



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year ended December 31, 2008

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Mary Taylor, CPA  
Auditor of State

Board of Trustees  
Solid Waste Authority of Central Ohio  
4239 London-Groveport Road  
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period January 1, 2008 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Solid Waste Authority of Central Ohio is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 22, 2009

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# **Comprehensive Annual Financial Report**

**of the**

## **Solid Waste Authority of Central Ohio**

**for the**

**Fiscal Year ended December 31, 2008**

Issued by the Solid Waste Authority of Central Ohio

Ronald J. Mills

Executive Director

Jeffrey M. Cahill

Assistant Executive Director

Prepared by the Department of Finance

G. Paul Koehler, CPA

Chief Financial Officer

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————— *SWACO* —————

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2008**

**Table of Contents**

**INTRODUCTORY SECTION**

|                                 |     |
|---------------------------------|-----|
| Transmittal Letter .....        | 1-1 |
| Principal Officials .....       | 1-7 |
| Table of Organization .....     | 1-8 |
| SWACO District Boundaries ..... | 1-9 |

**FINANCIAL SECTION**

|   |      |
|---|------|
| Independent Auditors' Report .....  | 2-1  |
| Management's Discussion and Analysis .....  | 2-3  |
| Statement of Net Assets-Proprietary Funds .....   | 2-13 |
| Statement of Revenues, Expenses and Changes in Fund<br>Net Assets - Proprietary Funds .....                                     | 2-15 |
| Statement of Cash Flows-Proprietary Funds .....   | 2-16 |
| Notes to Financial Statements   |      |
| 1. Organization .....   | 2-18 |
| 2. Summary of Significant Accounting Policies .....   | 2-19 |
| 3. Change in Accounting Estimate .....  | 2-22 |
| 4. Cash and Investments .....   | 2-23 |
| 5. Restricted Assets .....  | 2-26 |
| 6. Closure/Postclosure Funds Held by Trustee .....  | 2-26 |
| 7. Capital Assets .....   | 2-27 |
| 8. Capital Lease Receivable .....   | 2-29 |
| 9. Retirement Commitments .....   | 2-29 |
| 10. Construction Commitments .....  | 2-31 |
| 11. Debt Management .....   | 2-31 |
| 12. Capital Lease Obligation .....  | 2-36 |
| 13. Landfill Closure and Postclosure Care Costs .....   | 2-38 |
| 14. Service Agreements .....  | 2-39 |
| 15. Commitments and Contingencies .....   | 2-39 |
| 16. Risks and Uncertainties .....   | 2-40 |
| 17. Subsequent Events .....   | 2-41 |
| Supplemental Schedule – Operating Fund Statement of<br>Net Assets-Proprietary Fund .....  | 2-42 |
| Supplemental Schedule – Operating Fund Statement of Revenues,<br>Expenses and Changes in Fund Net Assets-Proprietary Fund ..... | 2-44 |

## Table of Contents (continued)

### FINANCIAL SECTION (continued)

|  |      |
|--|------|
| Supplemental Schedule – Operating Fund Statement of Cash<br>Flows-Proprietary Fund ..... | 2-45 |
|--|------|

### STATISTICAL SECTION

|   |      |
|---|------|
| Schedules of Net Assets - All Funds, For Years Ended<br>December 31, 1999 through 2008.....   | 3-2  |
| Schedules of Revenues, Expenses, and Changes in Fund Net Assets -<br>All Funds, For Years Ended December 31, 1999 through 2008..... | 3-4  |
| Schedules of Revenues, Expenses and Changes in Fund Net Assets<br>2008 Budget to Actual (in thousands) .....                        | 3-6  |
| Solid Waste Received and Landfilled 1999 – 2008 (in tons) .....   | 3-8  |
| Top Ten Customers 1999 – 2008 (tons received).....  | 3-9  |
| Disposal Rates 1991 - 2009 .....  | 3-11 |
| Franklin County Sanitary Landfill Airspace Capacity<br>Constructed, Permitted and Used 1999-2008 (Cubic Yards) .....                | 3-12 |
| Generation Fee Tonnage Reported 1999 - 2008 .....   | 3-14 |
| SWACO Program Activity – Tons Collected 1999 – 2008.....  | 3-16 |
| Household Hazardous Waste Collection 1999 – 2008 (in pounds).....   | 3-17 |
| Number of Employees by Function .....   | 3-18 |
| Series 2004A Facility Acquisition Bonds.....  | 3-19 |
| Series 2004B Solid Waste Facility Improvements Bonds .....  | 3-20 |
| Series 2005 Refunding Bonds.....  | 3-21 |
| Series 2005 Landfill Equipment Bonds .....  | 3-22 |
| Series 2007 Variable Rate Taxable Notes .....   | 3-22 |
| Series 2008 Solid Waste Facility Improvements Bonds.....  | 3-23 |
| Waste-to-Energy Facility Lease Payment Schedule (in thousands).....   | 3-24 |
| Total and General Obligation Debt Ratios 1999 – 2008 .....  | 3-26 |
| Indirect Debt and Property Tax Limitations, November 20, 2008 .....   | 3-27 |
| Ten Largest Employers 2008 and 1999<br>Franklin County, Ohio .....  | 3-28 |
| District and Franklin County Demographic Statistics 1999 - 2008.....  | 3-29 |
| Average Unemployment Rates 1999 – 2008 .....  | 3-30 |
| Capital Assets as of December 31, 2008 .....  | 3-31 |

### COMPLIANCE SECTION

|  |     |
|--|-----|
| Independent Auditor’s Report on Internal Control Over Financial<br>Reporting and on Compliance and Other Matters Based on an<br>Audit of Financial Statements Performed in Accordance with<br><i>Government Auditing Standards</i> ..... | 4-1 |
|--|-----|



# **INTRODUCTORY SECTION**



July 31, 2009

To the Board of Trustees, residents and businesses of the Solid Waste Authority of Central Ohio (“SWACO”):

We are pleased to present SWACO’s Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended December 31, 2008 to the SWACO Board of Trustees and those living and doing business within the jurisdiction of SWACO.

By statute, SWACO is required to publish and file with the Auditor of State a complete set of audited financial statements within six months of the close of each fiscal year, unless an extension is authorized. SWACO received an extension from the Auditor of State and this report is published to fulfill the filing requirement for 2008.

The management of SWACO assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls it has established for this purpose. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, but not absolute, assurance that the financial statements are free of material misstatements.

Schneider Downs & Co., Inc., Certified Public Accountants, have issued an unqualified opinion on SWACO’s financial statements for the year ended December 31, 2008. The independent auditors’ report is located at the beginning of the Financial Section of the report, Section 2.

The Management Discussion and Analysis (“MD&A”) immediately follows the independent auditors’ report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of SWACO**

A political subdivision of the State of Ohio, SWACO is one of 52 single and multi-county solid waste management districts established under Ohio’s solid waste management program. The primary goal of the State’s solid waste management program is reducing reliance on landfills for solid waste disposal in Ohio. As a solid waste district, SWACO is responsible for preparing, updating and implementing a comprehensive solid waste management plan for the Franklin County Solid Waste Management District (the “District”).

In addition to providing solid waste planning for the District, SWACO operates a sanitary landfill with a maximum daily capacity of 4,000 tons, three waste transfer stations with a combined capacity of approximately 3,000 tons per day, and various recycling and waste reduction programs.

SWACO is governed by a nine-member Board of Trustees. The Board of Trustees appoints SWACO's Executive Director, who serves as SWACO's Chief Executive Officer, and the Assistant Executive Director. The Executive Director is the appointing authority for SWACO's other employees, including the Chief Financial Officer who also serves as Secretary/Treasurer to the Board.

SWACO's mission is to manage the District municipal solid waste stream to achieve environmentally responsible and cost-effective disposal, treat solid waste as a resource capable of yielding recovered materials and energy, reduce reliance on landfilling, and plan future disposal capacity for the District.

### History of SWACO

SWACO was established in 1989 and its first two years were devoted to developing the initial solid waste management plan for the District. In 1991, SWACO purchased the 3,333 ton-per-day Franklin County Sanitary Landfill from the County Commissioners and, in 1993, added a 90-megawatt, 2,000-ton per day resource recovery facility (the "Waste-To-Energy Facility" or "WTEF") and two solid waste transfer facilities through a long-term lease with the City of Columbus (the "City"). SWACO also acquired the County's closed landfill (the "Model Landfill") as part of the acquisition of the operating landfill.

SWACO closed all but the waste receiving portion of the WTEF at the end of 1994 because of its inability to generate revenues sufficient to operate the facility and pay the lease obligation to the City. SWACO converted the waste receiving portion of the facility to a solid waste transfer station and negotiated revised lease terms with the City. Pursuant to the modified lease, SWACO implemented new fees in 1999 applied to all solid waste generated within SWACO's jurisdiction and dedicated to the payment of the lease (see Note 12). In 2005, SWACO demolished the waste incineration portions of the facility, retaining the transfer station and certain buildings and structures that SWACO used for recycling activities. A fire destroyed the last remaining structures at the site of the former incinerator in 2008, leaving only the transfer station.

With closure of the WTEF in 1994 and the resulting loss of disposal capacity, SWACO began the process of obtaining a permit from the Ohio Environmental Protection Agency (OEPA) to expand the landfill to meet the additional disposal requirement of the District. In 1997, the permit was approved adding 49 million cubic yards to the landfill, sufficient capacity to meet SWACO's disposal requirements for at least 25 years and increasing the daily capacity to 6,000 tons. A further modification to the permit, approved in 2009, added 2.6 million cubic yards to the landfill's capacity.

## The Solid Waste Plan

SWACO's Solid Waste Plan was originally adopted in 1993. The plan is subject to periodic updates and in 2005 the Ohio Environmental Protection Agency (the OEPA) approved the most recent update. The updated plan, which runs through 2019, had previously been approved by SWACO's member political subdivisions.

## Budgetary Control

The Board of Trustees adopts annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (Salaries, Wages and Benefits; Contracts, Services and Supplies; Capital Outlays; etc.). Although there is no legal requirement for external reporting of budgetary basis financial data, the Statistical Section provides a budget to actual comparison for the year ending December 31, 2008.

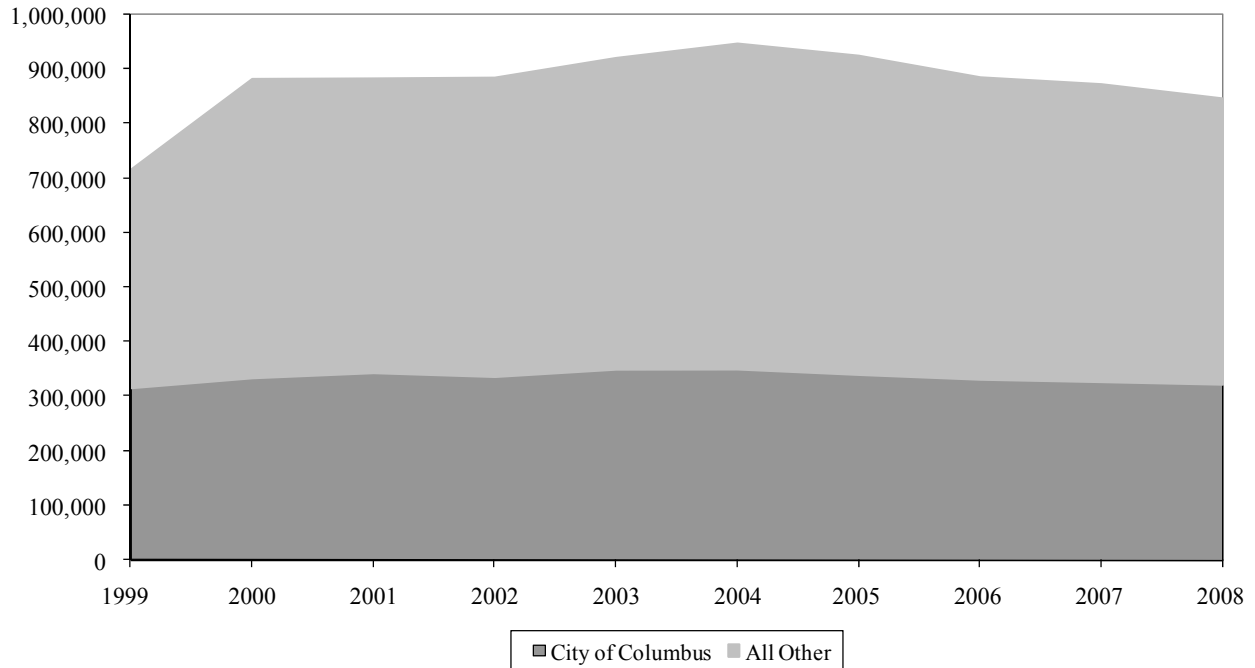
## **Local Economy and Economic Outlook**

SWACO is located principally within Franklin County, with the City of Columbus as the largest city within the District. Prior to 2001, both the County and the City enjoyed healthy economies characterized by low unemployment, an increasing tax base, and strong economic development. In recent years, the state and local economies have shown slower growth including higher unemployment and lower income and sales tax collections. None the less, both the City and the County maintain triple-A ratings on their long-term debt from the major rating agencies.

SWACO, too, has seen the impact of the weakened economy. Solid waste receipts have declined for the third consecutive year, and overall District waste generation has also declined. SWACO completed 2008 without a tipping fee increase, but adopted a \$2.00 per ton District-wide fee increase effective January 1, 2009. Further rate increases for 2010 and beyond are being considered.

The introduction in 1999 of fees assessed on all solid waste generated from within the District and dedicated to the payment of the WTEF lease (the Waiver Fee and Retired Facility Fee, Note 12) has contributed greatly to a more stable outlook for the future of SWACO. As a result of a modification to the lease and implementation of the new fees, the City reduced the lease obligation by 35 percent. This, combined with the payments made by SWACO from the revenues generated from the new fees, has allowed SWACO to make significant reductions in the lease obligation and related debt. This is discussed in more detail in the MD&A on page 2-5 (Financial Position of SWACO).

### SWACO Solid Waste Receipts 1999 - 2008



### Long-Term Financial Planning and Major Initiatives

SWACO adopts annual operating and capital budgets with additional pro forma projections to extend the planning horizon to five years. Over the next twenty years, SWACO will be embarking on an extensive capital improvements program as it completes construction of the remaining four phases of the landfill (the first was completed in 2005 and the second in 2009) and plans for its eventual closure and replacement. To meet the long-term need for disposal capacity, SWACO is studying upgrading or replacing its existing transfer stations and constructing additional stations to expand transfer capacity. SWACO is also investigating the construction of facilities designed to reduce the volume of waste being disposed in the landfill. The challenge for SWACO will be financing these capital improvements while maintaining rates that remain acceptable to SWACO's customers and competitive in the central Ohio market.

As part of its capital improvements program, SWACO issued nearly \$20.0 million in General Obligation bonds in 2008. SWACO requested long term debt ratings on the issue from Standard and Poor's and Moody's Investors Service and received ratings upgrades from both agencies. Standard and Poor's upgraded SWACO to AAA, from AA+, and Moody's upgraded SWACO to Aa1, from Aa2.

## **Awards and Acknowledgements**

### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SWACO for its comprehensive annual financial report for the fiscal year ended December 31, 2007. This was the eleventh consecutive year SWACO has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### Acknowledgements

The Executive Director wishes to thank the employees of SWACO for their dedication and hard work. On behalf of the citizens and staff of SWACO, the Executive Director also acknowledges the support and efforts of the Board of Trustees. These Board members, who serve without compensation, have provided valuable expertise and guidance to SWACO and staff, as well as a significant time commitment, helping SWACO to achieve its goals.

Sincerely,



Ronald J. Mills,  
Executive Director



G. Paul Koehler, CPA  
Chief Financial Officer

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## Solid Waste Authority of Central Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2007

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



A handwritten signature in black ink, appearing to read "M. L. R. T.", positioned above the title "President".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer", positioned above the title "Executive Director".

Executive Director

## Principal Officials

### Board of Trustees *(Appointed by or Representing)*

Bradley N. Frick, Chairman  
*Designee of the Franklin County  
Health Commissioner*

David J. Bush, Vice Chairman  
*Appointed by the Mayor of the City of  
Columbus*

Colleen H. Briscoe  
*Appointed by the Board of Trustees  
representing the general public*

Paula Brooks  
*President of the Franklin County Board  
of Commissioners*

Robert J. Clemons  
*Appointed by the Board of Trustees  
representing industrial, commercial  
or institutional waste generators*

Mark Kelsey  
*Designee of the Mayor of the City of  
Columbus*

Jacqueline E. LaMuth  
*Appointed by the Board of Trustees  
representing the general interest of citizens*

William Lotz, Sr.  
*Appointed by a majority of the Boards of  
Township Trustees in Franklin County*

Steven P. Shepard  
*Appointed by the Franklin County Board  
of Commissioners*

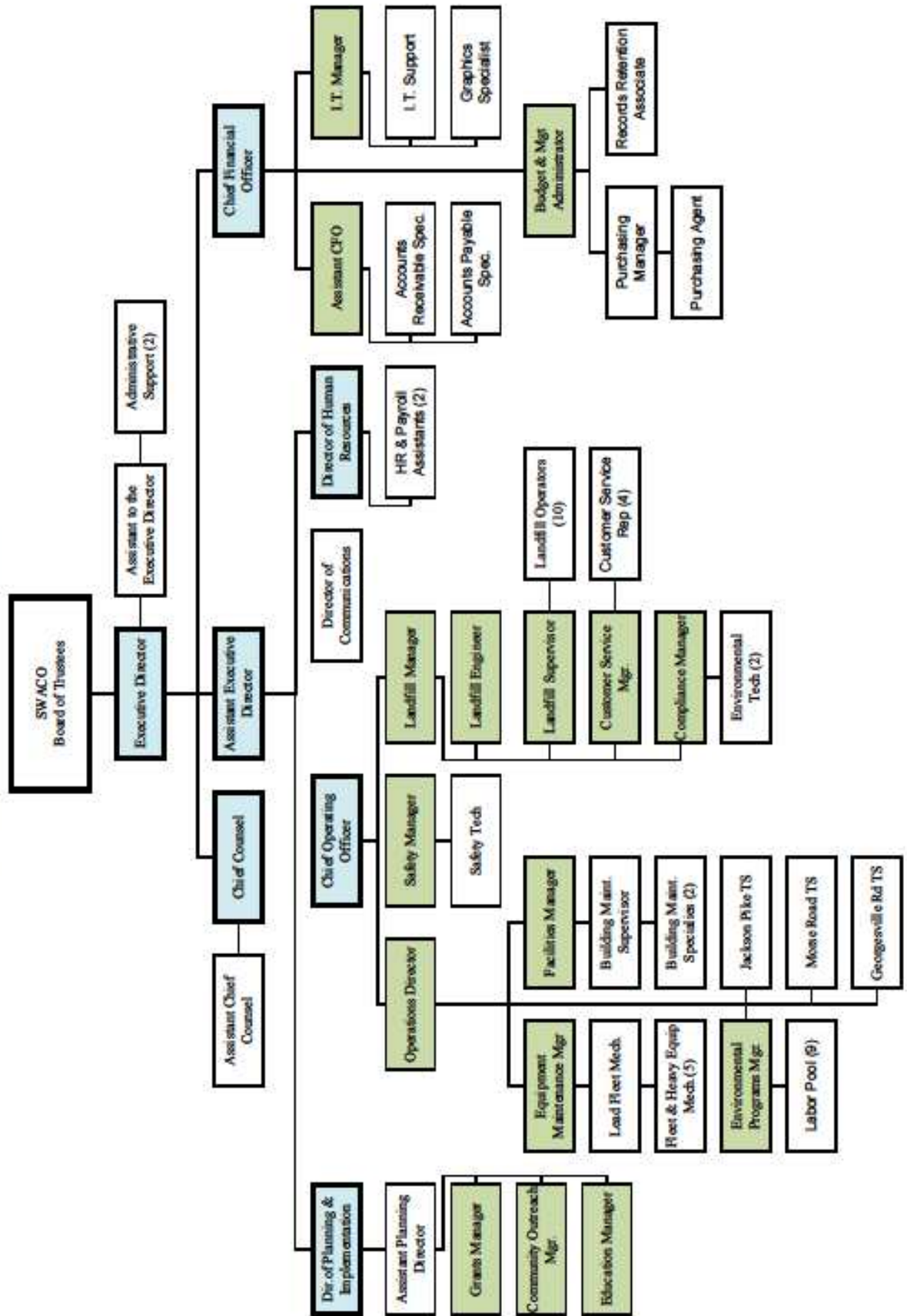
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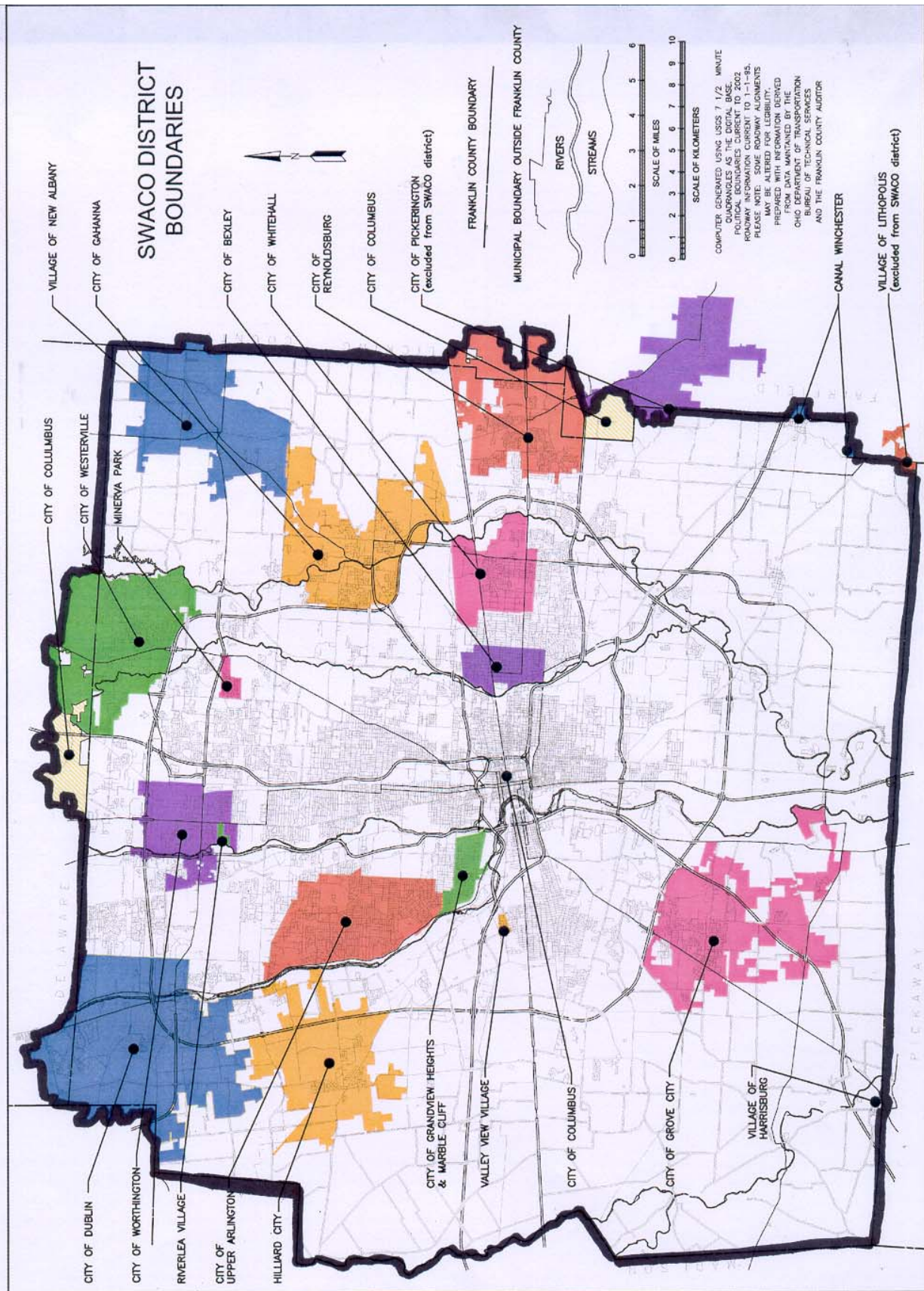
### Staff

Ronald J. Mills, Executive Director  
Jeffrey M. Cahill, Assistant Executive Director  
G. Paul Koehler, Chief Financial Officer  
Harold J. Anderson III, Chief Legal Counsel  
Rick A. Dodge, Chief Operating Officer  
Patrick O'Block, Budget and Management Administrator



# SWACO Table of Organization





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# **FINANCIAL SECTION**



INSIGHT ■ INNOVATION ■ EXPERIENCE

## INDEPENDENT AUDITOR'S REPORT

Solid Waste Authority of Central Ohio  
Franklin County  
4239 London-Groveport Rd.  
Grove City, OH 43123

To the Audit and Finance Committee and the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio (SWACO), as of and for the year ended December 31, 2008, which collectively comprise SWACO's basic financial statements as listed in the table of contents. These financial statements are the responsibility of SWACO's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year summarized comparative information has been derived from SWACO's 2007 financial statements. We did not audit the financial statements of SWACO as of and for the year ended December 31, 2007. Those statements were audited by other auditors whose report dated June 20, 2008, expressed an unqualified opinion on those statements.

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 financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, as of December 31, 2008, and the respective changes in financial position and cash flows thereof 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 July 31, 2009, on our consideration of SWACO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Schneider Downs & Co., Inc.  
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Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SWACO's basic financial statements. The introductory section, supplemental schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

SCHNEIDER DOWNS : CO., INC.

Columbus, Ohio  
July 31, 2009

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the Solid Waste Authority of Central Ohio (SWACO) and provides an introduction to SWACO's financial statements for the fiscal year ended December 31, 2008. The information contained in this MD&A should be considered in conjunction with information presented in the letter of transmittal, beginning on page 1-1, and SWACO's financial statements and corresponding notes to the financial statements, which follow this section.

#### Overview Of The Financial Statements

SWACO's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America and promulgated by the Governmental Accounting Standard Board (GASB). The financial information of SWACO is accounted for in two enterprise funds in order to reflect limitations and restrictions placed on the use of available resources. The *Operating Fund* is used primarily to account for revenues and expenses related to the operation of SWACO's sanitary landfill and solid waste transfer facilities. Except for certain fees restricted to the payment of a capital lease obligation and related bonds, the fund may be used for any other lawful solid waste management purpose deemed appropriate by the Board of Trustees. Moneys in the *Program Fund* are restricted by state statute to certain solid waste reduction, recycling and reuse purposes.

Following this MD&A are the basic financial statements of SWACO together with notes, which are essential to a full understanding of the data contained in the financial statements. Included in the financial statements for SWACO are the following:

- Statement of Net Assets – This statement presents information on all of SWACO's assets and liabilities, with the difference between the two reported as net assets.
- Statement of Revenues, Expenses and Changes in Fund Net Assets - This statement includes all operating and nonoperating revenues and expenses for SWACO and shows the change in SWACO's net assets during the most recent year.
- Statement of Cash Flows – This statement reports cash and cash equivalent activities for the year resulting from operating, capital and related financial activities. A reconciliation of operating income with net cash provided by operating activities is provided.

#### Financial Highlights

Significant financial developments in 2008 include:

- SWACO applied for a modification to the landfill permit that will add approximately 2.6 million cubic yards to the landfill capacity.
- As a result of the modification to the permit (approved in 2009), SWACO re-evaluated landfill development and closure costs and reported a Change in Accounting Estimate (Note 3) that resulted in a \$6.6 million increase in SWACO net assets.
- SWACO issued \$19,975,000 in general obligation bonds in 2008 to refund \$16 million in notes outstanding at the end of 2007 and to continue SWACO's capital improvements program. This was completed late in 2008, in spite of turmoil and uncertainty in the municipal credit markets, and credit markets in general.
- Associated with the 2008 bond issue, SWACO received bond ratings upgrades from both of the rating agencies that maintain ratings on SWACO's long term debt, including a AAA rating from

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

Standard and Poor's (increased from AA+) and a Aa1 rating from Moody's Investors Service (increased from Aa2).

- SWACO continued to make progress in reducing its deficit related to its acquisition of the former City of Columbus solid waste incinerator (the "WTEF"). SWACO made supplemental lease payments to the City of approximately \$6.1 million during 2008.
- SWACO completed 2008 without a tipping fee increase. During the year, however, SWACO completed public hearings and community meetings on a 2009 rate increase and the Board of Trustees adopted a \$2.00 rate increase effective January 1, 2009.

