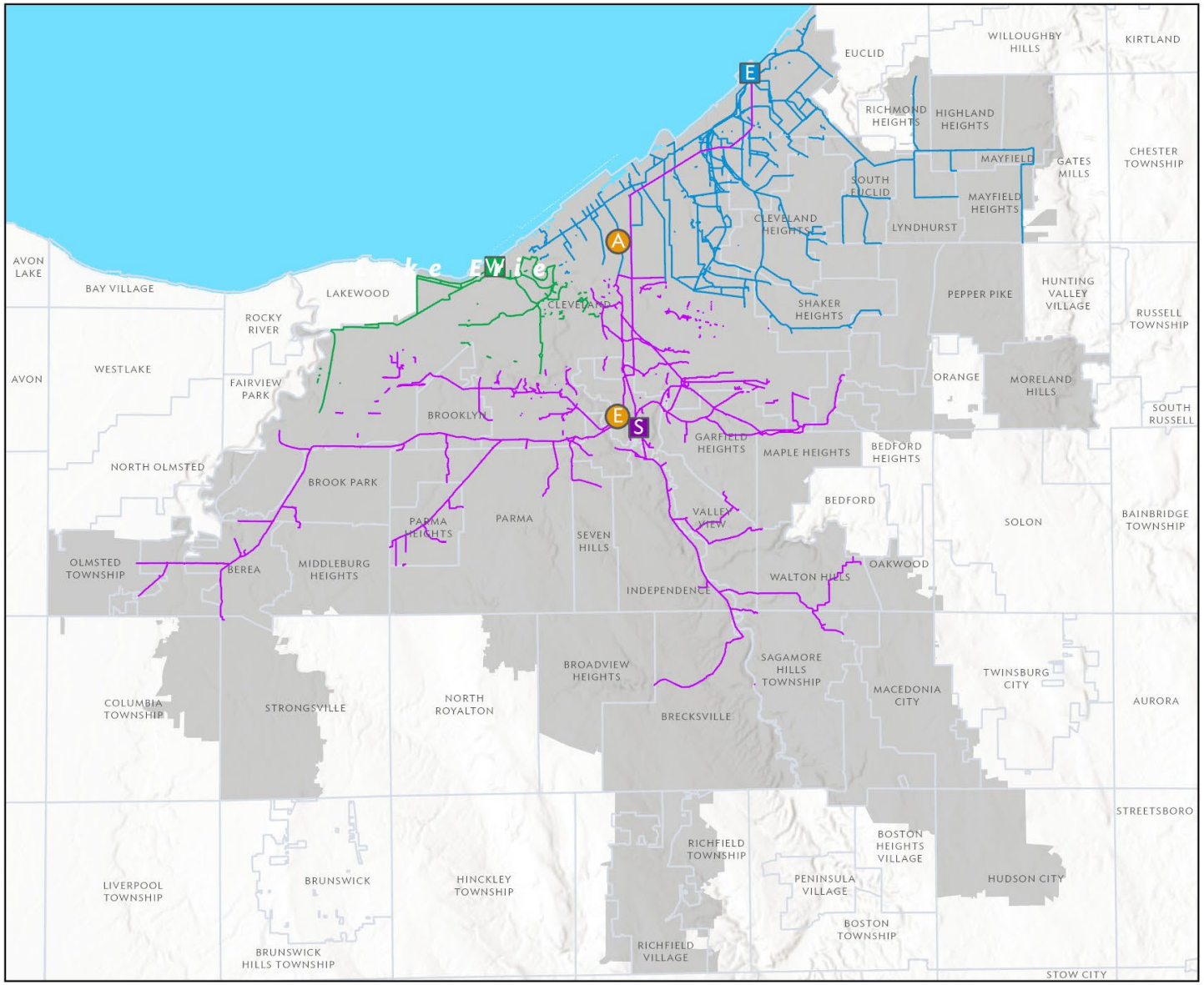


2025
Annual Comprehensive Financial Report

Northeast Ohio Regional Sewer District

For the years ended December 31, 2025 and 2024
A political subdivision of the State of Ohio

NEORSD Sanitary Service Area



Legend

- GJM Administration
- EMSC
- Westerly WPCC
- Easterly WWTP
- Southerly WWTC
- Easterly Interceptors
- Southerly Interceptors
- Westerly Interceptors
- District Sanitary Service Area

NEORSD | GIS

1:250,000

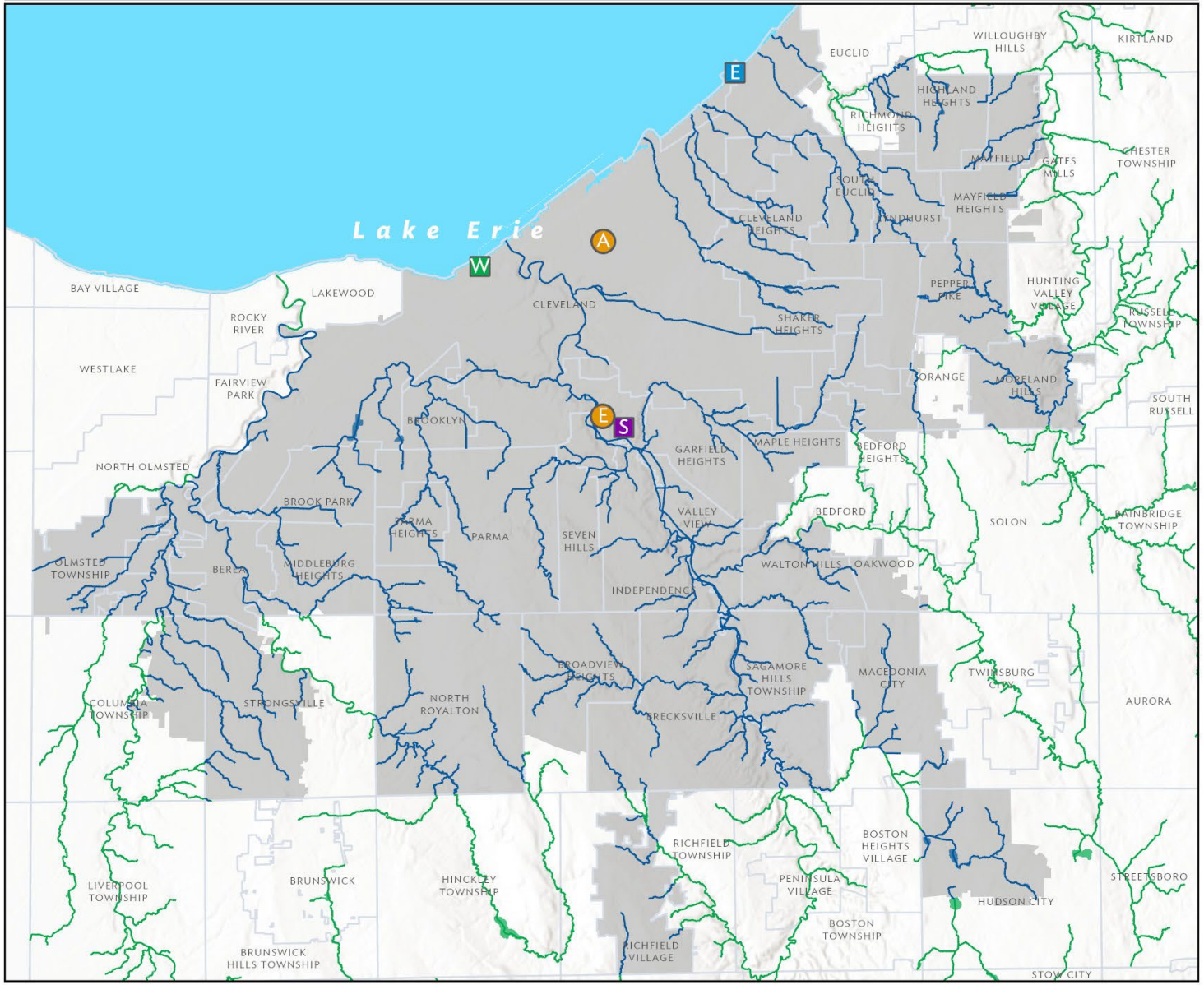
Coordinate System: Ohio State Plane North
Datum: NAD 1983
Projection: Lambert Conformal Conic
Sources: NEORSD GIS, County, and Esri Sources

Map Created: May 2025

Notes

This map/data was compiled by the Northeast Ohio Regional Sewer District ("District") which makes every effort to produce and publish the most current and accurate information possible. This map/data was created and compiled to serve the District for planning and analysis purposes. The District makes no warranties, expressed or implied, with respect to the accuracy of this map/data and its use for any specific purpose. The District and its employees expressly disclaim any liability that may result from the use of this map/data. For more information, please contact: GIS Services 3900 Euclid Avenue, Cleveland, Ohio 44115 GIS@neorsd.org.

NEORSD Stormwater Service Area



Notes

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Legend

- GJM Administration
- EMSC
- Westerly WPCC
- Easterly WWTP
- Southerly WWTC
- Regional Stormwater System Inside District Service Area
- Regional Stormwater System Outside District Service Area
- District Stormwater Service Area

NEORSD | GIS

1:250,000

Coordinate System: Ohio State Plane North
Datum: NAD 1983
Projection: Lambert Conformal Conic
Sources: NEORSD GIS, County, and Esri

Map Created: May 2025

Northeast Ohio Regional Sewer District

A Political Subdivision of the State of Ohio

2025 Annual Comprehensive Financial Report
For the Years Ended December 31, 2025 and 2024

Prepared by the Department of Finance

Kenneth J. Duplay, CPA, CMA
Chief Financial Officer

NORTHEAST OHIO REGIONAL SEWER DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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NORTHEAST OHIO REGIONAL SEWER DISTRICT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

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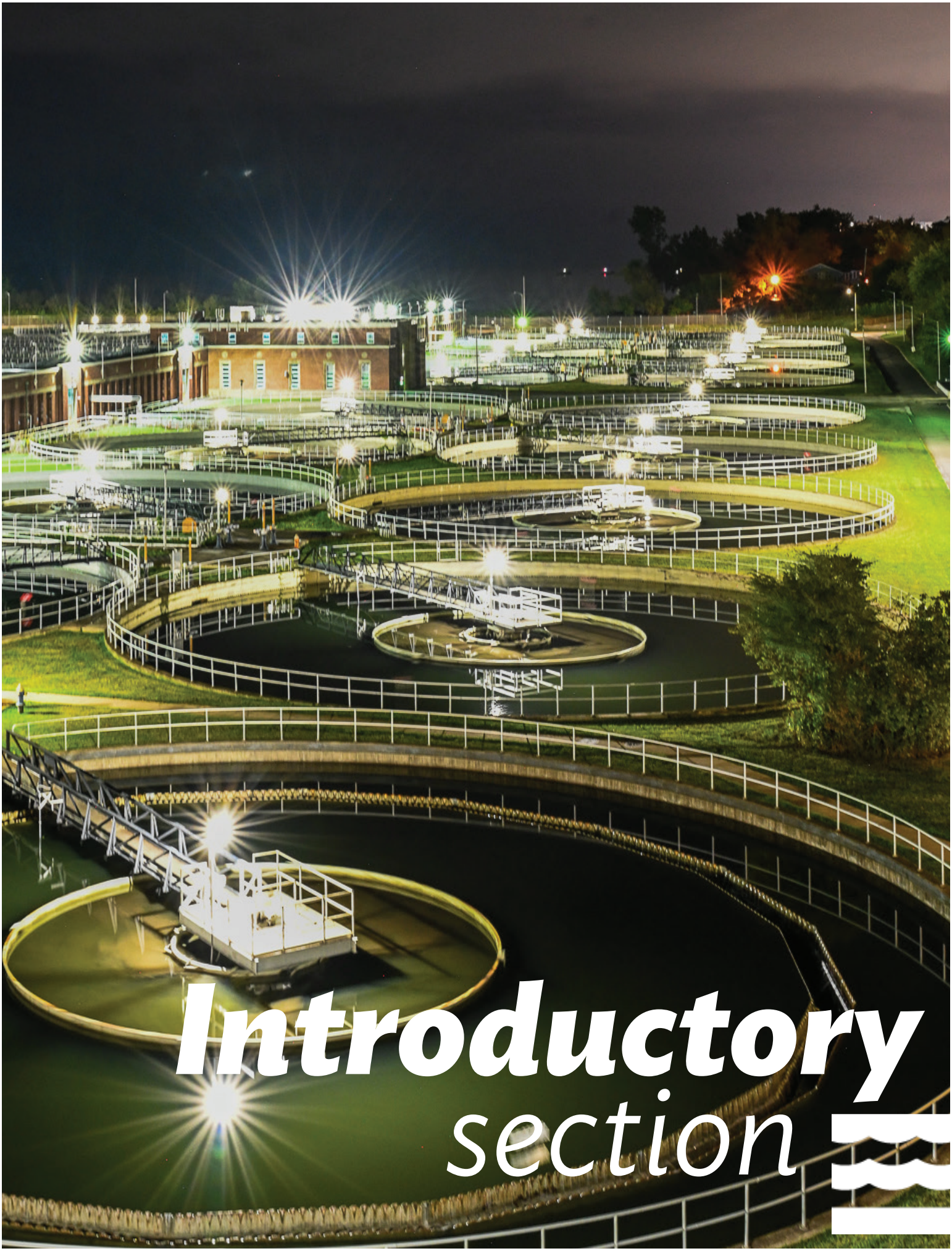
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Northeast Ohio
Regional Sewer District



Introductory section

Northeast Ohio Regional Sewer District

November 02, 2026

To the Board of Trustees and Citizens Served by
the Northeast Ohio Regional Sewer District:

State law requires that local governments reporting on a Generally Accepted Accounting Principles (GAAP) basis file a complete set of financial statements within 150 days of the close of each fiscal year. These financial statements are required to be presented in conformity with GAAP and audited in accordance with standards generally accepted in the United States of America (USA) by the Auditor of State or licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the Northeast Ohio Regional Sewer District (Sewer District) for the fiscal years ended December 31, 2025 and 2024.

This report consists of management's representations concerning the finances of the Sewer District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, Sewer District management has established a comprehensive internal control framework that is designed to protect the Sewer District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Sewer District's financial statements in conformity with GAAP in the USA. Because the cost of internal controls should not outweigh their benefits, the Sewer District's comprehensive framework of internal controls is designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Sewer District's financial statements for the year ended December 31, 2025 and 2024 have been audited by Ciuni & Panichi, Inc. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Sewer District for the fiscal years ended December 31, 2025 and 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based on the audit, that there is a reasonable basis for rendering an unmodified opinion that the Sewer District's financial statements for the fiscal years ended December 31, 2025 and 2024 are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Sewer District's MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE SEWER DISTRICT

General

The 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 for the purpose of assuming the operation and management of certain wastewater collection, treatment and disposal facilities serving the Cleveland metropolitan area and previously owned and operated by the City of Cleveland, as well as addressing intercommunity drainage problems, both storm and sanitary.

Service Area

The Sewer District's service area includes more than 363 square miles, 344 miles of sewers, and a 489-mile regional stormwater system. The Sewer District encompasses the City of Cleveland and all or portions of 62 suburban communities in Cuyahoga, Lake, Lorain, and Summit Counties. The stormwater service area includes 56 communities. The area contains a residential service population of nearly one million persons and includes a diverse group of service, information, biotechnology, manufacturing, and processing industries. The Sewer District manages stormwater and treats more wastewater than any other wastewater treatment system in the State of Ohio. The Sewer District treats approximately 80 billion gallons of wastewater annually.

Governance

The Sewer District is governed by its Board of Trustees (Board). The Board consists of seven members, each of whom serves a five-year term, and, are appointed as follows: (i) two by the Mayor of the City of Cleveland; (ii) two by a council of governments (Suburban Council) comprised of representatives of all suburban communities served by the system; (iii) one by the Cuyahoga County Executive, confirmed by the Cuyahoga County Council; (iv) one by the appointing authority of the sub District with the greatest flow; (v) and one by the appointing authority of the sub District with the greatest population.

Budgets and Funding

General provisions regulating the Sewer District's budget and appropriation procedures are set forth in the Ohio Revised Code. The Chief Executive Officer is required to submit the Sewer District's operating and capital budgets to the Board, and they are required to adopt such budgets by March 31 of the year to which they apply. Readers should refer to the Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual on page 94 of this report, along with the accompanying Notes to Supplementary Information for additional budgetary information.

Funding sources used primarily by the Sewer District to fund the Sewer Capital Improvement Plan include cash reserves, internally generated capital, operating revenues, the Ohio Water Pollution Control Loan Fund ("WPCLF"), and revenue bonds. The Sewer District received $4.9 million in grant funding for the year ended December 31, 2025. The Sewer District's Regional Stormwater Management Program, which is cash funded, received $2.0 million in grant funding for use on Stormwater Projects for the year ended December 31, 2025. The Sewer District will continue to explore options to gain access to grant funding for our capital program and our member communities. This information should be read in conjunction with the financial statements.

The section of the Ohio Revised Code under which the Sewer District is organized grants the Sewer District the power to raise revenues through taxes on property within its service area. In accordance with Chapter 5705 of the Code, the Sewer District does not file an Annual Tax Budget because it does not levy any taxes.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the environment within which the Sewer District operates.

Local Economy

The economic environment in which the Sewer District operates is affected by the same events and conditions as the rest of the State of Ohio and the nation. The Sewer District's revenue is expected to remain relatively stable due to the approval of a rate increase by the Board. The region is not dominated by any single industry. Major industries with headquarters or divisions located in the Sewer District's service area or in proximity include automotive manufacturers, industrial equipment, metals, paints and coatings producers, insurance, and banking services. Major employers in the area include federal, state, county and municipal government agencies, health care providers, public schools, financial service providers, manufacturers, and retail establishments. In recent years there has been a significant shift from manufacturing to a service and information-based economy.

The annual unemployment rate in 2025 (per the Bureau of Labor Statistics, not seasonally adjusted) for Cuyahoga County, which is significantly the same as the Sewer District's service area, was 3.4%. Cuyahoga County's unemployment rate was 0.6% lower than the unemployment rate for the State of Ohio (4.0%) and 0.7% lower than the national rate of 4.1%. Although the City of Cleveland and Cuyahoga County have experienced a migration of residents to neighboring suburbs and counties, the presence of corporate, cultural and entertainment facilities continue to attract visitors and commuters to the area.

Long-Term Financial Planning

The Sewer District has had a strong financial history since its inception in 1972. Moving forward, the Sewer District is positioned to continue to meet the level of service and regulatory requirements demanded by its customers, its Board, and regulatory agencies. Part of that responsibility will involve investment over the next 10 years of approximately $1.7 billion in new Combined Sewer Overflow (CSO) controls and wastewater facility improvements.

The Sewer District maintains a long-range financing plan for its operating and capital budgets. The Sewer District's five-year financing plan for the capital budget provides for over $1.1 billion in capital project expenditures from 2026 to 2030, primarily for improvements to our Southerly Wastewater Treatment Plant and our CSO long-term control plan. This includes approximately $171.7 million for the plants, $783.4 million for the CSO projects, $96.2 million for the collection system and building improvements and $60.8 million of miscellaneous Sewer District-wide improvements and minor capital purchases. Over this five-year period, the Sewer District will need to address both regulatory driven capital improvements and rehabilitation driven capital improvements at its three (3) wastewater treatment plants and within its collection system.

The Sewer District is currently performing a five-year, long-term financial and rate impact study for rates that will be in effect from 2027-2031. The proposed rates are under review and pending approval by the Board currently. The study's rate model incorporates specific year by year details to determine the sewer rates and stormwater fees over the five-year rate period.

Debt Administration

At year-end, the Sewer District had bonded debt outstanding of $824,845,000. The debt, including applicable bond premium costs and discounts, is $858,871,025 The Sewer District has also obtained loans through the WPCLF. As of December 31, 2025, the outstanding loan balance was $973,365,279 for the WPCLF. Outstanding revenue bonds of the Sewer District are rated AA+ by Standard & Poor's and Aa1 by Moody's rating agencies. Note 7 to the financial statements includes schedules of debt outstanding and future debt service requirements.

In 2016, the Sewer District issued $25,015,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2016. The Series 2016 Bonds were comprised of $25,015,000 to refund a portion of the 2007 Wastewater Improvement Revenue Bonds previously issued. The Refunding Bonds, Series 2016 were issued to advance refund the outstanding Series 2007 Bonds and achieve uniform debt service savings. This information should be read in conjunction with Note 7 of the financial statements.

In 2017, the Sewer District issued $241,595,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2017. The Series 2017 Bonds were comprised of $241,595,000 to refund a portion of the 2013 Wastewater Improvement Revenue Bonds previously issued. The Refunding Bonds, Series 2017 were issued to advance refund the outstanding Series 2013 Bonds and achieve uniform debt service savings. This information should be read in conjunction with Note 7 of the financial statements.

In 2019, the Sewer District issued $245,005,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2019. The Series 2019 Bonds were comprised of $245,005,000 to refund a portion of the 2010 Wastewater Improvement Revenue Bonds previously issued. The Refunding Bonds, Series 2019 were issued to advance refund a portion of the outstanding Series 2010 Bonds and achieve uniform debt service savings. This information should be read in conjunction with Note 7 of the financial statements.

In 2020, the Sewer District issued $244,895,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2020. The Series 2020 Bonds were comprised of $244,895,000 to refund a portion of the 2014 Wastewater Improvement Revenue Bonds previously issued. The Refunding Bonds, Series 2020 were issued to advance refund the outstanding Series 2014 Bonds and achieve uniform debt service savings. This information should be read in conjunction with Note 7 of the financial statements.

In 2021, the Sewer District issued $114,295,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2021. The Series 2021 Bonds were comprised of $114,295,000 to refund a portion of the 2013 and 2014 Wastewater Improvement Revenue Bonds previously issued. The Refunding Bonds, Series 2021 were issued to advance refund the outstanding Series 2013 and 2014 Bonds and achieve uniform debt service savings. This information should be read in conjunction with Note 7 of the financial statements.

In 2021, the Sewer District executed a bond cash defeasance transaction placing in escrow certain funds available to the Sewer District to pay 2049 maturity of the Series 2014 Wastewater Improvement Revenue and Refunding Bonds in the amount of $27,420,000. Those securities were deposited in an irrevocable trust with an escrow agent. As a result, that portion of the series 2014 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. This information should be read in conjunction with Note 7 of the financial statements.

In 2022, the Sewer District executed a bond cash defeasance transaction placing in escrow certain moneys available to the Sewer District to pay 2047 and 2048 maturities of the Series 2014 Wastewater Improvement Revenue and Refunding Bonds in the amount of $51,725,000 and to pay 2048 and 2049 maturities of the Series 2020 Wastewater Improvement Refunding Bonds in the amount of $32,440,000 for a total defeased amount of $84,165,000. Those securities were deposited in an irrevocable trust with an escrow agent. This information should be read in conjunction with Note 7 of the financial statements.

In 2024, the Sewer District issued $135,750,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2024. The Series 2024 Bonds were comprised of $135,750,000 to completely refund the outstanding 2010 Wastewater Improvement Revenue Bonds and refund a portion of the 2016, 2017, 2019, 2020 and 2021 Wastewater Improvement Revenue Bonds previously issued. The Refunding Bonds, Series 2024 were issued to advance refund the outstanding Series 2010, 2016, 2017, 2019, 2020 and 2021 Bonds and achieve uniform debt service savings. This information should be read in conjunction with Note 7 of the financial statements.

In 2024, the Sewer District executed a bond cash defeasance transaction placing in escrow certain moneys available to the Sewer District to pay 2045, 2046 and 2047 maturities of the Series 2020 Wastewater Improvement Revenue and Refunding Bonds in the amount of $42,260,000. Those securities were deposited in an irrevocable trust with an escrow agent. As a result, that portion of the series 2020 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. This information should be read in conjunction with Note 7 of the financial statements.

MAJOR INITIATIVES

2025 and 2024 Awards

During 2025, the Sewer District received awards for 2024 plant performance from the National Association of Clean Water Agencies (NACWA). NACWA honored all three of our Wastewater Treatment Plants (WWTPs) for excellent performance in 2024.

The Easterly Wastewater Treatment Plant earned a Platinum Peak Performance award that recognizes facilities with no permit violations for 5 years and over. The Westerly Wastewater Treatment Plant earned the Gold Peak Performance award that recognizes a facility with no permit violations for the entire calendar year. The Southerly Wastewater Treatment Plant earned a Silver Award. Silver Awards are presented to facilities with no more than five violations per calendar year. Awards for 2025 performance have not been announced as of the date of this report.

The Sewer District received the Auditor of State Award with Distinction for our 2024 Annual Comprehensive Financial Report (ACFR). The Auditor's Office presents the Ohio Auditor of State Award with Distinction to local governments and school districts upon the completion of a financial audit. The entity must file financial reports with the Auditor of State's office by the statutory due date, without extension, via the Hinkle System, on a GAAP accounting basis and prepare an ACFR.

The Sewer District has received this award the last 6 years. We pride ourselves on our transparency and accuracy, and we are honored to have received this award in recognition of our strong financial policies and practices.

During 2025, the Government Finance Officers Association of the United States and Canada (GFOA) presented the Distinguished Budget Presentation Award to the Sewer District for the eighteenth time for its 2025 Budget.

Business Opportunity Program

The Office of Contract Compliance was formed in 2008. After receiving the recommendations from the Disparity Study in 2010, the Business Opportunity Program (BOP) was created. In November 2025, NEORSD Board of Trustees voted to transition to a race and gender-neutral Small Business Enterprise Program. The Office of Contract Compliance monitors payments, prevailing wages and provides outreach services for certified firms. The BOP is designed to contribute to the economic health and vitality of the region by providing a greater opportunity to conduct business with the Sewer District, resulting in job and business growth for the local business community. Bringing new companies into the Sewer District's procurement process enhances the competitive bidding process which helps deliver the greatest value. The total number of certified firms in the program in 2025 was 295. BOP spending in construction and stormwater for 2025 was $43.7 million. Also, payments were made to certified firms directly in the areas of goods, professional services, construction, and engineering.

Supplier Registration

In November 2013, the Purchasing Department implemented the Oracle eBusiness Suite which included Purchasing, Sourcing and the iSupplier online registration system. Suppliers benefit from a more streamlined purchasing process that involves electronic communication. They can view all purchase order activity for their company, provide quotes and see awarded quotes, create invoices and track payment status using iSupplier. The system tracks products and services provided by the registered supplier for future quoting opportunities and suppliers interested in participating in the Business Opportunity Program. The Sewer District currently has 2,660 registered suppliers with 205 new vendors that registered in 2025.

HUMAN RESOURCES PROGRAMS

The Human Resources Department exists to attract, hire, retain and engage top talent by providing a safe, respectful work environment. We will accomplish this by championing the Sewer District's workforce by investing in our people at all levels so that we can develop a dynamic and skilled workforce that is better equipped to support the communities we serve.

The demand for transformative, strategic and collaborative HR services continues to grow. Over the next five years, HR will focus on key areas that will maximize individual potential, increase organizational capacity and position the Sewer District as an employer of choice.

- **ORGANIZATIONAL EFFECTIVENESS**

Increase organizational effectiveness of Human Resources to better serve the Sewer District.

- **RECRUIT AND ACQUIRE**

Build a strategic talent acquisition function that revolves around a competitive employer brand, engaging and standardized candidate experience, and streamlined service delivery.

- **REWARD AND ENGAGE**

Develop Systems, tools and processes to recognize and reward employees. Employees will be more engaged through creating a supportive culture that promotes their financial, physical, and emotional health and well-being, as well as their personal and career development.

- **DEVELOP AND RETAIN**

Enhance individual and organizational effectiveness by ensuring every employee feels welcomed and valued and has access to the training, tools and resources they need to be successful beginning with their first day of work and continuing throughout their career at the Sewer District.

- **EMPLOYEE COLLABORATION**

Leverage strong communication and management skills to foster positive relationships that reinforce the ties between the workforce and contribute to a positive workplace climate.

The following are 2025 highlights and corresponding successes:

<u>Recruit and Acquire</u>

- Successfully launched an enhanced internship program calendar featuring 15+ networking, organizational exposure, and professional development workshops, along with the introduction of paid holidays and increased intern compensation.
- Established a quarterly site tour program in partnership with Hard Hatted Women (HHW) to support workforce development and community engagement.
- Filled 197 total positions, including 100 of which, were new hires, represented the organization at over 50 career and community events and hosted our largest GNA job fair to date with over 165 attendees.

HRIS

- Refined the Performance Management process based on insights from the 2024 pilot and successfully launched the updated approach district-wide in UKG; delivered 30+ live training sessions for employees and managers.
- Advanced efforts to digitize Human Resource's physical documents to an electronic format. Focused on system functionality, securing necessary hardware, and addressing governance considerations, resulting in a comprehensive launch plan for 2026.

Compensation & Benefits or Total Rewards.

- Designed and implemented a structured program for the Promotion Review Committee, providing senior executives with greater visibility into promotion decisions and supporting rationale.
- Developed a three-year strategic benefits cycle to better align offerings with the needs of the organization's workforce.
- Expanded benefits eligibility for temporary employees, including GNAs, interns, and Clean Water Fellows, to enhance overall workforce support.

Develop and Retain

- Redesigned the training budgeting process to ensure consistency and encourage meaningful utilization of district resources.
- Successfully completed the pilot phase of the Operator Training Program.
- Piloted "Launch," the New Manager Orientation Program to support leadership onboarding and development.
- Introduced the Internal Job Shadowing Program, with resources and participation details available on the intranet Hub to support employee development and career exploration.

Employee Collaboration

- Led the transition of the Sewer District to oral fluid testing from urine testing, including the transition to Health Express for random, reasonable suspicion, and post-accident testing.
- Collaborated with IT and O&M to formalize the Oracle Grievance Tracking System.

CSO Long-Term Control Plan

The Sewer District has responsibility for combined sewer overflows (CSOs) within its service area. The Sewer District holds a National Pollution Discharge Elimination System (NPDES) permit for the CSOs and is required to meet the requirements of capital improvement projects to significantly reduce the amount of overflow during rainstorms.

In addition to its three (3) wastewater treatment plants and over 300 miles of interceptor sewers, the Sewer District has responsibility for combined sewer overflows within its service area. The federal Clean Water Act and U.S. Environmental Protection Agency's (U.S. EPA) CSO Control Policy, along with the Sewer District's state issued CSO NPDES permit, required the Sewer District to develop a Long-Term Control Plan (LTCP) to reduce or eliminate the number of overflows from its then current 126 permitted outfalls. In 2010, the Sewer District came to a negotiated agreement with Ohio and U.S. EPA, U.S. Department of Justice, and the Ohio Attorney General's Office on a 25-year, $3 billion CSO LTCP for

which the Sewer District obtained authorization from its Board to enter a Consent Decree with the state and federal agencies in December 2010. Ten years later, the Sewer District and regulators came to an agreement that would modify the Consent Decree to incorporate operational flexibility, while improving water quality.

Prior to the CSO LTCP, the Sewer District had already invested an estimated $850 million and reduced CSO volumes by half – from 9.0 to 4.5 billion gallons since 1972. The Sewer District's CSO LTCP will further control CSOs reducing the number of overflows to four or less per year (three or less at priority CSOs) resulting in an estimated 99.5% capture of all wet weather flows and reducing CSO volumes to less than 150 million gallons in a typical year.

In 2025, the Sewer District continued construction of the fifth large-scale tunnel, the Shoreline Storage Tunnel. Additionally, the Sewer District continued construction of the Southerly Storage Tunnel (SST), the sixth of the seven large-scale tunnels that will be constructed under the Consent Decree. This tunnel system has the capacity to store 64 million gallons of combined sewage for treatment at the Sewer District's Southerly Wastewater Treatment Plant controlling an estimated 760 million gallons of CSO annually. These are in addition to the previously completed projects including Euclid Creek Tunnel (ECT), Dugway Storage Tunnel (DST), Doan Valley Tunnel (DVT) and Westerly Storage Tunnel (WST) which control over 1.4 billion gallons of CSO in a typical year. Finally, design began for the Big Creek Tunnel (BCT), the final large diameter CSO storage tunnel. The BCT will capture and store a combination of sanitary sewage and stormwater and upon completion, CSO volume discharged to Big Creek and its tributaries will be reduced by 580 million gallons annually. Ultimately, the Sewer District will construct seven tunnels under its Consent Decree, which range from two to five miles in length, up to 300 feet underground and up to 25 feet in diameter. The tunnels are like the previously constructed Mill Creek Tunnel, a structure that has the capacity to store 75 million gallons of combined sewage until it can be treated at the Sewer District's Southerly Wastewater Treatment Center (WWTC).

The Sewer District's LTCP also includes a commitment to green infrastructure projects to further reduce CSO flows beyond those captured by the tunnel systems. In total, nine (9) green infrastructure projects were constructed.

