



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Fiscal Year ended December 31, 2011

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period January 1, 2011 through December 31, 2011. 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

August 28, 2012

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# **Comprehensive Annual Financial Report**

**of the**

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

**for the**

**Fiscal Year ended December 31, 2011**

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

Carol Ann Phillips – Chief Financial Officer

Tamara D. Foster, CPA – Controller

Patrick W. O'Block – Budget and Management Administrator

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————— *SWACO* —————

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2011**

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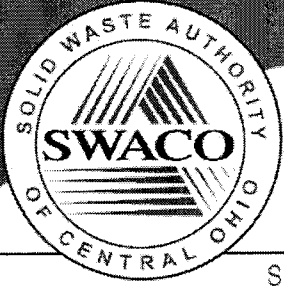
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# **INTRODUCTORY SECTION**



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Solid Waste Authority of Central Ohio

June 12, 2012

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, 2011 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, 2011. 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 8,000 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. In 2011, The Ohio EPA granted SWACO's request to increase its daily capacity from 6,000 to 8,000 tons.

### 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 November 2011.

### Budgetary Control

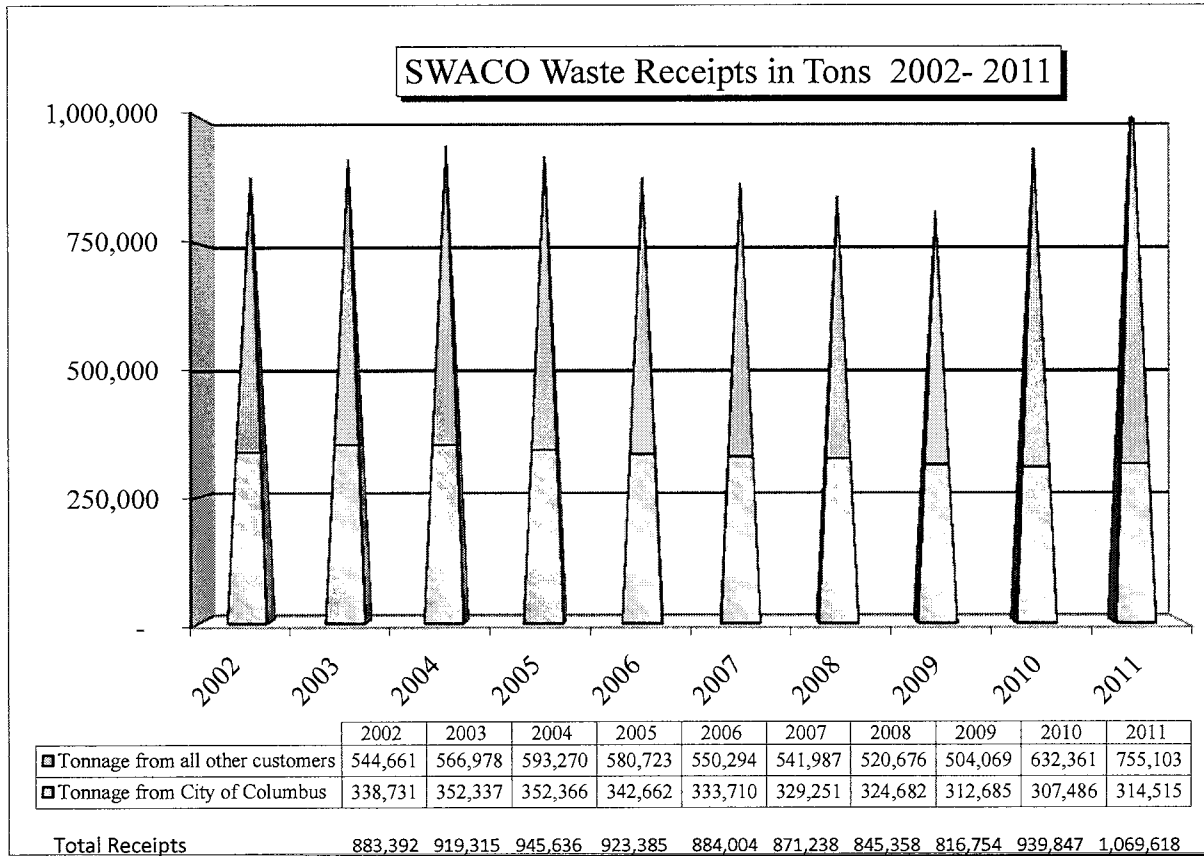
The Board of Trustees adopts an annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (salaries, wages and benefits; contracts, services and supplies; capital outlays; etc.). Although there is no legal requirement for external reporting of budgetary basis financial data, the Statistical Section provides a budget to actual comparison for the year ending December 31, 2011.

### **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 and 2011. 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 2002 to 2011.



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 pay off the lease obligation in the current year and make significant reductions in the 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 capital projects.

