



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended December 31, 2010



Dave Yost • Auditor of State

Board of Trustees
Solid Waste Authority of Central Ohio
4239 London Groveport Road
Grove City, Ohio 43123-9518

We have reviewed the *Independent Auditor' Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period January 1, 2010 through December 31, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 18, 2011

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Comprehensive Annual Financial Report

of the

Solid Waste Authority of Central Ohio

for the

Fiscal Year ended December 31, 2010

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

Tamara D. Foster, CPA – Interim Chief Financial Officer

Patrick W. O'Block – Budget & Management Administrator

————— *SWACO* —————

**Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2010**

Table of Contents

INTRODUCTORY SECTION

| | |
|--|------|
| Transmittal Letter..... | 1-1 |
| Principal Officials..... | 1-7 |
| Table of Organization..... | 1-8 |
| SWACO District Boundaries..... | 1-10 |
| Government Finance Officers Association Certificate of Achievement | 1-11 |

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..... | 2-23 |
| 2. Summary of Significant Accounting Policies..... | 2-24 |
| 3. Cash and Investments | 2-28 |
| 4. Restricted Assets..... | 2-31 |
| 5. Closure/Postclosure Funds Held by Trustee..... | 2-31 |
| 6. Capital Assets..... | 2-32 |
| 7. Capital Lease Receivable..... | 2-35 |
| 8. Retirement Commitments | 2-36 |
| 9. Employee Retirement Incentive Plan..... | 2-37 |
| 10. Debt Management | 2-39 |
| 11. Capital Lease Obligation..... | 2-44 |
| 12. Landfill Closure and Postclosure Care Costs..... | 2-46 |
| 13. Service Agreements..... | 2-47 |
| 14. Commitments and Contingencies..... | 2-47 |
| 15. Risks and Uncertainties..... | 2-48 |
| 16. Subsequent Events..... | 2-49 |
| Supplemental Schedule – Operating Fund Statement of Net Assets-Proprietary Fund..... | 2-50 |
| Supplemental Schedule – Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets-Proprietary Fund..... | 2-52 |

Table of Contents (continued)

FINANCIAL SECTION (continued)

| | |
|--|------|
| Supplemental Schedule – Operating Fund Statement of Cash Flows-Proprietary Fund | 2-53 |
|--|------|

STATISTICAL SECTION

| | |
|--|------|
| Introduction to Statistical Section | 3-1 |
| Schedules of Net Assets - All Funds, For Years Ended December 31, 2001 through 2010 | 3-2 |
| Schedules of Revenues, Expenses, and Changes in Fund Net Assets - All Funds, For Years Ended December 31, 2001 through 2010 | 3-4 |
| Schedules of Revenues, Expenses and Changes in Fund Net Assets 2010 Budget to Actual (in thousands) | 3-6 |
| Solid Waste Received and Landfilled 2001 – 2010 (in tons) | 3-8 |
| Top Ten Customers 2001 – 2010 (tons received) | 3-9 |
| Disposal Rates 1991 - 2010 | 3-11 |
| Franklin County Sanitary Landfill Airspace Capacity Permitted, Used and Remaining 2001 - 2010 (cubic yards) | 3-12 |
| Generation Fee Tonnage Reported 2001 - 2010 | 3-13 |
| SWACO Program Activity – Tons Collected 2001 – 2010 | 3-15 |
| Household Hazardous Waste Collection 2001 – 2010 (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 2008 Solid Waste Facility Improvements Bonds | 3-22 |
| Series 2010 Taxable Bond Anticipation Notes | 3-23 |
| Series 2010 Taxable Revenue Notes | 3-23 |
| Series 2010 Solid Waste Facility Improvements Bonds | 3-24 |
| Waste-to-Energy Facility Lease Payment Schedule (in thousands) | 3-25 |
| Total and General Obligation Debt Ratios 2001 – 2010 | 3-27 |
| Indirect Debt and Property Tax Limitations, June 11, 2010 | 3-28 |
| Ten Largest Employers 2010 and 2001 Franklin County, Ohio | 3-29 |
| District and Franklin County Demographic Statistics 2001 - 2010 | 3-30 |
| Average Unemployment Rates 2001 – 2010 | 3-31 |
| Capital Assets as of December 31, 2010 | 3-32 |

Table of Contents (continued)

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 |
| Schedule of Finding and Responses | 4-3 |

INTRODUCTORY SECTION



June 7, 2011

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, 2010 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, 2010. 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 (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 the last update approved by the OEPA was in 2005. The most recent update will cover the period from 2011 to 2025, and is expected to be ratified by SWACO's member political subdivisions by August 2011. OEPA final approval is expected by January 2012.

Budgetary Control

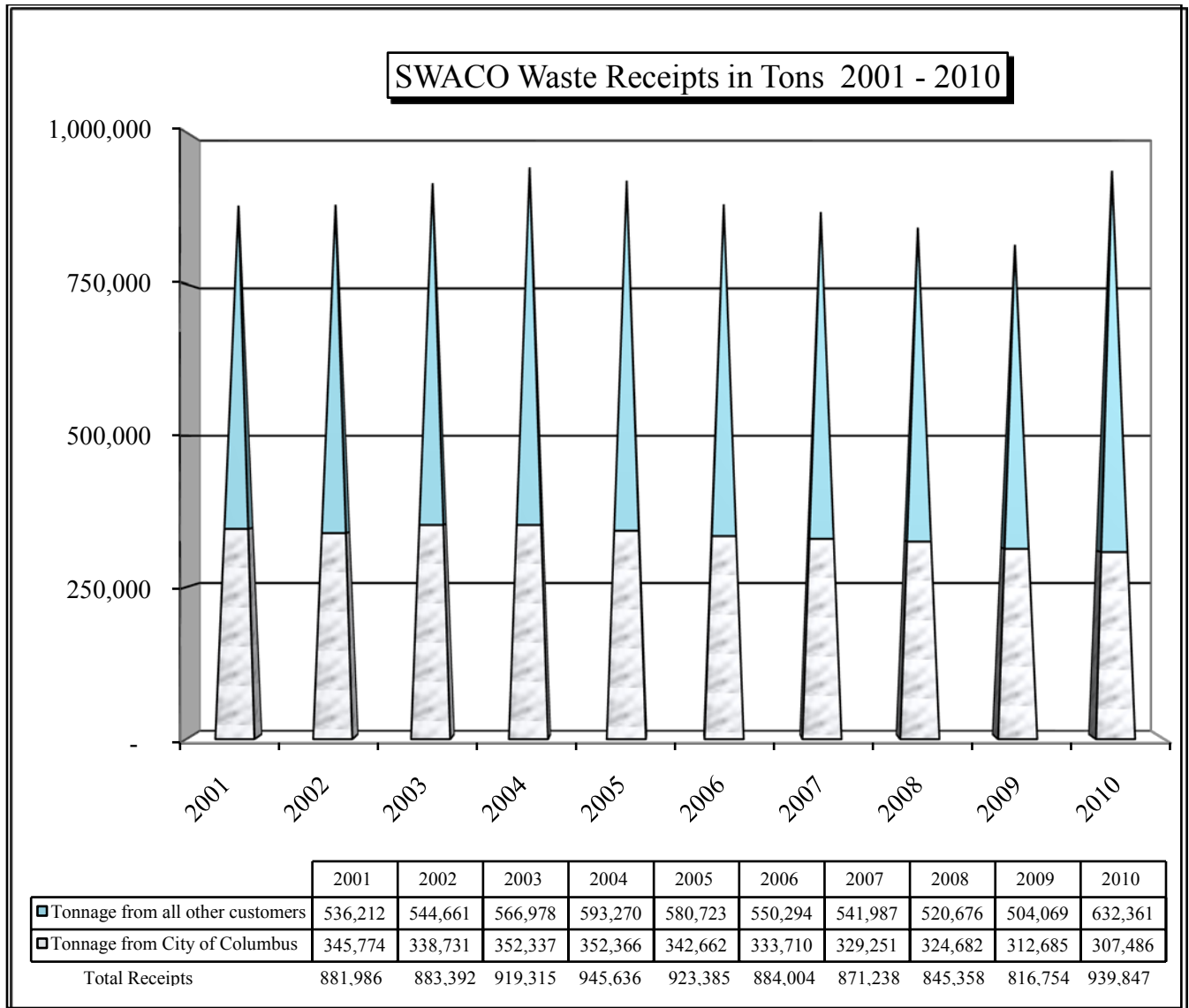
The Board of Trustees adopts an annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (salaries, wages and benefits; contracts, services and supplies; capital outlays; etc.). Although there is no legal requirement for external reporting of budgetary basis financial data, the Statistical Section provides a budget to actual comparison for the year ending December 31, 2010.

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.

Since solid waste disposal is a lagging economic indicator, growth in land-filled solid waste tonnage is expected to be modest for the next several years. In 2009, SWACO renegotiated new one-year waiver agreements with key customers requiring them to deliver a minimum of 75.0% of their total waste stream generated in Franklin County to SWACO's Franklin County Sanitary Landfill. In 2010, the waiver agreements expired and SWACO enacted its full authority pursuant to flow control regulations, requiring haulers to bring 100% of solid wastes collected to a SWACO designated facility for disposal. These measures helped SWACO to exceed 900,000 tons of land-filled waste during 2010. In 2010, SWACO approved a rate increase of \$3.00 per ton effective January 1, 2011, and an additional increase of \$3.00 per ton effective January 1, 2012.

Please see chart on next page illustrating SWACO's waste receipts (in tons) from 2001 to 2010.



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 2-7 (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 issued \$15.5 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, 2009. This was the thirteenth 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,

A handwritten signature in black ink that reads "Ronald J. Mills". The signature is written in a cursive style with a large, sweeping initial "R".

Ronald J. Mills
Executive Director

Principal Officials

Board of Trustees *(Appointed by or Representing)*

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

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

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

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*

Marilyn Brown
*President of the Franklin County Board
of Commissioners*

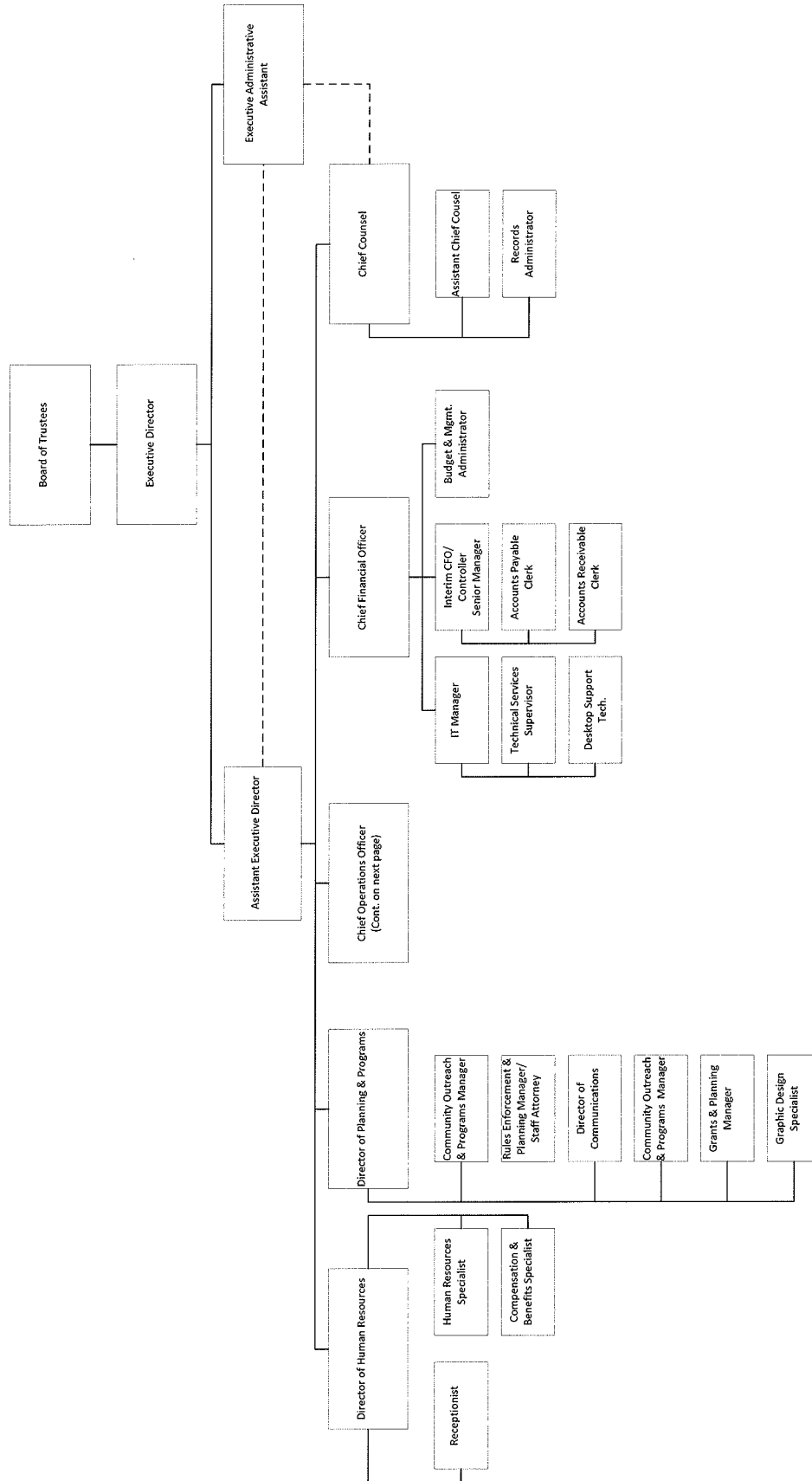
Steven P. Shepard
*Appointed by the Franklin County Board
of Commissioners*

Staff

Ronald J. Mills, Executive Director
Jeffrey M. Cahill, Assistant Executive Director
Michael C. Mentel, Chief Legal Counsel
Rick A. Dodge, Chief Operating Officer
Tamara D. Foster, Interim Chief Financial Officer
Patrick W. O'Block, Budget and Management Administrator

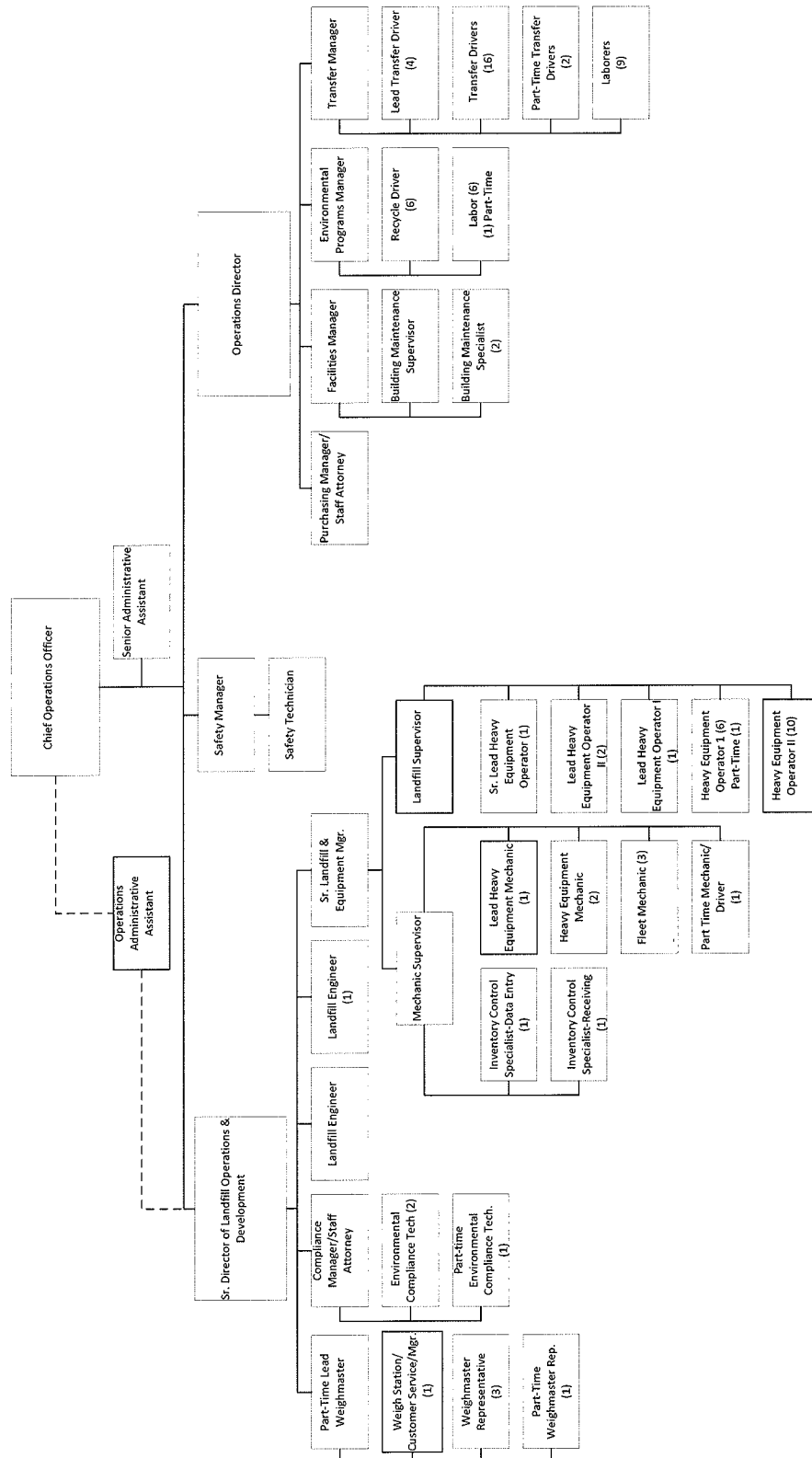
Solid Waste Authority of Central Ohio Table of Organization

