



Comprehensive Annual Financial Report

| For the year ended December 31, 2002 |

Legend

- A** Administration Building - 3826 Euclid Ave. (3900 Euclid Ave. FALL 2003)
- E** Environmental & Maintenance Services Center - 4747 E. 49th Street
- E** Easterly Wastewater Treatment Plant - 14021 Lake Shore Boulevard
- S** Southerly Wastewater Treatment Plant - 6000 Canal Road
- W** Westerly Wastewater Treatment Plant - 5800 West Memorial Shoreway

EASTERLY WASTEWATER TREATMENT PLANT TRIBUTARY INTERCEPTOR SYSTEMS

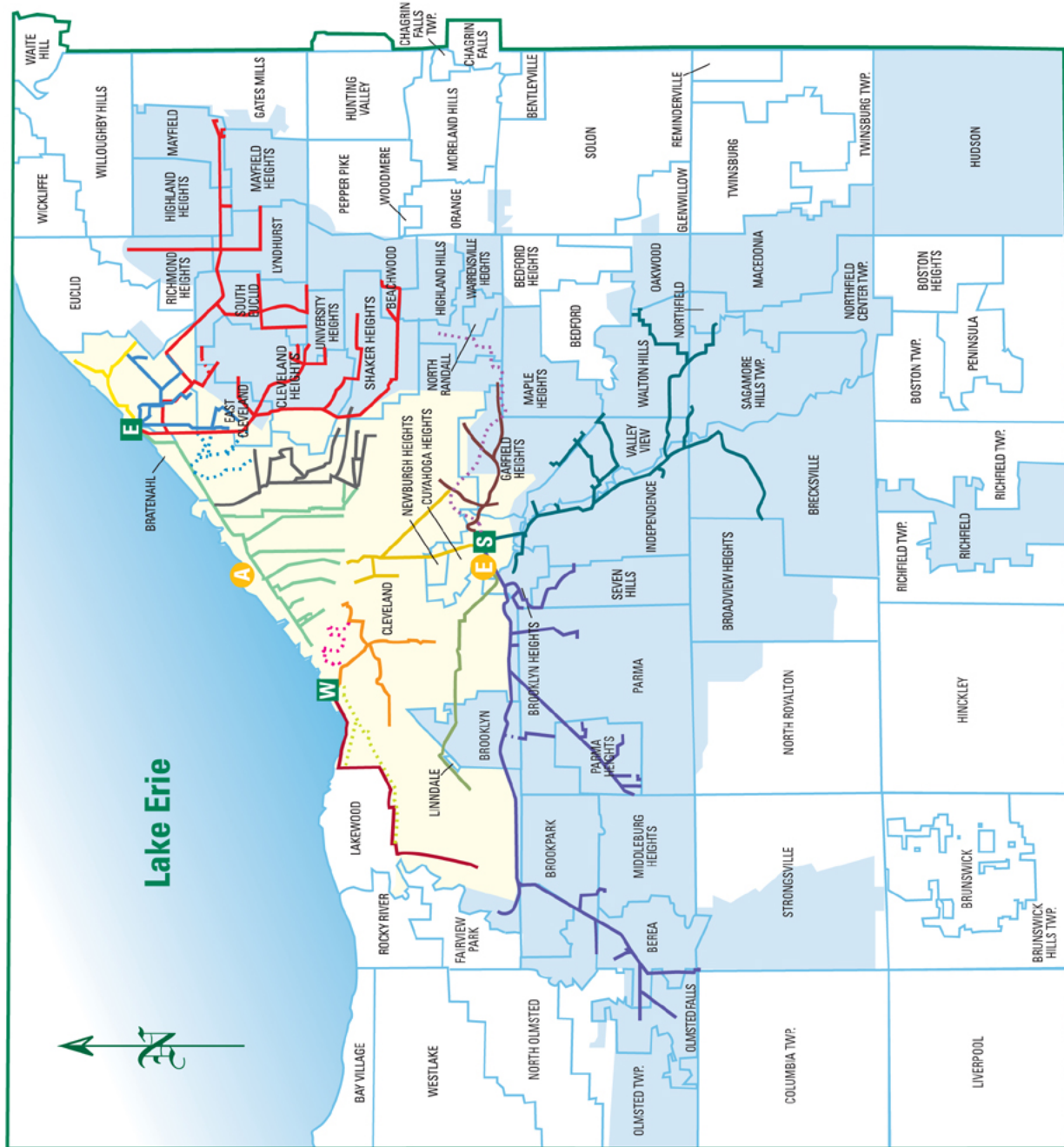
- Easterly
- Doan Valley
- Dugway
- Heights-Hilltop
- E. 140th & 152nd
- Lakeshore-Nottingham

SOUTHERLY WASTEWATER TREATMENT PLANT TRIBUTARY INTERCEPTOR SYSTEMS

- Big Creek
- Cuyahoga Valley
- Mill Creek
- Mill Creek Tunnel (under construction)
- Southwest
- Southerly

WESTERLY WASTEWATER TREATMENT PLANT TRIBUTARY INTERCEPTOR SYSTEMS

- Low Level
- Northwest
- Westerly
- Walworth
- Combined Sewer Area
- Separate Sanitary Sewer Area



Protecting your health and environment since 1972

Map current as of December 2000. Portions of three communities have joined the District's service area since December 2000 that are not denoted on this map; their combined serviced population is 24.

NORTHEAST OHIO REGIONAL SEWER DISTRICT
A POLITICAL SUBDIVISION OF THE
STATE OF OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2002

SUBMITTED BY:

Departments of Finance and District Administration



NORTHEAST OHIO REGIONAL SEWER DISTRICT
COMPREHENSIVE ANNUAL FINANCIAL REPORT

DECEMBER 31, 2002

TABLE OF CONTENTS

	PAGE
INTRODUCTORY SECTION	
Letter of Transmittal	i
GFOA Certificate of Achievement	xi
District Officials	xii
Table of Organization	xiii
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements	
Balance Sheets	12
Statements of Revenues, Expenses and Changes in Net Assets	14
Statements of Cash Flows	15
Notes to Financial Statements	17
Required Supplementary Information	
Schedule of Revenues, Expenses and Changes in Net Assets – Budget to Actual	38
Notes to Required Supplementary Information	39
STATISTICAL SECTION (UNAUDITED)	
Revenues by Type – Last Ten Years	42
Operating Expenses by Type – Last Ten Years	44
Ratio of Annual Debt Service for Bonded Debt to Total Operating Revenue – Last Ten Years	46
Communities Served by the District and	
Estimated Population Served	47
Largest Customers of the District	48
Miscellaneous Operating Statistics – Last Ten Years	50
Cumulative Asset Growth – Last Ten Years	52
CONTINUING DISCLOSURE REQUIREMENTS	
Sewer Customers and Usage	
Historical Number of Customer Accounts – Last Ten Years	54
Annual Metered Billing Quantities – Last Ten Years	56

STATISTICAL SECTION (UNAUDITED) (continued)

Summary of Revenues, Expenses and Debt Service Coverage – Last Ten Years.....	58
Sewage Service Rates – Rate History.....	60
Capital Improvement Program – Uses and Sources of Funds 2003 Through 2007.....	61

INTRODUCTORY SECTION



Northeast Ohio Regional Sewer District

3826 Euclid Avenue · Cleveland, OH 44115-2504 · (216) 881-6600 · FAX: (216) 881-8018

May 27, 2003

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

The Comprehensive Annual Financial Report of the Northeast Ohio Regional Sewer District (the "District") for the year ended December 31, 2002, is hereby submitted. This report conforms to Generally Accepted Accounting Principles (GAAP) including Governmental Accounting Standards Board Statements 34 through 38 as applicable. This report consists of management's representations concerning the finances of the District. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with management.