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, 2010. 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,



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*

Aparna Dial  
*Appointed by the Board of Trustees  
representing the general public*

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

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

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

William Lotz, Sr.  
*Appointed by the Board of Trustees  
representing the general interest of citizens*

Timothy Guyton  
*Appointed by a majority of the Boards of  
Township Trustees in Franklin County*

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

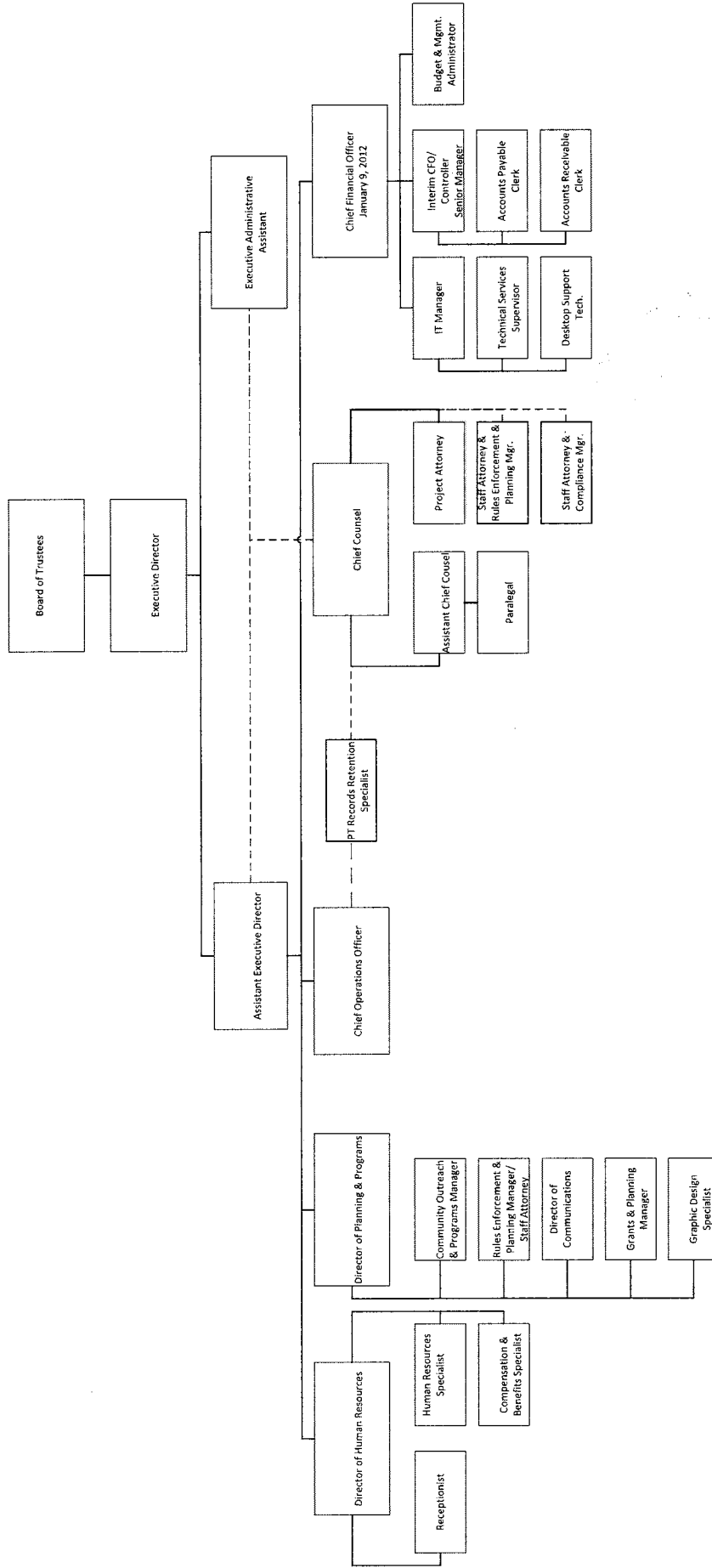
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### Staff

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

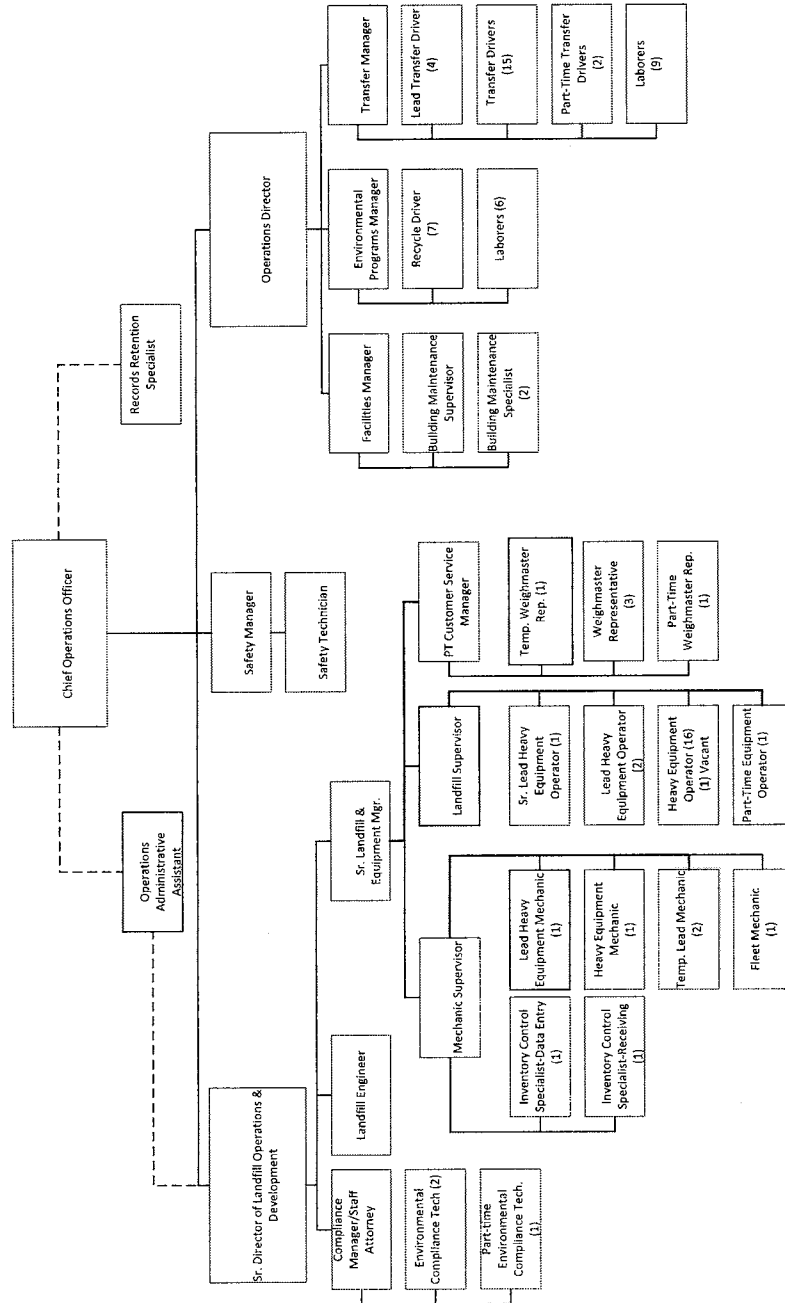
# Solid Waste Authority of Central Ohio Table of Organization

