



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND
ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Tri-Cities North Regional Wastewater Authority
Montgomery County
3777 Old Needmore Road
Dayton, Ohio 45424

To The Board of Trustees:

We have audited the financial statements of Tri-Cities North Regional Wastewater Authority (TCA), as of and for the year ended December 31, 2001, and have issued our report thereon dated May 31, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

This report is intended for the information and use of the finance committee, management, Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

May 31, 2002

TRI-CITIES NORTH REGIONAL
WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2001

Submitted by:
David J. Heckler
General Manager

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2001

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May 31, 2002

Citizens, Taxpayers and Consumers of the Cities of Huber Heights, Vandalia and Tipp City
Board of Trustees of Tri-Cities North Regional Wastewater Authority
Mayors and Members of Council of the Cities of Huber Heights, Vandalia and Tipp City
Tri-Cities North Regional Wastewater Authority Finance Committee Members
Tri-Cities North Regional Wastewater Authority Technical Committee Members

I am pleased to present the second Comprehensive Annual Financial Report (CAFR) for the Tri-Cities North Regional Wastewater Authority (Tri-Cities). This report for the fiscal year ended December 31 2001, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of Tri-Cities. The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with Tri-Cities and, specifically with my office.

This CAFR is divided into three sections as follows:

1. The Introductory Section contains a table of contents, letter of transmittal, list of principal officials, an organizational chart of Tri-Cities, and the certificate of achievement.
2. The Financial Section begins with the Report of Independent Accountants and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes, which provide an overview of Tri-Cities' financial position and operating results, and the Schedule of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP) Basis and Actual, which provides detailed budgetary information relative to the Basic Financial Statements.
3. The Statistical Section presents social and economic data and financial trend information, and demonstrates the fiscal capacity of Tri-Cities.

TRI-CITIES OVERVIEW

Located on a hillside, near the intersection of State Route 202 and Needmore Road, is the wastewater treatment facility that serves the Cities of Huber Heights, Vandalia and Tipp City. After two years of serious negotiations, these cities assumed full ownership of this facility from the Miami Conservancy District in an unprecedented acquisition that closed on June 11, 1996.

Under the provisions of Ohio Revised Code Section 715.02, the Cities of Huber Heights, Vandalia and Tipp City signed a joint venture agreement to create Tri-Cities North Regional Wastewater Authority. Through Tri-Cities, the Cities have full responsibility for the North Regional Wastewater Treatment Plant and associated facilities. Tri-Cities' mission is to provide reliable, reasonably priced and environmentally sound wastewater collection and treatment services for the citizens, taxpayers and consumers of the Cities of Huber Heights, Vandalia and Tipp City. This mission is accomplished through the efforts of the professional staff that manage, operate and maintain the facilities, which include 13 miles of interceptor sewer, an innovative and advanced wastewater treatment plant, and a dedicated farm for bio-solids reuse. Tri-Cities' facilities are often toured by schools, civic groups, and others interested in learning how technology and science, combined with the dedication of a talented professional staff, can preserve and enhance our irreplaceable water resource.

TRI-CITIES' ORGANIZATION AND REPORTING ENTITY

Prior to June of 1996, the Miami Conservancy District provided the Cities of Huber Heights, Vandalia, and Tipp City with wastewater treatment services. The Miami Conservancy District expressed the intent to discontinue these services to the Cities and gave them the option to acquire and operate the facility themselves. In order to do so, the three Cities established the Tri-Cities North Regional Wastewater Authority. In June of 1996, the Miami Conservancy District deeded the wastewater facility and all of the assets associated with the facility to the joint venture at no cost to the joint venture.

Tri-Cities is a joint venture among the Cities of Huber Heights, Vandalia, and Tipp City. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Tri-Cities is a Stand-alone government that is governed by a management board consisting of the city managers of the three Cities. The board has complete authority over all aspects of the operation.

The reporting entity is comprised of the stand-alone government, component units and other organizations that are included to ensure that the financial statements are not misleading. The stand-alone government consists of departments, boards and agencies that are not legally separate from Tri-Cities.

Component units are legally separate organizations for which Tri-Cities is financially accountable. Tri-Cities is financially accountable for an organization if Tri-Cities appoints a voting majority of the organization's governing board and (1) Tri-Cities is able to significantly influence the programs or services performed or provided by the organization; or (2) Tri-Cities is legally entitled to or can otherwise access the organization's resources; Tri-Cities is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or Tri-Cities is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on Tri-Cities in that Tri-Cities approves their budget, the issuance of their debt or the levying of their taxes. There are no component units included as part of this report.

ITEMS OF INTEREST

Tri-Cities' wastewater-treatment plant utilizes physical, biological and chemical processes to treat wastewater collected from the Cities of Huber Heights, Vandalia and Tipp City. The wastewater treatment process is very similar to that which occurs naturally in rivers and lakes, however; wastewater treatment plants are designed to speed up and enhance the natural cleaning process. The physical processes, the "primary" steps in treating wastewater, utilize screens, settling tanks and skimming devices to remove about half of the pollutants - mostly sand, grit and other heavy or large solids typically found in wastewater. The "secondary" step is a biological one where micro-organisms feed on the waste remaining in the water until about 85 percent of the pollutants are removed. A separate, advanced secondary step biologically removes ammonia. With more than 95 percent of the pollutants removed, the wastewater is chemically disinfected before it is returned to the Great Miami River.

The organic solids removed in these treatment processes are further treated and stabilized to meet stringent regulatory standards for reuse on farmland. A dedicated pipeline was constructed as part of the north regional wastewater system to convey the stabilized sludge seven miles north to Tri-Cities' dedicated farm where it is temporarily stored in strategically placed tanks. Pumping sludge to the farm has allowed Tri-Cities to avoid the expense of owning, operating and maintaining a fleet of semi trucks and trailers. While this not only reduces wear and tear on city and county roads, it also minimizes workers' safety issues. During certain times of the year, sludge is withdrawn from the storage tanks into specially equipped field tankers pulled by tractors. The sludge is then incorporated directly into the soil approximately a foot below the surface where nutrients from the sludge enrich the soil and provide nearly 100 percent of the nitrogen needed for the grain crops grown on this farm. Reusing the sludge in this way has substantially reduced the use of commercial fertilizers.

In addition to returning clean water to the river and nutrients to the soil, the north regional wastewater treatment plant is equipped with engines fueled with methane gas, a byproduct of the sludge stabilization process. These gas engines drive pumps and turn generators that are capable of producing up to 100 percent of the electricity needed at the treatment plant.

Tri-Cities is equipped with a customized sewer maintenance and inspection vehicle used to evaluate, monitor and inspect the pipelines that convey sewage to the treatment plant. A special video camera is lowered into the sewers and records their condition on videocassette, which is useful for evaluating and prioritizing major sewer system repairs. A grout packer is often used to seal minor leaks. This vehicle is also equipped with portable meters used to measure how much wastewater flows through segments of the sewer system. Flow data is useful in identifying where leaks and unauthorized connections may be contributing to rainfall induced high flows.

An on-site laboratory is used to conduct thousands of tests each year. These tests are performed by operations staff and certified laboratory professionals. Test results are used to evaluate treatment process performance and to monitor compliance with permit limits. Samples are collected from various locations in the sewer system and the treatment plant as well as from groundwater monitoring wells at the farm. Samples from the Great Miami River are also collected upstream and downstream of the north regional wastewater treatment plant discharge point to monitor potential impacts on the river.