SWACO's financial position improved by \$9.1 million in 2008 (all funds combined) and SWACO's net asset deficit fell to \$29.1 million at the end of 2008 compared to a beginning deficit of \$38.2 million. This reflects the continued progress SWACO is making in reducing the deficit related to the closed WTEF (see *Financial Position of SWACO*, below) as well as the change in accounting estimate related to landfill depletion and closure expenses (see Note 3).

| <b>Net Assets</b>   |                        |                       |                                |
|---|------------------------|-----------------------|--------------------------------|
| <b>Operating and Program Funds Combined</b>                                   |                        |                       |                                |
|   | <b>2007</b>            | <b>2008</b>           | <b>Increase<br/>(decrease)</b> |
| <b>Assets</b>   |                        |                       |                                |
| Current and other assets  | \$ 12,582,807          | \$ 10,614,090         | \$ (1,968,717)                 |
| Restricted cash and investments   | 15,177,101             | 6,276,731             | (8,900,370)                    |
| Closure/postclosure funds held by trustee                                     | 21,104,036             | 23,035,444            | 1,931,408                      |
| Capital assets  | 58,719,696             | 53,071,663            | (5,648,033)                    |
| Capital lease receivable (less current portion)                               | 4,900,000              | 4,708,000             | (192,000)                      |
| <b>Total assets</b>   | <b>112,483,640</b>     | <b>97,705,928</b>     | <b>(14,777,712)</b>            |
| <b>Liabilities</b>  |                        |                       |                                |
| Current liabilities   | 38,088,609             | 14,443,268            | (23,645,341)                   |
| Bonds payable, less current portion, net                                      | 86,962,279             | 98,366,447            | 11,404,168                     |
| Capital lease obligation, less current portion                                | 5,875,489              | 3,924,995             | (1,950,494)                    |
| Landfill closure/postclosure liability, non current                           | 19,753,319             | 10,075,402            | (9,677,917)                    |
| <b>Total Liabilities</b>  | <b>150,679,696</b>     | <b>126,810,112</b>    | <b>(23,869,584)</b>            |
| <b>Net Assets</b>   |                        |                       |                                |
| Invested in capital assets, net of related debt:                              |                        |                       |                                |
| Lease obligation and bonds payable related to closed waste-to-energy facility | (61,014,426)           | (49,595,116)          | 11,419,310                     |
| Other capital assets, net   | 6,679,674              | (1,054,194)           | (7,733,868)                    |
| Restricted:   |                        |                       |                                |
| Landfill closure/postclosure trust fund, net of accrued liability             | 2,325,036              | 13,886,444            | 11,561,408                     |
| Other restricted, net   | 8,251,762              | 1,184,338             | (7,067,424)                    |
| Unrestricted  | 5,561,898              | 6,474,344             | 912,446                        |
| <b>Total net assets</b>   | <b>\$ (38,196,056)</b> | <b>\$(29,104,184)</b> | <b>\$ 9,091,872</b>            |



## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

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SWACO's total revenues, expenses and changes in fund net assets are summarized in the following table:

|                              | <b>Revenues, Expenses, and Changes in Fund Net Assets<br/>Operating and Program Funds Combined</b> |                 |                                |
|------------------------------|--|-----------------|--------------------------------|
|                              | <b>2007</b>  | <b>2008</b>     | <b>Increase<br/>(decrease)</b> |
| Revenues                     |  |                 |                                |
| Operating revenues           | \$ 37,467,217  | \$ 36,822,398   | \$ (644,819)                   |
| Non-operating revenues       | 4,918,954  | 2,423,828       | (2,495,126)                    |
| Total Revenues               | 42,386,171   | 39,246,226      | ( 3,139,945)                   |
| Expenses                     |  |                 |                                |
| Operating expenses           | 28,100,875   | 24,318,080      | (3,782,795)                    |
| Non-operating expenses       | 5,709,293  | 5,836,274       | 126,981                        |
| Total Expenses               | 33,810,168   | 30,154,354      | (3,655,814)                    |
| Change in net assets         | 8,576,003  | 9,091,872       | 515,869                        |
| Total net assets – beginning | (46,772,059)   | (38,196,056)    | 8,576,003                      |
| Total net assets – ending    | \$ (38,196,056)  | \$ (29,104,184) | \$ 9,091,872                   |

#### Financial Position of SWACO

As shown in the above table, SWACO ended 2008 with a combined deficit of \$29.1 million. On the surface, this large deficit may raise questions regarding SWACO's financial stability. All of the deficit can be attributed to the acquisition in 1993 of the former City of Columbus, Ohio (the "City") waste-to-energy facility ("WTEF") and the closure of the facility in 1994 and subsequent write-down and demolition of the facility. In 1998, the deficit on the facility reached a peak of \$167.8 million and there was a danger SWACO would default on its lease obligation to the City. However, modifications to the lease in 1998 and 2004 allowed SWACO to put in place a means to fully retire the outstanding debt on the facility and have essentially eliminated the risk of default under the lease if SWACO's revenues are not sufficient to pay the lease.

The modified lease included a thirty-five percent reduction in the lease and the deferral, with interest, of amounts due but not paid by SWACO in accordance with the modified lease payment schedule. Pursuant to the 1998 modification, SWACO enacted new fees in 1999 dedicated to the payment of the lease obligation and began steadily paying down the lease. In accordance with a further modification to the lease in 2004, and using the dedicated lease payment revenues as a source of debt service, SWACO issued \$57.2 million in bonds in 2004 to pay off the deferred lease balance that had accumulated since closure of the plant. By the end of 2008 SWACO had reduced the deficit to \$49.0 million as shown in the following table. Note 12 provides additional information on the WTEF and WTEF lease.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

|      | <b>Discontinued Operations Total Net Assets (in thousands)</b> |                          |                  |                                      |                     |
|------|--|--------------------------|------------------|--------------------------------------|---------------------|
|      | Carrying value<br>of Waste-to-<br>Energy Facility              | WTEF lease<br>obligation | Bonds<br>Payable | Other<br>Assets and<br>(Liabilities) | Total Net<br>Assets |
| 1993 | \$162,105  | \$173,253                | \$ -             | \$ -                                 | (\$11,148)          |
| 1994 | 36,594   | 165,372                  | -                | (2,565)                              | (131,343)           |
| 1995 | 36,594   | 165,372                  | -                | (3,565)                              | (132,343)           |
| 1996 | 36,594   | 165,372                  | -                | (4,097)                              | (132,875)           |
| 1997 | 6,500  | 165,372                  | -                | (8,361)                              | (167,233)           |
| 1998 | 6,433  | 158,135                  | -                | (16,068)                             | (167,770)           |
| 1999 | 6,381  | 140,275                  | -                | (4,150)                              | (138,044)           |
| 2000 | 6,338  | 136,553                  | -                | (113)                                | (130,328)           |
| 2001 | 4,605  | 126,879                  | -                | (1,734)                              | (124,008)           |
| 2002 | 1,976  | 119,480                  | -                | (981)                                | (118,485)           |
| 2003 | 1,976  | 108,711                  | -                | (964)                                | (107,699)           |
| 2004 | 1,121  | 28,751                   | 56,379           | 4,837                                | (79,172)            |
| 2005 | -  | 27,356                   | 53,230           | 15,405                               | (65,181)            |
| 2006 | -  | 15,817                   | 50,029           | 5,986                                | (59,860)            |
| 2007 | -  | 14,269                   | 46,745           | 6,520                                | (54,494)            |
| 2008 | -  | 6,225                    | 43,370           | 556                                  | (49,039)            |

#### Operating Fund Net Assets

A comparison of Operating Fund net assets as of the end of 2007 and 2008 is shown in the table on the following page. Total assets decreased by \$14.5 million in 2008 compared to 2007. Of the total decrease, there was an approximately \$8.7 million reduction in restricted cash and investments primarily due to supplemental lease payments made to the City of Columbus from restricted cash and investments. Capital assets were reduced by approximately \$5.5 million primarily due to a change in estimate related to landfill depletion, which is described in more detail in Note 3. Current liabilities decreased by approximately \$24.2 million, attributable to the refunding, with bonds, of \$16.0 million in bond anticipation notes outstanding at the end of 2007, and the supplemental lease payment to the City of Columbus. The landfill closure/postclosure liability decreased approximately \$9.7 million due to the change in accounting estimate discussed in note 3.

Excluding the bonds payable and lease related to the WTEF, SWACO's capital assets net of related debt at the end of 2008 are reported at a negative balance of \$1.9 million, a reduction of approximately \$7.6 million from 2007. A significant portion of the decrease (\$4.3 million) is attributable to the change in accounting estimate related to the calculation of landfill depletion (Note 3).

Restricted net assets in the Operating Fund include funds held by a trustee for closure of the Sanitary Landfill net of the accrued liability for closure and postclosure care of the landfill. SWACO established the trust fund to meet Ohio EPA requirements that landfill owners provide assurance that the owner has the necessary financial resources to provide for the ultimate closure and ongoing care of the landfill (see Note 6). As of the end of 2008, the trust fund balance of \$23.0 million exceeded the accrued Sanitary Landfill closure/postclosure liability by approximately \$13.9 million, an increase of \$11.5 million compared to 2007 primarily due to the change in accounting estimate related to landfill closure costs discussed in note 3.

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

| <b>Operating Fund Net Assets</b>   |                        |                        |                                |
|--|------------------------|------------------------|--------------------------------|
|  | <u>2007</u>            | <u>2008</u>            | <u>Increase<br/>(decrease)</u> |
| <b>Assets</b>  |                        |                        |                                |
| Current and other assets   | \$ 12,137,881          | \$ 9,925,479           | \$ (2,212,402)                 |
| Restricted cash and investments  | 13,753,152             | 5,007,425              | (8,745,727)                    |
| Closure/postclosure funds held by trustee  | 21,104,036             | 23,035,444             | 1,931,408                      |
| Capital assets   | <u>57,728,234</u>      | <u>52,221,680</u>      | <u>(5,506,554)</u>             |
| <b>Total assets</b>  | <u>104,723,303</u>     | <u>90,190,028</u>      | <u>(14,533,275)</u>            |
| <b>Liabilities</b>   |                        |                        |                                |
| Current liabilities  | 37,363,476             | 13,113,964             | (24,249,512)                   |
| Bonds payable, less current portion, net   | 82,084,279             | 93,658,447             | 11,574,168                     |
| Capital lease obligation, less current portion                                   | 5,875,489              | 3,924,995              | (1,950,494)                    |
| Landfill closure/postclosure liability, non current                              | <u>19,753,319</u>      | <u>10,075,402</u>      | <u>(9,677,917)</u>             |
| <b>Total liabilities</b>   | <u>145,076,563</u>     | <u>120,772,808</u>     | <u>(24,303,755)</u>            |
| <b>Net Assets</b>  |                        |                        |                                |
| Invested in capital assets, net of related debt:                                 |                        |                        |                                |
| Lease obligation and bonds payable related to<br>closed waste-to-energy facility | (61,014,426)           | (49,595,116)           | 11,419,310                     |
| Other capital assets, net  | 5,688,212              | (1,904,177)            | (7,592,389)                    |
| Restricted:  |                        |                        |                                |
| Landfill closure/postclosure trust fund, net of<br>accrued liability             | 2,325,036              | 13,886,444             | 11,561,408                     |
| Restricted investments   | 5,299,900              | -                      | (5,299,900)                    |
| Other restricted, net  | 1,786,120              | 555,725                | (1,230,395)                    |
| Unrestricted   | <u>5,561,898</u>       | <u>6,474,344</u>       | <u>912,446</u>                 |
| <b>Total net assets</b>  | <u>\$ (40,353,260)</u> | <u>\$ (30,582,780)</u> | <u>\$ 9,770,480</u>            |

SWACO previously maintained a \$5.3 million debt service reserve account categorized as restricted investments. In 2008 SWACO replaced the reserve account with a surety bond and used the investments to make a supplemental lease payment to the City of Columbus (see Note 12). Other restricted assets at the end of 2008 of approximately \$555,000 includes cash restricted for the payment of debt service. Unrestricted net assets in the Operating Fund increased by approximately \$912,000 during 2008 ending at approximately \$6.4 million as of December 31, 2008.

### Operating Fund Revenues, Expenses and Changes in Fund Net Assets

The following table compares 2007 and 2008 revenues, expenses and changes in fund net assets in the Operating Fund.

**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2008  
(unaudited)****Operating Fund Revenues, Expenses, and Changes in Fund Net Assets**

|                                     | <u>2007</u>            | <u>2008</u>            | <u>Increase<br/>(decrease)</u> |
|-------------------------------------|------------------------|------------------------|--------------------------------|
| Operating Revenues:                 |                        |                        |                                |
| Tipping and disposal fees           | \$ 18,870,699          | \$ 18,345,327          | \$ (525,372)                   |
| Waste transfer fees                 | 4,336,118              | 4,537,544              | 201,426                        |
| Retired Facility and waiver fees    | 7,892,268              | 7,613,718              | (278,550)                      |
| Other                               | 291,658                | 222,932                | (68,726)                       |
|                                     | <u>31,390,743</u>      | <u>30,719,521</u>      | <u>(671,222)</u>               |
| Operating Expenses:                 |                        |                        |                                |
| Salaries, wages and benefits        | 6,024,800              | 7,937,207              | 1,912,407                      |
| Contract, services and supplies     | 6,976,108              | 6,656,262              | (319,846)                      |
| Solid waste fees                    | 3,236,533              | 3,122,177              | (114,356)                      |
| Depreciation                        | 3,007,270              | 2,937,455              | (69,815)                       |
| Landfill depletion                  | 2,501,600              | 7,255,277              | 4,753,677                      |
| Landfill Closing Costs              | 1,276,000              | (9,630,000)            | (10,906,000)                   |
| Interfund transfers                 | (693,678)              | (334,373)              | 359,305                        |
|                                     | <u>22,328,633</u>      | <u>17,944,005</u>      | <u>(4,384,628)</u>             |
| Operating income                    | <u>9,062,110</u>       | <u>12,775,516</u>      | <u>3,713,406</u>               |
| Nonoperating Revenues (Expenses)    |                        |                        |                                |
| Interest expense                    | (5,115,900)            | (4,858,143)            | 257,757                        |
| Interest earnings                   | 2,679,886              | 2,470,988              | (208,898)                      |
| Grant revenues                      | 2,047,100              | 289,327                | (1,757,773)                    |
| Loss on federal grant               | -                      | (480,000)              | (480,000)                      |
| Gain (loss) on disposal of assets   | 47,232                 | (44,903)               | (92,135)                       |
| Fire loss net of insurance proceeds | -                      | (382,305)              | (382,305)                      |
|                                     | <u>(341,682)</u>       | <u>(3,005,036)</u>     | <u>(2,663,354)</u>             |
| Change in net assets                | 8,720,428              | 9,770,480              | 1,050,052                      |
| Total net assets – beginning        | <u>(49,073,688)</u>    | <u>(40,353,260)</u>    | <u>8,720,428</u>               |
| Total net assets – ending           | <u>\$ (40,353,260)</u> | <u>\$ (30,582,780)</u> | <u>\$ 9,770,480</u>            |

Solid waste deliveries to SWACO's facilities during 2008 were approximately 845,000 tons. This is below deliveries of approximately 871,000 tons in 2007. As a result of the decline in waste receipts, tipping and disposal fees were approximately \$525,000 less in 2008 than they were in 2007. Similarly, total operating revenues in 2008 were less than 2007 revenues by approximately \$671,000 in the Operating Fund.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

Expenses for salaries, wages and benefits in 2008 were more than \$1.9 million greater in 2008 compared to 2007. SWACO assumed operation of its landfill with its own employees in 2008, and increased personnel levels by approximately 25 percent, accounting for the increase in payroll expense. Previously SWACO operated the landfill under contract with a third party (Note 14).

Depletion expenses are reported at \$7.2 million in 2008, an increase of \$4.7 million compared to 2007 due to the change in accounting estimate described in Note 3. Landfill closing costs were reported as a net decrease in operating expenses of \$9.6 million in 2008 to reflect the change in accounting estimate described in Note 3. This is a total reduction of \$10.9 compared to the 2007 expense of approximately \$1.3 million.

Operating income in 2008 was \$12.8 million, an increase of \$3.7 million compared to 2007. Nonoperating income includes a \$480,000 loss on a federal grant. SWACO recorded \$1.98 million in grant income in 2007 related to a project to construct a landfill gas-to-energy facility. SWACO was notified in 2008 that costs incurred by a subrecipient of the grant could not be validated to the satisfaction of the federal agency. The federal agency has asked SWACO for additional information before releasing the grant funds. SWACO estimates that it will receive \$1.5 million of the total grant award. SWACO's financial position in the Operating Fund improved by \$9.8 million in 2008, reducing SWACO's net asset deficit from \$40.4 million at the beginning of the year to \$30.6 million at the end of the year.

#### Program Fund Net Assets

In the Program Fund, total net assets at the end of 2008 were approximately \$1.5 million consisting of restricted net assets (cash and receivables less payables) of \$628,613 and net capital assets of \$849,983. Total net assets decreased by \$678,608 in 2008 and total restricted net assets decreased by \$537,129.

#### Program Fund Net Assets

|   | <u>2007</u>         | <u>2008</u>         | <u>Increase<br/>(decrease)</u> |
|---|---------------------|---------------------|--------------------------------|
| <b>Assets</b>                                   |                     |                     |                                |
| Current assets                                  | \$ 1,975,985        | \$ 1,957,917        | \$ (18,068)                    |
| Capital lease receivables                       | 4,900,000           | 4,708,000           | (192,000)                      |
| Capital assets                                  | 991,462             | 849,983             | (141,479)                      |
| <b>Total assets</b>                             | <u>7,867,447</u>    | <u>7,515,900</u>    | <u>(351,547)</u>               |
| <b>Liabilities</b>                              |                     |                     |                                |
| Current liabilities                             | 832,243             | 1,329,304           | 497,061                        |
| Bonds payable, less current portion             | 4,878,000           | 4,708,000           | (170,000)                      |
| <b>Total liabilities</b>                        | <u>5,710,243</u>    | <u>6,037,304</u>    | <u>327,061</u>                 |
| <b>Net Assets</b>                               |                     |                     |                                |
| Invested in capital assets, net of related debt | 991,462             | 849,983             | (141,479)                      |
| Restricted                                      | 1,165,742           | 628,613             | (537,129)                      |
| <b>Total net assets</b>                         | <u>\$ 2,157,204</u> | <u>\$ 1,478,596</u> | <u>\$ (678,608)</u>            |

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

### Program Fund Revenues, Expenses and Changes in Fund Net Assets

A comparison of 2007 and 2008 revenues and expenses in the Program Fund is shown in the following table. Generation Fees declined approximately \$225,000 in 2008 compared to 2007. This reflects an overall decline in waste generation which SWACO believes is related to the economic downturn experienced in Central Ohio and elsewhere.

Operating expenses grew by approximately \$601,000 in 2008 compared to 2007. This reflects a planned spend-down of fund balances in the Program Fund which explains most of the \$678,608 reduction in total net assets in the Program Fund during 2008.

### **Program Fund Revenues, Expenses, and Changes in Fund Net Assets**

|                                   | <u>2007</u>         | <u>2008</u>         | <u>Increase<br/>(decrease)</u> |
|-----------------------------------|---------------------|---------------------|--------------------------------|
| Operating Revenues:               |                     |                     |                                |
| Tipping and disposal fees         | \$ 255,387          | \$ 304,726          | \$ 49,339                      |
| Generation fees                   | 5,663,315           | 5,438,437           | (224,878)                      |
| Other                             | 157,772             | 359,714             | 201,942                        |
|                                   | <u>6,076,474</u>    | <u>6,102,877</u>    | <u>26,403</u>                  |
| Operating revenues                |                     |                     |                                |
| Operating revenues                | 6,076,474           | 6,102,877           | 26,403                         |
| Operating Expenses:               |                     |                     |                                |
| Salaries, wages and benefits      | 1,326,075           | 1,754,772           | 428,697                        |
| Contract, services and supplies   | 3,589,168           | 4,143,451           | 554,283                        |
| Depreciation and depletion        | 163,321             | 141,479             | (21,842)                       |
| Interfund transfers               | 693,678             | 334,373             | (359,305)                      |
|                                   | <u>5,772,242</u>    | <u>6,374,075</u>    | <u>601,833</u>                 |
| Operating expenses                |                     |                     |                                |
| Operating expenses                | 5,772,242           | 6,374,075           | 601,833                        |
| Operating income                  | <u>304,232</u>      | <u>(271,198)</u>    | <u>(575,430)</u>               |
| Nonoperating Revenues (Expenses): |                     |                     |                                |
| Grant revenues                    | 144,736             | 89,812              | (54,924)                       |
| Grants awarded                    | (593,393)           | (498,131)           | 95,262                         |
| Gain on sale of assets            | -                   | 909                 | 909                            |
|                                   | <u>(448,657)</u>    | <u>(407,410)</u>    | <u>41,247</u>                  |
| Total nonoperating expenses       |                     |                     |                                |
| Total nonoperating expenses       | (448,657)           | (407,410)           | 41,247                         |
| Change in net assets              | (144,425)           | (678,608)           | (534,183)                      |
| Total net assets – beginning      | <u>2,301,629</u>    | <u>2,157,204</u>    | <u>(144,425)</u>               |
| Total net assets – ending         | <u>\$ 2,157,204</u> | <u>\$ 1,478,596</u> | <u>\$ (678,608)</u>            |

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

### Capital Assets

SWACO's investments in depreciable capital assets include the sanitary landfill and related facilities, three transfer stations, a fleet maintenance facility, a landfill operations facility, the administrative office building and furnishings, and solid waste transfer vehicles and related equipment. SWACO also owns land for its facilities and buffer area land in the vicinity of the landfill. The table below compares SWACO's investments in capital assets as of the end of 2007 and 2008.

Since 2004, SWACO has been in the midst of a major capital improvements program totaling nearly \$50 million, most of which is related to expansion of the landfill or other landfill projects. SWACO has completed the first phase of the horizontal landfill expansion (Phase H1) and in 2008 continued construction of Phase H2. In the Operating Fund, the carrying value of the landfill decreased by approximately \$8.7 million and total capital assets decreased by approximately \$5.5 million in 2008, primarily as a result of the change in accounting estimate described in Note 3. In addition, a building leased by SWACO from the City of Columbus, and subleased by SWACO to the owner of a paper recycling operation, was destroyed in a fire in 2008. The building had a carrying value of \$790,600 prior to the fire, and SWACO recorded a loss of \$382,305 on the fire, net of insurance proceeds of \$408,295.

|   | <b>Capital Assets</b> |                      |                                |
|---|-----------------------|----------------------|--------------------------------|
| <b>Operating Fund</b>   | <b>2007</b>           | <b>2008</b>          | <b>Increase<br/>(decrease)</b> |
| Capital assets, not being depreciated:  |                       |                      |                                |
| Land and land improvements  | \$ 11,721,277         | \$ 11,721,277        | \$ -                           |
| Construction in progress  | 10,278,742            | 9,106,823            | (1,171,919)                    |
| Total capital assets, not being depreciated                                   | <u>22,000,019</u>     | <u>20,828,100</u>    | <u>(1,171,919)</u>             |
| Depreciable capital assets, net of accumulated<br>depreciation and depletion: |                       |                      |                                |
| Equipment and furnishings   | 9,037,746             | 12,967,371           | 3,929,625                      |
| Building and improvements   | 2,373,805             | 2,860,462            | 486,657                        |
| Transfer stations   | 1,730,339             | 1,716,075            | (14,264)                       |
| Sanitary landfill   | 22,586,325            | 13,849,672           | (8,736,653)                    |
| Total capital assets, being depreciated, net                                  | <u>35,728,215</u>     | <u>31,393,580</u>    | <u>(4,334,635)</u>             |
| Total capital assets, net   | <u>\$ 57,728,234</u>  | <u>\$ 52,221,680</u> | <u>\$ (5,506,554)</u>          |
| <b>Program Fund</b>   |                       |                      |                                |
| Depreciable capital assets, net of accumulated<br>depreciation:               |                       |                      |                                |
| Equipment and furnishings   | \$ 170,530            | \$ 87,363            | \$ (83,167)                    |
| Building and improvements   | 820,932               | 762,620              | (58,312)                       |
| Total capital assets, net   | <u>\$ 991,462</u>     | <u>\$ 849,983</u>    | <u>\$ (141,479)</u>            |

SWACO's capital asset activity is discussed in more detail in Note 7, Capital Assets.

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2008 (unaudited)

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### Debt Administration

SWACO's outstanding debt as of December 31, 2007 and 2008 is shown in the following table:

|                               | Outstanding Long-Term Debt |                      | Increase<br>(decrease) |
|-------------------------------|----------------------------|----------------------|------------------------|
|                               | 2007                       | 2008                 |                        |
| General obligation bonds, net | \$ 89,664,279              | \$ 101,613,447       | \$ 11,949,168          |
| General obligation Notes      | 16,000,000                 | -                    | (16,000,000)           |
| Taxable notes                 | 4,900,000                  | 4,878,000            | (22,000)               |
| Capital lease obligation      | 14,269,489                 | 6,224,995            | (8,044,494)            |
| Total                         | <u>\$ 124,833,768</u>      | <u>\$112,716,442</u> | <u>\$ (12,117,326)</u> |

In 2008, SWACO issued \$19,975,000 in general obligation bonds to refund the \$16.0 million in notes outstanding as of the end of 2007 and to provide additional funds for capital improvements projects. SWACO's general obligation notes and bonds are unvoted issues backed by the authority to levy property taxes if necessary to pay debt service. It is SWACO's intention, however, not to levy the tax and to pay all debt service from other sources, primarily tipping fees charged at the landfill and transfer stations. Certain general obligation bonds were issued to retire a portion of the WTEF lease and are being paid from the \$7.00 per ton Retired Facility Fee and Waiver Fee enacted in 1999. The taxable notes are secured by a pledge of Generation Fee revenues, but SWACO expects to use lease payments to retire the debt.

SWACO's ability to issue unvoted general obligation debt is subject to overlapping debt restrictions with other political subdivisions, but there is not a statutory direct debt limit on SWACO's ability to issue general obligation or revenue bonds. SWACO's debt capacity is more limited by market forces and its ability to raise tipping fees to levels required to pay debt service.

SWACO's general obligation bonds carry a AAA rating by Standard and Poor's and a Aa1 rating by Moody's Investors Service. SWACO received rating upgrades from both agencies in 2008 when its 2008 bond issue was rated. The 2007 taxable notes are not rated. SWACO's debt management program is discussed in more detail in Note 11, Debt Management.

### Economic Factors

Similar to other local governments in Ohio, SWACO has been facing economic pressures. Waste receipts in 2008 were below the previous year for the third year in a row. In addition, certain SWACO revenues are collected on total District waste generation, which also declined in 2008. SWACO did not increase rates on January 1, 2008 but during the year the Board of Trustees adopted a \$2.00 per ton rate increase effective January 1, 2009 payable on all waste generated within the District. Management believes that SWACO's rates remain at a level competitive with the local market and landfill rates throughout Ohio.

### Request For Information

This financial report is designed to provide a general overview of SWACO's finances and to show accountability for money received by SWACO. For questions or for additional information regarding this report, write to SWACO, 4239 London-Groveport Road, Grove City, Ohio 43123 or contact G. Paul Koehler, at 614.871.5100 or by e-mail at Paul.Koehler@SWACO.org.