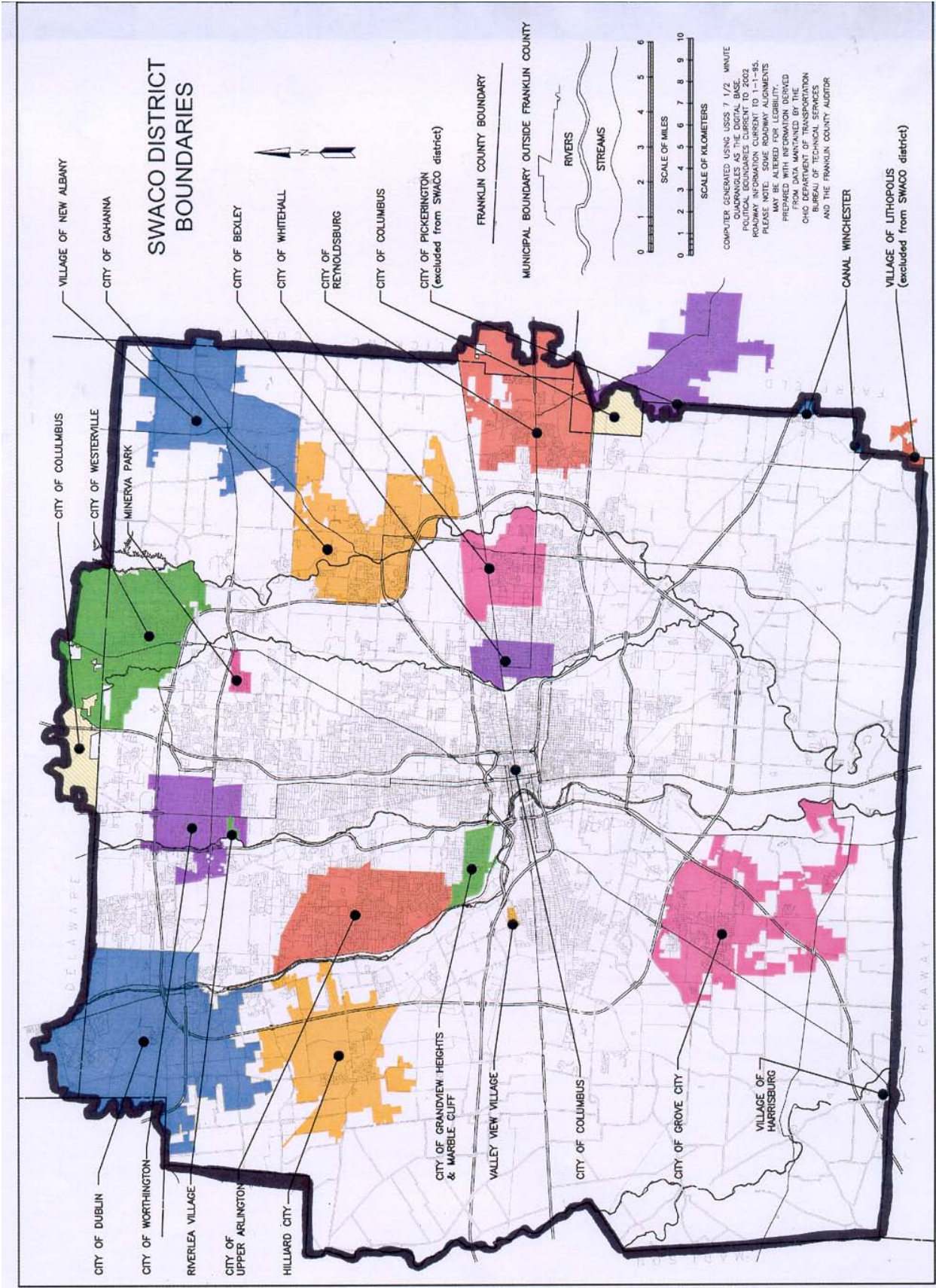
Administration



Solid Waste Authority of Central Ohio 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, 2009

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION



INSIGHT ■ INNOVATION ■ EXPERIENCE

INDEPENDENT AUDITORS' 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, 2010, 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 an opinion on these financial statements based on our audit.

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

In our opinion, the 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, 2010, 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 7, 2011, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Schneider Downs & Co., Inc.
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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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other 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.

SCHNEIDER DOWNS & CO., INC.

Columbus, Ohio
June 7, 2011

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (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, 2010. 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. Generation fee funds are derived from the \$5.00 fee on tipping and any grant income received.

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 non-operating 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.

Certain amounts in the December 31, 2009 MD&A financial information have been reclassified to conform to the current year's presentation.

Financial Highlights of 2010

- SWACO's net assets decreased by \$7.8 million, 26.9%, in 2010.
- Depletion expense increased \$6.2 million in 2010. Additional landfill development costs, primarily the landfill entrance project (\$6.0 million), and the increase in future liner costs were contributing factors for the increase.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

- The Firm Green Energy Center facility is no longer in operation and is not expected to generate any future cash flows. All that remains recorded as of December 31, 2010 is the estimated fair value of the equipment and building, thus resulting in an impairment of the asset of \$3.4 million. It was believed that the potential revenue generation from a gas project was likely enough to justify the carrying value of the asset at the recorded value. It is, however, unlikely that the project will be implemented as originally conceived and the decision was made to proceed with the impairment adjustment.
- SWACO also recorded an impairment of \$2.7 million relating to the facility at 2512 Jackson Pike, commonly known as the RASTRA building. The project for which the building was originally intended was not implemented. The building has been unoccupied resulting in the impairment adjustment.
- SWACO continued to reduce 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 Columbus was reduced by \$2.2 million during 2010. It is expected that this liability will be fully paid by the end of 2011.
- Operating income decreased \$3.1 million, 64.0%, in 2010.
- Operating revenues – tipping and disposal fees – increased by \$3.3 million. During 2009, SWACO renegotiated new one-year waiver agreements with key customers requiring them to deliver a minimum of 75.0% of their total waste stream generated in Franklin County to SWACO's Franklin County Sanitary Landfill. These flow control steps helped SWACO to exceed 900,000 tons of land-filled waste during 2010, for a total of 935,000 tons. There are no waivers for solid waste in 2011. Effective August 1, 2009, the EPA implemented a \$1.25 per ton rate increase, which also contributed to increased revenue.
- Operating expenses – Salaries, wages and benefits were reduced by \$1.5 million. The cost of the Ohio Public Employees Retirement System Early Retirement Incentive Plan (the "ERIP) in 2009 was \$1,918,305. The cost in 2010 was \$571,794, as anticipated, for a reduction of \$1,346,511 in 2010. Interest expense related to ERIP in 2010 was \$127,740, an increase of \$85,359 from 2009.
- The above mentioned reduction was offset by a \$1.5 million increase in contracts, services and supplies in the Operating Fund. The major components for this increase include grounds and buildings maintenance accounts increased by \$497,000, the majority of which were the result of replenishing inventories of aggregates and other materials. Vehicle fuels and maintenance increased by \$481,000, and there was a large increase in the other operating expenses account due to the purchase of the first right of refusal for property in Canal Winchester for a transfer station, and SWACO's share of costs for improvements to Young Road completed in 2010.
- Increases in solid waste fees of \$1.1 million were the result of increased total tons landfilled.
- The \$5.4 million increase in net non-operating expenses was driven by the \$6.1 million of impairment charges.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

Combined Net Assets

The 2009 and 2010 combined net assets of both the Operating and Program Funds are presented and compared on the following page. SWACO's net assets decreased from the prior year by \$7.8 million, 26.9%, (all funds combined). Major components of that reduction were the impairment of long lived assets in the amount of \$6.1 million, the \$6.2 million increase in landfill depletion, the \$4.0 million increase in revenue, and the \$2.2 million decrease in the WTEF lease liability.

SWACO continued to reduce 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 Columbus was reduced by \$2.2 million during 2010. It is expected that this liability will be fully paid by the end of 2011. For additional discussion on the WTEF, see *Financial Position of SWACO* on page 2-7 of the MD&A and Note 11 of the financial statements (Capital Lease Obligation).

Significant net asset changes from 2009 to 2010 are discussed in further detail, by fund, later in this MD&A.

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SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2010
(unaudited)**

| | Net Assets | | |
|---|---|------------------------|--------------------------------|
| | Operating and Program Funds Combined | | |
| | 2009 | 2010 | Increase (Decrease) |
| Assets | | | |
| Current and other assets | \$ 13,620,239 | \$ 14,796,657 | \$ 1,176,418 |
| Restricted cash and investments | 1,817,312 | 6,582,070 | 4,764,758 |
| Closure/post-closure funds held by trustee | 20,648,026 | 21,027,298 | 379,272 |
| Capital assets | 53,315,463 | 43,715,029 | (9,600,434) |
| Capital lease receivable (less current portion) | 4,533,000 | 5,218,100 | 685,100 |
| Total assets | 93,934,040 | 91,339,154 | (2,594,886) |
| Liabilities | | | |
| Current liabilities | 19,245,686 | 23,870,841 | 4,625,155 |
| Bonds payable, less current portion, net | 89,776,456 | 91,394,857 | 1,618,401 |
| Capital lease obligation, less current portion | 1,799,269 | - | (1,799,269) |
| Landfill closure/post-closure liability, non current | 11,161,503 | 12,011,416 | 849,913 |
| ERIP interest payable | 1,139,045 | 1,096,765 | (42,280) |
| Total Liabilities | 123,121,959 | 128,373,879 | 5,251,920 |
| 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) | (38,175,498) | 5,811,246 |
| Other capital assets, net | (3,609,260) | (17,924,514) | (14,315,254) |
| Restricted: | | | |
| Landfill closure/post closure trust fund, net of accrued liability | 10,398,630 | 9,900,729 | (497,901) |
| Other restricted, net | 513,504 | 776,964 | (1,202,996) |
| Unrestricted | 7,495,951 | 8,387,594 | 2,358,099 |
| Total net assets | \$ (29,187,919) | \$ (37,034,725) | \$ (7,846,806) |

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

Combined Revenues, Expenses, and Changes in Fund Net Assets

The 2009 and 2010 combined revenue, expenses, and changes in fund net assets of both the Operating and Program Funds are presented and compared below.

| | Revenues, Expenses, and Changes in Fund Net Assets Operating and Program Funds Combined | | |
|------------------------------|--|-----------------|--------------------------------|
| | 2009 | 2010 | Increase (Decrease) |
| Revenues | | | |
| Operating revenues | \$ 37,318,638 | \$ 41,166,088 | \$ 3,847,450 |
| Non-operating revenues | 1,087,437 | 1,244,321 | 156,884 |
| Total revenues | 38,406,075 | 42,410,409 | 4,004,334 |
| Expenses | | | |
| Operating expenses | 32,494,741 | 38,818,006 | 6,323,265 |
| Non-operating expenses | 5,995,069 | 11,439,209 | 5,444,140 |
| Total expenses | 38,489,810 | 50,257,215 | 11,767,405 |
| Change in net assets | (83,735) | (7,846,806) | (7,763,071) |
| Total net assets – beginning | (29,104,184) | (29,187,919) | (83,735) |
| Total net assets – ending | \$ (29,187,919) | \$ (37,034,725) | \$ (7,846,806) |

Financial Position of SWACO

As shown in the above table, SWACO ended 2010 with a combined net deficit of \$37.0 million. On the surface, this large deficit may raise questions regarding SWACO's financial stability. However, revenues increased by \$4.0 million from prior year and the majority of the deficit can be attributed to the WTEF facility. The facility was acquired in 1993, closed in 1994, and subsequently impaired and demolished. 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.

In 2010, SWACO approved a rate increase of \$3.00 per ton effective January 1, 2011, and an additional increase of \$3.00 per ton effective January 1, 2012.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

The following table shows the continued reduction of the WTEF lease obligation.

| | 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) |
| 2010 | - | 1,889 | 36,287 | 280 | (37,896) |

Operating Fund Net Assets

A comparison of Operating Fund net assets as of the end of 2009 and 2010 is shown in the table on page 2-9.

Collectively, total assets increased by \$1.9 million (2.2%). Increases of \$6 million in current and other assets and restricted cash and investments, and the capital lease receivable of approximately \$5.2 million transferred from the Program Fund more than offset the reduction in long lived assets and the increase in depletion.

Collectively, total liabilities increased by \$10.0 million. Major components of this increase were \$5.3 million in current liabilities and \$5.7 million long-term bonds payable. Current bonds and notes payable comprised \$5.0 million of the increase in current liabilities. Construction projects payable increased in 2010 by approximately \$367,000. There was a decrease of \$2.2 million in the capital lease obligation. The capital lease was transferred from the Program Fund to the Operating Fund due to the change of scope in operations.

Total net assets decreased by \$8.1 million (26.9%) from 2009 to 2010.

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 post-closure care of the landfill. As of December 31, 2010, the EPA Trust Fund value was \$21.0 million and the recorded closure liability was \$11.1 million (includes current and long-term portion), which nets to a balance of \$9.9 million.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

The increase in unrestricted net assets of \$892,000 (11.9 %) was primarily the product of an increase in cash and investments, the result of capital expenditures from the 2010 debt issue, and an increase in accounts receivable, not including the allowance.

Operating Fund Net Assets

| | <u>2009</u> | <u>2010</u> | <u>Increase (Decrease)</u> |
|---|------------------------|------------------------|--------------------------------|
| Assets | | | |
| Current and other assets | \$ 12,973,484 | \$ 14,382,007 | \$ 1,408,523 |
| Restricted cash and investments | 1,518,057 | 5,979,708 | 4,461,651 |
| Closure/postclosure funds held by trustee | 20,648,026 | 21,027,298 | 379,272 |
| Capital assets | 52,571,763 | 43,046,772 | (9,524,991) |
| Capital lease receivable | - | 5,218,100 | 5,218,100 |
| Total assets | <u>87,711,330</u> | <u>89,653,885</u> | <u>1,942,555</u> |
| Liabilities | | | |
| Current liabilities | 18,087,184 | 23,386,396 | 5,299,212 |
| Bonds payable, less current portion, net | 85,656,456 | 91,394,857 | 5,738,401 |
| Capital lease obligation, less current portion | 1,799,269 | - | (1,799,269) |
| Landfill closure/postclosure liability, less current portion | 11,161,503 | 12,011,416 | 849,913 |
| ERIP payable, less current portion | 1,139,045 | 1,096,765 | (42,280) |
| Total liabilities | <u>117,843,457</u> | <u>127,889,434</u> | <u>10,045,977</u> |
| 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) | (38,175,498) | 5,811,246 |
| Other capital assets, net | (4,352,960) | (18,592,771) | (14,239,811) |
| Restricted: | | | |
| Landfill closure/postclosure trust fund, net of accrued liability | 10,398,630 | 9,900,729 | (497,901) |
| Other restricted, net | 312,996 | 244,397 | (68,599) |
| Unrestricted | 7,495,951 | 8,387,594 | 891,643 |
| Total net assets | <u>\$ (30,132,127)</u> | <u>\$ (38,235,549)</u> | <u>\$ (8,103,422)</u> |

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

Operating Fund Revenues, Expenses and Changes in Fund Net Assets

The following table compares 2009 and 2010 revenues, expenses and changes in fund net assets in the Operating Fund.