Other major projects the Sewer District completed under its Consent Decree outside of the storage tunnels include improvements at the Easterly WWTP completed in 2017 and Southerly WWTC completed in 2024 to increase secondary capacity at both plants. Additionally, the construction of upgrades to the existing Westerly CSO Treatment Facility (CSOTF) with chemically enhanced high-rate treatment and disinfection (CEHRT) for further treatment of flow discharging at CSO 002, the third largest of the Sewer District's CSOs, commenced in April 2022 and continued through 2025. Design of the chemically enhanced high-rate treatment and disinfection (CEHRT) for further treatment of flow discharging at CSO 001, located at Easterly's WWTP, the largest of the Sewer District's CSOs, completed in December 2025. Construction for this project will begin in the summer of 2026.

Asset Management

Asset Management is the practice of managing the entire life cycle of assets with the objective of providing the best service while balancing acceptable risk and overall costs. Asset management principles have been incorporated into the Sewer District's capital and maintenance activities.

The Sewer District implemented a new Computerized Maintenance Management System (CMMS) in June of 2021. The software package, NexGen Asset Management, maintains a database of information about an organization's maintenance operations. NexGen Asset Management has been designed by professional engineers for water, wastewater, and stormwater utilities. Engineers have created software to address utilities' asset management goals that include lifecycle management of aging infrastructure, stringent regulatory compliance, condition assessment, risk management and funding of capital improvement prioritization projects. NexGen also operates on a mobile platform, which allows us to improve accuracy and efficiency.

Capital Planning

The Sewer District uses a consistent, risk-based method for validating and prioritizing its Engineering Capital Improvement Program. Additionally, the Sewer District collects and manages data for all its plant and collection system assets to understand each asset's condition, criticality, repair and/or replacement costs and estimated year of renewal. The Sewer District uses this data to forecast long-term asset-related expenditures by year for incorporation into the Capital Improvement Program planning process. The Sewer District uses the recently implemented NexGen system and is in the process of transferring and updating asset data and refining the approach to repair and renewal planning.

Maintenance Activities

The Sewer District has developed and implemented Key Performance Indicator (KPI) metrics to measure operations and maintenance performance against desired targets/goals. KPIs allow the Sewer District to objectively improve cost accounting to the asset level, increase proactive/planned maintenance while reducing unplanned breakdowns, monitor work order backlog management, audit process sustainment, and ultimately ensure that the right maintenance is performed in the right amounts, at the right time to maintain critical assets at the acceptable level of risk at minimum cost.

Regional Stormwater Management Program

The Sewer District's founding Court Order required the Sewer District to "develop a detailed integrated capital improvement plan for regional management of wastewater collection and storm drainage to identify a capital improvement program for the solution of all intercommunity drainage problems (both storm and sanitary) in the District." The Sewer District initially focused on the sanitary sewage portion of this mandate, investing billions of dollars since its inception on a wide variety of sanitary sewage-related projects. To address the regional stormwater portion of this mandate, the Sewer District procured services in 2007 to assist with the development and implementation of a Regional Stormwater Management Program (the "Stormwater Program"). Tasks related to defining stormwater program roles and responsibilities, funding approaches, resource needs, legal issues, customer service requirements and data/billing issues were addressed, leading to the development of the Sewer District's Stormwater Code of Regulations (Title V), which the Sewer District's Board approved in January 2010.

From 2010-2012, the Regional Stormwater Management Program was in litigation in the Cuyahoga County Common Pleas Court over issues related to the Sewer District's "authority" to implement the program as an Ohio Revised Code 6119 entity, and "fee versus tax" issues related to the Sewer District's stormwater fee. The Sewer District prevailed in the litigation and began the Regional Stormwater Management Program in January 2013.

In July 2012, parties opposed to the Sewer District's Regional Stormwater Management Program filed an appeal to the 8th Appellate Court District to seek a halt to the Regional Stormwater Management Program. On September 26, 2013, the Appellate Court halted the Sewer District's Regional Stormwater Management Program by a 2 to 1 decision with a strong dissent. The Sewer District immediately suspended its program and placed all fees collected into an interest-bearing escrow account pending an appeal to the Supreme Court of Ohio. The Sewer District filed its notice of appeal in November 2013, and the Supreme Court accepted the case in February 2014. Oral arguments before the Supreme Court took place on September 9, 2014. In December 2015, the Ohio Supreme Court issued its final opinion that the Sewer District has the authority to implement the Regional Stormwater Management Program and collect the impervious surface fee. The Sewer District restarted the Regional Stormwater Management Program and resumed billing in July of 2016. Currently, the Sewer District Board of Trustees has approved a 4.20% annual Stormwater fee increase from 2022 through 2026 and currently under a rate study to determine the fees for 2027 through 2031.

The Regional Stormwater Management Program is designed to address long-standing regional stormwater flooding, streambank erosion and water quality issues resulting from the incremental increases in stormwater runoff from hard surfaces that make their way into storm sewers and streams. The fees collected from the Regional Stormwater Management Program are used to fund construction projects to solve regional stream flooding and streambank erosion problems, for operation and maintenance activities to minimize the potential for flooding and erosion and for master planning studies to outline a long-term construction and maintenance program along regional streams.

Community Cost-Share Program

The Community Cost-Share Program provides funding to Member Communities for community-specific stormwater management projects. To implement the Community Cost-Share Program, the Sewer District has formed a financial account termed "Community Cost-Share Account" for the aggregation and dissemination of funds derived from Stormwater Fees collected in each Member Community. This program is presented in the non-operating expenses of the Statements of Revenues, Expenses and Changes in Net Position. Twenty-five percent of the total annual Stormwater Fee collected in each Member Community is allocated to the Community Cost-Share Account for each Member Community. The Community Cost-Share Account is under the control of the Sewer District, with disbursement of funds to Member Communities through a grant application and reimbursement process.

To access Community Cost-Share Program funds, Member Communities must maintain compliance with *Title V: Stormwater Management Code*. A Community Cost-Share Program Project must clearly promote or implement the goals and objectives of the Sewer District set forth in Title V and must be intended to address current, or minimize new, stormwater flooding, erosion, and water quality problems.

Green Infrastructure Grant Program

The Sewer District supports the strategic implementation and long-term maintenance of green infrastructure that protects, preserves, enhances, and restores natural hydrologic function. The Green Infrastructure Grant (GIG) Program focus is the funding of green infrastructure projects within the combined sewer area of the Sewer District. Green infrastructure refers to stormwater source control measures that store, filter, infiltrate, or evapotranspirate stormwater to increase resiliency of infrastructure by reducing stress on wet-weather drainage and collection systems thereby supporting healthy environments and strong communities.

The GIG Program for the combined sewer area is open to member communities, non-profits, and private organizations working in partnership with eligible member communities in the combined sewer area interested in implementing water resource projects that remove stormwater from the combined sewer system and in ensuring the long-term maintenance of these practices. A GIG is awarded through a competitive funding process with final recommendations approved by the Sewer District Board of Trustees. The availability of GIG Program funds in any calendar year is at the discretion of the Board of Trustees. This program is presented in the non-operating expenses of the statements of revenues, expenses, and changes in net position.

Member Community Infrastructure Program

The Member Community Infrastructure Program (MCIP) is a funding program provided by the Sewer District to assist both member communities and other eligible political subdivisions of the State of Ohio within the Sewer District's territory. Public entities that own, operate, and maintain eligible publicly owned sewerage system sewer infrastructure that is tributary to a Sewer District wastewater treatment plant, are eligible to compete in the program. The goal of the MCIP is to fund cost-effective sewer infrastructure projects to address water quality and quantity issues associated with sewer infrastructure that adversely impact human health and the environment. The availability of MCIP funds in any calendar year is at the discretion of the Board. This program is presented in the non-operating expenses of the statements of revenues, expenses, and changes in net position.

The intent of the MCIP is to provide an annual funding opportunity to member communities and eligible public entities for sewer infrastructure repair and rehabilitation that will:

- Continue progress towards environmentally sustainable and healthy communities through protection and improvement of the region's water resources consistent with the vision of the Sewer District.
- Improve function and condition of the local sewer system.

- Identify and remove sources of inflow and infiltration (I/I) from the sewer system. This reduction would preserve the hydraulic capacity of the local and Sewer District sewer system and alleviate problems such as basement flooding.

Strategic and Operational Action Plan

The Northeast Ohio Regional Sewer District's 2025-2027 Strategic Plan serves as a guided document to ensure our work remains mission-focused and impactful.

The Plan is constructed around five strategic areas of focus: Customer and Community Connections, Environmental Protection and Sustainability, Financial Viability, Operational Excellence, and Workforce Planning, Engagement, and Investment. All strategic objectives are aligned to one of these five areas, and are committed to the Sewer District's mission, vision, and values.

The Strategic Plan provides a navigational guide for the Sewer District year over year. The continually changing environment in which the Sewer District operates requires annual review for these plans to remain timely and useful, and for a new plan to be released every three years. The Sewer District continues to understand and meet customer needs, enhance water quality, provide cost-effective and efficient capital improvements, and build on its already strong reputation as a preeminent leader among water agencies.

In 2025, as part of our Operational Action Plan, the Sewer District completed its first Consent Decree inspection by Ohio EPA and USEPA, executed 10-year beneficial reuse of ash contract including new reuse options, and awarded $21 million for 25 Member Community Infrastructure Projects and $2 million for eight Green Infrastructure Projects improving local and regional water quality. These efforts and more, including earning National Association of Clean Water Agencies (NACWA) awards for operational excellence, serve testaments to our employees', leadership, and Trustees' commitment to protecting the health and water resources of our region.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Sewer District for its Annual Comprehensive Financial Report for the fiscal year ended December 31, 2024. This was the 30th consecutive year that the Sewer District has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this Annual Comprehensive Financial Report would not have been possible without the efficient and dedicated services of the entire staff of the Finance department and the Communications and Community Relations department. We would like to express our appreciation to all members of the departments 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 Sewer District's finances.

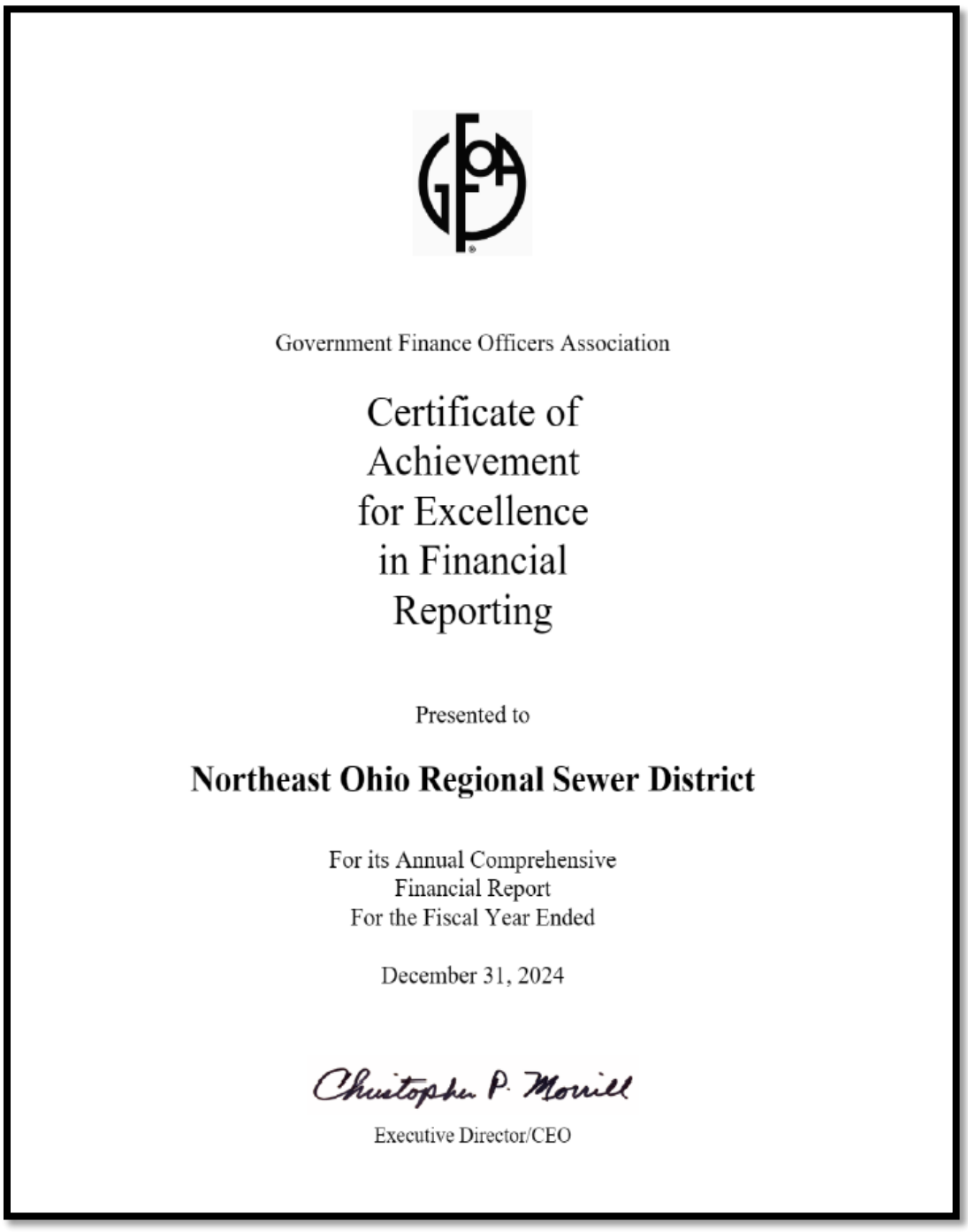
Respectfully submitted,

Kyle Dreyfuss-Wells
Chief Executive Officer

Kenneth J. Duplay
Chief Financial Officer

Northeast Ohio
Regional Sewer District

2024 Annual Comprehensive Financial Reporting Award



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Northeast Ohio Regional Sewer District

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

Northeast Ohio
Regional Sewer District

2025 Government Finance Officers Association Distinguished Budget Award



GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished Budget Presentation Award

PRESENTED TO

Northeast Ohio Regional Sewer District

For the Fiscal Year Beginning

January 01, 2025

Christopher P. Morrill

Executive Director

NORTHEAST OHIO REGIONAL SEWER DISTRICT
TABLE OF ORGANIZATION
DECEMBER 31, 2025

BOARD OF TRUSTEES



Darnell Brown
Board President



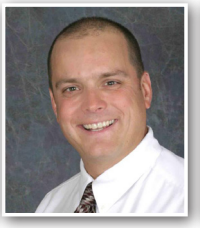
Ronald D. Sulik
Vice President



Mayor Timothy DeGeeter
Secretary



Mayor Samuel J. Alai



Mayor Jack Bacci



Marjorie Chambers



Sharon A. Dumas

OFFICERS



Kyle Dreyfuss-Wells
Chief Executive Officer



Kenneth J. Duplay
Chief Financial Officer
82 employees



Devona Marshall
Chief Operating Officer
462 employees



Eric Luckage
Chief Legal Officer
10 employees



Nichole Oocumma, PhD.
Chief Administrative Officer
72 employees

DIRECTORS



Matt Gaugler
Director of
Operations and Maintenance
345 employees



Mohan Kurup
Director of
Information Technology
37 employees



Robin Rupe
Director of Engineering
and Construction
38 employees



Matthew Scharver
Director of
Watershed Programs
121 employees



Jeremy Short
Director of
Human Resources
28 employees



Jean Smith
Director of
Administration &
External Affairs
44 employees

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Financial section

Ciuni & Panichi
CPAs and Business Advisors

Where Relationships Count.

Independent Auditor's Report

Board of Trustees
Northeast Ohio Regional Sewer District
Cleveland, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the business-type activities of Northeast Ohio Regional Sewer District (the "District), as of and for the years ended December 31, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the District, as of December 31, 2025 and 2024, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required schedules on pensions and other postemployment benefits as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual and related notes are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Revenues, Expenses and Changes in Net Position – Budget to Actual and related notes is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and related notes are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Board of Trustees
Northeast Ohio Regional Sewer District

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Cuni & Panichi, Inc.

Cleveland, Ohio
November 2, 2026

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Management's Discussion and Analysis

Unaudited

The following discussion provides a summary overview of the financial activities of the Northeast Ohio Regional Sewer District (the "Sewer District") for the years ended December 31, 2025, 2024 and 2023. This information should be read in conjunction with the letter of transmittal, basic financial statements and notes to those financial statements included in this report.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,558,783,957.
- Net position increased by $187,065,682.
- Net investment in capital assets increased by $202,940,752.
- Unrestricted net position decreased by $19,771,719.
- Retirement of debt principal was $62,968,103.
- Operating revenues, net increased by $17,693,643.
- Operating expenses increased by $12,407,148.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Sewer District's basic financial statements. The Sewer District's basic financial statements are the statements of net position, the statements of revenues, expenses and changes in net position, the statements of cash flow and the accompanying notes to the basic financial statements. This report also contains the required supplementary information and other supplementary information in addition to the basic financial statements. These statements report information about the Sewer District as a whole and about its activities. The Sewer District is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner like a private-sector business. The statements are presented using the economic resources measurement focus and the accrual basis of accounting.

The statements of net position present the Sewer District's financial position and report the resources owned by the Sewer District (assets and deferred outflows of resources) and obligations owed by the Sewer District (liabilities and deferred inflows of resources) and Sewer District net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources). The statements of revenues, expenses and changes in net position present a summary of how the Sewer District's net position changed during the year. Revenues are reported when earned and expenses are reported when incurred. The statements of cash flow provide information about the Sewer District's cash receipts and disbursements during the year. They summarize net changes in cash resulting from operating, investing, and financing activities. The notes to the basic financial statements provide additional information that is essential for a full understanding of the financial statements.

Financial Analysis of the Sewer District's Financial Position and Results of Operations

The following tables provide a summary of the Sewer District's financial position and operations for 2025, 2024, and 2023, respectively. Certain amounts may vary slightly due to differences caused by rounding to thousands.

Condensed Statements of Net Position
December 31,
(In Thousands)

	2025	2024	2023
Assets			
Current Assets	$ 669,291	$ 687,372	$ 738,903
Capital Assets, Net	3,645,670	3,500,036	3,345,533
Other Noncurrent Assets	190,361	184,293	118,467
Total Assets	4,505,322	4,371,701	4,202,903
Deferred Outflows of Resources			
Pension	21,005	30,467	40,309
OPEB	566	3,152	6,856
Deferred Charge on Refunding	29,320	31,724	36,180
Total Deferred Outflows of Resources	50,891	65,343	83,345
Total Assets and Deferred Outflows of Resources	4,556,213	4,437,044	4,286,248
Liabilities			
Current Liabilities	146,851	151,399	129,499
Long-Term Debt	1,758,285	1,815,120	1,864,072
Net Pension Liability	82,244	88,617	95,639
Net OPEB Liability	-	-	2,185
Compensated Absences, Long-Term	3,344	3,162	3,522
Lease Liability, Long-Term	310	407	126
Subscription Liability, Long-Term	1,089	332	1,030
Total Liabilities	1,992,123	2,059,037	2,096,073
Deferred Inflows of Resources			
Pension	-	459	1,736
OPEB	1,569	1,847	859
Deferred Gain on Bond Refunding	3,163	3,370	-
Leases	575	613	651
Total Deferred Inflows of Resources	5,307	6,289	3,246
Total Liabilities and Deferred Inflows of Resources	1,997,430	2,065,326	2,099,319
Net Position			
Net Investment in Capital Assets	1,811,043	1,608,102	1,452,201
Restricted - Stormwater Community Cost-Share	46,109	43,245	39,135
Restricted - Net Pension and OPEB Assets	8,135	4,968	1,283
Restricted - Revenue Bond Debt Service Deposit	11,180	13,315	11,181
Unrestricted	682,317	702,088	683,129
Total Net Position	$ 2,558,784	$ 2,371,718	$ 2,186,929

The Sewer District adopted Governmental Accounting Standards Board (GASB) Statement 68, "*Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*," which significantly revises accounting for pension costs and liabilities and GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Sewer District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting the net pension / OPEB asset and deferred outflows related to pension and OPEB. GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension and OPEB costs, GASB 27 and GASB 45 focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's total pension liability or total OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB systems and state law governing those systems requires additional explanation to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability (asset) and the net OPEB liability (asset) to equal the Sewer District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Sewer District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with the required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statements of net position.

In accordance with GASB 68 and GASB 75, the Sewer District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's change in net pension liability (asset) and net OPEB liability (asset), respectively, not accounted for as deferred inflows/outflows.

The Sewer District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $2,558,783,957 as of December 31, 2025, of which $1,811,042,535 represents net investment in capital assets. The largest portion of the Sewer District's net position is reflected in its capital assets, less accumulated depreciation and amortization, and related debt outstanding used to fund these asset acquisitions.

During 2024, the Sewer District implemented GASB Statement No. 101, *Compensated Absences*, which was issued in June 2022. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

During 2025, net position increased by $187,065,682. Most of this increase was due to the following:

- Net capital assets increased by $145,634,537 due to additions to the sewer system and wastewater treatment systems.
- The net OPEB asset increased by $4,907,360. Deferred outflows of resources for pension decreased $9,461,837, and deferred outflows of resources for OPEB decreased by $2,585,410. The Sewer District is required under GASB 75 to recognize its proportionate share of the OPERS net OBEB liability or asset. The pension and OPEB outflows are subject to many variables beyond the Sewer District's control as these outflows are part of the State pension system's postemployment benefits. OPERS reported a $2 billion OPEB asset as compared to a $903 million OPEB asset in the prior year.

- Total long-term obligations decreased by $62,365,001. There was a $6,373,259 decrease for the net pension liability. There was a $56,835,032 decrease in long-term debt due to debt repayments in excess of new borrowings.
- Deferred inflows of resources related to pension decreased by $459,515 and deferred inflows of resources related to OPEB decreased by $277,075. The change in pension and OPEB inflows are attributed to the change in the system's experience, assumptions, and investment performance as well as the Sewer District's proportionate share. Deferred inflows related to leases decreased by $38,315 due to the recognition of lease revenue. Deferred inflows related to 2024 bond transactions decreased by $206,999.

During 2024, net position increased by $184,789,323. Most of this increase was due to the following:

- Net capital assets increased by $154,502,324 due to additions to the sewer system and wastewater treatment systems.
- The net OPEB asset increased by $3,227,578 and the net pension asset increased by $457,329. The Sewer District's deferred inflows of resources for OPEB increased by $987,926. Deferred outflows of resources for OPEB decreased by $3,704,843. The Sewer District is required under GASB 75 to recognize its proportionate share of the OPERS net OBEB liability or asset. The pension and OPEB outflows are subject to many variables beyond the Sewer District's control as these outflows are part of the State pension system's postemployment benefits. OPERS reported a $903 million OPEB asset as compared to a $631 million OPEB liability in the prior year.
- Total long-term obligations decreased by $58,937,302. There was a $7,022,677 decrease for the net pension liability and $2,184,876 in OPEB liability. There was a $48,951,634 decrease in long-term debt due to debt repayments in excess of new borrowings. Long-term lease liability increased by $280,168 due to the new lease agreement for parking spaces. Long-term subscription liability decreased by $698,260 due to fewer years remaining on existing subscriptions and few new subscription agreements entered into during the fiscal year.
- Deferred inflows of resources related to pension decreased by $1,276,160 and the deferred outflows of resources for pension decreased by $9,841,490. The change in pension and OPEB inflows are attributed to the change in the system's experience, assumptions, and investment performance as well as the Sewer District's proportionate share. Deferred inflows related to leases decreased by $38,315 due to the recognition of lease revenue. Deferred inflows related to 2024 bond transactions increased by $3,369,858.
- The Sewer District performed analysis during fiscal year 2024 of Compensated Absences. Under GASB Statement No. 101, a short-term liability of $3.2 million and a long-term liability of $3.2 million were recognized as of December 31, 2024.

To further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2025, 2024, and 2023.

Condensed Statements of Revenues, Expenses and Changes in Net Position
For the Year Ended December 31,
(In Thousands)

	2025	2024	2023
Operating Revenues, Net			
Sewer and Stormwater Service Fees:			
Billing Agents			
City of Cleveland	$ 442,480	$ 427,211	$ 410,092
Other Billing Agents	8,016	7,911	7,596
Total Billing Agents	450,496	435,122	417,688
Direct Billed Sewer and Stormwater Service Fees	35,871	33,646	36,244
Total Sewer and Stormwater Service Fees	486,367	468,768	453,932
Other Operating Revenues:			
Septic Tank and Municipal Sludge Fees	1,459	1,502	1,483
Miscellaneous	1,631	1,493	1,325
Total Other Operating Revenue	3,090	2,995	2,808
Total Operating Revenues, Net	489,457	471,763	456,740
Non-Operating Revenues			
Interest Revenue	29,157	31,420	24,256
Federal Subsidy Revenue	-	1,415	1,541
Non-Operating Grant Revenue	6,890	7,530	7,810
Lease Revenue	38	38	38
Proceeds on Insurance Claims	800	-	-
Gain on Bond Defeasance	-	5,362	-
Increase in Fair Value of Investments, Net	1,302	1,814	4,943
Total Non-Operating Revenues	38,187	47,579	38,588
Total Revenues	527,644	519,342	495,328
Operating Expenses			
Salaries and Wages	70,236	66,647	62,108
Fringe Benefits	27,743	24,189	20,231
Utilities	15,181	15,332	15,280
Professional and Contractual Services	48,041	47,431	51,288
Other	12,789	13,162	12,228
Depreciation	97,947	92,769	93,631
Total Operating Expenses	271,937	259,530	254,766
Non-Operating Expenses			
Interest Expense on Long-Term Debt, Leases and Subscriptions	44,798	50,355	50,836
Non-Operating Grant Expense	890	7,530	7,810
Green Infrastructure Program	903	885	2,113
Member Community Infrastructure Community Program	12,200	8,414	7,359
Stormwater Community Cost-Share Disbursement	9,828	7,766	11,778
Loss on Disposals of Equipment	22	73	3,799
Total Non-Operating Expenses	68,641	75,023	83,695
Total Expenses	340,578	334,553	338,461
Change in Net Position	187,066	184,789	156,867
Net Position at Beginning of Year	2,371,718	2,186,929	2,030,062
Net Position at End of Year	$ 2,558,784	$ 2,371,718	$ 2,186,929

Operating revenues, net consist mainly of user charges for sewage and stormwater service fees. Sewage service fees are based on water consumption and stormwater service fees are based on the square footage of impervious surface area on a parcel of land. Operating expenses reflect the cost of providing these services. For the year ended December 31, 2025:

- Operating revenues, net increased by $17,693,643 (3.8%) compared to 2024. The increase was mainly due to higher sewer and stormwater billing rates in 2025.
- Non-operating revenues decreased by $9,392,184 (19.7%). Non-operating revenues consist of interest revenue, lease revenue, the change in fair value of investments, grant revenue, proceeds from insurance claims, and federal subsidy revenue. Interest revenue decreased by $2,262,021 (7.2%) due to lower interest rates on the Sewer District's investment holdings. Non-operating grant revenue of $6,890,066 and expense of $890,066 were recognized in 2025. This is due to the Sewer District receiving grants from the U.S. and Ohio Environmental Protection Agencies, the Ohio Department of Development, and Cleveland Tree Coalition to offset sewer and stormwater project costs.
- During 2025, a fully depreciated capital asset was damaged by fire at the Southerly Wastewater Treatment Plant. $800,000 of related insurance proceeds were received and recognized as an extraordinary item.
- Operating expenses increased by $12,407,148 (4.8%) compared to 2024. Main components of operating expenses are as follows:
    - Salary and wages increased $3,588,155 (5.4%) due to previously open job positions being filled and general wage increases.
    - Fringe benefit costs increased by $3,554,116 (14.7%) from 2024. Most of the increase is due to an increase in healthcare costs and OPERS, consistent with the increase in salaries and wages. Additionally, this increase is partially due to GASB 101 and the associated liabilities and expense that were recorded for Compensated Absences, and also due to the adjustment related to GASB 68 and GASB 75 that resulted in $1,770,599 of additional expense in the current year to record its proportionate share of the OPERS and OPEB liability (asset). As previously stated, OPERS reported a $2 billion OPEB asset as compared to a $903 million OPEB asset in the prior year.
    - Utilities decreased $150,804 (1.0%) mainly due to less electricity usage at the treatment plants and a lower electricity rate for part of 2025.
    - Professional and Contractual Services increased $609,735 (1.3%) mainly due to an increase in Collection Fees and Ash Hauling. Stormwater Contractual Services also increased due to more contractual projects in 2025.
    - Other operating expenses decreased $372,249 (2.8%) due to the net effect of the changes of its subcategory expenses. The decrease is primarily the result of decreases in chemicals, equipment and instrumentation parts, and building maintenance as there were fewer needs at the treatment plants.
- Non-operating expenses decreased $6,382,048 (8.5%) mainly due to the decrease in interest expense due to lower outstanding debt. Also grant expense decreased as less projects were performed associated with grant programs.

Operating revenues, net consist mainly of user charges for sewage and stormwater service fees. Sewage service fees are based on water consumption and stormwater service fees are based on the square footage of impervious surface area on a parcel of land. Operating expenses reflect the cost of providing these services. For the year ended December 31, 2024:

- Operating revenues increased by $15,023,297 (3.3%) compared to 2023. The increase was mainly due to higher sewer and stormwater billing rates in 2024.
- Non-operating revenues increased by $8,992,105 (23.3%). Non-operating revenues consist of interest revenue, lease revenue, the change in fair value of investments, grant revenue, gain on bond defeasance, and federal subsidy revenue. Interest revenue increased by $7,163,482 (29.5%) due to higher interest rates on the Sewer District increased investment holdings. Non-operating grant revenue and expense of $7,530,243 and $7,525,243, respectively, were recognized in 2024. This is due to the Sewer District receiving grants from the U.S. and Ohio Environmental Protection Agencies, the Ohio Department of Transportation, the Ohio Department of Development, and Congressionally Directed Spending (CDS)/Community Project Funding (CPF) to offset sewer and stormwater project costs. $38,315 of lease revenue was recognized during 2024. A gain on bond defeasance of $5,362,385 was also recorded. See Note 7 for details.
- Operating expenses increased by $4,764,673 (1.9%) compared to 2023. Main components of operating expenses are as follows:
    - Salary and wages increased $4,539,755 (7.3%) due to previously open job positions being filled and general wage increases.
    - Fringe benefit costs increased by $3,957,640 (19.6%) from 2023. Most of the increase is due to an increase in healthcare costs. Additionally, this increase is partially due to GASB 101 and the associated liabilities and expense that were recorded for Compensated Absences, and also due to the adjustment related to GASB 68 and GASB 75 that resulted in $365,638 of additional expense in the current year to record its proportionate share of the OPERS and OPEB liability (asset). As previously stated, OPERS reported a $903 million OPEB asset as compared to a $631 million OPEB liability in the prior year.
    - Utilities increased $51,977 (0.3%) mainly due to usage at the plants.
    - Other operating expenses increased due to the net effect of the changes of its subcategory expenses. The increase is primarily the result of increases in software support and maintenance due to an increase in services needed by Sewer District IT, and an increase in chemicals, materials and supplies, and equipment repair and maintenance due to a general increase in need at the wastewater treatment plants and the impact of inflation.
- Non-operating expenses decreased $8,671,506 (10.4%) due to decreases in loss on disposal of equipment, stormwater community cost-share disbursements, green infrastructure payments, grant expense, and interest expense on long-term debt.

Capital Assets

At December 31, 2025, capital asset balances were as follows compared to 2024 and 2023. Refer to Note 6 of the audited financial statements for more detailed information on capital assets.

Capital Assets at December 31, 2025, 2024, and 2023 (Net of Depreciation, in Thousands)

	2025	2024	2023
Land	$ 87,276	$ 81,290	$ 75,208
Construction in Progress	715,362	559,062	606,120
Interceptor Sewer Lines	1,885,831	1,886,029	1,702,242
Buildings, Structures and Improvements and Equipment	604,539	617,010	623,294
Sewage Treatment and Other Equipment	338,898	343,319	323,742
Right to Use-Intangible	9,353	9,776	10,199
Intangible Right to Use Asset	391	493	215
Intangible Right to Use SBITA Asset	4,020	3,057	4,513
Total	$ 3,645,670	$ 3,500,036	$ 3,345,533

Major Additions Placed into Service in 2025, at Cost Included:	Amount
Pearl/Jennings Pump Station and Tank Upgrades	$ 30,260
Southerly Enhanced Series Treatment Improvements	12,143
Easterly/Westerly Electrical Service Upgrades	5,779
Southerly Primary Heat Exchanger Replacement	4,883
CSO-249 Elimination	3,609
West Park CSO Improvements	3,219
Total Major Additions Placed into Service in 2025	$ 59,893

Major Additions Placed into Service in 2024, at Cost Included:	Amount
Westerly Storage Tunnel	$ 152,415
Shoreline Consolidation Sewer	53,490
Westerly Tunnel Dewatering Pump Station	28,659
Easterly PLC Replacement	15,855
District HVAC Upgrade Phase 2	8,229
Chippewa Creek Flood Reduction	7,497
Total Major Additions Placed into Service in 2024	$ 266,145

Debt Administration

At December 31, 2025, the Sewer District had total debt outstanding in the amount of $1,832,236,304. This represents a net decrease of $47,778,378 for total debt from 2024 mainly due to net change in the Ohio Water Development Authority retirements in excess of borrowings. Total debt payments were $62,968,103, of which $9,225,000 was for bond retirement, and $53,743,103 for retirement of loans. The carrying value of the long-term portion of debt on December 31, 2025 was $1,758,285,042 and the fair value of the long-term debt was $1,611,649,877. The Sewer District had $2,346,910 outstanding in subscription liability that comprises of 24 SBITAs in which it is acting as a lessee. In addition, the Sewer District had an outstanding liability of $402,467 for two leases that are comprised of parking spaces and copiers.

