

NORTHEAST OHIO REGIONAL SEWER DISTRICT

'10

POPULAR ANNUAL
FINANCIAL REPORT

Your Sewer District...
Keeping our
Great Lake great.



Northeast Ohio
Regional Sewer District

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Photography: During the Spring of 2011, Cleveland photographer Eric Mull visited the District's three wastewater treatment plants and Environmental & Maintenance Service Center to photograph NEORS D employees whose work protects our river and streams and keeps our Great Lake great. For more information, visit ericmull.com.

Additional photography courtesy of John Quinn, Doug Sacha, Mort Tucker, Mike Uva, and NEORS D Archives

Design and Layout: Sean Dailey at Verv Creative, 2011. vervcreative.com

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LETTER FROM THE EXECUTIVE DIRECTOR

The information in this Popular Annual Financial Report (PAFR) is compiled from our 2010 Comprehensive Annual Financial Report (CAFR). This and our other financial reports are available online at neorsd.org.

Two thousand and ten was a year of great achievement and anticipation at the District. Our three treatment plants operated without a single permit violation, and progress continued on the construction of new, energy-efficient incinerators at our Southerly plant. We also took final, crucial steps to implementing two historic District initiatives: a Stormwater Management Program and CSO Long Term Control Plan (see page 6).

The District's financial statements have been audited by Ciuni and Panichi, Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended December 31, 2010, are free of material misstatement.

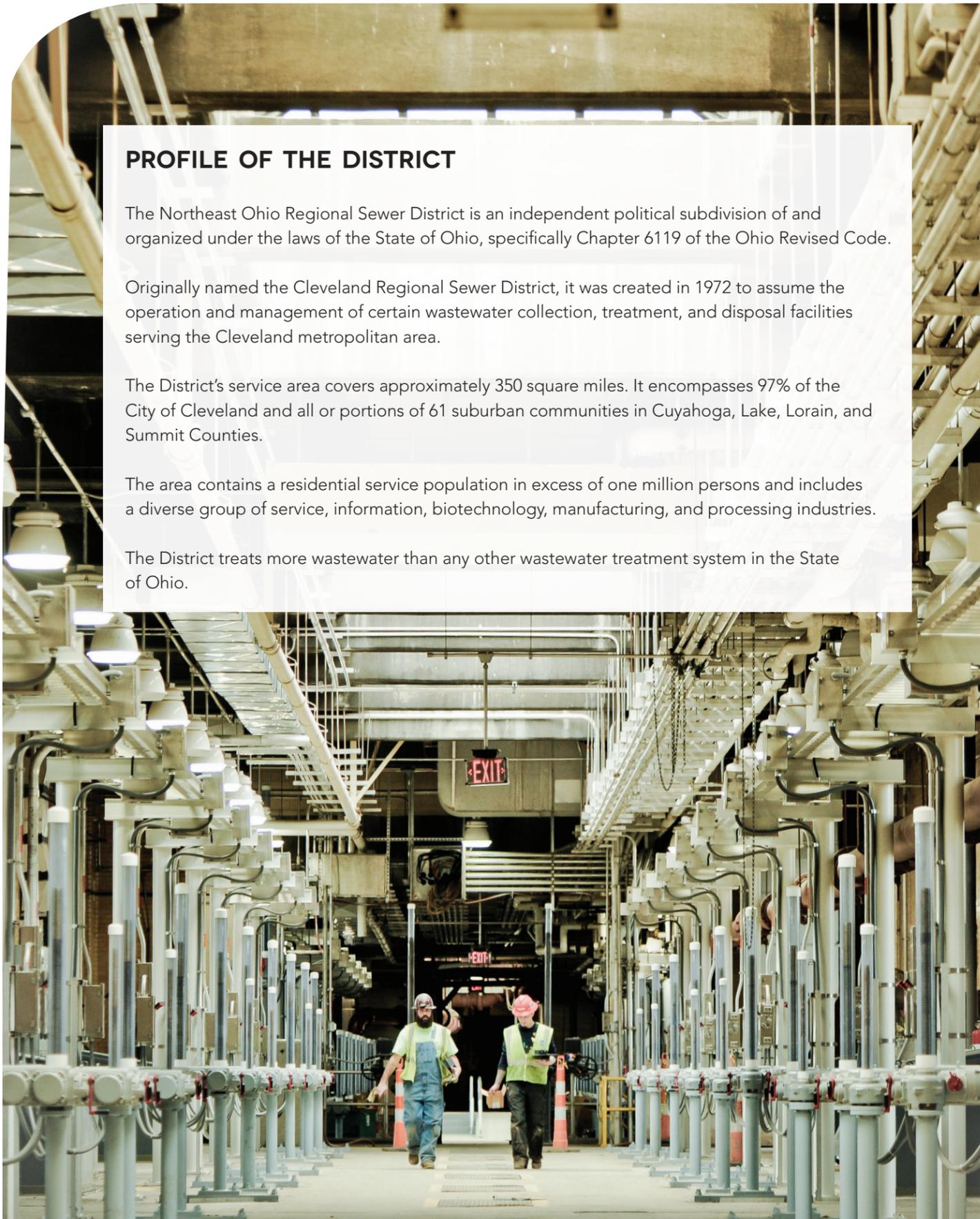
The preparation of this annual report would not have been possible without the efficient and dedicated services of the entire staff of the Finance department and the Communications & Community Relations department. We would like to express our appreciation to everyone who assisted and contributed to the preparation of this report.

Credit must also be given to the Board of Trustees for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.



A handwritten signature in black ink, appearing to read 'J. Ciaccia'.

Julius Ciaccia, **Executive Director**



PROFILE OF THE DISTRICT

The Northeast Ohio Regional Sewer District is an independent political subdivision of and organized under the laws of the State of Ohio, specifically Chapter 6119 of the Ohio Revised Code.

Originally named the Cleveland Regional Sewer District, it was created in 1972 to assume the operation and management of certain wastewater collection, treatment, and disposal facilities serving the Cleveland metropolitan area.

The District's service area covers approximately 350 square miles. It encompasses 97% of the City of Cleveland and all or portions of 61 suburban communities in Cuyahoga, Lake, Lorain, and Summit Counties.

