit	100	100	100	100	100	100	100	100	0/100	-
	Credit Limit	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	0/1.50	-
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	2.000
Richwood	Tax Rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0/0.50	-
	Tax Credit	25	25	25	25	25	25	25	25	0/25	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0/1.00	-
Ridgeway	Tax Rate	0.50	0.50	-	-	-	-	-	-	-	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	0.50	0.50	-	-	-	-	-	-	-	-
Riverside	Tax Rate	1.50	1.50	1.50	1.25	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	1.25	1.00	1.00	1.00	1.00	1.00	1.00
Saint Paris	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	-	-	-
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, 2003

TABLE 4

		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
Sandusky	Tax Rate	1.00%	-	-	-	-	-	-	-	-	-
	Tax Credit	50	-	-	-	-	-	-	-	-	-
	Credit Limit	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	1.00
	Tax Credit	100	100	100	100	100	100	100	100	100	0/75
	Credit Limit	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.00
Sheffield Lake	Tax Rate	1.25	-	-	-	-	-	-	-	-	-
	Tax Credit	50	-	-	-	-	-	-	-	-	-
	Credit Limit	1.00	-	-	-	-	-	-	-	-	-
Sheffield Village	Tax Rate	1.50	1.00/1.50	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	1.50	1.00/1.50	1.00	1.00	1.00	1.00	1.00	1.00	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	0.50	-	-	-
	Tax Credit	-	-	-	-	-	-	-	-	-	-
	Credit Limit	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	0/2.00	-
	Tax Credit	100	100	100	100	100	100	100	100	0/100	-
	Credit Limit	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	0/2.00	-
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

Continued

REGIONAL INCOME TAX AGENCY

TABLE OF MUNICIPAL INCOME TAX RATES, CREDITS AND LIMITS – LAST TEN FISCAL YEARS (CONTINUED)

DECEMBER 31, 2003

TABLE 4

		2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
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	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
Sunbury	Tax Rate	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	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	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
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	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	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	-	-	-	-	-
	Tax Credit	100	100	100	100	100	-	-	-	-	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Wakeman	Tax Rate	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00/0	0/1.00/0	-
	Tax Credit	50	50	50	50	50	50	50	50/0	0/50/0	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00/0.00	0/1.00/0	-
Walton Hills	Tax Rate	2.00	1.00/2.00	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	1.00/2.00	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, 2003

TABLE 4

		<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
Wellston	Tax Rate	0.75%	0.75%	0.75%	-	-	-	-	-	-	-
	Tax Credit	100	100	100	-	-	-	-	-	-	-
	Credit Limit	0.75	0.75	0.75	-	-	-	-	-	-	-
Westlake	Tax Rate	1.50	1.50	1.50	1.50%	1.50%	1.50%	1.50%	1.50%	1.375%	1.375%
	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	1.375	1.375
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	1.00/0	-
	Tax Credit	100	100	100	100	100	100	100	100	100/0	-
	Credit Limit	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00/0	-
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	1.65	1.65	-	-	-	-	-	-	-	-
	Tax Credit	100	100	-	-	-	-	-	-	-	-
	Credit Limit	1.65	1.65	-	-	-	-	-	-	-	-
Yellow Springs	Tax Rate	1.50	-	-	-	-	-	-	-	-	-
	Tax Credit	100	-	-	-	-	-	-	-	-	-
	Credit Limit	1.50	-	-	-	-	-	-	-	-	-

Regional Income Tax Agency

December 31, 2003

**Report On Compliance And On Internal Control Over
Financial Reporting Based On An Audit Of Financial Statements
Performed In Accordance With *Government Auditing Standards***

Regional Income Tax Agency
Brecksville, Ohio

We have audited the general-purpose financial statements of the Regional Income Tax Agency (“R.I.T.A.”) as of and for the year ended December 31, 2003, and have issued our report thereon dated April 16, 2004 in which the City adopted Governmental Accounting Standards Board Statement 42. 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.

Compliance

As part of obtaining reasonable assurance about whether the Regional Income Tax Agency’s general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standard*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Regional Income Tax Agency’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 in amounts that would be material in relation to the general-purpose 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. However, we noted a matter involving the internal control over financial reporting that we have reported to management of the Regional Income Tax Agency in a separate letter dated April 16, 2004.

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.

Cimini & Panichi, Inc.

Cleveland, Ohio
April 16, 2004

Regional Income Tax Agency

Schedule of Findings

December 31, 2003

1. Summary of Auditor's Results

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
Was there any material reported noncompliance at the financial statement level (GAGAS)?	No

2. Findings Related to the Financial Statements Required To be Reported in Accordance with GAGAS

None noted.

3. Findings

None noted.

Regional Income Tax Agency

Schedule of Prior Audit Findings

December 31, 2003

None noted.

Regional Income Tax Agency

10107 Brecksville Road
Brecksville, Ohio 44141
(440) 526-0900

Response to Findings Associated with Audit Conducted In Accordance with *Government Auditing Standards* For the Year Ended December 31, 2003

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
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Not applicable.



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

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 22, 2004**