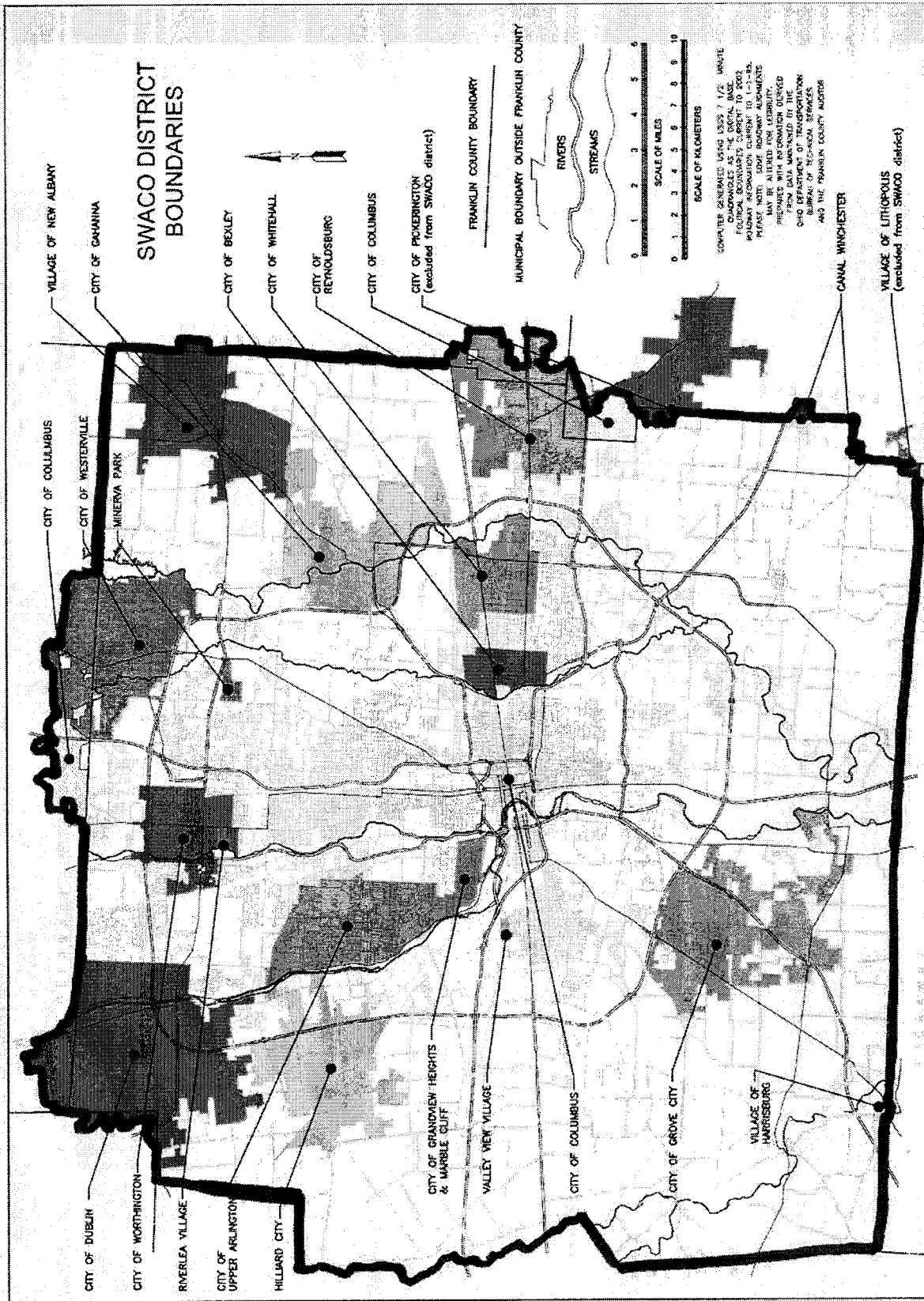
## Administration



# 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, 2010

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director

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# **FINANCIAL SECTION**

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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, 2011, 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, 2011, 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 12, 2012, 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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A Global Association of Independent Firms

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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 12, 2012

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") provides an overview of the financial performance of the Solid Waste Authority of Central Ohio (SWACO) and provides an introduction to SWACO's financial statements for the year ended December 31, 2011. 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. Generation Fees 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.

