



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended December 31, 2009



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, 2009 through December 31, 2009. 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

July 22, 2010

This Page is Intentionally Left Blank.

Comprehensive Annual Financial Report

of the

Solid Waste Authority of Central Ohio

for the

Fiscal Year ended December 31, 2009

Issued by the Solid Waste Authority of Central Ohio

Ronald J. Mills - Executive Director

Jeffrey M. Cahill - Assistant Executive Director

Prepared by the Accounting & Finance Department

Lynda P. Sudderberg, CPA - Chief Financial Officer

Tamara Foster, CPA – Controller

Patrick O'Block – Budget & Management Administrator

This Page is Intentionally Left Blank.

————— *SWACO* —————

**Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2009**

Table of Contents

INTRODUCTORY SECTION

Transmittal Letter.....	1-1
Principal Officials	1-5
Table of Organization	1-6
SWACO District Boundaries.....	1-8
Government Finance Officers Association Certificate of Achievement	1-9

FINANCIAL SECTION

Independent Auditor’s Report	2-1
Management’s Discussion and Analysis	2-3
Statement of Net Assets-Proprietary Funds.....	2-17
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	2-19
Statement of Cash Flows-Proprietary Funds	2-20
Notes to Financial Statements	
1. Organization.....	2-22
2. Summary of Significant Accounting Policies.....	2-23
3. Cash and Investments	2-26
4. Restricted Assets.....	2-29
5. Closure/Postclosure Funds Held by Trustee	2-29
6. Capital Assets.....	2-30
7. Capital Lease Receivable.....	2-33
8. Retirement Commitments	2-33
9. Employee Retirement Incentive Plan	2-35
10. Debt Management	2-35
11. Capital Lease Obligation	2-40
12. Landfill Closure and Postclosure Care Costs	2-42
13. Service Agreements.....	2-43
14. Commitments and Contingencies.....	2-43
15. Risks and Uncertainties	2-44
16. Subsequent Events.....	2-45
Supplemental Schedule – Operating Fund Statement of Net Assets-Proprietary Fund.....	2-47
Supplemental Schedule – Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Fund.....	2-49

Table of Contents (continued)

FINANCIAL SECTION (continued)

Supplemental Schedule – Operating Fund Statement of Cash Flows-Proprietary Fund	2-50
--	------

STATISTICAL SECTION

Introduction to Statistical Section	3-1
Schedules of Net Assets - All Funds, For Years Ended December 31, 2000 through 2009	3-2
Schedules of Revenues, Expenses, and Changes in Fund Net Assets - All Funds, For Years Ended December 31, 2000 through 2009	3-4
Schedules of Revenues, Expenses and Changes in Fund Net Assets 2009 Budget to Actual (in thousands)	3-6
Solid Waste Received and Landfilled 2000 – 2009 (in tons)	3-8
Top Ten Customers 2000 – 2009 (tons received)	3-9
Disposal Rates 1991 - 2009	3-11
Franklin County Sanitary Landfill Airspace Capacity Permitted, Used and Remaining 2000-2009 (cubic yards)	3-12
Generation Fee Tonnage Reported 2000 - 2009	3-13
SWACO Program Activity – Tons Collected 2000 – 2009	3-15
Household Hazardous Waste Collection 2000 – 2009 (in pounds)	3-16
Number of Employees by Function	3-17
Series 2004A Facility Acquisition Bonds	3-18
Series 2004B Solid Waste Facility Improvements Bonds	3-19
Series 2005 Refunding Bonds	3-20
Series 2005 Landfill Equipment Bonds	3-21
Series 2007 Variable Rate Taxable Notes	3-21
Series 2008 Solid Waste Facility Improvements Bonds	3-22
Waste-to-Energy Facility Lease Payment Schedule (in thousands)	3-23
Total and General Obligation Debt Ratios 2000 – 2009	3-25
Indirect Debt and Property Tax Limitations, June 11, 2010	3-26
Ten Largest Employers 2009 and 2000 Franklin County, Ohio	3-27
District and Franklin County Demographic Statistics 2000 - 2009	3-28
Average Unemployment Rates 2000 – 2009	3-29
Capital Assets as of December 31, 2009	3-30

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	4-1
--	-----

INTRODUCTORY SECTION



June 9, 2010

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, 2009 to the SWACO Board of Trustees and those living and doing business within the jurisdiction of SWACO.

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, 2009. 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. The 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 6,000 tons, three waste transfer stations with a combined capacity of approximately 3,000 tons per day, and various recycling and waste reduction programs.

SWACO'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 (the "Landfill") from the Franklin 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 Franklin County's (the "County") 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 11). 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. The remaining buildings and structures were destroyed by fire 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 (the "OEPA") to expand the Landfill to meet the additional disposal requirements of the District. In 1997, the permit was approved adding 49 million cubic yards of capacity to the Landfill, sufficient 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 3.5 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 OEPA approved the most recent update. The updated plan, which runs through 2019, had previously been approved by SWACO's member political subdivisions. The plan will next be updated in 2010.

Budgetary Control

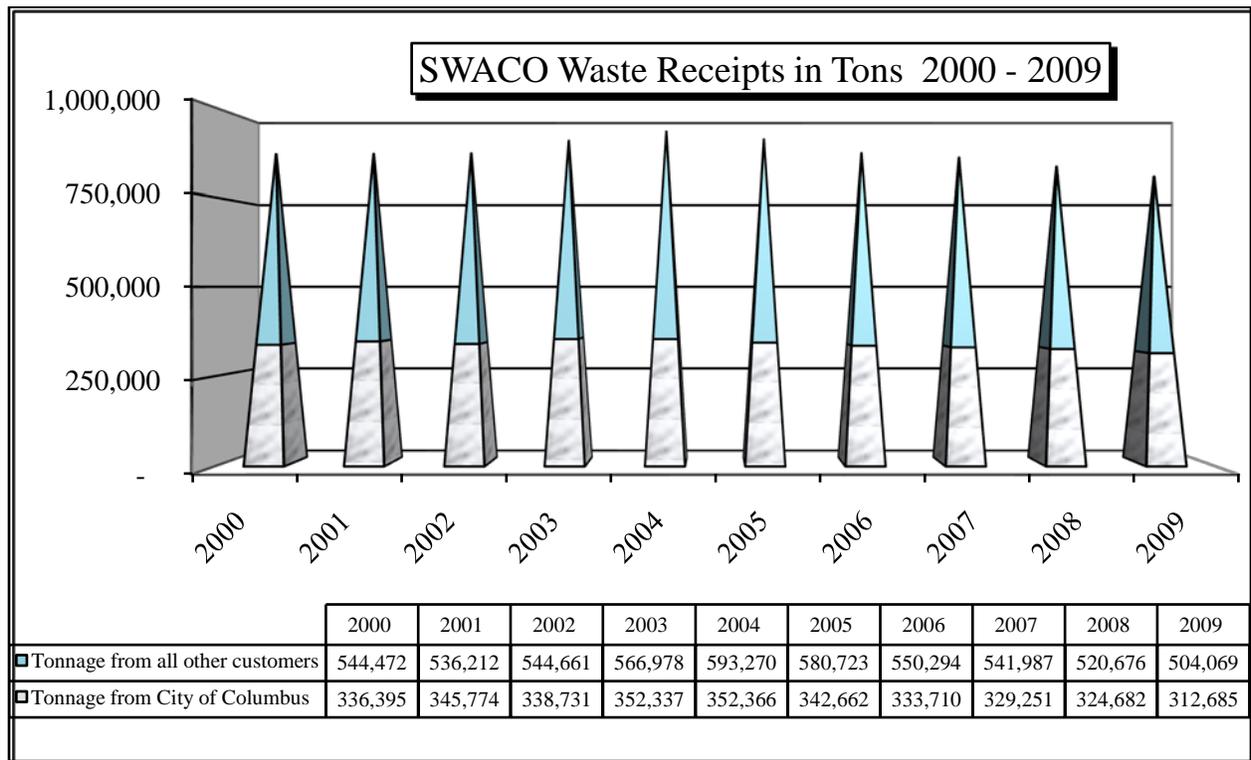
The Board of Trustees adopts an annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (salaries, wages and benefits; contracts, services and supplies; capital outlays; etc.). Although there is no legal requirement for external reporting of budgetary basis financial data, the

Statistical Section provides a budget to actual comparison for the year ending December 31, 2009.

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. Nonetheless, 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 fifth consecutive year, and overall District waste generation has also declined. SWACO adopted a \$2 per ton District-wide fee increase effective January 1, 2009. Further rate increases for 2011 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 11) 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 beginning on page 2-6 (Financial Position of SWACO).

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 and plans for its eventual closure and replacement. SWACO is in the engineering phase of replacing one of its three transfer stations, and is evaluating the capital needs and future uses of the other two transfer stations. SWACO is also investigating the construction of a multi-purpose receiving and recovery facility designed to reduce the volume of waste being disposed of in the Landfill. The challenge for SWACO will be to establish a future rate structure which is both manageable for its customers and competitive in the central Ohio market, while providing adequate funding for operations and needed capital projects.

As part of its capital improvements program, SWACO expects to issue nearly \$16.0 million in General Obligation bonds in July 2010. SWACO currently has triple A ratings from both Standard and Poor's and Moody's Investors Service.

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, 2008. This was the twelfth 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



Lynda P. Sudderberg, CPA
Chief Financial Officer

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*

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

Phil Honsey
*Appointed by the Board of Trustees
representing the general interest of citizens*

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

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

John O'Grady
*President of the Franklin County Board
of Commissioners*

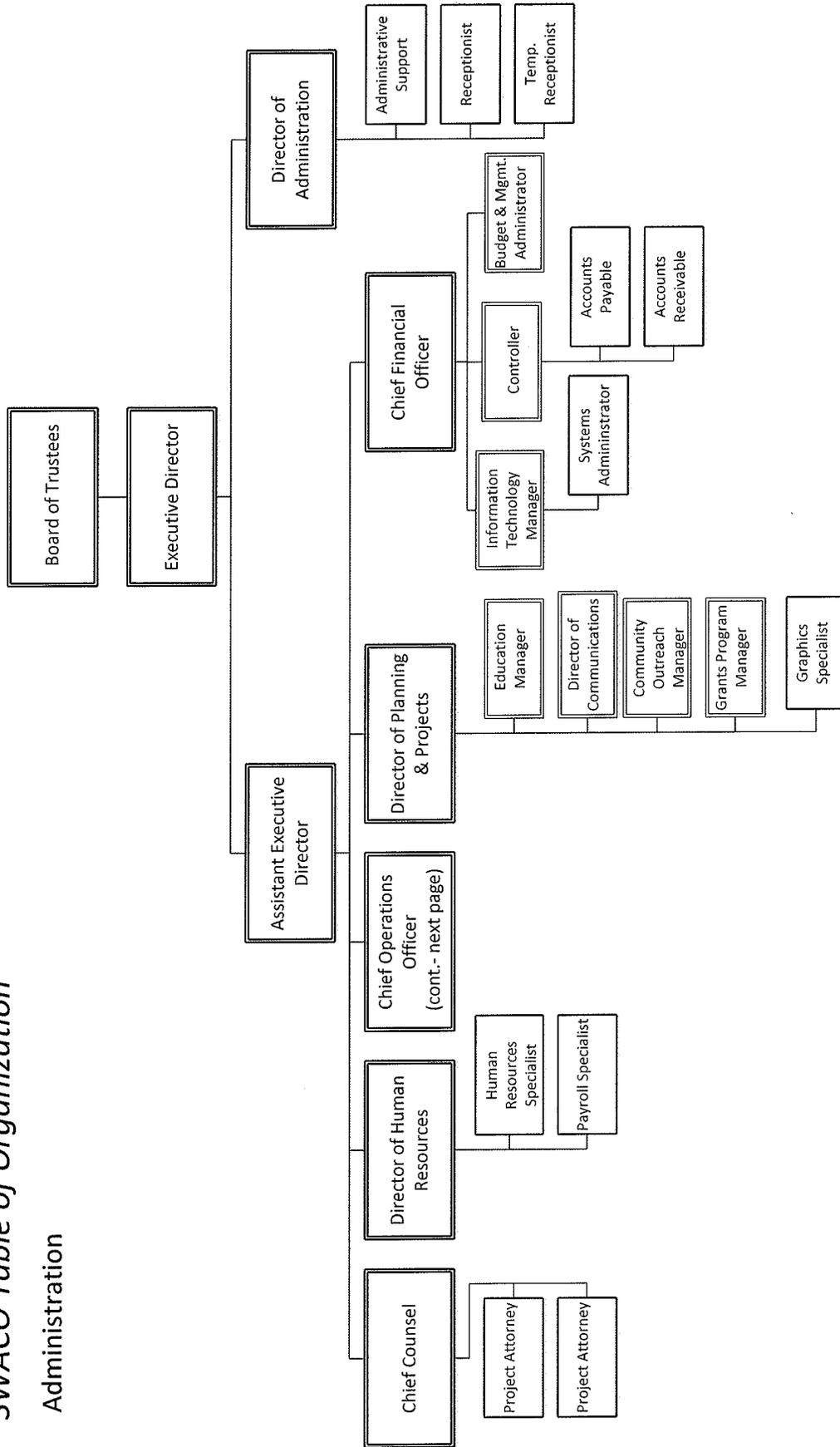
Steven P. Shepard
*Appointed by the Franklin County Board
of Commissioners*

Staff

Ronald J. Mills, Executive Director
Jeffrey M. Cahill, Assistant Executive Director
Lynda P. Sudderberg, Chief Financial Officer
Harold J. Anderson III, Chief Legal Counsel
Rick A. Dodge, Chief Operating Officer
Tamara Foster, Controller
Patrick O'Block, Budget and Management Administrator