At December 31, 2024, the Sewer District had total debt outstanding in the amount of $1,880,014,082. This represents a net decrease of $45,254,240 for total debt from 2023. This decrease is a net of multiple transactions involving loan activity, bond cash defeasance, bond refunding and bond issuance. The bond cash defeasance transaction defeased outstanding principal in the amount of $42,260,000 related to 2045, 2046 and 2047 maturities of the 2020 Bonds. The Sewer District also issued $135,750,000 of Series 2024 Wastewater Improvement Revenue Refunding Bonds to refund the outstanding amount of $85,210,000 of 2010 Build America Bonds (BABs), $35,135,000 for the partial refunding of tax-exempt bonds relating to 2016, 2017 and 2019 bonds, and $36,135,000 were for the partial refunding of taxable bonds related to 2020 and 2021 bonds. Aside from the bond defeasance transactions, total debt payments were $60,621,485, of which $9,870,000 was for bond retirement, and $50,751,485 for retirement of loans. The Sewer District also issued $62,143,348 in Ohio Water Development Authority loans. The carrying value of the long-term portion of debt on December 31, 2024 was $1,815,120,074 and the fair value of the long-term debt was $1,632,140,515. The Sewer District had $1,498,016 outstanding in subscription liability that comprises of 25 SBITAs in which it is acting as a lessee. In addition, the Sewer District had an outstanding liability of $498,996 for two leases that are comprised of parking spaces and copiers.

This information should be read in conjunction with Notes 7, 12 and 13 to the audited financial statements for more detailed information on long-term debt.

Outstanding Debt at December 31,
(In Thousands)

	2025	2024	2023
Direct Placement:			
Revenue Bonds	$ 858,871	$ 874,100	$ 930,746
Water Pollution Loans Payable	973,365	1,005,915	994,523
Total Debt Direct Placement	1,832,236	1,880,015	1,925,269
Other Long-Term Obligations:			
Lease Liability	402	499	221
SBITA Liability	2,347	1,498	3,248
Total Other Long-Term Obligations	2,749	1,997	3,469
Total Long-Term Obligations	$ 1,834,985	$ 1,882,012	$ 1,928,738

Economic Factors

On July 15, 2021, the Board approved rate increases scheduled for the years 2022 through 2026 after completing a five-year rate study. As part of the Sewer District's Rate Study, a demand analysis was performed to forecast the usage based on patterns of growth/decline. In this study, the Sewer District used recent trends in demands, population, change in households, employment projects, impact of water conservation and price elasticity. Effective January 1, 2025, sewer rates charged to the Sewer District customers increased to $125.50 per mcf for City of Cleveland and suburban regular customers and $75.30 per mcf for Homestead/Rate Reduction customers. The fixed fee was increased to $11.40 per month for regular customers and $6.85 per month for Homestead/Rate Reduction customers. In addition, effective January 1, 2025, stormwater fee rate was increased to $6.09. Effective January 1, 2024, sewer rates charged to the Sewer District customers increased to $120.45 per mcf for City of Cleveland and suburban regular customers and $72.25 per mcf for Homestead/Rate Reduction customers. The fixed fee was increased to $10.95 per month for regular customers and $6.55 per month for Homestead/Rate Reduction customers. In addition, effective January 1, 2024, stormwater fee rate was increased to $5.84.

Contacting the Sewer District's Financial Management

This annual comprehensive financial report is designed to provide a general overview of the Sewer District's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Chief Financial Officer, Northeast Ohio Regional Sewer District, 3900 Euclid Avenue, Cleveland, Ohio 44115, by telephone at (216) 881-6600, or at www.neorsd.org.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Statements of Net Position

December 31, 2025 and 2024

	2025	2024
Current Assets:		
Cash	$ 6,554,489	$ 16,531,922
Sewage Short-Term Investments	386,171,102	408,882,333
Stormwater Short-Term Investments	25,051,382	23,150,143
Stormwater Community Cost-Share, Short-Term Investments	46,109,052	43,244,867
Lease Receivable, Short-Term	29,380	27,891
Lease Interest Receivable	8,624	9,005
Sewage Service Fees Receivable, Less Allowance for Doubtful Accounts of $27,100,000 in 2025 and $23,700,000 in 2024	166,139,448	155,349,471
Stormwater Service Fees Receivable, Less Allowance for Doubtful Accounts of $1,116,000 in 2025 and $990,000 in 2024	24,223,950	21,617,074
Receivables from Federal, State and Other Agencies	5,763,942	9,403,663
Inventory, Prepaid Expenses and Other	9,239,483	9,156,070
Total Current Assets	669,290,852	687,372,439
Noncurrent Assets:		
Capital Assets:		
Interceptor Sewer Lines	2,389,813,575	2,356,233,175
Buildings, Structures and Improvements and Equipment	1,314,018,498	1,295,734,005
Sewage Treatment and Other Equipment	753,610,577	728,471,466
Right to Use - Intangible	12,684,961	12,684,961
Intangible Right to Use Lease Asset	668,684	676,149
Intangible Right to Use SBITA Asset	10,199,932	9,028,651
	4,480,996,227	4,402,828,407
Less: Accumulated Depreciation and Amortization	(1,637,964,350)	(1,543,144,857)
	2,843,031,877	2,859,683,550
Land	87,276,405	81,289,686
Construction in Progress	715,361,792	559,062,301
Net Capital Assets	3,645,670,074	3,500,035,537
Long-Term Investments	170,444,697	165,379,854
Lease Receivable, Long-Term	600,992	630,371
Revenue Bond Debt Service Deposit - Restricted	11,180,549	13,314,884
Net Pension Asset - Restricted	-	1,740,561
Net OPEB Asset - Restricted	8,134,938	3,227,578
Total Noncurrent Assets	3,836,031,250	3,684,328,785
Total Assets	4,505,322,102	4,371,701,224
Deferred Outflows of Resources:		
Pension	21,005,477	30,467,314
OPEB	566,230	3,151,640
Deferred Charge on Bond Refunding	29,320,293	31,723,934
Total Deferred Outflows of Resources	50,892,000	65,342,888
Total Assets and Deferred Outflows of Resources	$ 4,556,214,102	$ 4,437,044,112

Continued

The accompanying notes are an integral part of the basic financial statements.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Statements of Net Position (Continued)

December 31, 2025 and 2024

	2025	2024
Liabilities:		
Current Liabilities:		
Accounts Payable	$ 21,410,656	$ 17,100,876
Construction Contracts and Retainages Payable	28,567,228	46,857,948
Accrued Interest Payable	12,933,872	13,555,937
Other Accrued Liabilities	4,967,439	4,498,938
Compensated Absences Liability, Short-Term	3,670,367	3,232,372
Lease Liability, Short-Term	92,027	92,364
Subscription Liability, Short-Term	1,257,714	1,166,309
Current Maturities of Debt	73,951,262	64,894,608
Total Current Liabilities	146,850,565	151,399,352
Noncurrent Liabilities:		
Compensated Absences Liability, Long-Term	3,344,077	3,162,084
Lease Liability, Long-Term	310,440	406,632
Subscription Liability, Long-Term	1,089,196	331,707
Long-Term Bonds and WPCLF	1,758,285,042	1,815,120,074
Net Pension Liability	82,243,500	88,616,759
Total Noncurrent Liabilities	1,845,272,255	1,907,637,256
Total Liabilities	1,992,122,820	2,059,036,608
Deferred Inflows of Resources:		
Pension	-	459,515
OPEB	1,569,742	1,846,817
Deferred Gain on Bond Refunding	3,162,859	3,369,858
Leases	574,724	613,039
Total Deferred Inflows of Resources	5,307,325	6,289,229
Total Liabilities and Deferred Inflows of Resources	1,997,430,145	2,065,325,837
Net Position:		
Net Investment in Capital Assets	1,811,042,535	1,608,101,783
Restricted - Stormwater Community Cost-Share	46,109,052	43,244,867
Restricted - Revenue Bond Debt Service Deposit	11,180,549	13,314,884
Restricted - Net Pension and OPEB Assets	8,134,938	4,968,139
Unrestricted	682,316,883	702,088,602
Total Net Position	$ 2,558,783,957	$ 2,371,718,275

The accompanying notes are an integral part of the basic financial statements.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

For the Years Ended December 31, 2025 and 2024

	2025	2024
Operating Revenues - Sewage:		
Billing Agents	$ 397,838,508	$ 384,964,227
Direct Billed	34,844,855	32,626,179
Other	3,059,177	2,977,387
Total Operating Revenues - Sewage	435,742,540	420,567,793
Operating Revenues - Stormwater:		
Billing Agents	52,657,246	50,157,925
Direct Billed	1,025,739	1,019,956
Other	31,119	17,327
Total Operating Revenues - Stormwater	53,714,104	51,195,208
Total District's Operating Revenues, Net	489,456,644	471,763,001
Operating Expenses - Sewage:		
Salaries and Wages	66,696,438	62,892,971
Fringe Benefits	27,214,990	23,575,506
Utilities	15,181,245	15,332,049
Professional and Contractual Services	28,356,049	26,312,228
Other	12,569,350	12,984,308
Stormwater Indirect Cost Allocation	(4,641,646)	(4,487,086)
Depreciation and Amortization	97,288,444	92,705,087
Total Operating Expenses - Sewage	242,664,870	229,315,063
Operating Expenses - Stormwater:		
Salaries and Wages	3,539,127	3,754,439
Fringe Benefits	527,541	612,909
Professional and Contractual Services	19,684,829	21,118,915
Other	220,225	177,516
Stormwater Indirect Cost Allocation	4,641,646	4,487,086
Depreciation and Amortization	658,984	64,146
Total Operating Expenses - Stormwater	29,272,352	30,215,011
Total Sewer District's Operating Expenses	271,937,222	259,530,074
Operating Income	217,519,422	212,232,927
Non-Operating Revenues (Expenses):		
Interest Revenue	29,157,527	31,419,548
Lease Revenue	38,315	38,315
Increase in Fair Value of Investments, Net	1,302,001	1,814,296
Non-Operating Grant Revenue	6,890,066	7,530,243
Non-Operating Grant Expenses	(890,066)	(7,530,243)
Green Infrastructure Program	(902,800)	(884,873)
Member Community Infrastructure Program	(12,199,824)	(8,414,483)
Stormwater Community Cost-Share Disbursement	(9,828,029)	(7,766,310)
Loss on Disposals of Equipment, Net	(22,496)	(72,960)
Gain on Cash Defeasance	-	5,362,385
Interest Expense on Long-Term Debt, Leases and Subscriptions	(44,798,434)	(50,354,828)
Federal Subsidy Revenue	-	1,415,306
Total Non-Operating Revenues (Expenses), Net	(31,253,740)	(27,443,604)
Income Before Extraordinary Event	186,265,682	184,789,323
Insurance Proceeds - Southerly WTP Generator Fire	800,000	-
Change in Net Position	187,065,682	184,789,323
Net Position at Beginning of Year	2,371,718,275	2,186,928,952
Net Position at End of Year	$ 2,558,783,957	$ 2,371,718,275

The accompanying notes are an integral part of the basic financial statements.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Statements of Cash Flow

For the Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
Cash Received From Customers	$ 475,366,509	$ 463,407,195
Cash Payments to Suppliers for Goods and Services	(94,715,985)	(96,088,414)
Cash Payments to Employees for Services	(95,119,008)	(89,656,677)
Net Cash Provided By Operating Activities	285,531,516	277,662,104
Cash Flows From Investing Activities		
Purchases of Investments	(401,142,373)	(635,854,685)
Proceeds from Maturities of Investments	417,695,795	620,457,918
Interest on Investments	28,921,404	30,820,622
Net Cash Provided By Investing Activities	45,474,826	15,423,855
Cash Flows From Non-Capital Financing Activities		
Grant Payments	(890,066)	(7,530,243)
Grant Proceeds	6,023,135	8,662,608
Net Cash (Used In) Provided By Non-Capital Financing Activities	5,133,069	1,132,365
Cash Flows From Capital and Related Financing Activities		
Principal Payments on Long-Term Debt, Leases and Subscriptions	(64,138,647)	(63,382,527)
Interest Payments on Long-Term Debt, Leases and Subscriptions	(48,135,400)	(43,445,864)
Cash Defeasance to Net Escrow Account	-	(34,961,291)
Bond Refunding to Net Escrow Account	-	(157,457,884)
Proceeds from Insurance Claims	800,000	-
Proceeds from 2024 Bonds	-	135,750,000
Proceeds from Premium and Deferred Gain on 2024 Bonds	-	20,710,475
Proceeds from Water Pollution Control Loans	25,325,108	69,632,329
Proceeds on Sale of Capital Assets	87,387	52,191
Acquisition and Construction of Capital Assets	(260,055,292)	(225,436,371)
Net Cash Used In Capital and Related Financing Activities	(346,116,844)	(298,538,942)
Net Decrease in Cash	(9,977,433)	(4,320,618)
Cash at Beginning of Year	16,531,922	20,852,540
Cash at End of Year	$ 6,554,489	$ 16,531,922

Continued

The accompanying notes are an integral part of the basic financial statements.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Statements of Cash Flow (Continued)

For the Years Ended December 31, 2025 and 2024

	2025	2024
Reconciliation of Operating Income to Cash Provided By Operating Activities:		
Operating Income	$ 217,519,422	$ 212,232,927
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	97,947,428	92,769,233
Allowance for Doubtful Accounts	3,526,000	551,000
Stormwater Community Cost Share Disbursement	(9,828,029)	(7,766,310)
Member Community Infrastructure Program Disbursement	(12,199,824)	(8,414,483)
Green Infrastructure Program Disbursement	(902,800)	(884,873)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(17,644,407)	(8,933,623)
Deferred Outflows of Resources - Pension	9,461,837	9,841,490
Deferred Inflows of Resources - Pension	(459,515)	(1,276,160)
Deferred Outflows of Resources - OPEB	2,585,410	3,704,843
Deferred Inflows of Resources - OPEB	(277,075)	987,926
Compensated Absences Liability	619,988	350,803
Net Pension Asset	1,740,561	(457,329)
Net OPEB Asset	(4,907,360)	(3,227,578)
Net Pension Liability	(6,373,259)	(7,022,677)
Net OPEB Liability	-	(2,184,876)
Inventory and Prepaid Expenses	(83,413)	(302,895)
Lease Receivable	28,273	26,817
Accounts Payable and Other Accrued Liabilities	4,778,279	(2,332,131)
Total Adjustments	68,012,094	65,429,177
Net Cash Provided by Operating Activities	$ 285,531,516	$ 277,662,104
Supplemental Schedule of Non-Cash Investing, Capital and Relating Financing Activities		
Long-Term Debt Decreased for Receivables from State Agencies in Connection with Water Pollution Control Loans	$ (4,457,349)	$ (9,306,771)
Long-Term Debt Increased due to Accrued Construction Interest in Connection with Water Pollution Control Loans	$ 325,872	$ 1,817,790
Capital Assets (Decreased) Increased due to Capitalized Costs, Recorded Accounts Payable and Asset Reclassifications	$ (18,290,720)	$ 20,670,911
Increase in Fair Value of Investments, Net	$ 1,302,001	$ 1,814,296
Amortization of Deferred Charge on Bond Refunding	$ 2,403,641	$ 2,119,017
Amortization of Deferred Gain on Bond Refunding	$ (206,999)	$ (37,778)
Amortization of Bond Premium and Discount	$ (6,003,906)	$ (3,066,324)
Acquisition of Right-to-Use Asset from SBITAs	$ (1,922,909)	$ 914,054
Acquisition of Right-to-Use Asset from Leases	$ -	$ 375,742

The accompanying notes are an integral part of the basic financial statements

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Notes to the Basic Financial Statements

December 31, 2025 and 2024

Note 1: Reporting Entity

The Northeast Ohio Regional Sewer District (the "Sewer District"), a political subdivision of the State of Ohio, was created by Order of the Cuyahoga County Court of Common Pleas and commenced operations on July 18, 1972, under statutory provisions of the Ohio Revised Code. The Sewer District provides wastewater treatment and interceptor sewer facilities for the region comprised of the City of Cleveland and 62 suburban communities.

The Sewer District is governed by its Board of Trustees (the "Board"). The Board consists of seven members, each of whom serves a five-year term and who are appointed as follows: (I) two by the Mayor of the City of Cleveland (subdistrict one); (ii) two by a council of governments (the "Suburban Council") comprised of representatives of all the suburban communities served by the System (subdistrict two); (iii) one by the Cuyahoga County Council; (iv) one by the appointing authority of the subdistrict with the greatest sewage flow (currently the Mayor of the City of Cleveland); and (v) one by the appointing authority of the subdistrict with the greatest population (currently the Suburban Council). Accordingly, the Mayor of the City of Cleveland and the Suburban Council each currently appoint three members of the Board.

In accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units* (an amendment of GASB Statement No. 14), the accompanying financial statements include only the accounts and transactions of the Sewer District. Under the criteria specified in these GASB Statements, the Sewer District has no component units nor is it considered a component unit of the State of Ohio. The Sewer District is considered, however, a political subdivision to the State of Ohio. These conclusions regarding the financial reporting entity are based on the concept of financial accountability. The Sewer District is not financially accountable for any other organization. This is evidenced by the fact that the Sewer District is a legally and fiscally separate and distinct organization. The annual budget is submitted to Cuyahoga County for informational purposes only and does not require its approval. The Sewer District is solely responsible for its finances. The Sewer District is empowered to issue revenue bonds payable solely from sewer charge revenues.

Component units are legally separate organizations for which the Sewer District is financially accountable. The Sewer District is financially accountable for an organization if it appoints a voting majority of the organization's governing board and (1) is able to significantly influence the programs or services performed or provided by the organization; or (2) is legally entitled to or can otherwise access the organization's resources; is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or is obligated for the debt of the organization. Based upon the application of these criteria, the Sewer District has no component units.

Note 2: Summary of Significant Accounting Policies

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the GASB. The statements were prepared using the economic resources measurement focus and the accrual basis of accounting. All transactions are accounted for in a single proprietary (enterprise) fund.

GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Sewer District's accounting policies are described below.

Basis of Presentation

The Sewer District's basic financial statements consist of statements of net position; statements of revenues, expenses and changes in net position; and statements of cash flow.

The Sewer District uses a single enterprise fund to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

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

Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Sewer District are included on the statements of net position. The statements of revenues, expenses and changes in net position present increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statements of cash flows provide information about how the Sewer District finances meet the cash flow needs of its enterprise activity.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Sewer District's financial statements are prepared using the accrual basis of accounting.

Revenue is recorded on the accrual basis when the exchange takes place. Contribution revenue is primarily recognized on a cost-reimbursement basis or in accordance with the terms of grant agreements. Expenses are recognized at the time they are incurred.

Note 2: Summary of Significant Accounting Policies (continued)

Cash Equivalents and Investments

The Sewer District's policy is to treat all of its short-term, highly liquid investments as investments, and not as cash equivalents.

Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost plus accrued interest.

State Treasury Asset Reserve of Ohio ("STAR Ohio"), is an investment pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but the Sewer District has adopted GASB, Statement No.79, *Certain External Investment Pools and Pool Participants*. The Sewer District measures their investment in STAR Ohio at amortized cost.

For the years ended December 31, 2025 and 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Short-Term Investments

Short-term investments consist of the obligations of Federal agencies, U.S. Treasury Bills and Notes, certain City and State bonds, STAR Ohio, Huntington contractors' escrow and Dreyfuss Cash management.

Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Cash

The carrying value approximates fair value due to the short maturity of this financial instrument.

Note 2: Summary of Significant Accounting Policies (continued)

Investments

The carrying value of the Sewer District's investments in U.S. Treasury Securities, City and State bonds, and obligations of Federal Agencies is fair value in accordance with the application of GASB Statement No. 31.

Long-Term Debt

The fair value of the Sewer District's long-term debt is estimated based on the borrowing rates currently available to the Sewer District for loans with comparable maturities. The estimated fair value of the Sewer District's long-term debt, net of the current portion, at December 31, 2025 was $1,611,649,877. The estimated fair value of the Sewer District's long-term debt, net of the current portion, at December 31, 2024 was $1,632,140,515.

Compensated Absences

The Sewer District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee) during or upon the separation from employment. Based on the criteria listed, one type of leave qualifies for liability recognition for compensated absences – paid time off. The liability for compensated absences is reported as incurred in the proprietary fund financial statements. The liability for compensated absences includes salary related benefits, such as Medicare and Defined Contribution Benefit pension plan.

Paid Time Off

The Sewer District offers paid time off (PTO) to eligible employees. All employees assigned to a PTO plan are eligible to use PTO upon hire, subject to department rules and approval. PTO accrual begins on the first day of employment and is based on years of service and accrual plan. Unused PTO is eligible for payment at the employee's current pay rate upon separation of employment. Employees may carry over a maximum of up to and including three (3) times the amount of their yearly PTO available. As of January 1, 2024, all union and non-union employees were on PTO plans, and any unused vacation for union employees was converted to available PTO.

Note 2: Summary of Significant Accounting Policies (continued)

Long-Term Investments and Restricted Accounts

In conjunction with the issuance of its revenue bonds, the Sewer District maintains funds in the following special accounts:

Long-Term Investments

At December 31, 2025 and 2024, these funds consisted of U.S. Treasury Securities, certain City and State bonds, and obligations of Federal agencies. They may be used to finance construction expenditures approved by the Board. Under certain circumstances, the funds may be used for repayment of principal and interest costs on the 2016 Series Wastewater Improvement Revenue Refunding Bonds, the 2017 Series Wastewater Improvement Revenue Refunding Bonds, the 2019 Series Wastewater Improvement Revenue Refunding Bonds, the 2020 Series Wastewater Improvement Revenue Refunding Bonds, the 2021 Series Wastewater Improvement Revenue Refunding Bonds, and the 2024 Series Wastewater Improvement Revenue Refunding Bonds.

Revenue Bond Debt Service Deposit

These amounts represent advance deposits made to the Sewer District's bond trustee for principal and interest payments on revenue bonds. Investments at December 31, 2025 and 2024 consisted of direct obligations of the United States Government and money market funds plus accrued interest.

Sewage and Stormwater Service Fees Receivable

Sewage and stormwater service fees receivable are shown net of an allowance for uncollectible. The allowance is based on aged accounts receivable, historical collection rates, economic trends, and current year operating revenues. The allowance amounts are $28,216,000 and $24,690,000 at December 31, 2025 and 2024, respectively.

Inventory

Inventory consists of materials and supplies not yet placed into service that are valued at weighted average cost. The cost of inventory items is recognized as an expense when used.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. sewer lines and similar items) are reported on the statements of net position. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Sewer District maintains a capitalization threshold of $25,000. Major renewals and betterments are capitalized; the costs of normal improvements and repairs that do not add to the value of the assets or materially extend an asset's life are expensed as incurred. All reported capital assets except for land and construction in progress are depreciated. Major renewals and betterments are depreciated over the remaining useful lives of the related capital assets.

Note 2: Summary of Significant Accounting Policies (continued)

Capital Assets (continued)

Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Interceptor Sewer Lines	Primarily 75 years
Buildings, Structures and Improvements, and Equipment	Primarily 40 years
Sewage Treatment and Other Equipment	5 to 20 years
Right to Use-Intangible	30 years

The Sewer District is reporting intangible right to use assets related to leased equipment, information technology subscription-based arrangements and improvements. These intangible assets are amortized in a systematic and rational manner over the shorter of the lease and subscription term or the useful life of the underlying asset.

Bond Premiums

Bond premiums are deferred and amortized over the term of the bonds using the effective-interest method. Unamortized bond premiums are presented as an increase of the carrying amount of the bonds payable reported on the statements of net position.

Bond Discounts

Bond discounts are amortized over the term of the bonds using effective-interest method. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statements of net position.

Deferred Inflows of Resources

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the Sewer District, deferred inflows of resources include changes in net pension, net other postemployment benefits (OPEB) obligations, gain on bond refunding, and leases. Deferred inflows of resources related to pensions and OPEB are explained in Notes 8 and 9, respectively. The deferred inflow for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

Deferred Outflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Sewer District, deferred outflows of resources are reported on the statements of net position as deferred charge on bond refunding, future pension, and OPEB obligations. The deferred outflows of resources related to pension and OPEB plans are explained, respectively, in Note 8 and Note 9.

Note 2: Summary of Significant Accounting Policies (continued)

Deferred Outflows of Resources (continued)

On the Sewer District financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective-interest method and is presented as deferred outflows of resources on the statements of net position.

Pension/OPEB Liability (Asset)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pension/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB systems report investments at fair value. Additional details on the pension/OPEB systems are provided in Notes 8 and 9, respectively.

Capital Contributions

Contributions of capital arise from outside contributions of capital assets or from grants or outside contributions of resources restricted to capital acquisition and construction.

Net Position

In the Sewer District financial statements, net position is categorized into five categories. The first is net investment in capital assets, net of accumulated depreciation and amortization, reduced by the outstanding debt incurred to acquire, construct, or improve those assets, the SBITA and lease liabilities associated with the right to use assets, excluding unexpended bond proceeds, committed or unrestricted. This category represents net investment in property, plant, equipment, and infrastructure. The second category represents Stormwater cash that is Board-restricted for the Community Cost-Share Program. The third category is the restricted portion of net position related to net pension/OPEB asset associated with pension/OPEB plans. The fourth category is restricted portion for the advance deposits made to the Sewer District's bond trustee for principal and interest payments on revenue bonds. The fifth category is the unrestricted portion of net position, which consists of all assets that do not meet the definition of either of the other four categories of net position. The Sewer District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Note 2: Summary of Significant Accounting Policies (continued)

Net Position (continued)

The Sewer District's Board adopted a reserve policy in July 2009 that annually designates amounts of the Sewer District's unrestricted net position as Board-designated for specific purposes. Such amounts are not restricted and may be designated for other purposes or eliminated at the discretion of the Board. A summary of reserve amounts that have been designated by the Board at December 31, 2025 and 2024 follows:

	2025	2024
General Operating Reserve	$ 38,352,818	$ 37,602,675
Equipment Repair and Replacement Reserve	72,032,069	68,269,563
Insurance Reserve	16,991,542	16,952,881
Rate Stabilization Account	18,000,000	18,000,000
Capital Project Account	404,337,703	428,905,213

During 2025, the General Operating Reserve increased by $750,143 due to the increase in the operating budget compared to 2024. The Equipment Repair and Replacement Reserve increased $3,762,506 due to an increase in interest revenue. The Insurance Reserve had a net increase of $38,661 due to less insurance premiums and claims paid than the interest earned. The Rate Stabilization account stayed the same compared to 2024. The Capital Project account decreased by $24,567,510 due to project expenditures and transfers to the operating account in excess of Ohio Water Development Authority (OWDA) loan receipts via the Water Pollution Control Loan Fund (WPCLF).

During 2024, the General Operating Reserve increased by $2,478,781 due to the increase in the operating budget compared to 2024. The Equipment Repair and Replacement Reserve increased $4,167,578 due to an increase in interest revenue. The Insurance Reserve had a net increase of $189,349 due to less insurance premiums and claims paid than the interest earned. The Rate Stabilization account stayed the same compared to 2024. The Capital Project account decreased by $20,696,381 due to project expenditures and transfers to the operating account in excess of Ohio Water Development Authority (OWDA) loan receipts via the Water Pollution Control Loan Fund (WPCLF).

Revenues and Expenses

Operating revenues and expenses result from providing wastewater conveyance and treatment and stormwater services. Operating revenues consist of user charges for sewage and stormwater service fees. Sewage service fees are based on water consumption and stormwater service fees are based on the square footage of impervious surface area on a parcel of land. Operating revenues are shown net of bad debt expense of $9,029,835 in 2025 and $6,026,313 in 2024. Operating expenses include the cost of these sewer and stormwater services, including administrative expenses and depreciation on capital assets.

Note 2: Summary of Significant Accounting Policies (continued)

Revenues and Expenses (continued)

Non-operating revenues and expenses are all revenues and expenses not meeting the definition of operating revenues and expenses. Non-operating revenues and expenses include revenues and expenses from investing activities, capital and related financing activities, non-capital financing activities and community contributions.

Sewage service fees are billed to users of the system on a cycle basis based primarily upon water usage. Estimates for services provided between the ends of various cycles and the end of the year are recorded as unbilled revenue. Included in sewage service fees receivable at December 31, 2025 and 2024 are unbilled sewage service fees of $25,472,476 and $24,564,825, respectively. Included in stormwater service fees receivable at December 31, 2025 and 2024 are unbilled stormwater service fees of $2,576,654 and $2,376,880, respectively.

On July 15, 2021, the Board approved rate increases scheduled for the years 2022 through 2026 after completing a five-year rate study. As part of the Sewer District's Rate Study, a demand analysis was performed to forecast the usage based on patterns of growth/decline. In this study, the Sewer District used recent trends in demands, population, change in households, employment projects, impact of water conservation and price elasticity. Effective January 1, 2025, rates charged to the Sewer District customers increased to $125.50 per mcf for City of Cleveland and suburban customers. Also, effective January 1, 2025, the fixed fee was increased to $11.40 per month for regular customers and $6.85 per month for Homestead/Affordability customers. In addition, effective January 1, 2025, stormwater fee rate increased to $6.09.

Interest Expense

It is the Sewer District's intention that all expenses, including interest incurred in connection with financing the construction of new facilities, be recovered on a current basis. The annual budget process is governed by a number of factors, including the 2016 Wastewater Improvements Revenue Refunding Bond Resolution, the 2017 Wastewater Improvements Revenue Refunding Bond Resolution, the 2019 Wastewater Improvements Revenue Refunding Bond Resolution, the 2020 Wastewater Improvements Revenue Refunding Bond Resolution, the 2021 Wastewater Improvements Revenue Refunding Bond Resolution, and the 2024 Wastewater Improvements Revenue Refunding Bond Resolution which requires that the current year "net revenues" be at least 115.0% of its debt service requirements.

As the Sewer District does not intend that interest costs be recovered from subsequent years' revenue, it has excluded interest as an allowable cost for future rate-making purposes. Therefore, all interest is expensed but is included as non-operating on the statements of revenues, expenses and changes in net position as incurred. For the years ended December 31, 2025 and 2024, $10,232 and $1,392, respectively, is recorded in lease interest expense and included in non-operating expenses. During 2023, the Sewer District implemented GASB 96, "Subscription-Based Information Technology Arrangements", because of which, the Sewer District recognized $60,105 in interest expense for the year ended December 31, 2025, and $54,564 for the year ended December 31, 2024. Please refer to Notes 12 and 13 for details.

Note 2: Summary of Significant Accounting Policies (continued)

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because the amounts have not yet been earned. The Sewer District recognizes unearned revenue for grants received before time requirements are met, despite meeting all other eligibility requirements, and are recognized as unearned revenue until the point in time when all requirements are met.

Use of Estimates

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Sewer District Administration and that are either unusual in nature or infrequent in occurrence. During 2025, a fully depreciated capital asset was damaged by fire at Southerly Wastewater Treatment Plant. Related insurance proceeds were received and recognized during the current year. The net impact was reported as an extraordinary item in the accompanying financial statements. During 2024, the Sewer District had no extraordinary or special items.

Accounting Policy - Lessee

Except for short-term leases, when the Sewer District is a lessee in non-cancellable lease arrangements the Sewer District recognizes a lease liability and an intangible right-to-use asset in the financial statements. The Sewer District recognizes lease liabilities with an initial, individual value of $25,000 or more. For leases not meeting these criteria, lease payments are recognized as outflows of resources based on the payment provisions of the contract. At the commencement of a lease, the Sewer District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs.

Note 2: Summary of Significant Accounting Policies (continued)

Accounting Policy – Lessee (continued)

Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the Sewer District determines (1) the discount rate used to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Sewer District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Sewer District generally uses the US Revenue AA+ Muni BVAL yield Curve as the discount rate for leases as it approximates the Sewer District's incremental borrowing rate.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and purchase option price that the Sewer District is reasonably certain to exercise.

Leased assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statements of net position. The Sewer District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Accounting Policy – Lessor

With the exception of short-term leases, when the Sewer District is a lessor in noncancellable lease arrangements the Sewer District recognizes a lease receivable and a deferred inflow of resources in the financial statements. For short-term leases, lease revenues are recognized as inflows of resources based on the payment provisions of the contract. See Note 12 for details of the Sewer District's leasing arrangements. At the commencement of a lease, the Sewer District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Sewer District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Sewer District generally uses the US Revenue AA+ Muni BVAL yield Curve as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The Sewer District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 2: Summary of Significant Accounting Policies (continued)

Accounting Policy – Subscription-Based Information Technology Arrangements

At the commencement of the subscription term, a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability should be recognized. The commencement of the subscription term begins when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term, such as fixed payments, variable payments that are fixed in substance, incentives, penalties for terminating the SBITA, etc. Future subscription payments will be discounted using the interest rate the SBITA vendor charges if available, otherwise, will be discounted using the US Revenue AA+ Muni BVAL yield Curve as it approximates the Sewer District's incremental borrowing rate. The Sewer District reports lessee SBITAs current expense in the Statements of Revenues, Expenses and Changes in Fund Net Position using the economic resources (accrual) basis of accounting. The subscription asset should be initially measured including initial subscription liability amount, payments made to the vendor before commencement of the subscription term, implementation costs that can be capitalized, excluding any incentive received from SBITA vendor at or before commencement of the subscription term.