**SWACO**  
**Statement of Net Assets – Proprietary Funds**  
**As of December 31, 2008**

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| Assets  | Business-type Activities – Enterprise Funds |                     |                      |
|---|---|---------------------|----------------------|
|   | Operating<br>Fund                           | Program<br>Fund     | Total                |
| Current assets:   |   |                     |                      |
| Cash and cash equivalents   | \$ 2,460,600                                | \$ -                | \$ 2,460,600         |
| Restricted cash   | 1,173,828                                   | 1,269,306           | 2,443,134            |
| Investments   | 3,023,401                                   | -                   | 3,023,401            |
| Restricted investments  | 3,833,597                                   | -                   | 3,833,597            |
| Accounts receivable, net of allowance for bad<br>debts                | 2,810,134                                   | 518,611             | 3,328,745            |
| Federal grant receivable  | 1,500,000                                   | -                   | 1,500,000            |
| Lease receivable  | -   | 170,000             | 170,000              |
| Other assets  | 131,344                                     | -                   | 131,344              |
| Total current assets  | <u>14,932,904</u>                           | <u>1,957,917</u>    | <u>16,890,821</u>    |
| Noncurrent assets:  |   |                     |                      |
| Investments held by trustee for landfill<br>closure/post closure care | 23,035,444                                  | -                   | 23,035,444           |
| Capital assets:   |   |                     |                      |
| Sanitary landfill, net of accumulated depletion                       | 13,849,672                                  | -                   | 13,849,672           |
| Buildings and equipment, net of accumulated<br>depreciation           | 17,543,908                                  | 849,983             | 18,393,891           |
| Construction in progress  | 9,106,823                                   | -                   | 9,106,823            |
| Land and land improvements  | 11,721,277                                  | -                   | 11,721,277           |
| Lease receivable, less current portion                                | -   | 4,708,000           | 4,708,000            |
| Total noncurrent assets   | <u>75,257,124</u>                           | <u>5,557,983</u>    | <u>80,815,107</u>    |
| Total assets  | <u>\$ 90,190,028</u>                        | <u>\$ 7,515,900</u> | <u>\$ 97,705,928</u> |

**Continued**

The notes to the financial statements are an integral part of this statement.

**SWACO**  
**Statement of Net Assets – Proprietary Funds**  
**As of December 31, 2008**

| <b>Liabilities</b>  | <b>Business-type Activities – Enterprise Funds</b> |                     |                        |
|---|--|---------------------|------------------------|
|   | <b>Operating Fund</b>                              | <b>Program Fund</b> | <b>Total</b>           |
| <b>Current liabilities</b>  |  |                     |                        |
| Accounts payable  | \$ 1,494,985                                       | \$ 617,850          | \$ 2,112,835           |
| Accrued wages and benefits  | 769,418  | 127,133             | 896,551                |
| Accrued interest  | 519,561  | -                   | 519,561                |
| Current maturities of bonds payable   | 7,955,000  | 170,000             | 8,125,000              |
| Capital lease obligation  | 2,300,000  | -                   | 2,300,000              |
| Landfill postclosure liability-current portion                                | 75,000   | -                   | 75,000                 |
| Other payables  | -  | 414,321             | 414,321                |
| <b>Total current liabilities</b>  | <b>13,113,964</b>                                  | <b>1,329,304</b>    | <b>14,443,268</b>      |
| <b>Noncurrent liabilities</b>   |  |                     |                        |
| Bonds payable, less current portion, net                                      | 93,658,447   | 4,708,000           | 98,366,447             |
| Capital lease obligation, less current portion                                | 3,924,995  | -                   | 3,924,995              |
| Landfill closure/postclosure liability  | 10,075,402   | -                   | 10,075,402             |
| <b>Total noncurrent liabilities</b>   | <b>107,658,844</b>                                 | <b>4,708,000</b>    | <b>112,366,844</b>     |
| <b>Total liabilities</b>  | <b>120,772,808</b>                                 | <b>6,037,304</b>    | <b>126,810,112</b>     |
| <br>  |  |                     |                        |
| <b>Net Assets</b>   |  |                     |                        |
| <b>Invested in capital assets, net of related debt:</b>                       |  |                     |                        |
| Lease obligation and bonds payable related to closed waste-to-energy facility | (49,595,116)                                       | -                   | (49,595,116)           |
| Other capital assets, net   | (1,904,177)  | 849,983             | (1,054,194)            |
| <b>Restricted:</b>  |  |                     |                        |
| Closure/postclosure trust fund net of accrued liability – Sanitary Landfill   | 13,886,444   | -                   | 13,886,444             |
| Other restricted, net   | 555,725  | 628,613             | 1,184,338              |
| <b>Unrestricted</b>   | <b>6,474,344</b>                                   | <b>-</b>            | <b>6,474,344</b>       |
| <b>Total net assets</b>   | <b>\$ (30,582,780)</b>                             | <b>\$ 1,478,596</b> | <b>\$ (29,104,184)</b> |

The notes to the financial statements are an integral part of this statement.

**SWACO****Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds****For the Year Ended December 31, 2008**

|  | <u>Business-type Activities – Enterprise Funds</u> |                     |                        |
|--|--|---------------------|------------------------|
|  | <u>Operating Fund</u>                              | <u>Program Fund</u> | <u>Total</u>           |
| <b>Operating Revenues:</b>               |  |                     |                        |
| Tipping and disposal fees                | \$ 18,345,327                                      | \$ 304,726          | \$ 18,650,053          |
| Waste transfer fees                      | 4,537,544  | -                   | 4,537,544              |
| Retired Facility and Waiver Fees         | 7,613,718  | -                   | 7,613,718              |
| Generation Fees                          | -  | 5,438,437           | 5,438,437              |
| Other                                    | 222,932  | 359,714             | 582,646                |
|  | <u>30,719,521</u>                                  | <u>6,102,877</u>    | <u>36,822,398</u>      |
| Operating revenues                       |  |                     |                        |
|  | <u>30,719,521</u>                                  | <u>6,102,877</u>    | <u>36,822,398</u>      |
| <b>Operating Expenses:</b>               |  |                     |                        |
| Salaries, wages and benefits             | 7,937,207  | 1,754,772           | 9,691,979              |
| Contract, services and supplies          | 6,656,262  | 4,143,451           | 10,799,713             |
| Solid waste fees                         | 3,122,177  | -                   | 3,122,177              |
| Depreciation                             | 2,937,455  | 141,479             | 3,078,934              |
| Landfill depletion                       | 7,255,277  | -                   | 7,255,277              |
| Landfill closing costs                   | (9,630,000)  | -                   | (9,630,000)            |
| Interfund charges                        | (334,373)  | 334,373             | -                      |
|  | <u>17,944,005</u>                                  | <u>6,374,075</u>    | <u>24,318,080</u>      |
| Operating expenses                       |  |                     |                        |
|  | <u>17,944,005</u>                                  | <u>6,374,075</u>    | <u>24,318,080</u>      |
| Operating income (loss)                  | <u>12,775,516</u>                                  | <u>(271,198)</u>    | <u>12,504,318</u>      |
|  |  |                     |                        |
| <b>Nonoperating Revenues (Expenses):</b> |  |                     |                        |
| Interest expense                         | (4,858,143)  | -                   | (4,858,143)            |
| Interest earnings                        | 2,470,988  | -                   | 2,470,988              |
| Grant revenues                           | 289,327  | 89,812              | 379,139                |
| Grants awarded                           | -  | (498,131)           | (498,131)              |
| Loss on federal grant                    | (480,000)  | -                   | (480,000)              |
| Gain (loss) on disposal of assets        | (44,903)   | 909                 | (43,994)               |
| Fire loss net of insurance proceeds      | (382,305)  | -                   | (382,305)              |
|  | <u>(3,005,036)</u>                                 | <u>(407,410)</u>    | <u>(3,412,446)</u>     |
| Total nonoperating expenses              |  |                     |                        |
|  | <u>(3,005,036)</u>                                 | <u>(407,410)</u>    | <u>(3,412,446)</u>     |
| Change in net assets                     | 9,770,480  | (678,608)           | 9,091,872              |
| Total net assets – beginning             | <u>(40,353,260)</u>                                | <u>2,157,204</u>    | <u>(38,196,056)</u>    |
| Total net assets – ending                | <u>\$ (30,582,780)</u>                             | <u>\$ 1,478,596</u> | <u>\$ (29,104,184)</u> |

The notes to the financial statements are an integral part of this statement.

**SWACO**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended December 31, 2008**

|   | <u>Business-type Activities – Enterprise Funds</u> |                     |                     |
|---|--|---------------------|---------------------|
|   | <u>Operating Fund</u>                              | <u>Program Fund</u> | <u>Total</u>        |
| <b>Cash flows from operating activities:</b>                            |  |                     |                     |
| Receipts from customers   | \$ 22,529,444                                      | \$ 304,726          | \$ 22,834,170       |
| Retired Facility Fee and Waiver Fees collected                          | 5,548,843  | -                   | 5,548,843           |
| Generation Fees collected   | -  | 5,364,751           | 5,364,751           |
| Other receipts  | 226,463  | 359,713             | 586,176             |
| Payments to or on behalf of employees for salaries, wages and benefits  | (7,811,015)  | (1,734,749)         | (9,545,764)         |
| Payments to vendors   | (10,482,416)                                       | (3,953,734)         | (14,436,150)        |
| Model Landfill postclosure costs paid                                   | (47,917)   | -                   | (47,917)            |
| Interfund charges   | 334,373  | (334,373)           | -                   |
| Other payments  | 132,408  | 14,322              | 146,730             |
| Net cash provided by operating activities:                              | <u>10,430,183</u>                                  | <u>20,656</u>       | <u>10,450,839</u>   |
| <b>Cash flows from noncapital financing activities:</b>                 |  |                     | -                   |
| Grants received   | 262,512  | 214,811             | 477,323             |
| Grants awarded  | -  | (498,131)           | (498,131)           |
| Net cash provided by (used) by noncapital financing activities          | <u>262,512</u>                                     | <u>(283,320)</u>    | <u>(20,808)</u>     |
| <b>Cash flows from investing activities:</b>                            |  |                     |                     |
| Proceeds from sales and maturities of investments                       | 17,934,084   | -                   | 17,934,084          |
| Purchase of investments   | (18,477,309)                                       | -                   | (18,477,309)        |
| Interest received   | 2,242,148  | -                   | 2,242,148           |
| Net cash provided by investment activities                              | <u>1,698,923</u>                                   | <u>-</u>            | <u>1,698,923</u>    |
| <b>Cash flows from capital and related financing activities:</b>        |  |                     | -                   |
| Proceeds from capital debt  | 36,260,976   | -                   | 36,260,976          |
| Proceeds from sale of assets  | 27,123   | 909                 | 28,032              |
| Proceeds from capital lease   | -  | 22,000              | 22,000              |
| Landfill, facilities and equipment additions                            | (6,786,722)  | -                   | (6,786,722)         |
| Principal paid on bonds and notes payable                               | (39,580,000)                                       | (22,000)            | (39,602,000)        |
| Principal paid on capital lease   | (5,762,127)  | -                   | (5,762,127)         |
| Interest paid   | (5,575,682)  | -                   | (5,575,682)         |
| Debt issuance costs paid  | (210,658)  | -                   | (210,658)           |
| Net cash provided by (used) in capital and related financing activities | <u>(21,627,090)</u>                                | <u>909</u>          | <u>(21,626,181)</u> |
| Net decrease in cash  | (9,235,472)  | (261,755)           | (9,497,227)         |
| Cash and cash equivalents, beginning of year                            | 12,869,900   | 1,531,061           | 14,400,961          |
| Cash and cash equivalents, end of year                                  | <u>\$ 3,634,428</u>                                | <u>\$ 1,269,306</u> | <u>\$ 4,903,734</u> |

continued

The notes to the financial statements are an integral part of this statement.

**SWACO**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended December 31, 2008**

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|  | Operating<br>Fund    | Program<br>Fund  | Total                |
|--|----------------------|------------------|----------------------|
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b> |                      |                  |                      |
| Operating income (loss)  | \$ 12,775,516        | \$ (271,198)     | \$ 12,504,318        |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |                      |                  |                      |
| Depreciation and depletion   | 10,192,732           | 141,479          | 10,334,211           |
| Landfill closing costs   | (9,630,000)          | -                | (9,630,000)          |
| Lease credit received in lieu of cash:   |                      |                  |                      |
| Applied to principal   | (1,747,033)          | -                | (1,747,033)          |
| Applied to interest  | (525,758)            | -                | (525,758)            |
| Increase (decrease) in cash resulting from changes in:   |                      |                  |                      |
| Accounts receivable (net)  | (141,980)            | (73,687)         | (215,667)            |
| Accounts payable   | (703,978)            | 189,717          | (514,261)            |
| Accrued wages and benefits   | 126,193              | 20,023           | 146,216              |
| Landfill postclosure liability   | (47,917)             | -                | (47,917)             |
| Other assets and liabilities   | 132,408              | 14,322           | 146,730              |
| Net cash provided by operating activities  | <u>\$ 10,430,183</u> | <u>\$ 20,656</u> | <u>\$ 10,450,839</u> |

**Noncash capital and related financing activities (Operating Fund):**

- Amortization of premiums on bonds payable of \$732,717.
- Amortization of debt issuance cost \$134,623.
- Amortization of premiums on lease obligation of \$9,576.
- Amortization of reacquisition cost on refunding bonds of \$76,944.
- Change in carrying value of investments resulting in gain of \$222,408.

The notes to the financial statements are an integral part of this statement.

# **SWACO**

## **Notes to Financial Statements**

### **As of December 31, 2008**

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#### **1. Organization**

SWACO (the Solid Waste Authority of Central Ohio) is a political subdivision of the State of Ohio established in 1989 to develop and implement a comprehensive solid waste management plan for the Franklin County Solid Waste Management District (the “District,” principally Franklin County, but also including parts of five adjacent counties). SWACO is governed by a nine-member Board of Trustees appointed pursuant to statute. The Board consists of two members appointed by the Franklin County Board of County Commissioners (the “County”), two members appointed by the City of Columbus (the “City”), and additional members representing the County Board of Health, townships within SWACO, waste generators and the general public. As a governmental authority, SWACO is exempt from federal, state and local taxes. SWACO operates autonomously from the County and City, and the County and City have no financial responsibility for the operations of SWACO.

SWACO operates a sanitary landfill (the “Sanitary Landfill”) and three solid waste transfer facilities supported by tipping fees charged for solid waste disposal and transfer services at these facilities. SWACO also provides recycling programs, yard waste composting services, public education programs, and other activities to reduce the generation and disposal of solid waste within SWACO's jurisdiction. SWACO's waste-reduction activities are supported by a \$5.00 per-ton waste generation fee levied on all solid waste generated within the District.

The Sanitary Landfill was purchased from Franklin County in 1991. The Ohio Environmental Protection Agency (“OEPA”) approved a modification to the original County permit in 1997 increasing disposal capacity by approximately 49 million cubic yards (from 10.7 million cubic yards) and increasing the landfill acreage to 363 acres from approximately 116 acres. The modified permit allowed both vertical and horizontal expansion of the landfill. In 2008 SWACO submitted an application to the OEPA to further modify the permit to change the configuration of the landfill and further increase capacity. The modification was approved by the OEPA in 2009 and added approximately 2.6 million cubic yards of disposal capacity (see Notes 3 and 17). SWACO estimates that it has sufficient landfill capacity to service the needs of the District for at least 25 years.

In 1993, SWACO leased a 90-megawatt solid waste resource recovery facility (the Waste-to-Energy Facility or “WTEF”) and three related waste transfer facilities from the City (see Note 12). The WTEF was closed in November 1994 due to SWACO's inability to generate revenues sufficient to operate the facility. SWACO continues to operate two of the three waste transfer facilities and has converted a portion of the closed WTEF into an additional transfer facility.

As part of the purchase of the currently operating landfill, SWACO also acquired the Model Landfill, the County's closed former landfill. The Model Landfill has been closed since 1985, and SWACO assumed ongoing monitoring and closure requirements for the landfill when it was transferred from the County. In 1999 SWACO leased the landfill to a private entity to develop a public golf course on the site as part of a project to remediate the landfill cap.

SWACO derives its revenue principally from fees levied on the disposal of solid waste. SWACO collects these fees in two ways: (1) tipping fees charged for solid waste disposal and waste transfer services provided at SWACO facilities, and (2) fees assessed on solid waste generated within the District and disposed at the SWACO landfill or other public or privately-owned

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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landfills located outside of the District. These fees are established pursuant to authorization within the Ohio Revised Code and agreements established with private landfill owners (see Note 12).

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the statements include all organizations, activities, and functions for which SWACO (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either SWACO's ability to impose its will over the organization's governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, SWACO. There are no potential component units that meet the criteria imposed by GASB Statement No. 14 or GASB Statement No. 39 included in SWACO's reporting entity.

**2. Summary of Significant Accounting Policies**

The significant accounting policies followed in preparation of these financial statements are summarized below. The accounting policies and financial reporting practices of SWACO conform to accounting principles generally accepted in the United States of America for governmental units as prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources.

*Measurement focus and basis of accounting:* SWACO's funds are accounted for on a flow of economic resources measurement focus, and the financial statements have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned, and expenses are recorded when incurred.

*Proprietary Fund:* SWACO operates as an enterprise fund. Enterprise funds are used to account for the costs of providing goods or services to the general public on a continuing basis which are financed or recovered primarily through user charges or to report any activity for which a fee is charged to external users for goods or services, regardless of whether the government intends to fully recover the cost of the goods or services provided.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of SWACO are charges to customers for disposal fees.

*Basis of presentation:* SWACO reports the following major proprietary funds:

The *Operating Fund* receives all income derived from the operations of SWACO's landfill and waste transfer facilities including tipping fees, waste transfer fees, investment income, and certain other revenues. Revenues are used to support the operations of SWACO's solid waste facilities and to pay certain costs of discontinued operations of SWACO. Operating Fund revenues are derived primarily from rates and charges established pursuant to Ohio Revised Code Section 343.08.

## SWACO

### Notes to Financial Statements

#### As of December 31, 2008

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Within the Operating Fund, SWACO segregates revenues and expenses for Continuing Operations (primarily the Sanitary Landfill and transfer stations) from Discontinued Operations (the WTEF) to allow management to more easily focus on operating results from ongoing operations. Additionally, certain revenues within the Operating Fund are dedicated to the payment of the WTEF lease obligation (Note 12) and may not be used for other purposes. The separation of the Operating Fund into Continuing and Discontinued Operations is shown in the supplemental schedules beginning on page 2-42.

The *Program Fund* receives Generation Fees authorized by ORC Section 3734.57 paid on waste generated in the Solid Waste District and disposed of at SWACO's landfill or out-of-district landfills. Revenues are used only to support solid waste recycling, reuse, and reduction programs operated by SWACO in implementation of SWACO's solid waste plan. The Program Fund also includes grant revenues and expenses for grants received from the Ohio Department of Natural Resources. Interfund charges shown in the Program Fund under operating expenses are comprised of charges to the Program Fund for administrative and operational support.

*Cash and cash equivalents:* SWACO considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. SWACO follows GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, and discloses custodial, credit, and interest rate risks associated with cash and investments.

*Investments:* In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value, including accrued interest receivable. Unrealized gains and losses resulting from changes in fair value are reported as adjustments to investment income. SWACO does not invest in any form of derivatives or reverse repurchase agreements. SWACO's cash and investments are discussed in more detail in Note 4.

*Accounts receivable:* SWACO extends credit to public and private customers of the landfill, transfer stations, and other SWACO facilities and reports amounts owed to SWACO net of any allowance for bad debts. Accounts receivable also includes amounts owed by private transfer stations and landfills for solid waste received at the facilities, generated within the boundaries of SWACO and subject to the Generation Fee and Waiver Fee. As of December 31, 2008, SWACO had reserved approximately \$390,000 as an allowance for bad debts.

*Restricted Assets:* As discussed further in Note 5, certain SWACO assets are restricted for debt service, capital projects, by State law, or for other purposes. When both restricted and unrestricted resources are available for a particular purpose, it is SWACO's policy to use restricted resources first.

*Landfill and Property, Plant, and Equipment:* SWACO records asset acquisitions at cost and provides for depreciation in amounts adequate to amortize cost over the estimated useful lives of the assets using a straight-line method for financial reporting purposes, except for its landfill, which is depleted using a units-of-production method.



**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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Maintenance, repairs and minor renewals are charged to expense as incurred, while major renewals and betterments are capitalized. The cost and related accumulated depreciation of assets sold or otherwise disposed of are removed from the related accounts, and resulting gains or losses are reflected in income.

*Vacation and sick leave:* A liability for vacation and sick leave is included in accrued wages and benefits. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, this liability includes accumulated vacation time and vested sick leave computed using employee wage rates in effect at December 31.

*Bond premiums:* Bond premiums are included in bonds payable and are amortized over the term of the bonds using the effective interest rate method.

*Bond issuance cost and deferred amounts on refundings:* Costs relating to issuing bonds and deferred amounts on refundings are netted against the outstanding bonds, as a liability valuation account, and are amortized over the term of the bond issue using the effective interest rate method.

*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 borrowing used for acquisition, construction or improvements of those assets. Any unspent capital related debt proceeds do not reduce *Net assets Invested in capital assets, net of related debt*. Net assets are reported as restricted when there are external restrictions imposed on their use, either contractually, by debt covenant, or by statute.

*Application of Financial Accounting Standards Board ("FASB") Statements and Interpretations:* In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, SWACO is required to apply FASB statements and interpretations issued on or before November 30, 1989, and has elected not to apply those issued after that date.

*New accounting pronouncements:* In July 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The statement provides needed guidance regarding how to identify, account for, and report intangible assets. This statement is effective for periods beginning after June 15, 2009.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. This statement is effective for periods beginning after June 15, 2008.

In June 2008, the GASB issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. This Statement establishes methods for evaluating the effectiveness of a derivative instrument. The statement also requires disclosures that includes an indication of the fair value of derivative instruments. This Statement is effective for periods beginning after June 15, 2009.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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GASB issued Statements No. 54, 55 and 56 subsequent to December 31, 2008.

Management has not yet determined the impact these GASB statements will have on its financial statements.

*Use of estimates:* The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**3. Change in Accounting Estimate**

Land acquisition, engineering, construction and other direct costs associated with the permitting, development, and construction of landfill capacity (“Landfill Development Costs”) are capitalized and depleted based on the percentage of permitted capacity used as measured through an annual aerial survey to determine the cubic yards of landfill capacity used and remaining as of the end of the year. Similarly, in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, SWACO reports a portion of estimated final landfill closure and postclosure care costs (“Landfill Closure Costs”) as an operating expense based on landfill capacity used as of the end of each fiscal year.

In January 2008, SWACO submitted an application to modify the permit approved by the OEPA in 1997. The primary purpose of the modification was to accommodate plans by the City of Grove City and the Ohio Department of Transportation to build a high-speed freeway interchange at the junction of Interstate 71 and State Route 665. The interchange would require a portion of the landfill property and would prohibit SWACO from developing a portion of the planned landfill expansion approved in 1997. Additional objectives of the modification were no reduction in landfill capacity and management of landfill construction costs. SWACO determined that it would be possible to accommodate the interchange and maintain landfill capacity while at the same time reducing construction and closure costs by increasing the height of the landfill and reducing the acreage of the completed landfill.

The modified permit, which was approved by the Director of the OEPA in July 2009 increased the capacity of the landfill by approximately 2.6 million cubic yards and reduced the size of the landfill from 363 acres to 283 acres.

With anticipated approval of the permit, SWACO undertook a comprehensive reevaluation of Landfill Development and Closure Costs as of December 31, 2008. As a result, SWACO made significant changes in its estimated costs for both Landfill Development Costs, depletion and Landfill Closure Costs.

As a result of these changes in estimate, landfill depletion expense for 2008 is reported at \$7,255,277, an increase of approximately \$4.7 million from what was reported in 2007, and approximately \$4.3 million more than what would have been reported for 2008 prior to the change in estimate.

# SWACO

## Notes to Financial Statements

### As of December 31, 2008

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The change in the closure cost estimate resulted in a \$9.6 million reduction in accrued landfill closure costs as of December 31, 2008 compared to the amount accrued as of December 31, 2007. This reduction was reported under operating expenses in 2008 as landfill closing costs. The 2008 expense compares to landfill closure expenses of approximately \$1.3 million for both 2007 and 2008 prior to the change in estimate. The net effect on closure expense related to the change in accounting estimate is \$10.9 million.

The combined impact of the changes in accounting estimate for landfill depletion and landfill closure costs is an increase in net assets as of December 31, 2008 of approximately \$6.6 million compared to what would have been reported prior to the changes in estimate.

#### 4. Cash and Investments

SWACO pools its cash and investments except for funds held by a trustee for landfill closure/postclosure care and funds held in escrow.

*Deposits:* Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which SWACO places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

At December 31, 2008, the carrying amounts of SWACO's deposits were \$2,954,123, while the bank balances were \$3,204,255. Of the bank deposits, \$500,000 was insured by the Federal Deposit Insurance Corporation, and \$2,704,255 was uninsured and collateralized by collateral pools held by the financial institutions and not in the name of SWACO.

*Investments.* SWACO has adopted a formal investment policy in accordance with Section 135 of the Ohio Revised Code, the "Uniform Depository Act." Safety of principal is the foremost objective of the investment policy. Maintaining sufficient liquidity to meet SWACO's cash flow needs and return on investment are secondary goals of the policy. SWACO does not purchase any form of derivative.

In accordance with the Ohio Revised Code and SWACO's investment policy, SWACO is authorized to invest in (1) bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest; (2) bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality; (3) certificates of deposit purchased from qualified banks and savings and loans; (4) bond and other obligations of the State of Ohio; (5) no-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; (6) the State Treasury Asset Reserve of Ohio managed by the Treasurer of the State of Ohio (STAR Ohio), and (7) subject to certain restrictions and limitations, short-term commercial paper and bankers acceptances.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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*STAR Ohio:* SWACO invests in STAR Ohio, a highly liquid investment pool managed by the State Treasurer's Office with participation restricted to subdivisions of the State of Ohio. STAR Ohio is restricted to investing in securities authorized under Ohio Revised Code Section 135.143. STAR Ohio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner generally consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is equal to SWACO's pro rata share of the fair value per share.

*Money Market Mutual Funds:* The Money Market Mutual Funds consist of overnight investments with a financial institution in an open-end, institutional money market fund complying with SEC Rule 2a-7 and investing only in U.S. government or agency securities pursuant to SWACO's investment policy. In accordance with the provisions of GASB Statement No. 31 these amounts are classified as investments but are not categorized.

*Interest Rate Risk:* It is SWACO's policy to manage interest rate risk by targeting the duration of the portfolio. Management of interest rate risk is an integral part of an overall process that addresses total return, reinvestment risk, interest rate risk and credit risk.

*Credit Risk:* It is SWACO's policy to invest only in securities rated in the highest rating category (AAA/Aaa or A-1+/P-1/F1+) by at least one of the nationally recognized rating agencies (Standard & Poor's, Moody's Investors Service, and Fitch). SWACO's investment in federal agency coupon or discount securities meet this criteria. SWACO's investments with STAR Ohio and money market investments are rated AAAM by Standard & Poor's or Aaa by Moody's Investors Service. Investments in U.S. government treasury securities are not considered to have credit risk.

SWACO reports its investments at fair value in accordance with GASB Statement No. 31. SWACO recorded an unrealized gain of \$677,055 as of December 31, 2008, which represents the difference between fair value and the carrying value as of that date. Fair value was determined using quoted market prices. The following chart summarizes SWACO's cash and investments at fair market value as of December 31, 2008:

\* This space intentionally left blank. \*

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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**Cash and Investments at December 31, 2008**

| Operating and Program Funds           | Fair Value           | Maturity in Years    |                      |
|---------------------------------------|----------------------|----------------------|----------------------|
|                                       |                      | Less than 1          | 1 to 3               |
| Carrying amount of deposits           | \$ 2,954,123         | \$ 2,954,123         | \$ -                 |
| STAR Ohio                             | 1,356,184            | 1,356,184            | -                    |
| Money Market Mutual Funds/Sweep acct. | 590,427              | 590,427              | -                    |
| Federal agency coupon                 | 6,856,998            | 6,856,998            | -                    |
| Cash on hand                          | 3,000                | 3,000                | -                    |
|                                       | <u>11,760,732</u>    | <u>11,760,732</u>    | <u>-</u>             |
| <b>Closure/Postclosure Trust Fund</b> |                      |                      |                      |
| Money Market Mutual Funds             | 318,872              | 318,872              | -                    |
| U.S. Treasury notes                   | 2,376,419            | -                    | 2,376,419            |
| Federal agency securities             | 20,340,153           | 5,403,427            | 14,936,726           |
|                                       | <u>23,035,444</u>    | <u>5,722,299</u>     | <u>17,313,145</u>    |
| Totals                                | <u>\$ 34,796,176</u> | <u>\$ 17,483,031</u> | <u>\$ 17,313,145</u> |

**Reconciliation of Cash and Investments to Statement of Net Assets**

| <u>Per Statement of Net Assets</u>         | <u>Operating Fund</u> | <u>Program Fund</u> | <u>Total</u>         |
|--|-----------------------|---------------------|----------------------|
| Cash and cash equivalents                  | \$ 2,460,600          | \$ -                | \$ 2,460,600         |
| Restricted cash                            | 1,173,828             | 1,269,306           | 2,443,134            |
| Investments                                | 3,023,401             | -                   | 3,023,401            |
| Restricted investments                     | 3,833,597             | -                   | 3,833,597            |
| Closure/postclosure funds held by trustee: |                       |                     |                      |
| Investments                                | <u>23,035,444</u>     | <u>-</u>            | <u>23,035,444</u>    |
| Totals                                     | <u>\$ 33,526,870</u>  | <u>\$ 1,269,306</u> | <u>\$ 34,796,176</u> |

*Concentration of Credit Risk:* SWACO's investment policy limits the amount that may be invested with any one issuer to fifty percent of the total portfolio. As of December 31, 2008, investments in the following issuers exceeded five percent of the portfolio: FHLB Notes (35%), FNMA Notes (18%), FHLMC Notes (16%), FFCB Notes (13%), and U.S. Treasury Notes (7%).