To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect District assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that this financial report is complete and reliable in all material respects, to the best of our knowledge and belief. All disclosures necessary to enable the reader to gain an understanding of the District's activities have been included.

The Ohio Revised Code requires the Auditor of State to perform biennial audits of the District. In addition, the District's Bond Resolution requires annual financial audits. Both these requirements are being met, with the approval of the Auditor of State, by the engagement of independent certified public accountants by the District. Ciuni & Panichi, Inc., a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the year ended December 31, 2002 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's report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section, which is unaudited, includes this letter of transmittal, the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association for the year ended December 31, 2001, a list of the District's principal officials and a table of organization. The financial section includes the

statements and related notes, required supplementary information and related notes. The report of the independent auditors, management's discussion and analysis, the 2002 financial statistical section, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis that is helpful in performing trend analyses.

The District is required to undergo an annual audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to this Single Audit, including a schedule of expenditures of federal awards and the independent auditors' report on compliance with requirements applicable to each major federal award program and internal control over compliance, is included in a separately issued Single Audit report.

As a recipient of federal and state financial assistance, the District is also responsible for establishing an adequate internal control structure to monitor and document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluation by management and external auditors.

As part of the District's Single Audit, described earlier, tests were made by the District's external auditors of its internal control structure and compliance with applicable laws and regulations, including those related to federal financial assistance programs. Although this testing is not sufficient to support a separate opinion on the District's internal control system or its overall compliance with laws and regulations related to federal financial assistance programs, the audit for the year ended December 31, 2002 disclosed no material internal control weaknesses or material violations of laws and regulations.

GAAP require 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 intended to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

Included in the accompanying financial statements are all accounts of the Northeast Ohio Regional Sewer District. For accounting purposes, the District is accounted for as a single enterprise fund. The reporting entity is described in Note 1 to the audited financial statements.

Included at the end of the Statistical Section is a section titled "Continuing Disclosure Requirements". The schedules in this section are in addition to those required by the Government Finance Officers Association and are presented in compliance with the terms of the Continuing Disclosure Agreement in conjunction with the issuance of the Series 1995 Wastewater Improvement Revenue Refunding Bonds of the District.

PROFILE OF THE DISTRICT

The 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. Prior to 1972, these facilities were owned and operated by the City of Cleveland.

The District's service area covers approximately 355 square miles. The District encompasses 97% of the City of Cleveland and all or portions of 58 suburban communities in Cuyahoga and Summit Counties. The area contains a residential service population in excess of one million persons and includes a diverse group of service, information, biotechnology, manufacturing and processing industries. The District treats the greatest amount of wastewater in the State of Ohio.

General provisions regulating the District's budget and appropriation procedures are set forth in the Ohio Revised Code. The Executive Director is required to submit the District's operating and capital budgets to the Board of Trustees 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 Assets – Budget to Actual on page 38 of this report, along with the accompanying Notes to Required Supplementary Information for additional budgetary information.

The section of the Ohio Revised Code under which the District is organized grants it the power to raise revenues through taxes on property within its service area. With that power comes the responsibility for preparing a Tax Budget, which has to be submitted to the County Auditor's Tax Commission so it can determine how to allocate tax revenues. Because the District did not, and planned not to, levy any taxes, it petitioned the Ohio Attorney General in 1977 for an exemption from that budget submittal. The Attorney General ruled that such budgets were unnecessary. In 1999, the Ohio Auditor of State requested that the current Attorney General revisit the 1977 opinion. The Attorney General reversed the 1977 opinion, which action was upheld upon administrative appeal by the District, therefore, the District files an annual Tax Budget even though it levies no taxes.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

The economic environment in which the District operates is affected by the same events and conditions as the rest of the State of Ohio and the nation. Although the economy is experiencing a downturn, District revenue is expected to increase in 2003 due to approval of a rate increase by the Board of Trustees. The region is not dominated by any single industry. The city of Cleveland ranks 12th among cities with Fortune 500 company headquarters. There are six Fortune 500 companies in Cleveland and eight in the District's service area. Major industries

with headquarters or divisions located in the District's service area or in close proximity include automotive manufacturers; industrial equipment, metals, paints and coatings producers; office supply retailer; insurance; and banking services. Major employers in the area also include federal, state and local government agencies, health care providers, public schools and financial service providers. In recent years there has been a significant shift from manufacturing to a service and information based economy.

The area has experienced an increase in travel and tourism. The Convention & Visitors Bureau of Greater Cleveland has released some statistics for 2002 travel and tourism and has updated 2001 statistics. The Bureau received 445,598 visitor information requests in 2002 compared to 394,769 in 2001 and 256,328 in 2000. The number of leisure visitors to Cuyahoga County in 2001 was 9.0 million, which is a 2.3% increase over the 8.8 million in 2000 and an 11.1% increase over the 8.1 million in 1999. Travel and tourism contributed approximately \$3.1 billion and 65,470 jobs to the economy of the area in 2001.

The unemployment rate in December 2002 (not seasonally adjusted) for Cuyahoga County, which is significantly the same as the District's service area, of 5.9% was 0.6% higher than the seasonally adjusted rate for the State of Ohio and 0.1% lower than the national rate. The county had an employed labor force of approximately 622,900 as of December 2002, which was about 12,300 less than the revised amounts for December 2001. Although the City of Cleveland and Cuyahoga County have experienced an outward migration of residents to neighboring suburbs and counties, the presence of corporate, cultural and entertainment facilities continues to attract visitors and commuters to the area. The service area of the District has remained stable, and can be readily expanded in the future, as opportunities arise.

Long-term Financial Planning

During 2002 the District commenced work on a long-term financial plan. Challenges to the plan include funding requirements for federally mandated combined sewer overflow projects estimated to cost over \$1.3 billion over the next 30 years. The planning process recognized a decline in consumption that, when combined with future funding requirements, led to a rate increase for the years 2003 through 2006. Long-term financial planning is an ongoing process and the plan continues to evolve to meet the District's needs.

Cash Management

The District currently invests in only three major types of instruments: obligations issued or backed by the United States Government; the STAROhio Fund; and bank or savings and loan non-negotiable certificates of deposit. A portion of the District's investment portfolio is comprised of securities with longer maturity terms (three to five years) to more accurately match the time when the funds will be utilized and to take advantage of higher interest rates.

In determining portfolio performance and value, marketable securities are periodically compared to market. The District has not incurred any realized loss in the portfolio since securities are held to maturity, at which time the anticipated return is received. At December 31, 2002, the

District's investment portfolio, at cost, of \$309,993,840, including \$1,982,486 in the Debt Service Account for the Series 1995 Bonds and excluding accrued interest, had a market value of \$323,466,931.

Risk Management

The District maintains an insurance reserve to account for and finance its uninsured risks of property damage. The District is self-insured for workers' compensation and purchases commercial insurance for liability and other specific types of coverage. Note 11 to the audited financial statements discloses information about risk management.

Debt Administration

At year-end, the District had bonded debt outstanding of \$76,175,000. The debt net of applicable unamortized discounts, issue costs and refunding costs is \$72,366,682. The District also has obtained loans through the State of Ohio Water Pollution Control Loan Fund (WPCLF) and through the Ohio Water Development Authority (OWDA). As of December 31, 2002, the outstanding loan balances were \$329,331,746 for the WPCLF and \$1,907,426 with the OWDA. Outstanding revenue bonds of the District are rated AAA by Standard & Poor's and Aaa by Moody's rating agencies. Note 6 to the audited financial statements includes schedules of debt outstanding and future debt service requirements.