From the collection of raw wastewater to the reuse of stabilized sludge, the north regional facilities are proudly operated and maintained for Tri-Cities by a private company. An agreement for contract operation and maintenance has been in place since the facilities first came online, and employee-training certification is encouraged by the company to ensure quality performance and compliance with Tri-Cities' wastewater discharge permit.

Efficiency, compliance and safety were key ingredients in the design of the north regional wastewater treatment facilities, and continue to be three goals in day-to-day operations and maintenance. With the aid of programmable controllers and computerized monitoring systems, the north regional facilities is staffed just one shift per day, seven days a week.

ECONOMIC CONDITIONS AND OUTLOOK

Tri-Cities grew financially during 2001. Prudent fiscal management along with the assistance of members of Tri-Cities' Finance Committee provided continued financial stability and growth for the organization with net assets increasing by \$607,987. Amortization schedules required to secure financing for the Ross Road Pumping Station improvement project forecasted that Tri-Cities' current charge to member Cities of \$1.25 per thousand gallons will provide the necessary revenues for all of Tri-Cities' anticipated expenditures, including debt retirement, for the next 20 years without a rate increase to the member Cities. However, if future financial improvements and expansions require additional funding, Tri-Cities fee to member Cities and the prospect of future borrowing would need to be reevaluated.

MAJOR INITIATIVES

The nitrification process improvement project, which began in 2000, neared completion in 2001. The Ross Road Pumping Station improvements project was bid and contracts totaling \$4.195 million were executed. Construction began in May.

Tri-Cities main goal during 2001 was to solicit qualifications and competitive proposals for Operations and Maintenance Services. This process resulted in Tri-Cities executing a ten year full risk contract with U.S. Filter Operating Services, Inc. with first year costs approximately \$138,000 less than the previous year's contract amount.

Tri-Cities' main goal for 2002 is to conduct a Strategic Planning Session structured to incorporate an environmental scan of the organization's strengths, weakness, opportunities, and potential threats with the intent of developing goals that will assure Tri-Cities continued success.

FINANCIAL INFORMATION

Basis of Accounting

Tri-Cities' financial records are maintained on a cash basis. Prior to year end closing, adjusting entries are prepared to convert the cash basis records to the accrual basis of accounting. The accrual basis of accounting requires that revenues be recognized when they are earned. Expenses are recorded when they are incurred.

Internal Control Structure and Budgetary Control

Tri-Cities' accounting system includes internal accounting controls designed to provide reasonable but not absolute assurance regarding the safeguarding of assets and the reliability of financial records for preparation of financial statements. The concept of reasonable assurance states that internal control should be evaluated to insure that the expense associated with providing internal controls does not exceed the benefit expected to be derived from their implementation. This evaluation involves estimates and judgment by Tri-Cities administration. It is my belief that Tri-Cities financial controls adequately safeguard against loss of existing assets and provide reasonable assurance of the proper recording of financial transactions.

Financial Condition

This is the second year Tri-Cities has prepared financial statements following GASB Statement 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments." GASB 34 creates new basic financial statement for reporting on Tri-Cities' financial activities as follows:

The Tri-Cities North Regional Wastewater Authority basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets, and a statement of cash flows.

The statement of net assets displays information about Tri-Cities as a whole. This statement includes the financial activities of the primary government and presents the financial conditions of Tri-Cities at year-end.

During the year, Tri-Cities accounts for all transactions in a single fund in order to aid financial management and to demonstrate legal compliance. The statement of revenue, expenses and changes in net assets and the cash flows statement are designed to present additional financial information of Tri-Cities at this level.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of Tri-Cities. This discussion follows this letter of transmittal, providing an assessment of Tri-Cities finances for 2001.

Cash Management

Tri-Cities pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash. A private financial management consultant assists Tri-Cities in managing investments in accordance with Tri-Cities' investment policy. The total interest earned in 2001 was \$325,036.

Risk management

Tri-Cities is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries and natural disasters. Property insurance coverage at December 31, 2001, is \$13,269,979, with a deductible of \$1,000. General liability insurance is \$4,000,000 per occasion and \$4,000,000 in aggregate with a \$1,000 deductible for both. Detail on additional insurance, including public officials, electronic data processing, contractor's equipment, crime, boiler and machinery and automobile can be found in Note 9 in the Notes to the Basic Financial Statements.

Tri-Cities pays Workers' Compensation system a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative cost.

OTHER INFORMATION

Independent Audit

An audit team from the office of the Auditor of State Jim Petro has performed this year's audit. The results of the audit are presented in the Report of Independent Accountants.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tri-Cities North Regional Wastewater Authority, Ohio, for its Comprehensive Annual Financial Report for the year ended December 31, 2000. This was the first year that the government has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. I believe our current report continues to conform to the Certificate of Achievement Program requirements, and I am submitting it to GFOA.

Acknowledgements

Thanks to everyone who contributed time and effort in helping me prepare this report.

Linda Chapman, Tri-Cities' fiscal officer, is to be commended for her ongoing support and assistance with this effort.

I also want to thank the Local Government Services staff of Mr. Jim Petro, Auditor of State's office, for guidance and help in preparing this report.

David J. Heckler
General Manager

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
LIST OF PRINCIPAL OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2001

BOARD OF TRUSTEES

Bruce Sucher	City Manager, City of Vandalia
David A. Collinsworth	City Manager, City of Tipp City
James W. Peirce	City Manager, City of Huber Heights