As further discussed in Note 5, cash in the amount of \$1,173,828 and investments of \$3,833,597 in the Operating fund and cash of \$1,269,306 in the Program Fund were restricted at December 31, 2008 for debt service, capital projects, by State law, or for other purposes.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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**5. Restricted Assets**

*Restricted Cash:* In the Operating Fund these funds include debt service accounts, the capital improvements account (bond proceeds), the underground storage tank account, and funds dedicated to the payment of the WTEF lease (see Note 12). In the Program Fund restricted cash is unexpended Generation Fees collected by SWACO that are restricted by State statute for the purpose of solid waste recycling, reuse, and reduction programs and implementation of SWACO's solid waste plan.

Other restricted assets include Generation Fees receivable, Waiver Fees receivable, and grants receivable. Restricted assets are reduced by bonds payable related to the capital improvements account.

**Restricted Net Assets**

|   | Operating<br>Fund | Program<br>Fund    | Total               |
|---|-------------------|--------------------|---------------------|
| Cash  |                   |                    |                     |
| Capital projects account                                  | \$ 753,590        | \$ -               | \$ 753,590          |
| Deposits due others                                       | -                 | 78,448             | 78,448              |
| Unexpended Grant Proceeds                                 | -                 | 325,000            | 325,000             |
| Bond retirement account                                   | 97,151            | -                  | 97,151              |
| Unexpended Generation Fees                                | 323,087           | 865,858            | 1,188,945           |
|   | <u>1,173,828</u>  | <u>1,269,306</u>   | <u>2,443,134</u>    |
| Total restricted cash                                     |                   |                    |                     |
| Restricted investments                                    |                   |                    |                     |
| Capital projects account                                  | 3,833,597         | -                  | 3,833,597           |
| Waiver and Generation Fees receivable                     | 414,812           | 518,611            | 933,423             |
| Restricted interest receivable                            | 26,927            | -                  | 26,927              |
| Less bonds payable related to capital projects<br>account | (4,587,187)       | -                  | (4,587,187)         |
| Less amounts payable from restricted assets               | <u>(306,252)</u>  | <u>(1,159,304)</u> | <u>(1,465,556)</u>  |
| Other restricted assets, net                              | <u>\$ 555,725</u> | <u>\$ 628,613</u>  | <u>\$ 1,184,338</u> |

**6. Closure/Postclosure Funds Held by Trustee**

In 1995, SWACO established a trust fund (the "Fund") with U.S. Bank for the benefit of the OEPA under OEPA rules applicable to SWACO requiring the owner or operator of a solid waste facility to provide financial assurance that funds will be available when needed for final closure, postclosure care, and/or corrective measures of the facility when the landfill stops accepting waste (either when at maximum capacity or if closed for other reasons). The amount to be funded for the financial assurance instrument, which is established in the landfill permit, and is subject to change due to inflation or other factors, is based on the maximum exposure of unclosed landfill area allowed in the permit and is calculated differently than SWACO's Landfill Closure Cost estimate for purposes of GASB Statement No. 18 (See Note 13). The amount to be funded for the

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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financial assurance estimate is paid in annual installments over a maximum twenty-year pay-in period. Annual payments of approximately \$500,000 have been made by SWACO in recent years and are calculated by dividing the financial assurance requirement less cash and investments in the Fund as of the calculation date by the number of years remaining in the pay-in period (eight years as of December 31, 2008).

The Fund is restricted by the Director of the OEPA, and SWACO invests in those securities authorized by the Ohio Revised Code and SWACO's investment policy (see Note 4). All amounts earned by the investments are reinvested in the Fund.

**7. Capital Assets**

The Sanitary Landfill, buildings and equipment are stated at cost and updated for the cost of additions and retirements during the year. It is SWACO's policy to capitalize items costing in excess of \$10,000 with a useful life greater than one year.

The cost of buildings and equipment is depreciated using a straight-line method over their estimated useful lives of 10 to 20 years for buildings and 5 to 10 years for equipment

Landfill Development Costs (Land acquisition, engineering, construction and other direct costs associated with the permitting, development, and construction of landfill capacity) are capitalized and depleted based on the percentage of permitted capacity used during the year. Depletion is calculated based on cubic yards of solid waste disposed and placed in the landfill as measured through an annual aerial survey. Costs associated with development of the entire landfill site are depleted based on the percentage of total permitted capacity used (approximately 37% as of December 31, 2008). Costs associated with the development and construction of horizontal expansion cells are depleted based on the percentage of horizontal capacity used (approximately 6% as of December 31, 2008).

In 2008, SWACO submitted an application to modify the landfill permit changing the configuration and capacity of the landfill. As a result, SWACO changed its estimate of Landfill Development Costs and depletion in 2008 (see Note 3, Change in Accounting Estimate). As of the end of 2008, SWACO estimates total Landfill Development Costs at \$157 million, including approximately \$50 million expended through 2008 (including construction in progress) and \$107 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$28.3 million as of December 31, 2008, leaving an estimate of \$129 million in depletion expense over the remaining life of the landfill.

A summary of property, plant and equipment at December 31, 2008 is shown on the following page.

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

**Summary of property, plant and equipment at December 31, 2008**

| <b>Operating Fund</b>                            | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
|--|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not being depreciated:           |                              |                  |                  |                           |
| Land and land improvements                       | \$ 11,721,277                | \$ -             | \$ -             | \$ 11,721,277             |
| Construction in progress                         | 10,278,742                   | -                | (1,171,919)      | 9,106,823                 |
| Total capital assets, not being depreciated      | 22,000,019                   | -                | (1,171,919)      | 20,828,100                |
| Capital assets, being depreciated/depleted:      |                              |                  |                  |                           |
| Equipment and furnishings                        | 17,513,450                   | 6,579,791        | (1,614,384)      | 22,478,857                |
| Building and improvements                        | 3,257,406                    | 1,849,139        | (1,113,916)      | 3,992,629                 |
| Transfer stations                                | 7,072,002                    | 371,004          | -                | 7,443,006                 |
| Sanitary landfill                                | 43,887,693                   | 80,364           | (1,793,385)      | 42,174,672                |
| Total capital assets, being depreciated/depleted | 71,730,551                   | 8,880,298        | (4,521,685)      | 76,089,164                |
| Less accumulated depreciation/depletion for:     |                              |                  |                  |                           |
| Equipment and furnishing                         | (8,475,704)                  | (2,276,930)      | 1,241,148        | (9,511,486)               |
| Building and improvements                        | (883,601)                    | (506,902)        | 258,336          | (1,132,167)               |
| Transfer stations                                | (5,341,663)                  | (385,268)        | -                | (5,726,931)               |
| Sanitary landfill                                | (21,301,368)                 | (7,023,632)      | -                | (28,325,000)              |
| Total accumulated depreciation/depletion         | (36,002,336)                 | (10,192,732)     | 1,499,484        | (44,695,584)              |
| Total capital assets, being deprec./depl., net   | 35,728,215                   | (1,312,434)      | (3,022,201)      | 31,393,580                |
| Total capital assets, net                        | \$ 57,728,234                | \$ (1,312,434)   | \$ (4,194,120)   | \$ 52,221,680             |
| <b>Program Fund</b>                              | <b>Beginning<br/>Balance</b> | <b>Increases</b> | <b>Decreases</b> | <b>Ending<br/>Balance</b> |
| Capital assets, being depreciated:               |                              |                  |                  |                           |
| Equipment and furnishings                        | \$ 835,576                   | \$ -             | \$ (10,695)      | \$ 824,881                |
| Building and improvements                        | 1,210,214                    | -                | -                | 1,210,214                 |
| Total capital assets, being depreciated          | 2,045,790                    | -                | (10,695)         | 2,035,095                 |
| Less accumulated depreciation for:               |                              |                  |                  |                           |
| Equipment and furnishing                         | (665,046)                    | (83,167)         | 10,695           | (737,518)                 |
| Building and improvements                        | (389,282)                    | (58,312)         | -                | (447,594)                 |
| Total accumulated depreciation                   | (1,054,328)                  | (141,479)        | 10,695           | (1,185,112)               |
| Total capital assets, being depreciated, net     | \$ 991,462                   | \$ (141,479)     | \$ -             | \$ 849,983                |



**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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**8. Capital Lease Receivable**

In 2005 SWACO purchased for approximately \$1.6 million a building housing a non-hazardous oily waste water processing facility located on land leased to the owner of the facility by SWACO. SWACO then entered into an agreement with the former owner to lease the building from SWACO. In 2007 SWACO purchased for approximately \$3.3 million the oily waste water processing equipment located in the building and amended the lease to include the equipment. Lease payments under the amended lease are equal to SWACO's debt service requirements on the building and equipment plus 1/2 of one percent (the base rent). In addition, the lessee is required to provide certain waste processing services to SWACO at no additional cost to SWACO (the supplemental rent). The lease is for a term of ten years, subject to earlier termination if the lessee prepaays the lease. At the end of the lease, title to the building and equipment passes to the lessee. Excluding the supplemental rent, the present value of the minimum lease payments is \$4,878,000 (see Series 2007 Variable Rate Taxable Notes, Note 11)

**9. Retirement Commitments**

*Plan description.* SWACO contributes to the Ohio Public Employees Retirement System ("OPERS"). Authority to establish and amend benefits is provided by state statute (Chapter 145 of the Ohio Revised Code). The OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making written requests to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

OPERS administers three separate pension plans:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. In addition, OPERS provides a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is also available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (“OPEB”) as described in GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

*Funding policy.* The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2008, member contribution rates were consistent across all three plans. The 2008 employee contribution rate for members in local government was 10.0%. It is SWACO’s policy to pay 8.5% of the employee contribution for full time employees. The 2008 employer contribution rate for local government employer units was 14.0% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employer units. Active members do not make contributions to the OPEB Plan.

SWACO’s contribution to OPERS, representing 100% of employer contributions, and amounts paid by employees or by SWACO on behalf of employees have been as follows for the past four years:

|      | Employee share<br>paid by employees | Employee share<br>paid by SWACO | Employer share<br>paid by SWACO | Total paid by<br>SWACO |
|------|-------------------------------------|---------------------------------|---------------------------------|------------------------|
| 2008 | \$ 100,190                          | \$ 513,085                      | \$ 856,967                      | \$ 1,370,052           |
| 2007 | 61,560                              | 376,290                         | 639,372                         | 1,015,662              |
| 2006 | 37,191                              | 368,003                         | 615,574                         | 983,577                |
| 2005 | 9,804                               | 359,650                         | 593,873                         | 953,523                |

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care benefits.

OPERS’ Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of the covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The rates stated above are the actuarially determined contribution requirements to OPERS. SWACO’s contributions to OPERS to fund post-employment benefits were approximately \$428,000 for 2008.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. In addition to the HCPP, OPERS took additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, members and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

GASB Statement No. 45 requires disclosure of other post employment benefits. SWACO provides no post-employment benefits other than those provided through OPERS. The liability for past service costs at the time OPERS was established was assumed by the State of Ohio; therefore, it is not a liability of SWACO.

**10. Construction Commitments**

SWACO had one active construction project as of December 31, 2008, the ongoing construction of the second phase of the landfill expansion ( Phase H2). At year end SWACO's commitment on this contract stood as follows:

|                                | <u>Cost to-Date</u> | <u>Remaining<br/>Commitment</u> |
|--------------------------------|---------------------|---------------------------------|
| Landfill Phase H2 Construction | \$ 5,279,131        | \$ 293,592                      |

**11. Debt Management**

SWACO's outstanding long-term debt is summarized in the following table (excludes related premiums and costs of issuance):

**Outstanding Notes and Bonds as of December 31, 2008**

| Issue                     | Amount Issued | Maturities | Interest Rates | Principal<br>Balance as of<br>December 31,<br>2008 |
|---------------------------|---------------|------------|----------------|--|
| Series 2004A              | \$ 57,205,000 | 2004-2019  | 3.00%-5.00%    | \$ 42,070,000                                      |
| Series 2004B              | 29,670,000    | 2006-2025  | 3.50%-5.00%    | 22,060,000   |
| Series 2005               | 6,750,000     | 2006-2012  | 3.00%-3.50%    | 4,025,000  |
| Series 2005 refunding     | 12,320,000    | 2008-2017  | 5.00%          | 11,375,000   |
| Series 2008               | 19,975,000    | 2010-2028  | 4.00%-5.20%    | 19,975,000   |
| Subtotal, G.O. Bonds      |               |            |                | <u>\$ 99,505,000</u>                               |
| Series 2007 taxable notes | 4,900,000     | 2008-2017  | variable       | <u>\$ 4,878,000</u>                                |

## **SWACO**

### **Notes to Financial Statements**

#### **As of December 31, 2008**

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*Series 2004A Bonds.* SWACO issued \$57.2 million general obligation bonds in 2004 to refinance a portion of the WTEF lease as discussed in Note 12. Although the bonds are general obligations of SWACO secured by a pledge to levy ad valorem property taxes, SWACO expects to pay debt service on the bonds from Retired Facility Fees and Waiver Fees collected by SWACO (see Note 12).

*Series 2004B Bonds.* In 2004 SWACO also issued \$29.7 million fixed-rate general obligation bonds to finance SWACO's 2004-2005 capital improvements plan, including landfill construction, property acquisition, and certain other solid waste facility improvements.

*Series 2005 Bonds.* In 2005 SWACO issued \$6,750,000 fixed-rate general obligation bonds to fund the purchase of the heavy equipment required to operate the landfill. Prior to this purchase, contractors responsible for the daily operation of the landfill provided the necessary equipment (see Note 14).

*Series 2005 Refunding Bonds.* In March 1997, the Franklin County Board of Commissioners issued \$20 million in general obligation bonds on behalf of SWACO (the Series 1997 Bonds). The proceeds of the bonds were used to fund SWACO's capital improvements program, including land acquisition and engineering for development of the expanded landfill, and other improvements to the landfill and transfer stations. SWACO entered into a repayment agreement with the County and collateralized the repayment by granting to the County a mortgage in the landfill real property, a security interest in the personal property associated with the landfill, and an assignment of rents, permits and licenses.

On October 26, 2005, the County issued \$12.3 million in general obligation bonds (the Series 2005 Refunding Bonds) as part of a \$41 million various purpose issue to advance refund \$12.6 million of the outstanding Series 1997 Bonds (the 2008-2017 callable maturities; the 2006 and 2007 maturities were not callable). The Series 2005 Refunding Bonds are secured in the same manner as the Series 1997 Bonds.

The net proceeds of the Series 2005 Refunding Bonds were used to fund an irrevocable trust with an escrow agent to provide for all future debt service payments on the callable portion of the Series 1997 Bonds. In 2007 the Series 1997 Bonds maturing in 2008 through 2017 were called and retired using the funds on deposit with the escrow agent.

*Series 2007B and Series 2008 Bond Anticipation Notes.* In 2007 SWACO issued \$16.0 million in general obligation bond anticipation notes. The notes were issued to fund capital improvements, including on-going construction of landfill expansion phases and construction of an electricity generation and fueling station located at the landfill and to be supplied by landfill gas. The notes were outstanding as of December 31, 2007 and matured on July 25, 2008. In July 2008, SWACO refunded the notes with the \$16.0 million Series 2008 Bond Anticipation Notes which matured in December 2008.

*Series 2008 Bonds.* In December 2008 SWACO issued \$20.0 million fixed-rate general obligation bonds to refund the Series 2008 Bond Anticipation Notes and to provide additional funds for SWACO's 2006-2009 capital improvements plan, including landfill construction, property acquisition, and certain other solid waste facility improvements.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

It is anticipated that that debt service on the Series 2004B, Series 2005, and Series 2008 bonds will be paid from SWACO's tipping fees or other sources of revenues. However, as is the case with the series 2004A bonds, the Series 2004B, Series 2005, and Series 2008 Bonds are general obligation bonds secured by a pledge to levy ad valorem property taxes.

The following table summarizes SWACO's annual debt service requirements to maturity for its general obligation bonds (including general obligation bonds issued by Franklin County on behalf of SWACO) and outstanding as of December 31, 2008 categorized by source of debt service payment.

| Year ended<br>December 31, | Paid from Tipping Fees                               |              | Paid from Retired<br>Facility/Waiver Fees |              | Total        |              |
|----------------------------|--|--------------|---|--------------|--------------|--------------|
|                            | Series 2004B, 2005, 2005<br>Refunding and 2008 Bonds |              | Series 2004A                              |              |              |              |
|                            | Principal  | Interest     | Principal                                 | Interest     | Principal    | Interest     |
| 2009                       | \$4,750,000  | \$2,392,603  | \$3,205,000                               | \$2,014,525  | \$7,955,000  | \$4,407,128  |
| 2010                       | 4,955,000  | 2,463,625    | 3,365,000                                 | 1,850,275    | 8,320,000    | 4,313,900    |
| 2011                       | 5,205,000  | 2,232,763    | 3,530,000                                 | 1,677,900    | 8,735,000    | 3,910,663    |
| 2012                       | 3,755,000  | 2,011,438    | 3,710,000                                 | 1,496,900    | 7,465,000    | 3,508,338    |
| 2013                       | 2,815,000  | 1,870,575    | 3,895,000                                 | 1,306,775    | 6,710,000    | 3,177,350    |
| 2014-2018                  | 14,690,000   | 7,260,725    | 22,595,000                                | 3,332,625    | 37,285,000   | 10,593,350   |
| 2019-2023                  | 11,215,000   | 4,250,458    | 1,770,000                                 | 39,825       | 12,985,000   | 4,290,283    |
| 2024-2028                  | 10,050,000   | 1,391,563    | -   | -            | 10,050,000   | 1,391,563    |
| Total                      | \$57,435,000   | \$23,873,750 | \$42,070,000                              | \$11,718,825 | \$99,505,000 | \$35,592,575 |

*Series 2007 Variable Rate Taxable Notes.* In 2005 SWACO issued \$1,559,250 Variable Rate Taxable Notes to acquire a building used as a oily waste-water processing facility. In 2007 SWACO purchased additional assets at the facility at a cost of approximately \$3.3 million and issued \$4,900,000 in Variable Rate Taxable Notes to fund the acquisition and refund the Series 2005 taxable notes (see Note 8). The Series 2007 Notes mature in 2017 with principal payments beginning in 2008. Interest on the notes is set at the one month LIBOR rate (London Interbank Offered Rate) plus 100 basis points (1%). The notes, which are not general obligations of SWACO, are secured by a pledge of lease payments from the operator of the facility and SWACO's Generation Fees. Although Generation Fees have not been used to pay the debt service on the taxable notes, if necessary up to 5% of Generation Fee income would be required for this purpose through 2017.

At the same time the Series 2007 Variable Rate Taxable Notes were issued, SWACO entered into a five-year interest rate swap in connection with the notes. The purpose of the swap is to mitigate against the risk of rising interest rates by effectively changing SWACO's variable interest rate on the notes to a synthetic fixed rate of 5.71 percent for a period of five years.

## SWACO

### Notes to Financial Statements

#### As of December 31, 2008

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The notes mature on December 1, 2017, and the swap agreement on December 1, 2012. The swap's notional amount of \$4,900,000 (\$4,878,000 as of December 31, 2008) matches the principal amount of the notes. Starting in November 2008, the notional value of the swap and the principal amount of the associated notes decline by \$11,000 per month through November 2009 and by \$49,000 per month beginning in December 2009. Under the swap, SWACO pays the counterparty, the Huntington National Bank, a fixed payment of 5.71 percent and receives a variable payment computed at the same rate as the related notes (LIBOR plus one hundred basis points).

Because interest rates have declined since execution of the swap, the swap had a fair value of \$482,465 including accrued interest in favor of the swap counterparty as of December 31, 2008. Because the interest rate on the Series 2007 Variable-Rate Taxable Notes is subject to monthly adjustment, the notes do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The risks associated with the swap are as follows:

- (a) Credit risk: As of December 31, 2008, SWACO was not exposed to credit risk from the counterparty. As of that date the swap was valued at \$482,465 in the counterparty's favor. The swap counterparty was rated A- by Fitch Ratings, A- by Standard & Poor's and A2 by Moody's Investors Service as of December 31, 2008.
- (b) Basis risk. The swap does not expose SWACO to basis risk since both the underlying notes and the swap compute interest using LIBOR plus 100 basis points.
- (c) Termination risk. SWACO or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the Variable-Rate Taxable Notes would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, SWACO would be liable to the counterparty for a payment equal to the swap's fair value. Under the terms of the lease agreement for the facility (Note 8) the lessee would be obligated to pay SWACO's termination costs, if any. Similarly, the lessee would be entitled to receive any termination payments received by SWACO after expenses. As of the end of 2008, SWACO is exposed to credit risk from the lessee of the facility with respect to payment of termination costs, if any, due to the swap counterparty. The lessee is a private entity, which does not carry a debt rating.

*Swap payments and associated debt.* Using rates as of December 31, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

\* This space intentionally left blank. \*

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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| Year ended<br>December 31, | Variable Rate Notes |                     | Interest Rate<br>Swap, Net | Total<br>Interest   |
|----------------------------|---------------------|---------------------|----------------------------|---------------------|
|                            | Principal           | Interest            |                            |                     |
| 2009                       | \$ 170,000          | \$ 284,376          | \$ (5,480)                 | \$ 278,896          |
| 2010                       | 588,000             | 261,988             | (5,049)                    | 256,939             |
| 2011                       | 588,000             | 227,278             | (4,380)                    | 222,898             |
| 2012                       | 588,000             | 193,123             | (3,442)                    | 189,681             |
| 2013                       | 588,000             | 157,858             | -                          | 157,858             |
| 2014-2017                  | 2,356,000           | 284,505             | -                          | 284,505             |
| Total                      | <u>\$ 4,878,000</u> | <u>\$ 1,409,128</u> | <u>\$ (18,351)</u>         | <u>\$ 1,390,777</u> |

*Legal Debt Margins.* SWACO's debt is not subject to direct debt limitations, but its unvoted general obligation debt (debt authorized by SWACO's Board of Trustees but not by a vote of the electors) is subject to overlapping debt restrictions with other political subdivisions. These limitations apply to each overlapping county, municipal corporation, school district or other issuing authority. Limitations apply to each county total and are not considered cumulatively. Total debt service charges for any one year of all overlapping debt may not exceed ten mills (1%) of the assessed property value within the overlapping jurisdictions. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. At the time of SWACO's most recent unvoted debt issue in 2006, the maximum millage required in any overlapping jurisdictions was 8.7 mills, leaving a margin of 1.3 mills.

*Summary of Debt and Long-Term Liabilities*

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2008 was as follow:

\* This space intentionally left blank. \*

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

| Operating and Program Funds                           | Beginning<br>Balance | Additions     | Reductions      | Ending<br>Balance | Due Within<br>One Year |
|---|----------------------|---------------|-----------------|-------------------|------------------------|
| General Obligation Notes and Bonds Payable            |                      |               |                 |                   |                        |
| Series 2004A  | \$ 45,120,000        | \$ -          | \$ (3,050,000)  | \$ 42,070,000     | \$ 3,205,000           |
| Series 2004B  | 24,715,000           | -             | (2,655,000)     | 22,060,000        | 2,790,000              |
| Series 2005   | 4,955,000            | -             | (930,000)       | 4,025,000         | 960,000                |
| Series 2005 Refunding                                 | 12,320,000           | -             | (945,000)       | 11,375,000        | 1,000,000              |
| Series 2007B Notes                                    | 16,000,000           | -             | (16,000,000)    | -                 | -                      |
| Series 2008 Notes                                     | -                    | 16,000,000    | (16,000,000)    | -                 | -                      |
| Series 2008 Bonds                                     | -                    | 19,975,000    | -               | 19,975,000        | -                      |
| Unamortized bond premiums                             | 3,678,966            | 285,976       | (732,711)       | 3,232,231         | -                      |
| Unamortized cost of issuance                          | (666,671)            | (210,658)     | 134,623         | (742,706)         | -                      |
| Unamortized reacquisition price                       | (458,016)            | -             | 76,944          | (381,072)         | -                      |
| Total General Obligation notes and bonds payable, net | 105,664,279          | 36,050,318    | (40,101,144)    | 101,613,453       | 7,955,000              |
| Revenue Notes Payable                                 |                      |               |                 |                   |                        |
| Series 2007 Var. Rate Taxable                         | 4,900,000            | -             | (22,000)        | 4,878,000         | 170,000                |
| Capital lease obligation                              | 14,269,489           | -             | (8,044,494)     | 6,224,995         | 2,300,000 *            |
| Landfill closure & postclosure liability              | 19,828,319           | -             | (9,677,917)     | 10,150,402        | 75,000                 |
| Total long term liabilities                           | \$ 144,662,087       | \$ 36,050,318 | \$ (57,845,555) | \$ 122,866,850    | \$ 10,500,000          |

\* Current portion based on amount expected to be paid as permitted under the modified lease (see Note 12).

**12. Capital Lease Obligation**

On April 1, 1993, the City of Columbus leased its solid waste resource recovery plant, the Waste-to-Energy Facility or WTEF, and related waste transfer stations to SWACO. Under the initial terms of the lease, SWACO agreed to make lease payments to the City in amounts equal to the debt service requirements on bonds the City issued to construct the facility and the City agreed to deliver all waste collected by the City to facilities operated or designated by SWACO. SWACO recorded an asset and capital lease obligation liability for the WTEF. The assets acquired were recorded at an estimated market value equal to the liabilities assumed.

SWACO operated the landfill and WTEF as an integrated system for approximately 18 months and attempted to implement a fee structure that would have resulted in all district waste being delivered to SWACO's facilities. This was challenged in Federal District Court and SWACO's fee structure was repealed effective September 1, 1994. The repeal of its fees resulted in the closing of the WTEF at the end of 1994 because of SWACO's inability to generate revenues sufficient to operate the facility and pay the lease obligation to the City.

Management determined that SWACO would be unable to recover the carrying value of the



**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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WTEF at the date of closure and the WTEF was written down to \$36,594,000, and a loss of \$126,248,000 was recognized. Subsequent write downs of \$30,034,000 in 1997 and \$2,627,000 in 2001, plus sale of the turbine-generator sets and other equipment located in the facility reduced the carrying value of the WTEF to \$1,121,000 as of December 31, 2005, reflecting the appraised value of usable space at the facility as of that date. In 2005, SWACO completed demolition of all but the usable portion of the facility and entered into a sublease of the remaining portion (excluding the transfer station) to a recycling business. The building used for the recycling operation was destroyed in a fire in 2008, and SWACO has since terminated the sublease.

With the repeal of its fees in 1994, SWACO was not able to meet its lease obligation to the City. In 1998, SWACO and the City reached agreement on new lease terms that included (1) a 4.5 percent reduction in the lease payment obligations for the years 1995-2010, (2) deferral, with interest, of any amounts due but not paid by SWACO, (3) payment to the City of any income received by SWACO from the sublease of the facility, the sale of plant assets, pollution allowances, or other income (4) the implementation of new fees dedicated to the payment of the lease and applied to all solid waste generated within SWACO's jurisdiction, and (5) a further 30.5 percent reduction in the lease obligation for each year the dedicated fee is levied and collected.

To implement the new fees, the SWACO Board adopted in 1998 a rule effective April 1, 1999, requiring that all waste generated within SWACO's jurisdiction be delivered only to a SWACO facility, unless a waiver has been granted to another facility or the waste is disposed at a facility outside the State of Ohio. The Board of Trustees authorized waivers for any landfill in Ohio provided the landfill executes a waiver agreement with SWACO and agrees to pay a waiver fee as prescribed in the agreement (the "Waiver Fee"). Also in 1998, the Board of Trustees established a new fee (the "Retired Facility Fee"), to be assessed at SWACO facilities effective April 1, 1999. Under the waiver agreements, the Waiver Fee is set equal to the Retired Facility Fee, (initially and through the end of 2008, \$7.00 per ton).