In prior years, the District refinanced bonded debt that was outstanding at the time. These legal defeasance transactions resulted in funds being deposited with escrow agents who invested them in U.S. Treasury obligations which, together with the income earned on such investments, will be sufficient to service the debt until maturity or redemption. The refinanced debt and the escrow funds, deposited in irrevocable trusts, are excluded from the District's balance sheet since the District has legally satisfied its obligations as a result of the refunding transactions. This information should be read in conjunction with Note 6 to the audited financial statements.

MAJOR INITIATIVES

For the Year

Rate Study

A rate study of a projected six-year period concluded that an increase in sewage service rates was necessary. The increase in rates is due to the District's need to finance \$495 million in capital projects between 2002 and 2006, combined with the repayment of existing debt service requirements for past capital improvement projects and an anticipated decrease in billed consumption. The District was able to keep rates stable for three years from 2000 through 2002, however, these uncontrollable factors led to the increase in rates. Effective January 1, 2003, City of Cleveland customers pay \$22.70 and suburban customers pay \$27.95 per 1,000 cubic feet (mcf) of water, equivalent to 7,480 gallons. Homestead program customers pay \$15.30 in Cleveland and \$18.70 in the suburbs.

On January 1, 2003 the District initiated a 20-year equalization program which will eliminate the difference in suburban rates and City of Cleveland rates by 2022. The differential in rates was created by rate increments designed to amortize capital costs of suburban only projects.

2002 Awards

The Association of Metropolitan Sewerage Agencies (AMSA) recognized the District's outstanding accomplishments with three awards in 2002. The Southerly Wastewater Treatment Plant received the Platinum Award for 2002. This award recognizes the major accomplishment of five consecutive years of operation without any National Pollutant Discharge Elimination System (NPDES) permit violations. The Westerly Wastewater Treatment Plant received the AMSA Gold Award for one year without any permit violations. A Silver Award went to the Easterly Treatment Plant for just one permit violation in 2002.

For their exemplary safety records, the District's Easterly Wastewater Treatment Plant and the Environmental Services - Water Quality Investigation Services department each received the Ohio Water Environment Association Safety Award.

Plant Shift Schedule

In a conversion that called for cooperation to realize its true benefits, the District and Local Union 2798 agreed to a one-year trial of a 12-hour shift schedule for wastewater plant operators in December of 2001. Since 1946, operators had worked a standard eight-hour schedule. Employees and management favored the trial, which accounted for increased personal time for employees, fewer shift changes, and overwhelming support from operators. The experiment's success in 2002 prompted a District and Local 2798 agreement last December to retain the 12-hour schedule.

Easterly CSO Project Update

The District completed a major study of the Easterly combined sewer area on the east side of Cleveland and its eastern suburbs. The goal of the study was to develop a facilities plan for sewer system improvements that would meet Ohio Environmental Protection Agency requirements for control for combined sewer overflows (CSOs) and reduce pollution levels, particularly bacteria, in the local rivers and Lake Erie.

Combined sewers carry wastewater from homes and businesses, as well as storm water runoff from rooftops and streets. In dry weather, wastewater is directed to the wastewater treatment plant for processing to remove pollutants. During rainstorms, storm water flows into the same sewer pipes, creating a combined flow. The combined sewers are designed to overflow into nearby waterways when the combined volume exceeds the capacity of the pipes. The points at which these flows enter the waterways are known as CSO outfalls. There are 47 CSOs in the Easterly service area.

The recommended plan is comprised of a storage tunnel network for the majority of the service area, and satellite storage facilities in the Flats area to address CSOs overflowing into the Cuyahoga River that could not be cost-effectively connected to the tunnel system. The plan also

calls for a series of new sewers and regulator modifications necessary to reach the four overflows per year control goal, as well as pump station improvements to enhance the operation of the existing Easterly collection system. The network of tunnels will be capable of storing up to 152 million gallons of CSO in a single event.

The Easterly District CSO Control Plan will comply with CSO requirements, improve water quality and provide the best fit with current District facility operations. During a typical year of rainfall, approximately 2.55 billion gallons of CSOs are discharged to Lake Erie and seven receiving streams from the 47 permitted outfalls located throughout the Easterly service area. With implementation of this plan, it is estimated that over 2 billion gallons a year of additional CSO volume will be captured for treatment. The estimated cost of the proposed plan is \$693 million.

The District has proceeded with the design and construction of early-action projects to reduce CSO discharges. The early-action projects involve modifications to the existing combined sewer system to reduce CSO frequency. The construction of the early action projects is scheduled for completion in 2004. Additionally, the District has initiated an Advanced Facilities Planning study for the recommended CSO storage tunnels. This study, which involves collecting additional data to help refine the size, depth and route of the recommended CSO storage tunnels, is scheduled for completion in 2003.

Southerly CSO Project Update

The District concluded a study of its Southerly combined sewer area in 2001, intended to develop a facilities plan for system improvements that would reduce pollution levels in Lake Erie and area streams and meet Ohio EPA requirements for combined sewer overflow (CSO) control. According to study results, approximately 1.65 billion gallons of CSO reach receiving waters from 30 permitted outfalls in the Southerly study area. A recommended control plan — which includes two main storage tunnel systems, a dewatering pump station, a satellite storage tank, and several other miscellaneous modifications and improvements — has been submitted to the EPA for review. The estimated cost of the proposed plan, one that would capture and treat an additional 1.2 billion gallons of CSO annually, is \$468 million.

The design of early action CSO control projects in the Southerly CSO area was initiated in 2003. Similar to the Easterly CSO early action projects, certain modifications to the existing combined sewer system will be made to reduce CSO frequency and volume. The design of the early action projects is scheduled for completion in 2004.

Westerly CSO Project Update

The District concluded a study of its Westerly combined sewer area in 1999. Study results indicated that approximately 417 million gallons of CSO reach receiving waters from 25 permitted outfalls in the Westerly study area. Another 355 million gallons of CSO is treated at the District's Combined Sewer Overflow Treatment Facility (CSOTF) located adjacent to the

Westerly WWTP. The recommended control plan includes a CSO storage tunnel system, a dewatering pump station, a pump station upgrade, an upgrade of the CSOTF and several other miscellaneous modifications and improvements. The estimated cost of the proposed plan, one that would capture and treat an additional 377 million gallons of CSO annually, is \$154 million.

Several early action CSO control projects in the Westerly CSO area have been completed. The design of upgrades to the District's CSOTF is scheduled for completion in 2003, with construction scheduled to begin in 2004.

Mill Creek Tunnel Contract 3 Update

The final leg of a three-phase tunneling project, designed to reduce combined sewer overflows (CSOs) to the environment, began in October. Known as Mill Creek Tunnel Contract 3 (MCT-3), this 15,600-ft. stretch of 20-foot-diameter sewer will be capable of storing more than 70 million gallons of CSO volume annually. Twelve communities will benefit from the project as the tunnel relieves currently overloaded combined and sanitary sewers. In addition, thirteen of 27 outfalls now discharging to Lake Erie, the Cuyahoga River, and Cranwood and Wolf Creeks, will be eliminated upon its completion. MCT-3 construction is scheduled through 2006 at a cost of \$58.3 million.

Passing of Judge George J. McMonagle

Judge George McMonagle, who established the Cleveland Regional Sewer District by court order in 1972, died last February at the age of 95. He was a mainstay in Ohio courtrooms from 1934 to 1976, and during that time, the environment was his passion: "The Judge was always critically interested in clean water," said William Schatz, District General Counsel since 1977. "He knew Lake Erie, knew its problems, and wanted to be part of the solution." Upon their completion this fall, the District's new administrative offices downtown will bear McMonagle's name "as a tribute to him and his work for the environment," said Schatz.