The area contains a residential service population in excess of one million persons and includes a diverse group of service, information, biotechnology, manufacturing, and processing industries.

The District treats more wastewater than any other wastewater treatment system in the State of Ohio.

2010 BOARD OF TRUSTEES (left to right)

Darnell Brown, **President**

Ronald D. Sulik, **Vice President**

Mayor Dean E. DePiero, **Secretary**

Sheila J. Kelly, Mayor Jack Bacci, Walter O'Malley, Mayor Gary W. Starr



2010 SENIOR STAFF (left to right)

Julius Ciaccia, **Executive Director**

F. Michael Bucci, **Deputy Executive Director**

Marlene Sundheimer, **Director of Law**

Jennifer Demmerle, **Director of Finance**

Douglas Dykes, **Director of Human Resources**

Frank Greenland, **Director of Watershed Programs**

Constance Haqq, **Director of Administration & External Affairs**

David McNeeley, **Director of Operations & Maintenance**

Kellie Rotunno, **Director of Engineering & Construction**

Humberto Sanchez, **Director of Information Technology**



YEAR IN REVIEW 2010

The last 12 months have been filled with clean-water progress and projects that affect our customers and one million Northeast Ohio residents. Here are a few of our accomplishments:

Stormwater program passes unanimously

The year began with Trustees adopting the District's Stormwater Management Program with a 7-0 vote. Director Ciaccia called this "a progressive step in protecting our clean water environment." Immediately following the meeting, the District filed a motion with the Cuyahoga County Court of Common Pleas to reaffirm our authority to manage stormwater within the existing service area. The program remains in court today. Litigation is currently set for trial on October 31, 2011.

Trustees approve plan to control sewage discharges

By a vote of 5-2, Trustees approved an agreement with the Environmental Protection Agency known as a consent decree. Project Clean Lake outlines a 25-year plan to control and reduce raw sewage discharges to the environment. In December, the consent decree was lodged in U.S. District Court after being signed by all the District, state, and federal parties involved. In July 2011, U.S. District Court Judge Donald C.

Nugent approved Project Clean Lake. Judge Nugent's approval allows the District to proceed with the \$3 billion program, and the terms of the plan are now legally binding on the District.

Euclid Creek Tunnel project contract awarded

This 18,000-foot long, \$198 million tunnel contract, the first under Project Clean Lake, was awarded in December. Upon completion in 2015, the tunnel will store approximately 60 million gallons of combined wastewater for proper treatment at Easterly.

Renewable Energy Facility construction continues

Three incinerator shells, heat exchangers, and a whole lot of steel were erected at Southerly in 2010. Fluidized bed incinerators will replace aging multiple hearth incinerators, and the result (in 2013) will be a \$151 million facility that generates a quarter of the entire plant's electricity by capturing excess heat in the exhaust gases. It's cleaner, more efficient, and it conserves resources.

P.U.P. program asks dog owners to "Pick Up Poop!"

The District launched a "Pick Up Poop!" (P.U.P.) campaign to educate residents about the environmental importance of picking up after their pets. (Pet waste can infect ground water and stormwater that flows to local streams, so it's important to pick it up.)

Our P.U.P. campaign won a National Environmental Achievement Award from the National Association of Clean Water Agencies (NACWA).

SBE program certifies 800+ vendors

More than 800 vendors have registered with our Small Business Enterprise (SBE) program since it began in June 2009. Based on the results of a disparity study, the District also developed a minority- and women-owned business enterprise program called the Business Opportunity Program, which was launched June 1, 2011.

The Commission on Economic Inclusion—a coalition of more than 100 Northeast Ohio employers—named the District "Best in Class" in the category of Supplier Diversity (Nonprofit/Government). The award is based on the percentage of budget an organization spends with minority-owned businesses.

Westerly crew installs efficient new system

In April, a team of Westerly's maintenance staff finished installing and testing an upgraded disinfection system featuring new sodium hypochlorite tanks, pumps, piping, and controls. Operations staff were also on hand to offer suggestions on how to improve the system. As a result of the new system and our operators' attention to detail, the plant has seen a 45 percent reduction in chemical usage from the previous four years.

Performance management system

In 2010, the District established a performance management system for non-union employees, to align with both strategic and organizational goals, skills and competency development, true performance tracking, and the enhancement of managers' supervisory skills. In 2010, 320 employees were evaluated using this system.

Bond rating upgraded

The credit rating agency Standard & Poor's upgraded the District's bond rating from AA to AA+, the second-highest of 22 long-term bond ratings offered by S&P. The high rating indicates that the District has a very strong capacity to meet future financial commitments. "This is quite an achievement in the current economic

(continued)



conditions,” said Ciaccia. “Our Board’s consistent support of our programs over the years, including critical rate increases, is a major factor in S&P’s decision to award such a favorable rating.”

New programs recognize employees and all they have to offer the District

This year, District employees enjoyed new learning opportunities and were recognized for their contributions:

- Employee of the Month celebrations allowed employees to recognize and celebrate their fellow employees.
- “LearningXChanges” and “Lunch and Learn” programs gave employees a chance to share knowledge gained from outside classes and expertise on support functions and administrative activities.
- Toastmasters gave participants an opportunity to share life/work lessons through speaking and leadership projects.
- Diversity Dialogues expanded cultural awareness through presentations on specific traditions and practices.



In addition, a Diversity & Inclusion workshop curriculum was designed and piloted for full rollout in 2011.

2010 awards

During 2010, the District received awards for 2009 plant performance from the National Association of Clean Water Agencies. NACWA honored all three of our wastewater treatment plants for excellent performance in 2009.

Our Easterly plant earned a Peak Performance Gold Award. A Gold honor recognizes facilities with no National Pollutant Discharge Elimination System (NPDES) permit exceedences in a year. Our Southerly and Westerly plants earned the Peak Performance Silver Award. A Silver honor recognizes facilities with no more than one permit exceedences in a year.

During 2010, the Government Finance Officers Association (GFOA) presented the Distinguished Budget Presentation Award to the District for the fourth time for its 2010 Budget. For the 15th consecutive year, the GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its 2009 Comprehensive Annual Financial Report.