Since 1999, SWACO has paid 100 percent of the income derived from the Waiver Fee and Retired Facility Fees to the City. In lieu of cash payments to SWACO, Retired Facility Fees owed by the City for use of SWACO's facilities are applied directly to the lease obligation as a credit. The Waiver Fee and Retired Facility Fee revenues have not been sufficient to satisfy all of the modified lease obligation and SWACO accumulated a deferred lease obligation of \$46.3 million at the end of 2003.

As the result of a subsequent modification to the lease agreed to in 2004, SWACO issued \$57,205,000 in bonds in 2004 (the Series 2004A Bonds") and paid the net proceeds, \$55.1 million, to the City as a payment on the lease. Debt service on the bonds will be paid from the Retired Facility and Waiver Fees collected by SWACO, excluding amounts owed by the City. Amounts due from the City will continue to be applied as a credit to the lease obligation remaining after the payment from bond proceeds. Additional cash payments to the City will be made only to the extent collections from the Retired Facility Fee and Waiver Fee exceed debt service requirements on the bonds.

As the result of the 1998 modification to the lease, SWACO recognized gains of \$50,203,271 for the years 1995-2003 representing 4.5 percent of the lease for the years 1995-2010 and 30.5 percent for the years 1995-2003. In 2004 SWACO recognized a gain of \$19,652,043 representing the remaining 30.5% reduction in the lease obligation for the years 2004-2010. The

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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2004 modification removed the provision of the 1998 modification which make the additional 30.5 percent lease reduction contingent on the continued collection of the Waiver Fee and Retired Facility Fee and accelerated the recognition of the gain into 2004. No future gains will be recognized by SWACO under the terms of the modified lease.

SWACO and the City of Columbus entered into a Ninth modification to the WTEF lease in 2008 that resulted in the replacement of the \$5.3 million debt service reserve account related to the Series 2004A bonds with a surety bond. The release of the reserve fund allowed SWACO to make supplemental lease payments to the City totaling \$5.3 million in 2008. In addition, SWACO made a supplemental lease payment to the City of \$771,000 in December 2008 from Retired Facility and Waiver Fees collected since 2004 and not needed for debt service on the Series 2004A Bonds.

In 2008, SWACO and the City further modified the lease (the Tenth Modification) to allow SWACO to increase the Retired Facility and Waiver Fee above \$7.00 per ton, and to allow SWACO to use the revenues generated by any fee increase for purposes other than paying the WTEF lease or debt service on the Series 2004A Bonds. During 2008, the SWACO Board of Trustees adopted a \$2 per ton increase in the Retired Facility and Waiver Fee effective January 1, 2009. The waiver agreements, which were initially for a five-year period and were renewed for an additional five years in 2004, expire at the end of 2009. SWACO has not determined whether it will renew the agreements in 2009.

The following table is a schedule of the remaining minimum lease payments owed to the City if paid when due and an estimate of the actual payments expected to be made, as permitted under the modified lease.

| <u>Year Ending December 31,</u>         | <u>As<br/>Scheduled</u> | <u>Estimated<br/>Actual</u> |
|---|-------------------------|-----------------------------|
| 2009                                    | \$ 4,320,684            | \$ 2,300,000                |
| 2010                                    | 2,114,390               | 2,194,545                   |
| 2011                                    | -                       | 1,971,318                   |
| Total minimum lease payments            | 6,435,074               | 6,465,863                   |
| Less: amount representing interest      | (210,079)               | (240,868)                   |
| Present value of minimum lease payments | <u>\$ 6,224,995</u>     | <u>\$ 6,224,995</u>         |

**13. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require SWACO to place a final cover on its Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although final closure and postclosure care costs will be paid only when the last phases of the landfill reach final waste elevation, in accordance with GASB Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, SWACO reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

SWACO's estimate of total current cost of closure and postclosure care is \$24.7 million. This

# **SWACO**

## **Notes to Financial Statements**

### **As of December 31, 2008**

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estimate includes final cover and gas collection system costs for the last two phases of the landfill construction of \$17.5 million and postclosure maintenance and monitoring costs of \$7.2 million. These amounts are estimated based on the costs to perform all closure and postclosure care in 2008. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The amount reported as Landfill Closure/postclosure liability as of December 31, 2008 includes \$9.1 million representing the cumulative amount reported based on the use of 37% of the estimated capacity of the landfill, including the original permit and 1997 and 2009 modifications. SWACO will recognize the remaining estimated cost of closure and postclosure care costs of approximately \$15.6 million as the remaining estimated capacity is filled.

In 2008, SWACO reduced its estimated closure and postclosure care estimate related to the modification of the permit submitted in 2008, and approved in 2009. This change was recorded as a change in accounting estimate and reported in operating income in 2008 (See Note 3).

SWACO also maintains and monitors the Model Landfill, which has been closed since 1985. The Model Landfill is not subject to the same state and federal laws and regulations as the current operating landfill. In an effort to manage postclosure costs, SWACO leased the closed landfill to a private entity in 1999 to develop a public golf course on the site, and leased the landfill gas collection system and sold the gas rights for the purpose of generating electricity. The amounts reported as Landfill Closure/postclosure care liability as of December 31, 2008 includes \$75,000 as a current liability related to monitoring, leachate treatment and gas collection costs and \$926,402 as a noncurrent liability representing the estimated cost of the future maintenance and monitoring costs at the site.

#### **14. Service Agreements**

SWACO entered into a five-year yard waste compost facility service agreement in 2002. The agreement was extended an additional five years in 2007. Under the agreement, SWACO pays a monthly service fee to the facility operator to accept and process yard waste delivered from the SWACO District. Operating expenses under the service agreement were \$374,400 in 2008. The future minimum service payments are \$374,400 annually from 2009 through 2011 and \$280,800 in 2012, the last year of the agreement.

SWACO also is party to a yard waste compost facility service agreement which expires in 2016. Under the agreement, SWACO pays a service fee for each ton of yard waste delivered to the facility, with no guaranteed minimum payments to the facility operator. Operating expenses under the service agreement were \$1,780,534 in 2008. Operating expenses are expected to continue into the future but there are no future minimum service payments under the agreement.

Since acquiring the landfill in 1991 until 2007, SWACO contracted with private solid waste companies to operate and maintain the heavy equipment needed to place and compact the solid waste into the landfill, construct site access roads, provide daily and interim cover, and maintain the landfill according to all local, state and federal laws and regulations. SWACO managed and oversaw the day-to-day operations of the Sanitary Landfill, conducted environmental monitoring and reporting, operated the scale house, and collected all tipping fees paid by users of the landfill. Under the agreements, SWACO paid the contractor for each ton of waste received at the landfill. During 2007 SWACO paid the contractor approximately \$3,275,000.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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The final landfill operating contract expired at the end of 2007 and in 2008 SWACO began operating the landfill with its own management and labor.

**15. Commitments and Contingencies**

As the operator of solid waste disposal and transfer facilities, SWACO is subject to environmental regulation by federal, state and local governmental authorities. These authorities have the power to enforce compliance with environmental laws and regulations and to obtain injunctions or impose fines in the case of violations. In addition, SWACO's operation of landfills subjects it to certain operational, monitoring, site maintenance, closure and postclosure obligations. As the result of this extensive regulation, SWACO may become subject to various judicial and administrative proceedings involving federal, state or local regulatory agencies. If these agencies find that SWACO's operations or facilities are not in compliance with applicable environmental regulations or operating permits, they could seek to impose fines on SWACO or to revoke or deny renewal of an operating permit held by SWACO. Failure to correct the problems to the satisfaction of the authorities could lead to curtailed operations or closure of the landfill or transfer stations.

Certain federal and state environmental laws impose strict liability on SWACO for such matters as contamination of water supplies or other environmental damage associated with its operation of solid waste facilities. If such contamination or environmental damage were to occur, the resulting cost to SWACO of corrective measures and cleanup could adversely affect SWACO's financial condition.

**16. Risks and Uncertainties**

SWACO is exposed to various risks of loss related to torts and general liability; theft of, damage to and destruction of assets; natural disasters; errors and omissions; employee health care claims and injuries to employees. Insurance policies are procured for buildings and contents and certain equipment. In addition, a crime policy is in effect which covers SWACO for employee theft and dishonesty. Settled claims have not exceeded commercial coverage in any of the past three years. SWACO purchases workers' compensation insurance through the State of Ohio to cover all employees. SWACO also provides life insurance to its employees equal to each employees' base annual salary and a short-term disability benefit. These benefits are fully insured by SWACO through third parties.

SWACO purchases property insurance for all buildings and equipment, excluding over-the-road motor vehicles. SWACO maintain \$5.0 million in general liability, public officials liability, and motor vehicle liability insurance for claims in excess of \$1.0 million. SWACO retains the risk for claims less than \$1.0 million.

SWACO provides health care benefits to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,000 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 14,800 plan subscribers when spouses and dependents are counted. During 2008 these benefits included a self-insured participating provider organization medical plan, a prescription drug program, a mental health and chemical dependency program, and dental and vision benefits. The program is administered by third parties which

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2008**

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provide claims review and processing. Participating County agencies and other political subdivisions pay their proportionate shares of the premiums and actual claims processed through these programs.

The County develops annual actuarial estimates of the amounts to be paid for claims but unreported as of year-end based on its historical experience. In 2007 and 2008, the County assessed participants in the program a premium for their proportionate share of the estimated liability and SWACO did not recognize any additional liability as of December 31, 2007 and 2008.

|                              | <u>2007</u>      | <u>2008</u>     |
|------------------------------|------------------|-----------------|
| Unpaid Claims at January 1   | \$ -             | \$ -            |
| Incurred Claims              | 66,908           | 84,272          |
| Paid Claims                  | <u>( 66,908)</u> | <u>(84,272)</u> |
| Unpaid Claims at December 31 | <u>\$ -</u>      | <u>\$ -</u>     |

The Comprehensive Omnibus Reconciliation Act of 1986 requires SWACO to offer terminated or retired employees continued participation in SWACO's employee health care benefits program, provided that the employees pay the rate established by the plan administrator.

SWACO analyzes all outstanding and potential claims that have arisen or could arise due to the occurrence of a loss contingency on or before December 31, 2008. Those claims that are judged to have a high probability of requiring a settlement and for which the amount required to settle the claim is reasonably estimable are included.

|                              | <u>2007</u>     | <u>2008</u>      |
|------------------------------|-----------------|------------------|
| Unpaid Claims at January 1   | \$ -            | \$ 500           |
| Incurred Claims              | 78,768          | 132,138          |
| Paid Claims                  | <u>(78,268)</u> | <u>(20,706)</u>  |
| Unpaid Claims at December 31 | <u>\$ 500</u>   | <u>\$111,932</u> |

**17. Subsequent Events**

In January 2008 SWACO entered into an agreement to facilitate construction of a facility which will manufacture building panels from recycled polystyrene. The facility will be located on land leased to the owner of the facility by SWACO. SWACO facilitated the project by agreeing to purchase the building in the event project revenues are not sufficient to pay the debt on the building. At the end of 2008, the owner of the facility failed to pay rent due SWACO and has been notified they are in default under the lease. It appears likely SWACO will be purchasing the building by issuing notes prior to the end of 2009. It is likely that rent from the building will not be sufficient to pay 100% of the debt service on the note issued to purchase the building.

On July 8, 2009 SWACO was notified that the Director of the OEPA has approved SWACO's 2008 application to modify the landfill permit. The permit is discussed in more detail in Notes 1 and 3.

**SWACO****Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2008**

|  | <b>Operating Fund</b>        |                                |                      |
|--|------------------------------|--------------------------------|----------------------|
|  | <b>Continuing Operations</b> | <b>Discontinued Operations</b> | <b>Total</b>         |
| <b>Assets</b>  |                              |                                |                      |
| Current assets:  |                              |                                |                      |
| Cash and cash equivalents  | \$ 2,460,600                 | \$ -                           | \$ 2,460,600         |
| Restricted cash  | 753,590                      | 420,238                        | 1,173,828            |
| Investments  | 3,023,401                    | -                              | 3,023,401            |
| Restricted investments   | 3,833,597                    | -                              | 3,833,597            |
| Accounts receivable, net   | 2,395,322                    | 414,812                        | 2,810,134            |
| Federal grant receivable   | 1,500,000                    | -                              | 1,500,000            |
| Other assets   | 104,417                      | 26,927                         | 131,344              |
| Total current assets   | <u>14,070,927</u>            | <u>861,977</u>                 | <u>14,932,904</u>    |
| Noncurrent assets:   |                              |                                |                      |
| Investments held by trustee for landfill closure/post closure care | 23,035,444                   | -                              | 23,035,444           |
| Capital assets   |                              |                                |                      |
| Sanitary landfill, net of accumulated depletion                    | 13,849,672                   | -                              | 13,849,672           |
| Buildings and equipment, net of accumulated depreciation           | 17,543,908                   | -                              | 17,543,908           |
| Construction in progress   | 9,106,823                    | -                              | 9,106,823            |
| Land and land improvements   | 11,721,277                   | -                              | 11,721,277           |
| Total noncurrent assets  | <u>75,257,124</u>            | <u>-</u>                       | <u>75,257,124</u>    |
| Total assets   | <u>\$ 89,328,051</u>         | <u>\$ 861,977</u>              | <u>\$ 90,190,028</u> |

Continued

**SWACO****Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2008**

|   | <b>Operating Fund</b>        |                                |                 |
|---|------------------------------|--------------------------------|-----------------|
|   | <b>Continuing Operations</b> | <b>Discontinued Operations</b> | <b>Total</b>    |
| <b>Liabilities</b>  |                              |                                |                 |
| Current liabilities:  |                              |                                |                 |
| Accounts payable  | \$ 1,494,985                 | \$ -                           | \$ 1,494,985    |
| Accrued wages and benefits  | 769,418                      | -                              | 769,418         |
| Accrued interest  | 213,309                      | 306,252                        | 519,561         |
| Current maturities of bonds payable   | 4,750,000                    | 3,205,000                      | 7,955,000       |
| Capital lease obligation  | -                            | 2,300,000                      | 2,300,000       |
| Landfill postclosure liability-current portion                                | 75,000                       | -                              | 75,000          |
| Total current liabilities   | 7,302,712                    | 5,811,252                      | 13,113,964      |
| Noncurrent liabilities  |                              |                                |                 |
| Bonds payable, less current portion, net                                      | 53,493,326                   | 40,165,121                     | 93,658,447      |
| Capital lease obligation, less current portion                                | -                            | 3,924,995                      | 3,924,995       |
| Landfill closure/postclosure liability  | 10,075,402                   | -                              | 10,075,402      |
| Total noncurrent liabilities  | 63,568,728                   | 44,090,116                     | 107,658,844     |
| Total liabilities   | 70,871,440                   | 49,901,368                     | 120,772,808     |
| <b>Net Assets</b>   |                              |                                |                 |
| Invested in capital assets, net of related debt:                              |                              |                                |                 |
| Lease obligation and bonds payable related to closed waste-to-energy facility | -                            | (49,595,116)                   | (49,595,116)    |
| Other capital assets, net   | (1,904,177)                  | -                              | (1,904,177)     |
| Restricted:   |                              |                                |                 |
| Closure/postclosure trust fund net of accrued liability – Sanitary Landfill   | 13,886,444                   | -                              | 13,886,444      |
| Other restricted, net   | -                            | 555,725                        | 555,725         |
| Unrestricted  | 6,474,344                    | -                              | 6,474,344       |
| Total net assets  | \$ 18,456,611                | \$ (49,039,391)                | \$ (30,582,780) |

**SWACO****Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund  
For the Year Ended December 31, 2008**

|  | <b>Operating Fund</b>        |                                |                        |
|--|------------------------------|--------------------------------|------------------------|
|  | <b>Continuing Operations</b> | <b>Discontinued Operations</b> | <b>Total</b>           |
| <b>Operating revenues:</b>               |                              |                                |                        |
| Tipping and disposal fees                | \$ 18,345,327                | \$ -                           | \$ 18,345,327          |
| Waste transfer fees                      | 4,537,544                    | -                              | 4,537,544              |
| Retired Facility and Waiver Fees         | -                            | 7,613,718                      | 7,613,718              |
| Other                                    | 143,993                      | 78,939                         | 222,932                |
| Operating revenues                       | <u>23,026,864</u>            | <u>7,692,657</u>               | <u>30,719,521</u>      |
| <b>Operating expenses:</b>               |                              |                                |                        |
| Salaries, wages and benefits             | 7,937,207                    | -                              | 7,937,207              |
| Contract, services and supplies          | 6,594,112                    | 62,150                         | 6,656,262              |
| Solid Waste Fees                         | 3,122,177                    | -                              | 3,122,177              |
| Depreciation and depletion               | 2,937,455                    | -                              | 2,937,455              |
| Landfill Depletion                       | 7,255,277                    | -                              | 7,255,277              |
| Landfill closing cost                    | (9,630,000)                  | -                              | (9,630,000)            |
| Interfund transfers                      | (228,918)                    | (105,455)                      | (334,373)              |
| Operating expenses                       | <u>17,987,310</u>            | <u>(43,305)</u>                | <u>17,944,005</u>      |
| Operating income                         | <u>5,039,554</u>             | <u>7,735,962</u>               | <u>12,775,516</u>      |
| <b>Nonoperating revenues (expenses):</b> |                              |                                |                        |
| Interest expense                         | (2,267,633)                  | (2,590,510)                    | (4,858,143)            |
| Interest earnings                        | 2,161,801                    | 309,187                        | 2,470,988              |
| Grant revenues                           | 289,327                      | -                              | 289,327                |
| Loss on Federal Grant                    | (480,000)                    | -                              | (480,000)              |
| Loss on disposal of assets               | (44,903)                     | -                              | (44,903)               |
| Fire Loss net of insurance proceeds      | (382,305)                    | -                              | (382,305)              |
| Total nonoperating revenues (expenses):  | <u>(723,713)</u>             | <u>(2,281,323)</u>             | <u>(3,005,036)</u>     |
| Change in net assets                     | 4,315,841                    | 5,454,639                      | 9,770,480              |
| Total net assets – beginning             | <u>14,140,770</u>            | <u>(54,494,030)</u>            | <u>(40,353,260)</u>    |
| Total net assets – ending                | <u>\$ 18,456,611</u>         | <u>\$ (49,039,391)</u>         | <u>\$ (30,582,780)</u> |



**SWACO****Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2008**

|  | <b>Operating Fund</b>            |                                    |                     |
|--|----------------------------------|------------------------------------|---------------------|
|  | <b>Continuing<br/>Operations</b> | <b>Discontinued<br/>Operations</b> | <b>Total</b>        |
| <b>Cash flows from operating activities:</b>                           |                                  |                                    |                     |
| Receipts from customers  | \$ 22,529,444                    | \$ -                               | \$ 22,529,444       |
| Retired Facility Fees and Waiver Fees collected                        | -                                | 5,548,843                          | 5,548,843           |
| Other receipts   | 147,523                          | 78,940                             | 226,463             |
| Payments to or on behalf of employees for salaries, wages and benefits | (7,811,015)                      | -                                  | (7,811,015)         |
| Payment to vendors   | (10,420,267)                     | (62,149)                           | (10,482,416)        |
| Landfill post closure cost paid  | (47,917)                         | -                                  | (47,917)            |
| Interfund charges  | 228,918                          | 105,455                            | 334,373             |
| Other receipts   | 132,408                          | -                                  | 132,408             |
| Net cash provided by operating activities                              | <u>4,759,094</u>                 | <u>5,671,089</u>                   | <u>10,430,183</u>   |
| <b>Cash flows from noncapital financing activities:</b>                |                                  |                                    |                     |
| Grants received  | 262,512                          | -                                  | 262,512             |
| <b>Net cash provided by noncapital financing activities</b>            | <u>262,512</u>                   | <u>-</u>                           | <u>262,512</u>      |
| <b>Cash flows from investing activities:</b>                           |                                  |                                    |                     |
| Proceeds from sales and maturities of investments                      | 12,634,184                       | 5,299,900                          | 17,934,084          |
| Purchase of investments  | (18,477,309)                     | -                                  | (18,477,309)        |
| Interest received  | 1,937,911                        | 304,237                            | 2,242,148           |
| Net cash provided by (used in) investing activities                    | <u>(3,905,214)</u>               | <u>5,604,137</u>                   | <u>1,698,923</u>    |
| <b>Cash flows from capital and related financing activities:</b>       |                                  |                                    |                     |
| Proceeds from capital debt   | 36,260,976                       | -                                  | 36,260,976          |
| Proceeds from sale of assets   | 27,123                           | -                                  | 27,123              |
| Landfill, plant improvements and equipment additions                   | (6,786,722)                      | -                                  | (6,786,722)         |
| Principal paid on bonds and notes payable                              | (36,530,000)                     | (3,050,000)                        | (39,580,000)        |
| Principal paid on capital lease  | -                                | (5,762,127)                        | (5,762,127)         |
| Interest paid  | (2,524,514)                      | (3,051,168)                        | (5,575,682)         |
| Debt issuance cost paid  | (210,658)                        | -                                  | (210,658)           |
| Net cash used in capital and related financing activities              | <u>(9,763,795)</u>               | <u>(11,863,295)</u>                | <u>(21,627,090)</u> |
| Net decrease in cash   | (8,647,403)                      | (588,069)                          | (9,235,472)         |
| Cash and cash equivalents, beginning of year                           | <u>11,861,593</u>                | <u>1,008,307</u>                   | <u>12,869,900</u>   |
| Cash and cash equivalents, end of year                                 | <u>\$3,214,190</u>               | <u>\$ 420,238</u>                  | <u>\$ 3,634,428</u> |

**Continued**

**SWACO****Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2008**

|   | <b>Operating Fund</b>        |                                | <b>Total</b>         |
|---|------------------------------|--------------------------------|----------------------|
|   | <b>Continuing Operations</b> | <b>Discontinued Operations</b> |                      |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |                              |                                |                      |
| Operating income  | \$ 5,039,554                 | \$ 7,735,962                   | \$ 12,775,516        |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                              |                                |                      |
| Depreciation and depletion  | 10,192,732                   | -                              | 10,192,732           |
| Landfill closing cost   | (9,630,000)                  | -                              | (9,630,000)          |
| Lease credits received in lieu of cash:   |                              |                                |                      |
| Applied to principal  | -                            | (1,747,033)                    | (1,747,033)          |
| Applied to interest   | -                            | (525,758)                      | (525,758)            |
| Increase (decrease) in cash resulting from changes in:                                  |                              |                                |                      |
| Accounts receivable (net)   | (349,898)                    | 207,918                        | (141,980)            |
| Accounts payable  | (703,978)                    | -                              | (703,978)            |
| Accrued wages and benefits  | 126,193                      | -                              | 126,193              |
| Landfill postclosure liability  | (47,917)                     | -                              | (47,917)             |
| Other assets and liabilities  | 132,408                      | -                              | 132,408              |
| Net cash provided by operating activities   | <u>\$ 4,759,094</u>          | <u>\$ 5,671,089</u>            | <u>\$ 10,430,183</u> |

**Noncash capital and related financing activities:**

Amortization of premiums on lease obligation and bonds payable of \$341,265 for Continuing Operations and \$391,452 for Discontinued Operations

Amortization of debt issuance costs of \$67,987 for Continuing Operations and \$66,636 for Discontinued Operations

Amortization of premiums on lease obligation of \$9,576 (Discontinued Operations).

Amortization of reacquisition costs on refunding bonds payable of \$76,944 (Continuing Operations).

Change in carrying value of investments resulting in gain of \$222,408 (Continuing Operations).

# **STATISTICAL SECTION**

————— *Solid Waste Authority of Central Ohio* —————

STATISTICAL SECTION

The following statistical tables provide selected information on SWACO's financial trends, revenue capacity, operating information, debt capacity, and economic and demographic information.

Tables 1 and 2 provide ten years of financial information for SWACO. Table 3 is a budget to actual comparison for year 2008.

Revenue capacity information on solid waste deliveries and tipping fees at SWACO facilities is presented in Tables 4 through 8. Table 8 provides generation fees reported by solid waste facilities receiving waste generated from within the Franklin County Solid Waste Management District (the "District") and disposed in an Ohio landfill.

Indicators of the level of demand for service are included in tables throughout the statistical section and include tons received (Tables 4 and 5), Top Ten customer data (Table 5), tons generated (Table 8), and tons recycled (Tables 9 and 10). Table 11 shows current and historical SWACO employees by function.

Tables 12 through 17 provide debt service schedules for SWACO's outstanding bonds. Table 18 provides detail on the WTEF lease. Table 19 shows various debt ratios for SWACO. It includes total debt (notes, bonds and WTEF lease) per capita, total general obligation debt as a percent of SWACO assessed property valuation (although backed by a pledge to levy ad valorem property taxes, SWACO's general obligation bonds are paid from other sources, see Note 11 to the financial statements), and annual debt service per ton for bonds paid from the landfill tipping fee. Table 20 shows the statutory debt limit on SWACO's ability to issue debt supported by property taxes. SWACO is not subject to direct debt limits.

Demographic information is presented for SWACO's solid waste district and Franklin County in Tables 21 through 23.

**SWACO**  
**Schedules of Net Assets - All Funds**  
**For Years Ended December 31, 1999 through 2008**  
(in thousands)<sup>1</sup>

| <b>ASSETS</b>                                      | 1999             | 2000             | 2001             | 2002             | 2003             | 2004             | 2005              | 2006             | 2007              | 2008             |
|--|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|------------------|
| Cash and cash equivalents                          | \$ 10,077        | \$ 11,591        | \$ 11,371        | \$ 6,257         | \$ 5,772         | \$ 7,210         | \$ 3,128          | \$ 3,558         | \$ 4,524          | \$ 2,461         |
| Restricted cash                                    | 10,327           | 7,650            | 6,072            | 5,239            | 3,554            | 20,277           | 5,286             | 4,668            | 9,877             | 2,443            |
| Unrestricted and restricted investments            | -                | -                | -                | 4,493            | 2,496            | 2,001            | 14,757            | 9,909            | 7,917             | 6,857            |
| Accounts receivable, net                           | 2,040            | 2,143            | 2,328            | 2,293            | 2,562            | 3,976            | 3,010             | 3,360            | 3,113             | 3,329            |
| Pollution allowances sales receivable              | -                | -                | -                | -                | -                | -                | 10,015            | -                | -                 | -                |
| Federal grant receivable                           | -                | -                | -                | -                | -                | -                | -                 | -                | 1,980             | 1,500            |
| Closure/postclosure funds held by trustee          | 11,750           | 13,378           | 14,409           | 15,296           | 16,142           | 16,873           | 17,799            | 19,218           | 21,104            | 23,035           |
| Sanitary Landfill, net of accum. deprec./depletion | 7,559            | 10,401           | 11,083           | 11,475           | 11,801           | 10,262           | 20,448            | 23,441           | 22,586            | 13,850           |
| Buildings & equipment, net of accum. depreciation  | 5,636            | 6,096            | 8,187            | 8,887            | 9,349            | 9,905            | 17,045            | 15,054           | 14,133            | 18,394           |
| Construction in progress                           | -                | -                | -                | -                | -                | 9,093            | 6,577             | 4,401            | 10,279            | 9,107            |
| Land and land improvements                         | 1,724            | 1,724            | 1,724            | 1,724            | 1,724            | 9,931            | 9,931             | 9,931            | 11,721            | 11,721           |
| Lease receivable                                   | -                | -                | -                | -                | -                | -                | 1,559             | 1,559            | 4,900             | 4,878            |
| Idle plant facilities - WTEF (Note 12)             | 6,381            | 6,338            | 4,605            | 1,976            | 1,976            | 1,121            | -                 | -                | -                 | -                |
| Other assets                                       | 231              | 224              | 135              | 159              | 170              | 357              | 447               | 169              | 349               | 130              |
| <b>Total Assets</b>                                | <b>\$ 55,725</b> | <b>\$ 59,545</b> | <b>\$ 59,915</b> | <b>\$ 57,799</b> | <b>\$ 55,546</b> | <b>\$ 91,006</b> | <b>\$ 110,002</b> | <b>\$ 95,269</b> | <b>\$ 112,484</b> | <b>\$ 97,706</b> |

<sup>1</sup> Certain items for the years prior to 2005 have been reclassified for presentation purposes. Totals may not add due to rounding.