For the Future

Engineering Reorganization

The District's Engineering department underwent an overhaul last December in an effort to improve teamwork and harness the organizational knowledge of veteran employees. Forty-eight employees from seven departments gathered over a three-day period to analyze Engineering's current structure and propose a new plan that would address a need for succession planning and team-based planning and design. A plan was approved earlier this year and will be fully operational when engineering and administrative personnel are brought together in the new McMonagle Building this fall.

Asset Management

Thirty years of public service has not bred complacency in the District's plans for the future. Recognizing imminent challenges such as storm water management and the implementation of a \$1.35 billion combined sewer over flow control initiative, the District spent its thirtieth anniversary investigating the realm of Asset Management (AM). AM is a collection of business processes applied to more than \$2.7 billion worth of physical assets with the goal of providing required service in the most cost-effective manner. This year will mark the beginning of new mindset for management, requiring the District to be more proactive while still providing the exemplary service that has earned state and national acclaim since 1972.

CERTIFICATE OF ACHIEVEMENT

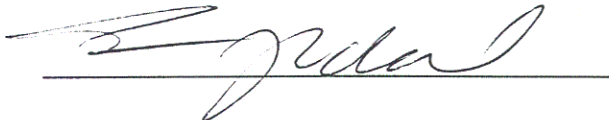
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Northeast Ohio Regional Sewer District for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2001. This was the seventh consecutive year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual 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 Comprehensive Annual 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.

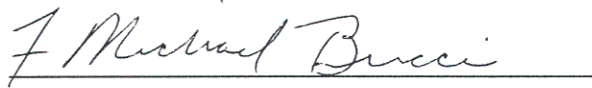
ACKNOWLEDGEMENTS

The preparation of this comprehensive annual financial report would not have been possible without the efficient and dedicated services of the entire staff of the Finance department, and the Communications Manager and Media Production Specialist from the District Administration 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 District's finances.

Respectfully submitted,



Erwin J. Odeal
Executive Director



F. Michael Bucci
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Northeast Ohio Regional
Sewer District

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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



President

Executive Director

DISTRICT OFFICIALS

DECEMBER 31, 2002

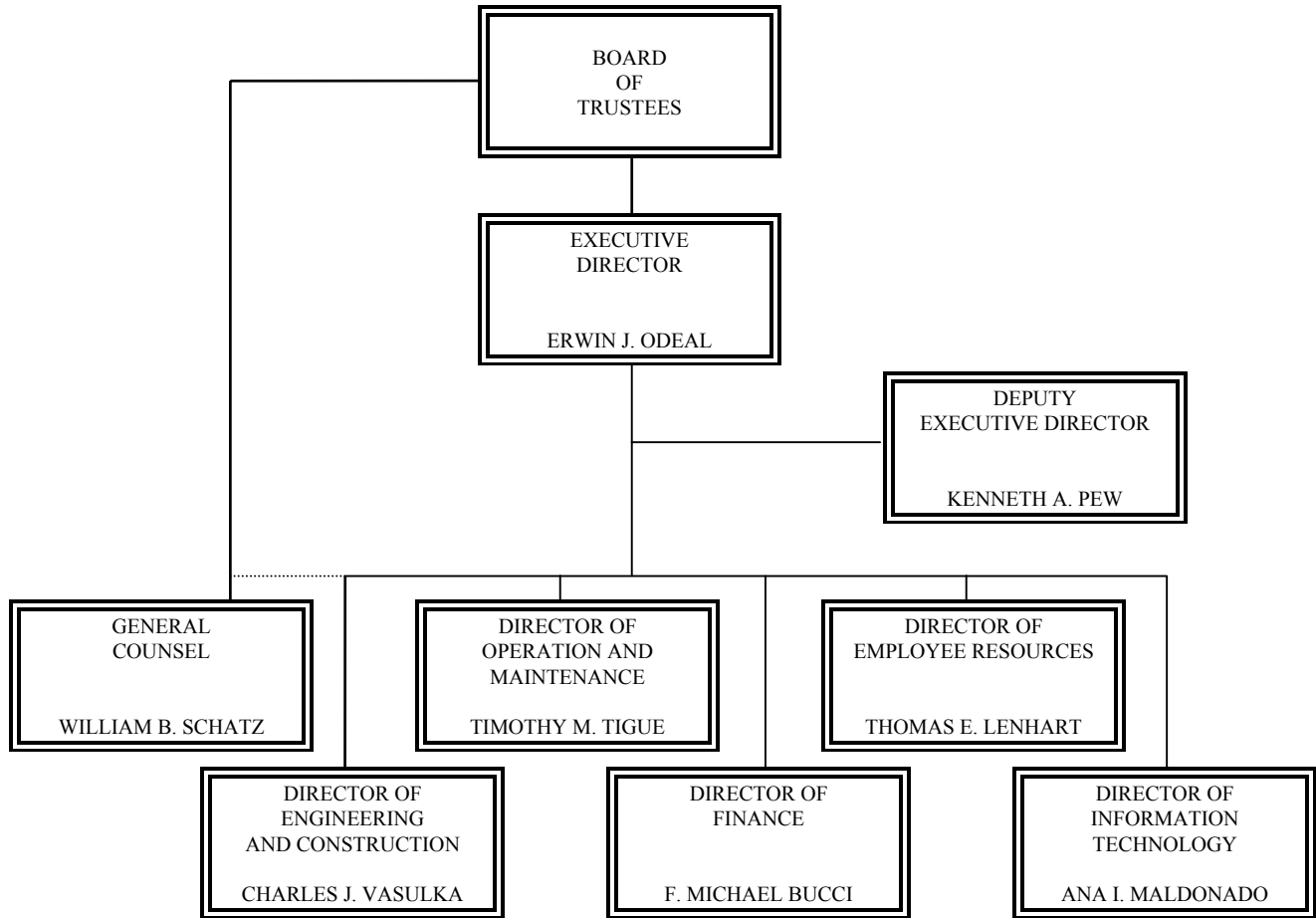
Board of Trustees

Mayor Thomas J. Longo.....	President
Michael L. Nelson, Sr.	Vice President
Mayor Gary W. Starr	Secretary
Mayor Gerald M. Boldt	Member
Sheila J. Kelly	Member
Darnell Brown.....	Member
Ronald D. Sulik.....	Member

Senior Staff

Erwin J. Odeal.....	Executive Director
Kenneth A. Pew	Deputy Executive Director
William B. Schatz	General Counsel
Charles J. Vasulka.....	Director of Engineering and Construction
Timothy M. Tigue.....	Director of Operation and Maintenance
F. Michael Bucci.....	Director of Finance
Thomas E. Lenhart.....	Director of Employee Resources
Ana I. Maldonado	Director of Information Technology

**NORTHEAST OHIO REGIONAL SEWER DISTRICT
TABLE OF ORGANIZATION
DECEMBER 31, 2002**



<u>NUMBER OF EMPLOYEES BY DEPARTMENT</u>	
OPERATION AND MAINTENANCE	399
EMPLOYEE RESOURCES	45
INFORMATION TECHNOLOGY	20
FINANCE	40
LEGAL	10
DISTRICT ADMINISTRATION	18
ENGINEERING AND CONSTRUCTION	48
TOTAL EMPLOYEES DECEMBER 31, 2002	<u>580</u>



FINANCIAL SECTION

**STATISTICAL SECTION
(UNAUDITED)**





**NORTHEAST OHIO REGIONAL SEWER DISTRICT
REVENUES BY TYPE
LAST TEN YEARS**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<u>Operating Revenues</u>				
Sewer Service Fees				
City of Cleveland Billing Agent (1)	\$89,014,831	\$89,274,103	\$90,988,184	\$95,374,478
Other Billing Agents	2,856,538	7,459,849	7,826,656	8,481,837
Other Sewer Service Fees	6,600,176	7,226,733	6,906,932	7,404,001
Other Operating Revenue	<u>948,315</u>	<u>1,016,818</u>	<u>982,145</u>	<u>1,058,847</u>
Total Operating Revenue (2)	99,419,860	104,977,503	106,703,917	112,319,163
<u>Non-Operating Revenues</u>				
Interest Income	8,431,474	9,726,315	11,761,325	14,419,575
Increase (Decrease) in Fair Value of Investments (3)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-Operating Revenues	8,431,474	9,726,315	11,761,325	14,419,575
Capital Contributions (4)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u><u>\$107,851,334</u></u>	<u><u>\$114,703,818</u></u>	<u><u>\$118,465,242</u></u>	<u><u>\$126,738,738</u></u>

(1) 1993 through 2000 restated for reclassification of bad debt expense as a reduction of revenue.