COMMUNITIES SERVED BY THE DISTRICT AND ESTIMATED POPULATION SERVED

AS OF DECEMBER 31, 2010

Municipality	Estimated Service Population (1)	Municipality	Estimated Service Population (1)
SUBDISTRICT 1			
Cleveland City	396,815		
SUBDISTRICT 2			
Bath Township	- (3)	Mayfield Village	3,460
Beachwood City	11,953	Middleburg Heights City	15,946
Bedford City	- (3)	Newburgh Heights Village	2,167
Bedford Heights City	- (3)	North Randall Village	1,027
Berea City	19,093	North Royalton City	5,711 (2)
Boston Heights Village	908 (2)	Northfield Village	5,839
Bratenahl Village	1,197	Northfield Center Township	3,677
Brecksville City	13,656 (2)	Oakwood Village	2,873 (2)
Broadview Heights City	17,450 (2)	Olmsted Falls City	8,422 (2)
Brook Park City	19,212	Olmsted Township	7,116 (2)
Brooklyn City	11,169	Orange Village	496 (2)
Brooklyn Heights Village	1,543	Parma City	81,601
Cleveland Heights City	46,121	Parma Heights City	20,718
Columbia Township	944 (2)	Pepper Pike City	2,239 (2)
Cuyahoga Heights Village	638	Richfield Village	757 (2)
East Cleveland City	17,843	Richfield Township	3,490 (2)
Euclid City	1,952 (2)	Richmond Heights City	3,193 (2)
Garfield Heights City	28,849	Sagamore Hills Township	10,947
Gates Mills Village	300 (2)	Seven Hills City	11,332
Glenwillow Village	31 (2)	Shaker Heights City	26,391
Highland Heights City	8,345	Solon City	170 (2)
Highland Hills Village	1,130	South Euclid City	22,295
Hudson City	9,052 (2)	Strongsville City	23,603 (2)
Independence City	7,133	Twinsburg City	9 (2)
Lakewood City	- (3)	Twinsburg Township	263 (2)
Linndale Village	179	University Heights City	13,539
Lyndhurst City	14,001	Valley View Village	2,034
Macedonia City	11,188	Walton Hills Village	2,281
Maple Heights City	23,138	Warrensville Heights City	13,542
Mayfield Heights City	19,155	Willoughby Hills City	- (3)
Total Subdistrict 2			581,319
Total estimated service population			978,134

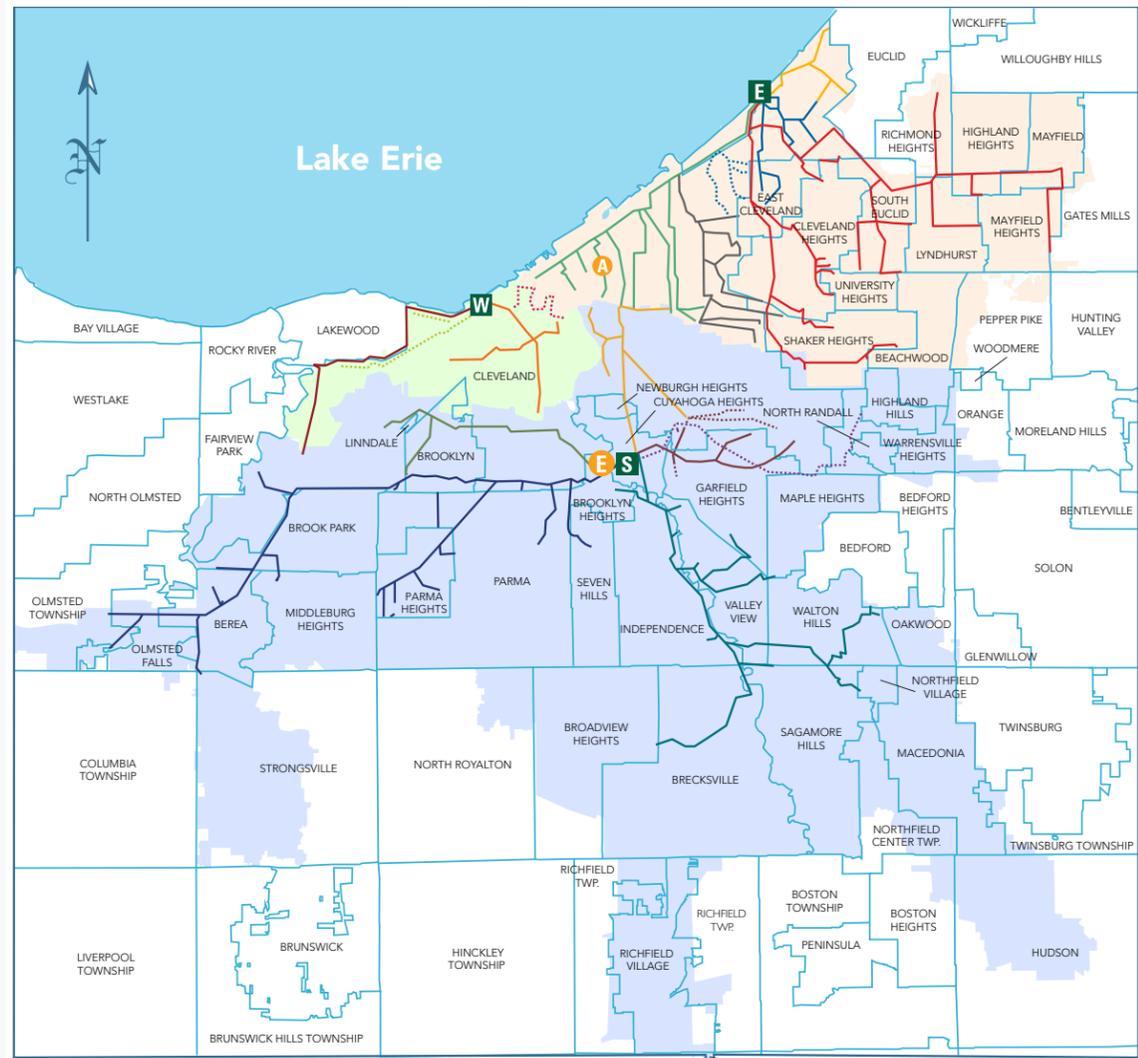
(1) Based on 2010 U.S. Census Data.