APPOINTED OFFICIAL

David J. Heckler	General Manager and Assistant Secretary
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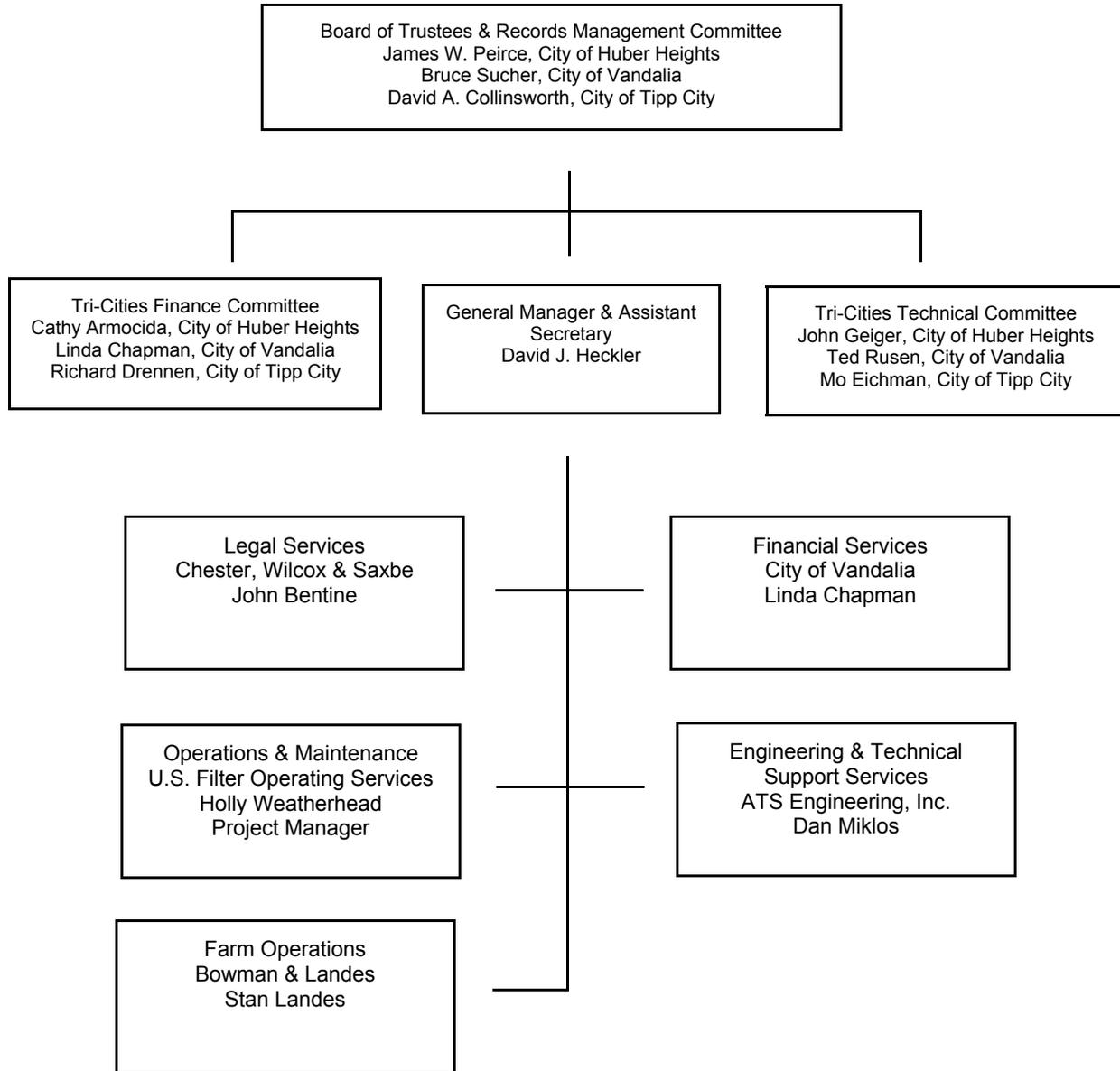
FINANCE COMMITTEE

Linda Chapman	Finance Director, City of Vandalia
Richard Drennen	Finance Director, City of Tipp City
Cathy Armocida	Finance Director, City of Huber Heights

Technical Committee

Ted Rusen	City Engineer, City of Vandalia
Mo Eichman	City Engineer, City of Tipp City
John Greiger	City Engineer, City of Huber Heights

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
ORGANIZATIONAL CHART
FOR THE YEAR ENDED DECEMBER 31, 2001



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Tri-Cities North Regional
Wastewater Authority, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2000

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.



Thomas A. Greve
President

Jeffrey L. Esler
Executive Director

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STATE OF OHIO
OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

Tri-Cities North Regional Wastewater Authority
Montgomery County
3777 Old Needmore Road
Dayton, Ohio 45424

To The Board of Trustees:

We have audited the accompanying basic financial statements of the Tri-Cities North Regional Wastewater Authority, Montgomery County, (the TCA), as of and for the year ended December 31, 2001, as listed in the table of contents. These financial statements are the responsibility of the TCA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Tri-Cities North Regional Wastewater Authority, as of December 31, 2001, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2002 on our consideration of the TCA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

We performed our audit to form an opinion on the basic financial statements of the TCA, taken as a whole. The Schedule of Revenues, Expenses, and Changes in Fund Equity, Budget Basis and Actual is presented for additional analysis and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.



Jim Petro
Auditor of State

May 31, 2002

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2001
UNAUDITED

The discussion and analysis of Tri-Cities North Regional Wastewater Authority's (Tri-Cities) financial performance provides an overall review of the financial activities for the year ended December 31, 2001. The intent of this discussion and analysis is to look at Tri-Cities financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements, and the financial statements to enhance their understanding of Tri-Cities financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented, and is presented in the MD&A.

Financial Highlights

Key Financial highlights for 2001 are as follows:

- Total net assets increased \$607,987 which represents a 3% increase from 2000.
- Total assets increased \$2,028,557 which represents a 7.8% increase from 2000. This was due in part to an increase in book value of capital assets of \$1,912,514, due to a large increase of construction in progress related to the nitrification process and Ross Road pumping station improvement projects.
- Total liabilities increased by \$1,420,570. Current liabilities decreased \$341,624 and non-current liabilities increased by \$1,762,194 due to increases in OWDA loans for the nitrification process and Ross Road pumping station improvement projects.
- Charges for Services remained constant due to no change in the current charge to member Cities of \$1.25 per thousand gallons of usage.

Using this Financial Report

This annual report consists of three parts, the MD&A, the basic financial statements, and an optional section that contains budgetary information. The basic financial statements include a statement of net assets, statement of revenues, expenses and changes in net assets, and a statement of cash flows. Since Tri-Cities only uses one fund for its operations, the entity wide and the fund presentations information is the same.

Statement of Net Assets

The Statement of Net Assets answers the question, "How did we do financially during 2001?" This statement includes all assets and liabilities, both financial and capital, and short-term and long-term, using the accrual basis of accounting and economic resources focus, which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all revenues and expenses during the year, regardless of when the cash is received or paid.

This statement reports Tri-Cities' net assets, however, in evaluating the overall position of Tri-Cities, non - financial information such as changes in the condition of Tri-Cities capital assets will also need to be evaluated.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2001
UNAUDITED

Table 1 provides a summary of Tri-Cities' net assets for 2001 compared to 2000

Table 1 Net Assets		
	2000	2001
Assets:		
Current Assets	\$6,078,693	\$6,194,736
Capital Assets, Net	16,748,877	16,367,917
Land	2,141,199	2,141,199
Construction in Progress	1,102,460	3,395,934
Total Assets	26,071,229	28,099,786
Liabilities:		
Current and Other Liabilities	2,126,168	1,784,544
Long-Term Liabilities	3,951,484	5,713,678
Total Liabilities	6,077,652	7,498,222
Net Assets:		
Invested in Capital Assets, Net of Related Debt	15,093,918	15,277,830
Unrestricted	4,899,659	5,323,734
Total Net Assets	\$19,993,577	\$20,601,564

The net assets of Tri-Cities increased \$607,987 or 3 percent. With usage rates generating revenue, which reasonably matches expenses, the financial condition of Tri-Cities is relatively constant. Tri-Cities is continuously investing in its wastewater treatment plant through capital improvements and periodic maintenance and upgrades of associated equipment. The increase of \$2,293,474 in Construction in Progress results from Tri-Cities' nitrification process improvement project, which began in 2000 and is nearly completed, and the Ross Road pumping station improvements project which began in 2001. Current and Other Liabilities decrease of \$341,624 was due to a decrease in contracts and retainage payables associated with the nitrification process improvement project. Although a 3 percent increase in net assets may not seem that impressive, the reader must remember that Tri-Cities intent is not to profit from this operation but to recover costs. Unrestricted Net Assets increased by \$424,075, and Invested in Capital Assets, Net of Related Debt also increased by \$183,912.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2001
UNAUDITED

Table 2 shows the changes in net assets for the year ended December 31, 2001, as well as revenue and expense comparisons to 2000.