Continued

Table 1 (continued)

|   | 1999                | 2000                | 2001                | 2002               | 2003               | 2004               | 2005               | 2006               | 2007               | 2008               |
|---|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>LIABILITIES</b>  |                     |                     |                     |                    |                    |                    |                    |                    |                    |                    |
| Accounts payable  | \$ 2,020            | \$ 3,368            | \$ 2,729            | \$ 1,875           | \$ 2,584           | \$ 4,491           | \$ 7,298           | \$ 2,312           | \$ 4,278           | \$ 2,113           |
| Accrued wages and benefits  | 686                 | 736                 | 868                 | 926                | 1,005              | 856                | 762                | 814                | 750                | 896                |
| Accrued interest  | 6,285               | 2,151               | 648                 | 824                | 788                | 1,140              | 980                | 850                | 706                | 520                |
| Bonds and Notes payable (Note 11)   | 19,050              | 18,295              | 17,505              | 16,795             | 16,045             | 102,274            | 106,498            | 103,407            | 110,564            | 106,491            |
| Capital lease obligation (Note 12)  | 140,275             | 136,553             | 127,443             | 118,456            | 108,052            | 28,751             | 27,356             | 15,817             | 14,269             | 6,225              |
| Landfill closure/postclosure care liability (Note 13)                           | 13,425              | 13,966              | 14,788              | 15,430             | 16,113             | 16,927             | 18,124             | 18,711             | 19,828             | 10,150             |
| Other   | 514                 | 394                 | 748                 | 1,167              | 665                | 7                  | 232                | 130                | 283                | 413                |
| <b>Total liabilities</b>  | <b>182,255</b>      | <b>175,463</b>      | <b>164,728</b>      | <b>155,473</b>     | <b>145,252</b>     | <b>154,445</b>     | <b>161,250</b>     | <b>142,041</b>     | <b>150,680</b>     | <b>126,810</b>     |
| <b>NET ASSETS</b>   |                     |                     |                     |                    |                    |                    |                    |                    |                    |                    |
| Invested in capital assets, net of related debt:                                |                     |                     |                     |                    |                    |                    |                    |                    |                    |                    |
| WTEF, net of lease obligation & bonds payable                                   | (133,894)           | (130,215)           | (122,838)           | (116,480)          | (106,076)          | (84,010)           | (80,586)           | (65,846)           | (61,014)           | (49,595)           |
| Other capital assets, net   | (905)               | 1,684               | 3,490               | 5,291              | 6,829              | 5,195              | 4,433              | 2,517              | 6,680              | (1,054)            |
| Restricted:   |                     |                     |                     |                    |                    |                    |                    |                    |                    |                    |
| Closure/postclosure trust fund, net of<br>accrued liability - Sanitary Landfill | 1,436               | 1,987               | 2,075               | 2,240              | 2,087              | 1,974              | 1,661              | 1,715              | 2,325              | 13,887             |
| Other restricted, net   | 10,461              | 7,734               | 6,173               | 5,333              | 3,658              | 8,621              | 18,491             | 7,961              | 8,252              | 1,184              |
| Unrestricted  | (3,628)             | 2,892               | 6,286               | 5,942              | 3,795              | 4,780              | 4,753              | 6,881              | 5,562              | 6,474              |
| <b>Total net assets</b>   | <b>\$ (126,530)</b> | <b>\$ (115,918)</b> | <b>\$ (104,813)</b> | <b>\$ (97,674)</b> | <b>\$ (89,706)</b> | <b>\$ (63,439)</b> | <b>\$ (51,248)</b> | <b>\$ (46,772)</b> | <b>\$ (38,196)</b> | <b>\$ (29,104)</b> |

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-18.

**SWACO**  
**Schedules of Revenues, Expenses, and Changes in Fund Net Assets - All Funds**  
**For Years Ended December 31, 1999 through 2008**  
(in thousands)<sup>1</sup>

|                                  | 1999          | 2000          | 2001          | 2002          | 2003          | 2004          | 2005          | 2006          | 2007          | 2008          |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Revenues:</b>                 |               |               |               |               |               |               |               |               |               |               |
| Tipping and disposal fees        | \$ 11,238     | \$ 13,576     | \$ 13,705     | \$ 13,600     | \$ 14,079     | \$ 14,423     | \$ 16,754     | \$ 18,376     | \$ 18,958     | \$ 18,650     |
| Waste transfer fees              | 3,471         | 3,806         | 3,884         | 3,860         | 4,132         | 4,010         | 4,448         | 4,377         | 4,336         | 4,537         |
| Retired Facility and Waiver Fees | 5,149         | 7,488         | 7,596         | 7,722         | 7,916         | 8,113         | 8,016         | 7,949         | 7,892         | 7,614         |
| Generation Fees                  | 5,735         | 5,780         | 5,571         | 5,559         | 5,655         | 5,801         | 5,720         | 5,716         | 5,663         | 5,438         |
| Other                            | 245           | 686           | 868           | 704           | 755           | 128           | 574           | 319           | 617           | 582           |
| <b>Operating revenues</b>        | <b>25,839</b> | <b>31,337</b> | <b>31,624</b> | <b>31,445</b> | <b>32,536</b> | <b>32,475</b> | <b>35,512</b> | <b>36,737</b> | <b>37,467</b> | <b>36,822</b> |
| <b>Expenses:</b>                 |               |               |               |               |               |               |               |               |               |               |
| Salaries, wages and benefits     | 3,679         | 3,801         | 4,304         | 4,873         | 5,582         | 6,127         | 6,790         | 7,104         | 7,351         | 9,692         |
| Contracts, services and supplies | 7,941         | 12,110        | 11,409        | 11,854        | 12,860        | 14,406        | 14,918        | 10,248        | 10,566        | 10,800        |
| Solid waste fees                 | 1,428         | 1,707         | 1,755         | 1,771         | 1,955         | 2,192         | 2,686         | 3,276         | 3,236         | 3,122         |
| Depreciation and depletion       | 1,121         | 1,132         | 1,424         | 1,815         | 2,151         | 2,141         | 3,612         | 6,874         | 5,672         | 10,334        |
| Landfill closing expenses        | 707           | 1,078         | 942           | 722           | 999           | 844           | 1,239         | 1,365         | 1,276         | (9,630)       |
| Other                            | 4             | 52            | 1             | 22            | 113           | 20            | 2             | -             | -             | -             |
| <b>Operating expenses</b>        | <b>14,880</b> | <b>19,880</b> | <b>19,836</b> | <b>21,057</b> | <b>23,660</b> | <b>25,730</b> | <b>29,247</b> | <b>28,867</b> | <b>28,101</b> | <b>24,318</b> |
| <b>Operating income</b>          | <b>10,959</b> | <b>11,456</b> | <b>11,788</b> | <b>10,388</b> | <b>8,876</b>  | <b>6,745</b>  | <b>6,265</b>  | <b>7,870</b>  | <b>9,366</b>  | <b>12,504</b> |

continued

Table 2 (continued)

|                                     | 1999                | 2000                | 2001                | 2002               | 2003               | 2004               | 2005               | 2006               | 2007               | 2008               |
|-------------------------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Nonoperating revenues (expenses):   |                     |                     |                     |                    |                    |                    |                    |                    |                    |                    |
| Interest expense                    | (8,418)             | (6,745)             | (6,113)             | (4,919)            | (4,773)            | (4,246)            | (5,232)            | (5,040)            | (5,116)            | (4,858)            |
| Interest earnings                   | 1,528               | 2,002               | 1,296               | 705                | 466                | 617                | 1,344              | 1,962              | 2,680              | 2,471              |
| Grant revenues                      | 256                 | 132                 | 138                 | 134                | 138                | 145                | 404                | 240                | 2,192              | 379                |
| Grants awarded <sup>2</sup>         | -                   | -                   | -                   | (155)              | (542)              | (462)              | (636)              | (574)              | (593)              | (498)              |
| Loss on federal grant               | -                   | -                   | -                   | -                  | -                  | -                  | -                  | -                  | -                  | (480)              |
| Fire loss net of insurance proceeds | -                   | -                   | -                   | -                  | -                  | -                  | -                  | -                  | -                  | (382)              |
| Gain (loss) on disposal of assets   | 10                  | 45                  | 68                  | (50)               | (125)              | (19)               | (4)                | 19                 | 47                 | (44)               |
| <b>Total nonoperating expenses</b>  | <b>(6,624)</b>      | <b>(4,566)</b>      | <b>(4,612)</b>      | <b>(4,285)</b>     | <b>(4,835)</b>     | <b>(3,965)</b>     | <b>(4,124)</b>     | <b>(3,393)</b>     | <b>(790)</b>       | <b>(3,412)</b>     |
| Special and Extraordinary Items     |                     |                     |                     |                    |                    |                    |                    |                    |                    |                    |
| Gain on forgiveness of debt         | 27,725              | 3,722               | 3,929               | 3,663              | 3,927              | 19,652             | -                  | -                  | -                  | -                  |
| Sale of pollution allowances        | -                   | -                   | -                   | -                  | -                  | 3,835              | 10,051             | -                  | -                  | -                  |
| Reduction of LF closure liability   | -                   | -                   | -                   | -                  | -                  | -                  | -                  | -                  | -                  | -                  |
| Impairment loss-WTEF                | -                   | -                   | -                   | (2,627)            | -                  | -                  | -                  | -                  | -                  | -                  |
| <b>Change in net assets</b>         | <b>32,060</b>       | <b>10,612</b>       | <b>11,105</b>       | <b>7,139</b>       | <b>7,968</b>       | <b>26,267</b>      | <b>12,192</b>      | <b>4,477</b>       | <b>8,576</b>       | <b>9,092</b>       |
| <b>Total net assets - beginning</b> | <b>(158,590)</b>    | <b>(126,530)</b>    | <b>(115,918)</b>    | <b>(104,813)</b>   | <b>(97,674)</b>    | <b>(89,706)</b>    | <b>(63,439)</b>    | <b>(51,248)</b>    | <b>(46,772)</b>    | <b>(38,196)</b>    |
| <b>Total net assets - ending</b>    | <b>\$ (126,530)</b> | <b>\$ (115,918)</b> | <b>\$ (104,813)</b> | <b>\$ (97,674)</b> | <b>\$ (89,706)</b> | <b>\$ (63,439)</b> | <b>\$ (51,248)</b> | <b>\$ (46,772)</b> | <b>\$ (38,196)</b> | <b>\$ (29,104)</b> |

<sup>1</sup> Certain items for the years prior to 2005 have been reclassified for presentation purposes. Totals may not add due to rounding.

<sup>2</sup> Included in Contracts, Services and Supplies prior to 2002.

Source: SWACO.



**SWACO**  
**Schedules of Revenues, Expenses and Changes in Fund Net Assets**  
**2008 Budget to Actual (in thousands)**

|                                  | Operating Fund  |                |               | Program Fund    |                |              | All Funds Total |                |               |                                |
|----------------------------------|-----------------|----------------|---------------|-----------------|----------------|--------------|-----------------|----------------|---------------|--------------------------------|
|                                  | Original Budget | Amended Budget | Actual        | Original Budget | Amended Budget | Actual       | Original Budget | Amended Budget | Actual        | Actual Over (under) Am. Budget |
| <u>Operating Revenues:</u>       |                 |                |               |                 |                |              |                 |                |               |                                |
| Tipping and disposal fees        | \$ 18,275       | \$ 18,275      | \$ 18,345     | \$ -            | \$ -           | \$ 305       | \$ 18,275       | \$ 18,275      | \$ 18,650     | \$ 375                         |
| Waste transfer fees              | 4,313           | 4,313          | 4,537         | -               | -              | -            | 4,313           | 4,313          | 4,537         | 224                            |
| Retired Facility and Waiver Fees | 8,120           | 8,120          | 7,614         | -               | -              | -            | 8,120           | 8,120          | 7,614         | (506)                          |
| Generation Fees                  | -               | -              | -             | 5,800           | 5,800          | 5,438        | 5,800           | 5,800          | 5,438         | (362)                          |
| Other                            | 200             | 200            | 223           | 200             | 200            | 360          | 400             | 400            | 582           | 182                            |
| <b>Total operating revenues</b>  | <b>30,908</b>   | <b>30,908</b>  | <b>30,719</b> | <b>6,000</b>    | <b>6,000</b>   | <b>6,103</b> | <b>36,908</b>   | <b>36,908</b>  | <b>36,822</b> | <b>(87)</b>                    |
| <u>Operating Expenses:</u>       |                 |                |               |                 |                |              |                 |                |               |                                |
| Salaries, wages and benefits     | 7,166           | 7,556          | 7,937         | 2,214           | 2,274          | 1,755        | 9,380           | 9,830          | 9,692         | (138)                          |
| Contracts, services and supplies | 5,708           | 6,358          | 6,656         | 4,602           | 4,602          | 4,144        | 10,310          | 10,960         | 10,800        | (160)                          |
| Solid Waste Fees                 | 3,188           | 3,188          | 3,122         | -               | -              | -            | 3,188           | 3,188          | 3,122         | (66)                           |
| Depreciation and depletion       | 6,037           | 6,037          | 10,193        | 149             | 149            | 141          | 6,186           | 6,186          | 10,334        | 4,148                          |
| Landfill closing costs           | 1,275           | 1,275          | (9,630)       | -               | -              | -            | 1,275           | 1,275          | (9,630)       | (10,905)                       |
| Interfund transfers              | -               | -              | (334)         | -               | -              | 334          | -               | -              | -             | -                              |
| <b>Total operating expenses</b>  | <b>23,374</b>   | <b>24,414</b>  | <b>17,944</b> | <b>6,965</b>    | <b>7,025</b>   | <b>6,374</b> | <b>30,339</b>   | <b>31,439</b>  | <b>24,318</b> | <b>(7,121)</b>                 |
| <b>Operating income (loss)</b>   | <b>7,534</b>    | <b>6,494</b>   | <b>12,775</b> | <b>(965)</b>    | <b>(1,025)</b> | <b>(271)</b> | <b>6,569</b>    | <b>5,469</b>   | <b>12,504</b> | <b>7,035</b>                   |

continued

Table 3 (continued)

|   | Operating Fund  |                |             | Program Fund    |                |          | All Funds Total |                |             |                                |
|---|-----------------|----------------|-------------|-----------------|----------------|----------|-----------------|----------------|-------------|--------------------------------|
|   | Original Budget | Amended Budget | Actual      | Original Budget | Amended Budget | Actual   | Original Budget | Amended Budget | Actual      | Actual Over (under) Am. Budget |
| <u>Nonoperating revenues (expenses)</u> |                 |                |             |                 |                |          |                 |                |             |                                |
| Interest expense                        | \$ (5,484)      | \$ (5,484)     | \$ (4,858)  | \$ -            | \$ -           | \$ -     | \$ (5,484)      | \$ (5,484)     | \$ (4,858)  | \$ (626)                       |
| Interest earnings                       | 2,000           | 2,000          | 2,471       | -               | -              | -        | 2,000           | 2,000          | 2,471       | 471                            |
| Grant revenues                          | -               | -              | 289         | -               | 390            | 90       | -               | 390            | 379         | (11)                           |
| Grants awarded                          | -               | -              | -           | -               | (390)          | (498)    | -               | (390)          | (498)       | 108                            |
| Loss on federal grant                   |                 |                | (480)       |                 |                |          |                 |                | (480)       | 480                            |
| Fire loss net of insurance proceeds     |                 |                | (382)       |                 |                |          |                 |                | (382)       | 382                            |
| Gain (loss) on disposal of assets       | -               | -              | (45)        | -               | -              | 1        | -               | -              | (44)        | (44)                           |
| Total nonoperating expenses             | (3,484)         | (3,484)        | (3,005)     | -               | -              | (407)    | (3,484)         | (3,484)        | (3,412)     | 72                             |
| Change in net assets                    | 4,050           | 3,010          | 9,770       | (965)           | (1,025)        | (678)    | 3,085           | 1,985          | 9,092       | 7,107                          |
| Total net assets - beginning            | (40,491)        | (40,353)       | (40,353)    | 2,119           | 2,157          | 2,157    | (38,372)        | (38,196)       | (38,196)    | -                              |
| Total net assets - ending               | \$ (36,441)     | \$ (37,343)    | \$ (30,583) | \$ 1,154        | \$ 1,132       | \$ 1,479 | \$ (35,287)     | \$ (36,211)    | \$ (29,104) | \$ 7,107                       |

Totals may not add due to rounding.

Source: SWACO

**SWACO**  
**Solid Waste Received and Landfilled 1999 - 2008 (in tons)**

|   | 1999    | 2000     | 2001    | 2002    | 2003    | 2004    | 2005     | 2006    | 2007    | 2008    |
|---|---------|----------|---------|---------|---------|---------|----------|---------|---------|---------|
| Solid Waste Received by SWACO                                 |         |          |         |         |         |         |          |         |         |         |
| Jackson Pike Transfer Station                                 | 144,768 | 140,152  | 139,576 | 167,211 | 173,213 | 197,862 | 179,016  | 166,372 | 170,425 | 164,326 |
| Morse Road Transfer Station                                   | 111,205 | 128,337  | 131,837 | 129,495 | 149,120 | 122,836 | 123,684  | 121,774 | 119,305 | 133,156 |
| Georgesville Rd Transfer Station                              | 72,627  | 83,471   | 87,027  | 62,788  | 63,860  | 55,643  | 69,026   | 63,611  | 56,927  | 64,201  |
| Subtotal Transfer Stations                                    | 328,600 | 351,960  | 358,440 | 359,494 | 386,193 | 376,341 | 371,727  | 351,757 | 346,657 | 361,683 |
| Sanitary Landfill   | 386,191 | 528,907  | 523,545 | 523,899 | 533,122 | 569,295 | 551,659  | 532,247 | 524,581 | 483,675 |
| Total solid waste Received by SWACO                           | 714,791 | 880,867  | 881,985 | 883,393 | 919,315 | 945,636 | 923,386  | 884,004 | 871,238 | 845,358 |
| Removed from Waste Stream <sup>1</sup>                        | (865)   | (453)    | (1,335) | (641)   | (245)   | (234)   | (121)    | (140)   | (280)   | (457)   |
| Carryover/(shrinkage) <sup>2</sup>                            | 66      | (1,930)  | (3,044) | 2,712   | (698)   | 921     | (4,046)  | (3,986) | (2,245) | (6,163) |
| Total Adjustments   | (799)   | (2,383)  | (4,379) | 2,071   | (943)   | 687     | (4,167)  | (4,126) | (2,525) | (6,620) |
| Transferred out-of-district <sup>3</sup>                      | -       | (24,811) | -       | -       | -       | -       | (14,057) | -       | -       | -       |
| Solid waste landfilled - Franklin<br>County Sanitary Landfill | 713,992 | 853,673  | 877,607 | 885,463 | 918,372 | 946,323 | 905,161  | 879,878 | 868,713 | 838,738 |

<sup>1</sup> Scrap metal, tires, white goods & other.

<sup>2</sup> Carryover related to end of year inventory at transfer stations and shrinkage due to loss of water.

<sup>3</sup> Waste disposed at an out-of-district landfill pursuant to a contract with the landfill owner.

**SWACO**  
**Top Ten Customers 1999 - 2008**  
**(tons received)**

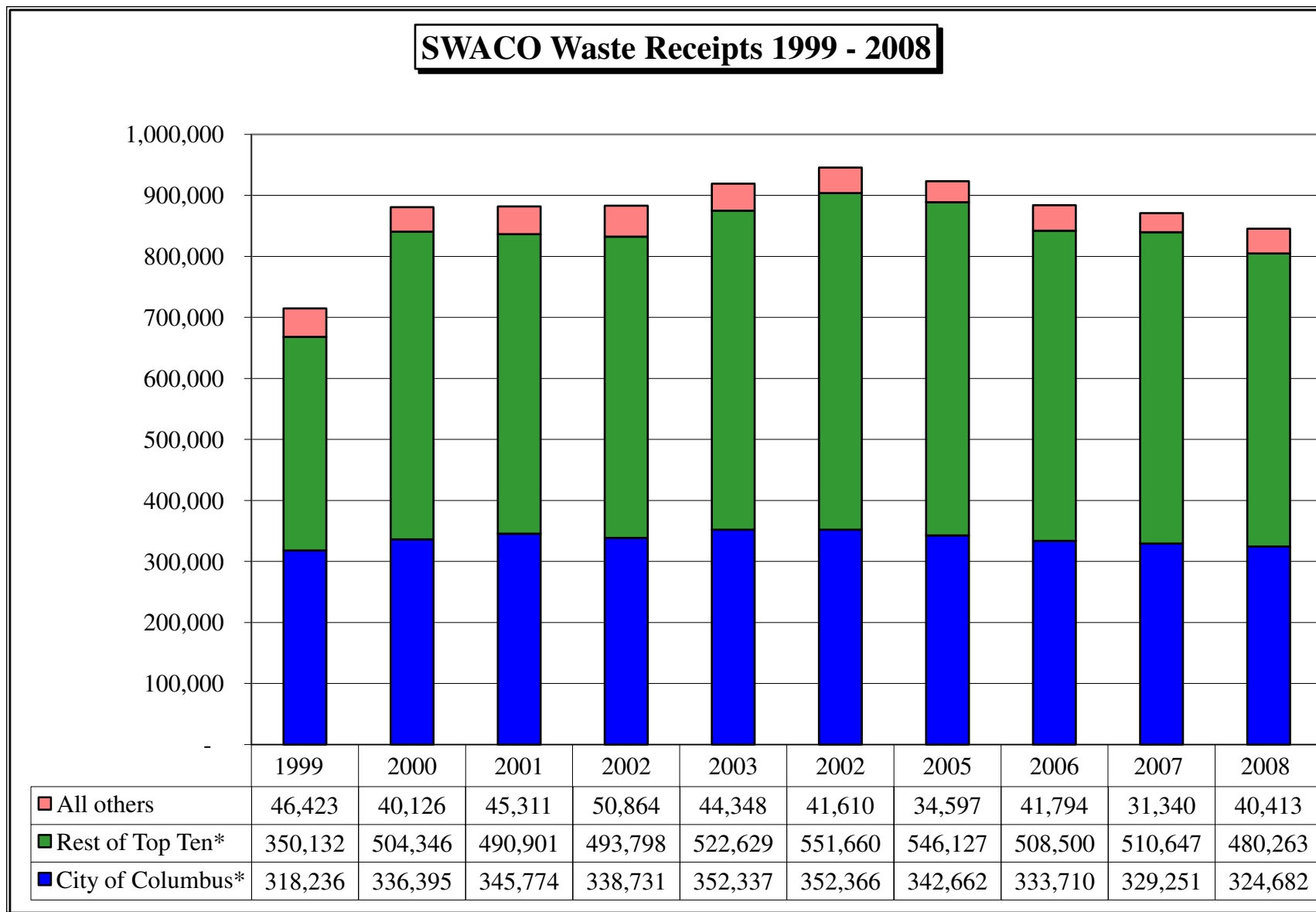
| <b>Customer</b>                                   | <b>1999</b>      | <b>2000</b>      | <b>2001</b>      | <b>2002</b>      | <b>2003</b>      | <b>2004</b>      | <b>2005</b>      | <b>2006</b>      | <b>2007</b>      | <b>2008</b>      |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City of Columbus Division of Sanitation           | 318,236          | 336,395          | 345,774          | 338,731          | 352,337          | 352,366          | 342,662          | 333,710          | 329,251          | 324,682          |
| Republic Waste Systems <sup>1</sup>               | 122,841          | 229,357          | 210,383          | 183,507          | 195,283          | 204,763          | 205,368          | 185,991          | 176,025          | 162,598          |
| Rumpke Waste/Rumpke Container/Rumpke Transf       | 105,509          | 157,769          | 162,573          | 155,091          | 158,657          | 145,675          | 155,802          | 145,153          | 157,696          | 159,279          |
| Local Waste Services LLC                          | *                | 9,241            | 17,757           | 47,922           | 56,959           | 69,810           | 78,862           | 89,854           | 88,236           | 85,130           |
| Waste Management of Ohio                          | 72,354           | 76,667           | 71,170           | 77,684           | 81,201           | 91,002           | 74,931           | 58,652           | 59,574           | 43,927           |
| Flower Garbage                                    | #                | #                | 4,628            | 5,521            | 6,211            | 5,590            | #                | #                | 8,861            | 9,133            |
| City of Upper Arlington                           | 8,780            | 8,523            | 7,873            | 7,643            | 7,814            | 7,741            | 7,386            | 7,207            | 6,886            | 7,175            |
| City of Columbus Street Engineer                  | 8,673            | 7,380            | 7,797            | 7,029            | 6,177            | 5,839            | 5,621            | 7,497            | 6,671            | 5,926            |
| Adept, Inc.                                       | 8,262            | 6,384            | 4,188            | #                | #                | #                | 2,654            | 2,415            | 3,855            | 3,806            |
| City/Southerly Waste Water Plant                  | #                | #                | #                | #                | #                | #                | #                | #                | 2,843            | 3,289            |
| City of Grandview Heights                         | 3,485            | #                | #                | 3,605            | 3,591            | 3,585            | 3,149            | 3,025            | #                | #                |
| BFI of Ohio, Inc.                                 | *                | *                | *                | *                | 6,737            | 17,656           | 12,354           | 8,706            | #                | *                |
| Central Ohio Contractors                          | 3,946            | 3,861            | #                | #                | #                | #                | #                | #                | #                | #                |
| Container Services                                | #                | #                | 4,531            | 5,796            | #                | *                | *                | *                | *                | *                |
| B & D Hauling                                     | 16,282           | 5,166            | *                | *                | *                | *                | *                | *                | *                | *                |
| <b>Total Top Ten Customers</b>                    | <b>668,368</b>   | <b>840,741</b>   | <b>836,674</b>   | <b>832,529</b>   | <b>874,967</b>   | <b>904,026</b>   | <b>888,789</b>   | <b>842,210</b>   | <b>839,898</b>   | <b>804,945</b>   |
| <b>Total tons received by SWACO</b>               | <b>714,791</b>   | <b>880,867</b>   | <b>881,985</b>   | <b>883,393</b>   | <b>919,315</b>   | <b>945,636</b>   | <b>923,386</b>   | <b>884,004</b>   | <b>871,238</b>   | <b>845,358</b>   |
| <b>Top Ten customer % of total received</b>       | <b>94%</b>       | <b>96%</b>       | <b>96%</b>       | <b>96%</b>       | <b>97%</b>       | <b>97%</b>       | <b>97%</b>       | <b>97%</b>       | <b>96%</b>       | <b>95%</b>       |
| <b>Total tons disposed<sup>2</sup></b>            | <b>1,146,993</b> | <b>1,156,019</b> | <b>1,114,223</b> | <b>1,111,953</b> | <b>1,130,721</b> | <b>1,160,226</b> | <b>1,144,048</b> | <b>1,148,471</b> | <b>1,132,663</b> | <b>1,087,688</b> |
| <b>Top Ten customer % of total waste disposal</b> | <b>58%</b>       | <b>76%</b>       | <b>76%</b>       | <b>75%</b>       | <b>76%</b>       | <b>79%</b>       | <b>78%</b>       | <b>73%</b>       | <b>74%</b>       | <b>74%</b>       |

<sup>1</sup> Republic Waste Services entered the market in 1999 and acquired Superior Services and Southwest Waste in 2000. Superior Services had previously acquired B.F.I. Waste Systems and Ohio Disposal Systems. The above data include waste received from these companies prior to 2001.

<sup>2</sup> Total solid waste subject to Generation Fee and disposed at SWACO facilities and out of county facilities.

# Waste received from these customers is not reported when they are not ranked in the top ten.

\* Indicates the waste hauler was not a SWACO customer in the year indicated.



Source: Solid Waste Authority of Central Ohio

\*See notes to Table 5.