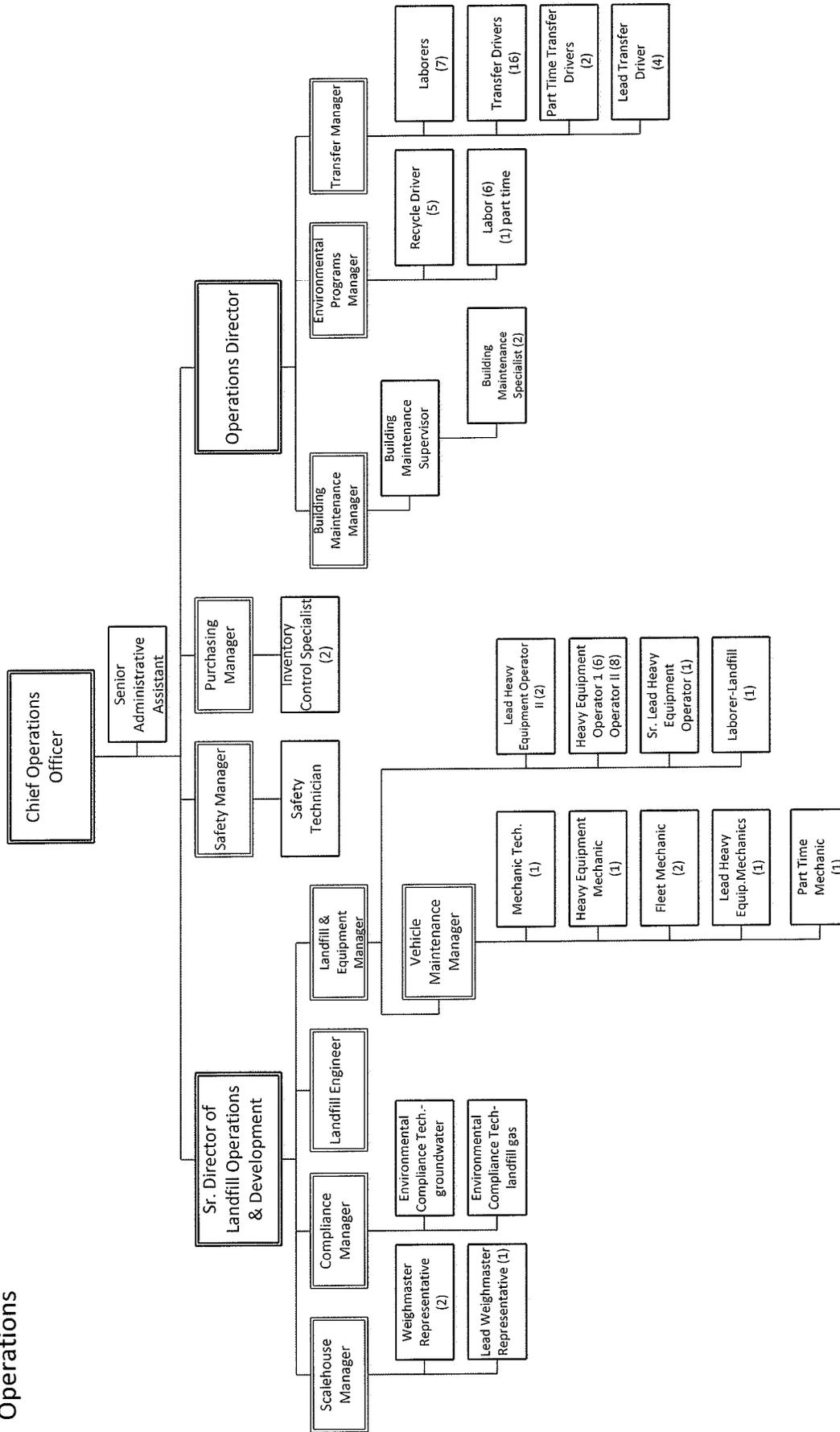
SWACO Table of Organization

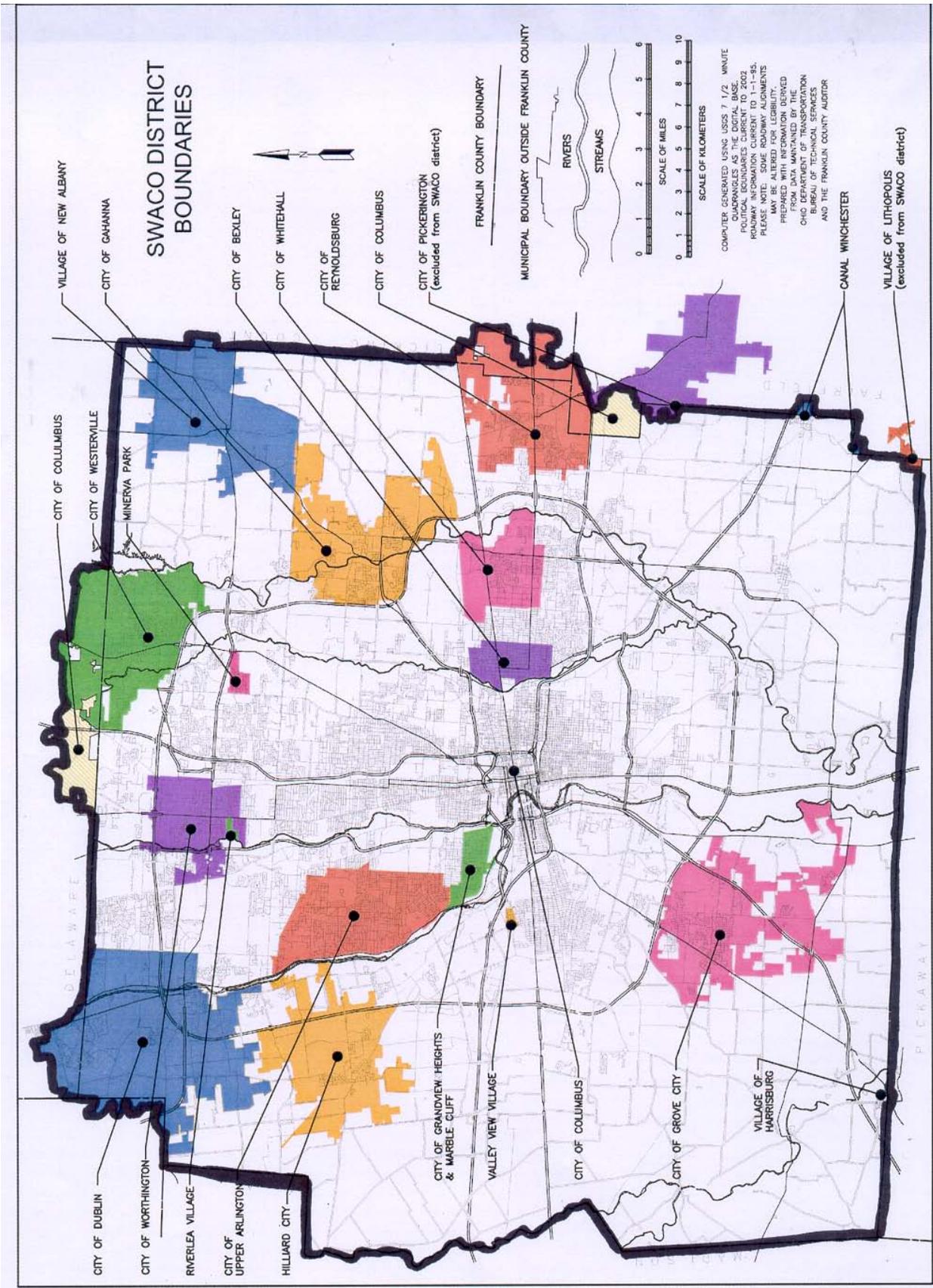
Administration



SWACO Table of Organization

Operations





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, 2008

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



President

Executive Director

This page left blank intentionally.

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, 2009, 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.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 opinions.

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, 2009, 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 June 9, 2010, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SWACO's basic financial statements as a whole. 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 certain additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is 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 do not express an opinion or provide any assurance on them.

SCNEIDER DOWNS ; CO., INC .

Columbus, Ohio
June 9, 2010

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

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 year ended December 31, 2009. 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 to net cash provided by operating activities is provided.

Financial Highlights of 2009

- SWACO's net assets remained nearly flat from 2008 to 2009, with a very modest decrease of nearly \$84,000 (0.3%). SWACO ended the year with operating income of \$4.8 million, as solid waste receipts declined for the fifth consecutive year. SWACO implemented a \$2 increase in its retired facility/waiver fee, effective January 1, 2009, which helped it achieve a small increase in 2009 operating revenue, despite a 3.1% decrease in landfilled waste tonnage and a 16.2% decrease in-district waste taken out-of-district. Aggressive spending cutbacks were also implemented during the year, resulting in operating expense reductions of \$971,000 net of expenses related to an early retirement incentive program which became effective in May 2009 (discussed in more detail on page 2-4 of the MD&A.)
- SWACO continued to make progress in reducing its deficit related to its acquisition of the former City of Columbus Waste-to-Energy Facility (the "WTEF"). The lease liability to the City of

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Columbus was reduced by approximately \$2.3 million (34%) during 2009. It is expected that this liability will be fully paid by the end of 2011.

- In March 2009, the Board of Trustees authorized SWACO to offer an Ohio Public Employees Retirement System Early Retirement Incentive Plan (the "ERIP") to eligible employees. The commencement date of the ERIP was May 5, 2009, and the ending date was May 5, 2010. Eligibility was defined by age and service requirements, with a maximum 5-year service credit to be purchased by SWACO. A total of 18 employees elected to retire utilizing the ERIP benefit. The total cost of the ERIP is estimated to be \$2,500,000, and will be paid in five annual installments of approximately \$568,000, for an estimated total cost with interest of \$2,880,000. SWACO recorded a 2009 expense of \$1,918,305 in the Operating Fund for employer ERIP costs related to 12 employees who had elected to retire on or before December 31, 2009. This expense is included in salaries, wages and benefits. Interest expense related to the ERIP in 2009 was \$42,381. The expenses related to the six employees electing to retire in 2010 will be recorded in 2010.
- In July 2009, the OEPA approved an application submitted by SWACO to modify the landfill permit approved by the OEPA in 1997. The modified permit increased the capacity of the landfill by 3.5 million cubic yards and reduced the size of the landfill from 363 acres to 283 acres. In anticipation of this approval, during 2008 SWACO undertook a comprehensive reevaluation of landfill development and closure costs as of December 31, 2008, resulting in a \$9.6 million reduction in accrued landfill closure costs as of December 31, 2008. This reduction also had the effect of reducing the funding level required for the financial assurance instrument, and SWACO was able to reduce the balance of the EPA Trust Fund to \$20,564,415. To effect the reduction, SWACO transferred investments with a market value of \$3,080,698 from the EPA Trust Fund to a non-restricted operating account in September 2009.
- In December 2009, SWACO took ownership of a building originally constructed for the manufacture of building panels from recycled polystyrene. The building is located on property SWACO leases from the City of Columbus. The transaction was the result of a guarantee SWACO had entered into in January 2008 with The Huntington National Bank ("HNB") and RASTRA Ohio, Inc. ("RASTRA"), whereby SWACO would purchase the facility for the outstanding debt owed by RASTRA in the event of a default by RASTRA. In December 2009, SWACO issued a \$3,500,000 revenue bond anticipation note in favor of HNB. The maturity date of the note is June 14, 2010. SWACO is in the process of refinancing the note with the sale of taxable one-year notes to be issued in early June 2010. The building is currently being actively marketed for lease or sale.
- During 2009, SWACO renegotiated new one-year waiver agreements with key customers requiring them to deliver a minimum of 75% of their total waste stream generated in Franklin County to SWACO's Franklin County Sanitary Landfill. These flow control steps will help SWACO to meet or exceed 900,000 tons of landfilled waste during 2010. SWACO has not yet determined how it will proceed with regard to the waivers in 2011.
- During 2009, SWACO also renegotiated its contracts with its two yard waste composting contractors. As a result, payments will be capped beginning in 2010 with both contractors, which will result in an annual reduction in expense of over \$500,000. The cap for the larger contract was phased in during 2009, resulting in a savings of close to \$500,000 from 2008.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Combined Net Assets

The 2008 and 2009 combined net assets of both the Operating and Program Funds are presented and compared below. SWACO's financial position remained relatively consistent from the prior year, decreasing by less than \$84,000 in 2009 (all funds combined). While the net asset deficit, which was originally a product of the 1993 acquisition and subsequent closure of the WTEF, grew by the same modest amount, the remaining liability related to that facility was reduced during the year by \$5.6 million. For additional discussion on the WTEF, see *Financial Position of SWACO* on page 2-6 of the MD&A and Note 11 of the financial statements (Capital Lease Obligation). Significant net asset changes from 2008 to 2009 are discussed in further detail, by fund, later in this MD&A.

	Net Assets		
	Operating and Program Funds Combined		
	2008	2009	Increase (Decrease)
Assets			
Current and other assets	\$ 10,614,090	\$ 13,620,239	\$ 3,006,149
Restricted cash and investments	6,276,731	1,817,312	(4,459,419)
Closure/postclosure funds held by trustee	23,035,444	20,648,026	(2,387,418)
Capital assets	53,071,663	53,315,463	243,800
Capital lease receivable (less current portion)	4,708,000	4,533,000	(175,000)
Total assets	97,705,928	93,934,040	(3,771,888)
Liabilities			
Current liabilities	14,443,268	19,245,686	4,802,418
Bonds payable, less current portion, net	98,366,447	89,776,456	(8,589,991)
Capital lease obligation, less current portion	3,924,995	1,799,269	(2,125,726)
Landfill closure/postclosure liability, non current	10,075,402	11,161,503	1,086,101
ERIP interest payable	-	1,139,045	1,139,045
Total Liabilities	126,810,112	123,121,959	(3,688,153)
Net Assets			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(49,595,116)	(43,986,744)	5,608,372
Other capital assets, net	(1,054,194)	(3,609,260)	(2,555,066)
Restricted:			
Landfill closure/postclosure trust fund, net of accrued liability	13,886,444	10,398,630	(3,487,814)
Other restricted, net	1,184,338	513,504	(670,834)
Unrestricted	6,474,344	7,495,951	1,021,607
Total net assets	\$(29,104,184)	\$(29,187,919)	\$ (83,735)

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Combined Revenues, Expenses, and Changes in Fund Net Assets

The 2008 and 2009 combined revenue, expenses, and changes in fund net assets of both the Operating and Program Funds are presented and compared below. The small decrease in net assets in 2009 is contrasted by large changes in nonoperating revenues and operating expenses from 2008 to 2009. The \$1.3 million decrease in nonoperating revenues is primarily related to a \$1.7 million drop in investment income due to declining interest rates during 2009. The single largest component of the operating expenses increase of \$8.1 million is a net \$7.6 million increase in landfill depletion and closing costs in 2009. This significant fluctuation is the product of a 2008 change in accounting estimate. These changes and others are discussed in further detail, by fund, later in this MD&A.

	Revenues, Expenses, and Changes in Fund Net Assets Operating and Program Funds Combined		
	2008	2009	Increase (Decrease)
Revenues			
Operating revenues	\$ 36,822,398	\$ 37,318,638	\$ 496,240
Nonoperating revenues	2,423,828	1,087,437	(1,336,391)
Total revenues	39,246,226	38,406,075	(840,151)
Expenses			
Operating expenses	24,443,080	32,494,741	8,051,661
Nonoperating expenses	5,711,274	5,995,069	283,795
Total expenses	30,154,354	38,489,810	8,335,456
Change in net assets	9,091,872	(83,735)	(9,175,607)
Total net assets – beginning	(38,196,056)	(29,104,184)	9,091,872
Total net assets – ending	\$ (29,104,184)	\$ (29,187,919)	\$ (83,735)

Financial Position of SWACO

As shown in the above table, SWACO ended 2009 with a combined deficit of \$29.2 million. On the surface, this large deficit may raise questions regarding SWACO's financial stability. Substantially all of the deficit can be attributed to the 1993 acquisition of the WTEF, the closure of the facility in 1994, and the 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 35% 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

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

bonds in 2004 to pay off the deferred lease balance that had accumulated since closure of the plant. By the end of 2009, SWACO had reduced the deficit to \$43.7 million as shown in the following table. Note 11 of the financial statements (Capital Lease Obligation) provides additional information on the WTEF and WTEF lease.

	Discontinued Operations Total Net Assets (in thousands)				
	Carrying Value of Waste-to- Energy Facility	WTEF Lease Obligation	Bonds Payable	Other Assets and (Liabilities)	Total Net 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)
2009	-	4,099	39,888	313	(43,674)

Operating Fund Net Assets

A comparison of Operating Fund net assets as of the end of 2008 and 2009 is shown in the table on page 2-9.

Collectively, total assets decreased by \$2.5 million (2.8%). Current and other assets increased by \$3 million (30.7%); the primary components of this net increase are an increase in unrestricted cash and cash equivalents of \$4.9 million offset by the elimination of a \$1.5 million grant receivable of which \$512,000 was recorded as a loss (see page 2-12 of the MD&A for a more detailed discussion of this grant).

Restricted cash and investments decreased by \$3.5 million (69.7%) as proceeds from a 2008 bond issue were used for capital construction projects. The net decrease in closure/postclosure funds primarily resulted from a \$3.1 million distribution from the EPA Trust Fund effected by a change in closure cost estimates, offset by trust fund investment earnings and market value adjustments of \$700,000. Capital assets remained flat, with additions of \$7.5 million, offset by depreciation/depletion expense of \$7.3 million.

Collectively, total liabilities decreased by \$2.9 million (2.4%). Current liabilities increased by \$5 million (37.9%) the largest component of which is the addition of a \$3.5 million liability in connection with SWACO's acquisition of a light manufacturing building. The \$8 million decrease in bonds payable reflects principal payments made during the year and the addition of only \$790,000 of long-term debt during the year. The reduction in capital lease obligation reflects City of Columbus landfill fee credits applied to the WTEF lease during the year. The increase in landfill closure/postclosure liability is almost entirely related to the calculated increase in the liability as a function of landfill usage during 2009. ERIP

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

payable is a new liability in 2009 and is related to the implementation of an early retirement incentive plan through the Ohio Public Employees Retirement System in May 2009. This plan is discussed in more detail on page 2-11 of the MD&A.

Total net assets collectively increased by \$451,000 (1.5%) from 2008 to 2009. The lease obligation and bonds payable in connection with the closed WTEF were reduced by \$5.6 million (11.3%) through bond principal payments of \$3.2 million and lease credits of \$2.4 million. Other capital assets, net of related debt, decreased by \$2.4 million (128.6%) and the change is primarily attributable to three components: 1) the use of \$3.1 million of cash in the construction of capital assets; 2) capital asset additions of \$7.5 million; and 3) depreciation and depletion expense totaling \$7.3 million.

Restricted net assets include funds held by a trustee (EPA Trust Fund) for closure of the Franklin County Sanitary Landfill, net of the accrued liability for closure and postclosure care of the landfill. As of December 31, 2009, the EPA Trust Fund value was \$20.6 million and the recorded closure liability was \$10.2 million, which nets to the \$10.4 million reflected on this table. The decrease of \$3.5 million (25.1%) is a product of a \$3.1 million decrease in the trust fund balance effected by a change in closure cost estimates (discussed in more detail on page 2-4 of the MD&A), a \$1.1 million increase in the recorded closure liability, and trust fund investment earnings and market value adjustments of \$700,000. The increase in unrestricted net assets of \$1 million (15.8%) was primarily the product of a \$4.9 million increase in unrestricted cash, a decrease in grants receivable of \$1.5 million, and the addition of a \$1.1 million liability related to the ERIP.