(2) Year 2001 operating revenue increased due to higher unbilled consumption. Increases in other years are due primarily to rate increases.

(3) Beginning in 1997 investments are stated at fair value in accordance with Governmental Accounting Standards Board (GASB) Statement No.31.

(4) Beginning in 2001 contributions for construction grants are reported as revenue in accordance with GASB 33.

Source: District accounting records.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$99,227,876	\$107,385,439	\$114,613,601	\$110,749,258	\$113,591,867	\$109,416,694
8,819,246	9,754,924	10,025,945	9,914,671	10,435,577	10,099,165
7,622,117	8,174,134	8,846,646	9,727,725	9,780,118	10,277,561
<u>1,198,112</u>	<u>1,159,594</u>	<u>744,600</u>	<u>939,179</u>	<u>805,196</u>	<u>964,619</u>
116,867,351	126,474,091	134,230,792	131,330,833	134,612,758	130,758,039
14,656,424	14,833,852	14,996,659	15,980,457	18,580,276	14,247,954
<u>1,050,095</u>	<u>2,445,183</u>	<u>(4,806,082)</u>	<u>7,125,918</u>	<u>3,331,519</u>	<u>5,457,490</u>
15,706,519	17,279,035	10,190,577	23,106,375	21,911,795	19,705,444
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,377,953</u>	<u>5,253,943</u>
<u><u>\$132,573,870</u></u>	<u><u>\$143,753,126</u></u>	<u><u>\$144,421,369</u></u>	<u><u>\$154,437,208</u></u>	<u><u>\$159,902,506</u></u>	<u><u>\$155,717,426</u></u>

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

	<u>1993 (1)</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Salaries and Wages	\$22,113,901	\$23,319,678	\$24,086,396	\$24,993,344
Benefits	6,318,051	6,720,646	6,360,136	6,235,727
Power	9,424,042	9,303,057	9,646,002	9,664,024
Gas	2,652,841	2,373,248	2,607,493	2,581,693
Water	631,245	631,753	667,855	701,934
Professional Services	1,869,990	2,787,508	3,207,863	1,346,917
Billing and Collection Fees	3,725,604	4,176,279	4,486,005	4,568,164
Insurance and Bonds	557,202	615,065	533,639	583,216
Solids Handling	1,605,700	1,173,927	1,431,972	1,393,493
Chemicals	1,474,658	1,419,660	1,578,721	912,559
Materials and Supplies	2,304,772	2,474,834	2,603,262	2,648,300
Repairs and Maintenance	1,123,637	1,334,008	1,196,549	1,167,174
Depreciation	22,290,708	22,052,053	24,332,512	26,589,817
All Other Expenses	1,416,172	1,546,501	2,324,815	2,124,851
Capitalized Construction Costs	<u>(3,322,855)</u>	<u>(3,210,377)</u>	<u>(3,576,318)</u>	<u>(3,715,274)</u>
Total Operating Expenses	<u>\$74,185,668</u>	<u>\$76,717,840</u>	<u>\$81,486,902</u>	<u>\$81,795,939</u>

(1) Years 1993 through 2000 restated for reclassification of bad debt expense as a reduction of revenue.

Source : District accounting records.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$25,033,703	\$24,437,135	\$23,662,565	\$23,892,150	\$24,647,491	\$25,832,219
6,621,439	6,492,369	6,746,180	7,197,179	6,774,095	7,790,909
9,751,968	9,490,602	9,126,719	8,953,181	9,267,991	9,147,231
2,744,234	2,557,611	2,391,660	3,601,449	4,926,932	3,805,104
768,811	858,857	871,216	954,713	831,926	500,030
1,070,494	1,303,469	1,990,640	1,426,942	1,484,679	2,097,685
4,666,139	4,863,083	4,947,264	5,002,072	5,110,654	4,977,231
541,835	580,001	583,644	864,156	819,952	908,484
1,010,364	1,082,460	1,373,228	1,439,390	1,495,717	1,181,476
808,661	831,880	944,648	742,727	765,279	742,794
2,936,944	2,750,734	3,261,897	4,677,056	3,375,647	3,383,852
1,437,440	1,700,997	2,004,747	1,722,806	3,641,665	2,435,869
29,929,463	28,335,108	29,028,480	30,320,517	31,495,906	32,388,516
2,097,277	2,240,893	2,176,672	2,473,286	2,686,842	2,668,495
<u>(3,393,015)</u>	<u>(3,637,103)</u>	<u>(3,122,880)</u>	<u>(3,053,217)</u>	<u>(3,096,585)</u>	<u>(3,564,485)</u>
<u><u>\$86,025,757</u></u>	<u><u>\$83,888,096</u></u>	<u><u>\$85,986,680</u></u>	<u><u>\$90,214,407</u></u>	<u><u>\$94,228,191</u></u>	<u><u>\$94,295,410</u></u>

**NORTHEAST OHIO REGIONAL SEWER DISTRICT
RATIO OF ANNUAL DEBT SERVICE FOR BONDED DEBT TO
TOTAL OPERATING EXPENSES AND TOTAL OPERATING REVENUE
LAST TEN YEARS**

Refer to schedule on pages 58 and 59, "Summary of Revenues, Expenses, Debt Service and Debt Service Coverage", which includes debt service ratios for Bonded and Total Debt for the last ten years.

**NORTHEAST OHIO REGIONAL SEWER DISTRICT
COMMUNITIES SERVED BY THE DISTRICT AND
ESTIMATED POPULATION SERVED
DECEMBER 31, 2002**

<u>Municipality</u>	Estimated Service <u>Population (1)</u>	<u>Municipality</u>	Estimated Service <u>Population (1)</u>
SUBDISTRICT 1			
Cleveland	478,403		
SUBDISTRICT 2			
Bath Township	0 (3)	Middleburg Heights	15,542
Beachwood	12,186	Newburgh Heights	2,389
Bedford	0 (3)	North Randall	906
Bedford Heights	41 (2)	North Royalton	5,654 (2)
Berea	18,970	Northfield	3,827
Boston Heights	0 (4)	Northfield Center Township	4,931
Bratenahl	1,337	Oakwood	3,104 (2)
Brecksville	13,382	Olmsted Falls	7,962
Broadview Heights	15,967	Olmsted Township	5,002 (2)
Brook Park	21,218	Orange	375 (2)
Brooklyn	11,586	Parma	85,655
Brooklyn Heights	1,558	Parma Heights	21,659
Cleveland Heights	49,958	Pepper Pike	976 (2)
Cuyahoga Heights	599	Richfield Village	3,144
East Cleveland	27,217	Richfield Township	0 (4)
Euclid	2,373 (2)	Richmond Heights	4,162 (2)
Garfield Heights	30,734	Sagamore Hills Township	9,340
Gates Mills	849 (2)	Seven Hills	12,080
Highland Heights	8,082	Shaker Heights	29,405
Highland Hills	1,618	Solon	353 (2)
Hudson	9,911 (2)	South Euclid	23,537
Independence	7,109	Strongsville	24,836 (2)
Lakewood	0 (3)	Twinsburg	0 (3)
Linndale	117	Twinsburg Township	0 (3)
Lyndhurst	15,279	University Heights	14,146
Macedonia	9,224 (2)	Valley View	2,179
Maple Heights	26,156	Walton Hills	2,400
Mayfield Heights	19,386	Warrensville Heights	14,921
Mayfield Village	3,435	Willoughby Hills	<u>24 (2)</u>
		Total Subdistrict 2	<u>606,801</u>
Total estimated service population			<u><u>1,085,204</u></u>