**SWACO**  
**Disposal Rates 1991-2009**

Table 6

| Effective Date          | Franklin County Landfill | Jackson Pike Transfer <sup>2</sup> | Morse Road Transfer | Georgesville Rd. Transfer | Alum Creek Transfer | Compost Facilities  | Charge Unit |
|-------------------------|--------------------------|------------------------------------|---------------------|---------------------------|---------------------|---------------------|-------------|
| 02/01/1991 <sup>1</sup> | \$4.90                   | -                                  | -                   | -                         | -                   | -                   | Cu. Yard    |
| 04/01/1991              | 7.50                     | -                                  | -                   | -                         | -                   | -                   | Cu. Yard    |
| 04/01/1993              | 7.50                     | \$7.50                             | \$7.50              | \$7.50                    | \$7.50              | -                   | Cu. Yard    |
| 07/01/1993              | 13.25                    | 13.00                              | 13.50               | 13.00                     | 13.00               | -                   | Cu. Yard    |
| 06/01/1994 <sup>3</sup> | 49.00                    | 49.00                              | 49.00               | 49.00                     | 49.00               | -                   | Ton         |
| 09/01/1994              | 32.00                    | 32.00                              | 32.00               | 32.00                     | 32.00               | -                   | Ton         |
| 11/01/1994 <sup>4</sup> | 37.00                    | 37.00                              | 37.00               | 37.00                     | Closed              | -                   | Ton         |
| 02/07/1996              | 33.00                    | 37.00                              | 44.00               | 40.00                     | -                   | -                   | Ton         |
| 03/11/1996              | 30.00                    | 34.00                              | 41.00               | 37.00                     | -                   | -                   | Ton         |
| 05/08/1996              | 27.00                    | 31.00                              | 38.00               | 34.00                     | -                   | -                   | Ton         |
| 04/08/1998 <sup>5</sup> | 20.00                    | 30.00                              | 31.00               | 31.00                     | -                   | -                   | Ton         |
| 04/01/1999 <sup>6</sup> | 27.00                    | 37.00                              | 38.00               | 38.00                     | -                   | -                   | Ton         |
| 10/04/1999              | 27.00                    | 37.00                              | 38.00               | 38.00                     | -                   | \$6.00 <sup>7</sup> | Ton         |
| 01/01/2005              | 29.25                    | 40.25                              | 41.25               | 41.25                     | -                   | \$6.00              | Ton         |
| 07/01/2005 <sup>8</sup> | 30.75                    | 41.75                              | 42.75               | 42.75                     | -                   | \$6.00              | Ton         |
| 01/01/2006              | 32.25                    | 44.25                              | 45.25               | 45.25                     | -                   | \$6.00              | Ton         |
| 01/01/2007              | 33.50                    | 45.50                              | 46.50               | 46.50                     | -                   | \$6.00              | Ton         |
| 01/01/2008              | 33.50                    | 45.50                              | 46.50               | 46.50                     | -                   | \$6.00              | Ton         |
| 01/01/2009              | 35.50                    | 47.50                              | 48.50               | 48.50                     | -                   | \$6.00              | Ton         |

<sup>1</sup> Prior to 2/1/91 SWACO operated no facilities and was funded by a \$.40/cubic yard district fee levied at all landfills located in the district (the County landfill and one private landfill).

<sup>2</sup> Prior to November 1, 1994, this was the Waste-to-Energy Facility.

<sup>3</sup> This fee was repealed effective September 1, 1994 and replaced with a fee of \$32 per ton.

<sup>4</sup> Beginning August 2, 1994, all rates include a \$5.00/ton generation fee.

<sup>5</sup> This rate is the rate for customers under contract with SWACO. Beginning 4/8/1998 and ending 12/31/2004 there was a non-contract rate of \$2.25 per ton more than the rate shown.

<sup>6</sup> Rates include Retired Facility fee of \$7 per ton.

<sup>7</sup> Transfer fee for commercial loads delivered to Bill R. Holbrook Compost Facility beginning 10/4/1999. Effective March 1, 2005, a fee of \$6.00 was implemented for commercial loads at all compost facilities.

<sup>8</sup> Rate reflects \$1.50 per ton EPA rate increase.

**SWACO**  
**Franklin County Sanitary Landfill Airspace Capacity**  
**Constructed, Permitted and Used 1999-2008**  
**(Cubic Yards)**

| Year | Constructed <sup>1</sup> | Permitted<br>but not<br>Constructed | Total Permitted<br>and Constructed <sup>2</sup> | Annual<br>Airspace Used <sup>3</sup> |
|------|--------------------------|-------------------------------------|---|--------------------------------------|
| 1999 | 6,941,200                | 39,275,800                          | 46,217,000                                      | 1,673,100                            |
| 2000 | 5,841,800                | 39,275,800                          | 45,117,600                                      | 1,099,400                            |
| 2001 | 5,056,900                | 39,275,800                          | 44,332,700                                      | 784,900                              |
| 2002 | 3,739,700                | 39,275,800                          | 43,015,500                                      | 1,317,200                            |
| 2003 | 2,420,000                | 39,275,800                          | 41,695,800                                      | 1,319,700                            |
| 2004 | 1,463,800                | 39,275,800                          | 40,739,600                                      | 956,200                              |
| 2005 | 1,265,400                | 37,936,600                          | 39,300,400                                      | 1,439,200                            |
| 2006 | 2,027,800                | 35,836,900                          | 37,864,700                                      | 1,435,700                            |
| 2007 | 2,632,100                | 34,036,100                          | 36,668,200                                      | 1,196,500                            |
| 2008 | 2,939,800                | 36,556,789                          | 35,475,900                                      | 1,192,300                            |

At Maximum  
Permitted Receipts<sup>4</sup>    At 2008 Receipts<sup>5</sup>

|  |            |            |
|--|------------|------------|
| Remaining landfill life (permitted and constructed): | 15.3 years | 30.4 years |
| Remaining landfill life (constructed only):          | 1.1 years  | 2.3 years  |

<sup>1</sup> 2008 constructed capacity includes 1,500,000 cubic yards certified by the OEPA to accept waste on February 18, 2009.

<sup>2</sup> Total permitted and constructed airspace as of 12/31/2008 includes approximately 2.5 million yards additional cubic yards from the anticipated 2009 permit and approximately 1.4 million cubic yards from settlement in inactive areas of the landfill.

<sup>3</sup> Annual airspace used fluctuates due to (1) annual waste receipts, (2) landfill settling (subsidence), (3) soil stockpiling and movement, (4) compaction density, and (5) waste composition.

<sup>4</sup> Maximum 6,000 tons per day or 1,680,000 annual tons per OEPA permit. Assumes a compaction rate of 1,300 pounds per cubic yard.

<sup>5</sup> Approximately 845,000 tons received. Assumes a compaction rate of 1,300 pounds per cubic yard.

# Landfill Capacity Used and Remaining 1997 and 2009 Expansion Permits

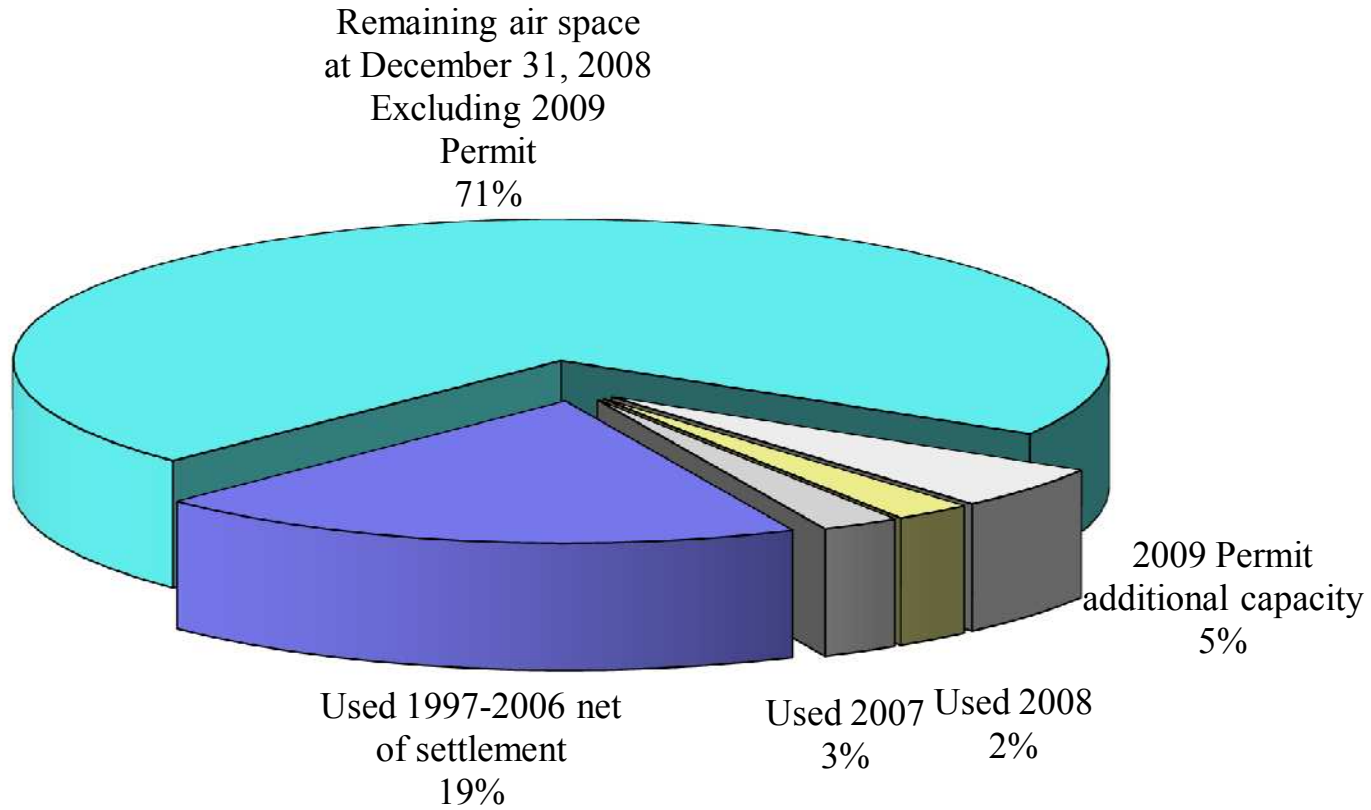




Table 8

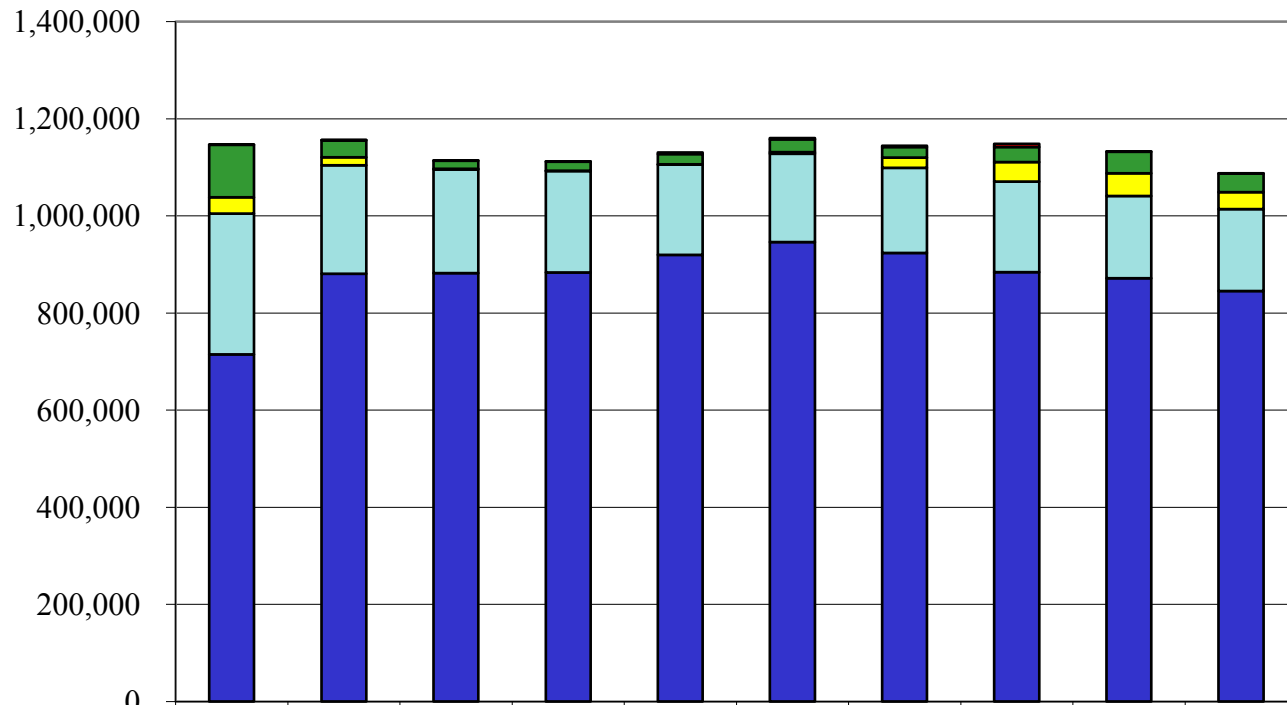
**SWACO**  
**Generation Fee Tonnage Reported 1999 - 2008<sup>1</sup>**

|                                      | <b>1999</b>      | <b>2000</b>      | <b>2001</b>      | <b>2002</b>      | <b>2003</b>      | <b>2004</b>      | <b>2005</b>      | <b>2006</b>      | <b>2007</b>      | <b>2008</b>      |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Solid Waste Authority (4 facilities) | 714,791          | 880,867          | 881,985          | 883,393          | 919,315          | 945,636          | 923,386          | 884,004          | 871,238          | 845,358          |
| Waste Management (2 facilities)      | 289,587          | 223,356          | 213,387          | 208,885          | 185,927          | 182,430          | 175,423          | 186,472          | 169,650          | 168,767          |
| Rumpke Waste (4 facilities)          | 33,665           | 16,098           | 1,127            | 395              | 878              | 3,184            | 21,060           | 40,481           | 46,477           | 34,906           |
| Republic Waste Services              | 108,120          | 35,594           | 17,228           | 19,256           | 21,102           | 25,930           | 21,977           | 30,665           | 44,837           | 37,984           |
| Other (14 facilities)                | 830              | 105              | 496              | 24               | 3,498            | 3,046            | 2,201            | 6,848            | 461              | 673              |
| <b>Total</b>                         | <b>1,146,993</b> | <b>1,156,019</b> | <b>1,114,223</b> | <b>1,111,953</b> | <b>1,130,721</b> | <b>1,160,226</b> | <b>1,144,048</b> | <b>1,148,471</b> | <b>1,132,663</b> | <b>1,087,688</b> |

<sup>1</sup> The generation fee is charged on all solid waste generated within SWACO's jurisdiction and disposed in a sanitary landfill located in Ohio. Certain solid waste is exempt from the fee. The current \$5 per ton generation fee was enacted effective November 1, 1994.

Source: SWACO

**Generation Fee Tonnage Reported 1999 - 2008**



|                                | 1999    | 2000    | 2001    | 2002    | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Other (14 facilities)          | 830     | 105     | 496     | 24      | 3,498   | 3,046   | 2,201   | 6,848   | 461     | 674     |
| Republic                       | 108,120 | 35,594  | 17,228  | 19,256  | 21,102  | 25,930  | 21,977  | 30,665  | 44,837  | 37,984  |
| Rumpke (4 facilities)          | 33,665  | 16,098  | 1,127   | 395     | 878     | 3,184   | 21,060  | 40,481  | 46,477  | 34,906  |
| Waste Management (post-merger) | 289,587 | 223,356 | 213,387 | 208,885 | 185,927 | 182,430 | 175,423 | 186,472 | 169,650 | 168,767 |
| SWACO (4 facilities)           | 714,791 | 880,867 | 881,985 | 883,393 | 919,315 | 945,636 | 923,386 | 884,004 | 871,238 | 845,358 |

Source: Solid Waste Authority of Central Ohio  
See notes to Table 8.

Table 9

**SWACO**  
**SWACO Program Activity - Tons Collected 1999-2008**

|                              | <b>1999</b>   | <b>2000</b>   | <b>2001</b>    | <b>2002</b>    | <b>2003</b>    | <b>2004</b>    | <b>2005</b>    | <b>2006</b>    | <b>2007</b>    | <b>2008</b>    |
|------------------------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Total tons of waste recycled |               |               |                |                |                |                |                |                |                |                |
| Yard Waste Composting        | 74,224        | 89,589        | 105,315        | 113,293        | 142,860        | 150,949        | 145,540        | 136,768        | 121,775        | 148,823        |
| Drop-off Recycling           | n/a           | n/a           | n/a            | n/a            | 8,449          | 7,947          | 8,700          | 9,593          | 10,755         | 12,999         |
| Just-in-Time Recycling       | n/a           | n/a           | 248            | 356            | 429            | 602            | 626            | 742            | 815            | 774            |
| Household Hazardous Waste    | 142           | 260           | 283            | 321            | 344            | 424            | 443            | 419            | 626            | 641            |
| E-waste Collection           | n/a           | n/a           | n/a            | n/a            | 70             | 196            | 155            | n/a            | n/a            | n/a            |
| Tire Collection              | 222           | 112           | 149            | 177            | 176            | 115            | 132            | 89             | 168            | 187            |
| Scrap Metal Recycling        | 634           | 335           | 369            | 262            | 245            | 119            | 71             | 32             | 104            | 246            |
| Other Recycling              | 6             | 6             | 817            | 0              | 0              | 0              | 57             | 0              | 0              | 0              |
| <b>Total</b>                 | <b>75,228</b> | <b>90,302</b> | <b>107,181</b> | <b>114,408</b> | <b>152,573</b> | <b>160,352</b> | <b>155,724</b> | <b>147,643</b> | <b>134,243</b> | <b>163,670</b> |

**Tires and White Goods Received 1999 - 2008<sup>1</sup>**

|                    | <b>1999</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Tires (each)       | 27,186      | 22,881      | 18,715      | 17,650      | 17,608      | 11,497      | 12,478      | 13,043      | 19,726      | 28,926      |
| White goods (each) | 4,957       | 6,596       | 6,972       | 7,249       | 5,404       | 4,527       | 3,622       | 2,181       | 2,292       | 301         |

<sup>1</sup> Tires and white goods received by SWACO are removed from the waste stream and recycled. White goods are large appliances such as refrigerators, washing machines and clothes dryers.

Source: SWACO

Table 10

**SWACO**  
**Household Hazardous Waste Collection 1999 - 2008**  
**( in pounds)**

| Material Classification | 1999           | 2000           | 2001           | 2002           | 2003           | 2004           | 2005           | 2006           | 2007             | 2008             |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|
| Alkaline Batteries      | 1,614          | 5,135          | 4,066          | 5,017          | n/a            | 1,322          | 1,045          | 244            | 8,074            | 12,277           |
| Loosepack Fuels         | 94,287         | 171,388        | 173,899        | 183,289        | 148,189        | 168,226        | 128,524        | 64,011         | 93,805           | 44,951           |
| Aerosol-Flammable       | 5,307          | 9,997          | 12,160         | 11,222         | 15,636         | 27,202         | 27,684         | 17,615         | 32,716           | 34,914           |
| Aerosol-Pesticides      | 2,573          | 6,268          | 5,197          | 7,455          | 8,078          | 47,542         | 45,332         | 38,815         | 56,093           | 63,491           |
| Bulked Flammables       | 73,021         | 124,557        | 129,246        | 153,965        | 263,418        | 349,952        | 206,132        | 212,803        | 201,790          | 63,702           |
| Latex Paint             | 65,206         | 98,629         | 124,979        | 147,297        | 89,184         | 74,860         | 369,645        | 406,077        | 718,890          | 901,393          |
| Lab Pack A              | 1,616          | 10,715         | 10,616         | 11,850         | 15,211         | 6,107          | 6,472          | 13,881         | 24,457           | 23,879           |
| Lab Pack B              | 21,014         | 46,397         | 39,979         | 37,932         | 47,757         | 51,200         | 776            | 1,084          | 4,032            | 1,222            |
| Propane Cylinders       | 3,448          | 8,839          | 11,226         | 27,299         | 35,051         | 35,070         | 25,015         | 14,577         | 20,004           | 8,028            |
| Lead/Acid Batteries     | 1,805          | 9,845          | 18,215         | 23,073         | 24,272         | 29,389         | 20,414         | 19,316         | 19,365           | 33,526           |
| Acids/Bases             | 4,103          | -              | -              | -              | -              | 18,394         | 18,975         | 9,821          | 14,548           | 12,734           |
| Freon                   | 60             | -              | -              | -              | 446            | 638            | 608            | 53             | 433              | -                |
| Used Oil /Antifreeze    | 9,935          | 28,606         | 36,253         | 33,680         | 38,596         | 35,346         | 33,285         | 36,994         | 49,132           | 65,667           |
| Cylinders               | -              | -              | -              | -              | 605            | 1,084          | 1,242          | 479            | 747              | 8,745            |
| Fire Extinguishers      | -              | -              | -              | -              | 1,348          | 1,872          | 876            | 1,039          | 2,086            | 794              |
| Flourescent Light Bulbs | -              | -              | -              | -              | 460            | 489            | 664            | 1,057          | 3,373            | 6,875            |
| <b>Total</b>            | <b>283,990</b> | <b>520,376</b> | <b>565,836</b> | <b>642,079</b> | <b>688,251</b> | <b>848,693</b> | <b>886,689</b> | <b>837,866</b> | <b>1,249,545</b> | <b>1,282,198</b> |

Source: SWACO

Table 11

**SWACO**  
**Number of Employees by Function<sup>1</sup>**

| <b>Function</b> | <b>2000</b> | <b>2001</b> | <b>2002</b> | <b>2003</b> | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>2007</b> | <b>2008</b> |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration  | 14          | 16          | 19          | 20          | 21          | 20          | 19          | 22          | 21          |
| Operations      | 53          | 50          | 46          | 58          | 69          | 79          | 77          | 77          | 88          |
| Programs        | 7           | 9           | 9           | 7           | 6           | 6           | 6           | 11          | 11          |
| <b>Total</b>    | <b>74</b>   | <b>75</b>   | <b>74</b>   | <b>85</b>   | <b>96</b>   | <b>105</b>  | <b>102</b>  | <b>110</b>  | <b>120</b>  |

<sup>1</sup>Information not available prior to 2000.

Source: SWACO

**SWACO**  
**Series 2004A Facility Acquisition Bonds**

Table 12

| Year  | Principal     | Coupon | Interest      | Total Debt Service |
|-------|---------------|--------|---------------|--------------------|
| 2004  | \$ 3,730,000  | 3.000% | \$ 2,723,100  | \$ 6,453,100       |
| 2005  | 2,685,000     | 3.000% | 2,611,200     | 5,296,200          |
| 2006  | 2,765,000     | 5.000% | 2,530,650     | 5,295,650          |
| 2007  | 2,905,000     | 5.000% | 2,392,400     | 5,297,400          |
| 2008  | 3,050,000     | 5.000% | 2,247,150     | 5,297,150          |
| 2009  | 3,205,000     | 5.000% | 2,094,650     | 5,299,650          |
| 2010  | 3,365,000     | 5.000% | 1,934,400     | 5,299,400          |
| 2011  | 3,530,000     | 5.000% | 1,766,150     | 5,296,150          |
| 2012  | 3,710,000     | 5.000% | 1,589,650     | 5,299,650          |
| 2013  | 3,895,000     | 5.000% | 1,404,150     | 5,299,150          |
| 2014  | 4,090,000     | 5.000% | 1,209,400     | 5,299,400          |
| 2015  | 4,295,000     | 5.000% | 1,004,900     | 5,299,900          |
| 2016  | 4,505,000     | 5.000% | 790,150       | 5,295,150          |
| 2017  | 4,735,000     | 5.000% | 564,900       | 5,299,900          |
| 2018  | 4,970,000     | 5.000% | 328,150       | 5,298,150          |
| 2019  | 1,770,000     | 4.500% | 79,650        | 1,849,650          |
| Total | \$ 57,205,000 |        | \$ 25,270,650 | \$ 82,475,650      |

Net interest cost (%)                      4.200%

Source: SWACO; see Note 11 to the financial statements.

**SWACO**  
**Series 2004B Solid Waste Facility Improvements Bonds**

Table 13

| Year         | Principal                |                      |                      | Coupon | Interest             | Total Debt Service   |
|--------------|--------------------------|----------------------|----------------------|--------|----------------------|----------------------|
|              | SW Facility Improvements | Landfill Phase H1    | Total                |        |                      |                      |
| 2004         | \$ -                     | \$ -                 | \$ -                 | -      | \$ 149,786           | \$ 149,786           |
| 2005         | -                        | -                    | -                    | -      | 1,348,075            | 1,348,075            |
| 2006         | 75,000                   | 2,355,000            | 2,430,000            | 4.000% | 1,348,075            | 3,778,075            |
| 2007         | 80,000                   | 2,445,000            | 2,525,000            | 5.000% | 1,250,875            | 3,775,875            |
| 2008         | 85,000                   | 2,570,000            | 2,655,000            | 5.000% | 1,124,625            | 3,779,625            |
| 2009         | 95,000                   | 2,695,000            | 2,790,000            | 3.500% | 991,875              | 3,781,875            |
| 2010         | 110,000                  | 2,790,000            | 2,900,000            | 5.000% | 894,225              | 3,794,225            |
| 2011         | 125,000                  | 2,930,000            | 3,055,000            | 4.250% | 749,225              | 3,804,225            |
| 2012         | 710,000                  | -                    | 710,000              | 4.000% | 619,388              | 1,329,388            |
| 2013         | 735,000                  | -                    | 735,000              | 4.000% | 590,988              | 1,325,988            |
| 2014         | 760,000                  | -                    | 760,000              | 4.000% | 561,588              | 1,321,588            |
| 2015         | 790,000                  | -                    | 790,000              | 5.000% | 531,188              | 1,321,188            |
| 2016         | 835,000                  | -                    | 835,000              | 5.000% | 491,688              | 1,326,688            |
| 2017         | 875,000                  | -                    | 875,000              | 4.000% | 449,938              | 1,324,938            |
| 2018         | 910,000                  | -                    | 910,000              | 4.125% | 414,938              | 1,324,938            |
| 2019         | 950,000                  | -                    | 950,000              | 4.200% | 377,400              | 1,327,400            |
| 2020         | 995,000                  | -                    | 995,000              | 5.000% | 337,500              | 1,332,500            |
| 2021         | 1,040,000                | -                    | 1,040,000            | 5.000% | 287,750              | 1,327,750            |
| 2022         | 1,095,000                | -                    | 1,095,000            | 5.000% | 235,750              | 1,330,750            |
| 2023         | 1,150,000                | -                    | 1,150,000            | 5.000% | 181,000              | 1,331,000            |
| 2024         | 1,205,000                | -                    | 1,205,000            | 5.000% | 123,500              | 1,328,500            |
| 2025         | 1,265,000                | -                    | 1,265,000            | 5.000% | 63,250               | 1,328,250            |
| <b>Total</b> | <b>\$ 13,885,000</b>     | <b>\$ 15,785,000</b> | <b>\$ 29,670,000</b> |        | <b>\$ 13,122,624</b> | <b>\$ 42,792,624</b> |

Net interest cost (%)

4.170%

Source: SWACO; see Note 11 to the financial statements.