#### Financial Highlights of 2011

- SWACO's net assets increased by \$10.9 million, 29.4%, in 2011.
- The \$1.9 remaining lease liability for the Waste-To-Energy (the "WTEF") facility to the City of Columbus was fully paid by the end of 2011.
- Operating income increased \$12.4 million, 529.4%, in 2011. A reduction in landfill depletion expense and landfill closing costs attributed approximately \$10.0 million to the change.
- Operating revenues – tipping and disposal fees – increased by \$5.7 million. SWACO implemented a \$3.00 per ton rate increase beginning January 1, 2011. The increase is to be used to purchase capital equipment.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)

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- Operating expenses – Salaries, wages and benefits overall expense decreased approximately \$176,000 from the prior year. Salaries increased, but the ERIP expense dropped off netting the mentioned decrease. ERIP was not offered in 2011 causing the change in expense and headcount increased to 119 in 2011 from 116 in 2010.
- Increases in solid waste fees of approximately \$587,000 were the result of increased total tons landfilled.
- Contracts, services, and supplies increased by \$1.9 million primarily due to the Haughn Road assessment for road improvements. As part of the 71/665 interchange construction project, improvements were required to be made to Haughn Road. A portion of the improvements were to property owned by SWACO. Grove City approved a Special Assessment in the amount of \$1,313,927 for SWACO's share of the project.
- Depletion expense decreased approximately \$8.7 million in 2011 from the prior year. The decrease is primarily due to additional costs benefitting the entire landfill, primarily the landfill entrance of \$6.0 million and the increased liner costs, being identified in 2010. It is also due to favorable accrual adjustments related to improved landfill compaction (from 1,300 pounds per cubic yard to 1,500 pounds per cubic yard) rates since SWACO took over management of the landfill in 2008.
- The \$6.3 million increase in non-operating income was primarily due to the \$6.1 million of impairment charges incurred in 2010.

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## **SWACO**

### **Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)**

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#### **Combined Net Assets**

The 2010 and 2011 combined net assets of both the Operating and Program Funds are presented on the following page. SWACO's net assets increased from the prior year by approximately \$10.9 million, 29.4%, (all funds combined). Components for this change include the increase in operating revenue due to the increased fee and volume and a reduction in operating and non-operating expenses.

The \$1.9 remaining lease liability for the Waste-To-Energy (the "WTEF") facility to the City of Columbus was 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 2010 to 2011 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, 2011  
(unaudited)**

	<b>Net Assets</b>		
	<b>Operating and Program Funds Combined</b>		
	<b>2010</b>	<b>2011</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 14,796,657	\$ 22,139,305	\$ 7,342,648
Restricted cash and investments	6,582,070	25,505,141	18,923,071
Closure/post-closure funds held by trustee	21,027,298	21,198,867	171,569
Capital assets	43,715,029	48,373,548	4,658,519
Capital lease receivable (less current portion)	5,218,100	-	(5,218,100)
<b>Total assets</b>	<b>91,339,154</b>	<b>117,216,861</b>	<b>25,877,707</b>
<b>Liabilities</b>			
Current liabilities	23,870,841	47,983,053	24,112,212
Bonds payable, less current portion, net	91,394,857	83,264,700	(8,130,157)
Landfill closure/post-closure liability, non current	12,011,416	11,508,609	(502,807)
ERIP interest payable	1,096,765	617,362	(479,403)
<b>Total Liabilities</b>	<b>128,373,879</b>	<b>143,373,724</b>	<b>14,999,845</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(38,175,498)	(32,558,888)	5,616,610
Other capital assets, net	(17,924,514)	(16,480,239)	1,444,275
Restricted:			
Landfill closure/post closure trust fund, net of accrued liability	9,900,729	10,512,239	611,510
Other restricted, net	776,964	1,614,094	837,130
Unrestricted	8,387,594	10,755,931	2,368,337
<b>Total net assets</b>	<b>\$ (37,034,725)</b>	<b>\$ (26,156,863)</b>	<b>\$ 10,877,862</b>

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)

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

The 2010 and 2011 combined revenue, expenses, and changes in fund net assets of both the Operating and Program Funds are presented and compared below.

	<b>Revenues, Expenses, and Changes in Fund Net Assets</b>		
	<b>Operating and Program Funds Combined</b>		
	<b>2010</b>	<b>2011</b>	<b>Increase (Decrease)</b>
Revenues			
Operating revenues	\$ 41,166,088	\$ 45,941,477	\$ 4,775,389
Non-operating revenues	1,244,321	923,995	(320,326)
Total revenues	<u>42,410,409</u>	<u>46,865,472</u>	<u>4,455,063</u>
Expenses			
Operating expenses	38,818,006	31,162,999	(7,655,007)
Non-operating expenses	11,439,209	4,824,611	(6,614,598)
Total expenses	<u>50,257,215</u>	<u>35,987,610</u>	<u>(14,269,605)</u>
Change in net assets	(7,846,806)	10,877,862	18,724,668
Total net assets – beginning	<u>(29,187,919)</u>	<u>(37,034,725)</u>	<u>(7,846,806)</u>
Total net assets – ending	<u>\$ (37,034,725)</u>	<u>\$ (26,156,863)</u>	<u>\$ 10,877,862</u>

#### Financial Position of SWACO

As shown in the above table, SWACO ended 2011 with a combined net deficit of \$26.2 million, an improvement of \$10.9 million or 29.4% from 2010. The deficit is attributed to the WTEF facility. The facility was acquired in 1993, closed in 1994, and subsequently impaired and demolished. Since 1998, when the deficit on the facility reached a peak of \$167.8 million and assessment of a retired facility fee have enabled SWACO to reduce the outstanding debt on the facility. This obligation is scheduled to be fully retired no later than 2019.