Table 2
Changes in Net Assets

	2000	2001
Operating Revenues:		
Charges for Services	\$3,311,880	\$3,034,008
Rentals	63,433	64,737
Other Revenues	2,837	433
Non Operating Revenues:		
Interest Income	370,187	325,036
Gain on Sale of Fixed Assets	1,572	0
Total Revenues	3,749,909	3,424,214
Operating Expenses:		
Personal Services	53,375	78,417
Contractual Services	1,723,908	1,574,093
Materials and Supplies	32,432	21,013
Depreciation	612,196	627,408
Other Expenses	62,849	796
Non Operating Expenses		
Interest Expense	501,608	510,650
Loss on Disposal of Fixed Asset	0	3,850
Total Expenses	2,986,368	2,816,227
Increase in Net Assets	\$763,541	\$607,987

Tri-Cities' only activity is business-type activity, which is the operation of the wastewater treatment plant (including associated piping and facilities). The wastewater treatment plant treats sewage from the three member communities and a small portion of Miami County. Tri-Cities charges each member City for sewage treatment services provided to the Cities' residents in accordance with the joint venture agreement dated June 11, 1996. Such charges are allocated based upon each City's annual usage and are adjusted each year accordingly. Rates charged for usage remained constant from 2000 to 2001, however, charges for services revenue decreased slightly due to decreased usage by member Cities. Tri-Cities' board retained an outside contractor to manage daily operations. These amounts are reflected as part of the contractual services expense. During 2001, the plant generated revenues from charges for services in excess of \$3.0 million and had total expenses of approximately \$2.8 million. Aggressive investing practices earned interest income of \$325,036 for Tri-Cities during 2001, which reflects an decrease of \$45,151 from 2000. The decrease is largely due to lower interest rates due to a slow down in the economy. The interest expense of \$510,650 for 2001 resulted from the outstanding loans due to the Ohio Water Development Authority (OWDA).

Budgeting Highlights

Although not required under Ohio Revised Code, an annual operating budget is adopted for management purposes. Budget information is reported to the management board of trustees, and modifications may only be made by resolution of the management board.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2001
UNAUDITED

During 2001, Tri-Cities made slight amendments to the appropriations and to budgeted revenues. The most significant change in budgeted revenues was a decrease in proceeds from loans. The anticipated proceeds were for the OWDA loans for the Ross Road station improvement project; however, there was a delay in issuing the new OWDA Loan for 2001, and Tri-Cities did not receive all of the proceeds during the year. The remainder of the proceeds will be received in 2002 and 2003.

Capital Assets and Debt Administration

Capital Assets

Table 3
Capital Assets, Net of Depreciation
At December 31,

	2000	2001
Land	\$2,141,199	\$2,141,199
Infrastructure	2,161,979	2,162,009
Buildings and Improvements	8,536,072	8,351,787
Machinery and Equipment	5,996,058	5,811,941
Licensed Vehicles	54,768	42,180
Construction in Progress	1,102,460	3,395,934
Totals	\$19,992,536	\$21,905,050

A review of Table 3 shows that capital assets (net of depreciation) increased \$1,912,514. The primary increase in capital assets occurred in Construction in Progress. This increase of \$2,293,474 resulted from progress on Tri-Cities' nitrification process and Ross Road pumping station improvement project, which was the only major project underway during 2001.

Debt

At December 31, 2001 Tri-Cities had 4 outstanding OWDA loans totaling \$6,627,220; \$913,542 of which was due within one year. This reflects a \$1,728,602 overall increase from 2000 in the OWDA loans liability.

Table 4
Outstanding Debt at Year End

	2000	2001
OWDA Loans Payable:		
1993 Loan - 9.98%	\$4,612,701	\$3,856,883
1993 Loan - 7.50%	70,525	24,068
2000 Loan - 4.66%	215,392	1,598,667
2001 Loan - 0.27%	0	1,147,602
Total	\$4,898,618	\$6,627,220

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2001
UNAUDITED

Both the 1993 loans were received by the Miami Conservancy District and assumed by Tri-Cities when the joint venture was formed. These loans were both issued to make capital improvements; the 9.98% loan matures in 2005, and the 7.50% loan matures in 2002. The 2000 loan was issued for the nitrification process improvement project and it matures in 2021. The 2001 loan was issued for the Ross Road pumping station improvement project and it matures in 2022.

Current Financial Issues and Concerns

At December 31, 2001, Tri-Cities had total assets of \$28,099,786 and total net assets of \$20,601,564, which resulted from a change in net assets of \$607,987. This reflects a return on assets of 2.16 percent and a return on net assets of 2.95 percent during 2001.

Prudent management of Tri-Cities' resources by the Board of Trustees (the Board) has provided a sound foundation for the organization. Tri-Cities solicited proposals for operations and maintenance services in 2001 and ultimately entered into a ten year contract that includes a ten year extension provision with USFilter Operating Services, Inc. Terms of the contract provide Tri-Cities with first year savings of approximately \$138,000 while also shifting all capital repair and replacement costs to USFilter with Tri-Cities responsible for funding capital improvements. Twenty year financial projections based upon Tri-Cities approved rate of \$1.25/1,000 gallons, the new contract capped at 3% per year and existing OWDA debt obligations indicate that Tri-Cities will not experience an annual deficit until 2017 when projected expenses will exceed income by \$16,020. Capital reserves are projected to be \$10 million in 2017.

Contacting Tri-Cities

This financial report is designed to provide the citizens, taxpayers and consumers of the Cities of Huber Heights, Vandalia and Tipp City, creditors and investors with a general overview of Tri-Cities' finances and to show Tri-Cities' accountability for the monies it receives. If you have any questions about this report or need additional financial information, contact David J. Heckler, Tri-Cities' General Manager, 3777 Old Needmore Road, Dayton, Ohio 45424, 937-236-6558 or email to dheckler@tri-cities.org.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF NET ASSETS
DECEMBER 31, 2001

Assets:	
Current Assets:	
Investments	\$5,669,124
Accounts Receivable	432,319
Accrued Interest Receivable	93,293
Total Current Assets	6,194,736
Noncurrent Assets:	
Depreciable Capital Assets, Net	16,367,917
Land	2,141,199
Construction In Progress	3,395,934
Total Noncurrent Assets	21,905,050
Total Assets	28,099,786
Liabilities:	
Current Liabilities:	
Accounts Payable	261,497
Construction Contracts Payable	259,908
Accrued Wages and Benefits Payable	2,165
Intergovernmental Payable	2,783
Accrued Interest Payable	236,144
Compensated Absences Payable	1,487
Retainage Payable	107,018
Current Portion of OWDA Loans	913,542
Total Current Liabilities	1,784,544
Noncurrent Liabilities:	
OWDA Loans	5,713,678
Total Liabilities	7,498,222
Net Assets:	
Invested in Capital Assets, Net of Related Debt	15,277,830
Unrestricted	5,323,734
Total Net Assets	\$20,601,564