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

| | <u>2009</u> | <u>2010</u> | <u>Increase (Decrease)</u> |
|-----------------------------------|------------------------|------------------------|--------------------------------|
| Operating revenues: | | | |
| Tipping and disposal fees | \$ 17,835,189 | \$ 21,141,470 | \$ 3,306,281 |
| Waste transfer fees | 4,402,660 | 4,441,008 | 38,348 |
| Retired facility and waiver fees | 9,162,180 | 9,472,757 | 310,577 |
| Other | 273,953 | 646,869 | 372,916 |
| | <u>31,673,982</u> | <u>35,702,104</u> | <u>4,028,122</u> |
| Operating revenues | | | |
| | 31,673,982 | 35,702,104 | 4,028,122 |
| Operating expenses: | | | |
| Salaries, wages and benefits | 9,835,769 | 8,307,961 | (1,527,808) |
| Contract, services and supplies | 5,618,751 | 7,132,071 | 1,513,320 |
| Solid waste fees | 3,250,143 | 4,342,431 | 1,092,288 |
| Depreciation | 3,181,689 | 3,532,800 | 351,111 |
| Landfill depletion | 4,161,271 | 10,351,506 | 6,190,235 |
| Landfill closing costs | 1,100,396 | 877,173 | (223,223) |
| Interfund transfers | (467,660) | (627,587) | (159,927) |
| Bad debt expense | 67,899 | 10,330 | (57,569) |
| | <u>26,748,258</u> | <u>33,926,685</u> | <u>7,178,427</u> |
| Operating expenses | | | |
| | 26,748,258 | 33,926,685 | 7,178,427 |
| Operating income | <u>4,925,724</u> | <u>1,775,419</u> | <u>(3,150,305)</u> |
| Nonoperating revenues (expenses) | | | |
| Interest expense | (4,728,855) | (4,497,754) | 231,101 |
| ERIP interest expense | (42,381) | (127,740) | (85,359) |
| Interest earnings | 761,699 | 567,425 | (194,274) |
| Grant revenues | 44,751 | 350,022 | 305,271 |
| Loss on federal grant | (511,509) | - | 511,509 |
| Bad debt expense | - | (126,893) | (126,893) |
| Gain (loss) on disposal of assets | 1,224 | 56,245 | 55,021 |
| Impairment of long-lived assets | - | (6,100,146) | (6,100,146) |
| | <u>(4,475,071)</u> | <u>(9,878,841)</u> | <u>(5,403,770)</u> |
| Total nonoperating expenses, net | | | |
| | (4,475,071) | (9,878,841) | (5,403,770) |
| Change in net assets | 450,653 | (8,103,422) | (8,554,075) |
| Total net assets – beginning | <u>(30,582,780)</u> | <u>(30,132,127)</u> | <u>450,653</u> |
| Total net assets – ending | <u>\$ (30,132,127)</u> | <u>\$ (38,235,549)</u> | <u>\$ (8,103,422)</u> |

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

Solid waste receipts to SWACO's facilities during 2010 were 935,000 tons, 15.0% over 2009 receipts of 816,000 tons. As a result of the increase in waste receipts, tipping and disposal fees increased by \$3.3 million, an increase of 18.5% from 2009. There was a corresponding increase in solid waste fees of \$1.1 million, an increase of 33.6% over 2009. This increase was due in part to a \$1.25 per ton rate increase implemented by the EPA in August 2009.

Retired facility and waiver fees increased modestly, \$310,577, 3.4% over 2009.

Collectively, operating revenues realized a growth of 12.7%, or \$4.0 million.

Expenses for salaries, wages and benefits were \$1.5 million (15.5%) less in 2010 compared to 2009. This decrease is almost entirely related to the cost in 2009 of implementing the Ohio Public Employees Retirement System Early Retirement Incentive Plan (the "ERIP).

Contracts, services and supplies expenses increased by \$1.5 million (26.9%) in 2010 which a majority of these expenses consisted of a \$497,000 increase in grounds and building maintenance, a \$481,000 increase in vehicle fuels and maintenance, and increases in other operating expenses.

Depletion expense increased by \$6.2 million, 149.0% over 2009. A write-down of \$6.1 million was incurred for impairment of long-lived assets.

Interfund transfers decreased by \$159,927, 34.0% less than 2009. In 2009 adjustments were made due to the change in the way payroll expenses were reported. Interfund transfers net to zero between the Operating Fund and the Program Fund.

Collectively, operating expenses increased by \$7.2 million (27.0%). This outcome was primarily related to increases in depletion expense (\$6.2 million) and the increase in solid waste fees (\$1.1million).

The net effect of these changes resulted in a drop in operating income from \$4.9 million to \$1.8 million, a decrease of \$3.1 million.

Non-operating revenues and expenses netted to an expense in 2010 of \$9.9 million. This amount represents an increase of \$5.4 million (121.0%). The major contributor to this increase was the impairment of long-lived assets.

SWACO's financial position in the Operating Fund decreased by \$8.1 million in 2010, increasing SWACO's net deficit from \$30.1 million to \$38.2 million at the end of 2010.

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SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

Program Fund Net Assets

In the Program Fund, the capital lease receivable was transferred to the Operating Fund, contributing to the \$4.5 million (73.0%) reduction in total assets. A reduction in notes payable for \$4.1 million contributed to the reduction in total liabilities of \$4.8 million (91.0%). The capital lease was transferred from the Program Fund to the Operating Fund due to the change of scope in operations.

Total net assets at the end of 2010 were \$1.2 million, an increase of \$256,616 (27.0%). Restricted net assets (cash and receivables less payables) were \$532,567, an increase of \$332,059 (166.0%). Other capital assets were \$668,257, a decrease of \$75,443 (10.0%).

Program Fund Net Assets

| | <u>2009</u> | <u>2010</u> | <u>Increase (Decrease)</u> |
|---|-------------------|---------------------|--------------------------------|
| Assets | | | |
| Current assets | \$ 946,010 | \$ 1,017,012 | \$ 71,002 |
| Capital lease receivables | 4,533,000 | - | (4,533,000) |
| Capital assets | <u>743,700</u> | <u>668,257</u> | <u>(75,443)</u> |
| Total assets | <u>6,222,710</u> | <u>1,685,269</u> | <u>(4,537,441)</u> |
| Liabilities | | | |
| Current liabilities | 1,158,502 | 484,445 | (674,057) |
| Notes payable, less current portion | <u>4,120,000</u> | <u>-</u> | <u>(4,120,000)</u> |
| Total liabilities | <u>5,278,502</u> | <u>484,445</u> | <u>(4,794,057)</u> |
| Net assets | | | |
| Invested in capital assets, net of related debt | 743,700 | 668,257 | (75,443) |
| Restricted | <u>200,508</u> | <u>532,567</u> | <u>332,059</u> |
| Total net assets | <u>\$ 944,208</u> | <u>\$ 1,200,824</u> | <u>\$ 256,616</u> |

Program Fund Revenues, Expenses and Changes in Fund Net Assets

A comparison of 2009 and 2010 revenues and expenses in the Program Fund is shown in the following table.

Program Fund Operating Revenues

There were no receipts for tipping and disposal fees in 2010 due to the elimination of the Roberts Road Yard Waste Composting Program. Contracts to subcontractors for yard waste composting were capped in 2010 at a total of \$1,485,000 for a decrease from 2009 of \$240,000.

Generation fees increased modestly, \$174,745 (3.4%) in 2010 compared to 2009.

Other miscellaneous revenue decreased by \$90,000 (31.0%) due primarily to the elimination of two smaller projects, Project Paper (JITRS-just-in-time recycling) and Dedicated Loads.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

Program Fund Operating Expenses

Program Fund operating expenses collectively decreased by \$855,000 (15.0%) in 2010, primarily the result of projects eliminated as described above.

Non-Operating Income & Expenses

Non-operating transactions primarily consisted of grant activities. Grant revenues, representing pass-through grants received by SWACO, increased by \$8,000 (3.0%). Grants awarded, representing both pass-through and SWACO grants, decreased by \$125,648 (17.6%). Timing of grants in the year they are awarded contributed to this decrease.

Ending net assets in the Program Fund increased by \$257,000 (27.2%) from 2009 to 2010.

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

| | <u>2009</u> | <u>2010</u> | <u>Increase (Decrease)</u> |
|-----------------------------------|-------------------|---------------------|--------------------------------|
| Operating revenues: | | | |
| Generation fees | \$ 5,090,250 | \$ 5,264,995 | \$ 174,745 |
| Tipping and disposal fees | 265,552 | - | (265,552) |
| Other | 288,855 | 198,989 | (89,866) |
| | <u>5,644,657</u> | <u>5,463,984</u> | <u>(180,673)</u> |
| Operating expenses: | | | |
| Salaries, wages and benefits | 1,389,747 | 1,148,750 | (240,997) |
| Contracts, services and supplies | 3,804,034 | 3,039,541 | (764,493) |
| Depreciation and depletion | 85,043 | 75,443 | (9,600) |
| Interfund transfers | 467,660 | 627,587 | 159,927 |
| | <u>5,746,484</u> | <u>4,891,321</u> | <u>(855,163)</u> |
| Operating income (loss) | <u>(101,827)</u> | <u>572,663</u> | <u>674,490</u> |
| Nonoperating revenues (expenses): | | | |
| Grant revenues | 262,454 | 270,629 | 8,175 |
| Grants awarded | (712,324) | (586,676) | 125,648 |
| Gain on sale of assets | 17,309 | - | (17,309) |
| | <u>(432,561)</u> | <u>(316,047)</u> | <u>116,514</u> |
| Total nonoperating expenses, net | <u>(432,561)</u> | <u>(316,047)</u> | <u>116,514</u> |
| Change in net assets | (534,388) | 256,616 | 791,004 |
| Total net assets – beginning | <u>1,478,596</u> | <u>944,208</u> | <u>(534,388)</u> |
| Total net assets – ending | <u>\$ 944,208</u> | <u>\$ 1,200,824</u> | <u>\$ 256,616</u> |

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

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. Additionally, SWACO owns 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 facilities and buffer area land in the vicinity of the landfill. The following table compares SWACO's investments in capital assets as of end of 2009 and 2010.

Major capital projects completed and put into service this year are gas systems for \$2.2 million, a leachate lagoon for \$601,000, and sediment pond no. 4 for \$1.4 million.

Major projects remaining in construction in progress at the end of 2010 were the Central Ohio Transformation Center (COTC) phase II for \$2.0 million and the Morse Road facility for \$1.0 million. The remainder was for various smaller landfill projects.

The reduction in net depreciable assets of \$8.7 million in the Operating Fund included the \$6.1 million write-down of long-lived assets.

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SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

| Operating Fund | Capital Assets | | Increase (Decrease) |
|--|----------------|---------------|------------------------|
| | 2009 | 2010 | |
| Capital assets, not being depreciated: | | | |
| Land and land improvements | \$ 12,711,457 | \$ 12,711,457 | \$ - |
| Construction in progress | 4,341,397 | 3,557,780 | 783,617 |
| Total capital assets, not being depreciated | 17,052,854 | 16,269,237 | 783,617 |
| Depreciable capital assets, net of accumulated depreciation and depletion: | | | |
| Equipment and furnishings | 11,461,111 | 8,062,182 | (3,398,929) |
| Building and improvements | 3,625,156 | 4,657,214 | 1,032,058 |
| Transfer stations | 1,832,436 | 1,290,875 | (541,561) |
| Sanitary landfill | 18,600,206 | 12,767,264 | (5,832,942) |
| Total capital assets, being depreciated, net | 35,518,909 | 26,777,535 | (8,741,374) |
| Total capital assets, net | \$ 52,571,763 | \$ 43,046,772 | \$ (9,524,991) |
| Program Fund | | | |
| Depreciable capital assets, net of accumulated depreciation: | | | |
| Equipment and furnishings | \$ 39,121 | \$ 21,718 | \$ (17,403) |
| Building and improvements | 704,579 | 646,539 | (58,040) |
| Total capital assets, net | \$ 743,700 | \$ 668,257 | \$ (75,443) |

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

Debt Administration

SWACO's outstanding debt as of December 31, 2009 and 2010 is shown in the following table:

| | Outstanding Long-Term Debt | | Increase (Decrease) |
|-------------------------------|----------------------------|----------------|------------------------|
| | 2009 | 2010 | |
| General obligation bonds, net | \$ 93,265,456 | \$ 100,128,506 | \$ 6,863,050 |
| Taxable notes | 8,998,000 | 8,191,351 | (806,649) |
| Capital lease obligation | 4,099,269 | 1,888,783 | (2,210,486) |
| Total | \$ 106,362,725 | \$ 110,208,640 | \$ 3,845,915 |

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2010 (unaudited)

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 Aaa 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 2010 were up from the previous year for the first time in 6 years.

In 2010, SWACO approved a rate increase of \$3.00 per ton effective January 1, 2011, and an additional increase of \$3.00 per ton effective January 1, 2012.

Since solid waste disposal is a lagging economic indicator, growth in land-filled solid waste tonnage is expected to be modest for the next several years. In 2009, SWACO renegotiated new one-year waiver agreements with key customers requiring them to deliver a minimum of 75.0% of their total waste stream generated in Franklin County to SWACO's Franklin County Sanitary Landfill. These flow control steps helped SWACO to exceed 900,000 tons of land-filled 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 Tamara Foster at 614.801.6439, or by e-mail at tamara.foster@swaco.org.

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SWACO
Statement of Net Assets – Proprietary Funds
As of December 31, 2010

| Assets | Business-type Activities – Enterprise Funds | | |
|--|---|---------------------|----------------------|
| | Operating Fund | Program Fund | Total |
| Current assets: | | | |
| Cash and cash equivalents | \$ 5,599,827 | \$ - | \$ 5,599,827 |
| Restricted cash | 5,979,708 | 602,362 | 6,582,070 |
| Investments | 5,055,198 | - | 5,055,198 |
| Accounts receivable, net of allowance for bad debts | 3,379,655 | 414,650 | 3,794,305 |
| Lease receivable, current portion | 300,000 | - | 300,000 |
| Grants receivable | 25,576 | - | 25,576 |
| Other assets | 21,751 | - | 21,751 |
| Total current assets | 20,361,715 | 1,017,012 | 21,378,727 |
| Noncurrent assets: | | | |
| Investments held by trustee for landfill closure/post closure care | 21,027,298 | - | 21,027,298 |
| Capital assets: | | | |
| Sanitary landfill, net of accumulated depletion | 12,767,264 | - | 12,767,264 |
| Buildings and equipment, net of accumulated depreciation | 14,010,271 | 668,257 | 14,678,528 |
| Construction in progress | 3,557,780 | - | 3,557,780 |
| Land and land improvements | 12,711,457 | - | 12,711,457 |
| Lease receivable, less current portion | 5,218,100 | - | 5,218,100 |
| Total noncurrent assets | 69,292,170 | 668,257 | 69,960,427 |
| Total assets | \$ 89,653,885 | \$ 1,685,269 | \$ 91,339,154 |

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, 2010

| Liabilities | Business-type Activities – Enterprise Funds | | |
|---|--|---------------------|------------------------|
| | Operating Fund | Program Fund | Total |
| Current liabilities | | | |
| Accounts payable | \$ 1,961,846 | \$327,993 | \$ 2,289,839 |
| SWACO grants payable | - | 40,605 | 40,605 |
| Accrued wages and benefits | 1,291,823 | 115,847 | 1,407,670 |
| Accrued interest | 902,702 | - | 902,702 |
| Current maturities of bonds and notes payable | 16,925,000 | - | 16,925,000 |
| Capital lease obligation | 1,888,783 | - | 1,888,783 |
| Unearned lease revenue | 303,150 | - | 303,150 |
| Landfill postclosure liability-current portion | 75,000 | - | 75,000 |
| Other payables | 38,092 | - | 38,092 |
| Total current liabilities | 23,386,396 | 484,445 | 23,870,841 |
| Noncurrent liabilities | | | |
| Bonds and notes payable, less current portion, net | 91,394,857 | - | 91,394,857 |
| Landfill closure/postclosure liability ERIP payable | 12,011,416 | - | 12,011,416 |
| | 1,096,765 | - | 1,096,765 |
| Total noncurrent liabilities | 104,503,038 | - | 104,503,038 |
| Total liabilities | 127,889,434 | 484,445 | 128,373,879 |
| Net Assets | | | |
| Invested in capital assets, net of related debt: | | | |
| Lease obligation and bonds payable related to closed waste-to-energy facility | (38,175,498) | - | (38,175,498) |
| Other capital assets, net | (18,592,771) | 668,257 | (17,924,514) |
| Restricted: | | | |
| Closure/postclosure trust fund net of accrued liability – Sanitary Landfill | 9,900,729 | - | 9,900,729 |
| Other restricted, net | 244,397 | 532,567 | 776,964 |
| Unrestricted | 8,387,594 | - | 8,387,594 |
| Total net assets | \$ (38,235,549) | \$ 1,200,824 | \$ (37,034,725) |