2011 operating revenues reflect a rate increase of \$3.00 per ton effective January 1, 2011. An additional increase of \$3.00 per ton was enacted January 1, 2012.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)

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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)
2011	-	-	32,559	294	(32,265)

#### Operating Fund Net Assets

A comparison of Operating Fund net assets as of the end of 2010 and 2011 is shown in the table on page 2-9.

Collectively, total assets increased by \$25.8 million (28.8%). Increases in this category are primarily due to the issuance of the 2011 bond anticipation notes in the amount of approximately \$24 million to fund future capital needs. SWACO was awarded a federal grant for a gas project, which is recorded as a grant receivable in the amount of \$495,000 at December 31, 2011.

Collectively, total liabilities increased by \$15.1 million. Major components for this increase include approximately \$24 million for the issuance of the 2011 bond anticipation notes, and pay down of outstanding bonds payable of \$8.3 million.

Total net assets increased by \$10.8 million (28.1%) from 2010 to 2011.

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, 2011, the EPA Trust Fund value was \$21.2 million and the recorded closure liability was \$10.7 million (includes current and long-term portion), which nets to a balance of \$10.5 million.



**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2011  
(unaudited)**

The increase in unrestricted net assets of approximately \$2.9 million (35.0 %) was primarily due to an increase from investments and cash. Other accounts that contributed to this change include the ERIP payable decreasing due to the program ending in 2014. The unreserved cash increased due to increased revenue from tipping fees.

**Operating Fund Net Assets**

	<b>2010</b>	<b>2011</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 14,382,007	\$ 21,725,871	\$ 7,343,864
Restricted cash and investments	5,979,708	24,801,908	18,822,200
Closure/postclosure funds held by trustee	21,027,298	21,198,867	171,569
Capital assets	43,046,772	47,776,506	4,729,734
Capital lease receivable	5,218,100	-	(5,218,100)
<b>Total assets</b>	<b>89,653,885</b>	<b>115,503,152</b>	<b>25,849,267</b>
<b>Liabilities</b>			
Current liabilities	23,386,396	47,590,522	24,204,126
Bonds payable, less current portion, net	91,394,857	83,264,700	(8,130,157)
Landfill closure/postclosure liability, less current portion	12,011,416	11,508,609	(502,807)
ERIP payable, less current portion	1,096,765	617,362	(479,403)
<b>Total liabilities</b>	<b>127,889,434</b>	<b>142,981,193</b>	<b>15,091,759</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(38,175,498)	(32,558,888)	5,616,610
Other capital assets, net	(18,592,771)	(17,077,281)	1,515,490
Restricted:			
Landfill closure/postclosure trust fund, net of accrued liability	9,900,729	10,512,239	611,510
Other restricted, net	244,397	889,958	645,561
Unrestricted	8,387,594	10,755,931	2,368,337
<b>Total net assets</b>	<b>\$ (38,235,549)</b>	<b>\$ (27,478,041)</b>	<b>\$ 10,757,508</b>

**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2011  
(unaudited)****Operating Fund Revenues, Expenses and Changes in Fund Net Assets**

The following table compares 2010 and 2011 revenues, expenses and changes in fund net assets in the Operating Fund.

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

	<u>2010</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 21,141,470	\$ 26,870,693	\$ 5,729,223
Waste transfer fees	4,441,008	4,486,938	45,930
Retired facility and waiver fees	9,472,757	9,095,015	(377,742)
Other	646,869	216,056	(430,813)
Operating revenues	<u>35,702,104</u>	<u>40,668,702</u>	<u>4,966,598</u>
Operating expenses:			
Salaries, wages and benefits	8,307,961	8,009,857	(298,104)
Contract, services and supplies	7,132,071	9,303,442	2,171,371
Solid waste fees	4,342,431	4,929,093	586,662
Depreciation	3,532,800	3,525,693	(7,107)
Landfill depletion	10,351,506	1,693,120	(8,658,386)
Landfill closing costs	877,173	(439,941)	(1,317,114)
Interfund transfers	(627,587)	(654,283)	(26,696)
Bad debt expense	10,330	949	(9,381)
Operating expenses	<u>33,926,685</u>	<u>26,367,930</u>	<u>(7,558,755)</u>
Operating income	<u>1,775,419</u>	<u>14,300,772</u>	<u>12,525,353</u>
Nonoperating revenues (expenses)			
Interest expense	(4,497,754)	(4,347,163)	150,591
ERIP interest expense	(127,740)	(108,441)	19,299
Interest earnings	567,425	417,325	(150,100)
Grant revenues	350,022	495,000	144,978
Bad debt expense	(126,893)	-	126,893
Gain (loss) on disposal of assets	56,245	15	(56,230)
Impairment of long-lived assets	(6,100,146)	-	6,100,146
Total nonoperating expenses, net	<u>(9,878,841)</u>	<u>(3,543,264)</u>	<u>6,335,577</u>
Change in net assets	(8,103,422)	10,757,508	18,860,930
Total net assets – beginning	<u>(30,132,127)</u>	<u>(38,235,549)</u>	<u>(8,103,422)</u>
Total net assets – ending	<u>\$ (38,235,549)</u>	<u>\$ (27,478,041)</u>	<u>\$ 10,757,508</u>

## **SWACO**

### **Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)**

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Solid waste receipts to SWACO's facilities during 2011 were 1,070,000 tons, 14.4% over 2010 receipts of 935,000 tons. Increased volumes were due to elimination of waivers and acceptance of auto shredder residue volume not previously accepted. A \$3.00 per ton increase resulted in approximately \$3.2 million increase and SWACO's tonnage exceeded its budget of 985,000 tons.