See accompanying notes to the basic financial statements

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2001

Operating Revenues:	
Charges for Services	\$3,034,008
Rentals	64,737
Other Operating Revenues	433
Total Operating Revenues	<u>3,099,178</u>
Operating Expenses:	
Personal Services	78,417
Contractual Services	1,574,093
Materials and Supplies	21,013
Depreciation	627,408
Other Operating Expenses	796
Total Operating Expenses	<u>2,301,727</u>
Operating Income	<u>797,451</u>
Nonoperating Revenues (Expenses):	
Interest Income	325,036
Interest and Fiscal Charges	(510,650)
Loss on Disposal of Fixed Assets	(3,850)
Total Nonoperating Revenues (Expenses)	<u>(189,464)</u>
Change in Net Assets	607,987
Net Assets Beginning of Year	<u>19,993,577</u>
Net Assets End of Year	<u><u>\$20,601,564</u></u>

See accompanying notes to the basic financial statements

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:	
Cash Received from Customers	\$3,161,347
Other Operating Revenues	433
Cash Payments for Employee Services and Benefits	(78,373)
Cash Payments to Suppliers for Goods and Services	(1,489,060)
Other Operating Expenses	<u>(50)</u>
Net Cash Provided by Operating Activities	<u>1,594,297</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Sale of Fixed Assets	164,500
Principal Paid On OWDA Loan Payable	(830,406)
Interest Paid on OWDA Loan Payable	(508,164)
Proceeds from OWDA Loan	2,559,008
Acquisition of Capital Assets	<u>(3,125,626)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(1,740,688)</u>
Cash Flows from Investing Activities:	
Interest	220,904
Purchase of Investments	(6,586,896)
Sale of Investments	<u>6,512,383</u>
Net Cash Provided by Investing Activities	<u>146,391</u>
Net Increase in Cash and Cash Equivalents	0
Cash and Cash Equivalents Beginning of Year	<u>0</u>
Cash and Cash Equivalents End of Year	<u><u>\$0</u></u>

Reconciliation of Operating Income to
Net Cash Provided by Operating Activities:

Operating Income	\$797,451
Adjustments:	
Depreciation	627,408
(Increase)/Decrease in Assets:	
Decrease in Accounts Receivable	62,602
Increase/(Decrease) in Liabilities:	
Increase in Accounts Payable	106,792
Increase in Accrued Wages and Benefits Payable	350
Increase in Intergovernmental Payable	851
Decrease in Compensated Absences Payable	<u>(1,157)</u>
Net Cash Provided by Operating Activities	<u><u>\$1,594,297</u></u>

Non-cash Investing Activities:

Tri-Cities had a decrease in the fair value of investments in the amount of \$10,845 during 2001.

See accompanying notes to the basic financial statements

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - REPORTING ENTITY

The Tri-Cities North Regional Wastewater Authority ("Tri-Cities") is a joint venture among the cities of Vandalia, Tipp City and Huber Heights. Tri-Cities is a stand-alone government which is governed by a management board of trustees consisting of the city managers of the three member cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewage treatment services. Each city owns the sewage lines located in its city and bills its residents for the treatment service provided by Tri-Cities.

Tri-Cities' board has retained an outside contractor to manage daily operations. These amounts are recorded as contractual services expense. Tri-Cities' board has also hired a General Manager to oversee the management of daily operations. These amounts are recorded as personal services expense.

Tri-Cities' charges each member city for sewage treatment services provided to the cities' residents in accordance with the joint venture agreement dated June 11, 1996. Such charges are allocated based upon each city's annual usage and are adjusted each year accordingly. The continued existence of Tri-Cities is dependent upon the participation of each member city, and each participating city has an equity interest in Tri-Cities. The following is a schedule of the participating cities' equity interest at December 31, 2001, and 2000.

	2001	2000
Vandalia	27.06%	27.09%
Tipp City	17.84	17.12
Huber Heights	55.10	55.79
Total	100.00%	100.00%

The reporting entity is comprised of the stand-alone government, component units and other organizations that are included to ensure that the financial statements of Tri-Cities are not misleading. The stand-alone government consists of all departments, boards and agencies that are not legally separate from Tri-Cities.

Component units are legally separate organizations for which Tri-Cities is financially accountable. Tri-Cities 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, Tri-Cities has no component units.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Tri-Cities North Regional Wastewater Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Tri-Cities also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The more significant of the Tri-Cities accounting policies are described below.

A. Basis of Presentation

The Tri-Cities North Regional Wastewater Authority basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows.

Tri-Cities 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 assets, financial position and cash flows. An enterprise fund may be used to account for any activity for which a fee is charged to external users for goods and services.

B. Measurement Focus

The enterprise fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of Tri-Cities are included on the statement of net assets. The statement of changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how Tri-Cities finances and meets the cash flow needs of its enterprise activity.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Tri-Cities financial statements are prepared using the accrual basis of accounting.

Revenue is recorded on the accrual basis when the exchange takes place. Expenses are recognized at the time they are incurred.

D. Budgetary Process

Although not required under the Ohio Revised Code, estimated revenues and an annual appropriation budget are adopted by Tri-Cities for management purposes. The management board of trustees requires the general manager to provide an estimate of revenue needed for the year to cover annual operations. As part of budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

At the close of each year, the unencumbered balance of each appropriation becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and is not reappropriated. Budgetary control is exercised by the Board at the fund level. Budgetary modifications at the fund level may only be made by resolution of the management board of trustees. The general manager is authorized to further allocate the appropriations to the program and object level. Budget information is reported to the management board of trustees.

E. Investments

During 2001, investments included a repurchase agreement, a money market mutual fund, commercial paper, Federal Home Loan Bank (FHLB) notes and mortgage backed securities issued by the Federal National Mortgage Association (FNMA).

Investments are reported at fair value which is based on quoted market prices, except for nonparticipating investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, which are reported at cost. For investments in open-end mutual funds, fair value is determined by the fund's current share price.

For purposes of the statement of cash flows and for presentation on the statement of net assets, all interest bearing instruments are recorded as investments.

F. Capital Assets

Capital assets utilized by Tri-Cities are reported on the statement of net assets. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. Tri-Cities maintains a capitalization threshold of one thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Infrastructure	65 years
Buildings and Improvements	45 years
Machinery and Equipment	5-15 years
Licensed Vehicles	6 years

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tri-Cities' policy is to capitalize net interest on the enterprise fund construction projects until substantial completion of the project. The amount of capitalized interest equals the difference between the interest cost associated with the tax-exempt borrowing used to finance the project and the interest earned from temporary investments of the debt proceeds over the same period. Capitalized interest is amortized on a straight-line basis over the estimated useful life of the asset. For 2001, no material interest costs were incurred on construction projects for Tri-Cities.

G. Compensated Absences

Tri-Cities follows the provisions of Governmental Accounting Standards Board Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employee's right to receive compensation is attributable to service already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability will include employees currently eligible to receive termination benefits and those Tri-Cities has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and the employee's wage rate at year end, taking into consideration any limits specified in Tri-Cities termination policy.

H. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Tri-Cities or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Tri-Cities applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. Tri-Cities did not have any restricted net assets for 2001.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from primary activities. For Tri-Cities, these revenues are charges for services, rentals, and miscellaneous reimbursements. Operating expenses are necessary costs incurred to provide the goods or services that is the primary activity of Tri-Cities.