* This space intentionally left blank. *

SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2009
(unaudited)**

	Operating Fund Net Assets		
	2008	2009	Increase (Decrease)
Assets			
Current and other assets	\$ 9,925,479	\$ 12,973,484	\$ 3,048,005
Restricted cash and investments	5,007,425	1,518,057	(3,489,368)
Closure/postclosure funds held by trustee	23,035,444	20,648,026	(2,387,418)
Capital assets	52,221,680	52,571,763	350,083
Total assets	90,190,028	87,711,330	(2,478,698)
Liabilities			
Current liabilities	13,113,964	18,087,184	4,973,220
Bonds payable, less current portion, net	93,658,447	85,656,456	(8,001,991)
Capital lease obligation, less current portion	3,924,995	1,799,269	(2,125,726)
Landfill closure/postclosure liability, less current portion	10,075,402	11,161,503	1,086,101
ERIP payable, less current portion	-	1,139,045	1,139,045
Total liabilities	120,772,808	117,843,457	(2,929,351)
Net assets			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(49,595,116)	(43,986,744)	5,608,372
Other capital assets, net	(1,904,177)	(4,352,960)	(2,448,783)
Restricted:			
Landfill closure/postclosure trust fund, net of accrued liability	13,886,444	10,398,630	(3,487,814)
Other restricted, net	555,725	312,996	(242,729)
Unrestricted	6,474,344	7,495,951	1,021,607
Total net assets	\$ (30,582,780)	\$ (30,132,127)	\$ 450,653

* This space intentionally left blank. *

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Operating Fund Revenues, Expenses and Changes in Fund Net Assets

The following table compares 2008 and 2009 revenues, expenses and changes in fund net assets in the Operating Fund.

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

	<u>2008</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 18,345,327	\$ 17,835,189	\$ (510,138)
Waste transfer fees	4,537,544	4,402,660	(134,884)
Retired facility and waiver fees	7,613,718	9,162,180	1,548,462
Other	222,932	273,953	51,021
Operating revenues	<u>30,719,521</u>	<u>31,673,982</u>	<u>954,461</u>
Operating expenses:			
Salaries, wages and benefits	7,937,207	9,835,769	1,898,562
Contract, services and supplies	6,656,262	5,686,650	(969,612)
Solid waste fees	3,122,177	3,250,143	127,966
Depreciation	2,937,455	3,181,689	244,234
Landfill depletion	7,255,277	4,161,271	(3,094,006)
Landfill closing costs	(9,630,000)	1,100,396	10,730,396
Interfund transfers	(334,373)	(467,660)	(133,287)
Operating expenses	<u>17,944,005</u>	<u>26,748,258</u>	<u>8,804,253</u>
Operating income	<u>12,775,516</u>	<u>4,925,724</u>	<u>(7,849,792)</u>
Nonoperating revenues (expenses)			
Interest expense	(4,858,143)	(4,728,855)	129,288
ERIP interest expense	-	(42,381)	(42,381)
Interest earnings	2,470,988	761,699	(1,709,289)
Grant revenues	289,327	44,751	(244,576)
Loss on federal grant	(480,000)	(511,509)	(31,509)
Gain (loss) on disposal of assets	(44,903)	1,224	46,127
Fire loss net of insurance proceeds	(382,305)	-	382,305
Total nonoperating expenses	<u>(3,005,036)</u>	<u>(4,475,071)</u>	<u>(1,470,035)</u>
Change in net assets	9,770,480	450,653	(9,319,827)
Total net assets – beginning	<u>(40,353,260)</u>	<u>(30,582,780)</u>	<u>9,770,480</u>
Total net assets – ending	<u>\$ (30,582,780)</u>	<u>(30,132,127)</u>	<u>450,653</u>

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Solid waste deliveries to SWACO's facilities during 2009 were approximately 816,000 tons (3.4%) below 2008 receipts of 845,000 tons. As a result of the decline in waste receipts, tipping and disposal fees dropped by \$510,000 (2.8%) as did waste transfer fees with a drop of \$135,000 (2.5%).

Retired Facility and Waiver Fees were also affected by the tonnage decrease from 2008 to 2009; however, the tonnage decline was more than offset by a \$2 per ton increase in the retired facility/waiver fee, which became effective January 1, 2009. The net effect of the tonnage decrease and the fee increase resulted in additional retired facility/waiver fees of \$1.5 million, or an increase of 20.3%.

Collectively, operating revenues realized modest growth of 3.1%, or \$954,000, which is a positive outcome in a year of declining waste receipts.

Expenses for salaries, wages and benefits were \$1.9 million (23.9%) greater in 2009 compared to 2008. This increase is entirely related to the implementation of an early retirement incentive plan. In March 2009, the Board of Trustees authorized SWACO to offer an Ohio Public Employees Retirement System Early Retirement Incentive Plan ("ERIP") to eligible employees. The commencement date of the ERIP was May 5, 2009, and the ending date was May 5, 2010. Eligibility was defined by age and service requirements, with a maximum 5-year service credit to be purchased by SWACO. As of May 5, 2010 (the ERIP ending date), a total of 18 employees elected to retire utilizing the ERIP benefit. The total cost of the ERIP is estimated to be \$2.5 million, and will be paid in five annual installments of approximately \$568,000, for an estimated total cost with interest of \$2.88 million. The 2009 expense of \$1.9 million is related to 12 employees who elected to retire on or before December 31, 2009. The 2010 expense is expected to be approximately \$600,000. The intent of the ERIP was to reduce positions and future salaries, wages and benefits expenses.

Contract, services and supplies expenses dropped by \$970,000 (14.6%) in 2009 as the result of aggressive efforts to reduce operating expenses, particularly in the areas of grounds, building and maintenance expense. This expense category was also helped by a significant decrease from the prior year in fuel costs.

The large variances in both landfill depletion and landfill closing costs from 2008 to 2009 were the result of a 2008 change in accounting estimate; depletion expense decreased \$3.1 million (42.6%) as compared to 2008, while a 2008 reduction in accrued landfill closing costs resulted in a \$9.6 million decrease in 2008 expense, which in turn resulted in a 2009 increase of \$10.7 million in landfill closing costs expense as compared to 2008. The 2009 depletion and landfill closing costs expenses were \$4.2 million and \$1.1 million, respectively.

Interfund transfers increased by \$133,287 (39.9%) due to adjustments related to a change in the way payroll expenses are reported for management purposes. Interfund transfers net to zero between the Operating Fund and the Program Fund.

Collectively, operating expenses increased by \$8.8 million (49%). As detailed above, this outcome is entirely related to a prior year change in accounting estimate combined with the impact of the ERIP expenses. Absent these unusual transactions, operating expenses would have remained relatively flat from 2008 to 2009.

The net effect of these changes resulted in a drop in operating income from \$12.8 million to \$4.9 million – a decrease of \$7.9 million.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Nonoperating revenues and expenses netted to \$4.5 million of nonoperating expenses in 2009. This amount represents an increase of \$1.5 million over 2008. The largest component of this classification is interest expense related to debt service on bond and note issues. This expense, which remained relatively flat from 2008 to 2009, is predictable as it is largely based on debt service schedules on fixed-rate debt.

The next largest component of this classification is interest earnings, which saw a dramatic drop of \$1.7 million (69%) from 2008 to 2009. This is consistent with the market-wide yield decreases resulting from the large downturn in the financial markets in late 2008. Major components of interest earnings include: 1) \$119,000 on the investment of operating cash reserves; 2) \$752,000 earned on investments with a market value of \$20.6 million held in the restricted EPA Trust Fund; and 3) \$304,000 of interest income recorded relative to the capital lease of a non-hazardous oily waste water processing facility. Interest income was reduced by a \$413,000 unrealized loss on investments resulting from the required market value adjustment.

Nonoperating income also includes grant revenues, which reflected a significant decrease of \$245,000 (84.5%). 2008 revenues included a one-time Housing and Urban Development grant of \$244,000 for construction of a landfill roadway. And finally, the \$512,000 loss on federal grant involves a \$1.98 million Department of Energy ("DOE") grant originally recorded in 2007 in connection with 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 DOE. At the end of 2008, SWACO estimated it would receive approximately \$1.5 million of the grant award, and recorded a \$480,000 loss. During late 2009, SWACO and DOE agreed on a final allowable DOE cost share of \$988,000, resulting in the 2009 loss of \$512,000.

SWACO's financial position in the Operating Fund improved by a modest \$451,000 (1.5%) in 2009, reducing SWACO's net asset deficit from \$30.6 million at the beginning of the year to \$30.1 million at the end of the year.

* This space intentionally left blank. *

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Program Fund Net Assets

In the Program Fund, total net assets at the end of 2009 were \$944,000 consisting of restricted net assets (cash and receivables less payables) of \$201,000 and net capital assets of \$744,000. Total net assets decreased by \$534,000 (36.1%) in 2009 and total restricted net assets decreased by \$428,000 (68.1%).

Program Fund Net Assets

	<u>2008</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Assets			
Current assets	\$ 1,957,917	\$ 946,010	\$ (1,011,907)
Capital lease receivables	4,708,000	4,533,000	(175,000)
Capital assets	849,983	743,700	(106,283)
Total assets	<u>7,515,900</u>	<u>6,222,710</u>	<u>(1,293,190)</u>
Liabilities			
Current liabilities	1,329,304	1,158,502	(170,802)
Bonds payable, less current portion	4,708,000	4,120,000	(588,000)
Total liabilities	<u>6,037,304</u>	<u>5,278,502</u>	<u>(758,802)</u>
Net assets			
Invested in capital assets, net of related debt	849,983	743,700	(106,283)
Restricted	628,613	200,508	(428,105)
Total net assets	<u>\$ 1,478,596</u>	<u>\$ 944,208</u>	<u>\$ (534,388)</u>

Program Fund Revenues, Expenses and Changes in Fund Net Assets

A comparison of 2008 and 2009 revenues and expenses in the Program Fund is shown in the following table. Generation Fees declined \$348,000 (6.4%) in 2009 compared to 2008. Generation Fees from waste disposed of in-district (\$4.1 million in 2009) decreased 3.5%, which is consistent with the drop in total solid waste tonnage received by SWACO. Generation Fees from waste disposed of out-of-district (\$1 million in 2009) declined by 16.5%, which again is consistent with the out-of-district tonnage decrease.

Operating expenses collectively decreased by \$753,000 (11.6%) in 2009. The salaries, wages and benefits reduction of \$365,000 (20.8%) was largely attributed to staff reductions resulting from the ERIP. A \$464,000 (10.9%) reduction in contracts, services and supplies was realized from negotiating a cap on a contract related to payments for yard waste collections.

Nonoperating expenses primarily consist of grant activities. Grant revenues, representing pass-through grants received by SWACO, increased by \$173,000 (192%) primarily due to receipt of a market development grant from the Ohio Department of Natural Resources. Grants awarded, representing both pass-through and SWACO grants, increased by \$339,000 (90.9%) due to: 1) award of the market development grant previously mentioned; and 2) an increase in the amount of SWACO grants awarded, the largest of which was \$167,000 in connection with the design and construction of a nature center.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Ending net assets in the Program Fund decreased by \$534,000 (36.1%) from 2008 to 2009.

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

	<u>2008</u>	<u>2009</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 304,726	\$ 265,552	\$ (39,174)
Generation fees	5,438,437	5,090,250	(348,187)
Other	359,714	288,855	(70,859)
Operating revenues	<u>6,102,877</u>	<u>5,644,657</u>	<u>(458,220)</u>
Operating expenses:			
Salaries, wages and benefits	1,754,772	1,389,747	(365,025)
Contracts, services and supplies	4,268,451	3,804,034	(464,417)
Depreciation and depletion	141,479	85,043	(56,436)
Interfund transfers	334,373	467,660	133,287
Operating expenses	<u>6,499,075</u>	<u>5,746,484</u>	<u>(752,591)</u>
Operating loss	<u>(396,198)</u>	<u>(101,827)</u>	<u>294,371</u>
Nonoperating revenues (expenses):			
Grant revenues	89,812	262,454	172,642
Grants awarded	(373,131)	(712,324)	(339,193)
Gain on sale of assets	909	17,309	16,400
Total nonoperating expenses	<u>(282,410)</u>	<u>(432,561)</u>	<u>(150,151)</u>
Change in net assets	<u>(678,608)</u>	<u>(534,388)</u>	<u>144,220</u>
Total net assets – beginning	<u>2,157,204</u>	<u>1,478,596</u>	<u>(678,608)</u>
Total net assets – ending	<u>\$ 1,478,596</u>	<u>944,208</u>	<u>(534,388)</u>

Capital Assets

SWACO's investments in depreciable capital assets include the Sanitary Landfill and related facilities and equipment, 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. During 2009, SWACO also acquired a 28,000 square foot light manufacturing building which is located on the former WTEF property which SWACO leases from the City of Columbus. SWACO also owns land for its facilities and buffer area land in the vicinity of the landfill. The table on the next page compares SWACO's investments in capital assets as of the end of 2008 and 2009.

The largest change in capital assets during 2009 was the reduction of \$4.8 million of construction in progress (and the related \$4.8 million increase in Sanitary Landfill assets) as projects were placed in

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

service. The largest capital project completed and placed in service during the year was the Phase H2 landfill cell construction at a total cost of \$7.2 million. The \$4.3 million remaining in construction in progress at December 31, 2009 primarily consists of \$3.4 million related to the acquisition of a light manufacturing building which was not yet completed and placed in service at the end of the year, and \$327,000 of engineering expenses for a future transfer station replacement project. The remainder of the expenses are connected to various smaller landfill projects.

Operating Fund	Capital Assets		
	2008	2009	Increase (Decrease)
Capital assets, not being depreciated:			
Land and land improvements	\$ 11,721,277	\$ 12,711,457	\$ 990,180
Construction in progress	9,106,823	4,341,397	(4,765,426)
Total capital assets, not being depreciated	<u>20,828,100</u>	<u>17,052,854</u>	<u>(3,775,246)</u>
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	12,967,371	11,461,111	(1,506,260)
Building and improvements	2,860,462	3,625,156	764,694
Transfer stations	1,716,075	1,832,436	116,361
Sanitary landfill	13,849,672	18,600,206	4,750,534
Total capital assets, being depreciated, net	<u>31,393,580</u>	<u>35,518,909</u>	<u>4,125,329</u>
Total capital assets, net	<u>\$ 52,221,680</u>	<u>\$ 52,571,763</u>	<u>\$ 350,083</u>
Program Fund			
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	\$ 87,363	39,121	(48,242)
Building and improvements	762,620	704,579	(58,041)
Total capital assets, net	<u>\$ 849,983</u>	<u>\$ 743,700</u>	<u>\$ (106,283)</u>

SWACO's capital asset activity is discussed in more detail in Note 6 of the financial statements (Capital Assets).

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2009 (unaudited)

Debt Administration

SWACO's outstanding debt as of December 31, 2008 and 2009 is shown in the following table:

	Outstanding Long-Term Debt		Increase (Decrease)
	2008	2009	
General obligation bonds, net	\$ 101,613,447	\$ 93,265,456	\$ (8,347,991)
Taxable notes	4,878,000	8,998,000	4,120,000
Capital lease obligation	6,224,995	4,099,269	(2,125,726)
Total	<u>\$ 112,716,442</u>	<u>\$ 106,362,725</u>	<u>\$ (6,353,717)</u>

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 an AAA rating by Standard and Poor's and an Aa1 rating by Moody's Investors Service. SWACO's debt management program is discussed in more detail in Note 10 of the financial statements (Debt Management).

Economic Factors

Similar to other local governments in Ohio, SWACO continues to face economic pressures. Waste receipts at the Franklin County Sanitary Landfill in 2009 were below the previous year for the fifth year in a row. In addition, certain SWACO revenues are collected on total District waste generation, which also declined in 2009. During 2008, the Board of Trustees adopted a \$2 per ton rate increase effective January 1, 2009 payable on all waste generated within the District in order to offset declining waste receipts. This helped SWACO achieve a small increase in 2009 operating revenues, despite a 3.1% decrease in landfilled waste tonnage and a 16.2% decrease in District waste taken out-of-district. SWACO also implemented aggressive spending cutbacks during the year resulting in operating expense reductions of \$971,000 net of ERIP expenses. Since solid waste disposal is a lagging economic indicator, growth in landfilled solid waste tonnage is expected to be modest for the next several years. During 2009, SWACO renegotiated new one-year waiver agreements with key customers requiring them to deliver a minimum of 75% of their total waste stream generated in Franklin County to SWACO's Franklin County Sanitary Landfill. These flow control steps will help SWACO to meet or exceed 900,000 tons of landfilled waste during 2010.

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 Lynda Sudderberg at 614.871.5100, or by e-mail at lynda.sudderberg@swaco.org.