Retired facility and waiver fees decreased modestly, \$377,742 (4.0%).

Collectively, operating revenues realized a growth of 13.9%, or \$5.0 million.

Expenses for salaries, wages and benefits were \$298,000 (3.6%) less in 2011 compared to 2010. This decrease is primarily due to positions that remained vacant during 2011.

Contracts, services and supplies expenses increased by \$2.2 million (30.5%) in 2011 with a majority of these expenses consisting of the Haughn Road assessment, increases in vehicle fuels and maintenance, and utilities.

Depletion expense decreased approximately \$8.7 million in 2011 from the prior year. The decrease is primarily due to additional costs benefitting the entire landfill, primarily the landfill entrance of \$6.0 million and the increased liner costs, being identified in 2010. It is also due to favorable accrual adjustments related to improved landfill compaction (from 1,300 pounds per cubic yard to 1,500 pounds per cubic yard) rates since SWACO took over management of the landfill in 2008.

Interfund transfers decreased by \$27,000, 4.0% less than 2010. Interfund transfers net to zero between the Operating Fund and the Program Fund.

Collectively, operating expenses decreased by \$7.6 million (22.3%). This outcome was primarily related to decreases in depletion expense (\$8.7 million), a decrease in landfill closing costs (\$1.3 million) and the \$2.2 million increase in contracts, services and supplies expenses. Solid waste fees increased by approximately \$587,000 (13.5%).

The net effect of these changes resulted in an increase in operating income from \$1.8 million to \$14.3 million, an increase of \$12.5 million.

Non-operating revenues and expenses netted to an expense in 2011 of \$3.6 million. This represents a positive impact on net assets of \$6.3 million (64.1%) when compared to 2010. The major contributor to this change was the impairment of long-lived assets recognized in 2010.

SWACO's financial position in the Operating Fund increased by \$10.8 million in 2011, decreasing SWACO's net deficit from \$38.2 million to \$27.5 million at the end of 2011.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)

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#### Program Fund Net Assets

Total net assets at the end of 2011 were \$1.3 million, an increase of \$120,000 (10.0%). Restricted net assets (cash and receivables less payables) were \$724,000, an increase of \$192,000 (36.0%). Other capital assets were \$597,000, a decrease of \$71,000 (10.6%).

#### Program Fund Net Assets

	<u>2010</u>	<u>2011</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current assets	\$ 1,017,012	\$ 1,116,667	\$ 99,655
Capital assets	668,257	597,042	(71,215)
<b>Total assets</b>	<u>1,685,269</u>	<u>1,713,709</u>	<u>28,440</u>
<b>Liabilities</b>			
Current liabilities	484,445	392,531	(91,914)
<b>Total liabilities</b>	<u>484,445</u>	<u>392,531</u>	<u>(91,914)</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	668,257	597,042	(71,215)
Restricted	532,567	724,136	191,569
<b>Total net assets</b>	<u>\$ 1,200,824</u>	<u>\$ 1,321,178</u>	<u>\$ 120,354</u>

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

A comparison of 2010 and 2011 revenues and expenses in the Program Fund is shown on page 2-13.

#### Program Fund Operating Revenues

Generation fees decreased modestly, \$211,186 (4.0%) in 2011 compared to 2010.

Other miscellaneous revenue increased by \$19,977 (10.0%) due primarily to increased revenue in the drop-box program and the Emerald Awards event.

#### Program Fund Operating Expenses

Program Fund operating expenses collectively decreased by a modest \$96,252 (2.0%) in 2011. The decrease was caused primarily by salaries, wages, and benefits increasing approximately \$122,000 in 2011 and contracts, services, and supplies decreasing by approximately \$241,000.

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)

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### Non-Operating Income & Expenses

Non-operating transactions primarily consisted of grant activities. Grants awarded, representing both pass-through and SWACO grants, decreased by \$217,669 (37.1%). Grant revenue in 2011 decreased from \$271,000 in 2010 to zero in 2011. Timing of grants in the year they are awarded contributed to this decrease.

Ending net assets in the Program Fund increased by \$120,000 (10.0%) from 2010 to 2011.

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

	<u>2010</u>	<u>2011</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Generation fees	\$ 5,264,995	\$ 5,053,809	\$ (211,186)
Other	198,989	218,966	19,977
Operating revenues	<u>5,463,984</u>	<u>5,272,775</u>	<u>(191,209)</u>
Operating expenses:			
Salaries, wages and benefits	1,148,750	1,270,897	122,147
Contracts, services and supplies	3,039,541	2,798,674	(240,867)
Depreciation and depletion	75,443	71,215	(4,228)
Interfund transfers	627,587	654,283	26,696
Operating expenses	<u>4,891,321</u>	<u>4,795,069</u>	<u>(96,252)</u>
Operating income (loss)	<u>572,663</u>	<u>477,706</u>	<u>(94,957)</u>
Nonoperating revenues (expenses):			
Grant revenues	270,629	-	(270,629)
Grants awarded	(586,676)	(369,007)	217,669
Gain on sale of assets	-	11,655	11,655
Total nonoperating expenses, net	<u>(316,047)</u>	<u>(357,352)</u>	<u>(41,305)</u>
Change in net assets	256,616	120,354	(136,262)
Total net assets – beginning	<u>944,208</u>	<u>1,200,824</u>	<u>256,616</u>
Total net assets – ending	<u>\$ 1,200,824</u>	<u>\$ 1,321,178</u>	<u>\$ 120,354</u>

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2011 (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 the end of 2010 and 2011.