The Sewer District capitalizes individual SBITAs that are considered material, or groups of arrangements that are material when aggregated. Right-to-use assets – SBITAs are amortized over the shorter of the subscription term or the useful life of the underlying IT assets. Annual SBITA agreements with no extension options are treated as short-term and expensed as incurred.

The subscription asset should be amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Amortization of the subscription asset should be recognized as an outflow of resources—amortization expense. The Sewer District's criteria for SBITA capitalization includes post implementation annual subscription costs of $25,000 present value or more are capitalized and amortized over the life of the SBITA agreement including possible extensions. Negotiated multi-year price guarantees (typically with annual price increases) are treated as options to extend since the Sewer District procurement cycle for SBITAs is 1-5 years.

Note 3: New Accounting Pronouncements and Change in Accounting Policies

GASB Statement No. 102, *Certain Risk Disclosures* was issued in December of 2023. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The implementation of this statement had no effect on the Sewer District financial statements or notes disclosures.

Note 3: New Accounting Pronouncements and Change in Accounting Policies (continued)

Newly Issued Accounting Pronouncements, Not Yet Adopted

GASB Statement No. 103, *Financial Reporting Model Improvements* was issued in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability (MD&A, unusual and infrequent items, Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, Budgetary Comparison Information). This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 104, *Disclosure of Certain Capital Assets* was issued in September 2024. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

GASB Statement No. 105, *Subsequent Events* was issued in December 2025. The primary objective of this Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026, and all reporting periods thereafter.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025,* was issued in June 2025. The objective of this Implementation Guide is to provide guidance that clarifies, explains, or elaborates on GASB Statements. The requirements of this Implementation Guide are effective for fiscal years beginning after June 15, 2025, and reporting periods thereafter, except Question 4.16 is effective upon issuance.

The Sewer District has not yet determined the impact that these Statements will have on its financial statements and disclosures.

Note 4: Deposits and Investments

Deposits

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. At December 31, 2025, the carrying amount of the Sewer District's deposits was $6,551,582 and the bank balance was $12,470,910. Of the bank balance, $250,000 was covered by Federal depository insurance and $12,220,910 was covered by collateral held by the OPCS (Ohio Pooled Collateral System). At December 31, 2024, the carrying amount of the Sewer District's deposits was $16,531,922 and the bank balance was $18,809,575. Of the bank balance, $250,000 was covered by Federal depository insurance and $18,559,575 was covered by collateral held by the OPCS (Ohio Pooled Collateral System). The Sewer District has no deposit policy for custodial risk beyond the requirements of State statute.

Ohio law requires that deposits either be insured or be protected by: eligible securities pledged to the Sewer District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or Participating in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institutions. The OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The Sewer District's investment policies are currently governed by its Series 2016, 2017, 2019, 2020, 2021, and 2024 Wastewater Improvement Revenue Bond Resolution (the "Resolution") as permitted by State statute. The Resolution allows the Sewer District to purchase certain instruments, including obligations of the U.S. Treasury, its agencies and instrumentalities, interest-bearing demand or time deposits, repurchase agreements and, in certain situations, pre-refunded municipal obligations, general obligations of any state and other fixed income securities. Repurchase transactions are not to exceed one year and must be collateralized by obligations of the U.S. Government or its agencies which are held by a third-party custodian. The investments included in the Revenue Bond Debt Service Deposit are governed by the provisions of a trust agreement which provides for interest and principal payments on the 2016, 2017, 2019, 2020, 2021, and 2024 Series Bonds.

At December 31, 2025, the Sewer District's investment balances and maturities were as follows:

			Maturities (in years)	
Investment Type	Fair Value	% of Total	Less than 1	1 through 5
U.S. Treasury Notes	$ 256,149,886	40%	$ 125,588,820	$ 130,561,066
State Treasury Asset Reserve	295,851,081	47%	295,851,081	-
U. S. Treasury Bills	14,860,500	2%	14,860,500	-
Federal Home Loan Bank	32,468,110	5%	12,185,033	20,283,077
City Bonds	6,658,339	1%	5,054,800	1,603,539
Federal Farm Credit Bank	31,106,979	5%	13,109,964	17,997,015
Huntington Contractor Escrow	1,831,076	0%	1,831,076	-
Dreyfus Cash Management	30,811	0%	30,811	-
Total	$ 638,956,782		$ 468,512,085	$ 170,444,697

Note 4: Deposits and Investments (continued)

Investments (continued)

At December 31, 2024, the Sewer District's investment balances and maturities were as follows:

Investment Type	Fair Value	% of Total	Maturities (in years) Less than 1	1 through 5
U.S. Treasury Notes	$ 242,117,530	37%	$ 144,130,706	$ 97,986,824
State Treasury Asset Reserve	254,137,464	39%	254,137,464	-
Federal National Mortgage Association	4,951,340	1%	4,951,340	-
U. S. Treasury Bills	39,355,400	6%	39,355,400	-
Federal Home Loan Bank	50,365,630	8%	20,336,236	30,029,394
City and State Bonds	9,537,179	1%	2,999,247	6,537,932
Federal Farm Credit Bank	51,071,854	8%	20,246,150	30,825,704
Huntington Contractor Escrow	2,119,430	0%	2,119,430	-
Dreyfus Cash Management	316,254	0%	316,254	-
Total	$ 653,972,081		$ 488,592,227	$ 165,379,854

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. It is the Sewer District's policy to hold instruments to maturity, limiting any investment to a maximum of five years. The targeted weighted average days to maturity for the overall Sewer District portfolio is not more than two years. In addition, Ohio law prescribes that all Sewer District investments mature within five years of purchase, unless the investment is matched to a specific obligation or debt of the Sewer District.

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Sewer District's investment policy authorizes investments in obligations of the U.S. Treasury, U.S. agencies and instrumentalities, interest-bearing demand or time deposits, STAR Ohio, money market mutual funds, repurchase agreements, and in certain situations, pre-funded municipal obligations, general obligations of any state and other fixed income securities. Repurchase transactions are not to exceed one year and must be collateralized by obligations of the U.S. Government or its agencies which are held by a third-party custodian. STAR Ohio is an investment pool created pursuant to Ohio statutes and is managed by the Treasurer of the State of Ohio. As of December 31, 2025, the Sewer District's investment in U.S. instrumentalities consisted of U.S. Treasury notes and bills, Federal Home Loan Bank, City of Cincinnati, New York City, and Federal Farm Credit Bank. As of December 31, 2024, the Sewer District's investment in U.S. instrumentalities consisted of U.S. Treasury notes and bills, Federal National Mortgage Association, Federal Home Loan Bank, City of Cincinnati, New York City, State of California Bonds, and Federal Farm Credit Bank. For both years, these investments were all rated AA+ by Standard & Poor's and Aia by Moody's Investors Service. Investments in U.S. Treasury Notes were rated AA+ by Standard & Poor's and Aia by Moody's Investors Service. The Investments in STAR Ohio and Bank of New York were rated Aam by Standard & Poor's and Aaa by Moody's Investors Service.

Note 4: Deposits and Investments (continued)

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of a counterparty to a transaction, the Sewer District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Consistent with the requirements of State Law, it is the policy of the Sewer District to require full collateralization of all investments other than obligations of the U.S. Government, its agencies and instrumentalities. At December 31, 2025, the Sewer District's investment in U.S. agencies with fair values totaling $63,575,089 has maturities of $25,294,997 in less than one year and $38,280,092 within five years. U.S. agencies are held in the accounts of Huntington Bank and PNC National Bank (Trustees), at the Federal Reserve Bank of Cleveland. At December 31, 2024, the Sewer District's investment in U.S. agencies with fair values totaling $106,388,824 has maturities of $45,533,726 in less than one year and $60,855,098 within five years. U.S. agencies are held in the accounts of Huntington Bank and PNC National Bank (Trustees), at the Federal Reserve Bank of Cleveland. At December 31, 2025 and 2024, the Sewer District's securities associated with the principal and interest payment of bond obligations in the amounts of $11,180,549 and $13,314,884, respectively, are held in the account of Bank of New York under the Master Trust Agreement. Assets held by the Trustee as a custodial agent are considered legally separate from the other assets of the Trustee.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in a single issuer. The Sewer District's investment policy provides that investments be diversified to reduce the risk of loss from overconcentration in a single issuer but does not identify specific limits on the amounts that may be invested. As of December 31, 2025 and 2024, more than five percent of the Sewer District's investments are in Federal Home Loan Bank, Federal Farm Credit Bank, U.S. Treasury Notes and Star Ohio.

Note 5: Transactions with the City of Cleveland

As required by the court order establishing the Sewer District, the Sewer District and the City of Cleveland (the "City") entered into agreements which provide for the City, as the Sewer District's agent, to invoice, collect, and account for sewer and stormwater charges to most Sewer District users. The remaining Sewer District's users are invoiced directly by the Sewer District or by other billing agents.

Table below includes a summary of sewer and stormwater billing and collection transactions between the City and the Sewer District for the years ended December 31, 2025 and 2024:

	2025	2024
Amounts due from the Sewer District customers at beginning of for invoices rendered by the City	$ 161,692,755	$ 153,550,179
Amounts billed to the Sewer District customers by the City	449,720,987	432,185,560
Cash collected from the Sewer District customers by the City to the Sewer District during the year	(423,840,934)	(408,990,244)
Write off of inactive accounts	(5,426,390)	(8,535,338)
Cash collected directly by the Sewer District on invoices City and other adjustment	(5,226,359)	(6,517,402)
Balance due from customers at end of year, included in service fees receivable before allowance for doubtful accounts	$ 176,920,059	$ 161,692,755

Note 5: Transactions with the City of Cleveland (continued)

Service fees billed by the City are considered delinquent 23 days after the date of the bill. The fees are considered in arrears when they remain unpaid beyond 90 days from the date billed. The Sewer District may certify to the Cuyahoga County Fiscal Office any delinquent accounts billed by the City. Such certification will result in the delinquent amounts being placed on the real property tax duplicate for collection as taxes. Failure to pay the property tax and Sewer District fees will result in a lien on such property.

Fees paid to the City for billing and collection services in 2025 and 2024 were $10,967,209 and $9,883,935, respectively; of which, $983,302 for 2025 and $819,787 for 2024 are included in accounts payable on the Sewer District's statements of net position.

Note 6: Capital Assets and Depreciation

Capital asset activity for the year ended December 31, 2025 was as follows:

	Balance December 31, 2024	Additions	Retirements	Transfers	Balance December 31, 2025
Non-depreciable Capital Assets:					
Land	$ 81,289,686	$ 291	$ -	$ 5,986,428	$ 87,276,405
Construction in Progress	559,062,301	231,420,885	-	(75,121,394)	715,361,792
Total Non-depreciable Capital Assets	640,351,987	231,421,176	-	(69,134,966)	802,638,197
Depreciable Capital Assets:					
Interceptor Sewer Lines	2,356,233,175	3,215,320	(938)	30,366,018	2,389,813,575
Buildings, Structures and Improvements and Equipment	1,295,734,005	546,245	(90,042)	17,828,290	1,314,018,498
Sewage Treatment and Other Equipment	728,471,466	4,977,390	(778,937)	20,940,658	753,610,577
Right to Use-Intangible (*)	12,684,961	-	-	-	12,684,961
Intangible Right to Use - Property and Equipment	676,149	-	(7,465)	-	668,684
Right to Use- SBITA Asset (**)	9,028,651	3,531,717	(2,360,436)	-	10,199,932
Total Depreciable Capital Assets	4,402,828,407	12,270,672	(3,237,818)	69,134,966	4,480,996,227
Total Historical Cost	5,043,180,394	243,691,848	(3,237,818)	-	5,283,634,424
Less Accumulated Depreciation For:					
Interceptor Sewer Lines	(470,204,370)	(33,778,521)	938	-	(503,981,953)
Buildings, Structures and Improvements and Equipment	(678,724,060)	(30,846,626)	90,042	-	(709,480,644)
Sewage Treatment and Other Equipment	(385,151,934)	(30,236,853)	676,519	-	(414,712,268)
Right to Use-Intangible (*)	(2,909,154)	(423,190)	-	-	(3,332,344)
Intangible Right to Use - Property and Equipment	(183,382)	(94,153)	-	-	(277,535)
Intangible Right to Use SBITA Asset (**)	(5,971,957)	(2,568,085)	2,360,436	-	(6,179,606)
Total Accumulated Depreciation	(1,543,144,857)	(97,947,428)	3,127,935	-	(1,637,964,350)
Capital Assets, Net	$ 3,500,035,537	$145,744,420	$ (109,883)	$ -	$3,645,670,074

Depreciation Expense Charged to Operating Expenses	$ 95,285,190
Amortization Expense, Leases	94,153
Amortization Expense, SBITA Assets	2,568,085
	$ 97,947,428

Note 6: Capital Assets and Depreciation (continued)

(*) During 2021, the Sewer District acquired an intangible asset due to an agreement with FirstEnergy. Per this agreement, the Sewer District has the right to use the power provided from the FirstEnergy substation at the Sewer District's Southerly Plant, which was constructed by the Sewer District, but is owned by FirstEnergy. The construction of the substation was completed in 2021 and capitalized. The asset's original cost basis is $7,179,387 as of December 31, 2025, and 2024. Below is a schedule of the amounts to be expensed in future years:

Year Ending December 31,	Amortization Amounts
2026	$ 239,821
2027	239,821
2028	239,821
2029	239,821
2030	239,821
2031-2035	1,199,106
2036-2040	1,199,106
2041-2045	1,199,106
2046-2050	1,199,106
2051	239,821
	$ 6,235,350

(*) During 2012, the Sewer District acquired an intangible asset due to an agreement with the City of Cleveland Department of Public Utilities Division of Cleveland Public Power. Per this agreement, the Sewer District has the right to use the power provided from the Nine Mile Creek substation, which was constructed by the Sewer District, but is owned by the City. The construction of the substation was completed in 2012 and capitalized; there were minor subsequent costs in the following years. The asset's original cost basis is $5,505,574 as of December 31, 2025 and 2024. Below is a schedule of the amounts to be expensed in future years:

Year Ending December 31,	Amortizaton of Intangible Asset
2026	$ 183,369
2027	183,369
2028	183,369
2029	183,369
2030	183,369
2031-2035	916,843
2036-2040	916,843
2041-2042	366,736
	$ 3,117,267

Note 6: Capital Assets and Depreciation (continued)

Capital asset activity for the year ended December 31, 2024 was as follows:

	Balance December 31, 2023	Additions	Retirements	Transfers	Balance December 31, 2024
Non-depreciable Capital Assets:					
Land	$ 75,207,783	$ 4,307	$ -	$ 6,077,596	$ 81,289,686
Construction in Progress	606,120,046	240,677,898	-	(287,735,643)	559,062,301
Total Non-depreciable Capital Assets	681,327,829	240,682,205	-	(281,658,047)	640,351,987
Depreciable Capital Assets:					
Interceptor Sewer Lines	2,141,823,271	35,640	-	214,374,264	2,356,233,175
Buildings, Structures and Improvements and Equipment	1,271,742,167	413,951	-	23,577,887	1,295,734,005
Sewage Treatment and Other Equipment	680,946,816	4,975,116	(1,156,362)	43,705,896	728,471,466
Right to Use-Intangible (*)	12,684,961	-	-	-	12,684,961
Intangible Right to Use - Property and Equipment	447,688	375,742	(147,281)	-	676,149
Right to Use- SBITA Asset (**)	8,164,586	914,054	(49,989)	-	9,028,651
Total Depreciable Capital Assets	4,115,809,489	6,714,503	(1,353,632)	281,658,047	4,402,828,407
Total Historical Cost	4,797,137,318	247,396,708	(1,353,632)	-	5,043,180,394
Less Accumulated Depreciation For:					
Interceptor Sewer Lines	(439,580,787)	(30,623,583)	-	-	(470,204,370)
Buildings, Structures and Improvements and Equipment	(648,447,991)	(30,276,069)	-	-	(678,724,060)
Sewage Treatment and Other Equipment	(357,205,271)	(29,021,140)	1,074,477	-	(385,151,934)
Right to Use-Intangible (*)	(2,485,964)	(423,190)	-	-	(2,909,154)
Intangible Right to Use - Property and Equipment	(232,992)	(97,671)	147,281	-	(183,382)
Intangible Right to Use SBITA Asset (**)	(3,651,100)	(2,327,580)	6,723	-	(5,971,957)
Total Accumulated Depreciation	(1,451,604,105)	(92,769,233)	1,228,481	-	(1,543,144,857)
Capital Assets, Net	$ 3,345,533,213	$ 154,627,475	$ (125,151)	$ -	$ 3,500,035,537

Depreciation Expense Charged to Operating Expenses	$ 90,343,982
Amortization Expense, Leases	97,671
Amortization Expense, SBITA Assets	2,327,580
	$ 92,769,233

(**) During 2023, the Sewer District implemented GASB Statement No. 96, *"Subscription-Based Information Technology Arrangements"*. See Note 13 for details.

Note 6: Capital Assets and Depreciation (continued)

Asset Retirement Obligation

During 2020, the Sewer District implemented GASB Statement No. 83, *Certain Asset Retirement Obligations* and accounted for AROs by recognizing the obligations as a liability based on the best estimate of the current value of outlays expected to be incurred once the assets are retired. The Statement required the AROs be adjusted for the effects of inflation or deflation at least annually. In addition to the AROs, the Sewer District has recorded associated deferred outflows of resources that are being amortized over the remaining useful life of the respective asset groups.

For certain tangible capital assets, including wastewater treatment plants, sewer interceptors, and others, a decommissioning plan is required as part of a surrender process at the asset's end of life. However, end of life might not be determinable for such assets and there is no foreseeable disposition, and the Sewer District plans to maintain them in perpetuity.

Ohio Revised Code Section 6111.44 requires the Sewer District to submit any changes to their sewage system to the Ohio EPA for approval. Through this review process, the Sewer District would be responsible for addressing any public safety issues associated with their wastewater treatment facilities. As discussed below, the Sewer District has recorded an ARO for certain buildings within their sewer plants in which their engineers could reasonably estimate an ARO at this time. However, due to limitations associated with the age and building materials within other facilities within their plants, management was not able to reasonably estimate a potential liability for their entire facility. The Sewer District's ARO estimate will be reviewed annually by their engineers and updated accordingly as additional information becomes available. During 2025 and 2024, ARO was reviewed by leaders from the Sewer District's Engineering & Construction, Environmental Health & Safety, and Environmental Compliance teams and it was confirmed there was no estimated liability to be recorded.

Note 7: Long-Term Obligations

A summary of long-term debt outstanding at December 31, 2025 and 2024 follows:

	Interest Rate	2025	2024
Wastewater Improvement Revenue Refunding Bonds, Series 2016:			
Serial Bonds Maturing 2017 through 2036	3.00%	$ 14,230,000	$ 14,430,000
Wastewater Improvement Revenue Refunding Bonds, Series 2017:			
Serial Bonds Maturing 2019 through 2043	3.00-5.00%	231,135,000	234,965,000
Wastewater Improvement Revenue Refunding Bonds, Series 2019:			
Serial Bonds Maturing 2033 through 2040	3.00%-4.00%	217,085,000	217,085,000
Wastewater Improvement Revenue Refunding Bonds, Series 2020:			
Serial Bonds Maturing 2020 through 2049	1.66%-3.30%	141,225,000	142,985,000
Wastewater Improvement Revenue Refunding Bonds, Series 2021:			
Serial Bonds Maturing 2021 through 2046	0.21%-2.77%	86,050,000	88,855,000
Wastewater Improvement Revenue Refunding Bonds, Series 2024:			
Serial Bonds Maturing 2024 through 2046	2.273%-3.53%	135,120,000	135,750,000
Water Pollution Control Loans Payable Through 2060	0.00%-5.20%	973,365,279	1,005,914,751
Total Debt		1,798,210,279	1,839,984,751
Less: Current Maturities		(73,951,262)	(64,894,608)
Bond Premium and Discount, Net		34,026,025	40,029,931
Total Long-Term Debt		$ 1,758,285,042	$ 1,815,120,074

Build America Bonds Subsidy

Under the Build America Bonds agreement, the Sewer District is to receive 35.0% of the Bond interest as the Build America Bonds Subsidy. Future payments may also be reduced by Congress on an annual basis the subsidy payment amount received 2024 was $773,144, which is a reduction of $8,465, due to the recent sequester by Congress. On October 16, 2024, the Sewer District defeased the remaining amount of $85,210,000 of the 2010 Wastewater Improvement Revenue Bonds, therefore, there will be no more future payments related to these bonds.

Note 7: Long-Term Obligations (continued)

Wastewater Improvement Revenue Refunding Bonds, Series 2016

The Sewer District issued $25,015,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2016 (the "2016 Series Bonds"), in connection with the advance refunding of its 2007 Series Bonds. The 2016 Series Bonds are payable from the revenues of the Sewer District, after payment of operating and maintenance costs. The bonds are secured by a pledge of and lien on such net revenues. Revenues include all revenues (with certain exceptions) derived by the Sewer District from its ownership and operation of the System, which comprises its wastewater collection and wastewater treatment and disposal facilities. The bonds are additionally secured by a pledge of and lien on monies and investments comprising the Revenue Bond Debt Service Deposit.

Upon the occurrence of an event of default, the Trustee may declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued hereon to be due and payable immediately, whereupon that portion of the principal of the Series 2016 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Series 2016 Bonds to the contrary notwithstanding.

The bond indenture requires, among other provisions, that the Sewer District establish certain debt service accounts, maintain the system in good operating condition, and charge rates such that the necessary debt service payments can be made after operating and maintenance charges have been paid.

Wastewater Improvement Revenue Refunding Bonds, Series 2017

On September 20, 2017, the Sewer District issued $241,595,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2017 (the "2017 Series Bonds"), in connection with the advance refunding of the 2013 Series Bonds. The 2017 Series Bonds are payable from the revenues of the Sewer District, after payment of operating and maintenance costs. The bonds are secured by a pledge of and lien on such net revenues. Revenues include all revenues (with certain exceptions) derived by the Sewer District from its ownership and operation of the System, which comprises its wastewater collection and wastewater treatment and disposal facilities. The bonds are additionally secured by a pledge of and lien on monies and investments comprising the Revenue Bond Debt Service Deposit.

Upon the occurrence of an event of default, the Trustee may declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued hereon to be due and payable immediately, whereupon that portion of the principal of the Series 2017 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Series 2017 Bonds to the contrary notwithstanding.

The bond indenture requires, among other provisions, that the Sewer District establish certain debt service accounts, maintain the system in good operating condition, and charge rates such that the necessary debt service payments can be made after operating and maintenance charges have been paid.

Note 7: Long-Term Obligations (continued)

Wastewater Improvement Revenue Refunding Bonds, Series 2019

On September 10, 2019, the Sewer District issued $245,005,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2019 (the "2019 Series Bonds"), in connection with the advance refunding of the 2010 Series Bonds. The 2019 Series Bonds are payable from the revenues of the Sewer District, after payment of operating and maintenance costs. The bonds are secured by a pledge of and lien on such net revenues. Revenues include all revenues (with certain exceptions) derived by the Sewer District from its ownership and operation of the System, which comprises its wastewater collection and wastewater treatment and disposal facilities. The bonds are additionally secured by a pledge of and lien on monies and investments comprising the Revenue Bond Debt Service Deposit.

Upon the occurrence of an event of default, the Trustee may declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued hereon to be due and payable immediately, whereupon that portion of the principal of the Series 2019 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Series 2019 Bonds to the contrary notwithstanding.

The bond indenture requires, among other provisions, that the Sewer District establish certain debt service accounts, maintain the system in good operating condition, and charge rates such that the necessary debt service payments can be made after operating and maintenance charges have been paid.

Wastewater Improvement Revenue Refunding Bonds, Series 2020

On February 5, 2020, the Sewer District issued $244,895,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2020 (the "2020 Series Bonds"), in connection with the advance refunding of the 2014 Series Bonds. The 2020 Series Bonds are payable from the revenues of the Sewer District, after payment of operating and maintenance costs. The bonds are secured by a pledge of and lien on such net revenues. Revenues include all revenues (with certain exceptions) derived by the Sewer District from its ownership and operation of the System, which comprises its wastewater collection and wastewater treatment and disposal facilities. The bonds are additionally secured by a pledge of and lien on monies and investments comprising the Revenue Bond Debt Service Deposit.

Upon the occurrence of an event of default, the Trustee may declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued hereon to be due and payable immediately, whereupon that portion of the principal of the Series 2020 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Series 2020 Bonds to the contrary notwithstanding.

The bond indenture requires, among other provisions, that the Sewer District establish certain debt service accounts, maintain the system in good operating condition, and charge rates such that the necessary debt service payments can be made after operating and maintenance charges have been paid.

Note 7: Long-Term Obligations (continued)

Wastewater Improvement Revenue Refunding Bonds, Series 2021

On July 29, 2021, the Sewer District issued $114,295,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2021 (the "2021 Series Bonds"), in connection with the advance refunding of the 2013 and 2014 Series Bonds. The 2021 Series Bonds are payable from the revenues of the Sewer District, after payment of operating and maintenance costs. The bonds are secured by a pledge of and lien on such net revenues. Revenues include all revenues (with certain exceptions) derived by the Sewer District from its ownership and operation of the System, which comprises its wastewater collection and wastewater treatment and disposal facilities. The bonds are additionally secured by a pledge of and lien on monies and investments comprising the Revenue Bond Debt Service Deposit.

Upon the occurrence of an event of default, the Trustee may declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued hereon to be due and payable immediately, whereupon that portion of the principal of the Series 2021 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Series 2021 Bonds to the contrary notwithstanding.

The bond indenture requires, among other provisions, that the Sewer District establish certain debt service accounts, maintain the system in good operating condition, and charge rates such that the necessary debt service payments can be made after operating and maintenance charges have been paid.

Wastewater Improvement Revenue Refunding Bonds, Series 2024

On October 16, 2024, the Sewer District issued $135,750,000 of Wastewater Improvement Revenue Refunding Bonds, Series 2024 (the "2024 Series Bonds"), in connection with the advance refunding of the 2010, 2016, 2017, 2019, 2020, and 2021 Series Bonds. The 2024 Series Bonds are payable from the revenues of the Sewer District, after payment of operating and maintenance costs. The bonds are secured by a pledge of and lien on such net revenues. Revenues include all revenues (with certain exceptions) derived by the Sewer District from its ownership and operation of the System, which comprises its wastewater collection and wastewater treatment and disposal facilities. The bonds are additionally secured by a pledge of and lien on monies and investments comprising the Revenue Bond Debt Service Deposit.

Upon the occurrence of an event of default, the Trustee may declare the principal of all bonds then outstanding (if not then due and payable) and the interest accrued hereon to be due and payable immediately, whereupon that portion of the principal of the Series 2024 Bonds thereby coming due and the interest thereon accrued to the date of payment shall, without further action, become and be immediately due and payable, anything in the Trust Agreement or in the Series 2024 Bonds to the contrary notwithstanding.

The bond indenture requires, among other provisions, that the Sewer District establish certain debt service accounts, maintain the system in good operating condition, and charge rates such that the necessary debt service payments can be made after operating and maintenance charges have been paid.

Note 7: Long-Term Obligations (continued)

Water Pollution Control Loans Fund

Title VI of the Clean Water Act, as amended, authorizes the Administrator of the U.S. Environmental Protection Agency to make Federal capitalization grants to states for deposit in state water pollution control revolving funds (SRFs). From these funds, states can provide loans and other types of financial assistance. In Ohio, this SRF program is known as the Water Pollution Control Loan Fund and is jointly administered by the Ohio EPA and the Ohio Water Development Authority. These loans are subordinate to the 2016, 2017, 2019, 2020, 2021, and 2024 Series Bonds and are payable from the revenues of the Sewer District, after payment of operating and maintenance costs and are secured by a pledge of and lien on such net revenues. Principal balances on loans increase as project costs are incurred. Interest accrues on principal amounts outstanding during the construction period and is combined with the principal balance upon completion of the project.

The Sewer District is required to submit final eligible project costs within one year of the project completion date at which time the final loan amount is determined, and semi-annual payment amounts are adjusted to reflect such costs. The Sewer District had a SRF loan award related to a project which was not complete as of December 31, 2025. Loans related to completed construction projects are being repaid in semi-annual payments of principal and interest over a period of up to forty years. SRF loans outstanding by completion or expected completion year of the related projects as of December 31, 2025 follow:

Completion or Expected Completion Year of Projects	Number of Projects	Current Amount Including Accrued Construction Period Interest	Additional Available Borrowings Including Construction Period Interest
1993-2024	68	$ 973,365,279	$ 59,791,747
2025-2026	-	-	-
Total		$ 973,365,279	$ 59,791,747

Note 7: Long-Term Obligations (continued)

Defeasance Transactions

In 2016, the Sewer District issued $25,015,000 in Wastewater Improvement Refunding Bonds, Series 2016 to advance refund and defease the Series 2007 Wastewater Improvement Refunding Bonds of $23,700,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the series 2007 wastewater improvement bonds. As a result, that portion of the 2007 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $3,203,519. On October 16, 2024, the Sewer District defeased $6,450,000 of the Series 2016 Wastewater Improvement Refunding Bonds relating to maturities for 2034, 2035, and 2036. As a result, that portion of the 2016 Wastewater Improvement Refunding Bonds are considered defeased, and the Sewer District has removed the liability from its accounts. As of December 31, 2025 and 2024, $14,230,000 and $14,430,000, respectively, are the portions of refunding debt which remain outstanding. The Series 2016 Bonds are not subject to redemption at the option of the Sewer District prior to their stated maturity.

In 2017, the Sewer District issued $241,595,000 in Wastewater Improvement Refunding bonds, Series 2017 to advance refund and defease the Series 2013 Wastewater Improvement Refunding Bonds of $224,805,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the series 2013 Wastewater Improvement Refunding Bonds. As a result, that portion of the 2013 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. On May 15, 2023, the defeased bonds were redeemed in full.

This refunding resulted in debt service savings of $26,288,317 over the next 26 years and an economic gain of $18,047,901. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $16,984,749. The related amortization is being charged to interest expense on long-term debt through the year 2033 using the effective interest method. The Series 2017 Bonds maturing on or after November 15, 2023 were subject to redemption prior to maturity at the option of the Sewer District in whole or in part, at any time on or after May 15, 2023 from any moneys available therefore, in the maturities designated by the Sewer District for redemption, at the redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for the redemption. On October 16, 2024, the Sewer District defeased $765,000 of the Series 2017 Wastewater Improvement Refunding Bonds relating to maturities for 2036, 2039, and 2040. As a result, that portion of the 2017 Wastewater Improvement Refunding Bonds are considered defeased, and the Sewer District has removed the liability from its accounts. As of December 31, 2025 and 2024, $231,135,000 and $234,965,000, respectively, are the portions of the 2017 refunding debt remaining outstanding. The Series 2017 Bonds maturing before November 15, 2028, are not subject to optional redemption prior to maturity.

Note 7: Long-Term Obligations (continued)

Defeasance Transactions (continued)

In 2019, the Sewer District issued $245,005,000 in Wastewater Improvement Revenue Refunding bonds, Series 2019 to advance refund and defease part of the Series 2010 Wastewater Improvement Refunding Bonds of $251,720,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the series 2010 wastewater improvement bonds. As a result, that portion of the 2010 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. On November 15, 2020, the defeased bonds were redeemed in full. This refunding resulted in debt service savings of $47,293,317 over the next 20 years and an economic gain of $37,015,310. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $11,144,449. The related amortization is being charged to interest expense on long-term debt through the year 2040 using the effective interest method.

On October 16, 2024, the Sewer District defeased $27,920,000 of the Series 2019 Wastewater Improvement Refunding Bonds relating to maturities for 2033, 2034, 2035, 2038, 2039, and 2040. As a result, that portion of the 2019 Wastewater Improvement Refunding Bonds is considered defeased, and the Sewer District has removed the liability from its accounts. As of December 31, 2025 and 2024, $217,085,000 is the portion of the 2019 refunding debt remaining outstanding. The Series 2019 Bonds shall be subject to redemption prior to maturity at the option of the Sewer District in whole or in part, at any time on or after November 15, 2029 from any moneys available therefore, in the maturities designated by the Sewer District for redemption, at the redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for the redemption.