SWACO
Statement of Net Assets – Proprietary Funds
As of December 31, 2009

Assets	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 7,348,911	\$ -	\$ 7,348,911
Restricted cash	1,518,057	299,255	1,817,312
Investments	3,007,863	-	3,007,863
Accounts receivable, net of allowance for bad debts	2,563,846	471,755	3,035,601
Lease receivable	-	175,000	175,000
Other assets	52,864	-	52,864
Total current assets	<u>14,491,541</u>	<u>946,010</u>	<u>15,437,551</u>
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	20,648,026	-	20,648,026
Capital assets:			
Sanitary landfill, net of accumulated depletion	18,600,206	-	18,600,206
Buildings and equipment, net of accumulated depreciation	16,918,703	743,700	17,662,403
Construction in progress	4,341,397	-	4,341,397
Land and land improvements	12,711,457	-	12,711,457
Lease receivable, less current portion	-	4,533,000	4,533,000
Total noncurrent assets	<u>73,219,789</u>	<u>5,276,700</u>	<u>78,496,489</u>
Total assets	<u>\$ 87,711,330</u>	<u>\$ 6,222,710</u>	<u>\$ 93,934,040</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, 2009

Liabilities	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current liabilities			
Accounts payable	\$ 1,791,167	\$ 258,360	\$ 2,049,527
SWACO grants payable	-	34,443	34,443
Accrued wages and benefits	1,279,001	101,033	1,380,034
Accrued interest	743,016	-	743,016
Notes payable	3,500,000	-	3,500,000
Current maturities of bonds payable	8,399,000	588,000	8,987,000
Capital lease obligation	2,300,000	-	2,300,000
Landfill postclosure liability-current portion	75,000	-	75,000
Other payables	-	176,666	176,666
Total current liabilities	18,087,184	1,158,502	19,245,686
Noncurrent liabilities			
Bonds payable, less current portion, net	85,656,456	4,120,000	89,776,456
Capital lease obligation, less current portion	1,799,269	-	1,799,269
Landfill closure/postclosure liability	11,161,503	-	11,161,503
ERIP payable	1,139,045	-	1,139,045
Total noncurrent liabilities	99,756,273	4,120,000	103,876,273
Total liabilities	117,843,457	5,278,502	123,121,959
Net Assets			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(43,986,744)	-	(43,986,744)
Other capital assets, net	(4,352,960)	743,700	(3,609,260)
Restricted:			
Closure/postclosure trust fund net of accrued liability – Sanitary Landfill	10,398,630	-	10,398,630
Other restricted, net	312,996	200,508	513,504
Unrestricted	7,495,951	-	7,495,951
Total net assets	\$ (30,132,127)	\$ 944,208	\$ (29,187,919)

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, 2009**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Operating revenues:			
Tipping and disposal fees	\$ 17,835,189	\$ 265,552	\$ 18,100,741
Waste transfer fees	4,402,660	-	4,402,660
Retired facility and waiver fees	9,162,180	-	9,162,180
Generation fees	-	5,090,250	5,090,250
Other	273,953	288,855	562,808
Operating revenues	<u>31,673,982</u>	<u>5,644,657</u>	<u>37,318,639</u>
Operating expenses:			
Salaries, wages and benefits	9,835,769	1,389,747	11,225,516
Contract, services and supplies	5,686,650	3,804,034	9,490,684
Solid waste fees	3,250,143	-	3,250,143
Depreciation	3,181,689	85,043	3,266,732
Landfill depletion	4,161,271	-	4,161,271
Landfill closing costs	1,100,396	-	1,100,396
Interfund charges	(467,660)	467,660	-
Operating expenses	<u>26,748,258</u>	<u>5,746,484</u>	<u>32,494,742</u>
Operating income (loss)	<u>4,925,724</u>	<u>(101,827)</u>	<u>4,823,897</u>
Nonoperating revenues (expenses):			
Interest expense	(4,728,855)	-	(4,728,855)
ERIP interest expense	(42,381)	-	(42,381)
Interest earnings	761,699	-	761,699
Grant revenues	44,751	262,454	307,205
Grants awarded	-	(712,324)	(712,324)
Loss on federal grant	(511,509)	-	(511,509)
Gain (loss) on disposal of assets	1,224	17,309	18,533
Total nonoperating expenses	<u>(4,475,071)</u>	<u>(432,561)</u>	<u>(4,907,632)</u>
Change in net assets	450,653	(534,388)	(83,735)
Total net assets – beginning	<u>(30,582,780)</u>	<u>1,478,596</u>	<u>(29,104,184)</u>
Total net assets – ending	<u>\$ (30,132,127)</u>	<u>\$ 944,208</u>	<u>\$ (29,187,919)</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, 2009

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 22,411,684	\$ 240,486	\$ 22,652,170
Retired facility fee and waiver fees collected	6,977,939	-	6,977,939
Generation fees collected	-	5,162,106	5,162,106
Other receipts	273,955	288,853	562,808
Payments to or on behalf of employees for salaries, wages and benefits	(8,187,142)	(1,415,846)	(9,602,988)
Payments to vendors	(8,824,506)	(4,163,458)	(12,987,964)
Model Landfill postclosure costs paid	(14,295)	-	(14,295)
Interfund charges	467,660	(467,660)	-
Other payments	(11)	(51,230)	(51,241)
Net cash provided by operating activities:	<u>13,105,284</u>	<u>(406,749)</u>	<u>12,698,535</u>
Cash flows from noncapital financing activities:			
Grants received	1,060,057	110,471	1,170,528
Grants awarded	-	(712,324)	(712,324)
Net cash provided by (used) by noncapital financing activities	<u>1,060,057</u>	<u>(601,853)</u>	<u>458,204</u>
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	37,524,427	-	37,524,427
Purchase of investments	(31,774,810)	-	(31,774,810)
Interest received	1,300,310	-	1,300,310
Net cash provided by investment activities	<u>7,049,927</u>	<u>-</u>	<u>7,049,927</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	4,290,000	-	4,290,000
Proceeds from sale of assets	1,224	17,309	18,533
Proceeds from capital lease	-	170,000	170,000
Landfill, facilities and equipment additions and disposals	(7,441,247)	21,242	(7,420,005)
Principal paid on bonds and notes payable	(7,955,000)	(170,000)	(8,125,000)
Principal paid on capital lease	(105,455)	-	(105,455)
Interest paid	(4,766,224)	-	(4,766,224)
Debt issuance costs paid	(6,026)	-	(6,026)
Net cash provided by (used) in capital and related financing activities	<u>(15,982,728)</u>	<u>38,551</u>	<u>(15,944,177)</u>
Net increase (decrease) in cash	5,232,540	(970,051)	4,262,489
Cash and cash equivalents, beginning of year	3,634,428	1,269,306	4,903,734
Cash and cash equivalents, end of year	<u>\$ 8,866,968</u>	<u>\$ 299,255</u>	<u>\$ 9,166,223</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, 2009

	Operating Fund	Program Fund	Total
Reconciliation of operating income (loss) to net cash provided by operating activities:			
Operating income (loss)	\$ 4,925,724	\$ (101,827)	\$ 4,823,897
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and depletion	7,342,960	85,043	7,428,003
Landfill closing costs	1,100,396	-	1,100,396
Lease credit received in lieu of cash:	(2,188,795)	-	(2,188,795)
Increase (decrease) in cash resulting from changes in:			
Accounts receivable (net)	246,288	46,856	293,144
Accounts payable	44,387	(359,490)	(315,103)
Accrued wages and benefits	509,582	(26,100)	483,482
ERIP payable	1,139,045	-	1,139,045
Landfill postclosure liability	(14,295)	-	(14,295)
Other assets and liabilities	(8)	(51,231)	(51,239)
Net cash provided by operating activities	<u>\$ 13,105,284</u>	<u>\$ (406,749)</u>	<u>\$ 12,698,535</u>

Noncash capital and related financing activities (Operating Fund):

- Amortization of premiums on bonds payable of \$571,334.
- Amortization of debt issuance cost \$113,328.
- Amortization of reacquisition cost on refunding bonds of \$71,040.
- Change in carrying value of investments resulting in a loss of \$386,014.
- Property acquired with seller-finance note of \$790,000.

* This space intentionally left blank. *

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

SWACO

Notes to Financial Statements

As of December 31, 2009

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 3.5 million cubic yards of disposal capacity (see Note 5 – Closure/ Postclosure Funds Held by Trustee). 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 11 – Capital Lease Obligation). 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 all solid waste generated within the District. These fees are established pursuant to authorization within the Ohio Revised Code

SWACO

Notes to Financial Statements

As of December 31, 2009

("ORC") and agreements established with private landfill owners. SWACO had one customer which accounted for approximately 42% of SWACO's total operating revenues for the year ended December 31, 2009.

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 ORC Section 343.08.

SWACO

Notes to Financial Statements

As of December 31, 2009

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 11 – Capital Lease Obligation) 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 2-47.

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 3 (Cash and Investments).

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.

Restricted Assets: As discussed further in Note 4 (Restricted Assets), 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.

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.

SWACO
Notes to Financial Statements
As of December 31, 2009

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 March 2009, the GASB issued Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is to incorporate the hierarchy currently utilized into the authoritative literature. The provisions of this statement are effective immediately. The implementation of GASB Statement No. 55 had no impact on these financial statements.

In March 2009, the GASB issued Statement No. 56, *Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*. This statement is to incorporate the AICPA accounting and financial reporting currently utilized into the authoritative literature. The provisions of this statement are effective immediately. The implementation of GASB Statement No. 56 had no impact on these financial statements.

In December 2009, the GASB issued Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers. The provisions of this statement are effective immediately. The implementation of GASB Statement No. 57 had no impact on these financial statements.

In December 2009, the GASB issued Statement No. 58, *Accounting and Financial Reporting for Chapter 9 Bankruptcies*. This statement is to provide accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. The provisions of this statement are effective immediately. The implementation of GASB Statement No. 58 had no impact on these financial statements.

SWACO

Notes to Financial Statements

As of December 31, 2009

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. 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, 2009, the carrying amounts of SWACO's deposits were \$5,882,165, while the bank balances were \$5,896,909. Of the bank deposits, \$467,558 was insured by the Federal Deposit Insurance Corporation, and \$5,429,351 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 ORC, 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 ORC 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.

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 ORC Section 135.143. STAR Ohio is not registered with the Securities Exchange Commission as an investment

SWACO
Notes to Financial Statements
As of December 31, 2009

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. STAR Ohio's investments in U.S. Agencies and the money market funds were rated AAA and AAAM, respectively, by Standard & Poor's and Aaa by Moody's Investor Services. 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 loss of \$413,598 as of December 31, 2009, 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, 2009:

* This space intentionally left blank. *

SWACO
Notes to Financial Statements
As of December 31, 2009

Cash and Investments at December 31, 2009

<u>Operating and Program Funds</u>	Fair Value	Maturity in Years	
		Less than 1	1 to 3
Carrying amount of deposits	\$ 5,882,165	\$ 5,882,165	\$ -
STAR Ohio	2,978,089	2,978,089	-
Money market mutual funds/sweep acct.	303,569	303,569	-
Federal agency securities	1,428,302	1,428,302	-
U.S. Treasury notes	1,579,561	1,579,562	-
Cash on hand	2,400	2,400	-
	<u>12,174,086</u>	<u>12,174,086</u>	<u>-</u>
<u>Closure/Postclosure Trust Fund</u>			
Money market mutual funds	267,047	267,047	-
U.S. Treasury notes	8,741,304	-	8,741,304
Federal agency securities	11,639,675	3,568,724	8,070,951
	<u>20,648,026</u>	<u>3,835,771</u>	<u>16,812,255</u>
Totals	<u>\$ 32,822,112</u>	<u>\$ 16,009,857</u>	<u>\$16,812,255</u>

Reconciliation of Cash and Investments to Statement of Net Assets

<u>Per Statement of Net Assets</u>	Operating Fund	Program Fund	Total
Cash and cash equivalents	\$ 7,348,911	\$ -	\$ 7,348,911
Restricted cash	1,518,057	299,255	1,817,312
Investments	3,007,863	-	3,007,863
Closure/postclosure funds held by trustee:			
Investments	<u>20,648,026</u>	<u>-</u>	<u>20,648,026</u>
Totals	<u>\$ 32,522,857</u>	<u>\$ 299,255</u>	<u>\$ 32,822,112</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, 2009, investments in the following issuers exceeded five percent of the portfolio: U.S. Treasury Notes (32%), FHLB Notes (16%), FNMA Notes (11%), and FFCB Notes (11%).

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$1,518,057 in the Operating fund and \$299,255 in the Program Fund were restricted at December 31, 2009 for debt service, capital projects, by State law, or for other purposes.

SWACO
Notes to Financial Statements
As of December 31, 2009

4. Restricted Assets

Restricted Cash: In the Operating Fund these funds include debt service accounts, the capital improvements account (bond proceeds), and funds dedicated to the payment of the WTEF lease (see Note 11 – Capital Lease Obligation). 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 and waiver fees receivable. Restricted assets are reduced by bonds payable related to the capital improvements account.

Restricted Net Assets

	Operating Fund	Program Fund	Total
Cash			
Capital projects account	\$ 1,464,772	\$ -	\$ 1,464,772
Debt service reserve	-	112,580	112,580
Unexpended grant proceeds	-	138,574	138,574
Bond retirement account	(268,477)	-	(268,477)
Unexpended generation fees	321,762	48,101	369,863
	<u>1,518,057</u>	<u>299,255</u>	<u>1,817,312</u>
Total restricted cash			
Waiver and generation fees receivable	410,258	471,755	882,013
Restricted interest receivable	87,612	-	87,612
Less bonds payable related to capital projects account	(1,464,772)	-	(1,464,772)
Less amounts payable from restricted assets	<u>(238,159)</u>	<u>(570,502)</u>	<u>(808,661)</u>
Other restricted assets, net	<u>\$ 312,996</u>	<u>\$ 200,508</u>	<u>\$ 513,504</u>

5. 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 12 – Landfill Closure and Postclosure Care Costs). The amount to be funded for the financial assurance estimate is paid in annual installments over a maximum twenty-year pay-in period. Annual payments of approximately

SWACO

Notes to Financial Statements

As of December 31, 2009

\$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 (seven years as of December 31, 2009).

In January 2008, SWACO submitted an application to modify the permit approved by the OEPA in 1997. The modified permit, which was approved by the Director of the OEPA in July 2009 increased the capacity of the landfill by approximately 3.5 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.

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 in costs of closure and post-closure care resulted in a reduction of the funding level required for the financial assurance instrument, and SWACO was able to reduce the Fund balance to \$20,564,415. To effect the reduction, on September 30, 2009, SWACO transferred investments with a market value of \$3,080,698 from the Fund to a non-restricted operating account.

The required Fund payment due and paid in April 2010 was \$59,000, which is significantly less than the average annual payments of roughly \$500,000 required in prior years. It is anticipated that the change in the closure cost estimate will result in reduced annual payments to the Fund going forward.

The Fund is restricted by the Director of the OEPA, and SWACO invests in those securities authorized by the ORC and SWACO's investment policy (see Note 3 – Cash and Investments). All amounts earned by the investments are reinvested in the Fund.

6. 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 39% as of December 31, 2009). Costs associated with the development and construction of horizontal expansion cells are depleted based on the percentage of horizontal capacity used (8.11% as of December 31, 2009).

SWACO
Notes to Financial Statements
As of December 31, 2009

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, as discussed in Note 5 – Closure/Postclosure Funds Held by Trustee. In 2009, SWACO increased its estimate of landfill development costs due to the OEPA informing SWACO that it will have to screen the components of all composite, separatory, and final cover liners SWACO constructs in the landfill going forward. The estimated cost of this screening is anticipated to be approximately \$14 million over the life of the landfill. As a result of this change in estimated landfill development costs, landfill depletion expense for 2009 is reported at \$4,161,271, approximately \$1.1 million more than what would have been reported prior to this change in estimate.

As of the end of 2009, SWACO estimates total landfill development costs at \$170 million, including approximately \$51 million expended through 2009 (including construction in progress) and \$119 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$32.5 million as of December 31, 2009, leaving an estimate of \$137.5 million in depletion expense over the remaining life of the landfill.

A summary of property, plant and equipment at December 31, 2009 is shown on the following page.