(2) Estimated population for that portion of the municipality within the service area of the District.

(3) Service population not applicable. District serves commercial properties only.

Source: District administrative records.

NEORSD SERVICE AREA MAP



EASTERLY WASTEWATER TREATMENT PLANT INTERCEPTOR SYSTEM

- Easterly Interceptor
- Doan Valley Interceptor
- Dugway Interceptor
- Heights-Hilltop Interceptors & ICRS
- E.140th-Hayden/E.152nd-Ivanhoe Interceptors
- Lakeshore-Nottingham Interceptors

SOUTHERLY WASTEWATER TREATMENT PLANT INTERCEPTOR SYSTEM

- Big Creek Interceptor
- Cuyahoga Valley Interceptor
- Mill Creek Interceptor
- Mill Creek Tunnel Under construction
- Southwest, West Leg Interceptors & ICRS
- Southerly Interceptor

WESTERLY WASTEWATER TREATMENT PLANT INTERCEPTOR SYSTEM

- Low Level Interceptor
- Northwest Interceptor
- Westerly Interceptor
- Walworth Run Interceptor



- A** McMonagle Administration Building – 3900 Euclid Avenue
- E** Environmental & Maintenance Services Center – 4747 E. 49th Street
- E** Easterly Treatment Plant – 14021 Lakeshore Boulevard
- S** Southerly Treatment Plant – 6000 Canal Road
- W** Westerly Treatment Plant – 5800 W. Memorial Shoreway

- Easterly service area
- Southerly service area
- Westerly service area

FOR MORE INFORMATION, VISIT www.NEORSD.org / REVISED 6/09

HISTORICAL NUMBER OF CUSTOMER ACCOUNTS 2008-2010

	2008	2009	2010
SUBDISTRICT 1			
Cleveland	128,142	122,201	121,009
SUBDISTRICT 2			
Master Meter			
Suburbs (1)	3	3	3
Direct Service			
Suburbs	183,792	184,587	181,826
Subtotal	183,795	184,590	181,829
TOTAL CUSTOMERS	311,937	306,791	302,838



(1) The Master Meter Suburbs, which bill their customers separately, had approximately 16,624 accounts at the end of 2006. Master Meter communities are East Cleveland, Hudson, Richfield Village, and Summit County. The City of Hudson became a Master Meter community in 1998. Commencing January 2008, the City of East Cleveland became a direct service community billed by the City of Cleveland in Subdistrict 2.

Source: District accounting records.

ANNUAL METERED BILLING QUANTITIES 2008-2010 (IN THOUSANDS OF CUBIC FEET)

	2008	2009	2010
SUBDISTRICT 1			
Cleveland (2)	2,127,084	1,915,736	1,895,333
SUBDISTRICT 2			
Direct Service			
Suburbs (2)	2,184,458	2,189,464	2,071,277
Master Meter			
Suburbs (1)	195,815	162,759	170,293
Subtotal	2,380,273	2,352,223	2,241,570
TOTAL CUSTOMERS	4,507,357	4,267,959	4,136,903



(1) Consumption of Master Meter Suburbs is presented at 80% of total consumption which is the billing basis. Commencing January 2008, the City of East Cleveland became a direct service community billed by the City of Cleveland in Subdistrict 2.
(2) For 2010, the data is estimated based on billing records from the City of Cleveland.

LARGEST CUSTOMERS OF THE DISTRICT

AS OF DECEMBER 31, 2010 AND THE NINTH YEAR PRIOR

	2010			
	CONSUMPTION MCF (1)	AMOUNT BILLED	RANK	PERCENTAGE OF OPERATING REVENUE
SUBDISTRICT 1				
Cuyahoga Metropolitan Housing Agency (2)	65,732.5	\$2,729,983	1	1.6%
Cleveland Clinic (2)	42,469.7	1,719,977	2	1.0%
City of Cleveland Water Filtration Plants	29,397.2	1,569,653	3	0.9%
Case Western Reserve University	28,946.6	1,146,287	5	0.7%
Mittal Steel (ISG Cleveland) (3)	22,045.9	1,153,097	6	0.7%
University Hospitals (2)	23,363.6	916,089	8	0.5%
Cleveland Board of Education	19,007.9	765,050	10	0.5%
Cuyahoga County (2)	17,844.5	724,414	11	0.4%
Metro Health Medical Centers	15,064.0	560,643	12	0.3%
Ferro Corporation (2)	10,613.4	440,882	14	0.3%
Cleveland State University (2)	10,297.9	412,905	15	0.2%
Columbus Road Realty (3)	6,207.5	256,028	17	0.2%
Cleveland Metroparks Zoo (3)	4,327.6	230,575	18	0.1%
Veterans Administration Hospitals (2)	2,564.0	103,201	20	0.1%
Holiday Inn (2) (3)	-	-	-	-
General Electric Company (3)	-	-	-	-
Cleveland Thermal Energy Corporation (3)	-	-	-	-
LTV Steel (3)	-	-	-	-
Synthetic Products (3)	-	-	-	-
Clean Harbors of Cleveland Inc. (3)	-	-	-	-
Longwood Apartments Inc. (3)	-	-	-	-
Total Subdistrict 1	297,882.3	\$12,728,783		7.6%
SUBDISTRICT 2				
Aluminum Corporation of America	31,631.8	\$1,394,694	4	0.8%
Ford Motor Corporation	25,468.4	1,126,977	7	0.7%
NASA John H Glenn Research Center	19,319.9	854,683	9	0.5%
Forest City Management (2)	12,585.8	542,106	13	0.3%
Eaton Estates/ Nagy Park (3)	9,451.8	412,679	16	0.2%
Fairhill Towers LLC (Zehman & Wolfe Management) (3)	4,792.4	205,482	19	0.1%
General Motors Corporation (3)	-	-	-	-
Total Subdistrict 2	103,250.1	\$4,536,620		1.9%
Grand Total	401,132.4	\$17,265,404		9.5%

(1) One (1) MCF = one thousand cubic feet = 7,480 gallons.

(2) Amount represents Subdistrict 1 and Subdistrict 2 billings combined. Customer is listed in the Subdistrict where majority of consumption occurs.