The increase in net assets being depreciated or depleted was \$5.4 million in the Operating Fund due primarily to an increase in buildings and improvements of \$2.2 million and an increase in sanitary landfill of \$3.2 million. Building and improvements increased due to Phase II of the Central Ohio Transformation Center being put in service which is infrastructure improvements at the Jackson Pike area. The sanitary landfill increased due to landfill construction of H-3 separatory liner stage 1 being placed in service.

	<b>Capital Assets</b>		
<b>Operating Fund</b>	<b>2010</b>	<b>2011</b>	<b>Increase (Decrease)</b>
Capital assets, not being depreciated:			
Land and land improvements	\$ 12,711,457	\$ 13,035,710	\$ 324,253
Construction in progress	3,557,780	2,606,182	(951,598)
Total capital assets, not being depreciated	16,269,237	15,641,892	(627,345)
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	8,062,182	8,254,372	192,190
Building and improvements	4,657,214	6,860,162	2,202,948
Transfer stations	1,290,875	1,010,366	(280,509)
Sanitary landfill	12,767,264	16,009,714	3,242,450
Total capital assets, being depreciated, net	26,777,535	32,134,614	5,357,079
Total capital assets, net	\$ 43,046,772	\$ 47,776,506	\$ 4,729,734
<b>Program Fund</b>			
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	\$ 21,718	\$ 8,543	\$ (13,175)
Building and improvements	646,539	588,499	(58,040)
Total capital assets, net	\$ 668,257	\$ 597,042	\$ (71,215)

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)

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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, 2010 and 2011 is shown in the following table:

	Outstanding Long-Term Debt		Increase (Decrease)
	2010	2011	
General obligation bonds, net	\$ 100,128,506	\$ 91,114,401	\$ (9,014,105)
Taxable notes	8,191,351	34,082,237	25,890,886
Capital lease obligation	1,888,783	-	(1,888,783)
Total	<u>\$ 110,208,640</u>	<u>\$ 125,196,638</u>	<u>\$ 14,987,998</u>

SWACO's ability to issue un-voted 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 2011 were up from the previous year for the second 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. Solid waste receipts to SWACO's facilities during 2011 were approximately 1,070,000 tons, 14.4% over 2010 receipts of 935,000 tons. Increased volumes were due to elimination of waivers and acceptance of auto shredder residue volume not previously accepted. A \$3.00 per ton increase resulted in an increase in revenue of approximately \$3,200,000 and the tonnage exceeded the budget.

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.

## **SWACO**

### **Management's Discussion & Analysis for the Year Ended December 31, 2011 (unaudited)**

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#### **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 Carol Ann Phillips at 614.801.6418, or by e-mail at [carolann.phillips@swaco.org](mailto:carolann.phillips@swaco.org).

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**SWACO**  
**Statement of Net Assets – Proprietary Funds**  
**As of December 31, 2011**

Assets	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 5,238,992	-	\$ 5,238,992
Restricted cash	24,801,908	\$ 703,233	25,505,141
Investments	7,337,394	-	7,337,394
Accounts receivable, net of allowance for bad debts	3,226,202	413,434	3,639,636
Lease receivable, current portion	5,218,100	-	5,218,100
Grants receivable	495,000	-	495,000
Other assets	210,183	-	210,183
Total current assets	46,527,779	1,116,667	47,644,446
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	21,198,867	-	21,198,867
Capital assets:			
Sanitary landfill, net of accumulated depletion	16,009,714	-	16,009,714
Buildings and equipment and furnishings, net of accumulated depreciation	16,124,900	597,042	16,721,942
Construction in progress	2,606,182	-	2,606,182
Land and land improvements	13,035,710	-	13,035,710
Total noncurrent assets	68,975,373	597,042	69,572,415
Total assets	\$ 115,503,152	\$ 1,713,709	\$117,216,861

Continued on the following page

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

**SWACO**  
**Statement of Net Assets – Proprietary Funds**  
**As of December 31, 2011**

Liabilities	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current liabilities			
Accounts payable	\$ 3,180,062	\$226,114	\$ 3,406,176
SWACO grants payable	-	39,237	39,237
Accrued wages and benefits	1,290,728	127,180	1,417,908
Accrued interest	884,628	-	884,628
Current maturities of bonds and notes payable	41,931,938	-	41,931,938
Unearned lease revenue	100,087	-	100,087
Landfill postclosure liability-current portion	75,000	-	75,000
Other payables	128,079	-	128,079
Total current liabilities	47,590,522	392,531	47,983,053
Noncurrent liabilities			
Bonds and notes payable, less current portion, net	83,264,700	-	83,264,700
Landfill closure/postclosure liability	11,508,609	-	11,508,609
ERIP payable	617,362	-	617,362
Total noncurrent liabilities	95,390,671	-	95,390,671
Total liabilities	142,981,193	392,531	143,373,724
<b>Net Assets</b>			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(32,558,888)	-	(32,558,888)
Other capital assets, net	(17,077,281)	597,042	(16,480,239)
Restricted:			
Closure/postclosure trust fund net of accrued liability – Sanitary Landfill	10,512,239	-	10,512,239
Other restricted, net	889,958	724,136	1,614,094
Unrestricted	10,755,931	-	10,755,931
Total net assets	\$ (27,478,041)	\$ 1,321,178	\$ (26,156,863)