* This space intentionally left blank. *

SWACO
Notes to Financial Statements
As of December 31, 2009

Summary of property, plant and equipment at December 31, 2009

Operating Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and land improvements	\$ 11,721,277	\$ 990,182	\$ -	\$ 12,711,459
Construction in progress	9,106,823	5,809,178	(10,574,604)	4,341,397
 Total capital assets, not being depreciated	 20,828,100	 6,799,360	 (10,574,604)	 17,052,856
Capital assets, being depreciated/depleted:				
Equipment and furnishings	22,478,857	950,172	(181,200)	23,247,829
Building and improvements	3,992,629	1,038,049	(9,995)	5,020,683
Transfer stations	7,443,006	574,759	-	8,017,765
Sanitary landfill	42,174,672	8,911,804	-	51,086,476
Total capital assets, being depreciated/depleted	76,089,164	11,474,784	(191,195)	87,372,753
Less accumulated depreciation/depletion for:				
Equipment and furnishing	(9,511,486)	(2,456,432)	181,200	(11,786,718)
Building and improvements	(1,132,167)	(266,859)	3,498	(1,395,528)
Transfer stations	(5,726,931)	(458,398)	-	(6,185,329)
Sanitary landfill	(28,325,000)	(4,161,271)	-	(32,486,271)
Total accumulated depreciation/depletion	(44,695,584)	(7,342,960)	184,698	(51,853,846)
Total capital assets, being deprec./depl., net	31,393,580	4,131,824	(6,497)	35,518,907
Total capital assets, net	\$ 52,221,680	\$ 10,931,184	\$(10,581,101)	\$ 52,571,763
 Program Fund	 Beginning Balance	 Increases	 Decreases	 Ending Balance
Capital assets, being depreciated:				
Equipment and furnishings	\$ 824,881	\$ -	\$ (133,002)	\$ 691,879
Building and improvements	1,210,214	-	-	1,210,214
Total capital assets, being depreciated	2,035,095	-	(133,002)	1,902,093
Less accumulated depreciation for:				
Equipment and furnishing	(737,518)	(27,002)	111,761	(652,759)
Building and improvements	(447,594)	(58,040)	-	(505,634)
Total accumulated depreciation	(1,185,112)	(85,042)	111,761	(1,158,393)
Total capital assets, being depreciated, net	\$ 849,983	\$ (85,042)	\$ (21,241)	\$ 743,700

SWACO

Notes to Financial Statements

As of December 31, 2009

7. 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 prepays 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 \$4,708,000 (see Note 10 – Debt Management/Series 2007 Variable Rate Taxable Notes and Note 16 - Subsequent Events).

8. 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 ORC). 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.

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

SWACO
Notes to Financial Statements
As of December 31, 2009

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 ORC 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 ORC.

Funding policy. The ORC provides statutory authority for employee and employer contributions. For 2009, member contribution rates were consistent across all three plans. The 2009 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 hired prior to January 1st, 2009. Employees hired after January 1st, 2009 contribute the entire 10% employee share. The 2009 employer contribution rate for local government employer units was 14.0% of covered payroll. The ORC 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 paid by employees	Employee share paid by SWACO	Employer share paid by SWACO	Total paid by SWACO
2009	\$ 109,937	\$ 471,831	\$ 811,121	\$ 1,282,952
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

The ORC 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 2009, the employer contribution allocated to the health care plan was 7.0% of the covered payroll from January 1 through March 31, 2009 and 5.5% of the covered payroll from April 1 through December 31, 2009. 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 \$340,000 for 2009.

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

SWACO
Notes to Financial Statements
As of December 31, 2009

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 on January 1 of each year from 2006 to 2008. These rate increases allowed 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.

9. Employee Retirement Incentive Plan

In March 2009, the Board of Trustees authorized SWACO to offer an Ohio Public Employees Retirement System Early Retirement Incentive Plan (the "Plan") to eligible employees. The commencement date of the plan was May 5, 2009, and the ending date was May 5, 2010. Eligibility was defined by age and service requirements, with a maximum 5-year service credit to be purchased by SWACO.

A total of 18 employees elected to retire utilizing the Plan benefit. The total cost of the Plan is estimated to be \$2,500,000, and will be paid in five annual installments of approximately \$568,000, for an estimated total cost with interest of \$2,880,000. SWACO recorded a 2009 expense of \$1,918,305 in the Operating Fund for employer ERIP costs related to employees who had elected to retire on or before December 31, 2009. This expense is included in salaries, wages and benefits. Interest expense related to the ERIP in 2009 was \$42,381.

10. 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, 2009

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2009
Series 2004A	\$ 57,205,000	2004-2019	3.00%-5.00%	\$ 38,865,000
Series 2004B	29,670,000	2006-2025	3.50%-5.00%	19,270,000
Series 2005	6,750,000	2006-2012	3.00%-3.50%	3,065,000
Series 2005 refunding	12,320,000	2008-2017	5.00%	10,375,000
Series 2008	19,975,000	2010-2028	4.00%-5.20%	19,975,000
Subtotal, G.O. Bonds				<u>\$ 91,550,000</u>
Series 2007 taxable notes	4,900,000	2008-2017	variable	\$ 4,708,000
Promissory note	790,000	2010-2019	5.00%	790,000
Revenue Bond Anticipation Note, Series 2009	3,500,000	2010	.9925%	3,500,000
Subtotal, notes payable				<u>\$ 8,998,000</u>

SWACO

Notes to Financial Statements

As of December 31, 2009

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 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.

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, 2009 categorized by source of debt service payment.

SWACO
Notes to Financial Statements
As of December 31, 2009

Year ended December 31,	Paid from Tipping Fees		Paid from Retired Facility/Waiver Fees		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	Series 2004B, 2005, 2005 Refunding and 2008 Bonds		Series 2004A			
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	2,955,000	1,745,475	4,090,000	1,107,150	7,045,000	2,852,625
2015-2019	13,780,000	6,568,688	20,275,000	2,265,300	34,055,000	8,833,988
2020-2024	11,745,000	3,706,735	-	-	11,745,000	3,706,735
2025-2028	7,475,000	881,848	-	-	7,475,000	881,848
Total	\$52,685,000	\$21,481,147	\$38,865,000	\$9,704,300	\$91,550,000	\$31,185,447

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 7 – Capital Lease Receivable). 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.

The notes mature on December 1, 2017, and the swap agreement on December 1, 2012. The swap's notional amount of \$4,900,000 (\$4,708,000 as of December 31, 2009) matches the principal amount of the notes. The notional value of the swap and the principal amount of the associated notes will decline by \$49,000 per month through November 2017, with a final payment of \$53,000 due on December 1, 2017. 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 an estimated market value of \$344,391 in favor of the swap counterparty as of December 31, 2009. 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

SWACO
Notes to Financial Statements
As of December 31, 2009

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, 2009, SWACO was not exposed to credit risk from the counterparty. As of that date the swap was valued at \$344,391 in the counterparty's favor.
- (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 2009, 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, 2009, 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. (See Note 16 - Subsequent Events.)

Year ended December 31,	Variable Rate Notes		Interest Rate Swap, Net	Total Interest
	Principal	Interest		
2010	\$ 588,000	\$ 54,224	\$ 196,416	\$ 250,640
2011	588,000	46,960	170,106	217,066
2012	588,000	39,697	132,816	172,513
2013	588,000	32,433	-	32,433
2014	588,000	25,169	-	25,169
2015-2017	1,768,000	31,923	-	31,923
Total	<u>\$ 4,708,000</u>	<u>\$ 230,406</u>	<u>\$ 499,338</u>	<u>\$ 729,744</u>

Seller-financed property acquisition. In August 2009, SWACO purchased approximately 22 acres of real property adjacent to the easternmost edge of the Franklin County Sanitary Landfill. The purchase price was \$990,000; SWACO paid \$200,000 at closing and issued a promissory note (the "Note") to the seller to finance the \$790,000 balance. The Note is amortized over ten years with equal annual principal payments of \$79,000, carries an interest rate of 5% per annum on the outstanding principal, and is secured by a first mortgage on the property. (See Note 16 - Subsequent Events.)

SWACO
Notes to Financial Statements
As of December 31, 2009

2009 Solid Waste Facilities Revenue Bond Anticipation Note. In January 2008, The Huntington National Bank (“HNB”) and RASTRA Ohio, Inc. (“RASTRA”) entered into an agreement under which HNB issued an irrevocable letter of credit in connection with the issuance by Columbus-Franklin County Finance Authority (CFCFA) of \$4 million of revenue bonds. The bonds were issued for the purpose of financing the construction of a building to be used for the manufacturing of building panels from recycled polystyrene (the Project); the building was sited on property SWACO leases from the City of Columbus. As an inducement to HNB’s issuance of the letter of credit, SWACO executed a Purchase Obligation, Pledge and Security Agreement (the Agreement) dated January 1, 2008 between the SWACO, RASTRA and HNB wherein SWACO agreed, upon the event of a default by RASTRA and a subsequent draw on the HNB letter of credit, to reimburse HNB through the issuance of SWACO notes or bonds. In return, SWACO would take ownership of the Project building.

In November 2009, RASTRA defaulted on the Project and HNB provided SWACO with notice to perform under the Purchase Obligation, Pledge and Security Agreement. On December 14, 2009, SWACO issued a \$3,500,000 *Solid Waste Facilities Revenue Bond Anticipation Note, Series 2009* (the “Note”) in favor of HNB. The maturity date of the Note is June 14, 2010 and the interest rate is 0.9925% per annum. Of the Note proceeds, \$3,371,895 was used to satisfy SWACO’s Purchase Obligation as defined in the Agreement, and \$128,105 was used to pay legal and other costs related to the acquisition of the Project.

SWACO expects to refinance the Note with the sale of taxable one-year notes issued in June 2010. The Project is currently being actively marketed for lease or sale.

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 2008, the maximum millage required in any overlapping jurisdictions was 7.96 mills, leaving a margin of 2.04 mills.

* This space intentionally left blank. *

SWACO
Notes to Financial Statements
As of December 31, 2009

Summary of Debt and Long-Term Liabilities

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2009 was as follow:

Operating and Program Funds	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation notes and bonds payable					
Series 2004A	\$ 42,070,000	\$ -	\$ (3,205,000)	\$ 38,865,000	\$ 3,365,000
Series 2004B	22,060,000	-	(2,790,000)	19,270,000	2,900,000
Series 2005	4,025,000	-	(960,000)	3,065,000	990,000
Series 2005 Refunding	11,375,000	-	(1,000,000)	10,375,000	1,060,000
Series 2008 Bonds	19,975,000	-	-	19,975,000	5,000
Unamortized bond premiums	3,232,231	-	(571,340)	2,660,891	-
Unamortized cost of issuance	(742,706)	(6,025)	113,328	(635,403)	-
Unamortized reacquisition price	(381,072)	-	71,040	(310,032)	-
Total general obligation notes and bonds payable, net	101,613,453	(6,025)	(8,341,972)	93,265,456	8,320,000
Notes payable					
Series 2007 Var. Rate Taxable	4,878,000	-	(170,000)	4,708,000	588,000
Promissory note	-	790,000	-	790,000	79,000
Revenue Bond Anticipation Note, Series 2009	-	3,500,000	-	3,500,000	3,500,000
Total notes payable	4,878,000	4,290,000	(170,000)	8,998,000	4,167,000
Capital lease obligation	6,224,995	-	(2,125,726)	4,099,269	2,300,000 *
Landfill closure & postclosure liability	10,150,402	1,086,101	-	11,236,503	75,000
Total long term liabilities	\$ 122,866,850	\$ 5,370,076	\$ (10,637,698)	\$ 117,599,228	\$ 14,862,000

* Current portion based on amount expected to be paid as permitted under the modified lease (see Note 11).

11. Capital Lease Obligation

On April 1, 1993, the City of Columbus leased its solid waste resource recovery plant, the Waste-to-Energy Facility ("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

SWACO

Notes to Financial Statements

As of December 31, 2009

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 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.

SWACO
Notes to Financial Statements
As of December 31, 2009

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 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 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 Scheduled</u>	<u>Estimated Actual</u>
2010	\$ 4,150,839	\$ 2,300,000
2011	-	1,869,907
Total minimum lease payments	4,150,839	4,169,907
Less: amount representing interest	(51,570)	(70,638)
Present value of minimum lease payments	<u>\$ 4,099,269</u>	<u>\$ 4,099,269</u>

12. 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 Statement of Net Assets date.

SWACO
Notes to Financial Statements
As of December 31, 2009

SWACO's estimate of total current cost of closure and postclosure care is \$26.5 million. This estimate includes final cover and gas collection system costs for the last two phases of the landfill construction of \$19.2 million and postclosure maintenance and monitoring costs of \$7.3 million. These amounts are estimated based on the 2009 cost to perform all closure and postclosure care. 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, 2009 includes \$10.2 million representing the cumulative amount reported based on the use of 38.6% 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 \$16.3 million as the remaining estimated capacity is filled.

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, 2009 includes \$75,000 as a current liability related to monitoring, leachate treatment and gas collection costs and \$912,107 as a noncurrent liability representing the estimated cost of the future maintenance and monitoring costs at the site.

13. Service Agreements

SWACO entered into a modification of a yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, SWACO pays a quarterly service fee (beginning January 1, 2010) of \$71,250 to the service provider to accept and process yard waste delivered from the SWACO District. Operating expenses under the service agreement were \$374,400 in 2009. The future minimum service payments are \$285,000 annually from 2010 through 2022.

SWACO also entered into a modification of another yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, beginning January 1, 2010, SWACO pays the service provider a per-ton fee for yard waste composting services up to a maximum annual payment of \$1,200,000, to accept and process yard waste delivered from the SWACO District. Operating expenses under the service agreement were \$1,350,000 in 2009. The future minimum service payments are \$1,200,000 annually from 2010 through 2022.

14. 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

SWACO
Notes to Financial Statements
As of December 31, 2009

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.

15. 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 6,138 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 15,024 plan subscribers when spouses and dependents and domestic partners are counted. During 2009 these benefits included a self-insured participating provider organization medical plan, a prescription drug program, a mental health and chemical dependency program, employee assistant program (EAP) and dental and vision benefits. The program is administered by third parties which 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 2008 and 2009, 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, 2008 and 2009.

	<u>2008</u>	<u>2009</u>
Unpaid claims at January 1	\$ -	\$ -
Incurred claims	84,272	107,280
Paid claims	<u>(84,272)</u>	<u>(107,280)</u>
Unpaid claims at December 31	<u>\$ -</u>	<u>\$ -</u>

SWACO
Notes to Financial Statements
As of December 31, 2009

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, 2009. 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.

	2008	2009
Unpaid claims at January 1	\$ 36,311	\$ 123,441
Incurred claims	108,336	68,954
Paid claims	<u>(21,206)</u>	<u>(184,395)</u>
Unpaid claims at December 31	<u>\$ 123,441</u>	<u>\$ 8,000</u>

16. Subsequent Events

Since January 2010, the lessee of the non-hazardous oily waste water processing facility (the "Facility") owned by SWACO (see Note 7 - Capital Lease Receivable) has been unable to pay the monthly rent due under the lease agreement. As of May 31, 2010, the lessee was in arrears on rental payments totaling \$427,456. The lessee and SWACO are in the process of restructuring the lease agreement to provide the lessee with a reduced monthly rental obligation. The new term of the lease is expected to commence on June 15, 2010 for a period of two years, at which time a balloon payment would be due to SWACO based on the Modified Base Rent and Principal Payment. The Payment Schedule includes a Principal Payment Due calculation which includes the lessee's arrearage, the outstanding principal and cost to terminate an interest rate swap agreement associated with debt issued by SWACO to finance the purchase of the Facility, and various smaller fees. Annual rent is expected to be \$25,000 per month (\$300,000 per year), and the balloon payment due on June 15, 2012 is expected to be approximately \$5,000,000. Upon payment of the Principal Payment Due as defined in the Payment Schedule, the lessee shall have the option to purchase the Facility from SWACO for \$1. So long as the lessee is in all respects compliant with the terms and conditions of the modified lease agreement, it may, at any time prior to June 15, 2012, pay to SWACO an amount equal to the Principal Payment due without incurring any penalty for the early payment, and shall have the option to purchase the Facility from SWACO for \$1. It is anticipated the modified lease agreement will be fully executed prior to June 15, 2010.

On March 26, 2010, The Huntington National Bank ("HNB") notified SWACO, pursuant to the "Put Notice" in the \$4,900,000 *Series 2007 Variable Rate Taxable Notes* (the "Notes") (see Note 10 - Debt Management) that HNB will require SWACO to purchase the Notes on October 1, 2010 for an amount equal to the principal amount outstanding plus accrued interest (estimated at approximately \$4,287,000). SWACO expects to redeem the Notes in advance of the October 1 put date and refinance the Notes with the sale of taxable one-year revenue notes. At the same time the Notes were issued, SWACO entered into a five-year interest rate swap (the "Swap") in connection with the Notes. The Swap matures on December 1, 2012, and both early redemption by SWACO and redemption pursuant to the put will result in a termination event as defined by the Swap. At termination, the market value of the Swap will be determined. Because interest rates have declined since execution of the Swap, the Swap had an estimated market value of

SWACO
Notes to Financial Statements
As of December 31, 2009

\$344,391 in favor of the swap counterparty (HNB) as of December 31, 2009. The market value will be calculated at the date of redemption. The Swap termination fee will be included in the amount expected to be refinanced, and is expected to be paid by the lessee of the facility which is being financed by this debt.