J. Contributions of Capital

Contributions of capital arise from outside contributions of fixed assets or outside contributions of resources restricted to capital acquisition and construction. Tri-Cities did not have any capital contributions during 2001.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2001, the Tri-Cities has implemented GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus," and GASB Statement No. 38, "Certain Financial Statement Note Disclosures." At December 31, 2000, there was no effect on net assets as a result of implementing GASB Statements 37 and 38.

NOTE 4 - DEPOSITS AND INVESTMENTS

The investment and deposit of Tri-Cities' monies are governed by the Investment and Deposit Policy of Tri-Cities North Regional Wastewater Authority as formally adopted by the Board of Trustees. In accordance with these provisions, investments purchased for the portfolio may be safekept only by financial institutions that have been authorized by Tri-Cities' Board of Trustees through formal resolution and recommendations received from the Finance Committee, which considers such criteria as the financial institution's insured status, size, financial condition, location and fee structure.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the face value of which is at least 110% of the total value of public monies on deposit at the institution.

Deposits. At year-end, the carrying amount of Tri-Cities' deposits was \$750,000 and the bank balance was \$750,000. The entire bank balance was covered by federal depository insurance and surety bonds.

Investments. Investments are made through an individual investment account maintained by the fiscal agent. Whenever there are monies in Tri-Cities' account which will not be required to be used for a period of thirty days or more, such funds are invested subject to the limitations contained within the investment policy of Tri-Cities, and subject to all applicable laws and regulations.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The investment objectives controlling the management of Tri-Cities' investment portfolio are, in order of importance: (1) Safety of principal. Recognizing that all investments contain one or more elements of risk, the portfolio shall be prudently managed with specific consideration given to credit risk, market risk, and prepayment risk; (2) Liquidity to meet current and contingent requirements; (3) Diversity of investments. Tri-Cities shall diversify its investments to avoid incurring unreasonable risks associated with the practice of concentrating on investments in specific security types and individual institutions; (4) Public Confidence. Tri-Cities shall avoid any transaction which might impair its public confidence.

According to the Tri-Cities' investment policy, the maximum maturity of any investment is limited to a final stated maturity of five years or an average life of five years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security, unless matched to a specific cash flow requirement.

The provisions of Tri-Cities' investment policy authorizes the following investments:

1. Obligations of the United States including U.S. treasury securities and government agency securities guaranteed by the United States.
2. United States government agency securities and the securities issued by instrumentalities of the U.S. including, but not limited to, obligations of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Farm Credit Bank, the Federal Home Loan Bank, the Government National Mortgage Association (GNMA), and the Small Business Administration (SBA).
3. State Treasury Asset Reserve of Ohio (STAR Ohio).
4. Money market mutual funds registered by the federal government under the amended Investment Company Act of 1940 provided that the portfolio is limited to bonds, notes, certificates of indebtedness, treasury bills or other securities which are guaranteed by the full faith and credit of the United States or agreements to repurchase these same types of obligations.
5. Deposits of any Ohio financial institution subject to collateralization of public funds defined by the Ohio Revised Code.
6. Shares, savings accounts, certificates of deposit, or other deposit accounts legally issuable by State or Federal Savings and Loan Associations which are insured by the FDIC.
7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poors Corporation or A-1 by Moody's rating service provided no more than 10 percent of the portfolio, at the time of investment, is invested in commercial paper.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer: (1) At the time of purchase, aggregate collateralized investments in the obligations of any financial institution are limited to no more than 20 percent of the portfolio, where eligible collateral is defined by the Ohio Revised Code; (2) At the time of purchase, aggregate investments in the obligations of any U.S. corporation and non-collateralized investments in the obligations of any financial institution are limited to no more than 10 percent of the portfolio. Investments in eligible short term investments which can be readily converted to cash within 48 hours are limited to no more than 30 percent of the portfolio.

During 2001, Tri-Cities continued to diversify the investment portfolio to gain a higher rate of return while still maintaining liquidity and minimizing risk consistent with the aforementioned portfolio policy. Investments included a repurchase agreement, U.S. Treasury Fund money market, GE Interest Plus commercial paper, Federal Home Loan Bank (FHLB) notes and mortgage backed securities issued by FNMA. The FHLB note has an interest rate that varies directly with the Constant Maturity Treasury (CMT), an index of Treasury securities published by the Federal Reserve Board. The note is issued with a coupon floor and a coupon cap which establish a range of possible interest rates for the securities regardless of the change in market rates. The security was selected for purchase because the minimum interest rate, when coupled with the discount at the time of purchase, yields a rate of return that exceeds what was available from more conventional securities and that yield will increase if market interest rates increase.

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that Tri-Cities' investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by Tri-Cities or its agent in Tri-Cities' name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in Tri-Cities' name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in Tri-Cities' name. Mutual Fund investments are unclassified since they are not evidenced by securities that exist in physical or book entry forms.

	Category 2	Carrying/Fair Value
Repurchase Agreement	\$810,239	\$810,239
Money Market Mutual Fund	0	382,433
GE Interest Plus Commercial Paper	427,923	427,923
Federal Home Loan Bank Notes (FHLB)	2,589,092	2,589,092
Federal National Mortgage Association (FNMA) Pool	709,437	709,437
Total	\$4,536,691	\$4,919,124

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. The reconciliation between classifications of cash and investments on the general purpose financial statements and the classifications per GASB Statement No. 3 is as follows:

	Primary Government	
	Cash and	
	Cash Equivalents	Investments
GASB Statement No. 9	\$0	\$5,669,124
Certificates of Deposit	750,000	(750,000)
GASB Statement No. 3	\$750,000	\$4,919,124

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable represent monies due from the City of Vandalia, City of Huber Heights and Tipp City for their portion of sewage treatment services. No allowance for doubtful accounts has been recorded as all amounts are considered collectible.

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2001, was as follows:

	Balance 12/31/00	Additions	Deletions	Balance 12/31/01
Capital Assets, not being Depreciated:				
Land	\$2,141,199	\$0	\$0	\$2,141,199
Construction in Progress	1,102,460	2,293,474	0	3,395,934
Total Capital Assets, not being Depreciated	3,243,659	2,293,474	0	5,537,133
Capital Assets, being Depreciated:				
Infrastructure	2,541,615	26,284	0	2,567,899
Buildings and Improvements	9,442,273	14,578	0	9,456,851
Machinery and Equipment	7,351,833	373,936	(225,465)	7,500,304
Licensed Vehicles	83,946	0	0	83,946
Total Capital Assets, being Depreciated	\$19,419,667	\$414,798	(\$225,465)	\$19,609,000

(continued)

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 6 - CAPITAL ASSETS (continued)

	Balance 12/31/00	Additions	Deletions	Balance 12/31/01
Less Accumulated Depreciation:				
Infrastructure	(\$379,636)	(\$83,369)	\$57,115	(\$405,890)
Buildings and Improvements	(906,201)	(198,863)	0	(1,105,064)
Machinery and Equipment	(1,355,775)	(332,588)	0	(1,688,363)
Licensed Vehicles	(29,178)	(12,588)	0	(41,766)
Total Accumulated Depreciation	<u>(2,670,790)</u>	<u>(627,408)</u>	<u>57,115</u>	<u>(3,241,083)</u>
Total Capital Assets, being Depreciated, Net	<u>16,748,877</u>	<u>(212,610)</u>	<u>(168,350)</u>	<u>16,367,917</u>
Capital Assets, Net	<u><u>\$19,992,536</u></u>	<u><u>\$2,080,864</u></u>	<u><u>(\$168,350)</u></u>	<u><u>\$21,905,050</u></u>

NOTE 7 - OWDA LOAN PAYABLE

Tri-Cities had four OWDA Loans outstanding at December 31, 2001, in the amounts of \$3,856,883, \$24,068, \$1,598,667 and \$1,147,602 for a total of \$6,627,220. The loans bear interest rates of 9.98, 7.50, 4.66, and .27 percent per annum and are payable in semi-annual installments through 2005, 2002, 2021, and 2022, respectively. The \$3,856,883 loan and the \$24,068 loan were originally received by the Miami Conservancy District during 1993 in the amount of \$8,100,589 and \$330,088 and were assumed by Tri-Cities when it was deeded the treatment plant from the Miami Conservancy District in 1996. Current operations are expected to provide sufficient cash flows to fund debt service requirements.