In 2020, the Sewer District issued $244,895,000 in Wastewater Improvement Revenue Refunding bonds, Series 2020 to advance refund and defease part of the Series 2014 Wastewater Improvement Refunding Bonds of $208,720,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the series 2014 wastewater improvement bonds. As a result, that portion of the 2014 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. This refunding resulted in debt service savings of $43,545,400 over the next 30 years and an economic gain of $28,519,686. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $16,374,751. The related amortization is being charged to interest expense on long-term debt through the year 2047 using the effective interest method. On October 16, 2024, the Sewer District defeased $17,255,000 of the Series 2020 Wastewater Improvement Refunding Bonds relating to maturities from 2027 through 2044. As a result, that portion of the 2020 Wastewater Improvement Refunding Bonds is considered defeased, and the Sewer District has removed the liability from its accounts.

Note 7: Long-Term Obligations (continued)

Defeasance Transactions (continued)

On October 24, 2024, the Sewer District executed a bond cash defeasance transaction placing in escrow certain moneys available to the Sewer District to pay 2045, 2046, 2047 maturities of the Series 2020 Wastewater Improvement Revenue and Refunding Bonds in the amount of $42,260,000. Those securities were deposited in an irrevocable trust with an escrow agent. As a result, that portion of the Series 2020 Wastewater Improvement Refunding Bonds are considered defeased, and the Sewer District has removed the liability from its accounts. The net present value benefit of this transaction is $12,436,360 and will be used to offset future debt service funding obligations. As of December 31, 2025 and 2024, $141,225,000 and $142,985,000, respectively, are the portions of 2020 refunding debt remaining outstanding. The Series 2020 Bonds shall be subject to redemption prior to maturity at the option of the Sewer District in whole or in part, at any time on or after November 15, 2029 from any moneys available therefore, in the maturities designated by the Sewer District for redemption, at the redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for the redemption.

In 2021, the Sewer District executed a bond cash defeasance transaction placing in escrow certain moneys available to the Sewer District to pay 2049 maturity of the Series 2014 Wastewater Improvement Revenue and Refunding Bonds in the amount of $27,420,000. Those securities were deposited in an irrevocable trust with an escrow agent. As a result, that portion of the Series 2014 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts.

In 2021, the Sewer District issued $114,295,000 in Wastewater Improvement Revenue Refunding Bonds, Series 2021 to advance refund and defease part of the Series 2013 Wastewater Improvement Refunding Bonds of $14,450,000 and Series 2014 Wastewater Improvement Refunding Bonds of $86,255,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the Series 2013 and 2014 wastewater improvement refunding bonds. As a result, that portion of the 2013 and 2014 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. This refunding resulted in debt service savings of $12,899,299 over the next 26 years and an economic gain of $9,777,060. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $4,825,045. The related amortization is being charged to interest expense on long-term debt through the year 2046 using the effective interest method. The Series 2021 Bonds shall be subject to redemption prior to maturity at the option of the Sewer District in whole or in part, at any time on or after November 15, 2030 from any moneys available therefore, in the maturities designated by the Sewer District for redemption, at the redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for the redemption. On October 16, 2024, the Sewer District defeased $18,880,000 of the Series 2021 Wastewater Improvement Refunding Bonds relating to maturities from 2025 through 2046. As a result, that portion of the 2021 Wastewater Improvement Refunding Bonds is considered defeased, and the Sewer District has removed the liability from its accounts. As of December 31, 2025 and 2024, $86,050,000 and $88,855,000, respectively, is the portion of 2021 refunded debt remaining outstanding.

Note 7: Long-Term Obligations (continued)

Defeasance Transactions (continued)

On September 1, 2022, the Sewer District executed a bond cash defeasance transaction placing in escrow certain moneys available to the Sewer District to pay 2047 and 2048 maturities of the Series 2014 Wastewater Improvement Revenue and Refunding Bonds in the amount of $51,725,000 and to pay 2048 and 2049 maturities of the Series 2020 Wastewater Improvement Refunding Bonds in the amount of $32,440,000 for a total defeased amount of $84,165,000. Those securities were deposited in an irrevocable trust with an escrow agent. As a result, that portion of the series 2014 and 2020 wastewater improvement bonds are considered defeased, and the Sewer District has removed the liability from its accounts. A portion of the refunded debt was called in November 2024 and a portion will be called in November 2029. The net present value benefit of this transaction is $81,153,615 and will be used to offset future debt service funding obligations.

In 2024, the Sewer District issued $135,750,000 in Wastewater Improvement Revenue Refunding bonds, Series 2024 to advance refund and defease the remaining amount of $85,210,000 of the Series 2010 Wastewater Improvement Revenue Refunding Bonds, the partial refunding of Series 2016 Wastewater Improvement Refunding Bonds of $6,450,000, the partial refunding of Series 2017 Wastewater Improvement Refunding Bonds in the amount of $765,000, the partial refunding of Series 2019 Wastewater Improvement Refunding Bonds in the amount of $27,920,000, the partial refunding of Series 2020 Wastewater Improvement Refunding Bonds in the amount of $17,255,000 and the partial refunding of Series 2021 Wastewater Improvement Refunding Bonds in the amount of $18,880,000. The net proceeds were used to purchase direct obligations of the U.S. Government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the Series 2016, 2017, 2019, 2020, and 2021 Wastewater Improvement Revenue Refunding Bonds. As a result, that portion of the 2016, 2017, 2019, 2020, and 2021 Wastewater Improvement Revenue Refunding Bonds are considered defeased, and the Sewer District has removed the liability from its accounts. This refunding resulted in debt service savings of $4,984,780 over the next 22 years and an economic gain of $3,480,501. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt in the amount of $437,127. The related amortization is being charged to interest expense on long-term debt through the year 2046 using the effective interest method. As of December 31, 2025 and 2024, $135,120,000 and $135,750,000, respectively, is the portion of refunded debt remaining outstanding. The Series 2024 Bonds shall be subject to redemption prior to maturity at the option of the Sewer District in whole or in part, at any time on or after November 15, 2046 from any moneys available therefore, in the maturities designated by the Sewer District for redemption, at the redemption price equal to 100% of the principal amount redeemed, plus accrued interest to the date fixed for the redemption.

The Sewer District anticipates significant additional long-term debt borrowings for ongoing and future construction projects.

Note 7: Long-Term Obligations (continued)

Future Debt Service Requirements

The total future debt service requirements for all long-term debt not defeased or refunded as of December 31, 2025 follows:

	Wastewater Improvement Revenue Refunding Bonds Series 2016		Wastewater Improvement Revenue Refunding Bonds Series 2017	
	Principal	Interest	Principal	Interest
2026	$ 205,000	$ 426,900	$ 5,520,000	$ 9,137,750
2027	210,000	420,750	5,795,000	8,861,750
2028	215,000	414,500	6,085,000	8,572,000
2029	225,000	408,000	6,385,000	8,267,750
2030	230,000	401,250	6,670,000	7,948,500
2031-2035	6,800,000	1,905,900	31,710,000	35,907,250
2036-2040	6,345,000	190,350	89,810,000	26,214,725
2041-2044	-	-	79,160,000	6,521,200
Total	$ 14,230,000	$ 4,167,650	$ 231,135,000	$ 111,430,925

	Wastewater Improvement Revenue Refunding Bonds Series 2019		Wastewater Improvement Revenue Refunding Bonds Series 2020	
	Principal	Interest	Principal	Interest
2026	$ -	$ 7,121,100	$ 1,795,000	$ 4,274,035
2027	-	7,121,100	1,250,000	4,235,658
2028	-	7,121,100	1,550,000	4,207,308
2029	-	7,121,100	855,000	4,171,674
2030	-	7,121,100	7,875,000	4,151,590
2031-2035	49,055,000	34,138,600	22,840,000	18,538,941
2036-2040	168,030,000	16,688,600	32,815,000	14,722,545
2041-2045	-	-	70,025,000	7,032,410
2046-2050	-	-	2,220,000	117,974
Total	$ 217,085,000	$ 86,432,700	$ 141,225,000	$ 61,452,135

	Wastewater Improvement Revenue Bonds Series 2021		Wastewater Improvement Revenue Bonds Series 2024	
	Principal	Interest	Principal	Interest
2026	$ 5,305,000	$ 1,866,739	$ 1,945,000	$ 6,756,000
2027	6,840,000	1,813,901	9,365,000	6,658,750
2028	7,615,000	1,730,932	10,495,000	6,190,500
2029	7,380,000	1,624,855	12,635,000	5,665,750
2030	765,000	1,508,473	13,355,000	5,034,000
2031-2035	13,355,000	6,774,511	77,755,000	12,537,250
2036-2040	1,355,000	6,125,735	3,335,000	2,340,000
2041-2045	21,970,000	5,939,367	3,360,000	1,527,500
2046-2050	21,465,000	594,366	2,875,000	143,750
Total	$ 86,050,000	$ 27,978,879	$ 135,120,000	$ 46,853,500

Note 7: Long-Term Obligations (continued)

Future Debt Service Requirements (continued)

	Water Pollution Control Loans		Future Debt Service Requirements Total	
	Principal	Interest	Principal	Interest
2026	$ 59,181,262	$ 17,987,941	$ 73,951,262	$ 47,570,465
2027	50,962,898	16,873,470	74,422,898	45,985,379
2028	47,024,319	15,920,466	72,984,319	44,156,806
2029	47,374,821	14,991,522	74,854,821	42,250,651
2030	47,476,402	14,047,397	76,371,402	40,212,310
2031-2035	209,794,983	56,884,225	411,309,983	166,685,677
2036-2040	156,005,221	39,320,185	457,695,221	105,602,140
2041-2045	131,849,097	27,417,705	306,364,097	48,438,182
2046-2050	106,528,245	17,127,130	133,088,245	17,983,220
2051-2055	69,493,796	8,234,388	69,493,796	8,234,388
2056-2060	41,081,207	3,536,863	41,081,207	3,536,863
2061	6,593,028	269,335	6,593,028	269,335
Total	$ 973,365,279	$ 232,610,627	$ 1,798,210,279	$ 570,925,416

At December 31, 2025, the Sewer District received partial proceeds in the amount of $181,873,543 for a Water Pollution Control Loan. The loan will be repaid in semi-annual installments.

Bond premium and discount activity for 2025 is as follows:

	Beginning Balance	Amortized	Refunded	Issued	Ending Balance
Bond Discount, Series 2016	$ (7,458)	$ 987	$ -	$ -	$ (6,471)
Bond Premium, Series 2017	9,418,198	(1,235,866)	-	-	8,182,332
Bond Premium, Series 2019	10,662,752	(1,149,651)	-	-	9,513,101
Bond Premium, Series 2024	19,956,439	(3,619,376)	-	-	16,337,063
Total	$ 40,029,931	$ (6,003,906)	$ -	$ -	$ 34,026,025

Bond premium and discount activity for 2024 is as follows:

	Balance	Amortized	Refunded	Issued	Balance
Bond Premium, Series 2014	$ 60,339	$ (60,339)	$ -	$ -	$ -
Bond Discount, Series 2016	(12,132)	1,252	3,422	-	(7,458)
Bond Premium, Series 2017	10,553,597	(1,103,897)	(31,502)	-	9,418,198
Bond Premium, Series 2019	13,214,230	(1,149,303)	(1,402,175)	-	10,662,752
Bond Premium, Series 2024	-	(754,036)	-	20,710,475	19,956,439
Total	$ 23,816,034	$ (3,066,323)	$ (1,430,255)	$ 20,710,475	$ 40,029,931

Note 7: Long-Term Obligations (continued)

Long-term debt activity for the year is as follows:

December 31, 2025	Beginning Balance (*)	Additions	Reductions	Ending Balance	Amounts Due in 2026
Wastewater Improvement Revenue Refunding Bonds, Series 2016	$ 14,430,000	$ -	$ (200,000)	$ 14,230,000	$ 205,000
Wastewater Improvement Revenue Refunding Bonds, Series 2017	234,965,000	-	(3,830,000)	231,135,000	5,520,000
Wastewater Improvement Revenue Refunding Bonds, Series 2019	217,085,000	-	-	217,085,000	-
Wastewater Improvement Revenue Refunding Bonds, Series 2020	142,985,000	-	(1,760,000)	141,225,000	1,795,000
Wastewater Improvement Revenue Revenue Refunding Bonds, series 2021	88,855,000	-	(2,805,000)	86,050,000	5,305,000
Wastewater Improvement Revenue Revenue Refunding Bonds, Series 2024	135,750,000	-	(630,000)	135,120,000	1,945,000
Water Pollution Control Loan Funds (WPCLF)	1,005,914,751	21,193,631	(53,743,103)	973,365,279	59,181,262
Total Bonds and WPCLF	1,839,984,751	21,193,631	(62,968,103)	1,798,210,279	73,951,262
Net Pension Liability - OPERS	88,616,759	-	(6,373,259)	82,243,500	-
Long-Term Compensated Absences	6,394,456	619,988	-	7,014,444	3,670,367
Long-Term Lease Liability	498,996	-	(96,529)	402,467	92,027
Long-Term SBITA Liability	1,498,016	1,922,909	(1,074,015)	2,346,910	1,257,714
Total	$ 1,936,992,978	$ 23,736,528	$ (70,511,906)	$ 1,890,217,600	$ 78,971,370

Long-term debt activity for the prior year is as follows:

December 31, 2024	Beginning Balance (*)	Additions	Reductions	Ending Balance	Amounts Due in 2025
Wastewater Improvement Revenue Bonds, Series 2010	$ 85,210,000	$ -	$ (85,210,000)	$ -	$ -
Wastewater Improvement Revenue Bonds, Series 2014	3,885,000	-	(3,885,000)	-	-
Wastewater Improvement Revenue Refunding Bonds, Series 2016	21,075,000	-	(6,645,000)	14,430,000	200,000
Wastewater Improvement Revenue Refunding Bonds, Series 2017	238,010,000	-	(3,045,000)	234,965,000	3,830,000
Wastewater Improvement Revenue Refunding Bonds, Series 2019	245,005,000	-	(27,920,000)	217,085,000	-
Wastewater Improvement Revenue Refunding Bonds, Series 2020	204,225,000	-	(61,240,000)	142,985,000	1,760,000
Wastewater Improvement Revenue Revenue Refunding Bonds, series 2021	109,520,000	-	(20,665,000)	88,855,000	2,805,000
Wastewater Improvement Revenue Revenue Refunding Bonds, Series 2024	-	135,750,000	-	135,750,000	630,000
Water Pollution Control Loan Funds (WPCLF)	994,522,888	62,143,348	(50,751,485)	1,005,914,751	55,669,608
Total Bonds and WPCLF	$ 1,901,452,888	$ 197,893,348	$ (259,361,485)	$ 1,839,984,751	$ 64,894,608

Continued

Note 7: Long-Term Obligations (continued)

Long-term debt activity for the prior year is as follows:

December 31, 2024	Balance	Additions	Reductions	Balance	in 2025
Net Pension Liability - OPERS	$ 95,639,436	$ -	$ (7,022,677)	$ 88,616,759	$ -
Net OPEB Liability - OPERS	2,184,876	-	(2,184,876)	-	-
Long-Term Compensated Absences	6,043,652	350,804	-	6,394,456	3,232,372
Long-Term Lease Liability	220,978	374,685	(97,354)	498,996	92,364
Long-Term SBITA Liability	3,247,650	914,054	(2,663,688)	1,498,016	1,166,309
Total	$ 2,008,789,480	$ 199,532,891	$ (271,330,080)	$ 1,936,992,978	$ 69,385,653

Note 8: Pension Plans

Net Pension/Other Postemployment Benefits (OPEB) Liability (Asset)

The net pension/OPEB liability (asset) reported on the statement of net position represents a liability (asset) to employees for pensions/OPEB. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions/OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liabilities (assets) represents the Sewer District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Sewer District's obligation for this liability to annually required payments. The Sewer District cannot control benefit terms or the manner in which pensions/OPEB financed; however, the Sewer District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

Note 8: Pension Plans (continued)

Net Pension/Other Postemployment Benefits (OPEB) Liability (Asset) (continued)

State statute requires the retirement systems to amortize unfunded pension/OPEB liabilities within 30 years. If the pension/OPEB amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually required contribution outstanding at the end of the year is included as an accrued liability. The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Sewer District employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers two separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan, and the member-directed plan is a defined contribution plan.

The traditional pension plan also includes members of the legacy combined plan, a hybrid defined benefit/defined contribution plan referred to as the combined plan division of the traditional pension plan throughout this disclosure. Prior to January 1, 2024, the combined plan was a separate pension plan. Effective January 1, 2022, the combined plan was no longer available for member selection. In October 2023, the legislature approved House Bill (HB) 33 which allowed for the consolidation of the combined plan into the traditional pension plan. The combined plan was consolidated into the traditional pension plan effective January 1, 2024, and is tracked as a separate division within the traditional pension plan. No changes were made to the benefit design features of the combined plan as part of this consolidation so that members in this plan will experience no changes. Throughout this disclosure, references to the traditional pension plan are inclusive of the combined plan division, unless otherwise noted.

Members of the combined plan division earn a formula benefit similar to, but at a factor less than, the traditional pension plan benefit. This defined benefit is funded by employer contributions and associated investment earnings. Additionally, combined plan division member contributions are deposited into a defined contribution account in which the member self-directs the investment. Upon retirement or termination, members may choose a defined contribution retirement distribution that is equal in amount to the members' contributions to the plan and investment gains or losses on those contributions. Members in this division may also elect to annuitize their defined contribution account balances.

Note 8: Pension Plans (continued)

***Plan Description – Ohio Public Employees Retirement System* (continued)**

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report references above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 60 with 5 years of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Formula:	**Traditional Formula:**	**Traditional Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over the member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Traditional pension plan state and local members (excluding the combined plan division) who retire before meeting the age-and-years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests at retirement. Combined plan division members retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit.

Note 8: Pension Plans (continued)

***Plan Description – Ohio Public Employees Retirement System (*continued)**

Once a benefit recipient retiring under the traditional plan has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the member's base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a COLA on the defined benefit portion of their retirement benefit. For those who retired prior to January 7, 2013, current law provides for a 3% COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan division members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan division consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan division members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14% of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10% of covered payroll for members in the state and local classifications. Actual contribution rates for employers and members are 14% and 10%, respectively.

The portion of employer contributions used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 0% for 2025 and 2024 for the traditional plan. For the combined plan, the portion of the employer contributions allocated to healthcare was 2% for 2025 and 2024.

Note 8: Pension Plans (continued)

***Plan Description – Ohio Public Employees Retirement System* (continued)**

The portion of the employer contributions allocated to health care for members in the member directed plan was 4% for 2025 and 2024 with a portion funded with reserves. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Sewer District's contractually required contribution for the traditional plan (excluding the combined plan division), net of postemployment health care benefits, for 2025 and 2024 were $8,746,956 and $8,575,037, respectively. The contractually required contribution for the combined plan division, net of postemployment health care benefits, for 2025 and 2024 were $327,644 and $327,781, respectively. Of these amounts, $445,544 and $397,403 were reported in the other accrued liabilities on balance sheet for 2025 and 2024, respectively.

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial-reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

Key methods and assumptions used in valuation of total pension liability/asset – 2024:

	OPERS Traditional Plan
Valuation date	December 31, 2024
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age
Actuarial assumptions:	
Investment rate of return	6.90%
Wage inflation	2.75%
Projected salary increases, including wage inflation	2.75 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 retirees	3.00% Simple
Post-Jan 7, 2013 retirees	2.90% Simple through 2025 then 2.05% Simple

Note 8: Pension Plans (continued)

Actuarial Assumptions (continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions.

Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

During 2024, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, including the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 8.8% for 2024 and 11.2% for 2023.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. The table below displays the Board-approved asset allocation policy and the long-term expected real rates of return:

Asset Class	2024 Target Allocation	2024 Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.0%	2.42%
Domestic equities	21.0%	5.70%
Real estate	13.0%	4.17%
Private equity	15.0%	8.40%
International equities	20.0%	6.10%
Risky Parity	2.0%	4.40%
Other investments	5.0%	2.54%
Total	100.0%	

Note 8: Pension Plans (continued)

Actuarial Assumptions (continued)

A simple weighted sum of asset class returns will not yield the results shown on the above table given the process followed to adjust for inflation, the compounding to a given time period, and the impact of volatility and correlations to the portfolio.

Discount Rate The discount rate used to measure the total pension liability for measurement year 2024 was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Sewer District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Sewer District's proportionate share of the net pension liability calculated using the current period discount rate assumption, as well as what the Sewer District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

The Sewer District's proportionate share of net pension liability at December 31, 2025:

	1% Decrease (5.9%)	Discount Rate (6.9%)	1% Increase (7.9%)
Sewer District's proportionate share of the net pension liability – traditional	$ 134,545,604	$ 82,243,500	$ 38,780,910

Assumption Changes Since the Prior Measurement Investment rate of return remained at 6.90%. Wage inflation remained at 2.75%.

Key methods and assumptions used in valuation of total pension liability/asset - 2023:

	OPERS Traditional Plan	OPERS Combined Plan
Valuation date	December 31, 2023	December 31, 2023
Experience study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	6.90%	6.90%
Wage inflation	2.75%	2.75%
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 retirees	2.30% Simple through 2024 then 2.05% Simple	2.30% Simple though 2024 then 2.05% Simple

Note 8: Pension Plans (continued)

Actuarial Assumptions (continued)

OPERS conducts an experience study every five years in accordance with Ohio Revised Code Section 145.22. The study for the five-year period ended December 31, 2020, and methods and assumptions were approved and adopted by the OPERS Board of Trustees.

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. The table below displays the Board-approved asset allocation policy and the long-term expected real rates of return:

Asset Class	2023 Target Allocation	2023 Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	24.0%	2.85%
Domestic equities	21.0%	4.27%
Real estate	13.0%	4.46%
Private equity	15.0%	7.52%
International equities	20.0%	5.16%
Risky Parity	2.0%	4.38%
Other investments	5.0%	3.46%
Total	100.0%	

Note 8: Pension Plans (continued)

Actuarial Assumptions (continued)

Discount Rate The discount rate used to measure the total pension liability for measurement year 2023 was 6.9%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Sewer District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate The following table presents the Sewer District's proportionate share of the net pension liability (asset) calculated using the current period discount rate assumption, as well as what the Sewer District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

The Sewer District's proportionate share of net pension liability (asset) at December 31, 2024:

	1% Decreas Discount Rate (5.9%)	1% Increase (6.9%)	(7.9%)
Sewer District's proportionate share of the net pension liability – traditional	$ 139,506,593	$ 88,616,759	$ 46,291,209
Sewer District's proportionate share of the net pension asset – combined	$ (1,053,231)	$ (1,740,561)	$ (2,282,000)

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability (asset) for OPERS as of December 31, 2025 and 2024, was measured as of December 31, 2024 and 2023, respectively. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Sewer District's proportion of the net pension liability (asset) was based on the Sewer District's share of contributions to the pension plan relative to the contributions of all participating entities. Subsequent payments made during the current fiscal year are accounted for as deferred outflows. The following table reflects the proportionate share of pension expense for the current and prior year. The related deferred outflows and deferred inflows of resources associated with the pension liability (asset) are presented below.

Note 8: Pension Plans (continued)

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2025 net pension assets and liabilities:

	OPERS Traditional
Proportion of the net pension liability/asset prior measurement date	0.338485%
Proportion of the net pension liability/asset current measurement date	0.335475%
Change in Proportionate Share	(0.00301%)
Proportionate share of the net pension liability	$ 82,243,500
Pension expense	$ 13,444,225

2024 net pension assets and liabilities:

	OPERS Traditional	OPERS Combined	Total
Proportion of the net pension liability/asset prior measurement date	0.323762%	0.544457%	
Proportion of the net pension liability/asset current measurement date	0.338485%	0.566253%	
Change in Proportionate Share	(0.014723%)	(0.021796%)	
Proportionate share of the net pension asset	$ -	$ 1,740,561	$ 1,740,561
Proportionate share of the net pension liability	$ 88,616,759	$ -	$ 88,616,759
Pension expense	$ 9,859,434	$ 128,707	$ 9,988,141

At December 31, 2025, the Sewer District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional
Deferred outflow of resources	
Sewer District contributions subsequent to the measurement date	$ 9,074,600
Differences in employer contributions and change in proportionate share	655,032
Differences between projected and actual Earnings on pension plan investments	9,702,240
Difference between expected and actual experience	1,573,605
Total deferred outflow of resources	$ 21,005,477

Note 8: Pension Plans (continued)

Net Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The $9,074,600 reported as deferred outflows of resources related to pension resulting from the Sewer District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional
Fiscal Year Ending December 31:	
2026	$ 6,290,010
2027	10,603,274
2028	(3,743,374)
2029	(1,219,033)
Total	$ 11,930,877

At December 31, 2024, the Sewer District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional	OPERS Combined	Total
Deferred outflow of resources			
Sewer District contributions subsequent to the measurement date	$ 8,575,037	$ 327,781	$ 8,902,818
Differences in employer contributions and change in proportionate share	1,713,825	97,447	1,811,272
Differences between projected and actual Earnings on pension plan investments	17,886,641	283,089	18,169,730
Difference between expected and actual experience	1,448,366	70,533	1,518,899
Change in assumptions	-	64,595	64,595
Total deferred outflow of resources	$ 29,623,869	$ 843,445	$ 30,467,314

	OPERS Traditional	OPERS Combined	Total
Deferred inflow of resources			
Differences in employer contributions and change in proportionate share	$ 182,114	$ 105,250	$ 287,364
Difference between expected and actual experience	-	172,151	172,151
Total deferred inflow of resources	$ 182,114	$ 277,401	$ 459,515

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions

Plan Description - Ohio Public Employees Retirement System

Plan Description –The Ohio Public Employees Retirement System (OPERS) administers two separate pension plans: the traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan and the member-directed plan is a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, the 115 Health Care Trust (115 Trust), which was established in 2014 to fund health care for the Traditional Pension and Member-Directed plans. The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the traditional pension plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Age 65 or older Retirees Minimum of 20 years of qualifying service credit

Age 60 to 64 Retirees Based on the following age-and-service criteria:

Group A 30 years of total service with at least 20 years of qualified health care service credit;
Group B 31 years of total service credit with at least 20 years of qualified health care service credit; or
Group C 32 years of total service credit with at least 20 years of qualified health care service credit.

Age 59 or Younger Based on the following age-and-service criteria:
Group A 30 years of qualified health care service credit;
Group B 32 years of qualified health care service credit at any age or 31 years of qualified health care service credit and at lease age 52; or
Group C 32 years of qualified health care service credit and at lease age 55

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Plan Description - Ohio Public Employees Retirement System (continued)

Members with a retirement date on or prior to December 1, 2014, with at least 10 years of qualifying health care service credit will continue to be eligible for the OPERS health care program. Members with a retirement date after December 1, 2014, but prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022, as summarized in the following table:

Group A Age and Service Requirements	Group B Age and Service Requirements	Group C Age and Service Requirements
December 1, 2014 or prior Any age with 10 years of service credit	***December 1, 2014 or prior*** Any age with 10 years of service credit	***December 1, 2014 or prior*** Any age with 10 years of service credit
January 1, 2015 through December 31, 2021 Age 60 with 20 years of service credit or Any age with 30 years of service credit	***January 1, 2015 through December 31, 2021*** Age 52 with 31 years of service credit or Age 60 with 20 years of service credit or Any age with 32 years of service credit	***January 1, 2015 through December 31, 2021*** Age 55 with 32 years of service credit or Age 60 with 20 years of service credit

See the Age and Service Retirement section of the OPERS ACFR for a description of Groups A, B and C.

Beginning January 1, 2014, qualifying contributing service credit for health care will be accumulated only if the member's eligible salary is at least $1,000 per month. Partial health care credit will not be granted for months in which eligible salary is less than $1,000. Credit earned prior to January 2014 will not be affected by this requirement.

Recipients of disability benefits prior to January 1, 2014, have continued access to the health care program while the disability benefit continues and will not be subject to the five-year rule described below. The allowance will be determined in the same manner as an age-and-service retiree. If the recipient does not meet minimum age-and-service requirements, the minimum allowance will be used. Recipients with an initial disability effective date on or after January 1, 2014, will have coverage during the first five years of disability benefits. After five years, the recipient must meet minimum age-and-service health care eligibility requirements or be enrolled in Medicare (due to disability status) to remain enrolled in the OPERS health care program. If enrolled, the allowance will be determined in the same way as an age-and-service retiree.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances are determined using a percentage based on years of service and the age when the individual is first eligible for the HRA, multiplied by the base allowance as determined by the Board.

The base allowance was $1,200 per month for non-Medicare retirees and $350 per month for Medicare retirees throughout 2024. The base allowance for Medicare retirees increased to $400 per month in January 2025. Monthly allowances range between 51% and 90% of the base allowance for both non-Medicare and Medicare retirees.

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Plan Description - Ohio Public Employees Retirement System (continued)

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan. While Medicare eligible retirees must use the Connector to select a vendor to be eligible to receive an HRA, non-Medicare eligible retirees may use the Connector or another vendor and still be eligible to receive an HRA.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

Participants in the Member-Directed Plan have a portion of the employer contribution credited to an individual retiree medical account. Interest accrues based on the investment performance of the stable value fund, not to exceed 4%. Members with an account prior to July 1, 2015, become vested in the account at a rate of 20% for each year of participation until the member is fully vested at the end of five years. Members establishing accounts on or after July 1, 2015, vest over 15 years at a rate of 10% each year starting with the sixth year of participation.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional pension plan (except for the combined division).

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2025 and 2024, state and local employers contributed at a rate of 14% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Funding Policy (continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the traditional pension plan was 0% during fiscal years 2025 and 2024. For the combined plan, the portion of the employer contributions allocated to health care was 2% during fiscal years 2025 and 2024. The portion of employer contributions allocated to health care for members in the member-directed plan was 4% during fiscal year 2025 and 2024. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Sewer District's contractually required contributions to OPERS health care plans was $262,500 and $314,514 for 2025 and 2024, respectively.

Actuarial Assumptions

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, rolled forward to the measurement date of December 31, 2024. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Key methods and assumptions used in valuation of total OPEB asset - 2024:

	Assumptions
Valuation date	December 31, 2023
Rolled-forward measurement date	December 31, 2024
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age normal
Projected salary increases, including 2.75% wage inflation	2.75% to 10.75%
Investment rate of return	6.00%
Municipal bond rate	4.08%
Single discount rate of return	6.00%
Health care cost trend	Initial 5.50% to 3.50% ultimate in 2039

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions (continued)

Key methods and assumptions used in valuation of total OPEB asset - 2023:

	Assumptions
Valuation date	December 31, 2022
Rolled-forward measurement date	December 31, 2023
Experience study	5-year period ended December 31, 2020
Actuarial cost method	Individual entry age normal
Projected salary increases, including 2.75% wage inflation	2.75 to 10.75%
Investment rate of return	6.00%
Municipal bond rate	3.77%
Single discount rate of return	5.70%
Health care cost trend	Initial 5.5% to 3.5% ultimate in 2038

For 2024 and 2023, pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

During 2024 and 2023, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional pension plan, Combined plan and Member-Directed plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a gain of 10.0% for 2024 and a gain of 14.0% for 2023.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighing the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The best estimates of arithmetic rates of return were provided by OPERS investment consultant.

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions (continued)

The table below displays the System's Board-approved asset allocation policy and the long-term expected rate of return for each major asset class.

Asset Class	2024 Target Allocation	2024 Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	37.0%	2.37%
Domestic equities	26.0%	5.70%
Real estate investment trusts	5.0%	5.00%
International equities	26.0%	6.10%
Risk parity	3.0%	4.40%
Other investments	3.0%	2.50%
Total	100.0%	

Asset Class	2023 Target Allocation	2023 Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	37.0%	2.82%
Domestic equities	25.0%	4.27%
Real estate investment trusts	5.0%	4.68%
International equities	25.0%	5.16%
Risk parity	3.0%	4.38%
Other investments	5.0%	2.43%
Total	100.0%	

A simple weighted sum of asset class returns will not yield the results shown on the above table given the process followed to adjust for inflation, the compounding to a given time period, and the impact of volatility and correlations to the portfolio.

Discount rate A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2024. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate.

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions (continued)

Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2124. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2124, the duration of the projection period through which projected health care payments are fully funded. The tax-exempt municipal bond rate was not needed in the determination of the single discount rate.

A single discount rate of 5.70% was used to measure the OPEB liability on the measurement date of December 31, 2023. This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.77% for the measurement date of December 31, 2023.

Sensitivity of the Sewer District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the Sewer District's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.0%, as well as what the Sewer District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate one percentage point lower (5.0%) or one percentage point higher (7.0%) than the current rate as of December 31, 2025:

	1% Decrease (5.00%)	Discount Rate (6.00%)	1% Increase (7.00%)
Sewer District's proportionate share of the net OPEB Liability (Asset)	$ (4,039,301)	$ (8,134,938)	$ (11,552,263)

The following table presents the Sewer District's proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 5.70%, as well as what the Sewer District's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate one percentage point lower (4.70%) or one percentage point higher (6.70%) than the current rate as of December 31, 2024:

	1% Decrease (4.70%)	Discount Rate (5.70%)	1% Increase (6.70%)
Sewer District's proportionate share of the net OPEB Liability (Asset)	$ 1,773,780	$ (3,227,578)	$ (7,370,486)

Sensitivity of the Sewer District's Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

Actuarial Assumptions (continued)

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of the health care; the trend starting in 2025 and 2024 is 5.50% for both years. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) if it were calculated using a health care cost trend rate that is 1% lower or 1% higher than the current rate for December 31, 2025.