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, 2010**

| | <u>Business-type Activities – Enterprise Funds</u> | | |
|--|--|---------------------|------------------------|
| | <u>Operating Fund</u> | <u>Program Fund</u> | <u>Total</u> |
| Operating revenues: | | | |
| Tipping and disposal fees | \$ 21,141,470 | \$ - | \$ 21,141,470 |
| Waste transfer fees | 4,441,008 | - | 4,441,008 |
| Retired facility and waiver fees | 9,472,757 | - | 9,472,757 |
| Generation fees | - | 5,264,995 | 5,264,995 |
| Other | 646,869 | 198,989 | 845,858 |
| Operating revenues | <u>35,702,104</u> | <u>5,463,984</u> | <u>41,166,088</u> |
| Operating expenses: | | | |
| Salaries, wages and benefits | 8,307,961 | 1,148,750 | 9,456,711 |
| Contract, services and supplies | 7,132,071 | 3,039,541 | 10,171,612 |
| Solid waste fees | 4,342,431 | - | 4,342,431 |
| Depreciation | 3,532,800 | 75,443 | 3,608,243 |
| Landfill depletion | 10,351,506 | - | 10,351,506 |
| Landfill closing costs | 877,173 | - | 877,173 |
| Interfund charges | (627,587) | 627,587 | - |
| Bad debt expense | 10,330 | - | 10,330 |
| Operating expenses | <u>33,926,685</u> | <u>4,891,321</u> | <u>38,818,006</u> |
| Operating income | <u>1,775,419</u> | <u>572,663</u> | <u>2,348,082</u> |
| Nonoperating revenues (expenses): | | | |
| Interest expense | (4,497,754) | - | (4,497,754) |
| ERIP interest expense | (127,740) | - | (127,740) |
| Interest earnings | 567,425 | - | 567,425 |
| Grant revenues | 350,022 | 270,629 | 620,651 |
| Grants awarded | - | (586,676) | (586,676) |
| Bad debt expense | (126,893) | - | (126,893) |
| Gain on disposal of assets | 56,245 | - | 56,245 |
| Impairment of long-lived assets | (6,100,146) | - | (6,100,146) |
| Total nonoperating expenses, net | <u>(9,878,841)</u> | <u>(316,047)</u> | <u>(10,194,888)</u> |
| Change in net assets | (8,103,422) | 256,616 | (7,846,806) |
| Total net assets – beginning | <u>(30,132,127)</u> | <u>944,208</u> | <u>(29,187,919)</u> |
| Total net assets – ending | <u>\$ (38,235,549)</u> | <u>\$ 1,200,824</u> | <u>\$ (37,034,725)</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, 2010

| | <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 | \$ 24,760,265 | \$ 25,000 | \$ 24,785,265 |
| Retired facility fee and waiver fees collected | 7,316,277 | - | 7,316,277 |
| Generation fees collected | - | 5,297,101 | 5,297,101 |
| Other receipts | 559,257 | 198,989 | 758,246 |
| Payments to or on behalf of employees for salaries, wages and benefits | (8,337,417) | (1,133,936) | (9,471,353) |
| Payments to vendors | (11,686,208) | (2,969,908) | (14,656,116) |
| Model Landfill postclosure costs paid | (27,260) | - | (27,260) |
| Interfund charges | 627,587 | (627,587) | - |
| Deferred revenue | 15,173 | - | 15,173 |
| Other payments | 38,104 | (38,093) | 11 |
| Net cash provided by operating activities: | <u>13,265,778</u> | <u>751,566</u> | <u>14,017,344</u> |
| Cash flows from noncapital financing activities: | | | |
| Grants received | 197,553 | 138,217 | 335,770 |
| Grants awarded | - | (586,676) | (586,676) |
| Net cash provided by (used in) noncapital financing activities | <u>197,553</u> | <u>(448,459)</u> | <u>(250,906)</u> |
| Cash flows from investing activities: | | | |
| Proceeds from sales and maturities of investments | 15,970,273 | - | 15,970,273 |
| Purchase of investments | (18,513,263) | - | (18,513,263) |
| Interest received | 495,570 | - | 495,570 |
| Net cash used in investing activities | <u>(2,047,420)</u> | <u>-</u> | <u>(2,047,420)</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, 2010

| | Operating Fund | Program Fund | Total |
|---|----------------------|-------------------|----------------------|
| Cash flows from capital and related financing activities: | | | |
| Proceeds from capital debt | 23,510,024 | - | 23,510,024 |
| Proceeds from sale of assets | 56,245 | - | 56,245 |
| Proceeds from capital lease | 175,000 | - | 175,000 |
| Landfill, facilities and equipment additions and disposals | (10,092,249) | - | (10,092,249) |
| Principal paid on bonds and notes payable | (17,318,000) | - | (17,318,000) |
| Principal paid on capital lease | (57,932) | - | (57,932) |
| Interest paid | (4,794,082) | - | (4,794,082) |
| Debt issuance costs paid | (182,350) | - | (182,350) |
| Net cash used in capital and related financing activities | (8,703,344) | - | (8,703,344) |
| Net increase in cash and cash equivalents | 2,712,567 | 303,107 | 3,015,674 |
| Cash and cash equivalents, beginning of year | 8,866,968 | 299,255 | 9,166,223 |
| Cash and cash equivalents, end of year | <u>\$ 11,579,535</u> | <u>\$ 602,362</u> | <u>\$ 12,181,897</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 1,775,419 | \$ 572,663 | \$ 2,348,082 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| Depreciation and depletion | 13,884,306 | 75,443 | 13,959,749 |
| Landfill closing costs | 877,173 | - | 877,173 |
| Lease credit received in lieu of cash | (2,152,554) | - | (2,152,554) |
| Increase (decrease) in cash resulting from changes in: | | | |
| Accounts receivable (net) | (815,810) | 57,105 | (758,705) |
| Accounts payable | (211,706) | 69,633 | (142,073) |
| Accrued wages and benefits | 12,823 | 14,814 | 27,637 |
| ERIP payable | (42,279) | - | (42,279) |
| Landfill postclosure liability | (27,260) | - | (27,260) |
| Deferred revenue | 15,173 | - | 15,173 |
| Other assets and liabilities | (49,507) | (38,092) | (87,599) |
| Net cash provided by operating activities | <u>\$ 13,265,778</u> | <u>\$ 751,566</u> | <u>\$ 14,017,344</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, 2010

Noncash capital and related financing activities (Operating Fund):

Amortization of premiums on bonds payable of \$516,481.

Amortization of debt issuance cost \$123,407.

Amortization of reacquisition cost on refunding bonds of \$64,800.

Change in carrying value of investments resulting in a gain of \$103,099.

Impairment of long-lived assets resulting in a loss of \$6,100,146.

* 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, 2010

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

Notes to Financial Statements

As of December 31, 2010

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

("ORC") and agreements established with private landfill owners. SWACO had one customer which accounted for approximately 37.0% of SWACO's total operating revenues for the year ended December 31, 2010.

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.

SWACO
Notes to Financial Statements
As of December 31, 2010

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.

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 2-50.

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.

SWACO

Notes to Financial Statements

As of December 31, 2010

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.

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 June 2010, the GASB issued Statement No. 59, *Financial Instruments Omnibus*. This statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2010. We are currently assessing the potential impact of the adoption of this statement on SWACO's financial statements.

SWACO
Notes to Financial Statements
As of December 31, 2010

In November 2010, the GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This statement is to address issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. The adoption of this statement is not expected to have an impact on SWACO's financial statements.

In November 2010, the GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus*. This statement is to modify certain requirements for inclusion of component units in the financial reporting entity. The provisions of this statement are effective for periods beginning after June 15, 2012. The adoption of this statement is not expected to have an impact on SWACO's financial statements.

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict or contradict GASB pronouncements. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. The adoption of this statement is not expected to have an impact on SWACO's financial statements.

Subsequent Events: Subsequent events are defined as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or available to be issued. Management has evaluated subsequent events through June 7, 2011, which is the date that the financial statements were available to be issued.

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.

SWACO
Notes to Financial Statements
As of December 31, 2010

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, 2010, the carrying amounts of SWACO's deposits were \$10,775,897, while the bank balances were \$11,394,903. Of the bank deposits, \$1,780,512 was insured by the Federal Deposit Insurance Corporation, and \$9,614,391 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 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.

SWACO
Notes to Financial Statements
As of December 31, 2010

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 gain of \$142,991 as of December 31, 2010, 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, 2010:

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SWACO
Notes to Financial Statements
As of December 31, 2010

Cash and Investments at December 31, 2010

| <u>Operating and Program Funds</u> | <u>Fair Value</u> | <u>Maturity in Years</u> | |
|---------------------------------------|----------------------|--------------------------|---------------------|
| | | <u>Less than 1</u> | <u>1 to 3</u> |
| Carrying amount of deposits | \$ 10,775,897 | \$ 10,775,897 | \$ - |
| Money market mutual funds/sweep acct. | 1,403,595 | 1,403,595 | - |
| Federal agency securities | 2,534,278 | 1,538,388 | 995,890 |
| U.S. Treasury notes | 2,520,920 | 1,507,095 | 1,013,825 |
| Cash on hand | 2,400 | 2,400 | - |
| STAR Ohio | 5 | 5 | - |
| | <u>17,237,095</u> | <u>15,227,380</u> | <u>2,009,715</u> |
| <u>Closure/Postclosure Trust Fund</u> | | | |
| Money market mutual funds | 136,846 | 136,846 | - |
| U.S. Treasury notes | 14,676,748 | 1,763,809 | 12,912,939 |
| Federal agency securities | 6,213,704 | 1,581,707 | 4,631,997 |
| | <u>21,027,298</u> | <u>3,482,362</u> | <u>17,544,936</u> |
| Totals | <u>\$ 38,264,393</u> | <u>\$ 18,709,742</u> | <u>\$19,554,651</u> |

Reconciliation of Cash and Investments to Statement of Net Assets

| <u>Per Statement of Net Assets</u> | <u>Operating Fund</u> | <u>Program Fund</u> | <u>Total</u> |
|--|-----------------------|---------------------|----------------------|
| Cash and cash equivalents | \$ 5,599,827 | \$ - | \$ 5,599,827 |
| Restricted cash | 5,979,708 | 602,362 | 6,582,070 |
| Investments | 5,055,198 | - | 5,055,198 |
| Closure/postclosure funds held by trustee: | | | |
| Investments | <u>21,027,298</u> | <u>-</u> | <u>21,027,298</u> |
| Totals | <u>\$ 37,662,031</u> | <u>\$ 602,362</u> | <u>\$ 38,264,393</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, 2010, investments in the following issuers exceeded five percent of the portfolio: U.S. Treasury Notes (48%), JP Morgan Chase High Balance Savings Account (27%), FNMA Notes (11%), FHLB Notes (6%), and FFCB Notes (5%).

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$5,979,708 in the Operating fund and \$602,362 in the Program Fund were restricted at December 31, 2010 for debt service, capital projects, by State law, or for other purposes.

SWACO
Notes to Financial Statements
As of December 31, 2010

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 | \$ 5,967,367 | \$ - | \$ 5,967,367 |
| Bond retirement account | (348,051) | - | (348,051) |
| Unexpended generation fees | 360,392 | 602,362 | 962,754 |
| | <u>5,979,708</u> | <u>602,362</u> | <u>6,582,070</u> |
| Waiver and generation fees receivable | 414,184 | 414,650 | 828,834 |
| Less bonds payable related to capital projects account | (5,967,367) | - | (5,967,367) |
| Less amounts payable from restricted assets | (182,128) | (484,445) | (666,573) |
| Other restricted net assets | <u>\$ 244,397</u> | <u>\$ 532,567</u> | <u>\$ 776,964</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 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 (six years as of December 31, 2010).

SWACO

Notes to Financial Statements

As of December 31, 2010

The required Fund payment due and paid in April 2011 was \$16,000.

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.

The Firm Green Energy Center facility is no longer in operation and is not expected to generate any future cash flows, which resulted in an impairment of the asset of \$3.4 million. It was believed that the potential revenue generation from a gas project was likely enough to justify the carrying value of the asset at the recorded value. It is, however, unlikely that the project will be implemented as originally conceived and the decision was made to proceed with the impairment adjustment. The carrying value of the building and equipment as of December 31, 2010 is \$1,000,000.

SWACO also recorded an impairment of \$2.7 million relating to the facility at 2512 Jackson Pike, commonly known as the RASTRA building. The project for which the building was originally intended was not implemented. The building has been unoccupied resulting in the impairment adjustment. The carrying value of the building as of December 31, 2010 is \$800,000.

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 42.0% as of December 31, 2010). Costs associated with the development and construction of horizontal expansion cells are depleted based on the percentage of horizontal capacity used (12.9% as of December 31, 2010).

Landfill depletion expense for 2010 is reported at \$10,351,506, approximately \$6.2 million increase over the prior year. A significant decrease in the settlement amount resulting in a corresponding increase in airspace used, addition of the entrance project (\$6 million) and the increase in estimated future liner costs all contributed to the depletion calculation for 2010.

SWACO's current entrance is being impacted due to the construction at London-Groveport Road and I-71, and due to limited access in the future, SWACO has planned to relocate its main entrance west of the current entrance.

SWACO
Notes to Financial Statements
As of December 31, 2010

As of the end of 2010 SWACO estimates total landfill development costs at approximately \$178.6 million, including approximately \$56.0 million expended through 2010 (including construction in progress) and approximately \$122.6 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$42.8 million as of December 31, 2010, leaving an estimate of \$135.8 million in depletion expense over the remaining life of the landfill.

A summary of capital assets at December 31, 2010 is shown on the following page.

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SWACO
Notes to Financial Statements
As of December 31, 2010

Summary of Capital Assets at December 31, 2010

| Operating Fund | Beginning Balance | Increases | Decreases | Ending Balance |
|---|------------------------------|---------------------|-----------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land and land improvements | \$ 12,711,459 | \$ - | \$ (2) | \$ 12,711,457 |
| Construction in progress | 4,341,397 | 7,847,150 | (8,630,767) | 3,557,780 |
| Total capital assets, not being depreciated | 17,052,856 | 7,847,150 | (8,630,769) | 16,269,237 |
| Capital assets, being depreciated/depleted: | | | | |
| Equipment and furnishings | 23,247,829 | 2,144,740 | (3,813,761) | 21,578,808 |
| Building and improvements | 5,020,683 | 4,045,892 | (2,718,346) | 6,348,229 |
| Transfer stations | 8,017,765 | 1,515 | - | 8,019,280 |
| Sanitary landfill | 51,086,476 | 4,518,565 | - | 55,605,041 |
| Total capital assets, being depreciated/depleted | 87,372,753 | 10,710,712 | (6,532,107) | 91,551,358 |
| Less accumulated depreciation/depletion for: | | | | |
| Equipment and furnishing | (11,786,718) | (2,161,869) | 431,961 | (13,516,626) |
| Building and improvements | (1,395,528) | (295,487) | - | (1,691,015) |
| Transfer stations | (6,185,329) | (543,076) | - | (6,728,405) |
| Sanitary landfill | (32,486,271) | (10,351,506) | - | (42,837,777) |
| Total accumulated depreciation/depletion | (51,853,846) | (13,351,938) | 431,961 | (64,773,823) |
| Total capital assets, being deprec./depl., net | 35,518,907 | (2,641,226) | (6,100,146) | 26,777,535 |
| Total capital assets, net | \$ 52,571,763 | \$ 5,205,924 | \$(14,730,915) | \$ 43,046,772 |
| Program Fund | Beginning Balance | Increases | Decreases | Ending Balance |
| Capital assets, being depreciated: | | | | |
| Equipment and furnishings | \$ 691,879 | \$ - | \$ - | \$ 691,879 |
| Building and improvements | 1,210,214 | - | - | 1,210,214 |
| Total capital assets, being depreciated | 1,902,093 | - | - | 1,902,093 |
| Less accumulated depreciation for: | | | | |
| Equipment and furnishing | (652,759) | (17,403) | - | (670,162) |
| Building and improvements | (505,634) | (58,040) | - | (563,674) |
| Total accumulated depreciation | (1,158,393) | (75,443) | - | (1,233,836) |
| Total capital assets, being depreciated, net | \$ 743,700 | \$ (75,443) | \$ - | \$ 668,257 |

SWACO
Notes to Financial Statements
As of December 31, 2010

7. Capital Lease Receivable

In 2005, SWACO purchased for approximately \$1.6 million a building housing a non-hazardous oily waste water processing facility (the "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 were 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 was required to provide certain waste processing services to SWACO at no additional cost to SWACO (the supplemental rent). The lease was 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 would have passed to the lessee.

Beginning in January 2010, the lessee of the Facility defaulted, and was unable to pay the monthly rent due under the lease agreement. On June 15, 2010, the lease agreement was amended to provide the lessee with a reduced monthly rental obligation. Under the new lease, payments are \$25,000 per month (\$300,000 per year), with a balloon payment due on June 15, 2012 of approximately \$5,100,000.

Upon execution of the lease amendment, the lease receivable was adjusted to reflect the balance of the amended minimum lease payments receivable with the adjustment recorded to unearned lease revenue. Interest income under the lease for the year ended December 31, 2010 approximated \$103,000.

Future minimum lease payments receivable together with the present value of the net minimum lease payments receivable as of December 31, 2010 are as follows:

| <u>Year Ending December 31,</u> | <u>Amount</u> |
|---|---------------------|
| 2011 | \$ 300,000 |
| 2012 | 5,218,100 |
| Total minimum lease payments receivable | 5,518,100 |
| Less amount representing interest | 303,150 |
| Present value of minimum lease payments | <u>\$ 5,214,950</u> |

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.

SWACO

Notes to Financial Statements

As of December 31, 2010

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, but less than, 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 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 2010, member contribution rates were consistent across all three plans. The 2010 employee contribution rate for members in local government was 10.0%. It is SWACO’s policy to pay 8.0% of the employee contribution for full time employees hired prior to January 1, 2009. Employees hired after January 1, 2009 contribute the entire 10% employee share. The 2010 employer contribution rate for local government employer units was 14.0% of covered payroll.

SWACO
Notes to Financial Statements
As of December 31, 2010

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 100.0% 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 |
|------|-------------------------------------|---------------------------------|---------------------------------|------------------------|
| 2010 | \$ 184,127 | \$ 393,287 | \$ 815,084 | \$ 1,208,371 |
| 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 |

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 Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The employer contribution allocated to health care for members in the Traditional Plan was 5.5% of the covered payroll from January 1 through February 28, 2010 and 5.0% of the covered payroll from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees 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 \$295,000 for 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective on January 1, 2007. Member and employer contribution rates for state and local employers increased 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.