The \$1,598,667 loan was issued during 2000. The total amount of the loan is \$1,871,341, of which \$1,411,406 was received during 2001 with the rest to be received during 2002. The loan was issued with an interest rate of 4.66% with final maturity of January 1, 2021. Current operations are expected to provide cash flows for the repayment of this loan.

Tri-Cities had a new OWDA loan issued during 2001. The total amount of the loan is \$6,324,440, of which \$1,147,602 was received during 2001 with the rest to be received during 2002 and 2003. The loan was issued with an interest rate of .27% with final maturity of July 1, 2022. Charges for services will provide cash flows for the repayment of this loan.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 7 - OWDA LOAN PAYABLE (continued)

The annual debt service requirements for payment of principal and interest at December 31, 2001, including the portion of the 2001 OWDA loan received in 2001, are as follows:

	Principal	Interest
2002	\$913,541	\$469,813
2003	1,283,360	399,173
2004	1,378,304	304,227
2005	1,482,684	199,848
2006	290,559	85,672
2007-2011	402,751	303,821
2012-2016	507,066	199,506
2017-2022	368,955	58,664
Totals	\$6,627,220	\$2,020,724

Changes in OWDA loans payable during 2001 were as follows:

	Amount Outstanding December 31, 2000	Increase	Decrease	Amount Outstanding December 31, 2001	Amounts Due Within One Year
9.98% OWDA Loan	\$4,612,701	\$0	\$755,818	\$3,856,883	\$831,250
7.50% OWDA Loan	70,525	0	46,457	24,068	24,068
4.66% OWDA Loan	215,392	1,411,406	28,131	1,598,667	28,777
.27% OWDA Loan	0	1,147,602	0	1,147,602	29,447
Total OWDA Loans	\$4,898,618	\$2,559,008	\$830,406	\$6,627,220	\$913,542

NOTE 8 - RELATED PARTY TRANSACTION

Tri-Cities was party to several transactions during 2001 involving the three member cities, which are summarized as follows:

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 8 - RELATED PARTY TRANSACTION (continued)

A. Accounts Receivable

Accounts Receivable as of December 31, 2001, consist primarily of amounts due from the member cities for sewage treatment services provided to the Cities' residents as follows:

	<u>2001</u>
Vandalia	\$78,153
Tipp City	46,993
Huber Heights	<u>282,780</u>
Total	<u><u>\$407,926</u></u>

B. Charges for Services

Charges for services revenue for 2001 consists primarily of amounts charged to the member cities for sewage treatment services provided to the cities' residents as follows:

	<u>2001</u>
Vandalia	\$866,909
Tipp City	529,002
Huber Heights	<u>1,765,453</u>
Total	<u><u>\$3,161,364</u></u>

NOTE 9 - RISK MANAGEMENT

Tri-Cities 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. Tri-Cities carries liability insurance with Baldwin & Whitney Insurance. Tri-Cities pays an annual premium to Baldwin & Whitney Insurance for this coverage.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 9 - RISK MANAGEMENT (continued)

The following is a list of insurance coverage and deductibles for 2001:

Coverage	Limit	Deductible
Property	\$13,269,979	\$1,000
General Liability:		
Per Occasion	4,000,000	1,000
Aggregate	4,000,000	1,000
Public Officials:		
Per Occasion	4,000,000	1,000
Aggregate	4,000,000	1,000
Electronic Data Processing	250,000	500
Contractors Equipment	668,606	1,000
Crime:		
Employee Dishonesty	\$50,000	\$250
Money and Securities	1,000	250
Boiler and Machinery	500,000	2,500
Automobile:		
Liability	4,000,000	None
Comprehensive	Actual Cash Value	None
Collision	Actual Cash Value	250
Uninsured Motorist	500,000	100

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

Tri-Cities pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 10 - PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN

Tri-Cities contributes to the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for Tri-Cities was 9.25 percent of covered payroll, increased from 6.54 percent in 2000. For 2000, PERS instituted a temporary employer rate rollback for state and local governments. Contributions are authorized by State statute. The contribution rates are determined actuarially. Tri-Cities required contributions to PERS for the years ended December 31, 2001, 2000, and 1999, were \$5,178, \$2,320, and \$3,504, respectively. The full amount has been contributed for 2000 and 1999; 95.77 percent has been contributed for 2001 with the remainder being reported as a fund liability.

NOTE 11 - POSTEMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2001 employer contribution rate was 13.55 percent of covered payroll; 4.3 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 2000, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually

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

The number of active contributing participants was 411,076. Tri-Cities' actual contributions for 2001 which were used to fund postemployment benefits were \$2,685. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Deferred Compensation Plan

Tri-Cities' employee participates in the Ohio Public Employees Deferred Compensation Plan. This plan is created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

B. Insurance Benefits

Tri-Cities employee has term life insurance through Protective Live Insurance Company.

C. Compensated Absences

Accumulated Unpaid Vacation

Tri-Cities' employee earns vacation leave based on length of service and may accrue a maximum of 45 days. In the event of a termination of employment, death or retirement, the employee (or the estate) would be paid for unused vacation leave. The total obligation for vacation accrual for Tri-Cities amounted to \$1,487 at December 31, 2001.

Accumulated Unpaid Sick Leave

Tri-Cities' employee earns sick leave at the rate of 4.616 hours per eighty hours of service. A maximum of 1,250 hours may be carried from one year to the next. Any hours over 1,250 accrued and not taken will be paid on a one for three basis at the end of the year. In the case of death or retirement, the employee (or the estate) would be paid for one half of the accumulated leave with 625 hours being the maximum amount paid. There was no sick leave accrual as of December 31, 2001.