	1% Decrease	Health Care Cost Current Discount Rate	1% Increase
Sewer District's proportionate share of the net OPEB Asset	$ (8,259,052)	$ (8,134,938)	$ (7,995,318)

The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1% lower or 1% higher than the current rate for December 31, 2024.

	1% Decrease	Health Care Cost Current Discount Rate	1% Increase
Sewer District's proportionate share of the net OPEB Asset	$ (3,361,600)	$ (3,227,578)	$ (3,075,506)

Assumption Changes Since the Prior Measurement Date Municipal bond rate changed from 3.77% to 4.08%. The single discount rate increased from 5.70% to 6.0%. The health care cost trend rate changed from 5.5% initial, 3.5%, ultimate in 2038 to 5.5% initial, 3.5% ultimate in 2039.

Changes between Measurement Date and Reporting Date During 2025, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2025. The effects of these changes are unknown.

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

OPEB Asset, Deferred Outflows, Deferred Inflows and OPEB Expense – OPERS

The net OPEB asset for OPERS as of December 31, 2025, was measured as of December 31, 2024. The total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The Sewer District's proportion of the net OPEB asset was based on the Sewer District's share of contributions to the OPEB plan relative to the contributions of all participating entities. Subsequent payments made during the current fiscal year are accounted for as deferred outflows. The following table reflects the proportionate share of OPEB expense for the current and prior years. The related deferred outflows and deferred inflows of resources associated with the OPEB asset are presented below.

Sewer District's proportionate share of net OPEB liability at December 31, 2025:

	OPERS
Proportion of the net OPEB liability prior measurement date	0.357617%
Proportion of the net OPEB liability current measurement date	0.347019%
Change in proportionate share	(0.010598%)
Proportionate share of the net OPEB Asset	$ (8,134,938)
OPEB expense	$ (2,336,523)

At December 31, 2025, the Sewer District reported deferred outflow and inflow of resources related to the net OPEB asset from OPERS OPEB plan, based on December 31, 2024 measurement, as indicated in the table below:

	OPERS
Deferred outflow of resources	
Difference between projected and actual earnings on plan investments	$ 167,508
Differences in employer contributions and change in proportionate share	136,222
Payment Subsequent to measurement date	262,500
Total deferred outflow of resources	$ 566,230
Deferred inflow of resources	
Difference between expected and actual experience	$ 395,943
Change in assumptions	1,173,799
Total deferred inflow of resources	$ 1,569,742

The $262,500 reported as deferred outflows of resources related to OPEB resulting from the Sewer District's contributions subsequent to the measurement date will be recognized an adjustment of the net OPEB asset in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Note 9: Defined Benefit, Postemployment Benefits Other Than Pensions (continued)

OPEB Asset, Deferred Outflows, Deferred Inflows and OPEB Expense – OPERS (continued)

	Total
Fiscal year ending December 31:	
2026	$ (745,957)
2027	805,782
2028	(980,475)
2029	(345,362)
	$ (1,266,012)

Sewer District's proportionate share of net OPEB liability at December 31, 2024:

	OPERS
Proportion of the net OPEB liability prior measurement date	0.346520%
Proportion of the net OPEB liability current measurement date	0.357617%
Change in proportionate share	0.011097%
Proportionate share of the net OPEB Asset	$ (3,227,578)
OPEB expense	$ (405,171)

At December 31, 2024, the Sewer District reported deferred outflow and inflow of resources related to the net OPEB asset from OPERS OPEB plan, based on December 31, 2023 measurement, as indicated in the table below:

	OPERS
Deferred outflow of resources	
Change in assumptions	$ 830,941
Difference between projected and actual earnings on plan investments	1,938,345
Differences in employer contributions and change in proportionate share	67,840
Payment Subsequent to measurement date	314,514
Total deferred outflow of resources	$ 3,151,640
Deferred inflow of resources	
Difference between expected and actual experience	$ 459,377
Change in assumptions	1,387,440
Total deferred inflow of resources	$ 1,846,817

Note 10: Deferred Compensation Plans

Under a deferred compensation program, the Sewer District offers two plans created in accordance with Internal Revenue Code Section 457 (IRC 457). Eligible employees of the Sewer District may elect to participate in either the Voya or the Ohio Public Employees Deferred Compensation Plan, collectively, the "Plans." Employees may also elect to participate in both plans. The Plans allow employees to defer a portion of their compensation until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseen financial emergency, as defined in IRC 457.

The Sewer District follows the provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. In accordance with the provisions of GASB Statement No. 97, at December 31, 2025 and 2024, the assets of both plans met the applicable trust requirements and are therefore excluded from the Sewer District's financial statements.

Note 11: Risk Management

The Sewer District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Sewer District maintains an insurance reserve to account for and finance its uninsured risks of property damage. The Sewer District is self-insured for workers' compensation and purchases commercial insurance for other specific types of coverage. There were no significant reductions in insurance coverage from the prior year. Claim settlements and judgments not covered by commercial insurance and the insurance reserve are covered by operating resources. The amount of settlements did not exceed insurance coverage for each of the past three years.

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

The change in the estimate for workers' compensation claims is as follows:

	Beginning Balance	Claims Paid	Increase in Estimate	Ending Balance
2025	$ 139,662	$ (66,592)	$ 21,604	$ 94,674
2024	$ 88,990	$ (61,569)	$ 112,241	$ 139,662

Estimated liabilities are not material with respect to the financial position of the Sewer District. The claims liability is included in other accrued liabilities in the accompanying statements of net position and the balance as of December 31, 2025 is estimated to be paid during the year ending December 31, 2026. The Sewer District's insurance reserves as of December 31, 2025 and 2024 were $16,991,542 and $16,952,881, respectively, and are included in short-term investments on the Sewer District's statements of net position.

Note 11: Risk Management (continued)

Employee Health Benefits

The Sewer District manages the hospital/medical, dental, vision, prescription and hearing insurance benefits for its employees on a self-insured basis using an accrued liability account that is included in the other accrued liabilities in the accompanying statements of net position. A third-party administrator processes and pays the claims. An excess coverage insurance (stop loss) policy covers claims in excess of $275,000 per claim, per year.

The claims liabilities of $1,344,000 and $1,036,000 reported at December 31, 2025 and 2024, respectively, were estimated by reviewing current claims and is based on the requirements of GASB Statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claims adjustment expenses. The health claims liability is included in other accrued liabilities in the accompanying statements of net position and the balance as of December 31, 2025 is estimated to be paid during the year ending December 31, 2026. The balance as of December 31, 2024 is estimated to be paid during the year ending December 31, 2025.

Changes in the claims liability amounts in 2025 and 2024 were as follows:

	Beginning of Year	Current year Claims	Claims Payment	End of Year
2025	$1,036,000	$ 14,396,314	$ (14,088,314)	$ 1,344,000
2024	905,000	12,984,570	(12,853,570)	1,036,000

Note 12: Lease Arrangements

Lessee

The Sewer District is a lessee in noncancelable lease agreements for parking spots and copier equipment. The present value of future minimum lease payments as of December 31, 2025 and 2024, is recorded as lease liability in the financial statements.

The following is a summary of right-to-use lease asset activity for the year ended December 31, 2025:

Lease Description	Role	Classification	Net Asset Balance	Accumulated Amortization	Gross Asset Balance
Prospect Avenue Parking Spaces	Lessee	Land	$ 335,037	$ 40,705	$ 375,742
Copiers	Lessee	Computer Equipment	56,112	236,830	292,942
Total			$ 391,149	$ 277,535	$ 668,684

Note 12: Lease Arrangements (continued)

Lessee (continued)

The following is a summary of right-to-use lease asset activity for the year ended December 31, 2024:

Lease Description	Role	Classification	Net Asset Balance	Accumulated Amortization	Gross Asset Balance
Prospect Avenue Parking Spaces	Lessee	Land	$ 372,611	$ 3,131	$ 375,742
Copiers	Lessee	Computer Equipment	120,156	180,251	300,407
Land Total			$ 492,767	$ 183,382	$ 676,149

See below for further information regarding the outstanding lease agreements.

The George Group Corp.

In 2014, the Sewer District entered into a five-year lease agreement with The George Group Corp. for 50 parking spaces located at 4190 Prospect Avenue in Cleveland. The lease was amended in 2019 and extended through 2024. Monthly rent of $3,150 was due by the first day of every calendar month.

This lease agreement ended November 30, 2024, and a new lease agreement was signed with The Goerge Group Corp. The new lease agreement is for an original five-year term through November 30, 2029. There is an automatic renewal for an additional five-years through November 30, 2034, unless advance notice is given. The Sewer District is reasonably certain to renew for the additional five years. Monthly rent of $3,213 is due within the first five days of each month. For each succeeding year of the initial term and the renewal term, the monthly rent will increase 2% per year beginning with the December payment. Expected future minimum payments under this agreement are as follows:

Year Ending December 31,	Principal	Interest	Expected Minimum Payment
2026	$ 31,791	$ 7,604	$ 39,395
2027	33,331	6,850	40,181
2028	34,907	6,077	40,984
2029	36,571	5,232	41,803
2030	38,274	4,366	42,640
2031-2034	167,357	7,984	175,341
	$ 342,231	$ 38,113	$ 380,344

Note 12: Lease Arrangements (continued)

Lessee (continued)

Meritech Inc.

In 2022, the Sewer District entered into a five-year lease agreement with Meritech Inc. for copiers. Monthly rent of $5,085 is due by the first day of every calendar month. Starting in 2025, the monthly rent was locked in at $5,097 for the remainder of the lease. Expected future minimum payments under this agreement are as follows:

Year Ending December 31,	Principal	Interest	Expected Minimum Payment
2026	$ 60,236	$ 927	$ 61,163

Lessor

The Sewer District is a lessor in a non-cancelable lease agreement for a cellular tower. With certain exclusions, the present value of future minimum lease payments as of December 31, 2025 and 2024, is recorded as lease receivable in the financial statements.

For lease agreements which are included in the balance of lease receivable, lease revenue – base represents revenue recognized on a straight-line basis over the applicable term of the agreement. Variable payments above the base amount are not included in the measurement of the lease receivable.

See below for further information regarding this lease agreement.

Crown Castle GT Company LLC

In 1990, the Sewer District entered into a twenty-year lease agreement with Crown Castle GT Company LLC for the rental of the cellular tower located at 6000 Canal Road in Cuyahoga Heights. In 2006, the lease was amended and extended to an additional ten years. Then, in April 2020, the lease was amended and extended through 2040. The base annual rent of $30,900 is due to the Sewer District by May 1st of each lease year. Commencing May 1, 2020, and every year thereafter, the annual rent increases by an amount equal to 3% of the annual rent in effect for the year immediately preceding the adjustment date. Expected future minimum payments under this agreement are as follows:

Year Ending December 31,	Principal	Interest	Expected Minimum Payment
2026	$ 29,380	$ 8,623	$ 38,003
2027	30,922	8,222	39,144
2028	32,519	7,799	40,318
2029	34,174	7,354	41,528
2030	35,887	6,886	42,773
2031-2035	207,332	26,569	233,901
2036-2040	260,158	10,997	271,155
	$ 630,372	$ 76,450	$ 706,822

Note 13: Subscription-Based Information Technology Arrangements

The Sewer District has entered into various subscription-based information technology arrangements (SBITAs). As of December 31, 2025 and 2024, the Sewer District had 24 and 25, respectively, qualifying SBITAs under GASB 96 in which it is acting as Lessee.

The schedule of the future minimum payments required under subscriptions and the present value of the minimum subscription payments as of December 31, 2025, is presented below:

Year Ending December 31:	Subsriptions		
	Principal	Interest	Total
2026	$ 1,257,714	$ 10,095	$ 1,267,809
2027	887,793	8,147	895,940
2028	201,403	1,136	202,539
Total	$ 2,346,910	$ 19,378	$ 2,366,288

Note 14: Commitments and Contingencies

Combined Sewer Overflows Long-Term Control Plan

The Combined Sewer Overflow (CSO) Consent Decree between the Sewer District and US EPA, US DOJ, Ohio EPA, and the Ohio Attorney General, entered on July 7, 2011, requires the Sewer District to spend $3 Billion (in 2009 dollars) constructing several projects through 2034 to reduce combined CSO into Lake Erie. The Consent Decree requires the Sewer District to construct multiple projects specified in the appendices of the Consent Decree that are intended to upgrade capacity at each of its three wastewater treatment plants, make improvements to its collection system, construct green infrastructure, and complete both federal and state Supplemental Environmental Projects, all as specifically described. Failure of the Sewer District to complete any of the required projects in accordance with the Consent Decree could result in penalties as set forth in the Consent Decree. As of December 31, 2025 and 2024, the Sewer District did not anticipate any failures that would result in such penalties.

Other Litigation

The Sewer District, in the normal course of its activities, is involved in various other claims and pending litigation. In the opinion of District management, the disposition of these other matters is not expected to have a material adverse effect on the financial position of the Sewer District.

Note 15: Fair Value Measurements

The Sewer District uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs are quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. U.S. Government Obligations, Fixed Income Securities, the Revenue Debt Service Fund and Money Market Funds are valued at the closing price reported on the over-the-counter market on which the individual securities are traded. These inputs reflect management's judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information which has been internally developed.

Financial assets at December 31, 2025 consisted of the following:

	Level 1	Level 2	Level 3	Total at 12/31/2025
Short-Term Investments				
Money Market Funds	$ 295,851,081	$ -	$ -	$ 295,851,081
U.S. Treasury Bills	14,860,500	-	-	14,860,500
Huntington Contractors Escrow	1,831,076	-	-	1,831,076
Fixed Income Securities	-	30,349,797	-	30,349,797
U.S. Government Obligations	-	114,439,082	-	114,439,082
Long Term Investments				
Fixed Income Securities	-	39,883,631	-	39,883,631
U.S. Government Obligations	-	130,561,066	-	130,561,066
Revenue Bond Debt Service Fund				
Money Market Funds	30,811	-	-	30,811
U.S. Government Obligations	-	11,149,738	-	11,149,738
Total	$ 312,573,468	$ 326,383,314	$ -	$ 638,956,782

Financial assets at December 31, 2024 consisted of the following:

	Level 1	Level 2	Level 3	Total at 12/31/2024
Short-Term Investments				
Money Market Funds	$ 254,137,464	$ -	$ -	$ 254,137,464
U.S. Treasury Bills	39,355,400	-	-	39,355,400
Huntington Contractors Escrow	2,119,430	-	-	2,119,430
Fixed Income Securities	-	48,532,973	-	48,532,973
U.S. Government Obligations	-	131,132,077	-	131,132,077
Long Term Investments				
Fixed Income Securities	-	67,393,030	-	67,393,030
U.S. Government Obligations	-	97,986,824	-	97,986,824
Revenue Bond Debt Service Fund				
Money Market Funds	316,254	-	-	316,254
U.S. Government Obligations	-	12,998,629	-	12,998,629
Total	$ 295,928,548	$ 358,043,533	$ -	$ 653,972,081

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Required Supplementary Information

Schedule of the Sewer District's Proportionate Share of the Net Pension Liability and Asset
Ohio Public Employees Retirement System - Traditional and Combined Plans

For the Last Ten Years *

Traditional Plan	2025**	2024	2023	2022
Sewer District's Proportion of the Net Pension Liability	0.335475%	0.338485%	0.323762%	0.330081%
Sewer District's Proportionate Share of the Net Pension Liability	$ 82,243,500	$ 88,616,759	$ 95,639,436	$ 28,718,385
Sewer District's Covered Payroll	$ 63,981,769	$ 55,738,500	$ 51,515,529	$ 48,430,557
Sewer District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	128.54%	158.99%	185.65%	59.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.99%	79.01%	75.74%	92.62%

Combined Plan	2025***	2024	2023	2022
Sewer District's Proportion of the Net Pension Asset	N/A	0.566253%	0.544457%	0.529671%
Sewer District's Proportionate Share of the Net Pension Asset	N/A	$ 1,740,561	$ 1,283,232	$ 2,086,935
Sewer District's Covered Payroll	N/A	$ 2,559,071	$ 2,625,371	$ 2,440,971
Sewer District's Proportionate Share of the Net Pension Asset as a Percentage of Its Covered Payroll	N/A	68.02%	48.88%	85.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	N/A	144.55%	137.14%	169.88%

* Amounts presented for each year were determined as of the Sewer District's measurement date, which is the prior year-end.
** The Combined Plan was consolidated into the Traditional Plan in 2025. Historical data has not been restated. Therefore, 2024 and prior information reflects the Traditional Plan only, without the Combined Plan division.
***The Combined Plan was consolidated into the Traditional Plan in 2025. Historical data has not been restated. Therefore, this schedule reflects only the Combined Plan prior to its consolidation into the Traditional Plan.

See accompanying notes to required supplementary information.

2021	2020	2019	2018	2017	2016
0.356791%	0.358148%	0.354457%	0.362813%	0.341986%	0.336154%
$ 52,832,981	$ 70,790,382	$ 97,078,586	$ 56,918,326	$ 77,659,205	$ 58,226,111
$ 50,344,200	$ 48,516,643	$ 48,060,622	$ 52,309,025	$ 40,870,702	$ 49,435,775
104.94%	145.91%	201.99%	108.81%	190.01%	117.78%
86.88%	82.17%	74.70%	84.66%	77.25%	81.08%

2021	2020	2019	2018	2017	2016
0.565736%	0.584628%	0.634615%	0.684592%	0.583779%	0.531290%
$ 1,633,076	$ 1,219,092	$ 709,645	$ 931,953	$ 324,913	$ 258,537
$ 2,493,536	$ 2,514,571	$ 2,733,250	$ 3,011,061	$ 2,189,365	$ 2,275,217
65.49%	48.48%	25.96%	30.95%	14.84%	11.36%
157.67%	145.28%	126.64%	137.28%	116.55%	116.90%

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Required Supplementary Information

Schedule of the Sewer District's Proportionate Share of the Net OPEB Liability (Asset)
Ohio Public Employees Retirement System

For the Last Nine Years *

	2025	2024	2023	2022	2021
Sewer District's Proportion of the Net OPEB Liability (Asset)	0.347019%	0.357617%	0.346520%	0.354159%	0.381944%
Sewer District's Proportionate Share of the Net OPEB Liability (Asset)	$ (8,134,938)	$ (3,227,578)	$ 2,184,876	$ (11,092,801)	$ (6,804,636)
Sewer District's Covered Payroll	$ 71,335,710	$ 63,796,516	$ 60,419,609	$ 55,218,354	$ 57,724,594
Sewer District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Its Covered Payroll	-11.40%	-5.06%	3.62%	-20.09%	-11.79%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	121.51%	107.76%	94.79%	128.23%	115.57%

	2020	2019	2018	2017
Sewer District's Proportion of the Net OPEB Liability (Asset)	0.382083%	0.383170%	0.390720%	0.364608%
Sewer District's Proportionate Share of the Net OPEB Liability (Asset)	$ 52,775,589	$ 49,956,323	$ 42,429,314	$ 36,826,620
Sewer District's Covered Payroll	$ 57,316,385	$ 55,780,664	$ 60,288,529	$ 46,660,550
Sewer District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of Its Covered Payroll	92.08%	89.56%	70.38%	78.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	54.14%	N/A

* Amounts presented for each year were determined as of the Sewer District's measurement date, which is the prior year-end.
Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.
An additional column will be added each year.

See accompanying notes to required supplementary information.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Required Supplementary Information

Schedule of the Sewer District's Contributions
Ohio Public Employees Retirement System - Traditional Plan

For the Last Ten Years

	2025*	2024	2023	2022	2021
Contractually Required Contributions	$ 9,074,600	$ 8,575,037	$ 7,803,390	$ 7,212,174	$ 6,780,278
Contributions in Relation to Contractually Required Contributions	(9,074,600)	(8,575,037)	(7,803,390)	(7,212,174)	(6,780,278)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 65,208,621	$ 61,250,264	$ 55,738,500	$ 51,515,529	$ 48,430,557
Contribution as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

	2020	2019	2018	2017	2016
Contractually Required Contributions	$ 7,048,188	$ 6,792,330	$ 6,728,485	$ 6,800,173	$ 4,904,484
Contributions in Relation to Contractually Required Contributions	(7,048,188)	(6,792,330)	(6,728,485)	(6,800,173)	(4,904,484)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 50,344,200	$ 48,516,643	$ 48,060,622	$ 52,309,025	$ 40,870,702
Contribution as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%

*The Combined Plan was consolidated into the Traditional Plan in 2025. Historical data has not been restated. Therefore, 2024 and prior information reflects the Traditional Plan only, without the Combined Plan division.

See accompanying notes to required supplementary information.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Required Supplementary Information

Schedule of the Sewer District Contributions
Ohio Public Employees Retirement System - Combined Plan

For the Last Ten Years

	2025*	2024	2023	2022	2021
Contractually Required Contributions	N/A	$ 327,781	$ 307,088	$ 336,862	$ 341,736
Contributions in Relation to Contractually Required Contributions	N/A	(327,781)	(307,088)	(336,862)	(341,736)
Contribution Deficiency (Excess)	N/A	$ -	$ -	$ -	$ -
Covered Payroll	N/A	$ 2,731,505	$ 2,559,071	$ 2,625,371	$ 2,440,971
Contribution as a Percentage of Covered Payroll	N/A	12.00%	12.00%	12.83%	14.00%

	2020	2019	2018	2017	2016
Contractually Required Contributions	$ 349,095	$ 352,040	$ 382,655	$ 391,438	$ 262,724
Contributions in Relation to Contractually Required Contributions	(349,095)	(352,040)	(382,655)	(391,438)	(262,724)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,493,536	$ 2,514,571	$ 2,733,250	$ 3,011,061	$ 2,189,365
Contribution as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.00%	12.00%

*The Combined Plan was consolidated into the Traditional Plan in 2024. Historical data has not been restated. Therefore, this schedule reflects only the Combined Plan prior to its consolidation into the Traditional Plan.

See accompanying notes to required supplementary information.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Required Supplementary Information

Schedule of the Sewer District Contributions
Ohio Public Employees Retirement System - OPEB

For the Last Ten Years

	2025	2024	2023	2022	2021
Contractually Required OPEB Contributions	$ 262,500	$ 314,514	$ 287,144	$ 267,471	$ 199,299
Contributions in Relation to Contractually Required Contributions	(262,500)	(314,514)	(287,144)	(267,471)	(199,299)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 70,406,003	$ 71,335,710	$ 63,796,516	$ 60,419,609	$ 55,218,354
OPEB Contribution as a Percentage of Covered Payroll	0.37%	0.44%	0.45%	0.44%	0.36%

	2020	2019	2018	2017	2016
Contractually Required OPEB Contributions	$ 200,641	$ 184,030	$ 109,330	$ 602,885	$ 933,211
Contributions in Relation to Contractually Required Contributions	(200,641)	(184,030)	(109,330)	(602,885)	(933,211)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 57,724,594	$ 57,316,385	$ 55,780,664	$ 60,288,529	$ 46,660,550
OPEB Contribution as a Percentage of Covered Payroll	0.35%	0.32%	0.20%	1.00%	2.00%

See accompanying notes to required supplementary information.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Notes to Required Supplementary Information

For the Years Ended December 31, 2025 and 2024

Note 1: Net Pension Liability

Changes in Assumptions – OPERS

Amounts reported in the required supplementary information for OPERS Traditional and Combined Plans incorporate changes in assumptions used by OPERS in calculating the pension liability. These assumptions are presented below for the periods indicated:

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2025

	OPERS Traditional plan
Experience Study	5-year period ended December 31, 2020
Actuarial Cost Method	Individual Entry Age
Actuarial Assumptions:	
Investment Rate of Return	6.90%
Wage Inflation	2.75%
Projected Salary Increases, including 2.75% inflation	2.75 to 10.75%
COLA or Ad Hoc COLA:	
Pre-Jan 7, 2013 Retirees	3.00% Simple
Post-Jan 7, 2013 Retirees	2.90% Simple through 2025 then 2.05% Simple

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2024

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	6.90%	6.90%
Wage Inflation	2.75%	2.75%
Projected Salary Increases, including 2.75% inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	2.30% Simple through 2024 then 2.05% Simple	2.30% Simple though 2024 then 2.05% Simple

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2023

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	6.90%	6.90%
Wage Inflation	2.75%	2.75%
Projected Salary Increases, including 2.75% inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2023 then 2.05% Simple	3.00% Simple though 2023 then 2.05% Simple

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2022

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2020	5-year period ended December 31, 2020
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	6.90%	6.90%
Wage Inflation	2.75%	2.75%
Projected Salary Increases, including 2.75% inflation	2.75 to 10.75%	2.75 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	3.00% Simple through 2022 then 2.05% Simple	3.00% Simple though 2022 then 2.05% Simple

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2021

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3.00% Simple	3.00% Simple
Post-Jan 7, 2013 Retirees	0.50% Simple through 2021 then 2.15% Simple	0.50% Simple though 2021 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2020

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	1.4% Simple through 2020 then 2.15% Simple	1.4% Simple though 2020 then 2.15% Simple

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2019

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.20%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple though 2018 then 2.15% Simple

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2017-2018

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2015	5-year period ended December 31, 2015
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	7.50%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases, including 3.25% inflation	3.25 to 10.75%	3.25 to 8.25%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.15% Simple	3% Simple though 2018 then 2.15% Simple

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Key Methods and Assumptions in Valuing Total Pension Liability (Asset) – 2016

	OPERS Traditional plan	OPERS Combined plan
Experience Study	5-year period ended December 31, 2010	5-year period ended December 31, 2010
Actuarial Cost Method	Individual Entry Age	Individual Entry Age
Actuarial Assumptions:		
Investment Rate of Return	8.00%	8.00%
Wage Inflation	3.75%	3.75%
Projected Salary Increases, including 3.75% inflation	4.25 to 10.05%	4.25 to 8.05%
COLA or Ad Hoc COLA:		
Pre-Jan 7, 2013 Retirees	3% Simple	3% Simple
Post-Jan 7, 2013 Retirees	3% Simple through 2018 then 2.8% Simple	3% Simple though 2018 then 2.8% Simple

Beginning in 2019 for those retiring on or after January 7, 2013, the cost-of-living adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3%.

Mortality rates – For amounts reported beginning in 2022, the measurements use pre-retirement mortality rates based on 130% of the Pub-2010 General Employee Mortality tables (males and females). Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females).

Amounts reported beginning in 2017 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled Mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale.

Note 1: Net Pension Liability (continued)

Changes in Assumptions – OPERS (continued)

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

Note 2: Net OPEB Liability (Asset)

Changes in Assumptions – OPERS OPEB

For 2025, the single discount rate increased from 5.70% in 2024 to 6.00% in 2025. For 2025, the municipal bond rate changed from 3.77% to 4.08%. For 2025, the health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2038 to 5.50% initial, 3.50% ultimate in 2039.

For 2024, the single discount rate changed from 5.22% in 2023 to 5.70% in 2024. For 2024, the municipal bond rate changed from 4.05% to 3.77%. For 2024, the health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2036 to 5.50% initial, 3.50% ultimate in 2038.

For 2023, the single discount rate changed from 6.00% in 2022 to 5.22% in 2023. For 2023, the municipal bond rate changed from 1.84% to 4.05%. For 2023, the health care cost trend rate changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

For 2022, the single discount rate was unchanged from 6.00% in 2021. For 2022, the municipal bond rate changed from 2.00% to 1.84%. For 2022, the health care cost trend rate changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

For 2021, the single discount rate changed from 3.16% in 2020 to 6.00%. For 2021, the municipal bond rate changed from 2.75% to 2.00%. For 2021, the health care cost trend rate changed from 10.50% initial, 3.50% ultimate in 2030 to 8.50% initial, 3.50% ultimate in 2035.

For 2020, the single discount rate changed from 3.96% in 2019 to 3.16%. For 2020, the municipal bond rate changed from 3.71% to 2.75%. For 2020, the health care cost trend rate changed from 10.00% initial, 3.25% ultimate in 2029 to 10.50% initial, 3.50% ultimate in 2030.

For 2019, the OPERS Board adopted a change in the investment return assumption, reducing it from 6.50% to 6.00%. For 2019, the single discount rate changed from 3.85% in 2018 to 3.96%. Prior to 2018, the single discount rate was 4.23%. For 2019, the municipal bond rate changed from 3.31% to 3.71%. For 2019, the health care cost trend rate changed from 7.50% initial, 3.25% ultimate in 2028 to 10.00% initial, 3.25% ultimate in 2029.

Note 2: Net OPEB Liability (Asset) (continued)

Factors Significantly Affecting Trends in Reported Amounts - OPERS

On January 15, 2020, the OPERS Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes went into effect January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

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NORTHEAST OHIO REGIONAL SEWER DISTRICT

Supplementary Information
Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
User Charges:				
Billed	$ 492,122,997	$ 492,122,997	$ 486,366,348	$ (5,756,649)
Other Revenue	2,692,723	2,692,723	3,090,296	397,573
Total Revenues	494,815,720	494,815,720	489,456,644	(5,359,076)
Expenses:				
Salary and Wages	72,485,444	72,504,084	70,235,565	2,268,519
Fringe Benefits (1)	26,654,570	26,654,570	25,971,932	682,638
Power	12,411,517	12,411,517	11,670,813	740,704
Materials and Supplies	15,263,137	14,635,376	11,754,719	2,880,657
Collection Fees	11,391,100	11,391,100	11,096,031	295,069
Gas	1,405,619	1,405,619	1,391,385	14,234
Chemicals	3,779,073	3,621,455	3,516,221	105,234
Repairs and Maintenance	4,529,441	5,337,562	3,887,652	1,449,910
Solids Handling	3,176,575	2,856,604	3,341,757	(485,153)
Water	1,122,029	1,122,029	917,544	204,485
Professional Services	15,158,522	15,750,093	11,854,966	3,895,127
Insurance	1,687,651	1,687,651	1,644,902	42,749
Judgements and Awards	225,000	225,000	16,722	208,278
Other Operating Expenses	28,022,280	27,709,298	21,853,236	5,856,062
Capitalized Construction Cost	(7,015,000)	(7,015,000)	(6,934,250)	(80,750)
Depreciation	90,754,889	90,754,889	97,947,428	(7,192,539)
Impact of GASB 68 and 75	-	-	1,770,599	(1,770,599)
Total Operating Expenses	281,051,847	281,051,847	271,937,222	9,114,625
Excess of Revenues Over Operating Expenses	$ 213,763,873	$ 213,763,873	$ 217,519,422	$ 3,755,549

(1) Fringe Benefits actual number includes unbudgeted amounts for pension and OPEB. The net impact on actual expenses was $1,770,599, of which, $4,369,625 was due to pension and ($2,599,026) was due to OPEB. For more detail, please see Notes 8 and 9 of notes disclosures.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Supplementary Information
Schedule of Revenues, Expenses and Changes in Net Position - Budget to Actual

For the Year Ended December 31, 2025

Reconciliation to Change in Net Position:		
Excess of Operating Revenues Over Operating Expenses	$	217,519,422
Interest Revenue		29,157,527
Lease Revenue		38,315
Increase in Fair Value of Investments, Net		1,302,001
Non-Operating Grant Revenue		6,890,066
Non-Operating Grant Expenses		(890,066)
Green Infrastructure Program		(902,800)
Member Infrastructure Community Program		(12,199,824)
Stormwater Community Cost-Share Disbursement		(9,828,029)
Loss on Disposals of Equipment		(22,496)
Interest Expense on Long-Term Debt, Leases and Subscriptions		(44,798,434)
Income Before Extraordinary Item		186,265,682
Insurance Proceeds - Southerly WWTP Generator Fire		800,000
Change in Net Position		187,065,682
Net Position at Beginning of Year		2,371,718,275
Net Position at End of Year	$	2,558,783,957

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Notes to Supplementary Information
Schedule of Revenues, Expenses and Changes in Net Position-Budget to Actual

For the Year Ended December 31, 2025

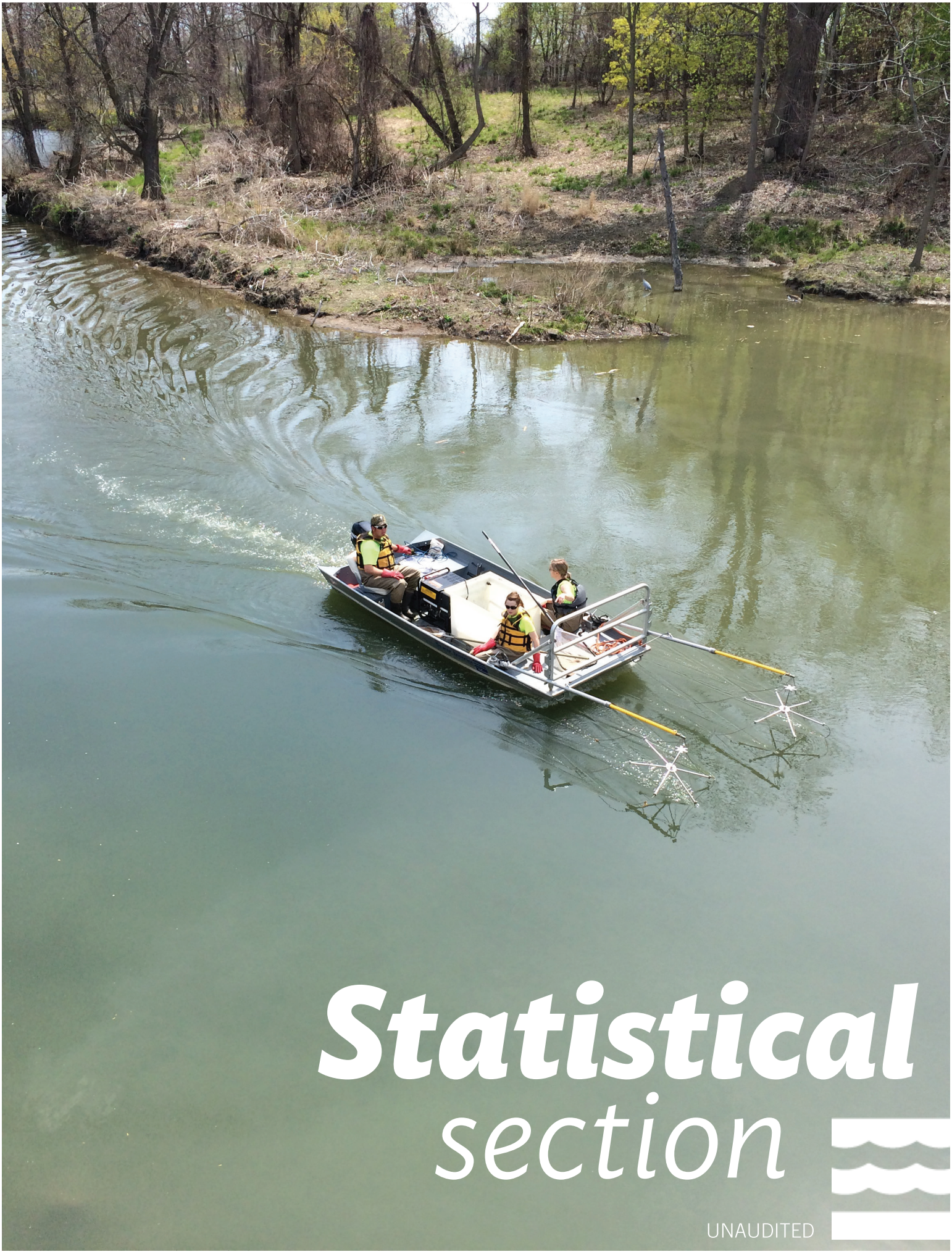
Note 1: Summary of Significant Accounting Policies

Budgetary Basis of Accounting

The Sewer District's budget is prepared on the basis of accounting principles generally accepted in the United States of America, except that the budget does not include interest revenue, increases (decreases) in fair value of investments, interest on long-term debt, and gains and losses on equipment disposals. Formal budgetary integration is employed as a management control device during the year.