SWACO
Notes to Financial Statements
As of December 31, 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 was approximately \$2,500,000, and will be paid in five annual installments of approximately \$568,000, for total cost with interest of approximately \$2,880,000. SWACO recorded an expense of approximately \$572,000 in 2010 for employees who elected to participate in the Plan between January 1, 2010 and May 5, 2010, which is the ending date of the Plan. This expense is included in salaries, wages and benefits. Interest expense related to the ERIP in 2010 was \$127,740.

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SWACO
Notes to Financial Statements
As of December 31, 2010

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, 2010

| Issue | Amount Issued | Maturities | Interest Rates | Principal Balance as of December 31, 2010 |
|---|---------------|------------|----------------|--|
| Series 2004A | \$ 57,205,000 | 2004-2019 | 3.00%-5.00% | \$ 35,500,000 |
| Series 2004B | 29,670,000 | 2006-2025 | 3.50%-5.00% | 16,370,000 |
| Series 2005 | 6,750,000 | 2006-2012 | 3.00%-3.50% | 2,075,000 |
| Series 2005 refunding | 12,320,000 | 2008-2017 | 5.00% | 9,315,000 |
| Series 2008 | 19,975,000 | 2010-2028 | 4.00%-5.20% | 19,970,000 |
| Series 2010 | 15,590,000 | 2012-2029 | 2.00%-5.70% | 15,590,000 |
| Subtotal, G.O. Bonds | | | | \$ 98,820,000 |
| Taxable Bond Anticipation Notes, Series 2010 | 3,520,000 | 2011 | 1.875% | 3,520,000 |
| Taxable Revenue Notes Series 2010 | 4,670,000 | 2011 | 1.875% | 4,670,000 |
| Subtotal, notes payable | | | | \$ 8,190,000 |

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.

SWACO

Notes to Financial Statements

As of December 31, 2010

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 \$41.0 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.

Series 2010 Bonds. In July 2010, SWACO issued \$15,590,000 in general obligation bonds to fund capital projects and acquisitions related to the ongoing operation and maintenance of the landfill and transfer stations per the 2010 capital improvements plan.

It is anticipated that that debt service on the Series 2004B, Series 2005, Series 2008, and Series 2010 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, Series 2008, and Series 2010 Bonds are general obligation bonds secured by a pledge to levy ad valorem property taxes.

SWACO
Notes to Financial Statements
As of December 31, 2010

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, 2010 categorized by source of debt service payment.

| 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, 2008 and 2010 | | Series 2004A | | | |
| 2011 | \$5,205,000 | \$2,716,119 | \$3,530,000 | \$1,766,150 | \$8,735,000 | \$4,482,269 |
| 2012 | 4,380,000 | 2,483,005 | 3,710,000 | 1,589,650 | 8,090,000 | 4,072,655 |
| 2013 | 3,520,000 | 2,329,642 | 3,895,000 | 1,404,150 | 7,415,000 | 3,733,792 |
| 2014 | 3,675,000 | 2,190,442 | 4,090,000 | 1,209,400 | 7,765,000 | 3,399,842 |
| 2015-2019 | 17,620,000 | 8,551,695 | 20,275,000 | 2,767,750 | 37,895,000 | 11,319,445 |
| 2020-2024 | 16,220,000 | 5,120,193 | - | - | 16,220,000 | 5,120,193 |
| 2025-2029 | 12,700,000 | 1,476,870 | - | - | 12,700,000 | 1,476,870 |
| Total | \$63,320,000 | \$24,867,966 | \$35,500,000 | \$8,737,100 | \$98,820,000 | \$33,605,066 |

Series 2010 Solid Waste Facilities Taxable Revenue 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 (1.0%). 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 5.0% 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 was 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% for a period of five years.

SWACO

Notes to Financial Statements

As of December 31, 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* that HNB would require SWACO to purchase the Notes on October 1, 2010 for an amount equal to the principal amount outstanding plus accrued interest, \$4,316,629. On August 18, 2010, SWACO issued \$4,670,000 Taxable Revenue Notes to purchase the 2007 notes and terminate the swap agreement. The maturity date of the notes is August 25, 2011 and the interest rate is 1.875% per annum. The note proceeds were used to retire the outstanding principal and interest on the \$4,900,000 note and terminate the swap agreement.

Series 2010 Taxable Bond Anticipation Notes. 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 \$4.0 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* in favor of HNB. The maturity date of the Note was June 14, 2010. On June 2, 2010, SWACO issued \$3,520,000 *Series 2010 Taxable Bond Anticipation Notes* to retire the 2009 note. The maturity date of the notes is June 9, 2011 and the interest rate is 1.875% per annum. The note proceeds were used to retire the \$3,500,000 note and pay accrued interest and issuance costs.

SWACO expects to refinance the Notes with the sale of taxable one-year notes issued in June 2011. 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 2010, the maximum millage required in any overlapping jurisdictions was 7.67 mills, leaving a margin of 2.33 mills.

SWACO
Notes to Financial Statements
As of December 31, 2010

Summary of Debt and Long-Term Liabilities

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2010 was as follows:

| Operating and Program Funds | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|--|--------------------------|----------------------|------------------------|-----------------------|----------------------------|
| General obligation notes and bonds payable | | | | | |
| Series 2004A | \$ 38,865,000 | \$ - | \$ (3,365,000) | \$ 35,500,000 | \$ 3,530,000 |
| Series 2004B | 19,270,000 | - | (2,900,000) | 16,370,000 | 3,055,000 |
| Series 2005 | 3,065,000 | - | (990,000) | 2,075,000 | 1,020,000 |
| Series 2005 Refunding | 10,375,000 | - | (1,060,000) | 9,315,000 | 1,125,000 |
| Series 2008 Bonds | 19,975,000 | - | (5,000) | 19,970,000 | 5,000 |
| Series 2010 Bonds | - | 15,590,000 | - | 15,590,000 | - |
| Unamortized bond premiums | 2,660,891 | 42,915 | (500,881) | 2,202,925 | - |
| Unamortized cost of issuance | (629,378) | (122,454) | 102,645 | (649,187) | - |
| Unamortized reacquisition price | (310,032) | - | 64,800 | (245,232) | - |
| Total general obligation notes and bonds payable, net | 93,271,481 | 15,510,461 | (8,653,436) | 100,128,506 | 8,735,000 |
| Notes payable | | | | | |
| Series 2007 Var. Rate Taxable Promissory note | 4,708,000 | - | (4,708,000) | - | - |
| Revenue Bond Anticipation Note, Series 2009 | 790,000 | - | (790,000) | - | - |
| Taxable Bond Anticipation Notes, Series 2010 | 3,500,000 | - | (3,500,000) | - | - |
| Taxable Revenue Notes, Series 2010 | - | 3,520,000 | - | 3,520,000 | 3,520,000 |
| Unamortized note premiums | - | 4,670,000 | - | 4,670,000 | 4,670,000 |
| Unamortized cost of issuance | - | 37,109 | (15,599) | 21,510 | - |
| | (6,025) | (34,896) | 20,762 | (20,159) | - |
| Total notes payable | 8,991,975 | 8,192,213 | (8,992,837) | 8,191,351 | 8,190,000 |
| Capital lease obligation | 4,099,269 | - | (2,210,486) | 1,888,783 | 1,888,783 * |
| Landfill closure & postclosure liability | 11,236,503 | 877,173 | (27,260) | 12,086,416 | 75,000 |
| ERIP payable | 1,463,919 | 571,794 | (495,055) | 1,540,658 | 443,892 |
| Total long term liabilities | \$ 119,063,147 | \$ 25,151,641 | \$ (20,379,074) | \$ 123,835,714 | \$ 19,332,675 |

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

SWACO

Notes to Financial Statements

As of December 31, 2010

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 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% 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% 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).

SWACO
Notes to Financial Statements
As of December 31, 2010

Since 1999, SWACO has paid 100.0% of the income derived from the Waiver Fee and Retired Facility Fees to the City. In lieu of cash payments to SWACO, Retired Facility Fees owed by the City for use of SWACO's facilities are applied directly to the lease obligation as a credit. The Waiver Fee and Retired Facility Fee revenues have not been sufficient to satisfy all of the modified lease obligation and SWACO accumulated a deferred lease obligation of \$46.3 million at the end of 2003.

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

As the result of the 1998 modification to the lease, SWACO recognized gains of \$50,203,271 for the years 1995-2003 representing 4.5% of the lease for the years 1995-2010 and 30.5% 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% 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.

SWACO
Notes to Financial Statements
As of December 31, 2010

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> |
|---|-------------------------|-----------------------------|
| 2011 | \$1,888,783 | 1,890,015 |
| Total minimum lease payments | 1,888,783 | 1,890,015 |
| Less: amount representing interest | - | (1,232) |
| Present value of minimum lease payments | <u>\$ 1,888,783</u> | <u>\$ 1,888,783</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's estimate of total current cost of closure and postclosure care is \$26.6 million. This estimate includes final cover and gas collection system costs for the last two phases of the landfill construction of \$19.3 million and postclosure maintenance and monitoring costs of \$7.3 million. These amounts are estimated based on the 2010 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, 2010 includes \$11.1 million representing the cumulative amount reported based on the use of 41.8% of the estimated capacity of the landfill, including the original permit and 1997 and 2009 modifications. SWACO will recognize the remaining estimated cost of closure and postclosure care costs of approximately \$15.5 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, 2010 includes \$75,000 as a current liability related to monitoring, leachate treatment and gas collection costs and \$884,887 as a noncurrent liability representing the estimated cost of the future maintenance and monitoring costs at the site.

SWACO
Notes to Financial Statements
As of December 31, 2010

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 \$285,000 in 2010. The future maximum service payments are \$285,000 annually from 2011 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 \$1,200,000 in 2010. The future maximum service payments are \$1,200,000 annually from 2011 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 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.

SWACO

Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund As of December 31, 2010

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, settlement 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 6,197 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 15,136 plan subscribers when spouses and dependents and domestic partners are counted. During 2010 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 2009 and 2010, 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, 2009 and 2010.

| | <u>2009</u> | <u>2010</u> |
|------------------------------|------------------|-----------------|
| Unpaid claims at January 1 | \$ - | \$ - |
| Incurred claims | 107,280 | 96,300 |
| Paid claims | <u>(107,280)</u> | <u>(96,300)</u> |
| Unpaid claims at December 31 | <u>\$ -</u> | <u>\$ -</u> |

The Comprehensive Omnibus Budget 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**Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund
As of December 31, 2010**

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, 2010. Those claims that are judged to have a high probability of requiring a settlement and for which the amount required to settle the claim is reasonably estimable are included.

| | <u>2009</u> | <u>2010</u> |
|------------------------------|------------------|------------------|
| Unpaid claims at January 1 | \$ 123,441 | \$ 8,000 |
| Incurred claims | 68,954 | 65,271 |
| Paid claims | <u>(184,395)</u> | <u>(58,771)</u> |
| Unpaid claims at December 31 | <u>\$ 8,000</u> | <u>\$ 14,500</u> |

16. Subsequent Events

In September 2010, the SWACO Board of Trustees approved a rate increase of \$3.00 per ton effective January 1, 2011, and an additional increase of \$3.00 per ton effective January 1, 2012.

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SWACO**Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund
As of December 31, 2010**

| | Operating Fund | | Total |
|--|-----------------------|-------------------------|---------------|
| | Continuing Operations | Discontinued Operations | |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 5,599,827 | \$ - | \$ 5,599,827 |
| Restricted cash | 5,967,367 | 12,341 | 5,979,708 |
| Investments | 5,055,198 | - | 5,055,198 |
| Accounts receivable, net | 2,965,471 | 414,184 | 3,379,655 |
| Lease receivable, current portion | 300,000 | - | 300,000 |
| Grants receivable | 25,576 | - | 25,576 |
| Other assets | 21,751 | - | 21,751 |
| Total current assets | 19,935,190 | 426,525 | 20,361,715 |
| Noncurrent assets: | | | |
| Investments held by trustee for landfill closure/post closure care | 21,027,298 | - | 21,027,298 |
| Capital assets | | | |
| Sanitary landfill, net of accumulated depletion | 12,767,264 | - | 12,767,264 |
| Buildings and equipment, net of accumulated depreciation | 14,010,271 | - | 14,010,271 |
| Construction in progress | 3,557,780 | - | 3,557,780 |
| Land and land improvements | 12,711,457 | - | 12,711,457 |
| Lease receivable, less current portion | 5,218,100 | - | 5,218,100 |
| Total noncurrent assets | 69,292,170 | - | 69,292,170 |
| Total assets | \$ 89,227,360 | \$ 426,525 | \$ 89,653,885 |

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund
As of December 31, 2010**

| | Operating Fund | | |
|---|--------------------------|----------------------------|-----------------|
| | Continuing Operations | Discontinued Operations | Total |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 2,264,996 | \$ - | \$ 2,264,996 |
| Accrued wages and benefits | 1,291,823 | - | 1,291,823 |
| Accrued interest | 755,523 | 147,179 | 902,702 |
| Current maturities of bonds and notes payable | 13,395,000 | 3,530,000 | 16,925,000 |
| Capital lease obligation | - | 1,888,783 | 1,888,783 |
| Landfill postclosure liability-current portion | 75,000 | - | 75,000 |
| Other payables | 38,092 | - | 38,092 |
| Total current liabilities | 17,820,434 | 5,565,962 | 23,386,396 |
| Noncurrent liabilities | | | |
| Bonds and notes payable, less current portion, net | 58,638,142 | 32,756,715 | 91,394,857 |
| Landfill closure/postclosure liability | 12,011,416 | - | 12,011,416 |
| ERIP payable | 1,096,765 | - | 1,096,765 |
| Total noncurrent liabilities | 71,746,323 | 32,756,715 | 104,503,038 |
| Total liabilities | 89,566,757 | 38,322,677 | 127,889,434 |
| Net assets | | | |
| Invested in capital assets, net of related debt: | | | |
| Lease obligation and bonds payable related to closed waste-to-energy facility | - | (38,175,498) | (38,175,498) |
| Other capital assets, net | (18,592,771) | - | (18,592,771) |
| Restricted: | | | |
| Closure/postclosure trust fund net of accrued liability – Sanitary Landfill | 9,900,729 | - | 9,900,729 |
| Other restricted, net | (34,949) | 279,346 | 244,397 |
| Unrestricted | 8,387,594 | - | 8,387,594 |
| Total net assets | \$ (339,397) | \$ (37,896,152) | \$ (38,235,549) |

SWACO**Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund
As of December 31, 2010**

| | Operating Fund | | |
|--|--------------------------|----------------------------|-----------------|
| | Continuing Operations | Discontinued Operations | Total |
| Operating revenues: | | | |
| Tipping and disposal fees | \$ 21,141,470 | \$ - | \$ 21,141,470 |
| Waste transfer fees | 4,441,008 | - | 4,441,008 |
| Retired facility and waiver fees | 2,105,239 | 7,367,518 | 9,472,757 |
| Other | 629,236 | 17,633 | 646,869 |
| Operating revenues | 28,316,953 | 7,385,151 | 35,702,104 |
| Operating expenses: | | | |
| Salaries, wages and benefits | 8,307,961 | - | 8,307,961 |
| Contract, services and supplies | 7,106,846 | 25,225 | 7,132,071 |
| Solid waste fees | 4,342,431 | - | 4,342,431 |
| Depreciation | 3,532,800 | - | 3,532,800 |
| Landfill depletion | 10,351,506 | - | 10,351,506 |
| Landfill closing cost | 877,173 | - | 877,173 |
| Interfund transfers | (522,131) | (105,456) | (627,587) |
| Bad debt expense | 10,330 | - | 10,330 |
| Operating expenses | 34,006,916 | (80,231) | 33,926,685 |
| Operating income (loss) | (5,689,963) | 7,465,382 | 1,775,419 |
| Nonoperating revenues (expenses): | | | |
| Interest expense | (2,809,968) | (1,687,786) | (4,497,754) |
| ERIP interest expense | (127,740) | - | (127,740) |
| Interest earnings | 567,425 | - | 567,425 |
| Grant revenues | 350,022 | - | 350,022 |
| Bad debt expense | (126,893) | - | (126,893) |
| Gain on disposal of assets | 56,245 | - | 56,245 |
| Impairment of long-lived assets | (6,100,146) | - | (6,100,146) |
| Total nonoperating expenses, net: | (8,191,055) | (1,687,786) | (9,878,841) |
| Change in net assets | (13,881,018) | 5,777,596 | (8,103,422) |
| Total net assets – beginning | 13,541,621 | (43,673,748) | (30,132,127) |
| Total net assets – ending | \$ (339,397) | \$ (37,896,152) | \$ (38,235,549) |