(3) Consumption and amount billed data not provided for customers that did NOT rank for that given year reported.

Source: District accounting records and City of Cleveland Division of Water billing records.

LARGEST CUSTOMERS OF THE DISTRICT

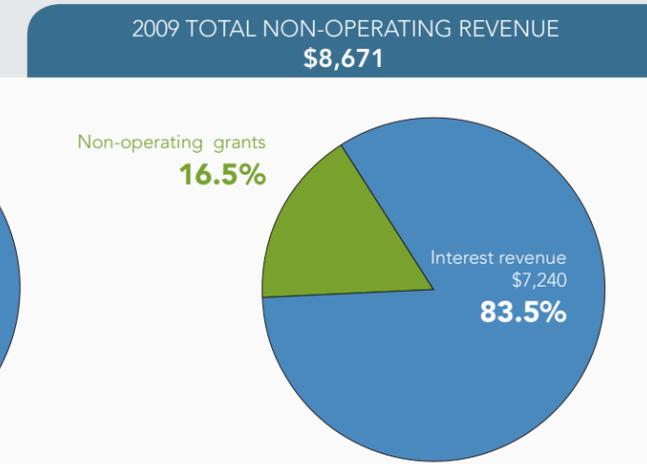
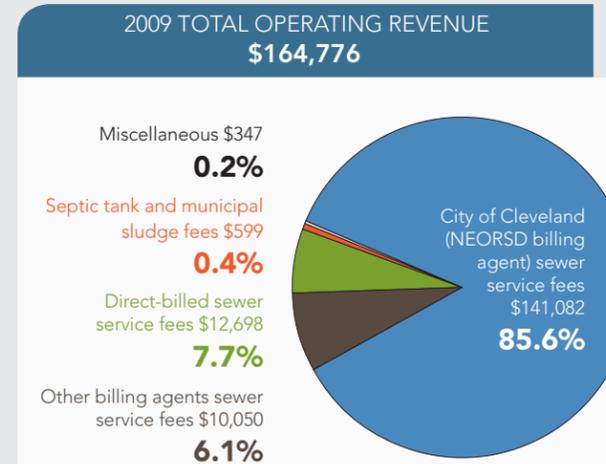
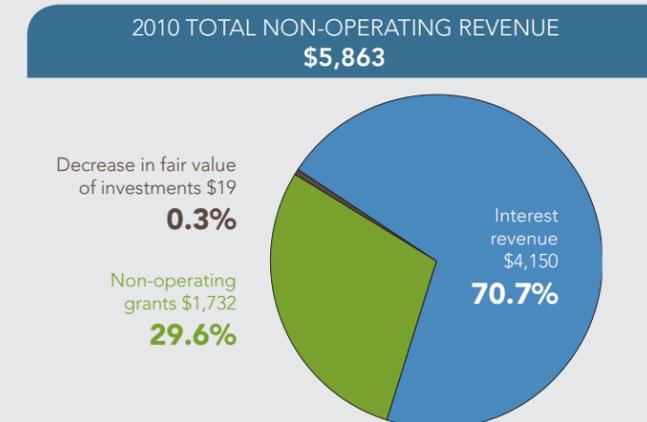
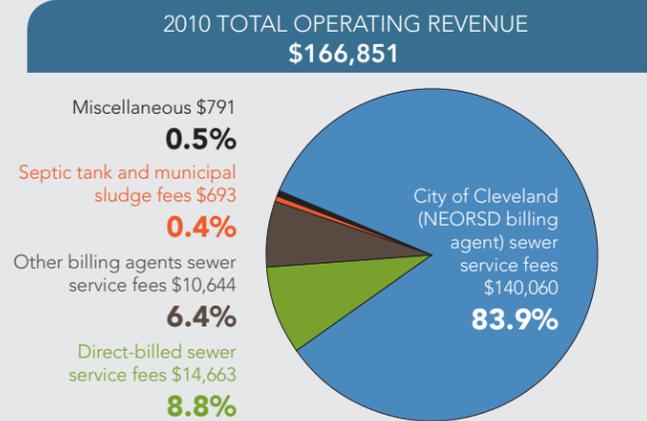
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	2001			
	CONSUMPTION MCF (1)	AMOUNT BILLED	RANK	PERCENTAGE OF OPERATING REVENUE
	123,752.6	\$3,506,084	1	2.7%
	48,956.8	1,376,922	3	1.0%
	33,776.2	1,086,600	5	0.8%
	29,569.7	848,115	8	0.6%
	-	-	-	-
	21,189.9	610,484	10	0.5%
	24,824.4	709,742	9	0.5%
	19,347.0	538,998	11	0.4%
	17,583.7	482,057	13	0.4%
	14,990.5	414,744	16	0.3%
	11,782.6	334,348	19	0.3%
	-	-	-	-
	-	-	-	-
	14,742.3	345,585	17	0.3%
	7,539.4	206,066	23	0.2%
	11,910.2	342,442	18	0.3%
	17,749.4	437,474	14	0.3%
	46,430.2	1,356,649	4	1.0%
	15,715.3	440,522	15	0.3%
	4,000.5	248,508	21	0.2%
	8,295.5	232,058	22	0.2%
	472,156.2	\$13,517,398		10.2%
	37,624.8	\$1,029,558	6	0.8%
	56,689.7	1,525,395	2	1.2%
	34,340.1	912,805	7	0.7%
	19,626.1	531,819	12	0.4%
	-	-	-	-
	-	-	-	-
	9,859.9	262,273	20	0.2%
	158,140.6	\$4,261,850		3.2%
	630,296.8	\$17,779,248		13.4%



REVENUES (IN THOUSANDS)

Operating revenue increased by \$2,074,384 (1.3%) compared to 2009. The increase was due to higher billing rates in 2010, coupled with a decrease in consumption and an increase in delinquencies. Non-operating revenue increased by \$1,066,576 (22.2%). This increase was mainly due to lesser reductions in fair value of investments compared to 2009. The decrease in fair value of investments for 2010 was \$3,855,309 (99.5%) less than experienced in 2009. The fair value is expected to increase toward face value in the future since these investments in obligations of the U.S. Treasury and its agencies are held to maturity. Non-operating revenue consists of interest income, grant revenue, and the change in fair value of investments. Interest income decreased by \$3,089,843 (42.7%) due to lower interest rates available for investment. Non-operating grant revenue increased by \$301,110 (21.0%) due to the receipt of funds for Water Resource Sponsorship Programs for 2010.