General provisions regulating the Sewer District's budget and appropriation procedures are set forth in the Ohio Revised Code. The Chief Executive Officer is required to submit the Sewer District's operating and capital budgets to the Board and they are required to adopt such budgets by March 31 of each year. Until the final budgets are adopted, the Board may adopt a temporary appropriation for the first three months of the year. The Board must also approve all amendments to the budget. The level of budgetary control for the Sewer District's operation, maintenance, and minor capital outlays is on a budget center line-item basis. During the fiscal year, budget center heads may transfer appropriations within their respective budget centers and from other budget centers within limitations that are subject to Board approval. The capital budget consists of major and minor capital expenditures.

Requests for capital project expenditures must be approved by the Board and/or the Chief Executive Officer, as appropriate, and require certification of available funds by the Chief Financial Officer. Board approval is required for all operating and capital purchases of goods and services in excess of $75,000. All budget appropriations lapse on December 31 of each year. The annual Capital Plan outlines estimated cost by project. These projects are already authorized or to be considered by the Board. Approval of the budgets by the Board does not in itself authorize expenses for operations and maintenance or expenditures for capital projects.



Statistical section

UNAUDITED

STATISTICAL SECTION
(UNAUDITED)

This part of the Sewer District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Sewer District's overall financial health.

Contents **Page**

Financial Trends 98

These schedules contain trend information to help the reader understand the Sewer District's financial performance and well-being and how they have changed over time.

Revenue Capacity 106

These schedules contain information to help the reader assess the Sewer District's most significant revenue source, user charges.

Debt Capacity 110

These schedules present information to help the reader assess the affordability of the Sewer District's current levels of outstanding debt and the Sewer District's ability to issue additional debt in the future.

Demographic and Economic Information 112

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Sewer District's financial activities take place.

Operating Information 114

These schedules contain service and infrastructure data to help the reader understand how the information in the Sewer District's financial report relates to the services the Sewer District provides and the activities it performs.

Continuing Disclosure Requirements 120

These schedules are required by Continuing Disclosure Agreement with respect to outstanding Revenue Bonds. They contain information pertinent to each of the categories above.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports and Sewer District accounting records for the relevant year.

NORTHEAST OHIO REGIONAL SEWER DISTRICT
NET POSITION BY COMPONENT
LAST TEN YEARS

	2025	2024	2023 (5)	2022 (4)
Net Investment in Capital Assets	$ 1,811,042,535	$ 1,608,101,783	$ 1,452,201,077	$ 1,393,173,434
Restricted - Stormwater Community Cost-Share	46,109,052	43,244,867	39,134,905	36,587,005
Restricted - Revenue Bond Debt Service Deposit	11,180,549	13,314,884	11,180,997	10,149,547
Restricted - Net Pension and OPEB Assets	8,134,938	4,968,139	1,283,232	13,179,736
Unrestricted	682,316,883	702,088,602	683,128,741	576,972,142
Total	$ 2,558,783,957	$ 2,371,718,275	$ 2,186,928,952	$ 2,030,061,864

Notes:
(1) 2017 restated to comply with GASB 75.
(2) 2019 restated to comply with GASB 83.
(3) 2021 restated to comply with GASB 87.
(4) 2022 restated to comply with GASB 96.
(5) 2023 restated to comply with GASB 101.

Source: Sewer District accounting records.

2021 (3)	2020	2019 (2)	2018	2017 (1)	2016
$ 1,258,992,579	$ 1,233,425,735	$ 1,231,162,062	$ 1,196,966,572	$ 1,107,066,113	$ 990,664,879
31,470,340	30,484,566	25,911,002	24,045,802	17,185,754	8,203,008
11,464,564	12,194,735	12,759,244	14,218,413	16,472,039	27,743,677
8,437,712	1,279,963	709,645	931,953	77,659,205	58,210,433
550,487,860	413,659,346	321,309,452	293,403,609	234,761,389	341,533,545
$ 1,860,853,055	$ 1,691,044,345	$ 1,591,851,405	$ 1,529,566,349	$ 1,453,144,500	$ 1,426,355,542

NORTHEAST OHIO REGIONAL SEWER DISTRICT
CHANGES IN NET POSITION
LAST TEN YEARS

	2025	2024	2023 (9)	2022 (8)	2021 (7)
Operating Revenues, Net - Sewage					
Billing Agents	$ 397,838,508	$ 384,964,227	$ 370,053,920	$ 357,795,915	$ 351,000,147
Direct Billed	34,844,855	32,626,179	35,293,213	30,167,877	28,922,149
Other (6)	3,059,177	2,977,387	2,776,430	1,919,436	2,282,303
Total Operating Revenues, Net - Sewage	435,742,540	420,567,793	408,123,563	389,883,228	382,204,599
Operating Revenues, Net - Stormwater					
Billing Agents	52,657,246	50,157,925	47,634,058	45,641,388	43,519,426
Direct Billed	1,025,739	1,019,956	950,984	889,886	862,650
Other	31,119	17,327	31,099	144,689	-
Total Operating Revenues, Net - Stormwater	53,714,104	51,195,208	48,616,141	46,675,963	44,382,076
Operating Revenues, Net - Sewer District Total	489,456,644	471,763,001	456,739,704	436,559,191	426,586,675
Operating Expenses - Sewage					
Salaries and Wages	66,696,438	62,892,971	58,488,877	54,289,131	52,707,793
Fringe Benefits	27,214,990	23,575,506	19,401,161	(4,608,552)	(27,988,319)
Utilities	15,181,245	15,332,049	15,280,072	11,947,789	11,364,347
Professional and Contractual Services (6)	28,356,049	26,312,228	25,823,412	23,065,747	24,417,228
Other	12,569,350	12,984,308	12,095,496	10,995,370	10,435,818
Stormwater Indirect Cost Allocation (5)	(4,641,646)	(4,487,086)	(4,259,987)	(4,275,752)	(4,303,771)
Depreciation (6)	97,288,444	92,705,087	93,631,020	89,855,111	85,596,914
Total Operating Expenses - Sewage	242,664,870	229,315,063	220,460,051	181,268,844	152,230,010
Operating Expenses - Stormwater					
Salaries and Wages	3,539,127	3,754,439	3,618,778	3,319,843	3,460,956
Fringe Benefits (9)	527,541	612,909	829,614	529,483	546,974
Professional and Contractual Services	19,684,829	21,118,915	25,465,210	18,009,600	13,802,080
Other (1)	220,225	177,516	131,762	142,546	106,914
Stormwater Indirect Cost Allocation (5)	4,641,646	4,487,086	4,259,987	4,275,752	4,303,771
Depreciation	658,984	64,146	-	-	13,200
Total Operating Expenses - Stormwater	29,272,352	30,215,011	34,305,350	26,277,224	22,233,895
Total Operating Expenses - Sewer District Total	271,937,222	259,530,074	254,765,401	207,546,068	174,463,905
Operating Income	217,519,422	212,232,927	201,974,303	229,013,123	252,122,770
Non-Operating Revenues (Expenses), Net					
Interest Revenue (7)	29,157,527	31,419,548	24,256,066	7,016,656	1,666,422
Lease Revenue (7)	38,315	38,315	38,315	38,315	38,315
Increase (Decrease) in Fair Value of Investments, Net	1,302,001	1,814,296	4,942,718	(2,561,068)	(980,218)
Non-Operating Grant Revenue	6,890,066	7,530,243	7,809,674	1,000,000	-
Non-Operating Grant Expenses	(890,066)	(7,530,243)	(7,809,674)	-	-
Proceeds on Insurance Claims (2) (10)	800,000	-	-	-	-
Green Infrastructure Program (4)	(902,800)	(884,873)	(2,113,331)	(634,937)	(1,295,007)
Member Community Infrastructure Program (4)	(12,199,824)	(8,414,483)	(7,358,999)	(6,978,698)	(5,079,830)
Stormwater Community Cost-Share Disbursement (3)	(9,828,029)	(7,766,310)	(11,778,041)	(5,296,322)	(9,617,923)
Loss on Disposals of Equipment	(22,496)	(72,960)	(3,798,520)	(830,603)	(11,914,948)
Gain on Bond Defeasance	-	5,362,385	-	-	-
Loss on Bond Defeasance	-	-	-	(1,111,736)	(1,039,979)
Loss on Non-Operating Miscellaneous Transactions	-	-	-	-	(11,300)
Loss on Extraordinary Events	-	-	-	-	-
Interest Expense on Long-Term Debt, Leases and Subscriptions (7) (8)	(44,798,434)	(50,354,828)	(50,836,638)	(52,011,174)	(55,906,837)
Asset Retirement Obligation Non-Operating Transaction	-	-	-	30,892	297,885
Gain on Early Lease Termination	-	-	-	1,447	-
Federal Subsidy Revenue	-	1,415,306	1,541,215	1,532,914	1,529,360
Total Non-Operating Revenues (Expenses), Net	(30,453,740)	(27,443,604)	(45,107,215)	(59,804,314)	(82,314,060)
Change in Net Position	$ 187,065,682	$ 184,789,323	$ 156,867,088	$ 169,208,809	$ 169,808,710

(1) Other Operating Expenses include Agreement with the Cleveland Metroparks for the Regional Stormwater Management Program.
(2) Proceeds in 2016 and 2017 from the flood at the Southerly WWTP.
(3) Beginning 2016, Stormwater Community Cost-Share is classified to non-operating expenses.
(4) Beginning 2017, Green Infrastructure and Member Community Infrastructure Programs are classified to non-operating expenses.
(5) Beginning 2016, the Sewer District started tracking stormwater utility's indirect support costs related to Sewer District's services to reflect what portion of these indirect, or overhead, costs should be allocated to the stormwater utility.
(6) Restated to comply with GASB 83 for 2019.
(7) Restated to comply with GASB 87 for 2021.
(8) Restated to comply with GASB 96 for 2022.
(9) Restated to comply with GASB 101 for 2023.
(10) Proceeds in 2025 from Southerly WWTP Generator Fire.

Source: Sewer District accounting records.

2020	2019 (6)	2018	2017	2016
$ 320,790,742	$ 310,986,925	$ 301,523,258	$ 273,964,177	$ 266,840,893
29,349,538	27,610,406	23,142,825	22,848,020	17,970,171
1,934,392	1,615,509	1,392,876	2,567,476	1,972,379
352,074,672	340,212,840	326,058,959	299,379,673	286,783,443
43,886,592	43,907,185	43,029,033	43,734,464	25,487,614
808,341	927,462	935,644	766,301	765,778
(173)	-	-	-	-
44,694,760	44,834,647	43,964,677	44,500,765	26,253,392
396,769,432	385,047,487	370,023,636	343,880,438	313,036,835
53,664,151	53,823,645	52,726,122	52,144,371	49,878,369
31,440,808	40,663,563	31,535,641	29,221,894	22,495,670
12,234,202	12,248,936	14,729,821	13,601,569	14,187,719
25,437,661	25,952,405	32,255,207	32,211,644	29,842,682
9,223,437	9,846,136	5,708,698	4,575,795	2,587,719
(4,096,133)	(4,186,298)	(3,974,441)	(3,755,359)	(3,612,532)
81,614,727	80,596,851	71,733,140	71,496,416	66,605,940
209,518,853	218,945,238	204,714,188	199,496,330	181,985,567
3,509,846	3,257,406	2,606,546	1,353,653	590,438
593,766	526,322	382,135	196,233	82,758
17,556,797	34,238,683	23,472,515	19,503,698	4,517,336
100,972	109,590	756,779	121,598	50,417
4,096,133	4,186,298	3,974,441	3,755,359	3,612,532
-	-	-	-	-
25,857,514	42,318,299	31,192,416	24,930,541	8,853,481
235,376,367	261,263,537	235,906,604	224,426,871	190,839,048
161,393,065	123,783,950	134,117,032	119,453,567	122,197,787
4,468,117	7,843,503	5,573,074	3,833,084	2,901,760
-	-	-	-	-
996,621	604,848	378,689	(518,063)	494,661
-	-	521,873	206,905	223,125
-	(177,781)	(4,534)	(97,733)	(187,668)
-	-	-	7,112	64,597
(1,286,128)	(2,102,179)	(1,361,640)	(1,318,460)	-
(4,184,855)	(2,331,313)	(4,911,520)	(3,118,863)	-
(7,320,593)	(8,511,830)	(4,218,308)	(2,626,418)	(72,190)
(520,567)	(649,659)	(385,744)	(301,070)	(3,319,289)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(1,614)
(55,891,482)	(60,975,839)	(59,784,224)	(58,980,224)	(60,317,727)
-	-	-	-	-
-	-	-	-	-
1,538,762	4,801,356	6,497,151	6,472,856	6,465,915
(62,200,125)	(61,498,894)	(57,695,183)	(56,440,874)	(53,748,430)
$ 99,192,940	$ 62,285,056	$ 76,421,849	$ 63,012,693	$ 68,449,357

NORTHEAST OHIO REGIONAL SEWER DISTRICT
REVENUES BY TYPE
LAST TEN YEARS

	2025	2024	2023	2022
Operating Revenues, Net				
Sewage and Stormwater Service Fees				
City of Cleveland Billing Agent	$ 442,479,714	$ 427,211,164	$ 410,091,834	$ 395,981,315
Other Billing Agents	8,016,040	7,910,988	7,596,144	7,455,988
Other Sewage and Stormwater Service Fees	35,870,594	33,646,135	36,244,197	31,057,763
Other Operating Revenue (2)	3,090,296	2,994,714	2,807,529	2,064,125
Total Operating Revenues, Net	489,456,644	471,763,001	456,739,704	436,559,191
Non-Operating Revenues, Net				
Interest Revenue (2)	29,157,527	31,419,548	24,256,066	7,016,656
Increase (Decrease) in Fair Value of Investments, Net	1,302,001	1,814,296	4,942,718	(2,561,068)
Lease Revenue (2)	38,315	38,315	38,315	38,315
Gain on Early Lease Termination	-	-	-	1,447
Gain on Cash Bond Defeasance	-	5,362,385	-	-
Proceeds from Insurance Claims (1) (3)	800,000	-	-	-
Asset Retirement Obligation Non-Operating Transactions	-	-	-	30,892
Federal Subsidy Revenue	-	1,415,306	1,541,215	1,532,914
Non-Operating Grant Revenue	6,890,066	7,530,243	7,809,674	1,000,000
Total Non-Operating Revenues, Net	38,187,909	47,580,093	38,587,988	7,059,156
Total Revenues	$ 527,644,553	$ 519,343,094	$ 495,327,692	$ 443,618,347

(1) Proceeds in 2016 and 2017 from Southerly Flood event.
(2) 2021 restated to comply with GASB 87.
(3) Proceeds in 2025 from Southerly WWTP generator fire.

Source: Sewer District accounting records.

2021 (2)	2020	2019	2018	2017	2016
$ 387,061,089	$ 357,782,897	$ 348,360,168	$ 338,466,864	$ 311,616,663	$ 275,275,862
7,458,484	6,894,437	6,533,942	6,085,427	6,081,978	17,052,645
29,784,799	30,157,879	28,537,868	24,078,469	23,614,321	18,735,949
2,282,303	1,934,219	1,615,509	1,392,876	2,567,476	1,972,379
426,586,675	396,769,432	385,047,487	370,023,636	343,880,438	313,036,835
1,666,422	4,468,117	7,843,503	5,573,074	3,833,084	2,901,760
(980,218)	996,621	604,848	378,689	(518,063)	494,661
38,315	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	7,112	64,597
297,885	-	-	-	-	-
1,529,360	1,538,762	4,801,356	6,497,151	6,472,856	6,465,915
-	-	-	521,873	206,905	223,125
2,551,764	7,003,500	13,249,707	12,970,787	10,001,894	10,150,058
$ 429,138,439	$ 403,772,932	$ 398,297,194	$ 382,994,423	$ 353,882,332	$ 323,186,893

NORTHEAST OHIO REGIONAL SEWER DISTRICT
OPERATING EXPENSES BY TYPE
LAST TEN YEARS

	2025	2024	2023 (4)	2022 (3)
Salaries and Wages	$ 70,235,565	$ 66,647,410	$ 62,107,654	$ 57,608,974
Fringe Benefits	27,742,531	24,188,415	20,230,775	(4,079,069)
Power	11,670,813	12,331,775	12,015,996	9,030,269
Materials and Supplies	11,754,719	11,770,687	10,514,270	9,531,881
Collection Fees	11,096,031	10,005,960	9,734,223	9,189,095
Gas	1,391,385	1,031,315	1,134,734	1,065,254
Chemicals	3,516,221	3,818,600	3,376,840	3,424,727
Repairs and Maintenance	3,887,652	4,340,086	3,898,584	3,331,489
Solids Handling	3,341,757	2,221,110	2,795,262	2,255,692
Water	917,544	934,638	1,156,431	943,156
Professional Services	11,854,966	15,632,246	13,997,916	11,780,324
Insurance	1,644,902	1,562,327	1,484,095	1,368,806
Judgments and Awards	16,722	18,555	106,500	12,070
All Other Expenses	21,853,236	19,774,755	24,876,002	17,916,718
Capitalized Construction Costs	(6,934,250)	(7,517,038)	(6,294,901)	(5,688,429)
Depreciation and Amortization	97,947,428	92,769,233	93,631,020	89,855,111
Total Operating Expenses	$ 271,937,222	$ 259,530,074	$ 254,765,401	$ 207,546,068

(1) Restated to comply with GASB 83.
(2) Restated to comply with GASB 87.
(3) Restated to comply with GASB 96.
(4) Restated to comply with GASB 101.

Source : Sewer District accounting records.

2021 (2)	2020	2019 (1)	2018	2017	2016
$ 56,168,749	$ 57,173,997	$ 57,081,051	$ 55,332,668	$ 53,498,024	$ 50,468,807
(27,441,345)	32,034,574	41,189,885	31,917,776	29,418,128	22,578,428
8,619,352	9,432,548	9,008,321	11,216,797	10,052,193	10,652,319
8,989,219	8,722,318	8,602,651	7,816,290	7,088,671	6,820,729
8,876,531	8,804,820	8,679,625	8,275,350	8,506,812	8,000,246
904,151	1,147,356	1,285,320	1,689,079	1,326,027	1,314,239
3,000,729	3,047,424	3,131,901	2,617,257	2,062,888	2,390,757
3,649,209	3,010,519	3,244,813	2,837,255	3,172,685	2,290,027
2,196,867	1,568,460	1,450,778	1,459,652	1,546,734	1,763,205
868,341	884,816	1,065,318	1,007,341	1,159,576	1,069,671
14,900,635	20,571,283	27,648,097	29,405,301	23,678,268	16,550,378
1,223,164	989,625	959,418	882,305	762,390	764,709
(3,139)	-	-	-	-	-
12,410,153	12,685,445	23,097,906	17,875,618	18,981,336	9,627,486
(5,508,825)	(6,311,545)	(5,778,398)	(8,159,225)	(8,323,277)	(10,057,893)
85,610,114	81,614,727	80,596,851	71,733,140	71,496,416	66,605,940
$ 174,463,905	$ 235,376,367	$ 261,263,537	$ 235,906,604	$ 224,426,871	$ 190,839,048

NORTHEAST OHIO REGIONAL SEWER DISTRICT
COMMUNITIES SERVED BY THE SEWER DISTRICT
AND ESTIMATED POPULATION SERVED
DECEMBER 31, 2025

Municipality	Estimated Service Population [1]	
SUBDISTRICT 1		
Cleveland City	367,205	
SUBDISTRICT 2		
Bath Township	-	
Beachwood City	13,858	
Bedford City	-	(3)
Bedford Heights City	18	(3)
Berea City	18,002	
Boston Heights Village	754	(2)
Bratenahl Village	1,390	
Brecksville City	13,872	(2)
Broadview Heights City	15,195	(2)
Brook Park City	17,876	
Brooklyn City	10,930	
Brooklyn Heights Village	1,487	
Cleveland Heights City	44,688	
Columbia Township	3,733	(2)
Cuyahoga Heights Village	544	
East Cleveland City	13,310	
Euclid City	290	(2)
Garfield Heights City	29,008	
Gates Mills Village	386	(2)
Glenwillow Village	30	(2)
Highland Heights City	8,720	
Highland Hills Village	789	
Hudson City	9,128	(2)
Hunting Valley	2	
Independence City	7,395	
Lakewood City	94	(3)
Linndale Village	116	
Lyndhurst City	13,808	
Macedonia City	11,866	
Maple Heights City	22,968	
Mayfield Heights City	20,054	

Municipality	Estimated Service Population [1]	
SUBDISTRICT 2		
Mayfield Village	3,332	
Middleburg Heights City	15,519	
Moreland Hills Village	3,326	
Newburgh Heights Village	1,780	
North Randall Village	916	
North Royalton City	3,689	(2)
Northfield Center Township	5,393	
Northfield Village	3,474	
Oakwood Village	1,503	(2)
Olmsted Falls City	8,693	(2)
Olmsted Township	9,529	(2)
Orange Village	1,070	(2)
Parma City	77,909	
Parma Heights City	19,895	
Pepper Pike City	6,785	(2)
Richfield Township	1,239	(2)
Richfield Village	3,752	(2)
Richmond Heights City	4,763	(2)
Sagamore Hills Township	10,601	
Seven Hills City	11,727	
Shaker Heights City	29,035	
Solon City	141	(2)
South Euclid City	20,589	
Strongsville City	26,436	(2)
Twinsburg City	-	(2)
Twinsburg Township	557	(2)
University Heights City	13,238	
Valley View Village	1,810	
Walton Hills Village	1,991	
Warrensville Heights City	13,610	
Willoughby Hills City	-	(3)
Total Subdistrict 2	582,613	
Total Estimated Service Population	**949,818**	

(1) Based on U.S. Census Data and Sewer District administrative records.
(2) Estimated population for the portion of the municipality within the service area of the Sewer District.
(3) Service population not applicable. Sewer District serves non-residential properties only.

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NORTHEAST OHIO REGIONAL SEWER DISTRICT
SEWER LARGEST CUSTOMERS OF THE DISTRICT
AS OF DECEMBER 31, 2025
and NINE YEARS PRIOR

	2025			
	CONSUMPTION MCF (1)	AMOUNT BILLED	RANK	PERCENTAGE OF OPERATING REVENUE
SUBDISTRICT 1				
CUYAHOGA METROPOLITAN HOUSING AUTHORITY (2)	70,042.7	$ 8,882,379	2	2.0%
CLEVELAND CLINIC FOUNDATION (2)	64,549.0	8,101,524	3	1.9%
DEPARTMENT OF PUBLIC UTILITIES	48,464.4	7,282,298	4	1.7%
UNIVERSITY HOSPITAL HEALTH SYSTEM (2)	30,755.4	3,843,851	5	0.9%
CUYAHOGA COUNTY (2)	24,879.3	2,658,094	6	0.6%
CASE WESTERN RESERVE UNIVERSITY	14,400.1	1,801,987	8	0.4%
CLEVELAND-CLIFFS INC (formerly ARCELOR MITTAL STEEL)	11,045.6	1,589,709	9	0.4%
MICELI DAIRY	7,941.5	1,492,247	11	0.3%
MEDICAL CENTER COMPANY	10,905.6	1,372,096	13	0.3%
PPG INDUSTRIES, INC	9,997.1	1,253,795	15	0.3%
OBERLIN FARMS	5,061.7	1,198,931	16	0.3%
AEROMAG 2000 RRD	3,041.4	1,085,354	17	0.2%
METROHEALTH MEDICAL CENTER	8,285.9	1,040,872	19	0.2%
UNITED STATES DEPARTMENT OF VETERAN AFFAIRS (2)	8,067.9	1,010,451	20	0.2%
CLEVELAND STATE UNIVERSITY (2)	7,704.8	973,109	21	0.2%
GREAT LAKES BREWING CO	3,517.4	960,407	22	0.2%
CLEVELAND HOPKINS AIRPORT	7,025.9	879,822	23	0.2%
AIR PRODUCTS	6,326.8	793,656	24	0.2%
CLEVELAND BOARD OF EDUCATION	-	-	-	0.0%
INLAND WATERS OF OHIO	-	-	-	0.0%
FERRO CORP (2)	-	-	-	0.0%
SHERWIN WILLIAMS (2)	-	-	-	0.0%
DOMINION CLEVELAND THERMAL ENERGY CORP	-	-	-	0.0%
CLEVELAND METROPARKS ZOO	-	-	-	0.0%
GENERAL ELECTRIC CO	-	-	-	0.0%
Total Subdistrict 1	342,012.5	$ 46,220,582		10.5%
SUBDISTRICT 2				
SUMMIT COUNTY ENVIRONMENTAL SERVICES (3)	115,510.1	16,199,854	1	3.7%
ALCOA - ALUMINUM COMPANY OF AMERICA	14,555.2	1,823,820	7	0.4%
K&D MANAGEMENT	12,246.9	1,533,474	10	0.4%
VILLAGE OF RICHFIELD	10,795.6	1,354,848	12	0.3%
NASA JOHN GLENN RESEARCH CENTER	11,063.3	1,388,581	14	0.3%
FORD MOTOR COMPANY	8,077.0	1,042,393	18	0.2%
CHARTER STEEL	5,857.2	738,340	25	0.2%
GRANADA GARDENS	5,378.7	674,911	26	0.2%
FOREST CITY MANAGEMENT (2)	-	-	-	0.0%
CUYAHOGA COMMUNITY COLLEGE (2)	-	-	-	0.0%
BROOKLYN ACRES HOMES (2)	-	-	-	0.0%
ZEHMAN & WOLFE MANAGEMENT	-	-	-	0.0%
Total Subdistrict 2	183,484.0	$ 24,756,221		5.7%
Grand Total	525,496.5	$ 70,976,803		16.2%

(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) Eaton Estates /Nagy Park (Summit County) are included in an entire list of meter read info from Summit County. Overall the Sewer District is billing Summit County more MCF with the meter read approach than what the Sewer District billed with the prior master meters & Eaton/Nagy list.
Source: 2025 Sewer District accounting records and City of Cleveland Division of Water billing records from PBI, provided by Sewer District Billing Department.

2016			
CONSUMPTION MCF (1)	AMOUNT BILLED	RANK	PERCENTAGE OF OPERATING REVENUE
78,193.2	$ 6,063,132	1	1.9%
5,058.7	477,040	13	0.2%
36,459.4	3,365,864	2	1.1%
17,735.1	1,348,630	6	0.4%
17,845.0	1,383,077	5	0.4%
14,121.3	1,068,930	8	0.3%
24,348.5	2,169,062	3	0.7%
-	-	-	0.0%
-	-	-	0.0%
-	-	-	0.0%
-	-	-	0.0%
-	-	-	0.0%
7,739.6	591,980	12	0.2%
4,134.7	335,387	18	0.1%
3,937.9	302,861	20	0.1%
-	-	-	0.0%
-	-	-	0.0%
-	-	-	0.0%
9,296.7	714,945	10	0.2%
4,095.9	460,934	14	0.1%
5,465.4	424,305	15	0.1%
3,918.1	304,923	19	0.1%
2,402.7	196,659	23	0.1%
2,225.8	193,007	24	0.1%
2,387.4	94,865	25	0.0%
239,365.4	$ 19,495,601		6.1%
7,872.4	$ 642,386	11	0.2%
20,329.8	1,615,659	4	0.5%
-	-	-	0.0%
-	-	-	0.0%
15,168.3	1,211,218	7	0.4%
5,014.2	405,340	16	0.1%
4,205.5	335,903	17	0.1%
-	-	-	0.0%
9,900.7	784,605	9	0.3%
3,667.1	286,360	21	0.1%
2,887.2	233,081	22	0.1%
2,358.0	183,716	26	0.1%
71,403.2	$ 5,698,268		1.9%
310,768.6	$ 25,193,869		8.0%

NORTHEAST OHIO REGIONAL SEWER DISTRICT
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN YEARS

Debt by Type, In Thousands	2025	2024	2023	2022
Revenue Bond Issues				
$126,055 Series 2007 (B) (F) (G)	$ -	$ -	$ -	$ -
$336,930 Series 2010 (C)	-	-	85,210	85,210
$249,535 Series 2013 (D) (H)	-	-	-	-
$350,570 Series 2014A (E)	-	-	3,885	7,590
$68,460 Series 2014B (F)	-	-	-	-
$25,015 Series 2016 (G)	14,230	14,430	21,075	21,265
$241,595 Series 2017 (H)	231,135	234,965	238,010	239,195
$245,005 Series 2019 (J)	217,085	217,085	245,005	245,005
$244,895 Series 2020 (K)	141,225	142,985	204,225	205,920
$114,295 Series 2021 (L)	86,050	88,855	109,520	111,300
$135,750 Series 2024 (M)	135,120	135,750	-	-
Total Revenue Bond Issues	824,845	834,070	906,930	915,485
Bond Premium	34,032	40,037	23,828	26,512
Bond Discount	(6)	(7)	(12)	(14)
Total Revenue Bonds	858,871	874,100	930,746	941,983
Water Pollution Control Loans	973,365	1,005,915	994,523	968,851
Total Bonds and Loans	1,832,236	1,880,015	1,925,269	1,910,834
Other Noncurrent Obligations:				
Lease Liability (M)	402	499	221	317
SBITA Liability (N)	2,347	1,498	3,248	5,121
Total Other Noncurrent Obligations	2,749	1,997	3,469	5,438
Total All Debt	$ 1,834,985	$ 1,882,012	$ 1,928,738	$ 1,916,272
Number of Customer Accounts (1)	326,212	326,030	325,688	325,616
Outstanding Debt Per Customer Account	$ 5,625	$ 5,773	$ 5,911	$ 5,868
(1)For this schedule, Number of Customer Accounts is adjusted for Master Meter Communities as follows.*				
Historical Number of Customer Accounts (see pages 120 & 121)	324,862 (I)	324,708 (I)	324,415 (I)	324,400 (I)
Less Master Meter Communities	(1)	(1)	(1)	(1)
Add estimated number of customers in Master Meter Communities	1,351	1,323	1,274	1,217
Number of Customer Accounts	326,212	326,030	325,688	325,616

*The Master Meter Communities bill their customers separately.
Master Meter are Communities of Village of Richfield and Summit County.
Note: This schedule should be read in conjunction with Notes 7 and 12 to the Audited Financial Statements for December 31, 2025.