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2010**

| | Operating Fund | | Total |
|--|-----------------------|-------------------------|----------------------|
| | Continuing Operations | Discontinued Operations | |
| Cash flows from operating activities: | | | |
| Receipts from customers | \$ 24,700,265 | \$ 60,000 | \$ 24,760,265 |
| Retired facility fees and waiver fees collected | 2,105,238 | 5,211,039 | 7,316,277 |
| Other receipts | 541,625 | 17,632 | 559,257 |
| Payments to or on behalf of employees for salaries, wages and benefits | (8,337,417) | - | (8,337,417) |
| Payment to vendors | (11,660,983) | (25,225) | (11,686,208) |
| Landfill post closure cost paid | (27,260) | - | (27,260) |
| Interfund charges | 522,131 | 105,456 | 627,587 |
| Deferred revenue | 15,173 | - | 15,173 |
| Other receipts | 38,102 | 2 | 38,104 |
| Net cash provided by operating activities | <u>7,896,874</u> | <u>5,368,904</u> | <u>13,265,778</u> |
| Cash flows from noncapital financing activities: | | | |
| Grants received | 197,553 | - | 197,553 |
| Net cash provided by noncapital financing activities | <u>197,553</u> | <u>-</u> | <u>197,553</u> |
| Cash flows from investing activities: | | | |
| Proceeds from sales and maturities of investments | 15,970,273 | - | 15,970,273 |
| Purchase of investments | (18,513,263) | - | (18,513,263) |
| Interest received | 467,958 | 27,612 | 495,570 |
| Net cash (used in) provided by investing activities | <u>(2,075,032)</u> | <u>27,612</u> | <u>(2,047,420)</u> |
| Cash flows from capital and related financing activities: | | | |
| Proceeds from capital debt | 23,510,024 | - | 23,510,024 |
| Proceeds from sale of assets | 56,245 | - | 56,245 |
| Proceeds from capital lease | 175,000 | - | 175,000 |
| Landfill, plant improvements and equipment additions | (10,092,249) | - | (10,092,249) |
| Principal paid on bonds and notes payable | (13,953,000) | (3,365,000) | (17,318,000) |
| Principal paid on capital lease | - | (57,932) | (57,932) |
| Interest paid | (2,779,555) | (2,014,527) | (4,794,082) |
| Debt issuance cost paid | (182,350) | - | (182,350) |
| Net cash used in capital and related financing activities | <u>(3,265,885)</u> | <u>(5,437,459)</u> | <u>(8,703,344)</u> |
| Net increase (decrease) in cash | 2,753,510 | (40,943) | 2,712,567 |
| Cash and cash equivalents, beginning of year | 8,813,684 | 53,284 | 8,866,968 |
| Cash and cash equivalents, end of year | <u>\$ 11,567,194</u> | <u>\$ 12,341</u> | <u>\$ 11,579,535</u> |

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2010**

| | Operating Fund | | Total |
|--|--------------------------|----------------------------|----------------------|
| | Continuing Operations | Discontinued Operations | |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating (loss) income | \$ (5,689,963) | \$ 7,465,382 | \$ 1,775,419 |
| Adjustments to reconcile operating (loss) income to net cash provided by operating activities: | | | |
| Depreciation and depletion | 13,884,306 | - | 13,884,306 |
| Landfill closing cost | 877,173 | - | 877,173 |
| Lease credits received in lieu of cash applied to principal | - | (2,152,554) | (2,152,554) |
| (Decrease) increase in cash resulting from changes in: | | | |
| Accounts receivable (net) | (871,884) | 56,074 | (815,810) |
| Accounts payable | (211,706) | - | (211,706) |
| Accrued wages and benefits | 12,823 | - | 12,823 |
| ERIP payable | (42,279) | - | (42,279) |
| Landfill postclosure liability | (27,260) | - | (27,260) |
| Deferred revenue | 15,173 | - | 15,173 |
| Other assets and liabilities | (49,509) | 2 | (49,507) |
| Net cash provided by operating activities | <u>\$ 7,896,874</u> | <u>\$ 5,368,904</u> | <u>\$ 13,265,778</u> |

Noncash capital and related financing activities:

Amortization of premiums on lease obligation and bonds payable of \$236,361 for Continuing Operations and \$284,120 for Discontinued Operations.

Amortization of debt issuance costs of \$75,047 for Continuing Operations and \$48,360 for Discontinued Operations.

Amortization of reacquisition costs on refunding bonds payable of \$64,800 (Continuing Operations).

Change in carrying value of investments resulting in a loss of \$103,099 (Continuing Operations).

Impairment of long-lived assets resulting in a loss of \$6,100,146 (Continuing Operations).

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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 2010.

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 19 provide debt service schedules for SWACO’s outstanding notes and bonds. Table 20 provides detail on the WTEF lease. Table 21 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 22 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 23 through 25. Table 26 provides information on capital assets.

SWACO
Schedules of Net Assets - All Funds
For Years Ended December 31, 2001 through 2010
(in thousands)¹

| ASSETS | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--|------------------|------------------|------------------|------------------|-------------------|------------------|-------------------|------------------|------------------|------------------|
| Cash and cash equivalents | \$ 11,371 | \$ 6,257 | \$ 5,772 | \$ 7,210 | \$ 3,128 | \$ 3,558 | \$ 4,524 | \$ 2,461 | \$ 7,349 | \$ 5,599 |
| Restricted cash | 6,072 | 5,239 | 3,554 | 20,277 | 5,286 | 4,668 | 9,877 | 2,443 | 1,817 | 6,582 |
| Unrestricted and restricted investments | - | 4,493 | 2,496 | 2,001 | 14,757 | 9,909 | 7,917 | 6,857 | 3,008 | 5,055 |
| Accounts receivable, net | 2,328 | 2,293 | 2,562 | 3,976 | 3,010 | 3,360 | 3,113 | 3,329 | 3,036 | 3,794 |
| Pollution allowances sales receivable | - | - | - | - | 10,015 | - | - | - | - | - |
| Grant receivable | - | - | - | - | - | - | 1,980 | 1,500 | - | 26 |
| Closure/postclosure funds held by trustee | 14,409 | 15,296 | 16,142 | 16,873 | 17,799 | 19,218 | 21,104 | 23,035 | 20,648 | 21,027 |
| Sanitary Landfill, net of accum. deprec./depletion | 11,083 | 11,475 | 11,801 | 10,262 | 20,448 | 23,441 | 22,586 | 13,850 | 18,600 | 12,767 |
| Buildings & equipment, net of accum. depreciation | 8,187 | 8,887 | 9,349 | 9,905 | 17,045 | 15,054 | 14,133 | 18,394 | 17,662 | 14,679 |
| Construction in progress | - | - | - | 9,093 | 6,577 | 4,401 | 10,279 | 9,107 | 4,341 | 3,558 |
| Land and land improvements | 1,724 | 1,724 | 1,724 | 9,931 | 9,931 | 9,931 | 11,721 | 11,721 | 12,711 | 12,711 |
| Lease receivable | - | - | - | - | 1,559 | 1,559 | 4,900 | 4,878 | 4,708 | 5,518 |
| Idle plant facilities - WTEF (Note 11) | 4,605 | 1,976 | 1,976 | 1,121 | - | - | - | - | - | - |
| Other assets | 135 | 159 | 170 | 357 | 447 | 169 | 349 | 130 | 53 | 23 |
| Total assets | \$ 59,915 | \$ 57,799 | \$ 55,546 | \$ 91,006 | \$ 110,002 | \$ 95,269 | \$ 112,484 | \$ 97,706 | \$ 93,934 | \$ 91,339 |

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)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| LIABILITIES | | | | | | | | | | |
| Accounts payable, deferred revenue, and unearned income | \$ 2,729 | \$ 1,875 | \$ 2,584 | \$ 4,491 | \$ 7,298 | \$ 2,312 | \$ 4,278 | \$ 2,113 | \$ 2,050 | \$ 2,593 |
| Accrued wages and benefits | 868 | 926 | 1,005 | 856 | 762 | 814 | 750 | 896 | 1,380 | 1,408 |
| SWACO grants payable | - | - | - | - | - | - | - | - | 34 | 41 |
| ERIP payable | - | - | - | - | - | - | - | - | 1,139 | 1,097 |
| Accrued interest | 648 | 824 | 788 | 1,140 | 980 | 850 | 706 | 520 | 743 | 903 |
| Bonds and notes payable (Note 10) | 17,505 | 16,795 | 16,045 | 102,274 | 106,498 | 103,407 | 110,564 | 106,491 | 102,263 | 108,320 |
| Capital lease obligation (Note 11) | 127,443 | 118,456 | 108,052 | 28,751 | 27,356 | 15,817 | 14,269 | 6,225 | 4,099 | 1,889 |
| Landfill closure/postclosure care liability (Note 12) | 14,788 | 15,430 | 16,113 | 16,927 | 18,124 | 18,711 | 19,828 | 10,150 | 11,237 | 12,086 |
| Other | 748 | 1,167 | 665 | 7 | 232 | 130 | 283 | 413 | 177 | 37 |
| Total liabilities | 164,728 | 155,473 | 145,252 | 154,445 | 161,250 | 142,041 | 150,680 | 126,810 | 123,122 | 128,374 |
| NET ASSETS | | | | | | | | | | |
| Invested in capital assets, net of related debt: | | | | | | | | | | |
| WTEF, net of lease obligation & bonds payable | (122,838) | (116,480) | (106,076) | (84,010) | (80,586) | (65,846) | (61,014) | (49,595) | (43,987) | (38,176) |
| Other capital assets, net | 3,490 | 5,291 | 6,829 | 5,195 | 4,433 | 2,517 | 6,680 | (1,054) | (3,609) | (17,925) |
| Restricted: | | | | | | | | | | |
| Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill | 2,075 | 2,240 | 2,087 | 1,974 | 1,661 | 1,715 | 2,325 | 13,887 | 10,399 | 9,901 |
| Other restricted, net | 6,173 | 5,333 | 3,658 | 8,621 | 18,491 | 7,961 | 8,252 | 1,184 | 514 | 777 |
| Unrestricted | 6,286 | 5,942 | 3,795 | 4,780 | 4,753 | 6,881 | 5,562 | 6,474 | 7,496 | 8,388 |
| Total net assets | \$(104,813) | \$(97,674) | \$(89,706) | \$(63,439) | \$(51,248) | \$(46,772) | \$(38,196) | \$(29,104) | \$(29,187) | \$(37,035) |

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-23.

SWACO
Schedules of Revenues, Expenses, and Changes in Fund Net Assets - All Funds
For Years Ended December 31, 2001 through 2010
(in thousands)¹

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Revenues: | | | | | | | | | | |
| Tipping and disposal fees | \$ 13,705 | \$ 13,600 | \$ 14,079 | \$ 14,423 | \$ 16,754 | \$ 18,376 | \$ 18,958 | \$ 18,650 | \$ 18,101 | \$ 21,141 |
| Waste transfer fees | 3,884 | 3,860 | 4,132 | 4,010 | 4,448 | 4,377 | 4,336 | 4,537 | 4,403 | 4,441 |
| Retired facility and waiver fees | 7,596 | 7,722 | 7,916 | 8,113 | 8,016 | 7,949 | 7,892 | 7,614 | 9,162 | 9,473 |
| Generation fees | 5,571 | 5,559 | 5,655 | 5,801 | 5,720 | 5,716 | 5,663 | 5,438 | 5,090 | 5,265 |
| Other | 868 | 704 | 755 | 128 | 574 | 319 | 617 | 582 | 563 | 846 |
| Operating revenues | 31,624 | 31,445 | 32,536 | 32,475 | 35,512 | 36,737 | 37,467 | 36,822 | 37,319 | 41,166 |
| Expenses: | | | | | | | | | | |
| Salaries, wages and benefits | 4,304 | 4,873 | 5,582 | 6,127 | 6,790 | 7,104 | 7,351 | 9,692 | 11,226 | 9,457 |
| Contracts, services and supplies | 11,409 | 11,854 | 12,860 | 14,406 | 14,918 | 10,248 | 10,566 | 10,800 | 9,491 | 10,172 |
| Solid waste fees | 1,755 | 1,771 | 1,955 | 2,192 | 2,686 | 3,276 | 3,236 | 3,122 | 3,250 | 4,342 |
| Depreciation and depletion | 1,424 | 1,815 | 2,151 | 2,141 | 3,612 | 6,874 | 5,672 | 10,334 | 7,428 | 13,960 |
| Landfill closing expenses | 942 | 722 | 999 | 844 | 1,239 | 1,365 | 1,276 | (9,630) | 1,100 | 877 |
| Other | 1 | 22 | 113 | 20 | 2 | - | - | - | - | 10 |
| Operating expenses | 19,836 | 21,057 | 23,660 | 25,730 | 29,247 | 28,867 | 28,101 | 24,318 | 32,495 | 38,818 |
| Operating income | 11,788 | 10,388 | 8,876 | 6,745 | 6,265 | 7,870 | 9,366 | 12,504 | 4,824 | 2,348 |

Continued

Table 2 (continued)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-------------------------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Nonoperating revenues (expenses): | | | | | | | | | | |
| Interest expense | (6,113) | (4,919) | (4,773) | (4,246) | (5,232) | (5,040) | (5,116) | (4,858) | (4,729) | (4,498) |
| ERIP interest expense | - | - | - | - | - | - | - | - | (42) | (128) |
| Interest earnings | 1,296 | 705 | 466 | 617 | 1,344 | 1,962 | 2,680 | 2,471 | 762 | 567 |
| Grant revenues | 138 | 134 | 138 | 145 | 404 | 240 | 2,192 | 379 | 307 | 621 |
| Grants awarded ² | - | (155) | (542) | (462) | (636) | (574) | (593) | (498) | (712) | (587) |
| Loss on federal grant | - | - | - | - | - | - | - | (480) | (512) | - |
| Bad debt expense | - | - | - | - | - | - | - | - | - | (127) |
| Impairment of long-lived assets | - | - | - | - | - | - | - | - | - | (6,100) |
| Fire loss net of insurance proceeds | - | - | - | - | - | - | - | (382) | - | - |
| Gain (loss) on disposal of assets | 68 | (50) | (125) | (19) | (4) | 19 | 47 | (44) | 19 | 57 |
| Total nonoperating expenses | (4,612) | (4,285) | (4,835) | (3,965) | (4,124) | (3,393) | (790) | (3,412) | (4,908) | (10,195) |
| Special and extraordinary items | | | | | | | | | | |
| Gain on forgiveness of debt | 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 | 11,105 | 7,139 | 7,968 | 26,267 | 12,192 | 4,477 | 8,576 | 9,092 | (84) | (7,847) |
| Total net assets - beginning | (115,918) | (104,813) | (97,674) | (89,706) | (63,439) | (51,248) | (46,772) | (38,196) | (29,104) | (29,188) |
| Total net assets - ending | \$ (104,813) | \$ (97,674) | \$ (89,706) | \$ (63,439) | \$ (51,248) | \$ (46,772) | \$ (38,196) | \$ (29,104) | \$ (29,188) | \$ (37,035) |

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
2010 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) |
| Operating revenues: | | | | | | | | | | |
| Tipping and disposal fees | \$ 20,545 | \$ 20,545 | \$ 21,141 | \$ - | \$ - | \$ - | \$ 20,545 | \$ 20,545 | \$ 21,141 | \$ 596 |
| Waste transfer fees | 4,300 | 4,300 | 4,441 | - | - | - | 4,300 | 4,300 | 4,441 | 141 |
| Retired facility and waiver fees | 9,000 | 9,000 | 9,473 | - | - | - | 9,000 | 9,000 | 9,473 | 473 |
| Generation fees | - | - | - | 5,000 | 5,000 | 5,265 | 5,000 | 5,000 | 5,265 | 265 |
| Other | 100 | 100 | 647 | 150 | 150 | 199 | 250 | 250 | 846 | 596 |
| Total operating revenues | 33,945 | 33,945 | 35,702 | 5,150 | 5,150 | 5,464 | 39,095 | 39,095 | 41,166 | 2,071 |
| Operating expenses: | | | | | | | | | | |
| Salaries, wages and benefits | 8,003 | 8,003 | 8,308 | 1,117 | 1,117 | 1,149 | 9,120 | 9,120 | 9,457 | (337) |
| Contracts, services and supplies | 6,929 | 6,929 | 7,132 | 2,922 | 2,922 | 3,039 | 9,851 | 9,851 | 10,171 | (320) |
| Solid waste fees | 4,500 | 4,500 | 4,342 | - | - | - | 4,500 | 4,500 | 4,342 | 158 |
| Depreciation and depletion | 13,885 | 13,885 | 13,885 | 75 | 75 | 75 | 13,960 | 13,960 | 13,960 | - |
| Landfill closing costs | 877 | 877 | 877 | - | - | - | 877 | 877 | 877 | - |
| Bad debt expense | - | - | 10 | - | - | - | - | - | 10 | (10) |
| Other | 133 | 133 | - | - | - | - | 133 | 133 | - | 133 |
| Interfund transfers | (205) | (205) | (628) | 205 | 205 | 628 | - | - | - | - |
| Total operating expenses | 34,122 | 34,122 | 33,926 | 4,319 | 4,319 | 4,891 | 38,441 | 38,441 | 38,817 | (376) |
| Operating income (loss) | (177) | (177) | 1,776 | 831 | 831 | 573 | 654 | 654 | 2,349 | 1,695 |

Continued

Table 3 (continued)

| | Operating Fund | | | Program Fund | | | All Funds Total | | | Budget |
|---|--------------------|--------------------|--------------------|--------------------|-------------------|-----------------|--------------------|--------------------|--------------------|------------------------------------|
| | Original Budget | Amended Budget | Actual | Original Budget | Amended Budget | Actual | Original Budget | Amended Budget | Actual | Variance Positive (Negative) |
| <u>Nonoperating revenues (expenses)</u> | | | | | | | | | | |
| Interest expense | \$ (2,345) | \$ (2,345) | \$ (4,498) | \$ - | \$ - | \$ - | \$ (2,345) | \$ (2,345) | \$ (4,498) | \$ (2,153) |
| Interest earnings | 676 | 676 | 567 | - | - | - | 676 | 676 | 567 | (109) |
| Grant revenues | - | - | 350 | 250 | 250 | 271 | 250 | 250 | 621 | 371 |
| Grants awarded | - | - | - | (609) | (609) | (587) | (609) | (609) | (587) | 22 |
| Bad debt expense | - | - | (127) | - | - | - | - | - | (127) | (127) |
| Impairment of long-lived assets | - | - | (6,100) | - | - | - | - | - | (6,100) | |
| ERIP interest expense | - | - | (128) | - | - | - | - | - | (128) | (128) |
| Gain (loss) on disposal of assets | - | - | 56 | - | - | - | - | - | 56 | 56 |
| | | | | | | | | | | |
| Total nonoperating expenses | (1,669) | (1,669) | (9,880) | (359) | (359) | (316) | (2,028) | (2,028) | (10,196) | (8,168) |
| | | | | | | | | | | |
| Change in net assets | (1,846) | (1,846) | (8,104) | 472 | 472 | 257 | (1,374) | (1,374) | (7,847) | <u>\$ (6,473)</u> |
| | | | | | | | | | | |
| Total net assets - beginning | (28,544) | (30,544) | (30,132) | 1,650 | 1,650 | 944 | (26,894) | (28,894) | (29,188) | |
| | | | | | | | | | | |
| Total net assets - ending | <u>\$ (30,390)</u> | <u>\$ (32,390)</u> | <u>\$ (38,236)</u> | <u>\$ 2,122</u> | <u>\$ 2,122</u> | <u>\$ 1,201</u> | <u>\$ (28,268)</u> | <u>\$ (30,268)</u> | <u>\$ (37,035)</u> | |

Totals may not add due to rounding.