- (1) Based on 2000 U.S. Census Block Data as presented in the Northeast Ohio Areawide Coordinating Agency (NOACA) Magic 2001 Database, using the Service Area Boundary determined by the District's Regional Plan for Sewerage and Drainage Phase I study revised 01/11/02 .
- (2) Estimated population for that portion of the municipality within the service area of the District.
- (3) Service population not applicable. District serves commercial properties only.
- (4) Part of the community is not within the District service area. Service population to be determined by ongoing service area verification project.

Source: District administrative records.

**NORTHEAST OHIO REGIONAL SEWER DISTRICT
LARGEST CUSTOMERS OF THE DISTRICT
AS OF DECEMBER 31, 2002**

	<u>2002 CONSUMPTION MCFs (1)</u>	<u>2002 AMOUNT BILLED</u>
<u>SUBDISTRICT 1</u>		
Cuyahoga Metropolitan Housing Agency (2)	100,276.6	\$2,825,027
Cleveland Clinic (2)	47,640.0	1,330,894
City of Cleveland Water Filtration Plants	34,657.5	1,048,481
LTV Steel / ISG - Cleveland	35,400.9	1,019,931
Cleveland Board of Education (2)	34,825.1	982,549
Cuyahoga County (2)	31,377.4	845,920
Case Western Reserve University	29,332.7	825,500
MetroHealth Medical Centers	28,732.2	695,862
University Hospitals	21,911.2	574,810
Ferro Corporation (2)	18,840.5	528,783
Cleveland Thermal Energy Corporation	21,296.0	508,224
Synthetic Products	14,067.6	399,335
Cleveland State University (2)	13,745.3	382,594
Veterans Administration Hospital (2)	15,235.1	343,711
General Electric Company (2)	8,021.8	235,697
Ninth Street - Euclid Ltd	8,393.2	198,738
Holiday Inn (2)	7,149.8	196,980
New Longwood Association	6,572.6	185,617
Clean Harbors	2,722.7	166,736
Total Subdistrict 1	480,198.3	\$13,295,389
<u>SUBDISTRICT 2</u>		
Ford Motor Corporation	52,797.5	\$1,420,525
NASA Lewis Research Center	49,691.1	1,319,722
Aluminum Corporation of America	35,040.7	932,177
Forest City Management (2)	17,956.0	499,140
General Motors Corporation	10,122.8	233,032
Zehman & Wolfe Management	6,207.8	167,394
Total Subdistrict 2	171,815.9	\$4,571,989
Grand Total	652,014.2	\$17,867,378

(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.

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



**NORTHEAST OHIO REGIONAL SEWER DISTRICT
MISCELLANEOUS OPERATING STATISTICS
LAST TEN YEARS**

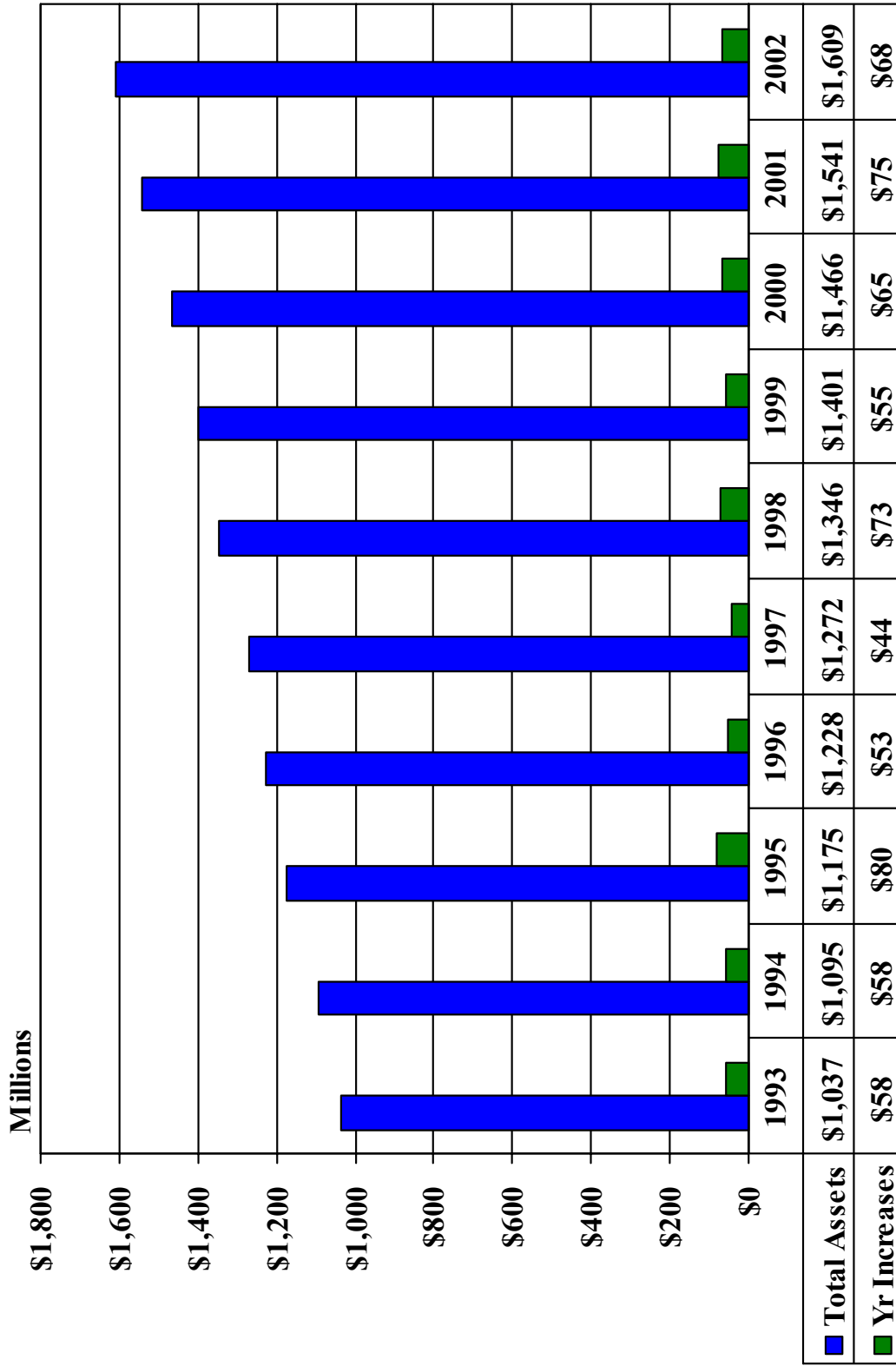
	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<u>TREATMENT PLANT FLOW</u>				
Billions of gallons of sewage treated per plant:				
Easterly	57.5	54.1	58.3	54.6
Southerly	45.9	46.5	46.4	54.2
Westerly	12.6	12.6	14.6	13.1
Strongsville (1)	1.3	0.7	0.0	0.0
Berea (1)	0.7	0.0	0.0	0.0
Total	<u>118.0</u>	<u>113.9</u>	<u>119.3</u>	<u>121.9</u>
Total sewage treated, in MCFs (2)	<u>15,775,401</u>	<u>15,227,273</u>	<u>15,949,198</u>	<u>16,296,791</u>
MCFs billed, total District	<u>6,211,793</u>	<u>6,436,047</u>	<u>6,057,449</u>	<u>6,158,601</u>
<u>STAFFING LEVELS</u>				
Number of employees (3):				
Plant Operations & Maintenance	400	396	390	385
Support Services	174	177	178	183
Engineering and Construction	45	50	50	49
Finance	39	39	39	39
District Administration	10	12	11	13
Legal	10	9	11	8
Total	<u>678</u>	<u>683</u>	<u>679</u>	<u>677</u>
Budgeted employees, total District	<u>699</u>	<u>700</u>	<u>705</u>	<u>709</u>