* This space intentionally left blank. *

SWACO**Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2009**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
Assets			
Current assets:			
Cash and cash equivalents	\$ 7,348,911	\$ -	\$ 7,348,911
Restricted cash	1,464,773	53,284	1,518,057
Investments	3,007,863	-	3,007,863
Accounts receivable, net	2,093,588	470,258	2,563,846
Other assets	25,251	27,613	52,864
Total current assets	<u>13,940,386</u>	<u>551,155</u>	<u>14,491,541</u>
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	20,648,026	-	20,648,026
Capital assets			
Sanitary landfill, net of accumulated depletion	18,600,206	-	18,600,206
Buildings and equipment, net of accumulated depreciation	16,918,703	-	16,918,703
Construction in progress	4,341,397	-	4,341,397
Land and land improvements	<u>12,711,457</u>	<u>-</u>	<u>12,711,457</u>
Total noncurrent assets	<u>73,219,789</u>	<u>-</u>	<u>73,219,789</u>
Total assets	<u>\$ 87,160,175</u>	<u>\$ 551,155</u>	<u>\$ 87,711,330</u>

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2009**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
Liabilities			
Current liabilities:			
Accounts payable	\$ 1,791,167	\$ -	\$ 1,791,167
Accrued wages and benefits	1,279,001	-	1,279,001
Accrued interest	504,856	238,160	743,016
Notes payable	3,500,000	-	3,500,000
Current maturities of bonds payable	5,034,000	3,365,000	8,399,000
Capital lease obligation	-	2,300,000	2,300,000
Landfill postclosure liability-current portion	75,000	-	75,000
Total current liabilities	12,184,024	5,903,160	18,087,184
Noncurrent liabilities			
Bonds payable, less current portion, net	49,133,982	36,522,474	85,656,456
Capital lease obligation, less current portion	-	1,799,269	1,799,269
Landfill closure/postclosure liability	11,161,503	-	11,161,503
ERIP payable	1,139,045	-	1,139,045
Total noncurrent liabilities	61,434,530	38,321,743	99,756,273
Total liabilities	73,618,554	44,224,903	117,843,457
Net assets			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	-	(43,986,744)	(43,986,744)
Other capital assets, net	(4,352,960)	-	(4,352,960)
Restricted:			
Closure/postclosure trust fund net of accrued liability – Sanitary Landfill	10,398,630	-	10,398,630
Other restricted, net	-	312,996	312,996
Unrestricted	7,495,951	-	7,495,951
Total net assets	\$ 13,541,621	\$ (43,673,748)	\$ (30,132,127)

SWACO**Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund
As of December 31, 2009**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
Operating revenues:			
Tipping and disposal fees	\$ 17,835,189	\$ -	\$ 17,835,189
Waste transfer fees	4,402,660	-	4,402,660
Retired facility and waiver fees	2,035,130	7,127,050	9,162,180
Other	195,003	78,950	273,953
Operating revenues	24,467,982	7,206,000	31,673,982
Operating expenses:			
Salaries, wages and benefits	9,835,769	-	9,835,769
Contract, services and supplies	5,641,981	44,669	5,686,650
Solid waste fees	3,250,143	-	3,250,143
Depreciation	3,181,689	-	3,181,689
Landfill depletion	4,161,271	-	4,161,271
Landfill closing cost	1,100,396	-	1,100,396
Interfund transfers	(370,993)	(96,667)	(467,660)
Operating expenses	26,800,256	(51,998)	26,748,258
Operating income	(2,332,274)	7,257,998	4,925,724
Nonoperating revenues (expenses):			
Interest expense	(2,532,449)	(2,196,406)	(4,728,855)
ERIP interest expense	(42,381)	-	(42,381)
Interest earnings	457,648	304,051	761,699
Grant revenues	44,751	-	44,751
Loss on federal grant	(511,509)	-	(511,509)
Gain on disposal of assets	1,224	-	1,224
Total nonoperating revenues (expenses):	(2,582,716)	(1,892,355)	(4,475,071)
Change in net assets	(4,914,990)	5,365,643	450,653
Total net assets – beginning	18,456,611	(49,039,391)	(30,582,780)
Total net assets – ending	\$ 13,541,621	\$ (43,673,748)	\$ (30,132,127)

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2009**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Cash flows from operating activities:			
Receipts from customers	\$ 22,471,684	\$ (60,000)	\$ 22,411,684
Retired facility fees and waiver fees collected	2,035,130	4,942,809	6,977,939
Other receipts	195,005	78,950	273,955
Payments to or on behalf of employees for salaries, wages and benefits	(8,187,142)	-	(8,187,142)
Payment to vendors	(8,779,837)	(44,669)	(8,824,506)
Landfill post closure cost paid	(14,295)	-	(14,295)
Interfund charges	370,993	96,667	467,660
Other receipts	(11)	-	(11)
Net cash provided by operating activities	<u>8,091,527</u>	<u>5,013,757</u>	<u>13,105,284</u>
Cash flows from noncapital financing activities:			
Grants received	1,060,057	-	1,060,057
Net cash provided by noncapital financing activities	<u>1,060,057</u>	<u>-</u>	<u>1,060,057</u>
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	37,524,427	-	37,524,427
Purchase of investments	(31,774,810)	-	(31,774,810)
Interest received	996,945	303,365	1,300,310
Net cash provided by (used in) investing activities	<u>6,746,562</u>	<u>303,365</u>	<u>7,049,927</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	4,290,000	-	4,290,000
Proceeds from sale of assets	1,224	-	1,224
Landfill, plant improvements and equipment additions	(7,441,247)	-	(7,441,247)
Principal paid on bonds and notes payable	(4,750,000)	(3,205,000)	(7,955,000)
Principal paid on capital lease	-	(105,455)	(105,455)
Interest paid	(2,392,603)	(2,373,621)	(4,766,224)
Debt issuance cost paid	(6,026)	-	(6,026)
Net cash used in capital and related financing activities	<u>(10,298,652)</u>	<u>(5,684,076)</u>	<u>(15,982,728)</u>
Net increase (decrease) in cash	5,599,494	(366,954)	5,232,540
Cash and cash equivalents, beginning of year	3,214,190	420,238	3,634,428
Cash and cash equivalents, end of year	<u>\$8,813,684</u>	<u>\$ 53,284</u>	<u>\$ 8,866,968</u>

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2009**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ (2,332,274)	\$ 7,257,998	\$ 4,925,724
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and depletion	7,342,960	-	7,342,960
Landfill closing cost	1,100,396	-	1,100,396
Lease credits received in lieu of cash:			
Applied to principal	-	(2,188,795)	(2,188,795)
Applied to interest	-	-	-
Increase (decrease) in cash resulting from changes in:			
Accounts receivable (net)	301,735	(55,447)	246,288
Accounts payable	44,387	-	44,387
Accrued wages and benefits	509,582	-	509,582
ERIP payable	1,139,045	-	1,139,045
Landfill postclosure liability	(14,295)	-	(14,295)
Other assets and liabilities	(9)	1	(8)
Net cash provided by operating activities	<u>\$ 8,091,527</u>	<u>\$ 5,013,757</u>	<u>\$ 13,105,284</u>

Noncash capital and related financing activities:

Amortization of premiums on lease obligation and bonds payable of \$236,736 for Continuing Operations and \$334,598 for Discontinued Operations

Amortization of debt issuance costs of \$56,376 for Continuing Operations and \$56,952 for Discontinued Operations

Amortization of reacquisition costs on refunding bonds payable of \$71,040 (Continuing Operations).

Change in carrying value of investments resulting in a loss of \$386,014 (Continuing Operations).

Property acquired with seller-financed note of \$790,000.

This page left intentionally blank.

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 2009.

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 10 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. Table 24 provides information on capital assets.

SWACO
Schedules of Net Assets - All Funds
For Years Ended December 31, 2000 through 2009
(in thousands)¹

ASSETS	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Cash and cash equivalents	\$ 11,591	\$ 11,371	\$ 6,257	\$ 5,772	\$ 7,210	\$ 3,128	\$ 3,558	\$ 4,524	\$ 2,461	\$ 7,349
Restricted cash	7,650	6,072	5,239	3,554	20,277	5,286	4,668	9,877	2,443	1,817
Unrestricted and restricted investments	-	-	4,493	2,496	2,001	14,757	9,909	7,917	6,857	3,008
Accounts receivable, net	2,143	2,328	2,293	2,562	3,976	3,010	3,360	3,113	3,329	3,036
Pollution allowances sales receivable	-	-	-	-	-	10,015	-	-	-	-
Federal grant receivable	-	-	-	-	-	-	-	1,980	1,500	-
Closure/postclosure funds held by trustee	13,378	14,409	15,296	16,142	16,873	17,799	19,218	21,104	23,035	20,648
Sanitary Landfill, net of accum. deprec./depletion	10,401	11,083	11,475	11,801	10,262	20,448	23,441	22,586	13,850	18,600
Buildings & equipment, net of accum. depreciation	6,096	8,187	8,887	9,349	9,905	17,045	15,054	14,133	18,394	17,662
Construction in progress	-	-	-	-	9,093	6,577	4,401	10,279	9,107	4,341
Land and land improvements	1,724	1,724	1,724	1,724	9,931	9,931	9,931	11,721	11,721	12,711
Lease receivable	-	-	-	-	-	1,559	1,559	4,900	4,878	4,708
Idle plant facilities - WTEF (Note 11)	6,338	4,605	1,976	1,976	1,121	-	-	-	-	-
Other assets	224	135	159	170	357	447	169	349	130	53
Total assets	\$ 59,545	\$ 59,915	\$ 57,799	\$ 55,546	\$ 91,006	\$ 110,002	\$ 95,269	\$ 112,484	\$ 97,706	\$ 93,934

¹ 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)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
LIABILITIES										
Accounts payable	\$ 3,368	\$ 2,729	\$ 1,875	\$ 2,584	\$ 4,491	\$ 7,298	\$ 2,312	\$ 4,278	\$ 2,113	\$ 2,050
Accrued wages and benefits	736	868	926	1,005	856	762	814	750	896	1,380
SWACO grants payable	-	-	-	-	-	-	-	-	-	34
ERIP payable	-	-	-	-	-	-	-	-	-	1,139
Accrued interest	2,151	648	824	788	1,140	980	850	706	520	743
Bonds and notes payable (Note 10)	18,295	17,505	16,795	16,045	102,274	106,498	103,407	110,564	106,491	102,263
Capital lease obligation (Note 11)	136,553	127,443	118,456	108,052	28,751	27,356	15,817	14,269	6,225	4,099
Landfill closure/postclosure care liability (Note 12)	13,966	14,788	15,430	16,113	16,927	18,124	18,711	19,828	10,150	11,237
Other	394	748	1,167	665	7	232	130	283	413	177
Total liabilities	175,463	164,728	155,473	145,252	154,445	161,250	142,041	150,680	126,810	123,122
NET ASSETS										
Invested in capital assets, net of related debt:										
WTEF, net of lease obligation & bonds payable	(130,215)	(122,838)	(116,480)	(106,076)	(84,010)	(80,586)	(65,846)	(61,014)	(49,595)	(43,987)
Other capital assets, net	1,684	3,490	5,291	6,829	5,195	4,433	2,517	6,680	(1,054)	(3,609)
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	1,987	2,075	2,240	2,087	1,974	1,661	1,715	2,325	13,887	10,399
Other restricted, net	7,734	6,173	5,333	3,658	8,621	18,491	7,961	8,252	1,184	514
Unrestricted	2,892	6,286	5,942	3,795	4,780	4,753	6,881	5,562	6,474	7,496
Total net assets	\$ (115,918)	\$ (104,813)	\$ (97,674)	\$ (89,706)	\$ (63,439)	\$ (51,248)	\$ (46,772)	\$ (38,196)	\$ (29,104)	\$ (29,187)

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-22.

SWACO
Schedules of Revenues, Expenses, and Changes in Fund Net Assets - All Funds
For Years Ended December 31, 2000 through 2009
(in thousands)¹

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Revenues:										
Tipping and disposal fees	\$ 13,576	\$ 13,705	\$ 13,600	\$ 14,079	\$ 14,423	\$ 16,754	\$ 18,376	\$ 18,958	\$ 18,650	\$ 18,101
Waste transfer fees	3,806	3,884	3,860	4,132	4,010	4,448	4,377	4,336	4,537	4,403
Retired facility and waiver fees	7,488	7,596	7,722	7,916	8,113	8,016	7,949	7,892	7,614	9,162
Generation fees	5,780	5,571	5,559	5,655	5,801	5,720	5,716	5,663	5,438	5,090
Other	686	868	704	755	128	574	319	617	582	563
Operating revenues	31,337	31,624	31,445	32,536	32,475	35,512	36,737	37,467	36,822	37,319
Expenses:										
Salaries, wages and benefits	3,801	4,304	4,873	5,582	6,127	6,790	7,104	7,351	9,692	11,226
Contracts, services and supplies	12,110	11,409	11,854	12,860	14,406	14,918	10,248	10,566	10,800	9,491
Solid waste fees	1,707	1,755	1,771	1,955	2,192	2,686	3,276	3,236	3,122	3,250
Depreciation and depletion	1,132	1,424	1,815	2,151	2,141	3,612	6,874	5,672	10,334	7,428
Landfill closing expenses	1,078	942	722	999	844	1,239	1,365	1,276	(9,630)	1,100
Other	52	1	22	113	20	2	-	-	-	-
Operating expenses	19,880	19,836	21,057	23,660	25,730	29,247	28,867	28,101	24,318	32,495
Operating income	11,456	11,788	10,388	8,876	6,745	6,265	7,870	9,366	12,504	4,824

Continued

Table 2 (continued)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Nonoperating revenues (expenses):										
Interest expense	(6,745)	(6,113)	(4,919)	(4,773)	(4,246)	(5,232)	(5,040)	(5,116)	(4,858)	(4,729)
ERIP interest expense	-	-	-	-	-	-	-	-	-	(42)
Interest earnings	2,002	1,296	705	466	617	1,344	1,962	2,680	2,471	762
Grant revenues	132	138	134	138	145	404	240	2,192	379	307
Grants awarded ²	-	-	(155)	(542)	(462)	(636)	(574)	(593)	(498)	(712)
Loss on federal grant	-	-	-	-	-	-	-	-	(480)	(512)
Fire loss net of insurance proceeds	-	-	-	-	-	-	-	-	(382)	-
Gain (loss) on disposal of assets	45	68	(50)	(125)	(19)	(4)	19	47	(44)	19
Total nonoperating expenses	(4,566)	(4,612)	(4,285)	(4,835)	(3,965)	(4,124)	(3,393)	(790)	(3,412)	(4,908)
Special and extraordinary items										
Gain on forgiveness of debt	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)	-	-	-	-	-	-	-
Change in net assets	10,612	11,105	7,139	7,968	26,267	12,192	4,477	8,576	9,092	(84)
Total net assets - beginning	(126,530)	(115,918)	(104,813)	(97,674)	(89,706)	(63,439)	(51,248)	(46,772)	(38,196)	(29,104)
Total net assets - ending	<u>\$ (115,918)</u>	<u>\$ (104,813)</u>	<u>\$ (97,674)</u>	<u>\$ (89,706)</u>	<u>\$ (63,439)</u>	<u>\$ (51,248)</u>	<u>\$ (46,772)</u>	<u>\$ (38,196)</u>	<u>\$ (29,104)</u>	<u>\$ (29,188)</u>

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

² Included in contracts, services and supplies prior to 2002.