Source: SWACO

SWACO
Solid Waste Received and Landfilled 2001 - 2010 (in tons)

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Solid waste received by SWACO | | | | | | | | | | |
| Jackson Pike Transfer Station | 139,576 | 167,211 | 173,213 | 197,862 | 179,016 | 166,372 | 170,425 | 164,326 | 152,829 | 153,564 |
| Morse Road Transfer Station | 131,837 | 129,495 | 149,120 | 122,836 | 123,684 | 121,774 | 119,305 | 133,156 | 123,988 | 132,727 |
| Georgesville Rd Transfer Station | 87,027 | 62,788 | 63,860 | 55,643 | 69,026 | 63,611 | 56,927 | 64,201 | 73,606 | 67,133 |
| Subtotal Transfer Stations | 358,440 | 359,494 | 386,193 | 376,341 | 371,727 | 351,757 | 346,657 | 361,683 | 350,422 | 353,424 |
| Sanitary Landfill | 523,545 | 523,899 | 533,122 | 569,295 | 551,659 | 532,247 | 524,581 | 483,675 | 465,206 | 586,422 |
| Total solid waste received by SWACO | 881,985 | 883,393 | 919,315 | 945,636 | 923,386 | 884,004 | 871,238 | 845,358 | 816,754 | 939,847 |
| Removed from waste stream ¹ | (1,335) | (641) | (245) | (234) | (121) | (140) | (280) | (457) | (478) | (195) |
| Carryover/(shrinkage) ² | (3,044) | 2,712 | (698) | 921 | (4,046) | (3,986) | (2,245) | (6,163) | 385 | (4,853) |
| Total adjustments | (4,379) | 2,071 | (943) | 687 | (4,167) | (4,126) | (2,525) | (6,620) | (93) | (5,048) |
| Transferred out-of-district ³ | - | - | - | - | (14,057) | - | - | - | - | - |
| Solid waste landfilled - Franklin County Sanitary Landfill | 877,607 | 885,463 | 918,372 | 946,323 | 905,161 | 879,878 | 868,713 | 838,738 | 816,661 | 934,798 |

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.

Source: SWACO

SWACO
Top Ten Customers 2001 - 2010
(tons received)

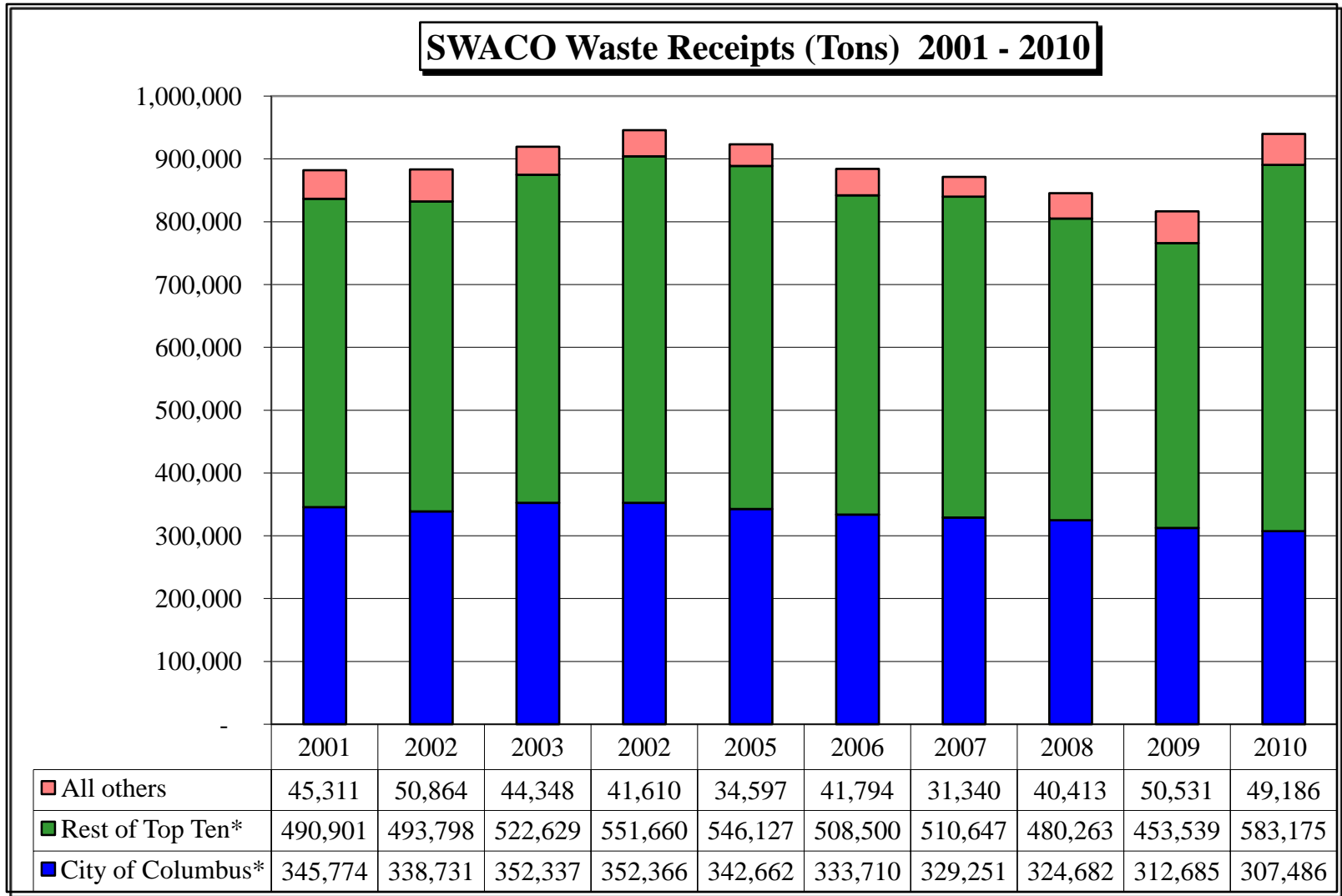
| Customer | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| City of Columbus Division of Sanitation | 345,774 | 338,731 | 352,337 | 352,366 | 342,662 | 333,710 | 329,251 | 324,682 | 312,685 | 307,486 |
| Waste Management of Ohio | 71,170 | 77,684 | 81,201 | 91,002 | 74,931 | 58,652 | 59,574 | 43,927 | 36,032 | 162,860 |
| Rumpke Waste/Rumpke Container/Rumpke Trf | 162,573 | 155,091 | 158,657 | 145,675 | 155,802 | 145,153 | 157,696 | 159,279 | 155,848 | 154,524 |
| Republic Waste Systems | 210,383 | 183,507 | 195,283 | 204,763 | 205,368 | 185,991 | 176,025 | 162,598 | 156,566 | 154,372 |
| Local Waste Services LLC | 17,757 | 47,922 | 56,959 | 69,810 | 78,862 | 89,854 | 88,236 | 85,130 | 78,410 | 78,539 |
| Mars Petcare U.S. | # | # | # | # | # | # | # | # | # | 9,325 |
| Anheuser-Busch Inc. | # | # | # | # | # | # | # | # | # | 7,117 |
| City of Upper Arlington | 7,873 | 7,643 | 7,814 | 7,741 | 7,386 | 7,207 | 6,886 | 7,175 | 6,665 | 6,539 |
| City of Columbus Street Engineer | 7,797 | 7,029 | 6,177 | 5,839 | 5,621 | 7,497 | 6,671 | 5,926 | 6,152 | 5,547 |
| Flower Garbage | 4,628 | 5,521 | 6,211 | 5,590 | # | # | 8,861 | 9,133 | 7,783 | 4,351 |
| Adept, Inc. | 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 | # | * | * | * |
| Container Services | 4,531 | 5,796 | # | * | * | * | * | * | * | * |
| Total Top Ten Customers | 836,674 | 832,529 | 874,967 | 904,026 | 888,789 | 842,210 | 839,898 | 804,945 | 766,223 | 890,660 |
| Total tons received by SWACO¹ | 881,985 | 883,393 | 919,315 | 945,636 | 923,386 | 884,004 | 871,238 | 845,358 | 816,754 | 939,847 |
| Top Ten customer % of total received | 96% | 96% | 97% | 97% | 97% | 97% | 96% | 95% | 94% | 95% |
| Total tons generated within District² | 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 | 1,052,999 |
| Top Ten customer % of total waste disposal | 76% | 75% | 76% | 79% | 78% | 73% | 74% | 74% | 75% | 85% |

¹ Includes both in-district and out-of-district waste.

² 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 1991-2010

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 ¹⁰ | Ton |
| 01/01/2011 ¹¹ | 39.75 | 51.75 | 52.75 | 52.75 | - | - | Ton |
| 01/01/2012 | 42.75 | 54.75 | 55.75 | 55.75 | - | - | 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 landfill).

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 shown.

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 commercial 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.

¹⁰ Compost facility was closed December 2009.

¹¹ In September 2010, the SWACO Board of Trustees approved a rate increase of \$3.00 per ton effective January 1, 2011, and an additional increase of \$3.00 per ton effective January 1, 2012.

SWACO
Franklin County Sanitary Landfill Airspace Capacity
Total Permitted, Annual Used, and Permitted Remaining 2001-2010
(cubic yards)

| Year | Total Permitted Airspace | Annual Airspace Used | Permitted Airspace Remaining |
|------|-----------------------------|-------------------------|---------------------------------|
| 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 |
| 2010 | 51,900,000 ¹ | 1,163,000 | 38,670,000 |

At Maximum
Permitted Receipts²

At 2010 Receipts³

Remaining landfill life

14.6

26.9

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 935,000 tons received. Assumes a compaction rate of 1,300 pounds per cubic yard.

Source: SWACO

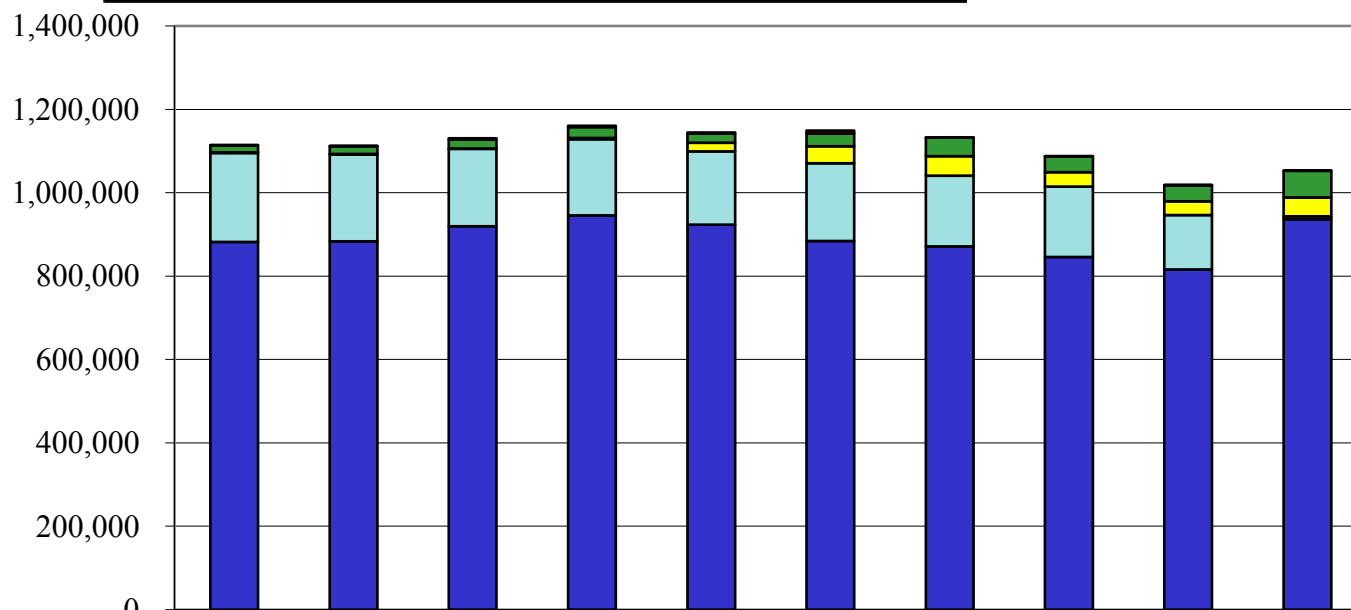
SWACO
Generation Fee Tonnage Reported 2001 - 2010¹

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Solid Waste Authority (4 facilities) | 881,985 | 883,393 | 919,315 | 945,636 | 923,386 | 884,004 | 871,238 | 845,358 | 815,628 | 936,254 |
| Republic Waste Services | 17,228 | 19,256 | 21,102 | 25,930 | 21,977 | 30,665 | 44,837 | 37,984 | 38,922 | 64,395 |
| Rumpke Waste (4 facilities) | 1,127 | 395 | 878 | 3,184 | 21,060 | 40,481 | 46,477 | 34,906 | 32,594 | 45,292 |
| Waste Management (2 facilities) | 213,387 | 208,885 | 185,927 | 182,430 | 175,423 | 186,472 | 169,650 | 168,767 | 130,866 | 6,591 |
| Other (14 facilities) | 496 | 24 | 3,498 | 3,046 | 2,201 | 6,848 | 461 | 673 | 39 | 467 |
| Total | 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 | 1,052,999 |

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 2001 - 2010



| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Other (14 facilities) | 496 | 24 | 3,498 | 3,046 | 2,201 | 6,848 | 461 | 673 | 39 | 467 |
| Republic | 17,228 | 19,256 | 21,102 | 25,930 | 21,977 | 30,665 | 44,837 | 37,984 | 38,922 | 64,395 |
| Rumpke (4 facilities) | 1,127 | 395 | 878 | 3,184 | 21,060 | 40,481 | 46,477 | 34,906 | 32,594 | 45,292 |
| Waste Management (post-merger) | 213,387 | 208,885 | 185,927 | 182,430 | 175,423 | 186,472 | 169,650 | 168,767 | 130,866 | 6,591 |
| SWACO (4 facilities) | 881,985 | 883,393 | 919,315 | 945,636 | 923,386 | 884,004 | 871,238 | 845,358 | 815,628 | 936,254 |

Source: SWACO

*See notes to Table 8.