FINANCIAL HIGHLIGHTS

- Assets exceeded liabilities by \$1,290,040,583
- Retirements of debt principal were \$36,806,879
- Operating revenue increased by \$2,074,384
- Operating expenses increased by \$4,375,611



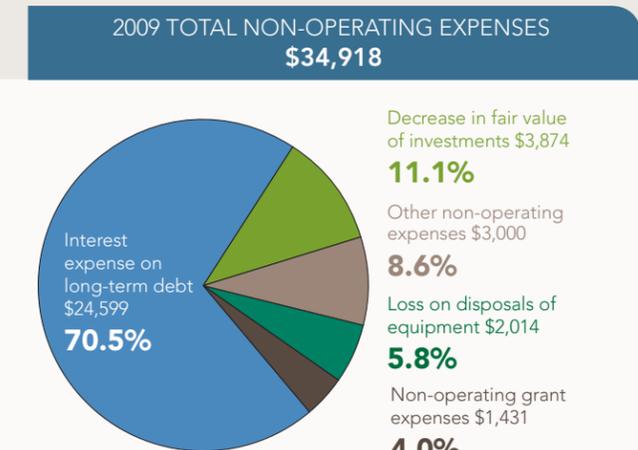
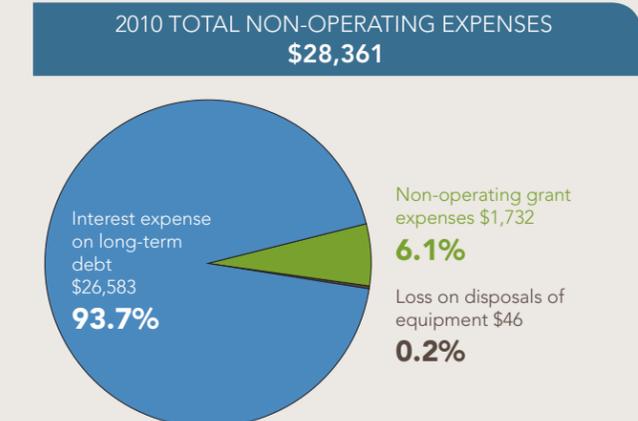
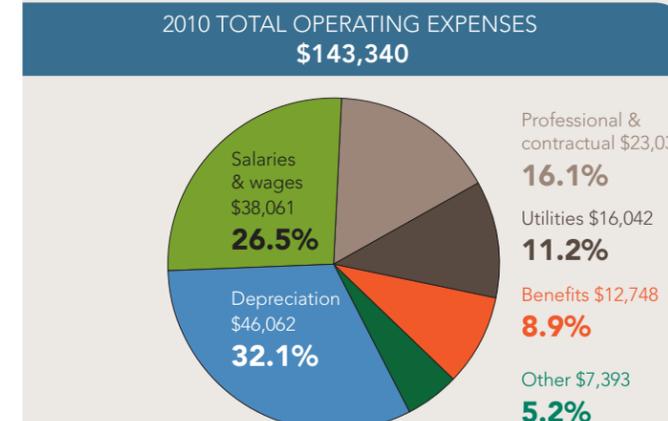
EXPENSES (IN THOUSANDS)

Operating expenses increased \$4,375,611 (3.1%) compared to 2009. Main components of operating expenses are as follows:

- Salary and wages increased \$1,037,055 (2.8%).
- Fringe benefits increased \$1,033,254 (8.8%).
- Professional and Contractual Services increased \$5,337,859 (30.2%) due mainly to increased Program Management costs.
- Utilities decreased \$2,881,973 (15.2%) due to a new utility contract.
- Decreases in Other Expenses include \$978,323 (48.3%) for Judgments and Awards; \$321,479 (19.9%) for Chemicals used in the treatment processes at the Wastewater Treatment Plants; and \$10,519 (2.0%) for Travel and Education. The de-

creases were offset by increases in Other Expenses of \$379,639 (11.1%) for Materials and Supplies to operate and maintain facilities; and \$148,520 (8.0%) for Repair and Maintenance to buildings, equipment, sewer and roads. Non-operating expenses decreased \$2,682,693 (8.6%). Interest expense increased by \$1,984,238 (8.1%). Losses on equipment disposals decreased \$1,968,041 (97.7%) due mainly to disposals of obsolete equipment parts in 2009.

Non-operating grant expense increased \$301,110 (21.1%). Other non-operating expenses decreased \$3,000,000 (100.0%) due to a one-time grant expense to another government agency.