- (1) Berea plant decommissioned in 1993 and Strongsville plant decommissioned in 1994.
- (2) Conversion factor: 1 MCF (thousand cubic feet) = 7,480 gallons.
- (3) Includes all positions filled during the year. In 1998, Support Services budget centers were redistributed between Operations and District Administration.

Source: Various District records.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
41.0	36.5	38.0	40.9	36.7	37.3
47.5	43.3	40.0	39.2	38.9	37.2
13.8	12.7	11.4	12.0	11.1	10.4
0.0	0.0	0.0	0.0	0.0	0.0
0.0	0.0	0.0	0.0	0.0	0.0
<u>102.3</u>	<u>92.5</u>	<u>89.4</u>	<u>92.1</u>	<u>86.7</u>	<u>84.9</u>
<u>13,676,471</u>	<u>12,366,310</u>	<u>11,951,872</u>	<u>12,312,834</u>	<u>11,590,909</u>	<u>11,350,267</u>
<u>5,963,566</u>	<u>6,004,778</u>	<u>5,785,288</u>	<u>5,600,215</u>	<u>5,442,696</u>	<u>5,191,506</u>
370	467	435	420	400	382
186	0	0	0	0	0
47	45	46	45	48	54
39	38	38	35	35	48
13	66	66	73	76	80
8	8	9	9	10	9
<u>663</u>	<u>624</u>	<u>594</u>	<u>582</u>	<u>569</u>	<u>573</u>
<u>704</u>	<u>644</u>	<u>620</u>	<u>625</u>	<u>595</u>	<u>634</u>

**NORTHEAST OHIO REGIONAL SEWER DISTRICT
CUMULATIVE ASSET GROWTH
LAST TEN YEARS**



CONTINUING DISCLOSURE REQUIREMENTS

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

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<u>Subdistrict 1</u>				
Cleveland (1)	135,981	136,845	134,688	134,851
<u>Subdistrict 2</u>				
Master Meter - Suburbs (2)	4	3	3	3
Direct Service - Suburbs (1)	<u>146,611</u>	<u>163,481</u> (1)	<u>164,395</u>	<u>167,376</u>
Subtotal	<u>146,615</u>	<u>163,484</u>	<u>164,398</u>	<u>167,379</u>
Total Customers	<u><u>282,596</u></u>	<u><u>300,329</u></u>	<u><u>299,086</u></u>	<u><u>302,230</u></u>

(1) 2000 through 2002 exclude inactive accounts.

(2) The Master Meter Suburbs, which bill their customers separately, had approximately 16,217 accounts at the end of 2002. This represents an increase from 2001 of 667 accounts, mainly in Summit County. The Village of Richfield became a Master Meter Community in 1991. As of April 1, 1994 the City of Cleveland Heights converted from a Master Meter to a Direct Service community and performs billing and collection functions similar to those performed by the City of Cleveland. The City of Hudson became a Master Meter community in 1998.

Source: District accounting records.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
134,819	134,228	136,234	132,801	136,332	133,611
3	4	4	4	4	4
<u>167,784</u>	<u>170,325</u>	<u>170,032</u>	<u>171,712</u>	<u>174,264</u>	<u>175,194</u>
<u>167,787</u>	<u>170,329</u>	<u>170,036</u>	<u>171,716</u>	<u>174,268</u>	<u>175,198</u>
<u><u>302,606</u></u>	<u><u>304,557</u></u>	<u><u>306,270</u></u>	<u><u>304,517</u></u>	<u><u>310,600</u></u>	<u><u>308,809</u></u>

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

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
<u>Subdistrict 1</u>				
Cleveland	3,394,178	3,540,224	3,198,706	3,309,692
<u>Subdistrict 2</u>				
Direct Service - Suburbs	2,273,988	2,537,397	2,593,163	2,569,691
Master Meter - Suburbs(1)	<u>543,627</u>	<u>358,426</u> (2)	<u>265,580</u> (3)	<u>279,218</u>
Subtotal	<u>2,817,615</u>	<u>2,895,823</u>	<u>2,858,743</u>	<u>2,848,909</u>
Total Service Area	<u><u>6,211,793</u></u>	<u><u>6,436,047</u></u>	<u><u>6,057,449</u></u>	<u><u>6,158,601</u></u>

- (1) Consumption of Master Meter Suburbs is presented at 80% of total consumption which is the billing basis.
- (2) As of April 1, 1994 the City of Cleveland Heights converted from a Master Meter to a Direct Service Community and performs billing and collection functions similar to those performed by the City of Cleveland. Consumption in 1994 for the City of Cleveland Heights at 80% of actual as a Master Meter Community was 71,552.6 MCF (thousand cubic feet); as a Direct Service Community it was 175,342.9 MCF.
- (3) In 1995 Cleveland Heights was a Direct Service Community for the entire year.
- (4) 1999 includes the City of Hudson for the first time. Although Hudson joined the District in late 1998, they did not receive sewer bills and they were not included on the District billing roster until 1999.

Source: District accounting records.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
3,173,571	3,176,655	2,919,241	2,815,865	2,765,282	2,662,602
2,519,858	2,559,852	2,553,481	2,427,096	2,387,609	2,231,962
<u>270,137</u>	<u>268,271</u>	<u>312,566</u> (4)	<u>357,254</u>	<u>289,805</u>	<u>296,942</u>
<u>2,789,995</u>	<u>2,828,123</u>	<u>2,866,047</u>	<u>2,784,350</u>	<u>2,677,414</u>	<u>2,528,904</u>
<u><u>5,963,566</u></u>	<u><u>6,004,778</u></u>	<u><u>5,785,288</u></u>	<u><u>5,600,215</u></u>	<u><u>5,442,696</u></u>	<u><u>5,191,506</u></u>

**NORTHEAST OHIO REGIONAL SEWER DISTRICT
SUMMARY OF REVENUES, EXPENSES, DEBT SERVICE AND
DEBT SERVICE COVERAGE
LAST TEN YEARS
(In Thousands of Dollars)**

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Operating Revenue (1)	\$99,235	\$104,713	\$106,704	\$112,319
Non-Operating Revenue (2)	<u>3,933</u>	<u>4,140</u>	<u>9,657</u>	<u>13,575</u>
Total Revenues	<u>103,168</u>	<u>108,853</u>	<u>116,361</u>	<u>125,894</u>
Operating Expenses (Exclusive of depreciation)				
Operations (1)	38,599	40,494	42,705	40,272
Maintenance	<u>13,444</u>	<u>14,190</u>	<u>14,450</u>	<u>14,934</u>
Total Operating Expenses	<u>52,043</u>	<u>54,684</u>	<u>57,155</u>	<u>55,206</u>
Net Revenues Available for Debt Service	<u>\$51,125</u>	<u>\$54,169</u>	<u>\$59,206</u>	<u>\$70,688</u>
Total Revenue Bond Debt Service (3)	\$9,961	\$9,959	\$9,961	\$8,285
Coverage on Revenue Bond Debt Service	5.13	5.44	5.94	8.53
Total All Debt Service (3)	\$15,381	\$16,143	\$18,960	\$21,561
Coverage on Total Debt Service	3.32	3.36	3.12	3.28

(1)1993 through 2000 restated for reclassification of bad debt expense as a reduction of revenue. This has no effect on debt service.