NOTE 13 - CONTRACTUAL COMMITMENTS

As of December 31, 2001, Tri-Cities had contractual purchase commitments as follows:

<u>Company</u>	<u>Amount</u>
US Filter Operating Service	\$214,017
URS Greiner Woodward Clyde	87,413
Performance Site Management	244,544
Kokosing Construction	1,987,008
Piping Solutions	132,000
York Electric	669,080

Supplementary Information

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - BUDGET (NON-GAAP) BASIS AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Budgeted Amount</u>		<u>Actual</u>	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$2,781,171	\$3,044,346	\$3,096,611	\$52,265
Interest	250,000	212,275	220,904	8,629
Rentals	55,180	28,137	64,737	36,600
Proceeds from Loan	5,200,000	2,413,254	2,559,008	145,754
Proceeds from Sale of Fixed Assets	0	164,500	164,500	0
Other	0	379	433	54
Total Revenues	<u>8,286,351</u>	<u>5,862,891</u>	<u>6,106,193</u>	<u>243,302</u>
Expenses:				
Current:				
Personal Services	81,685	81,685	78,373	3,312
Contractual Services	1,832,459	2,152,239	2,032,609	119,630
Materials and Supplies	18,679	18,679	26,662	(7,983)
Other	5,000	5,000	50	4,950
Capital Outlay	7,807,032	7,517,252	3,449,949	4,067,303
Debt Service:				
Principal Retirement	948,905	830,406	830,406	0
Interest and Fiscal Charges	391,436	509,935	508,164	1,771
Total Expenses	<u>11,085,196</u>	<u>11,115,196</u>	<u>6,926,213</u>	<u>4,188,983</u>
Excess of Revenues Under Expenses	(2,798,845)	(5,252,305)	(820,020)	4,432,285
Fund Equity at Beginning Year	2,806,610	2,806,610	2,806,610	0
Prior Year Encumbrances Appropriated	2,798,845	2,798,845	2,798,845	0
Fund Equity at End of Year	<u>\$2,806,610</u>	<u>\$353,150</u>	<u>\$4,785,435</u>	<u>\$4,432,285</u>

The following table summarizes the adjustments necessary to reconcile the change in net assets to the excess of revenues under expenses.

Change in Net Assets	\$607,987
Net Adjustments for Revenue Accruals	112,126
Net Adjustments for Expense Accruals	109,322
Decrease in Fair Value of Investments	10,845
Loss on Disposal of Fixed Assets	3,850
OWDA Proceeds	2,559,008
Capital Outlay	(3,125,626)
Depreciation	627,408
Principal Payments	(830,406)
Encumbrances	<u>(894,534)</u>
Excess of Revenues Under Expenses	<u>(\$820,020)</u>

STATISTICAL SECTION

**THE FOLLOWING UNAUDITED STATISTICAL TABLES
REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND
FISCAL CAPACITY OF TRI-CITIES**

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
EXPENSES BY PROGRAM
LAST SIX YEARS

YEAR	PERSONAL SERVICES	CONTRACTUAL SERVICES	MATERIALS AND SUPPLIES	DEPRECIATION	CAPITAL OUTLAY	DEBT SERVICE	OTHER	TOTAL
1996 (1) (2)	\$17,459	\$348,755	\$12,580	\$0	\$41,691	\$0	\$0	\$420,485
1997 (1)	68,585	1,493,080	26,275	0	300,558	1,267,913	8,701	3,165,112
1998 (3)	71,057	1,495,988	4,226	581,768	0	0	366,236	2,519,275
1999 (3)	70,631	1,429,394	427,273	604,032	0	0	0	2,531,330
2000 (3)	53,375	1,723,908	32,432	612,196	0	0	62,849	2,484,760
2001 (3)	78,417	1,574,093	21,013	627,408	0	0	796	2,301,727

SOURCE: Finance Office, Tri-Cities

(1) Tri-Cities reported on a cash basis in 1996 and 1997.

(2) Financial information for 1996, reflects partial year activity. Tri-Cities did not exist prior to June, 1996.

(3) Tri-Cities reported on a GAAP basis in 1998, 1999, 2000, and 2001.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
REVENUES BY SOURCE
LAST SIX YEARS

YEAR	CHARGES FOR SERVICES	INTERGOVERNMENTAL	RENTALS	INTEREST	GAIN ON SALE OF FIXED ASSETS	OTHER	TOTAL
1996 (1) (2)	\$1,157,997	\$0	\$34,435	\$56,856	\$0	\$463	\$1,249,751
1997 (1)	3,275,789	1,339	52,290	238,157	0	17,406	3,584,981
1998 (3)	3,419,369	0	0	293,400	0	56,439	3,769,208
1999 (3)	3,193,204	0	53,525	170,291	0	62,902	3,479,922
2000 (3)	3,311,880	0	63,433	370,187	1,572	2,837	3,749,909
2001 (3)	3,034,008	0	64,737	325,036	0	433	3,424,214

SOURCE: Finance Office, Tri-Cities

(1) Tri-Cities reported on a cash basis in 1996 and 1997.

(2) Financial information for 1996, reflects partial year activity. Tri-Cities did not exist prior to June, 1996.

(3) Tri-Cities reported on a GAAP basis in 1998, 1999, 2000, and 2001.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
OWDA LOAN PAYABLE COVERAGE
LAST FIVE YEARS (1)

YEAR	GROSS REVENUES (2)	OPERATING EXPENSES (3)	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS			COVERAGE
				PRINCIPAL	INTEREST	TOTAL	
1997	\$3,346,824	\$1,897,199	\$1,449,625	\$551,397	\$716,516	\$1,267,913	1.14
1998	3,475,808	1,937,507	1,538,301	605,564	662,349	1,267,913	1.21
1999	3,309,631	1,927,298	1,382,333	665,069	602,844	1,267,913	1.09
2000	3,378,150	1,872,564	1,505,586	730,450	501,608	1,232,058	1.22
2001	3,099,178	1,674,319	1,424,859	830,406	510,650	1,341,056	1.06

Source: Tri-Cities financial records

(1) The debt expenses for 1996 were paid prior to Tri-Cities being organized.

(2) Gross revenues exclusive of interest income and gain on sale of fixed assets.

(3) Total operating expenses exclusive of depreciation.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
DEMOGRAPHIC STATISTICS
LAST SIX YEARS

<u>YEAR</u>	<u>POPULATION VANDALIA</u>	<u>POPULATION HUBER HEIGHTS</u>	<u>POPULATION TIPP CITY</u>
1996 (2)	13,790	38,939	6,411
1997 (2)	13,790	38,939	6,411
1998 (2)	13,790	38,939	6,411
1999 (2)	13,790	38,939	6,411
2000 (1)	14,603	38,686	9,221
2001 (1)	14,603	38,686	9,221

SOURCE: (1) 2000 Census
(2) 1990 Census

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
SCHEDULE OF PARTICIPATING CITIES' EQUITY INTEREST
LAST FIVE YEARS (1)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Vandalia	28.24%	28.64%	27.95%	27.09%	27.06%
Tipp City	19.66	18.89	17.72	17.12	17.84
Huber Heights	<u>52.10</u>	<u>52.47</u>	<u>54.33</u>	<u>55.79</u>	<u>55.10</u>
Total	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>	<u><u>100.00%</u></u>

(1) 1996 information was not available.

TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY
MONTGOMERY COUNTY, OHIO
MISCELLANEOUS STATISTICS
DECEMBER 31, 2001

Year of Incorporation	1996
Form of Government	Joint Venture
Number of Full Time Employees	1
Miles of Sewer Line	10
Number of Manholes	112
Number of Siphons	1
Number of Pump Stations	1
Number of Booster Stations	1

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STATE OF OHIO
OFFICE OF THE AUDITOR

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TRI-CITIES NORTH REGIONAL WASTEWATER AUTHORITY

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2002**