Source: SWACO

SWACO
Schedule of Revenues, Expenses and Changes in Fund Net Assets
2009 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	Budget Variance Positive (Negative)
<u>Operating revenues:</u>										
Tipping and disposal fees	\$ 18,275	\$ 18,275	\$ 17,835	\$ -	\$ -	\$ 266	\$ 18,275	\$ 18,275	\$ 18,101	\$ (174)
Waste transfer fees	4,400	4,400	4,403	-	-	-	4,400	4,400	4,403	3
Retired facility and waiver fees	9,900	9,900	9,162	-	-	-	9,900	9,900	9,162	(738)
Generation fees	-	-	-	5,500	5,500	5,090	5,500	5,500	5,090	(410)
Other	200	200	274	200	200	289	400	400	563	163
Total operating revenues	32,775	32,775	31,674	5,700	5,700	5,645	38,475	38,475	37,319	(1,156)
<u>Operating expenses:</u>										
Salaries, wages and benefits	8,455	10,455	9,836	1,045	1,045	1,390	9,500	11,500	11,226	274
Contracts, services and supplies	7,054	7,054	5,687	3,931	3,931	3,804	10,985	10,985	9,491	1,494
Solid waste fees	3,188	3,188	3,250	-	-	-	3,188	3,188	3,250	(62)
Depreciation and depletion	7,343	7,343	7,343	85	85	85	7,428	7,428	7,428	-
Landfill closing costs	1,100	1,100	1,100	-	-	-	1,100	1,100	1,100	-
Interfund transfers	-	-	(468)	-	-	468	-	-	-	-
Total operating expenses	27,140	29,140	26,748	5,061	5,061	5,747	32,201	34,201	32,495	1,706
Operating income (loss)	5,635	3,635	4,926	639	639	(102)	6,274	4,274	4,824	550

Continued

Table 3 (continued)

	Operating Fund			Program Fund			All Funds Total			Budget Variance
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Positive (Negative)
<u>Nonoperating revenues (expenses)</u>										
Interest expense	\$ (5,153)	\$ (5,153)	\$ (4,729)	\$ -	\$ -	\$ -	\$ (5,153)	\$ (5,153)	\$ (4,729)	\$ 424
Interest earnings	1,557	1,557	762	-	-	-	1,557	1,557	762	(795)
Grant revenues	-	-	45	640	640	262	640	640	307	(333)
Grants awarded	-	-	-	(1,108)	(1,108)	(712)	(1,108)	(1,108)	(712)	396
Loss on federal grant	-	-	(512)	-	-	-	-	-	(512)	(512)
ERIP interest expense	-	-	(42)	-	-	-	-	-	(42)	(42)
Gain (loss) on disposal of assets	-	-	1	-	-	17	-	-	18	18
Total nonoperating expenses	(3,596)	(3,596)	(4,475)	(468)	(468)	(433)	(4,064)	(4,064)	(4,908)	(844)
Change in net assets	2,039	39	451	171	171	(535)	2,210	210	(84)	<u>\$ (294)</u>
Total net assets - beginning	(30,583)	(30,583)	(30,583)	1,479	1,479	1,479	(29,104)	(29,104)	(29,104)	
Total net assets - ending	<u>\$ (28,544)</u>	<u>\$ (30,544)</u>	<u>\$ (30,132)</u>	<u>\$ 1,650</u>	<u>\$ 1,650</u>	<u>\$ 944</u>	<u>\$ (26,894)</u>	<u>\$ (28,894)</u>	<u>\$ (29,188)</u>	

Totals may not add due to rounding.

Source: SWACO

SWACO
Solid Waste Received and Landfilled 2000 - 2009 (in tons)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Solid waste received by SWACO										
Jackson Pike Transfer Station	140,152	139,576	167,211	173,213	197,862	179,016	166,372	170,425	164,326	152,829
Morse Road Transfer Station	128,337	131,837	129,495	149,120	122,836	123,684	121,774	119,305	133,156	123,988
Georgesville Rd Transfer Station	83,471	87,027	62,788	63,860	55,643	69,026	63,611	56,927	64,201	73,606
Subtotal Transfer Stations	351,960	358,440	359,494	386,193	376,341	371,727	351,757	346,657	361,683	350,422
Sanitary Landfill	528,907	523,545	523,899	533,122	569,295	551,659	532,247	524,581	483,675	465,206
Total solid waste received by SWACO	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238	845,358	816,754
Removed from waste stream ¹	(453)	(1,335)	(641)	(245)	(234)	(121)	(140)	(280)	(457)	(478)
Carryover/(shrinkage) ²	(1,930)	(3,044)	2,712	(698)	921	(4,046)	(3,986)	(2,245)	(6,163)	385
Total adjustments	(2,383)	(4,379)	2,071	(943)	687	(4,167)	(4,126)	(2,525)	(6,620)	(93)
Transferred out-of-district ³	(24,811)	-	-	-	-	(14,057)	-	-	-	-
Solid waste landfilled - Franklin County Sanitary Landfill	853,673	877,607	885,463	918,372	946,323	905,161	879,878	868,713	838,738	816,661

¹ Scrap metal, tires, white goods & other.

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

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

⁴ Does not contain contaminated mulch used for landfill operations.

Source: SWACO

SWACO
Top Ten Customers 2000 - 2009
(tons received)

Customer	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
City of Columbus Division of Sanitation	336,395	345,774	338,731	352,337	352,366	342,662	333,710	329,251	324,682	312,685
Republic Waste Systems ¹	229,357	210,383	183,507	195,283	204,763	205,368	185,991	176,025	162,598	156,566
Rumpke Waste/Rumpke Container/Rumpke Trf.	157,769	162,573	155,091	158,657	145,675	155,802	145,153	157,696	159,279	155,848
Local Waste Services LLC	9,241	17,757	47,922	56,959	69,810	78,862	89,854	88,236	85,130	78,410
Waste Management of Ohio	76,667	71,170	77,684	81,201	91,002	74,931	58,652	59,574	43,927	36,032
Flower Garbage	#	4,628	5,521	6,211	5,590	#	#	8,861	9,133	7,783
City of Upper Arlington	8,523	7,873	7,643	7,814	7,741	7,386	7,207	6,886	7,175	6,665
City of Columbus Street Engineer	7,380	7,797	7,029	6,177	5,839	5,621	7,497	6,671	5,926	6,152
Adept, Inc.	6,384	4,188	#	#	#	2,654	2,415	3,855	3,806	2,581
City/Southerly Waste Water Plant	#	#	#	#	#	#	#	2,843	3,289	3,501
City of Grandview Heights	#	#	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	3,861	#	#	#	#	#	#	#	#	#
Container Services	#	4,531	5,796	#	*	*	*	*	*	*
B & D Hauling	5,166	*	*	*	*	*	*	*	*	*
Total Top Ten Customers	840,741	836,674	832,529	874,967	904,026	888,789	842,210	839,898	804,945	766,223
Total tons received by SWACO²	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238	845,358	816,754
Top Ten customer % of total received	96%	96%	96%	97%	97%	97%	97%	96%	95%	94%
Total tons generated within District³	1,156,019	1,114,223	1,111,953	1,130,721	1,160,226	1,144,048	1,148,471	1,132,663	1,087,688	1,018,049
Top Ten customer % of total waste disposal	76%	76%	75%	76%	79%	78%	73%	74%	74%	75%

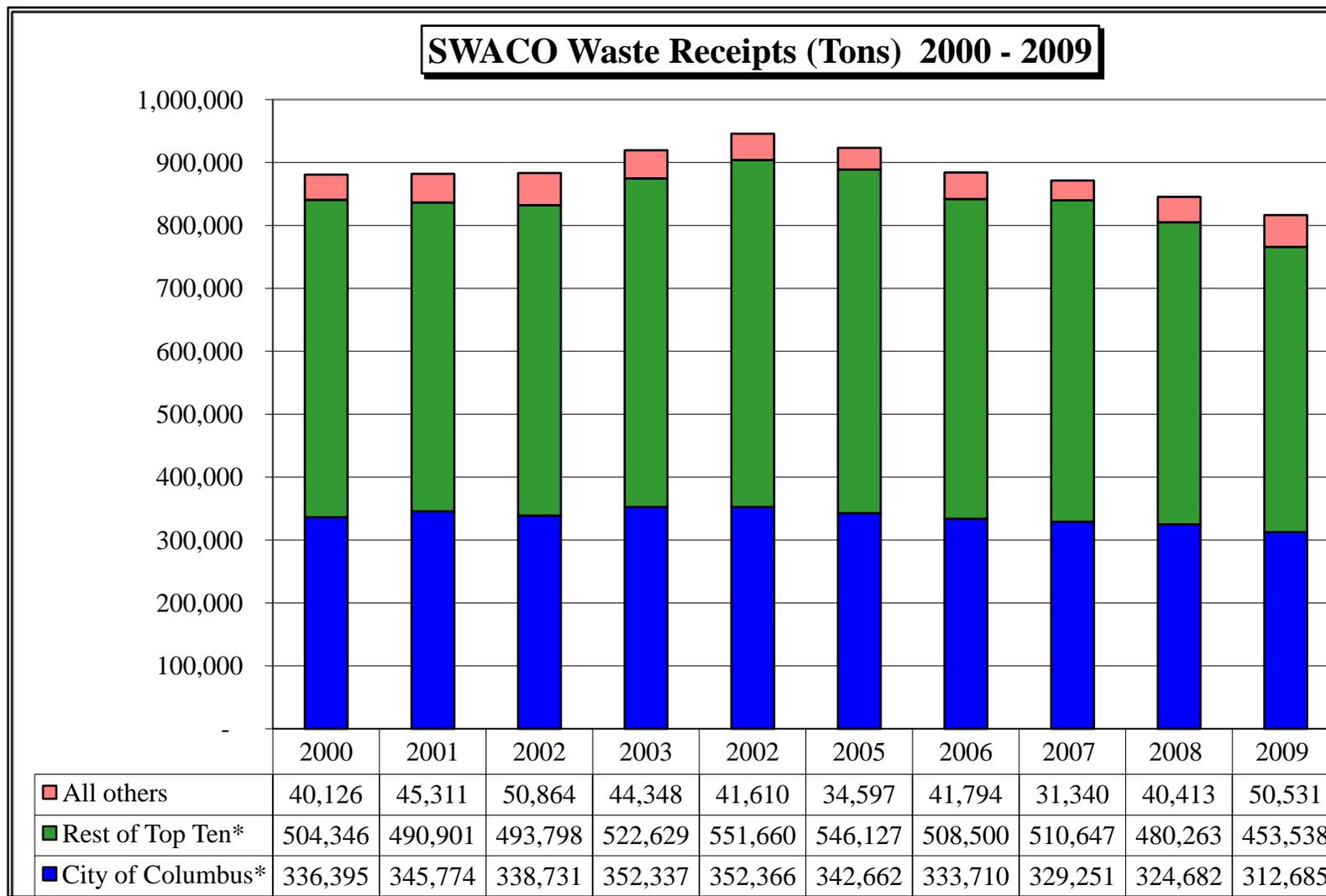
¹ Republic Waste Services entered the market in 1999 and acquired Superior Services and Southwest Waste in 2000. Superior Services had previously acquired B.F.I. Waste Systems and Ohio Disposal Systems. The above data include waste received from these companies prior to 2001.

² Includes both in-district and out-of-district waste.

³ Total solid waste generated within the District, subject to Generation Fee, and disposed of at SWACO and out-of-district 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: SWACO

*See notes to Table 5.

SWACO
Disposal Rates 1991-2009

Table 6

Effective Date	Franklin County Landfill	Jackson Pike Transfer ²	Morse Road Transfer	Georgesville Rd. Transfer	Alum Creek Transfer	Compost Facilities	Charge Unit
02/01/1991 ¹	\$ 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 ³	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 ⁴	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 ⁵	20.00	30.00	31.00	31.00	-	-	Ton
04/01/1999 ⁶	27.00	37.00	38.00	38.00	-	-	Ton
10/04/1999	27.00	37.00	38.00	38.00	-	6.00 ⁷	Ton
01/01/2005	29.25	40.25	41.25	41.25	-	6.00	Ton
07/01/2005 ⁸	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
08/01/2009 ⁹	36.75	48.75	49.75	49.75	-	6.00	Ton

¹Prior 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 landf

² Prior to November 1, 1994, this was the Waste-to-Energy Facility.

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

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

⁵ 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 show

⁶ Rates include Retired Facility fee of \$7 per ton.

⁷ 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 commercia loads at all compost facilities.

⁸ Rate reflects \$1.50 per ton EPA rate increase.

⁹ Rate reflects \$1.25 per ton EPA rate increase.

SWACO
Franklin County Sanitary Landfill Airspace Capacity
Total Permitted, Annual Used, and Permitted Remaining 2000-2009
(cubic yards)

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
2000	48,400,000	1,099,400	46,374,000
2001	48,400,000	784,900	45,589,100
2002	48,400,000	1,317,200	44,271,900
2003	48,400,000	1,319,700	42,952,200
2004	48,400,000	956,200	41,996,000
2005	48,400,000	1,439,200	40,556,800
2006	48,400,000	1,435,700	39,121,100
2007	48,400,000	1,196,500	37,924,600
2008	48,400,000	1,192,300	36,732,300
2009	51,900,000 ¹	1,053,000	39,179,300

At Maximum
Permitted Receipts²

At 2009 Receipts³

Remaining landfill life

14.8 years

31.2 years

¹ Total permitted airspace includes 3.5 million additional cubic yards for the OEPA 2009 permit.

² 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.

³ Approximately 816,000 tons received. Assumes a compaction rate of 1,300 pounds per cubic yard.

Source: SWACO

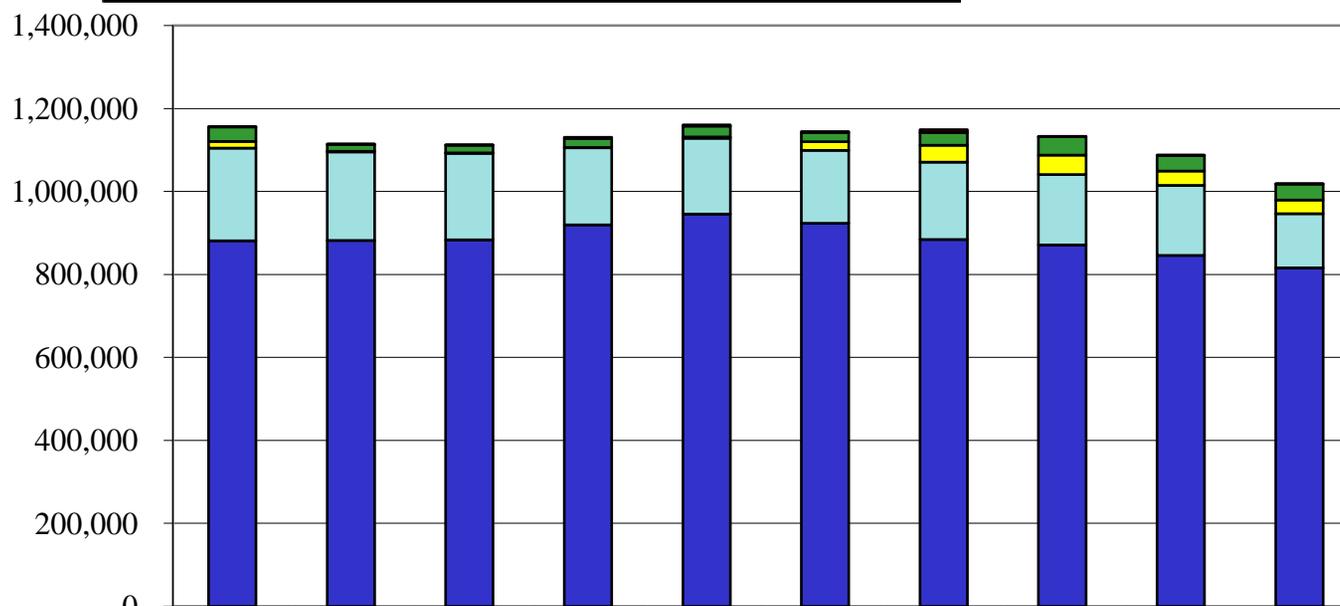
SWACO
Generation Fee Tonnage Reported 2000 - 2009¹

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Solid Waste Authority (4 facilities)	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238	845,358	815,628
Waste Management (2 facilities)	223,356	213,387	208,885	185,927	182,430	175,423	186,472	169,650	168,767	130,866
Rumpke Waste (4 facilities)	16,098	1,127	395	878	3,184	21,060	40,481	46,477	34,906	32,594
Republic Waste Services	35,594	17,228	19,256	21,102	25,930	21,977	30,665	44,837	37,984	38,922
Other (14 facilities)	105	496	24	3,498	3,046	2,201	6,848	461	673	39
Total	1,156,019	1,114,223	1,111,953	1,130,721	1,160,226	1,144,048	1,148,471	1,132,663	1,087,688	1,018,049

¹The 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 2000 - 2009



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
■ Other (14 facilities)	105	496	24	3,498	3,046	2,201	6,848	461	673	39
■ Republic	35,594	17,228	19,256	21,102	25,930	21,977	30,665	44,837	37,984	38,922
■ Rumpke (4 facilities)	16,098	1,127	395	878	3,184	21,060	40,481	46,477	34,906	32,594
■ Waste Management (post-merger)	223,356	213,387	208,885	185,927	182,430	175,423	186,472	169,650	168,767	130,866
■ SWACO (4 facilities)	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238	845,358	815,628

Source: SWACO

*See notes to Table 8.