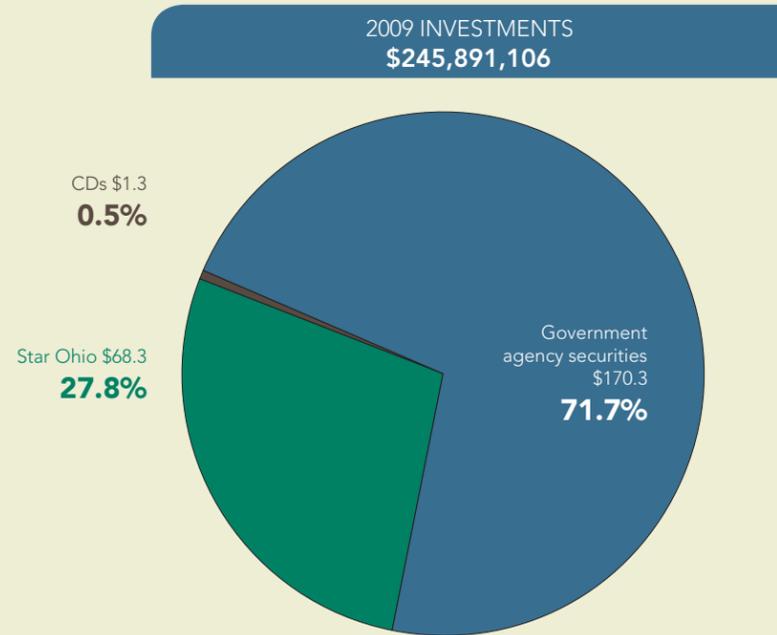
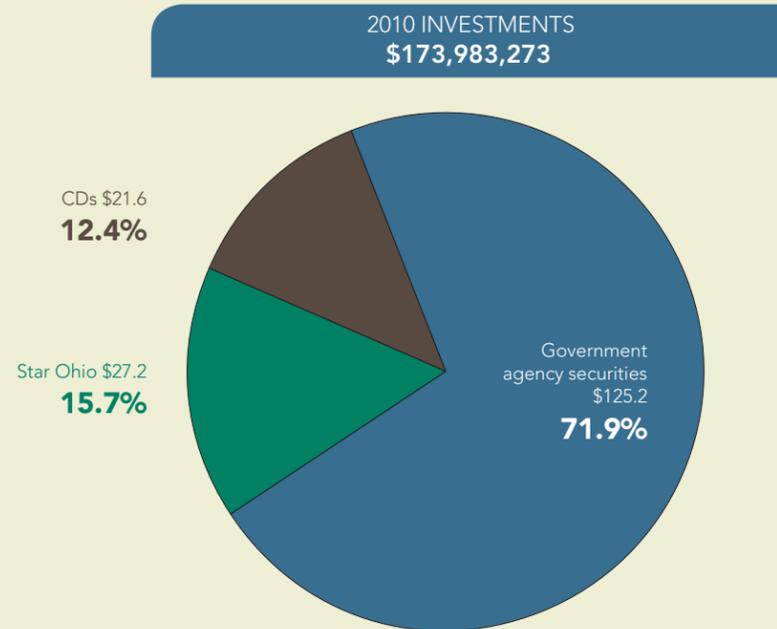
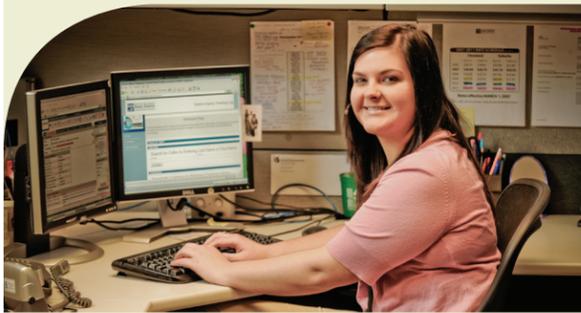


INVESTMENT POLICY

The Northeast Ohio Regional Sewer District, giving due regard to the safety and risk of various types of investments, invests the maximum available funds in conformance with the Ohio Revised Code. The District looks to attain the highest interest rates at the time the investments are made. The District takes advantage of investment interest as a significant supplement to basic sources of revenue to meet operational and capital demands. The District's portfolio is designed and managed in a manner responsive to the public trust and consistent with the Ohio Revised Code.

Investments shall be made with the following primary objectives, in order of importance:

- Preservation of capital and protection of principal
- Security of District funds and investments
- Maintenance of sufficient liquidity to meet operating needs
- Reasonable diversification of investments to minimize risk
- Maximization of return on the portfolio



REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
User Charges:				
Billed	\$167,288,403	\$167,288,403	\$164,248,046	(\$3,040,357)
Unbilled	\$3,000,000	\$3,000,000	\$1,118,590	(\$1,881,410)
Other Revenue	\$896,216	\$896,216	\$1,484,110	\$587,894
Total Revenues	\$171,184,619	\$171,184,619	\$166,850,746	(\$4,333,873)
Expenses:				
Salary and Wages	\$39,208,269	\$39,208,269	\$38,061,309	\$1,146,960
Benefits	\$12,628,092	\$12,628,092	\$12,747,900	(\$119,808)
Power	\$10,780,925	\$10,780,925	\$9,879,693	\$901,232
Materials and Supplies	\$5,182,455	\$5,182,455	\$4,729,166	\$453,289
Collection Fees	\$6,000,000	\$6,000,000	\$5,805,347	\$194,653
Gas	\$5,224,030	\$5,224,030	\$4,292,298	\$931,732
Chemicals	\$1,715,857	\$1,715,857	\$1,293,973	\$421,884
Repairs and Maintenance	\$3,356,085	\$3,356,085	\$2,901,283	\$454,802
Solids Handling	\$2,544,256	\$2,544,256	\$2,190,398	\$353,858
Water	\$1,150,670	\$1,150,670	\$1,054,989	\$95,681
Professional Services	\$12,564,401	\$12,564,401	\$12,264,571	\$299,830
Insurance	\$1,182,448	\$1,182,448	\$1,161,822	\$20,626
Judgments and Awards	\$50,000	\$50,000	\$1,052,383	(\$1,002,383)
Other Operating Expenses	\$6,274,813	\$6,274,813	\$5,520,981	\$753,832
Capitalized Construction Costs	(\$5,792,364)	(\$5,792,364)	(\$5,677,970)	(\$114,394)
Depreciation	\$46,000,000	\$46,000,000	\$46,061,584	(\$61,584)
Total Operating Expenses	\$148,069,937	\$148,069,937	\$143,339,727	\$4,730,210
Excess of Revenues Over Operating Expenses	\$23,114,682	\$23,114,682	\$23,511,019	\$396,337



CAPITAL ASSETS AND OUTSTANDING DEBT

Capital Assets

At the end of 2010, the District had \$1,610,307,429 invested in capital assets. This amount represents a net increase of approximately \$82 million, or 5.4% over 2009. Refer to Notes 2 and 5 to the audited financial statements for more detailed information on capital assets.

Capital Assets at December 31 (Net of Depreciation, in Thousands)

	2010	2009	Change	
			Amount	%
Land	\$13,901	\$9,473	\$4,428	46.7%
Construction in Progress	\$314,092	\$236,792	\$77,300	32.6%
Interceptor Sewer Lines	\$787,124	\$782,918	\$4,206	0.5%
Buildings, Structures, and Improvements	\$353,921	\$355,161	(\$1,240)	(0.3%)
Sewage Treatment and Other Equipment	\$141,269	\$143,595	(\$2,326)	(1.6%)
Total	\$1,610,307	\$1,527,939	\$82,368	5.4%

Debt Administration

At December 31, 2010, the District had total debt outstanding net of premiums and refunding loss, of \$935,591,845 compared to \$582,333,948 at December 31, 2009. This represents an increase of \$353,257,896. Loans from the Ohio Water Development Authority Water Pollution Control Loan Fund increased \$23,812,896; total debt retirements were \$23,076,540. The carrying value of the long-term portion of debt at December 31, 2010 was \$899,686,743 and the fair value of the long-term debt was \$883,511,546.