(B) The Series 2007 Bonds were issued on May 22, 2007.
(C) The Series 2010 Bonds were issued on November 17, 2010.
(D) The Series 2013 Bonds were issued on March 26, 2013.
(E) The Series 2014A Bonds were issued on December 18, 2014.
(F) The Series 2014B Bonds were issued on December 18, 2014 and refunded a portion of the Series 2007 Bonds.
(G) The Series 2016 Bonds were issued on March 24, 2016 and refunded a portion of the Series 2007 Bonds.
(H) The Series 2017 Bonds were issued on September 20, 2017 and refunded a portion of the Series 2013 Bonds.
(I) Starting in 2017, Summit County is no longer billed as a Master Meter community, billing is based on actual consumption by property. Village of Richfield is still a Master Meter community.
(J) The Series 2019 Bonds were issued on September 10, 2019 and refunded a portion of the Series 2010 Bonds.
(K) The Series 2020 Bonds were issued on February 5, 2020 and refunded a portion of the Series 2014 Bonds.
(L) The Series 2021 Bonds were issued on July 29, 2021 and refunded a portion of the Series 2013 and 2014 Bonds.
(L) The Series 2024 Bonds were issued on October 16, 2024 and refunded all or a portion of the Series 2010, 2016, 2017, 2019, 2020, and 2021 Bonds.
(M) The Sewer District implemented GASB No. 87, Leases.
(N) The Sewer District implemented GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA).

Source: Sewer District accounting records.

2021	2020	2019	2018	2017	2016
$ -	$ -	$ -	$ -	$ -	$ 7,520
85,210	85,210	85,210	336,930	336,930	336,930
1,915	20,215	24,730	24,730	24,730	249,535
62,865	179,925	329,585	332,585	336,570	350,570
-	-	62,285	65,440	68,460	68,460
21,445	21,620	21,790	21,955	22,115	25,015
239,840	240,455	241,040	241,595	241,595	-
245,005	245,005	245,005	-	-	-
240,025	241,665	-	-	-	-
113,070	-	-	-	-	-
-	-	-	-	-	-
1,009,375	1,034,095	1,009,645	1,023,235	1,030,400	1,038,030
32,407	43,984	63,704	48,533	53,979	59,638
(15)	(17)	(18)	(20)	(22)	(26)
1,041,767	1,078,062	1,073,331	1,071,748	1,084,357	1,097,642
906,310	814,932	707,522	595,876	515,685	490,186
1,948,077	1,892,994	1,780,853	1,667,624	1,600,042	1,587,828
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 1,948,077	$ 1,892,994	$ 1,780,853	$ 1,667,624	$ 1,600,042	$ 1,587,828
325,032	324,323	323,865	323,664	323,877	325,225
$ 5,993	$ 5,837	$ 5,499	$ 5,152	$ 4,940	$ 4,882
323,902 (I)	323,214 (I)	322,758 (I)	322,574 (I	322,799 (	311,441
(1)	(1)	(1)	(1)	(1)	(3)
1,131	1,110	1,108	1,091	1,079	13,787
325,032	324,323	323,865	323,664	323,877	325,225

NORTHEAST OHIO REGIONAL SEWER DISTRICT
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS

Year	Estimated Population Served (1)	Cuyahoga County Unemployment Rate (2)	Total Personal Income (000's) (3)	Per Capita Personal Income (3)
2016	1,249,352	5.4%	$ 62,496,228	$ 50,023
2017	1,249,352	4.8%	65,900,676	52,783
2018	1,243,857	5.0%	68,087,050	54,739
2019	1,235,072	3.6%	69,783,547	56,502
2020	1,227,883	8.3%	73,578,996	59,923
2021	1,249,387	4.1%	77,733,984	62,790
2022	1,247,563	3.6%	78,423,857	63,448
2023	1,233,088	3.2%	84,294,292	68,360
2024	1,264,817	3.5%	90,311,785	72,797
2025	1,232,925	3.4%	n/a	n/a

(1) Sources are Sewer District administrative records, U.S. Census, and U.S. Census Block Data presented in the Northeast Ohio Areawide Coordinating Agency Magic Database.
(2) Sources are Sewer District administrative records, County of Cuyahoga, Ohio Annual Comprehensive Financial Report and U.S. Department of Labor/Bureau of Labor Statistics. Cuyahoga County is significantly the same as the Sewer District's service area.
(3) U.S. Department of Commerce, Bureau of Economic Analysis. Cuyahoga County is significantly the same as the Sewer District's service area.
Note - Items indicated "n/a" were not available as of the date of this report.

NORTHEAST OHIO REGIONAL SEWER DISTRICT

Principal Employers of Cuyahoga County, Ohio

As of December 31, 2025 and 2016

	2025			2016			
Employer Name (1)	Number of Employees (1) FTE* 12-31-2025	Rank (1)	Percentage of Total County Employment (2)	Number of Employees (1) FTE* 12-31-2016	Rank (1)		Percentage of Total County Employment (2)
Cleveland Clinic Health System	51,880	1	7.61%	34,328	2		4.76%
Group Management Services Inc.	39,442	2	5.79%	8,499	7		1.18%
Minute Men Cos.	30,706	3	4.51%	39,402	1		5.47%
University Hospitals	27,474	4	4.03%	21,519	3		2.99%
Amazon	20,000	5	2.93%	-	-	(3)	-
US Federal Government	16,500	6	2.42%	-	-	(3)	-
Progressive Corp.	11,969	7	1.76%	9,490	5		1.32%
Walmart	11,200	8	1.64%	-	-	(3)	-
Giant Eagle Inc.	8,811	9	1.29%	9,080	6		1.26%
State of Ohio	7,887	10	1.16%	8,139	8		1.13%
U.S. Office of Personnel Management	-	-	-	14,382	4		2.00%
United States Postal Service	-	-	-	7,607	9		1.06%
Cleveland Municipal School District	-	-	-	7,558	10		1.05%
Total	225,869		33.14%	160,004			22.21%
Total Cuyahoga County Employment (2)			681,543				720,438

The MetroHealth System

* Full-Time Equivalent.

(1) Sources are *Crain's Cleveland Business*, December 2025 and June 2016.
Cuyahoga County is significantly the same as the Sewer District's service area.

(2) Sources of total employment for Cuyahoga County, Ohio are the Sewer District administrative records, Cuyahoga County, Ohio Annual Comprehensive Financial Report, and U.S. Department of Labor, Bureau of Labor Statistics.

(3) Employment outside of top ten in reporting year.

NORTHEAST OHIO REGIONAL SEWER DISTRICT
MISCELLANEOUS OPERATING STATISTICS
LAST TEN YEARS

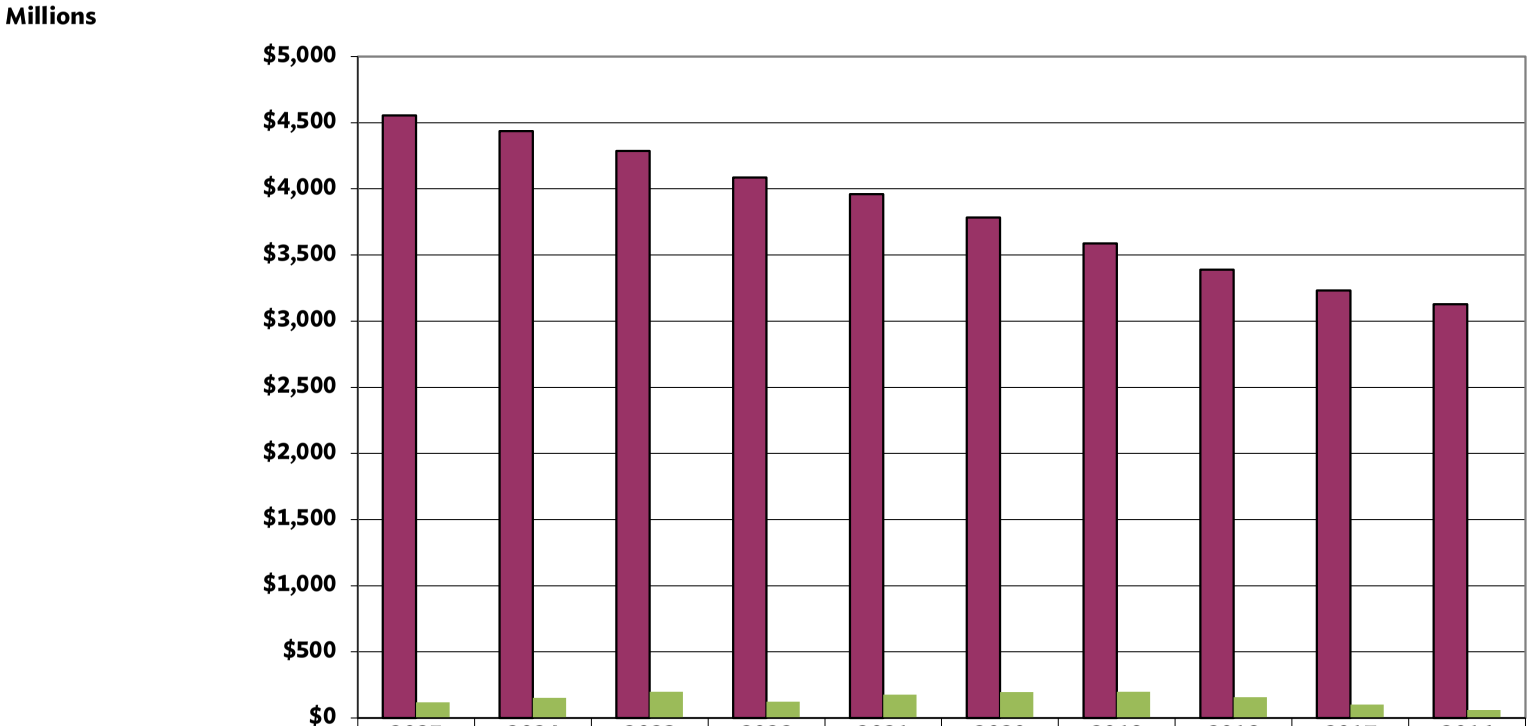
	2025	2024	2023	2022
TREATMENT PLANT FLOW				
Billions of gallons of sewage treated per plant:				
Easterly	32.9	28.9	33.6	32.8
Southerly	42.9	39.5	43.6	46.3
Westerly	9.8	8.2	8.7	8.3
Total	85.6	76.6	85.9	87.4
Total sewage treated, in MCFs (1)	11,443,850	10,240,642	11,483,957	11,679,818
MCFs billed, total Sewer District (4)	3,244,902	3,222,412	3,252,785	3,274,955
STAFFING LEVELS				
Number of sewer employees:				
Plant Operations and Maintenance	424	420	428	417
Engineering	38	39	37	41
Finance	45	43	43	44
Human Resources	28	27	26	25
Information Technology	37	37	34	33
Sewer District Administration	22	21	20	18
Legal	10	10	10	10
Administration and External Affairs	44	43	35	34
Watershed Programs (2)	85	81	81	78
Total	733	721	714	700
Number of stormwater employees:				
Stormwater (3)	36	39	39	37
Total Sewer District employees	769	760	753	737
Budgeted employees, total Sewer District	832	827	818	802

(1) Conversion factor: 1 MCF (thousand cubic feet) = 7,480 gallons.
(2) Watershed Programs reclassified from Plant Operations and Maintenance to Watershed Programs.
(3) The stormwater program began in 2016.
(4) In 2017, a one-time 1.5% increase in total MCFs was due to the conversion of quarterly to monthly billing cycle.

Source: Various Sewer District records.

2021	2020	2019	2018	2017	2016
28.5	31.5	32.3	34.2	29.9	26.3
41.6	47.7	45.5	48.3	44.8	41.0
7.1	8.3	9.3	9.8	8.6	9.0
77.2	87.5	87.1	92.3	83.3	76.3
10,317,794	11,701,894	11,640,856	12,339,572	11,136,364	10,200,535
3,315,816	3,338,726	3,511,140	3,569,084	3,757,322	3,703,561
399	416	411	432	424	427
42	43	47	63	64	66
42	46	46	45	43	43
23	25	21	29	30	30
32	34	33	35	36	24
18	18	37	17	14	15
11	11	10	11	10	10
29	30	38	38	41	33
79	77	82	82	105	94
675	700	725	752	767	742
39	40	39	36	26	8
714	740	764	788	793	750
800	816	820	824	809	773

NORTHEAST OHIO REGIONAL SEWER DISTRICT
CUMULATIVE ASSET GROWTH
LAST TEN YEARS



	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TOTAL ASSET PLUS DEFERRED OUTFLOWS	$4,556	$4,437	$4,286	$4,087	$3,959	$3,783	$3,588	$3,389	$3,231	$3,129
YR INCREASES (DECREASES)	$119	$151	$199	$123	$176	$195	$199	$158	$102	$60

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NORTHEAST OHIO REGIONAL SEWER DISTRICT
CAPITAL ASSET STATISTICS
LAST TEN YEARS

	2025	2024	2023	2022
Number of Buildings				
Operations				
Southerly Plant	39	39	39	42
Easterly Plant	22	22	22	22
Westerly Plant	17	17	17	17
Outlying Pump Buildings	13	13	12	12
Total Operations	91	91	90	93
Administration				
District Administration	1	1	1	1
Environmental Maintenance and Services Center	4	4	4	4
Total Offices	5	5	5	5
Total Buildings	96	96	95	98
Miles of Interceptor Sewers Installed Annually*	0.23	0.03	0.25	2.32
Number of Outlying Systems				
Sewage Collection System				
Interceptor Sewers and Tunnels	28	27	27	27
Inter-Community Relief Sewers	30	30	30	30
Automated Regulators	41	40	41	41
Pumping Stations	16	16	15	14
Force Mains	8	8	9	9
Total Sewage Collection System	123	121	122	121
Support Facilities				
Floatables Control Sites	10	10	10	10
Biofilter Odor Control Sites	8	8	8	8
Rain Gauge Sites	30	30	30	30
Lakeview Dam	1	1	1	1
Total Support Facilities	49	49	49	49
Total Outlying Systems	172	170	171	170
Acres of Land				
Operations				
Southerly Plant	311.2	311.2	311.2	311.2
Easterly Plant	92.6	92.6	92.6	92.6
Westerly Plant	13.4	13.4	13.4	13.4
Administration				
District Administration	2.6	2.6	2.6	2.6
Environmental Maintenance and Services Center	14.7	14.7	14.7	14.7
Total Acres, Operations and Administration	434.5	434.5	434.5	434.5

*Total interceptor sewers are in excess of 200 miles.

Source: Sewer District accounting, GIS data and engineering records.

2021	2020	2019	2018	2017	2016
44	45	45	45	45	44
22	22	22	22	21	21
17	17	17	17	17	17
9	9	9	9	7	6
92	93	93	93	90	88
1	1	1	1	1	1
4	4	4	4	4	4
5	5	5	5	5	5
97	98	98	98	95	93
0.50	3.73	3.33	3.53	0.00	0.20
25	25	23	22	21	21
30	30	30	30	30	30
39	34	35	31	32	32
13	13	13	13	10	9
8	8	8	5	5	5
115	110	109	101	98	97
10	10	10	10	10	10
8	8	8	8	8	8
30	30	30	30	29	28
1	1	1	1	1	1
49	49	49	49	48	47
164	159	158	150	146	144
311.2	311.2	311.2	311.2	311.2	311.2
92.6	92.6	92.6	92.6	92.6	92.6
13.4	13.4	13.4	13.4	13.4	13.4
2.6	2.6	2.6	2.6	2.6	2.6
14.7	14.7	14.7	14.7	14.7	14.7
434.5	434.5	434.5	434.5	434.5	434.5

NORTHEAST OHIO REGIONAL SEWER DISTRICT
HISTORICAL NUMBER OF CUSTOMER ACCOUNTS
LAST TEN YEARS

	2025	2024	2023	2022
Sewage Accounts:				
Subdistrict 1				
Cleveland (2)	118,021	118,118	118,317	118,571
Subdistrict 2				
Master Meter - Suburbs (1) (2)	1	1	1	1
Direct Service - Suburbs (2)	206,840	206,589	206,097	205,828
Subtotal	206,841	206,590	206,098	205,829
Total Sewage Accounts	324,862	324,708	324,415	324,400
Stormwater Only Accounts (3)	21,216	21,274	21,020	21,193
Total Customers	346,078	345,982	345,435	345,593

(1) Prior to 2017, Master Meter communities were Village of Richfield and Summit County. Effective beginning of 2017, the Sewer District is no longer billing Summit County as a Master Meter community; billing is based on actual consumption by property. Village of Richfield is still a Master Meter community.
(2) Represents total accounts billed for sewage, stormwater fees, and wellwater.
(3) This represents the remainder of North Royalton that the Sewer District does not provide sewage services, Summit County customers where sewage fees were billed at Master Meters, and actual stormwater only accounts, such as parking lots and other properties that do not have water/sewage services.

Source: Sewer District accounting records.

2021	2020	2019	2018	2017	2016
118,702	118,800	118,958	119,325	120,031	122,204
1	1	1	1	1	3
205,199	204,413	203,799	203,248	202,767	189,234
205,200	204,414	203,800	203,249	202,768	189,237
323,902	323,214	322,758	322,574	322,799	311,441
21,276	21,621	22,094	20,533	20,723	35,152
345,178	344,835	344,852	343,107	343,522	346,593

NORTHEAST OHIO REGIONAL SEWER DISTRICT
ANNUAL METERED BILLING QUANTITIES
LAST TEN YEARS
(IN THOUSANDS OF CUBIC FEET)

	2025	2024	2023	2022
Subdistrict 1				
Cleveland	1,412,096	1,378,248	1,404,411	1,426,143
Subdistrict 2				
Direct Service - Suburbs	1,822,010	1,833,664	1,837,947	1,839,400
Master Meter - Suburbs (1)	10,796	10,500	10,427	9,412
Subtotal	1,832,806	1,844,164	1,848,373	1,848,812
Total Service Area	3,244,902	3,222,412	3,252,785	3,274,955

(1) For years 2012-2015, Consumption of Master Meter Suburbs is presented at 70%, 65%, 60%, and 55%; respectively, of their total consumption, which is the billing basis.
Starting in 2017, Summit County is no longer billed as a Master Meter community; the billing is based on actual consumption by property. Village of Richfield is still a Master Meter community.

(2) In 2017, a one-time 1.5% increase in total MCFs was due to the conversion of quarterly to monthly billing cycle.

2021	2020	2019	2018	2017 (2)	2016
1,434,227	1,459,042	1,575,484	1,622,406	1,701,704	1,684,932
1,872,785	1,870,264	1,926,416	1,936,856	2,046,806	1,921,261
8,804	9,420	9,240	9,822	8,812	97,368
1,881,589	1,879,684	1,935,656	1,946,678	2,055,618	2,018,629
3,315,816	3,338,726	3,511,140	3,569,084	3,757,322	3,703,561

NORTHEAST OHIO REGIONAL SEWER DISTRICT
SUMMARY OF SEWER REVENUES, EXPENSES, DEBT SERVICE AND DEBT SERVICE COVERAGE
LAST TEN YEARS

(In Thousands of Dollars)

	2025	2024	2023 (6)	2022 (5)
Sewer Operating Revenues, Net	$ 435,743	$ 420,568	$ 408,124	$ 389,883
Non-Operating Sewer Revenues	28,517	35,078	26,088	4,894
Total Revenues	464,260	455,646	434,212	394,777
Sewer Operating Expenses (Exclusive of depreciation and Pension and OPEB)	143,606	136,244	127,987	116,216
Net Revenues Available for Debt Service	$ 320,654	$ 319,402	$ 306,225	$ 277,053
Total Revenue Bond Debt Service (1), (2)	$ 39,642	$ 39,155	$ 41,446	$ 43,753
Coverage on Revenue Bond Debt Service	8.09	8.16	7.39	6.33
Total All Debt Service (1)	$ 111,760	$ 105,979	$ 115,773	$ 110,298
Coverage on Total Debt Service	2.87	3.01	2.65	2.51

(1) Net Revenues are first used to pay debt service on Revenue Bonds and second to pay debt service on loans from the Ohio Water Development Authority (OWDA) and Water Pollution Control Loan Fund (WPCLF). The annual Debt Service Requirements on these obligations for the ten years ended December 31, 2025 were:

	2025	2024	2023 (6)	2022
Revenue Bond Issues and Debt Service				
$68,280 Series 2005 (A)	$ -	$ -	$ -	$ -
$126,055 Series 2007 (B) (F) (H)	-	-	-	-
$336,930 Series 2010 (C) (G)	-	4,254	4,634	4,634
$249,535 Series 2013 (D) (I)	-	-	-	2,004
$350,570 Series 2014A (E)	-	4,040	4,226	5,072
$68,460 Series 2014B (F)	-	-	-	-
$25,015 Series 2016 (H)	633	731	828	823
$241,595 Series 2017 (I)	13,159	11,735	11,806	10,743
$245,005 Series 2019 (J)	7,121	7,540	7,959	7,959
$244,895 Series 2020 (K)	6,070	6,990	7,943	8,477
$114,295 Series 2021 (L)	4,695	3,865	4,051	4,041
$135,750 Series 2024 (M)	7,964	-	-	-
Total Revenue Bond Issues and Debt Service	39,642	39,155	41,446	43,753
WPCLF Debt Service	72,118	66,824	74,326	66,545
Total All Debt Service	$ 111,760	$ 105,979	$ 115,773	$ 110,298

(A) The Series 1995 Bonds were refunded on December 20, 2005 and replaced by the Series 2005 Bonds.
(B) The Series 2007 Bonds were issued on May 22, 2007.
(C) The Series 2010 Bonds were issued on November 17, 2010.
(D) The Series 2013 Bonds were issued on March 26, 2013.
(E) The Series 2014A Bonds were issued on December 18, 2014.
(F) The Series 2014B Bonds were issued on December 18, 2014 and refunded a portion of the Series 2007 Bonds.
(G) The Series 2010 Bonds interest has increased due to the BAB subsidy reduction from the recent sequester by Congress.
(H) The Series 2016 Bonds were issued on March 24, 2016 and refunded a portion of the Series 2007 Bonds.
(I) The Series 2017 Bonds were issued on September 20, 2017 and refunded a portion of the Series 2013 Bonds.
(J) The Series 2019 Bonds were issued on September 10, 2019 and refunded a portion of the Series 2010 Bonds.
(K) The Series 2020 Bonds were issued on February 5, 2020 and refunded a portion of the Series 2014 Bonds.
(L) The Series 2021 Bonds were issued on July 29, 2021 and refunded a portion of the Series 2013 and 2014 Bonds.
(M) The Series 2024 Bonds were issued on October 16, 2024 and refunded all or a portion of the Series 2010, 2016, 2017, 2019, 2020 and 2021 Bonds.

(2) Bonds and loans are secured by a pledge of and lien on revenues of the Sewer District, after payment of operating and maintenance costs, and on monies and investments comprising the Construction Funds and Revenue Bond Debt Service Deposit. Loans are subordinate to the Bonds.
(3) Per bond covenants, sewer revenues and expenses are only used to calculate debt service ratios.
(4) Restated 2021 to comply with GASB 87.
(5) Restated 2022 to comply with GASB 96.
(6) Restated 2023 to comply with GASB 101.

Source: Sewer District accounting records.

2021 (4)	2020	2019	2018	2017 (3)	2016 (3)
$ 382,205	$ 352,075	$ 340,213	$ 326,059	$ 299,380	$ 286,783
987	5,138	8,449	5,138	3,315	3,397
383,192	357,213	348,662	331,197	302,695	290,180
114,637	116,197	117,914	121,864	131,755	118,992
$ 268,456	$ 241,016	$ 230,748	$ 209,333	$ 170,940	$ 171,188
$ 47,928	$ 48,997	$ 44,679	$ 51,163	$ 62,907	$ 63,428
5.60	4.92	5.16	3.80	2.72	2.70
$ 103,419	$ 96,921	$ 94,420	$ 95,770	$ 107,612	$ 111,612
2.60	2.49	2.44	2.03	1.59	1.53

2021	2020	2019	2018	2017	2016
$ -	$ -	$ -	$ -	$ -	$ 14,648
-	-	-	-	338	3,373
4,634	4,634	6,755	13,335	13,360	13,367
4,362	5,467	952	952	12,172	12,172
9,066	10,926	18,301	19,485	30,182	16,182
-	-	6,209	6,225	3,205	3,205
824	824	824	823	3,650	481
10,204	10,203	10,201	10,343	-	-
7,959	7,959	1,437	-	-	-
8,985	8,984	-	-	-	-
1,894	-	-	-	-	-
-	-	-	-	-	-
47,928	48,997	44,679	51,163	62,907	63,428
55,491	47,924	49,741	44,607	44,705	48,184
$ 103,419	$ 96,921	$ 94,420	$ 95,770	$ 107,612	$ 111,612

NORTHEAST OHIO REGIONAL SEWER DISTRICT
SEWAGE SERVICE RATES
RATE HISTORY - LAST TEN YEARS

Fiscal Years During Which Rates Were Effective	Standard Fixed Fee (3)	Homestead / Rate Reduction Fixed Fee (4)	SUBDISTRICT 1				SUBDISTRICT 2			
			Standard		Homestead/Rate Red. (2)		Standard		Homestead/Rate Red. (2)	
			Rate (1)	% Change	Rate (1)	% Change	Rate (1)	% Change	Rate (1)	% Change
2016 (5)	$2.40	$ -	$78.05	12.1	$46.85	11.9	$79.85	11.3	$48.05	11.1
2017	3.60	2.15	83.10	6.5	49.85	6.4	84.60	5.9	50.85	5.8
2018	4.95	2.95	88.40	6.4	53.05	6.4	89.60	5.9	53.85	5.9
2019	6.35	3.80	94.15	6.5	56.50	6.5	95.05	6.1	57.10	6.0
2020	7.95	4.75	100.15	6.4	60.10	6.4	100.75	6.0	60.50	6.0
2021	9.70	5.80	106.50	6.3	63.90	6.3	106.80	6.0	64.10	6.0
2022	10.10	6.05	110.95	4.2	66.55	4.1	110.95	3.9	66.55	3.8
2023	10.50	6.30	115.60	4.2	69.35	4.2	115.60	4.2	69.35	4.2
2024	10.95	6.55	120.45	4.2	72.25	4.2	120.45	4.2	72.25	4.2
2025	11.40	6.85	125.50	4.2	75.30	4.2	125.50	4.2	75.30	4.2

(1) Per thousand cubic feet (MCF) of water consumed.
(2) Homestead rates were established in 1991 and Rate Reduction Program was established in 2012.
(3) A Fixed Fee per quarterly bill was established in the 2012 fiscal year.
(4) Starting 2017 fiscal year, a homestead/rate reduction fixed rate was established.
(5) Starting 2017 fiscal year, billing changed from quarterly to monthly billing. The fixed fee is calculated at a monthly rate for comparison to subsequent years.

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 waste loading determined by analysis or otherwise.

Minimum Quarterly Billing

Each customer of the Sewer 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). Minimum Quarterly Billing was discontinued starting in 2012.

Source: Sewer District accounting records.

NORTHEAST OHIO REGIONAL SEWER DISTRICT
STORMWATER FEE RATES
RATES AS OF DECEMBER 31, 2025

Type of property	Tier Type	Impervious surface area (sq. ft.)*	2025 (1) (3)	2024 (1) (3)	2023 (1) (3)	2022 (1) (3)	2021 (1)	2020 (1)
Residential	Tier 1	Less than 2,000	$3.65	$3.50	$3.36	$3.22	$3.09	$3.09
	Tier 2/Base	2,000-3,999	$6.09	$5.84	$5.60	$5.37	$5.15	$5.15
	Tier 3	4,000 or more	$10.93	$10.49	$10.07	$9.66	$9.27	$9.27
	Homestead/Rate Reduction	Any size	$2.44	$2.34	$2.25	$2.16	$2.07	$2.07
Non-residential	All	Per ERU, or 3,000 square feet	$6.09	$5.84	$5.60	$5.37	$5.15	$5.15
	Educational Economically Disadvantaged (2)	Per ERU, or 3,000 square feet	$2.44	$2.34	$2.25	$2.16	$2.07	$2.07

All fees above are per month.

* Impervious surface area (estimated) includes hard surfaces on your property such as rooftops, driveways, or decks/patios which contribute to increasing stormwater runoff.

(1) The fee is based on Equivalent Residential Units or ERU which equals 3,000 square feet of impervious area.

(2) Educational Economically Disadvantaged Stormwater Fee – The Educational Economically Disadvantaged Stormwater Fee may be available to all public and private primary, elementary, and secondary schools, school districts, or school systems under the control of a common entity that are recognized in the State of Ohio and can demonstrate that at least twenty-five (25) percent of their current students are eligible to participate in the Free Lunch Program under the Richard B. Russell National School Lunch Act (42 U.S.C.§ 1751, et seq.).

(3) The current Board approved fee rate increase of 4.2% annual began in 2022 through 2026.

Source: Sewer District accounting records.

NORTHEAST OHIO REGIONAL SEWER DISTRICT
CAPITAL IMPROVEMENT PROGRAM
USES AND SOURCES OF FUNDS
FOR THE YEARS ENDING DECEMBER 31, 2026 THROUGH 2035
(In Thousands of Dollars)

	2026	2027	2028	2029	2030
WASTERWATER					
USES OF FUNDS					
Sewage Treatment Plant Improvements	$ 26,624,823	$ 38,670,062	$ 29,292,056	$ 44,400,949	$ 15,056,069
Interceptors/Rehabilitation	8,947,631	15,882,237	24,367,994	2,714,772	279,586
Combined Sewer Overflow Control Program	197,080,735	193,982,778	197,278,719	149,793,272	48,795,680
Sewer District-wide Building Improvements and Other Improvements	34,410,369	33,057,219	21,930,807	22,071,996	22,722,581
Information Technology and Other Minor Equipment	19,105,163	13,667,709	13,509,419	13,000,001	9,499,999
Capital Labor	7,500,000	7,500,000	7,500,000	7,000,000	3,500,000
Total	$ 293,668,721	$ 302,760,005	$ 293,878,995	$ 238,980,990	$ 99,853,915
SOURCES OF FUNDS					
WPCLF (1)	$ 95,649,378	$ 127,560,290	$ 121,731,277	$ 87,997,452	$ 31,552,795
Internally Generated Funds/Reserves	198,019,343	175,199,715	172,147,718	150,983,538	68,301,120
Total	$ 293,668,721	$ 302,760,005	$ 293,878,995	$ 238,980,990	$ 99,853,915
STORMWATER					
USES OF FUNDS					
Sewer District-Wide Activities	$ 15,984,000	$ 3,604,943	$ 9,718,204	$ 18,750,868	$ 4,237,667
Capital Land	3,580,000	1,900,000	2,000,000	2,000,000	3,000,000
Capital Labor	15,000	10,000	15,000	20,000	10,000
Total	$ 19,579,000	$ 5,514,943	$ 11,733,204	$ 20,770,868	$ 7,247,667
SOURCES OF FUNDS					
Grants	$ -	$ 2,724,800	$ -	$ -	$ 2,149,800
Internally Generated Funds/Reserves	19,579,000	2,790,143	11,733,204	20,770,868	5,097,867
Total	$ 19,579,000	$ 5,514,943	$ 11,733,204	$ 20,770,868	$ 7,247,667

(1) Subject to appropriation and allocation and can not be expected with any degree of certainty.

2031	2032	2033	2034	2035	TOTAL
$ 18,343,642	$ 6,120,409	$ 17,189,709	$ 16,336,711	$ 3,421,004	$ 215,455,434
5,216,505	7,856,780	30,448,223	53,900,527	7,756,486	157,370,741
37,518,852	24,448,221	-	-	-	848,898,257
22,949,352	30,679,214	25,224,557	24,652,465	44,368,268	282,066,828
9,500,000	8,499,999	8,500,000	9,500,000	8,500,000	113,282,290
3,500,000	2,500,000	2,500,000	3,500,000	2,500,000	47,500,000
$ 97,028,351	$ 80,104,623	$ 83,862,489	$ 107,889,703	$ 66,545,758	$ 1,664,573,550
$ 4,110,831	$ -	$ -	$ -	$ -	$ 468,602,023
92,917,520	80,104,623	83,862,489	107,889,703	66,545,758	1,195,971,527
$ 97,028,351	$ 80,104,623	$ 83,862,489	$ 107,889,703	$ 66,545,758	$ 1,664,573,550
$ 9,191,397	$ 4,344,156	$ 15,052,577	$ 7,928,924	$ 2,418,943	$ 91,231,679
3,000,000	4,500,000	4,500,000	4,500,000	4,500,000	33,480,000
15,000	10,000	20,000	15,000	10,000	140,000
$ 12,206,397	$ 8,854,156	$ 19,572,577	$ 12,443,924	$ 6,928,943	$ 124,851,679
$ -	$ -	$ -	$ -	$ -	$ 4,874,600
12,206,397	8,854,156	19,572,577	12,443,924	6,928,943	119,977,079
$ 12,206,397	$ 8,854,156	$ 19,572,577	$ 12,443,924	$ 6,928,943	$ 124,851,679

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