Table 9

SWACO
SWACO Program Activity - Tons Collected 2000-2009

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Total tons of waste recycled										
Yard waste composting	89,589	105,315	113,293	142,860	150,949	145,540	136,768	121,775	148,823	78,764
Drop-off recycling	n/a	n/a	n/a	8,449	7,947	8,700	9,593	10,755	12,999	15,126
Just-in-Time Recycling	n/a	248	356	429	602	626	742	815	774	636
Household hazardous waste	260	283	321	344	424	443	419	626	641	550
E-waste collection	n/a	n/a	n/a	70	196	155	n/a	n/a	n/a	n/a
Tire collection	112	149	177	176	115	132	89	168	187	153
Scrap metal recycling	335	369	262	245	119	71	32	104	246	19
Other recycling	6	817	0	0	0	57	0	0	0	0
Total	90,302	107,181	114,408	152,573	160,352	155,724	147,643	134,243	163,670	95,248

Tires and White Goods Received 2000 - 2009¹

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Tires (each)	22,881	18,715	17,650	17,608	11,497	12,478	13,043	19,726	28,926	17,625
White goods (each)	6,596	6,972	7,249	5,404	4,527	3,622	2,181	2,292	301	290

¹ 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 2000 - 2009
(in pounds)

Material Classification	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Alkaline batteries	5,135	4,066	4,529	-	-	-	-	-	-	-
Loosepack fuels	171,388	173,899	183,289	124,657	137,042	145,733	53,611	44,951	24,174	8,968
Aerosol-flammable	9,997	12,160	11,222	23,714	27,202	27,684	17,615	32,716	34,914	19,731
Aerosol-pesticides	6,268	5,197	7,455	40,727	47,542	45,332	38,815	56,093	63,491	61,798
Bulked flammables	124,557	129,246	33,450	41,848	31,184	30,504	14,998	22,070	51,488	69,494
Latex paint	98,629	124,979	267,812	334,673	476,154	528,064	580,111	898,600	901,135	750,018
Lab pack A	10,715	10,616	13,904	15,211	5,369	5,569	-	-	-	-
Lab pack B	46,397	39,979	35,408	5,454	328	903	1,105	-	-	-
Propane cylinders	8,839	11,226	27,299	35,051	35,070	25,015	14,577	20,004	8,028	2,857
Lead/acid batteries	9,845	18,215	23,073	24,272	29,389	20,414	14,197	8,074	33,526	28,194
Acids/bases	-	-	-	-	18,394	18,975	9,821	14,548	12,734	13,977
Freon	-	-	-	446	638	608	53	433	-	6
Used oil /antifreeze	28,606	36,253	33,688	38,596	35,346	33,285	36,994	48,925	65,667	57,633
Cylinders	-	-	-	605	1,114	1,324	764	1,926	756	163
Fire extinguishers	-	-	-	1,349	1,872	876	1,039	2,086	794	537
Flourescent light bulbs	-	-	462	460	489	664	1,057	3,373	6,875	6,700
Reactive lab pack/alum pain	-	-	-	607	-	-	816	1,599	1,222	7,213
Household cleaners	-	-	-	-	-	-	9,632	20,991	23,879	18,348
Oxidizers	-	-	-	-	-	-	2,328	3,466	4,516	2,476
Poisons	-	-	-	-	-	-	534	981	208	235
Dry cell batteries	-	-	-	-	-	-	5,209	-	12,246	3,990
Lithium batteries	-	-	-	171	248	179	106	19,365	13	475
NiCad batteries	-	-	488	543	1,074	866	144	46	18	3,649
Elemental mercury	-	-	-	244	380	273	220	474	938	230
Putty & adhesives	-	-	-	-	-	-	31,135	48,854	35,486	37,351
Asbestos	-	-	-	-	-	-	45	1,352	90	8
Misc. waste	-	-	-	38	-	421	2,940	207	-	6,291
Total	520,376	565,836	642,079	688,666	848,835	886,689	837,866	1,251,134	1,282,198	1,100,342

Table 11

SWACO
Number of Employees by Function

Function	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Administration	14	16	19	20	21	20	19	22	21	19
Operations	53	50	46	58	69	79	77	77	88	89
Programs	7	9	9	7	6	6	6	11	11	6
Total	74	75	74	85	96	105	102	110	120	114

Source: SWACO

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
Total	\$ 13,885,000	\$ 15,785,000	\$ 29,670,000		\$ 13,122,624	\$ 42,792,624

Net interest cost (%)

4.170%

Source: SWACO; see Note 10 to the financial statements.

Table 14

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	
Total	\$ 15,255,000		\$ 5,785,485	\$ 21,040,485	\$ 2,645,000	\$ 600,270	\$ 12,320,000		\$ 4,958,639	\$ 20,523,909	\$ 516,576	

Source: SWACO; see Note 10 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
Total	\$ 6,750,000		\$ 885,737	\$ 7,635,737
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	250,640	838,640
2011	588,000	217,066	805,066
2012	588,000	172,513	760,513
2013	588,000	32,433	620,433
2014	588,000	25,169	613,169
2015	588,000	17,906	605,906
2016	588,000	10,642	598,642
2017	592,000	3,373	595,373
Total	\$ 4,900,000	\$ 1,293,038	\$ 6,193,038

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 10 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
Total	\$ 19,975,000		\$ 12,647,043	\$ 32,622,043

Net interest cost (%) 4.898%

Source: SWACO; see Note 10 to the financial statements.

SWACO

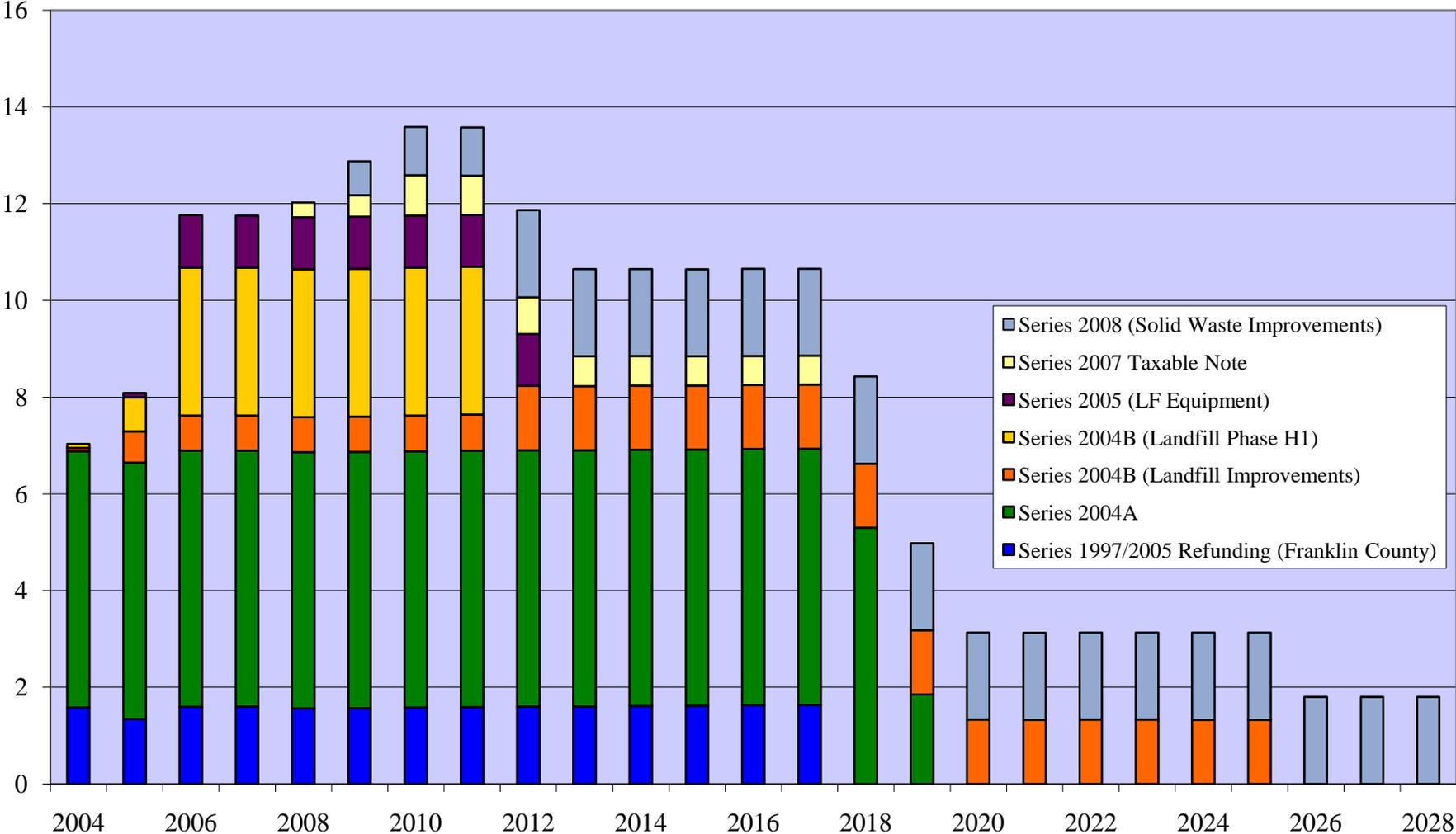
Table 18

Waste-to-Energy Facility Lease Payment Schedule (in thousands)¹

Year	Principal	Interest ²	Total Lease Obligation	Amount Paid or Credited	Interest on Deferred Balance ³	Deferred Balance ⁴
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	1,177	28,635
1999	7,904	4,220	12,124	6,764	1,670	35,665
2000	7,932	3,969	11,901	9,938	1,840	39,468
2001	8,373	3,374	11,747	13,083	1,967	40,099
2002	7,807	3,034	10,841	8,637	1,991	44,294
2003	8,370	2,323	10,693	10,826	2,150	46,310
2004	8,158	1,954	10,112	61,881 ⁵	125	(5,334)
2005	8,097	1,551	9,647	2,776	14	1,551
2006	8,203	1,147	9,350	12,458	(114)	(1,671)
2007	8,316	738	9,054	2,375	142	5,149
2008	4,830	354	5,184	8,561	172	1,943
2009	2,215	159	2,374	2,294	10	2,036
Subtotal 1993-2009	118,442	60,813	179,254	\$ 189,663	\$ 12,445	\$ 2,036
2010	2,063	52	2,115			
Total 1993-2010⁶	\$ 120,505	\$ 60,865	\$ 181,369			

1. WTEF lease obligation as modified. Excludes unamortized bond premiums. Includes a 35 percent reduction in the lease. See Note 11 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.
6. 2010 is the final maturity on the bonds issued by the City.

SWACO Debt Service 2004-2028



SWACO
Total and General Obligation Debt Ratios 2000 - 2009

Tax Year		Total SWACO Debt¹ (thousands)	SWACO District Population²	Total SWACO Debt PerCapita	SWACO General Obligation Debt³ (thousands)	District Assessed Property Valuation (AV)² (thousands)	SWACO G.O. Debt as a Percent of AV	Annual Debt Service Paid from Tipping Fees⁴ (thousands)	Solid Waste Received by SWACO (tons)	Annual Debt Service Paid from Tipping Fees Per Ton Received
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
2009	2010	106,363	1,201,810	89	93,265	28,910,438	0.32%	7,142	816,754	8.74

¹ Includes the WTEF lease, General Obligation Bonds, and taxable notes; net of reserve accounts, unamortized premiums and unamortized cost of issuance. (See Notes 10 and 11 to the financial statements).

² See Table 22.

³ Total General obligation bonds. Excludes WTEF lease, taxable notes and reserve accounts.

⁴ 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, June 11, 2010

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 was as of June 11, 2010.

Overlapping Jurisdictions	Millage required	Unallocated Millage
SWACO, Franklin County, the Village of Obetz, Groveport Madison Local School District, Madison Township	7.6631	2.3369
SWACO, Licking County, the City of Reynoldsburg, Reynoldsburg City School District	5.6819	4.3181
SWACO, Union County, the City of Dublin, Washington Township & Dublin City School District	4.3757	5.6243
SWACO, Delaware County, the City of Westerville, Westerville City School District	6.1623	3.8377
SWACO, Pickaway County, Village of Harrisburg, Darby Township & South-Western City School District	0.7232	9.2768
SWACO, Fairfield County, Village of Canal Winchester, Violet Township & Canal Winchester Local School District	6.3776	3.6224

Source: Dennis Schwallie of Peck, Shaffer & Williams, LLP

SWACO
Ten Largest Employers 2009 and 2000¹
Franklin County, Ohio

Employer	Principal Business	2009		Employer	2000	
		Number of Employees	% of Total Employment		Number of Employees	% of Total Employment
State of Ohio	Government	27,961	4.8%	State of Ohio	27,755	4.9%
The Ohio State University	Education	22,454	3.9%	The Ohio State University	16,625	2.9%
JP Morgan Chase (formerly Bank One)	Finance	15,800	2.7%	United States Government	16,500	2.9%
Nationwide	Insurance	11,373	2.0%	Bank One (currently JP Morgan Chase)	12,655	2.2%
United States Government	Government	10,800	1.9%	Limited Brands Inc.	10,000	1.8%
OhioHealth (formerly Grant/Riverside)	Health Care	10,400	1.8%	Nationwide	9,309	1.7%
Columbus Public Schools	Education	8,198	1.4%	Columbus City School District	8,583	1.5%
City of Columbus	Government	8,149	1.4%	City of Columbus	8,398	1.5%
Mount Carmel Health System	Health Care	5,523	1.0%	Grant Riverside Methodist Hospital	6,600	1.2%
Kroger Co.	Retail	5,215	0.9%	Schottenstein Stores Corporation	6,300	1.1%
Subtotal		125,873	21.8%	Subtotal	122,725	21.7%
Total estimated Franklin County employment ²		<u>578,000</u>	<u>100.0%</u>	Total estimated Franklin County employment ²	<u>564,800</u>	<u>100.0%</u>

¹ Business First, Book of Lists, 2009.

² Franklin County Auditor.

Note: This table includes full-time employees only.

District and Franklin County Demographic Statistics 2000 - 2009¹

Tax Year	District Population ²	Total Assessed Value Taxable District Property ³ (in thousands)	Franklin County Only			
			Population ²	Per Capita Income ⁴	Median Age ⁴	Total Assessed Value Taxable County Property ⁵ (in thousands)
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 ⁶	33	28,903,096
2007	1,189,600	29,912,050	1,153,867	39,083 ⁷	34 ⁷	28,695,371
2008	1,197,200	30,400,811	1,160,300 ⁷	40,009 ⁷	34 ⁷	27,999,978 ⁷
2009	1,201,810	28,910,438	1,164,725 ⁷	41,077 ⁷	35 ⁷	28,057,691 ⁷

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

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

³ Assessed valuation reflects tax year. Source is Ohio Municipal Advisory Council.

⁴ U.S. Department of Commerce, Bureau of the Census.

⁵ Ohio Municipal Advisory Council.

⁶ U.S. Department of Commerce, Bureau of Economic Analysis.

⁷ Franklin County Auditor.

Sources: SWACO except as noted above.

Table 23

Average Unemployment Rates 2000 - 2009¹

Year	Franklin County	State of Ohio	United States
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% ²	5.6% ³	4.5% ³
2007	4.7% ⁴	5.6% ⁴	4.6% ⁴
2008	5.5% ⁵	6.6% ⁵	5.8% ⁵
2009	8.3% ⁴	10.2% ⁴	9.3% ⁴

¹1997 - 2005 Ohio Bureau of Employment Services, Division of Research and Statistics.

²Estimates by the Mid-Ohio Planning Regional Planning Commission.

³State of Ohio Bureau of Worker's Compensation Labor Force Employment & Unemployment.

⁴Ohio Department of Job and Family Services, Bureau of Labor Market Information.

⁵Franklin County Auditor.

Source: Ohio Department of Job and Family Services

SWACO

Capital Assets as of December 31, 2009

Sanitary Landfill

See Note 6 - Capital Assets, page 2-30 and Table 7 in the Statistical Section for additional information on the landfill.

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

<u>Facilities</u>	<u>Square Footage</u>	<u>Year Constructed</u>
Administrative Office Building	8,500	2002
Fleet Maintenance Garage	11,120	2000
Landfill Operations Facility	12,800	2005
Green Energy Centre	4,280	2008
Former RASTRA Facility	28,000	2009

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	14
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	8
Cargo trailers	4

Recycling Programs

Recycled materials packer trucks	7
Drop-box containers	355

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, 2009, which collectively comprise SWACO's basic financial statements and have issued our report thereon dated June 9, 2010. 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected in a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 June 9, 2010.

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 is not intended to be and should not be used by anyone other than these specified parties.

SCHNEIDER DOWNS & CO., INC.

Columbus, Ohio
June 9, 2010



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
AUGUST 5, 2010**