**SWACO  
Series 2005 Refunding Bonds**

| Year         | Original Debt Service (Series 1997) |        |                     |                      | Refunded Debt Service   |                   |                             |        |                     |                      |                   | Savings |
|--------------|-------------------------------------|--------|---------------------|----------------------|-------------------------|-------------------|-----------------------------|--------|---------------------|----------------------|-------------------|---------|
|              | Principal                           | Coupon | Interest            | Total Debt Service   | Non-callable 1997 Bonds |                   | Series 2005 Refunding Bonds |        |                     | Total Debt Service   |                   |         |
|              |                                     |        |                     |                      | Principal               | Interest          | Principal                   | Coupon | Interest            |                      |                   |         |
| 2005         | \$ 835,000                          | 5.500% | \$ 753,665          | \$ 1,588,665         | \$ 835,000              | \$ 449,570        | \$ -                        | -      | \$ 59,889           | \$ 1,344,459         | 244,206           |         |
| 2006         | 880,000                             | 5.500% | 707,740             | 1,587,740            | 880,000                 | 99,550            | -                           | -      | 616,000             | 1,595,550            | (7,810)           |         |
| 2007         | 930,000                             | 5.500% | 659,340             | 1,589,340            | 930,000                 | 51,150            | -                           | -      | 616,000             | 1,597,150            | (7,810)           |         |
| 2008         | 980,000                             | 4.500% | 608,190             | 1,588,190            | -                       | -                 | 945,000                     | 5.000% | 616,000             | 1,561,000            | 27,190            |         |
| 2009         | 1,035,000                           | 4.600% | 564,090             | 1,599,090            | -                       | -                 | 1,000,000                   | 5.000% | 568,750             | 1,568,750            | 30,340            |         |
| 2010         | 1,090,000                           | 4.700% | 516,480             | 1,606,480            | -                       | -                 | 1,060,000                   | 5.000% | 518,750             | 1,578,750            | 27,730            |         |
| 2011         | 1,150,000                           | 4.750% | 465,250             | 1,615,250            | -                       | -                 | 1,125,000                   | 5.000% | 465,750             | 1,590,750            | 24,500            |         |
| 2012         | 1,215,000                           | 4.800% | 410,625             | 1,625,625            | -                       | -                 | 1,190,000                   | 5.000% | 409,500             | 1,599,500            | 26,125            |         |
| 2013         | 1,280,000                           | 4.850% | 352,305             | 1,632,305            | -                       | -                 | 1,250,000                   | 5.000% | 350,000             | 1,600,000            | 32,305            |         |
| 2014         | 1,350,000                           | 4.900% | 290,225             | 1,640,225            | -                       | -                 | 1,325,000                   | 5.000% | 287,500             | 1,612,500            | 27,725            |         |
| 2015         | 1,425,000                           | 4.900% | 224,075             | 1,649,075            | -                       | -                 | 1,395,000                   | 5.000% | 221,250             | 1,616,250            | 32,825            |         |
| 2016         | 1,500,000                           | 5.000% | 154,250             | 1,654,250            | -                       | -                 | 1,475,000                   | 5.000% | 151,500             | 1,626,500            | 27,750            |         |
| 2017         | 1,585,000                           | 5.000% | 79,250              | 1,664,250            | -                       | -                 | 1,555,000                   | 5.000% | 77,750              | 1,632,750            | 31,500            |         |
| <b>Total</b> | <b>\$ 15,255,000</b>                |        | <b>\$ 5,785,485</b> | <b>\$ 21,040,485</b> | <b>\$ 2,645,000</b>     | <b>\$ 600,270</b> | <b>\$ 12,320,000</b>        |        | <b>\$ 4,958,639</b> | <b>\$ 20,523,909</b> | <b>\$ 516,576</b> |         |

Source: SWACO; see Note 11 to the financial statements.



## SWACO

Table 15

### Series 2005 Landfill Equipment Bonds

| Year                  | Principal           | Coupon | Interest          | Total Debt Service  |
|-----------------------|---------------------|--------|-------------------|---------------------|
| 2005                  | \$ -                | -      | \$ 93,987         | \$ 93,987           |
| 2006                  | 890,000             | 3.000% | 199,450           | 1,089,450           |
| 2007                  | 905,000             | 3.000% | 172,525           | 1,077,525           |
| 2008                  | 930,000             | 3.000% | 145,000           | 1,075,000           |
| 2009                  | 960,000             | 3.000% | 116,650           | 1,076,650           |
| 2010                  | 990,000             | 3.250% | 86,163            | 1,076,163           |
| 2011                  | 1,020,000           | 3.250% | 53,500            | 1,073,500           |
| 2012                  | 1,055,000           | 3.500% | 18,463            | 1,073,463           |
| <b>Total</b>          | <b>\$ 6,750,000</b> |        | <b>\$ 885,737</b> | <b>\$ 7,635,737</b> |
| Net interest cost (%) |                     | 3.234% |                   |                     |

Table 16

### Series 2007 Variable Rate Taxable Notes

| Year         | Principal           | Interest            | Total Debt Service  |
|--------------|---------------------|---------------------|---------------------|
| 2008         | \$ 22,000           | \$ 284,401          | \$ 306,401          |
| 2009         | 170,000             | 278,895             | 448,895             |
| 2010         | 588,000             | 256,939             | 844,939             |
| 2011         | 588,000             | 222,898             | 810,898             |
| 2012         | 588,000             | 189,681             | 777,681             |
| 2013         | 588,000             | 157,858             | 745,858             |
| 2014         | 588,000             | 123,148             | 711,148             |
| 2015         | 588,000             | 88,438              | 676,438             |
| 2016         | 588,000             | 53,903              | 641,903             |
| 2017         | 592,000             | 19,018              | 611,018             |
| <b>Total</b> | <b>\$ 4,900,000</b> | <b>\$ 1,675,179</b> | <b>\$ 6,575,179</b> |

Interest for 2008-2012 reflects an interest rate swap (cap) entered into at the time the notes were issued. The swap expires in 2012 and interest for 2013-2017 is estimated.

Source: SWACO; See Note 11 to the financial statements.

**SWACO**  
**Series 2008 Solid Waste Facility Improvements Bonds**

Table 17

| Year         | Principal            | Coupon      | Interest             | Total Debt Service   |
|--------------|----------------------|-------------|----------------------|----------------------|
| 2009         | \$ -                 | -           | \$ 715,328           | \$ 715,328           |
| 2010         | 5,000                | 4.000%      | 964,488              | 969,488              |
| 2011         | 5,000                | 4.000%      | 964,288              | 969,288              |
| 2012         | 800,000              | 4.0%/5.0%   | 964,088              | 1,764,088            |
| 2013         | 830,000              | 4.000%      | 929,588              | 1,759,588            |
| 2014         | 870,000              | 4.0%/5.0%   | 896,388              | 1,766,388            |
| 2015         | 925,000              | 4.0%/5.0%   | 856,588              | 1,781,588            |
| 2016         | 945,000              | 4.000%      | 815,338              | 1,760,338            |
| 2017         | 1,000,000            | 5.000%      | 777,538              | 1,777,538            |
| 2018         | 1,030,000            | 5.000%      | 727,538              | 1,757,538            |
| 2019         | 1,095,000            | 4.375%/5.0% | 676,038              | 1,771,038            |
| 2020         | 1,135,000            | 4.600%      | 622,538              | 1,757,538            |
| 2021         | 1,195,000            | 4.7%/5.0%   | 570,328              | 1,765,328            |
| 2022         | 1,250,000            | 4.8%/5.0%   | 512,078              | 1,762,078            |
| 2023         | 1,310,000            | 4.875%      | 450,078              | 1,760,078            |
| 2024         | 1,370,000            | 5.000%      | 386,215              | 1,756,215            |
| 2025         | 1,440,000            | 5.000%      | 317,715              | 1,757,715            |
| 2026         | 1,510,000            | 5.125%      | 245,715              | 1,755,715            |
| 2027         | 1,590,000            | 5.125%      | 168,328              | 1,758,328            |
| 2028         | 1,670,000            | 5.200%      | 86,840               | 1,756,840            |
| <b>Total</b> | <b>\$ 19,975,000</b> |             | <b>\$ 12,647,043</b> | <b>\$ 32,622,043</b> |

Net interest cost (%) 4.898%

Source: SWACO; see Note 11 to the financial statements.

**SWACO**

Table 18

**Waste-to-Energy Facility Lease Payment Schedule (in thousands)<sup>1</sup>**

| Year                      | Principal         | Interest <sup>2</sup> | Total Lease<br>Obligation | Amount Paid<br>or Credited | Interest on<br>Deferred Balance <sup>3</sup> | Deferred<br>Balance <sup>4</sup> |
|---------------------------|-------------------|-----------------------|---------------------------|----------------------------|--|----------------------------------|
| 1993                      | \$ 4,991          | \$ 8,099              | \$ 13,090                 | \$ 13,090                  | \$ -   | \$ -                             |
| 1994                      | 7,881             | 9,042                 | 16,923                    | 16,923                     | -  | -                                |
| 1995                      | 5,579             | 5,853                 | 11,432                    | 6,000                      | 153  | 5,585                            |
| 1996                      | 6,229             | 5,341                 | 11,570                    | 8,000                      | 402  | 9,557                            |
| 1997                      | 6,299             | 4,991                 | 11,290                    | 4,055                      | 746  | 17,538                           |
| 1998                      | 7,258             | 4,664                 | 11,922                    | 2,002                      | 1,178  | 28,636                           |
| 1999                      | 7,904             | 4,220                 | 12,124                    | 6,764                      | 1,670  | 35,666                           |
| 2000                      | 7,932             | 3,969                 | 11,901                    | 9,938                      | 1,841  | 39,470                           |
| 2001                      | 8,373             | 3,374                 | 11,747                    | 13,083                     | 1,968  | 40,102                           |
| 2002                      | 7,807             | 3,034                 | 10,841                    | 8,637                      | 1,991  | 44,297                           |
| 2003                      | 8,370             | 2,323                 | 10,693                    | 10,826                     | 2,151  | 46,314                           |
| 2004                      | 8,158             | 1,954                 | 10,112                    | 61,881 <sup>5</sup>        | 125  | (5,330)                          |
| 2005                      | 8,097             | 1,551                 | 9,647                     | 2,776                      | 14   | 1,555                            |
| 2006                      | 8,203             | 1,147                 | 9,350                     | 12,458                     | (114)  | (1,667)                          |
| 2007                      | 8,316             | 738                   | 9,054                     | 2,375                      | 142  | 5,153                            |
| 2008                      | 4,830             | 354                   | 5,184                     | 8,561                      | 172  | 1,947                            |
| <b>Subtotal 1993-2008</b> | <b>116,227</b>    | <b>60,654</b>         | <b>176,880</b>            | <b>187,369</b>             | <b>12,439</b>                                | <b>1,947</b>                     |
| 2009                      | 2,215             | 159                   | 2,374                     |                            |  |                                  |
| 2010                      | 2,063             | 52                    | 2,115                     |                            |  |                                  |
| <b>Subtotal 2009-10</b>   | <b>4,278</b>      | <b>211</b>            | <b>4,489</b>              |                            |  |                                  |
| <b>Total 1993-2010</b>    | <b>\$ 120,505</b> | <b>\$ 60,865</b>      | <b>181,369</b>            |                            |  |                                  |

1. WTEF lease obligation as modified. Excludes unamortized bond premiums. Includes a 35 percent reduction in the lease. See Note 12 to financial statements.

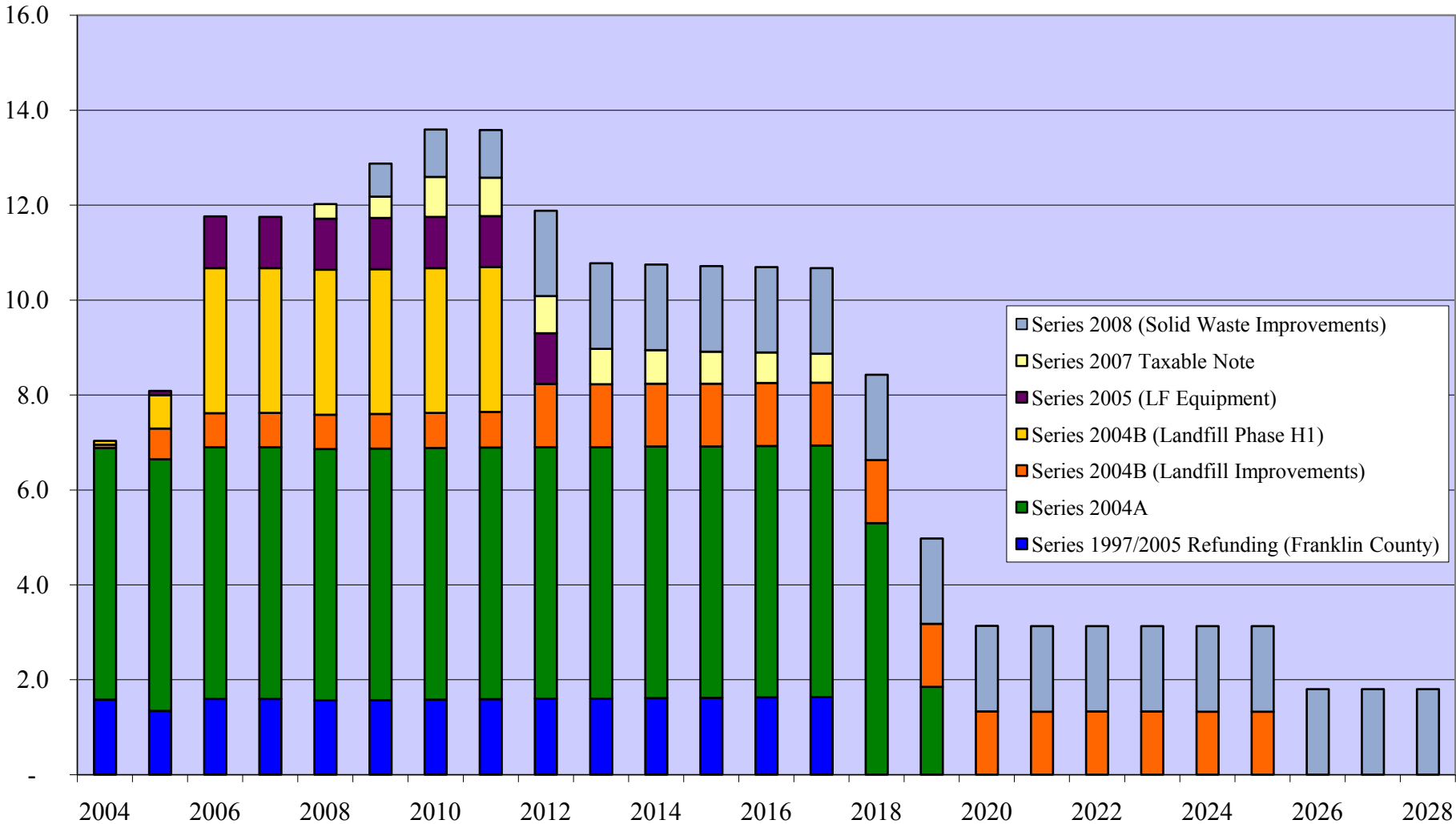
2. Includes letter of credit, remarketing and trustee fees on variable rate bonds issued by the City. The variable rate bonds were refinanced with fixed rate bonds in 2001.

3. Interest accrued at an annual rate of 4.5% on the deferred balance for the years 1995-2003 and at the STAR Ohio rate beginning in 2004 pursuant to modified lease.

4. Deferred balance plus interest payable to the City; excludes accrued interest on bonds maturing after December 31.

5. 2004 payments include \$55 million from the proceeds of the Series 2004A bonds.

### SWACO Debt Service 2004-2028



**SWACO**  
**Total and General Obligation Debt Ratios 1999 - 2008**

| <b>Tax Year</b> |      | <b>Total SWACO Debt<sup>1</sup></b><br><b>(thousands)</b> | <b>SWACO District Population<sup>2</sup></b> | <b>Total SWACO Debt PerCapita</b> | <b>SWACO General Obligation Debt<sup>3</sup></b><br><b>(thousands)</b> | <b>District Assessed Property Valuation (AV)<sup>2</sup></b><br><b>(thousands)</b> | <b>SWACO G.O. Debt as a Percent of AV</b> | <b>Annual Debt Service Paid from Tipping Fees<sup>4</sup></b><br><b>(thousands)</b> | <b>Solid Waste Received by SWACO</b><br><b>(tons)</b> | <b>Annual Debt Service Paid from Tipping Fees Per Ton Received</b> |
|-----------------|------|---|--|-----------------------------------|--|--|---|---|---|--|
| 1999            | 2000 | 159,210   | 1,073,000                                    | 148                               | 18,935   | \$21,628,087   | 0.09%                                     | 1,558   | 714,791   | 2.18   |
| 2000            | 2001 | 154,848   | 1,093,500                                    | 142                               | 18,295   | 22,502,290   | 0.08%                                     | 1,563   | 880,867   | 1.77   |
| 2001            | 2002 | 144,948   | 1,109,800                                    | 131                               | 17,505   | 22,892,656   | 0.08%                                     | 1,566   | 881,985   | 1.78   |
| 2002            | 2003 | 135,251   | 1,119,000                                    | 121                               | 16,795   | 25,653,020   | 0.07%                                     | 1,567   | 883,393   | 1.77   |
| 2003            | 2004 | 124,097   | 1,132,000                                    | 110                               | 16,045   | 25,790,945   | 0.06%                                     | 1,571   | 919,315   | 1.71   |
| 2004            | 2005 | 125,725   | 1,140,000                                    | 110                               | 96,974   | 26,298,304   | 0.37%                                     | 1,578   | 945,636   | 1.67   |
| 2005            | 2006 | 128,553   | 1,159,000                                    | 111                               | 99,639   | 29,868,345   | 0.33%                                     | 2,693   | 923,386   | 2.92   |
| 2006            | 2007 | 113,924   | 1,179,700                                    | 97                                | 96,548   | 30,102,825   | 0.32%                                     | 5,680   | 884,004   | 6.43   |
| 2007            | 2008 | 116,970   | 1,189,600                                    | 98                                | 97,810   | 29,912,050   | 0.33%                                     | 5,822   | 871,238   | 6.68   |
| 2008            | 2009 | 112,716   | 1,197,200                                    | 94                                | 101,613  | 30,400,811   | 0.33%                                     | 6,186   | 845,358   | 7.32   |

<sup>1</sup> Includes the WTEF lease, General Obligation Bonds, and taxable notes; net of reserve accounts, unamortized premiums and unamortized cost of issuance. (See Notes 11 and 12 to the financial statements).

<sup>2</sup> See Table 22.

<sup>3</sup> Total General obligation bonds. Excludes WTEF lease, taxable notes and reserve accounts.

<sup>4</sup> General obligation bonds excluding Series 2004A bonds (paid from Retired Facility and Waiver Fees). Also excludes the Series 2005 and 2007 taxable notes (paid from lease income).

Source: SWACO

**SWACO**  
**Indirect Debt and Property Tax Limitations, November 20, 2008<sup>1</sup>**

SWACO's debt is not subject to direct debt limits, but its unvoted general obligation debt (debt authorized by the Board of Trustees but not by a vote of the electors) is subject to overlapping restrictions with each respective county and school district. Limitations apply to each county total and should not be considered cumulatively. Total debt service charges for any one year of all overlapping debt must not exceed ten mills (1%) of the assessed property value. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. The most recent data prepared by the county auditors for this purpose is as of November 20, 2008.

| <b>Overlapping Jurisdictions</b>   | <b>Millage required</b> | <b>Unallocated Millage</b> |
|--|-------------------------|----------------------------|
| SWACO, Franklin County, the Village of Obetz,<br>Groveport Madison Local School District, Madison Township | 7.96                    | 2.04                       |
| SWACO, Licking County, the City of Reynoldsburg,<br>Reynoldsburg City School District                      | 5.22                    | 4.78                       |
| SWACO, Union County, the City of Dublin, Washington<br>Township & Dublin City School District              | 3.93                    | 6.07                       |
| SWACO, Delaware County, the City of Westerville,<br>Westerville City School District                       | 6.36                    | 3.64                       |

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<sup>1</sup> Data is current as of SWACO's last debt issue.

Source: SWACO

**SWACO**  
**Ten Largest Employers 2008 and 1999**  
**Franklin County, Ohio**

| Employer  | Principal Business | 2008 <sup>1</sup>   |                       | Employer  | 1999 <sup>2</sup>   |                       |
|---|--------------------|---------------------|-----------------------|---|---------------------|-----------------------|
|   |                    | Number of Employees | % of Total Employment |   | Number of Employees | % of Total Employment |
| State of Ohio   | Government         | 24,492              | 4.2%                  | State of Ohio   | 27,755              | 4.7%                  |
| The Ohio State University                               | Education          | 21,107              | 3.6%                  | The Ohio State University                               | 21,369              | 3.6%                  |
| JP Morgan Chase (formerly Bank One)                     | Finance            | 14,689              | 2.5%                  | Bank One (currently JP Morgan Chase)                    | 10,900              | 1.8%                  |
| Nationwide  | Insurance          | 11,441              | 1.9%                  | United States Government                                | 10,113              | 1.7%                  |
| United States Government                                | Government         | 10,762              | 1.8%                  | Columbus Public Schools                                 | 9,451               | 1.6%                  |
| OhioHealth (formerly Grant/Riverside)                   | Health Care        | 10,592              | 1.8%                  | Nationwide  | 9,311               | 1.6%                  |
| Columbus Public Schools                                 | Education          | 8,276               | 1.4%                  | City of Columbus  | 8,256               | 1.4%                  |
| City of Columbus  | Government         | 8,227               | 1.4%                  | Grant/Riverside (currently OhioHealth)                  | 7,492               | 1.3%                  |
| Franklin County   | Government         | 6,310               | 1.1%                  | Limited Inc.  | 7,200               | 1.2%                  |
| Limited Brands Inc.                                     | Retail             | 6,250               | 1.1%                  | Big Bear Stores Inc.                                    | 6,500               | 1.1%                  |
| <b>Subtotal</b>   |                    | <b>122,146</b>      | <b>20.8%</b>          | <b>Subtotal</b>   | <b>118,347</b>      | <b>20.0%</b>          |
| Total Estimated Franklin County Employment <sup>3</sup> |                    |                     |                       | Total Estimated Franklin County Employment <sup>3</sup> |                     |                       |
|   |                    | <b>586,400</b>      | <b>100.0%</b>         |   |                     | <b>590,200</b>        |

<sup>1</sup> Business First of Columbus, December 12, 2008 issue for Largest Employers.

<sup>2</sup> Business First of Columbus, December 3, 1999 issue for Largest Employers.

<sup>3</sup> Franklin County Auditor.

### District and Franklin County Demographic Statistics 1999 - 2008<sup>1</sup>

| Tax<br>Year | District<br>Population <sup>2</sup> | Total Assessed<br>Value Taxable<br>District Property <sup>3</sup><br>(in thousands) | Franklin County Only    |                                      |                            | Total Assessed<br>Value Taxable<br>County Property <sup>5</sup><br>(in thousands) |
|-------------|-------------------------------------|---|-------------------------|--------------------------------------|----------------------------|---|
|             |                                     |   | Population <sup>2</sup> | Per<br>Capita<br>Income <sup>4</sup> | Median<br>Age <sup>4</sup> |   |
| 1999        | 1,073,000                           | 21,628,087  | 1,067,993               | 29,321                               | 33                         | 20,968,548  |
| 2000        | 1,093,500                           | 22,502,290  | 1,068,978               | 31,527                               | 33                         | 21,696,739  |
| 2001        | 1,109,800                           | 22,892,656  | 1,079,404               | 32,036                               | 33                         | 22,110,678  |
| 2002        | 1,119,000                           | 25,653,020  | 1,088,445               | 33,465                               | 33                         | 24,741,567  |
| 2003        | 1,132,000                           | 25,790,945  | 1,101,226               | 34,152                               | 33                         | 24,872,526  |
| 2004        | 1,140,000                           | 26,298,304  | 1,114,159               | 33,725                               | 33                         | 25,294,765  |
| 2005        | 1,159,000                           | 29,868,345  | 1,131,895               | 34,960                               | 34                         | 28,743,005  |
| 2006        | 1,179,700                           | 30,102,825  | 1,144,820               | 36,335 <sup>6</sup>                  | 33                         | 28,903,096  |
| 2007        | 1,189,600                           | 29,912,050  | 1,153,867               | 39,083 <sup>7</sup>                  | 34 <sup>7</sup>            | 28,695,371  |
| 2008        | 1,197,200                           | 30,400,811  | 1,160,300 <sup>7</sup>  | 40,009 <sup>7</sup>                  | 34 <sup>7</sup>            | 27,999,978 <sup>7</sup>   |

<sup>1</sup> The SWACO solid waste district is principally within Franklin County but also includes parts of five adjacent counties.

<sup>2</sup> U.S. Department of Commerce, Bureau of the Census and the Mid-Ohio Regional Planning Commission.

<sup>3</sup> Assessed valuation reflects tax year. Source is Ohio Municipal Advisory Council.

<sup>4</sup> U.S. Department of Commerce, Bureau of the Census.

<sup>5</sup> Ohio Municipal Advisory Council.

<sup>6</sup> U.S. Department of Commerce, Bureau of Economic Analysis.

<sup>7</sup> Franklin County Auditor.

Sources: SWACO except as noted above.



Table 23

### Average Unemployment Rates 1999 - 2008<sup>1</sup>

| Year | Franklin County   | State of Ohio     | United States     |
|------|-------------------|-------------------|-------------------|
| 1999 | 2.5%              | 4.3%              | 4.2%              |
| 2000 | 2.4%              | 4.1%              | 4.0%              |
| 2001 | 2.8%              | 4.3%              | 4.8%              |
| 2002 | 4.4%              | 5.7%              | 5.8%              |
| 2003 | 4.7%              | 6.0%              | 6.0%              |
| 2004 | 4.8%              | 6.3%              | 6.5%              |
| 2005 | 4.9%              | 5.4%              | 5.0%              |
| 2006 | 4.5% <sup>2</sup> | 5.6% <sup>3</sup> | 4.5% <sup>3</sup> |
| 2007 | 4.7% <sup>4</sup> | 5.6% <sup>4</sup> | 4.6% <sup>4</sup> |
| 2008 | 5.5% <sup>5</sup> | 6.6% <sup>5</sup> | 5.8% <sup>5</sup> |

<sup>1</sup>1997 - 2005 Ohio Bureau of Employment Services, Division of Research and Statistics.

<sup>2</sup>Estimates by the Mid-Ohio Planning Regional Planning Commission.

<sup>3</sup>State of Ohio Bureau of Worker's Compensation Labor Force Employment & Unemployment.

<sup>4</sup>Ohio Department of Job and Family Services, Bureau of Labor Market Information.

<sup>5</sup>Franklin County Auditor.

Source: Ohio Department of Job and Family Services

**SWACO**

Table 24

**Capital Assets as of December 31, 2008**

Sanitary Landfill

See Note 7, page 2-27 and Table 7, page 3-12 for additional information on the landfill

| <u>Transfer Stations</u> | <u>Capacity<br/>(tons per day)</u> | <u>Year<br/>Constructed</u> |
|--------------------------|------------------------------------|-----------------------------|
| Jackson Pike             | 1,750                              | 1983                        |
| Morse Road               | 650                                | 1974                        |
| Georgesville Road        | 350                                | 1974                        |

| <u>Facilities</u>              | <u>Square<br/>Footage</u> | <u>Year<br/>Constructed</u> |
|--------------------------------|---------------------------|-----------------------------|
| Administrative Office Building | 8,500                     | 2002                        |
| Fleet Maintenance Garage       | 11,120                    | 2000                        |
| Landfill Operations Facility   | 12,800                    | 2005                        |
| Green Energy Center            | 4,280                     | 2008                        |

Landfill Equipment

|  |   |
|--|---|
| Landfill Compactors                    | 4 |
| Landfill dozers                        | 3 |
| Excavator/Grader/Track Loader (1 each) | 3 |
| Articulated Dump Trucks                | 3 |
| Trailer Tippers                        | 2 |
| Water Trucks                           | 2 |
| Other Landfill Vehicles and Equipment  | 9 |

Transfer Station Equipment

|                            |    |
|----------------------------|----|
| Transfer Tractors          | 28 |
| Transfer Trailers          | 24 |
| Front-end Loaders          | 10 |
| Trackhoes                  | 5  |
| Service Vehicles and Other | 5  |

Other vehicles and equipment

|                         |    |
|-------------------------|----|
| Roll-off Trucks         | 3  |
| Pickup Trucks           | 25 |
| Cars and Passenger Vans | 6  |
| Street Sweepers         | 3  |
| Large Mowers            | 7  |
| Cargo Trailers          | 3  |

Recycling Programs

|                                  |     |
|----------------------------------|-----|
| Recycled Materials Packer Trucks | 6   |
| Drop-box Containers              | 345 |

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# **COMPLIANCE SECTION**



INSIGHT ■ INNOVATION ■ EXPERIENCE

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Solid Waste Authority of Central Ohio  
Franklin County  
4239 London-Groveport Rd.  
Grove City, OH 43123

To the Audit and Finance Committee and the Board of Trustees:

We have audited the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio (SWACO) as of and for the year ended December 31, 2008, which collectively comprise SWACO's basic financial statements and have issued our report thereon dated July 31, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered SWACO's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWACO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of SWACO's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects SWACO's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of SWACO's financial statements that is more than inconsequential will not be prevented or detected by SWACO's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by SWACO's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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Compliance

As part of obtaining reasonable assurance about whether the SWACO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of SWACO in a separate letter dated July 31, 2009.

This report is intended solely for the information and use of management, the Board of Trustees, the Audit and Finance Committee, Auditor of State and others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

SCHNEIDER DOWNS & CO., INC.

Columbus, Ohio  
July 31, 2009



**Mary Taylor, CPA**  
Auditor of State

**SOLID WASTE AUTHORITY OF CENTRAL OHIO**

**FRANKLIN 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  
OCTOBER 6, 2009**