(2) Non-Operating Revenue excludes Project Account interest income on Revenue Bond Proceeds.

Interest Income from Project Account investments was as follows:	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
	\$3,159	\$1,898	\$701	\$271

(2) Restated 1997 to record increase of investments to fair value.

(3) 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, 2000 were:

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
Revenue Bond Issues and Debt Service				
\$63,439 Series 1984(A)	\$0	\$0	\$0	\$0
\$122,315 Series 1991(B)	9,961	9,959	9,961	0
\$97,830 Series 1995	<u>0</u>	<u>0</u>	<u>0</u>	<u>8,285</u>
Total Revenue Bond Debt Service	9,961	9,959	9,961	8,285
OWDA Debt Service	4,654	4,652	4,654	4,501
WPCLF Debt Service	<u>766</u>	<u>1,532</u>	<u>4,345</u>	<u>8,775</u>
Total All Debt Service	<u>\$15,381</u>	<u>\$16,143</u>	<u>\$18,960</u>	<u>\$21,561</u>

(A) The Series 1984 Bonds were paid and discharged on July 1, 1991.

(B) The Series 1991 Bonds were refunded on September 1, 1995 and replaced by the Series 1995 Bonds.

(C) Includes \$836 repayment of grant as result of final Ohio EPA audit.

Source: District accounting records.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$116,867	\$126,474	\$132,631	\$131,331	\$134,613	\$130,758
<u>8,592 (2)</u>	<u>16,434</u>	<u>9,971</u>	<u>23,032</u>	<u>21,143</u>	<u>18,388</u>
<u>125,459</u>	<u>142,908</u>	<u>142,602</u>	<u>154,363</u>	<u>155,756</u>	<u>149,146</u>
40,650	40,368	41,278	44,184	44,550	44,565
<u>15,446</u>	<u>15,185</u>	<u>15,680</u>	<u>15,710</u>	<u>18,182</u>	<u>17,342</u>
<u>56,096</u>	<u>55,553</u>	<u>56,958</u>	<u>59,894</u>	<u>62,732</u>	<u>61,907</u>
<u>\$69,363</u>	<u>\$87,355</u>	<u>\$85,644</u>	<u>\$94,469</u>	<u>\$93,024</u>	<u>\$87,239</u>
\$7,932	\$7,932	\$7,934	\$7,936	\$7,932	\$7,934
8.74	11.01	10.79	11.90	11.73	11.00
\$25,640	\$26,253	\$28,331	\$34,409	\$34,866	\$35,984
2.71	3.33	3.02	2.75	2.67	2.42
<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$0	\$0	\$0	\$0	\$0	\$0
<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
<u>7,932</u>	<u>7,932</u>	<u>7,934</u>	<u>7,936</u>	<u>7,932</u>	<u>7,934</u>
7,932	7,932	7,934	7,936	7,932	7,934
5,479 (C)	4,643	4,643	4,643	4,079	3,136
<u>12,229</u>	<u>13,678</u>	<u>15,754</u>	<u>21,830</u>	<u>22,855</u>	<u>24,914</u>
<u>\$25,640</u>	<u>\$26,253</u>	<u>\$28,331</u>	<u>\$34,409</u>	<u>\$34,866</u>	<u>\$35,984</u>

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

Fiscal Years During Which Rates Were Effective	SUBDISTRICT 1				SUBDISTRICT 2			
	Standard		Homestead (2)		Standard		Homestead (2)	
	Rate (1)	Change	Rate (1)	Change	Rate (1)	Change	Rate (1)	Change
1993	13.00	2.0	9.44	0.5	18.00	9.1	12.45	2.5
1994 - 1995	14.75	13.5	9.79	3.7	19.80	10.0	12.81	2.9
1996	15.95	8.1	11.10	13.4	21.00	6.1	13.85	8.1
1997	17.15	7.5	11.80	6.3	22.25	6.0	14.75	6.5
1998	18.25	6.4	12.55	6.4	23.45	5.4	15.70	6.4
1999	19.60	7.4	13.35	6.4	24.50	4.5	16.70	6.4
2000 - 2002	21.10	7.7	14.25	6.7	26.60	8.6	17.80	6.6

(1) Per thousand cubic feet (MCF) of water consumed.

(2) These rates were first established in the 1991 fiscal year.

Industrial Waste Surcharge

An additional charge is billed to industrial and other types of customers discharging wastewater which contains substances requiring more extensive treatment than effluent from residential customers.

The amount of this Industrial Waste Surcharge is calculated in accordance with formulas set forth in the Rate Resolution which take into account concentrations of suspended solids, biological oxygen demand and chemical oxygen demand based on waste loading determined by analysis or otherwise.

Minimum Quarterly Billing

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

Source: District accounting records.

**NORTHEAST OHIO REGIONAL SEWER DISTRICT
CAPITAL IMPROVEMENT PROGRAM
USES AND SOURCES OF FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2003 THROUGH 2007
(In Thousands of Dollars)**

	2003	2004	2005	2006	2007	TOTAL
<u>USES OF FUNDS (1)</u>						
Sewage Treatment Plant Improvements						
Westerly	\$0	\$100	\$1,000	\$500	500	\$2,100
Southerly	17,320	10,400	20,600	13,530	68,700	130,550
Easterly	7,500	1,000	1,500	2,000	5,500	17,500
Sub-Total	24,820	11,500	23,100	16,030	74,700	150,150
Interceptors						
Inter-Community Relief Sewers	16,300	4,770	2,500	0	0	23,570
Cuyahoga Valley	2,000	0	0	0	0	2,000
Sub-Total	18,300	4,770	2,500	0	0	25,570
Combined Sewer Overflow and						
Interceptor Rehabilitation	50,870	50,145	94,345	51,425	35,970	282,755
Other Projects	35,200	10,600	3,050	800	6,800	56,450
TOTAL	<u>\$129,190</u>	<u>\$77,015</u>	<u>\$122,995</u>	<u>\$68,255</u>	<u>\$117,470</u>	<u>\$514,925</u>
<u>SOURCES OF FUNDS</u>						
Federal Grants (2)	\$7,000	\$0	\$0	\$0	\$0	\$7,000
WPCLF Loans (2)	54,600	46,100	93,000	49,800	33,300	276,800
Internally Generated Funds	67,590	30,915	29,995	18,455	84,170	231,125
TOTAL	<u>\$129,190</u>	<u>\$77,015</u>	<u>\$122,995</u>	<u>\$68,255</u>	<u>\$117,470</u>	<u>\$514,925</u>

(1) Five years are presented instead of ten because the District prepares five year projections. Ten year projected information is not available.

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

Source: District accounting records.

Cover Photograph

Jeffrey Dunlap

Printing

CopyMax and Milbourn Pressworks

Map, Graphics and Major Initiatives

Kim C. Jones, Communications Manager

John C. Gonzalez, Media Production Specialist

Project Manager

Mary C. Mink, Finance Manager

Other Contributors

Francis P. Greenland, Planning Manager

Richard Switalski, Manager of Sewer Design

John D. Graves, Planning Scientist

Janetta R. Griffin, Administrator of Revenue and User Support