At December 31, 2009, the District had total debt outstanding net of premiums and refunding loss, of \$582,333,948 compared to \$595,064,591 at December 31, 2008. This represents a decrease of \$12,730,643. Loans from the Ohio Water Development Authority Water Pollution Control Loan Fund decreased \$5,535,643; total debt retirements were \$38,480,127. The carrying value of the long-term portion of debt at December 31, 2009 was \$548,749,433 and the fair value of the long-term debt was \$593,223,548.

This information should be read in conjunction with Note 6 to the audited financial statements for more detailed information on long-term debt.

Outstanding Debt at December 31 (in Thousands)

	2010	2009	2008
Revenue Bonds	\$500,235	\$170,790	\$177,985
Water Pollution Loans Payable	\$435,357	\$411,544	\$417,080
Total Debt	\$935,592	\$582,334	\$595,065

CAPITAL ASSET STATISTICS 2008-2010

	2008	2009	2010
Number of Buildings			
Operations			
Southerly Plant	38	39	39
Easterly Plant	18	18	18
Westerly Plant	16	16	16
Outlying Pump Buildings	5	5	7
Total Operations	77	78	80
Administration			
District Administration	1	1	1
Environmental Maintenance and Services Center	4	4	4
Total Offices	5	5	5
Total Buildings	82	83	85
Miles of Interceptor Sewers Installed Annually*			
	0.99	0.40	3.95
Number of Outlying Systems			
Sewage Collection System			
Interceptor Sewers & Tunnels	21	21	21
Inter-Community Relief Sewers	24	25	26
Automated Regulators	25	25	25
Pumping Stations	6	6	7
Force Mains	3	3	4
Total Sewage Collection System	79	80	83
Support Facilities			
Floatables Control Sites	10	10	10
Biofilter Odor Control Sites	8	8	8
Rain Gauge Sites	25	25	25
Lakeview Dam	1	1	1
Total Support Facilities	44	44	44
Total Outlying Systems	123	124	127
Acres of Land			
Operations			
Southerly Plant	311.2	311.2	311.2
Easterly Plant	77.7	77.7	92.6
Westerly Plant	14.5	14.5	13.4
Administration			
District Administration	2.6	2.6	2.6
Environmental Maintenance and Services Center	14.7	14.7	14.7
Total Acres, Operations and Administration	420.7	420.7	434.5

*Total interceptor sewers are in excess of 200 miles.
Source: District accounting and engineering records.



NEORSD SEWAGE SERVICE RATES 2000-2010

Fiscal Years During Which Rates Were Effective	SUBDISTRICT 1			
	Standard Rate (1)	Standard % Change	Homestead (2) Rate (1)	Homestead (2) % Change
2000-2002	21.10	7.7	14.25	6.7
2003	22.70	7.6	15.30	7.4
2004	24.40	7.5	16.45	7.5
2005	26.20	7.4	17.70	7.6
2006	28.10	7.3	18.95	7.1
2007	30.85	9.8	20.75	9.5
2008	33.85	9.7	22.75	9.6
2009	37.15	9.7	24.95	9.7
2010	40.75	9.7	27.35	9.6

Fiscal Years During Which Rates Were Effective	SUBDISTRICT 2			
	Standard Rate (1)	Standard % Change	Homestead (2) Rate (1)	Homestead (2) % Change
2000-2002	26.60	8.6	17.80	6.6
2003	27.95	5.1	18.70	5.1
2004	29.40	5.2	19.70	5.3
2005	30.95	5.3	20.80	5.6
2006	32.60	5.3	21.90	5.3
2007	35.10	7.7	23.55	7.5
2008	37.85	7.8	25.40	7.9
2009	40.90	8.1	27.45	8.1
2010	44.25	8.2	29.70	8.2

(1) Per thousand cubic feet (MCF) of water consumed.
 (2) These rates were first established in the 1991 fiscal year.

Industrial Waste Surcharge

An additional charge is billed to industrial and other types of customers discharging wastewater which contains substances requiring more extensive treatment than effluent from residential customers. The amount of this Industrial Waste Surcharge is calculated in accordance with formulas set forth in the Rate Resolution which take into account concentrations of suspended solids, biological oxygen demand and chemical oxygen demand based on wasteloading determined by analysis or otherwise.

Minimum Quarterly Billing

Each customer of the District is charged a minimum quarterly amount for sewage service equal to the class of service rate applicable to the metered water usage of 1,000 cubic feet (7,480 gallons).

Source: District accounting records.



MISCELLANEOUS OPERATING STATISTICS 2008-2010

	2008	2009	2010
Treatment Plant Flow			
Billions of gallons of sewage treated per plant:			
Easterly	36.1	31.2	30.9
Southerly	43.8	39.1	39.2
Westerly	10.8	10.1	9.0
Total	90.7	80.4	79.1
Total sewage treated, in MCFs (1)	12,125,668	10,748,663	10,574,866
MCFs billed, total District	4,507,357	4,267,959	4,136,903

Staffing Levels

Number of employees:

	2008	2009	2010
Plant Operations & Maintenance	363	353	357
Engineering	57	56	54
Finance	47	47	47
Human Resources	14	19	17
Information Technology	19	21	20
District Administration	46	47	50
Legal	14	13	14
Communications & Community Relations	16	16	18
Watershed Programs (2)	58	62	63
Total	634	634	640

Budgeted employees, total District

2008	660
2009	668
2010	679

(1) Conversion factor: 1 MCF (thousand cubic feet) = 7,480 gallons.

(2) Watershed Programs reclassified from Plant Operations & Maintenance beginning in 2008.

Source: Various District records.





Northeast Ohio Regional Sewer District

OUR MISSION:

We will serve our customers by leading effective wastewater and stormwater management that protects the health and environment of our region while enhancing quality of life.