Table 9

SWACO
SWACO Program Activity - Tons Collected 2001-2010

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|---------------|
| Total tons of waste recycled | | | | | | | | | | |
| Yard waste composting | 105,315 | 113,293 | 142,860 | 150,949 | 145,540 | 136,768 | 121,775 | 148,823 | 78,764 | n/a |
| Drop-off recycling | n/a | n/a | 8,449 | 7,947 | 8,700 | 9,593 | 10,755 | 12,999 | 15,126 | 15,924 |
| Just-in-Time Recycling | 248 | 356 | 429 | 602 | 626 | 742 | 815 | 774 | 636 | 37 |
| Household hazardous waste | 283 | 321 | 344 | 424 | 443 | 419 | 626 | 641 | 550 | 231 |
| E-waste collection | n/a | n/a | 70 | 196 | 155 | n/a | n/a | n/a | n/a | n/a |
| Tire collection | 149 | 177 | 176 | 115 | 132 | 89 | 168 | 187 | 153 | 139 |
| Scrap metal recycling | 369 | 262 | 245 | 119 | 71 | 32 | 104 | 246 | 19 | 40 |
| Other recycling | 817 | 0 | 0 | 0 | 57 | 0 | 0 | 0 | 0 | 0 |
| Total | 107,181 | 114,408 | 152,573 | 160,352 | 155,724 | 147,643 | 134,243 | 163,670 | 95,248 | 16,371 |

Tires and White Goods Received 2001 - 2010¹

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Tires (each) | 18,715 | 17,650 | 17,608 | 11,497 | 12,478 | 13,043 | 19,726 | 28,926 | 17,625 | 16,422 |
| White goods (each) | 6,972 | 7,249 | 5,404 | 4,527 | 3,622 | 2,181 | 2,292 | 301 | 290 | 143 |

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

SWACO
Household Hazardous Waste Collection 2001 - 2010
(in pounds)

| Material Classification | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|----------------|
| Alkaline batteries | 4,066 | 4,529 | - | - | - | - | - | - | - | - |
| Loosepack fuels | 173,899 | 183,289 | 124,657 | 137,042 | 145,733 | 53,611 | 44,951 | 24,174 | 8,968 | - |
| Aerosol-flammable | 12,160 | 11,222 | 23,714 | 27,202 | 27,684 | 17,615 | 32,716 | 34,914 | 19,731 | 14,790 |
| Aerosol-pesticides | 5,197 | 7,455 | 40,727 | 47,542 | 45,332 | 38,815 | 56,093 | 63,491 | 61,798 | 32,149 |
| Bulked flammables | 129,246 | 33,450 | 41,848 | 31,184 | 30,504 | 14,998 | 22,070 | 51,488 | 69,494 | 72,096 |
| Latex paint | 124,979 | 267,812 | 334,673 | 476,154 | 528,064 | 580,111 | 898,600 | 901,135 | 750,018 | 219,187 |
| Lab pack A | 10,616 | 13,904 | 15,211 | 5,369 | 5,569 | - | - | - | - | - |
| Lab pack B | 39,979 | 35,408 | 5,454 | 328 | 903 | 1,105 | - | - | - | - |
| Propane cylinders | 11,226 | 27,299 | 35,051 | 35,070 | 25,015 | 14,577 | 20,004 | 8,028 | 2,857 | 2,065 |
| Lead/acid batteries | 18,215 | 23,073 | 24,272 | 29,389 | 20,414 | 14,197 | 8,074 | 33,526 | 28,194 | 16,067 |
| Acids/bases | - | - | - | 18,394 | 18,975 | 9,821 | 14,548 | 12,734 | 13,977 | 7,536 |
| Freon | - | - | 446 | 638 | 608 | 53 | 433 | - | 6 | - |
| Used oil /antifreeze | 36,253 | 33,688 | 38,596 | 35,346 | 33,285 | 36,994 | 48,925 | 65,667 | 57,633 | 35,361 |
| Cylinders | - | - | 605 | 1,114 | 1,324 | 764 | 1,926 | 756 | 163 | 41 |
| Fire extinguishers | - | - | 1,349 | 1,872 | 876 | 1,039 | 2,086 | 794 | 537 | 211 |
| Flourescent light bulbs | - | 462 | 460 | 489 | 664 | 1,057 | 3,373 | 6,875 | 6,700 | 6,101 |
| Reactive lab pack/alum paint | - | - | 607 | - | - | 816 | 1,599 | 1,222 | 7,213 | 142 |
| Household cleaners | - | - | - | - | - | 9,632 | 20,991 | 23,879 | 18,348 | 12,320 |
| Oxidizers | - | - | - | - | - | 2,328 | 3,466 | 4,516 | 2,476 | 1,689 |
| Poisons | - | - | - | - | - | 534 | 981 | 208 | 235 | 322 |
| Dry cell batteries | - | - | - | - | - | 5,209 | - | 12,246 | 3,990 | 5,189 |
| Lithium batteries | - | - | 171 | 248 | 179 | 106 | 19,365 | 13 | 475 | 102 |
| NiCad batteries | - | 488 | 543 | 1,074 | 866 | 144 | 46 | 18 | 3,649 | 334 |
| Elemental mercury | - | - | 244 | 380 | 273 | 220 | 474 | 938 | 230 | 1,138 |
| Putty & adhesives | - | - | - | - | - | 31,135 | 48,854 | 35,486 | 37,351 | 34,807 |
| Asbestos | - | - | - | - | - | 45 | 1,352 | 90 | 8 | 1 |
| Misc. waste | - | - | 38 | - | 421 | 2,940 | 207 | - | 6,291 | 15,056 |
| Total | 565,836 | 642,079 | 688,666 | 848,835 | 886,689 | 837,866 | 1,251,134 | 1,282,198 | 1,100,342 | 476,704 |

Source: SWACO and EEI

Table 11

SWACO
Number of Employees by Function

| Function | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Administration | 16 | 19 | 20 | 21 | 20 | 19 | 22 | 21 | 19 | 20 |
| Operations | 50 | 46 | 58 | 69 | 79 | 77 | 77 | 88 | 89 | 90 |
| Programs | 9 | 9 | 7 | 6 | 6 | 6 | 11 | 11 | 6 | 6 |
| Total | 75 | 74 | 85 | 96 | 105 | 102 | 110 | 120 | 114 | 116 |

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.

Table 15

SWACO
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 | <u>\$ 6,750,000</u> | | <u>\$885,737</u> | <u>\$ 7,635,737</u> |
| Net interest cost (%) | | 3.234% | | |

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

SWACO
Series 2008 Solid Waste Facility Improvements Bonds

Table 16

| 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 17

Series 2010 Taxable Bond Anticipation Notes

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|-------------|---------------------|------------------|---------------------------|
| 2011 | \$ 3,520,000 | \$ 65,633 | \$ 3,585,633 |
| Total | <u>\$ 3,520,000</u> | <u>\$ 65,633</u> | <u>\$ 3,585,633</u> |

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

Table 18

Series 2010 Taxable Revenue Notes

| <u>Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> |
|-------------|---------------------|------------------|---------------------------|
| 2011 | \$ 4,670,000 | \$ 87,563 | \$ 4,757,563 |
| Total | <u>\$ 4,670,000</u> | <u>\$ 87,563</u> | <u>\$ 4,757,563</u> |

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

SWACO
Series 2010 Solid Waste Facility Improvements Bonds

Table 19

| Year | Principal | Coupon | Interest | Total Debt Service |
|--------------|----------------------|--------|---------------------|----------------------|
| 2011 | \$ - | - | \$ 483,357 | \$ 483,357 |
| 2012 | 625,000 | 2.000% | 471,567 | 1,096,567 |
| 2013 | 705,000 | 2.000% | 459,067 | 1,164,067 |
| 2014 | 720,000 | 2.000% | 444,967 | 1,164,967 |
| 2015 | 735,000 | 3.000% | 430,567 | 1,165,567 |
| 2016 | 750,000 | 3.500% | 416,235 | 1,166,235 |
| 2017 | 765,000 | 4.000% | 399,172 | 1,164,172 |
| 2018 | 785,000 | 4.220% | 379,282 | 1,164,282 |
| 2019 | 805,000 | 4.370% | 357,750 | 1,162,750 |
| 2020 | 830,000 | 4.520% | 334,884 | 1,164,884 |
| 2021 | 855,000 | 4.700% | 310,499 | 1,165,499 |
| 2022 | 880,000 | 4.850% | 284,378 | 1,164,378 |
| 2023 | 910,000 | 5.000% | 256,636 | 1,166,636 |
| 2024 | 1,000,000 | 5.150% | 227,061 | 1,227,061 |
| 2025 | 970,000 | 5.700% | 193,586 | 1,163,586 |
| 2026 | 1,005,000 | 5.700% | 157,648 | 1,162,648 |
| 2027 | 1,045,000 | 5.700% | 120,413 | 1,165,413 |
| 2028 | 1,080,000 | 5.700% | 81,695 | 1,161,695 |
| 2029 | 1,125,000 | 5.700% | 41,681 | 1,166,681 |
| Total | \$ 15,590,000 | | \$ 5,850,447 | \$ 21,440,447 |

Net interest cost (%) 3.335%

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

SWACO

Table 20

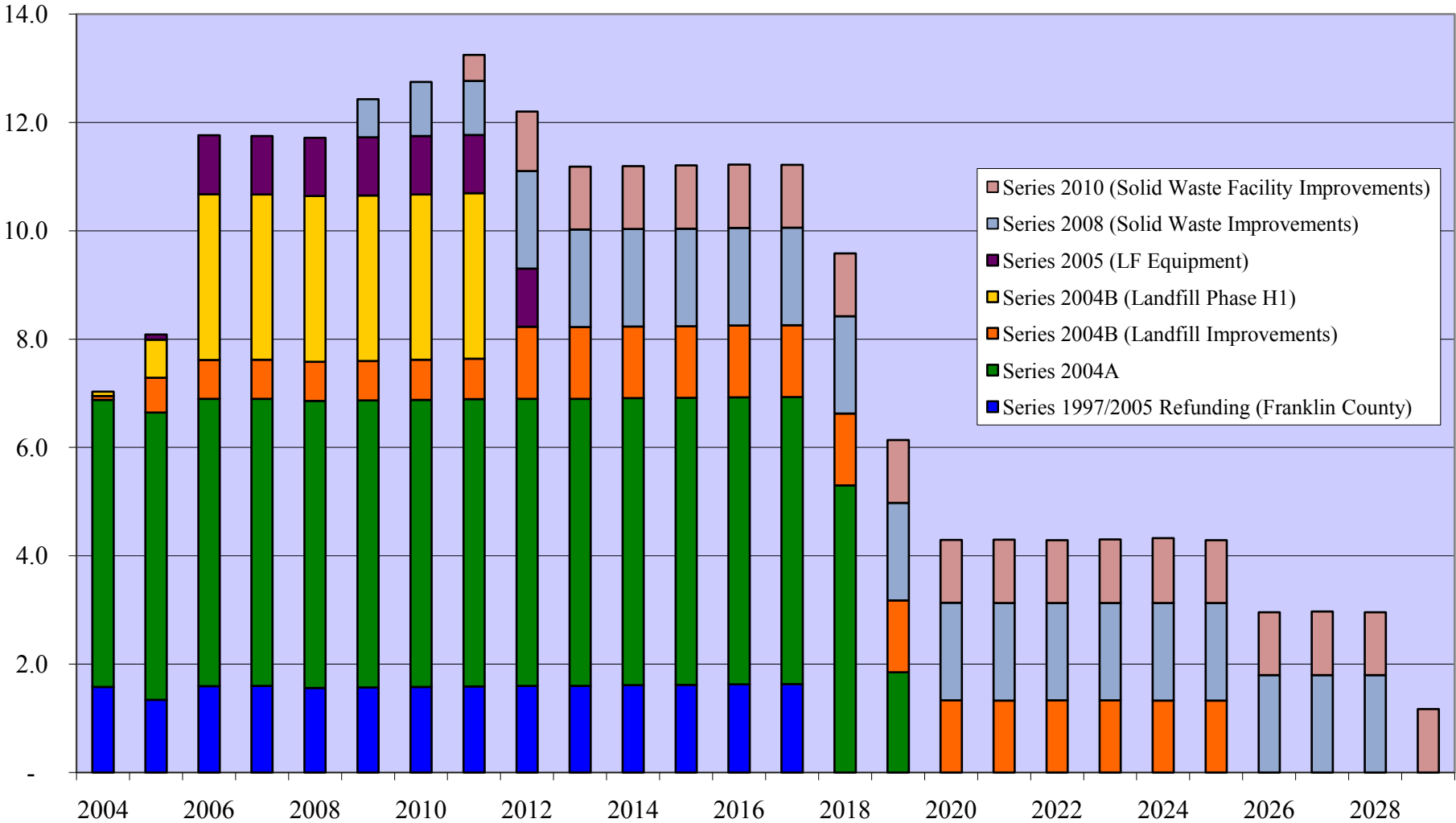
Waste-to-Energy Facility Lease Payment Schedule (in thousands)¹

| 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 |
| 2010 | 2,063 | 52 | 2,115 | 2,265 | 3 | 1,889 |
| Subtotal 1993-2010 | 120,505 | 60,865 | 181,369 | \$ 191,928 | \$ 12,448 | \$ 1,889 |

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.

Source: SWACO

SWACO Debt Service 2004-2029



Source: SWACO

SWACO
Total and General Obligation Debt Ratios 2001 - 2010

| 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 |
|-----------------|------|--|--|-----------------------------------|---|---|---|--|--|--|
| 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 |
| 2010 | 2011 | 110,209 | 1,205,200 | 91 | 100,129 | 28,867,111 | 0.35% | 7,921 | 939,847 | 8.43 |

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 24.

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, 2007 and 2010 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: Auditors for respective counties.

SWACO
Ten Largest Employers 2010 and 2001¹
Franklin County, Ohio

| Employer | Principal Business | 2010 | | Employer | 2001 | |
|---|--------------------|---------------------|-----------------------|---|---------------------|-----------------------|
| | | Number of Employees | % of Total Employment | | Number of Employees | % of Total Employment |
| State of Ohio | Government | 25,608 | 4.6% | State of Ohio | 27,610 | 4.8% |
| The Ohio State University | Education | 23,093 | 4.1% | The Ohio State University | 18,089 | 3.1% |
| JP Morgan Chase (formerly Bank One) | Finance | 16,975 | 3.0% | Federal Government/U.S. Postal Service | 14,263 | 2.5% |
| Nationwide | Insurance | 11,235 | 2.0% | Nationwide | 10,947 | 1.9% |
| OhioHealth (formerly Grant/Riverside) | Health Care | 7,810 | 1.4% | JP Morgan Chase (formerly Bank One) | 10,072 | 1.7% |
| Federal Government/U.S. Postal Service | Government | 7,770 | 1.4% | Columbus City School District | 8,821 | 1.5% |
| City of Columbus | Government | 7,739 | 1.4% | City of Columbus | 8,368 | 1.5% |
| Columbus City School District | Education | 7,095 | 1.3% | Ohio Health | 7,251 | 1.3% |
| Franklin County | Government | 6,321 | 1.1% | Limited, Inc. | 7,200 | 1.2% |
| Mount Carmel Health System | Health Care | 5,701 | 1.0% | Franklin County | 6,076 | 1.1% |
| Subtotal | | 119,347 | 21.3% | Subtotal | 118,697 | 20.6% |
| Total estimated Franklin County employment ² | | 560,600 | 100.0% | Total estimated Franklin County employment ² | 576,300 | 100.0% |

¹ Business First, Book of Lists, 2010.

² Franklin County Auditor.

Note: This table includes full-time employees only.

District and Franklin County Demographic Statistics 2001 - 2010¹

| 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) |
| 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 |
| 2010 | 1,205,163 | 28,867,111 ⁷ | 1,167,641 | 39,165 ⁸ | 33 ⁸ | 27,984,335 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.

⁸ Ohio Department of Development.

Sources: SWACO except as noted above.

Table 25

Average Unemployment Rates 2001 - 2010¹

| Year | Franklin County | State of Ohio | United States |
|------|-------------------|--------------------|-------------------|
| 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 |
| 2010 | 8.5% ⁴ | 10.1% ⁴ | 9.6% ⁴ |

¹2000 - 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, 2010

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 | 4 |
| 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 | 30 |
| Transfer trailers | 32 |
| Front-end loaders | 10 |
| Trackhoes | 5 |
| Service vehicles and other | 5 |
| Lowboy trailer | 1 |

Other vehicles and equipment

Recycling Programs

| | |
|----------------------------------|-----|
| Recycled materials packer trucks | 7 |
| Drop-box containers | 355 |

| | |
|-------------------------|----|
| Roll-off trucks | 3 |
| Pickup trucks | 25 |
| Cars and passenger vans | 6 |
| Street sweepers | 3 |
| Large mowers | 8 |
| Cargo trailers | 4 |

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, 2010, which collectively comprise SWACO's basic financial statements and have issued our report thereon dated June 7, 2011. 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses, identified as Significant Deficiency Number 10-1, that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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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*.

SWACO's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit SWACO's response and, accordingly, we express no opinion on it.

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 7, 2011

SOLID WASTE AUTHORITY OF CENTRAL OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010

Significant Deficiency No. 10-1, Landfill Depletion Expense

Criteria: The calculation for landfill depletion expense should incorporate an estimate of the total budgeted costs to develop the landfill. The methodology for estimating these costs should be documented and applied consistently from year to year.

Condition: Certain landfill development costs that were included in the future capital projects budget were not incorporated in the landfill depletion expense calculation. Proper application of SWACO's methodology dictates that these costs should have been incorporated in the calculation of accumulated landfill depletion and depletion expense.

Cause: SWACO's system of internal controls does not adequately ensure that all landfill development costs are incorporated in the landfill depletion expense calculation.

Effect: This resulted in an understatement of accumulated depletion as of December 31, 2010 and related depletion expense for the year then ended.

Management Response:

Management agrees that all landfill development costs should be included in the landfill depletion expense calculation. Accounting & Finance is working with Operations to develop a centralized schedule which will capture all capital expenditures. This will eliminate differences between amounts used by Accounting & Finance and Operations, and ensure that all costs are incorporated in the landfill depletion expense calculation.

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Dave Yost • 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 2, 2011**