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, 2011**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Tipping and disposal fees	\$ 26,870,693	-	\$ 26,870,693
Waste transfer fees	4,486,938	-	4,486,938
Retired facility and waiver fees	9,095,015	-	9,095,015
Generation fees	-	\$ 5,053,809	5,053,809
Other	216,056	218,966	435,022
	<u>40,668,702</u>	<u>5,272,775</u>	<u>45,941,477</u>
<b>Operating revenues</b>			
	40,668,702	5,272,775	45,941,477
<b>Operating expenses:</b>			
Salaries, wages and benefits	8,009,857	1,270,897	9,280,754
Contract, services and supplies	9,303,442	2,798,674	12,102,116
Solid waste fees	4,929,093	-	4,929,093
Depreciation	3,525,693	71,215	3,596,908
Landfill depletion	1,693,120	-	1,693,120
Landfill closing costs	(439,941)	-	(439,941)
Interfund charges	(654,283)	654,283	-
Bad debt expense	949	-	949
	<u>26,367,930</u>	<u>4,795,069</u>	<u>31,162,999</u>
<b>Operating expenses</b>			
	26,367,930	4,795,069	31,162,999
<b>Operating income</b>			
	14,300,772	477,706	14,778,478
<b>Nonoperating revenues (expenses):</b>			
Interest expense	(4,347,163)	-	(4,347,163)
ERIP interest expense	(108,441)	-	(108,441)
Interest earnings	417,325	-	417,325
Grant revenues	495,000	-	495,000
Grants awarded	-	(369,007)	(369,007)
Gain on disposal of assets	15	11,655	11,670
	<u>(3,543,264)</u>	<u>(357,352)</u>	<u>(3,900,616)</u>
<b>Total nonoperating expenses, net</b>			
	(3,543,264)	(357,352)	(3,900,616)
<b>Change in net assets</b>			
	10,757,508	120,354	10,877,862
<b>Total net assets – beginning</b>			
	(38,235,549)	1,200,824	(37,034,725)
<b>Total net assets – ending</b>			
	<u>\$ (27,478,041)</u>	<u>\$ 1,321,178</u>	<u>\$ (26,156,863)</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, 2011**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 31,663,374	-	\$ 31,663,374
Retired facility fee and waiver fees collected	7,172,301	-	7,172,301
Generation fees collected	-	\$ 5,055,024	5,055,024
Other receipts	216,056	218,966	435,022
Payments to or on behalf of employees for salaries, wages and benefits	(8,490,356)	(1,259,564)	(9,749,920)
Payments to vendors	(13,860,972)	(2,900,252)	(16,761,224)
Model Landfill postclosure costs paid	(62,866)	-	(62,866)
Interfund charges	654,283	(654,283)	-
Deferred revenue	(203,063)	-	(203,063)
Other payments	89,987	-	89,987
	<u>17,178,744</u>	<u>459,891</u>	<u>17,638,635</u>
Net cash provided by operating activities:			
<b>Cash flows from noncapital financing activities:</b>			
Grants received	25,576	(1,368)	24,208
Grants awarded	-	(369,307)	(369,307)
Net cash provided by (used in) noncapital financing activities	<u>25,576</u>	<u>(370,675)</u>	<u>(345,099)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	13,288,149	-	13,288,149
Purchase of investments	(15,898,652)	-	(15,898,652)
Interest received	578,626	-	578,626
	<u>\$ (2,031,877)</u>	<u>-</u>	<u>\$ (2,031,877)</u>
Net cash used in investing activities			

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, 2011**

	Operating Fund	Program Fund	Total
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	\$ 34,186,855	-	\$ 34,186,855
Proceeds from sale of assets	15	\$ 11,655	11,670
Proceeds from capital lease	300,000	-	300,000
Landfill, facilities and equipment additions and disposals	(9,294,888)	-	(9,294,888)
Principal paid on bonds and notes payable	(16,925,000)	-	(16,925,000)
Principal paid on capital lease	(119,307)	-	(119,307)
Interest paid	(4,791,133)	-	(4,791,133)
Debt issuance costs paid	(67,620)	-	(67,620)
Net cash used in capital and related financing activities	<u>3,288,922</u>	<u>11,655</u>	<u>3,300,577</u>
Net increase in cash and cash equivalents	18,461,365	100,871	18,562,236
Cash and cash equivalents, beginning of year	11,579,535	602,362	12,181,897
Cash and cash equivalents, end of year	<u>\$ 30,040,900</u>	<u>\$ 703,233</u>	<u>\$ 30,744,133</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 14,300,772	\$ 477,706	\$ 14,778,478
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and depletion	5,218,813	71,215	5,290,028
Landfill closing costs	(439,941)	-	(439,941)
Lease credit received in lieu of cash	(1,769,476)	-	(1,769,476)
Increase (decrease) in cash resulting from changes in:			
Accounts receivable (net)	153,453	1,215	154,668
Accounts payable	559,355	(101,878)	457,477
Accrued wages and benefits	(1,095)	11,333	10,238
ERIP payable	(479,403)	-	(479,403)
Landfill postclosure liability	(62,866)	-	(62,866)
Deferred revenue	(203,063)	-	(203,063)
Other assets and liabilities	(97,805)	300	(97,505)
Net cash provided by operating activities	<u>\$ 17,178,744</u>	<u>\$ 459,891</u>	<u>\$ 17,638,635</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, 2011**

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

- Amortization of premiums on bonds payable of \$479,280.
- Amortization of debt issuance cost \$136,065.
- Amortization of reacquisition cost on refunding bonds of \$58,176.
- Change in carrying value of investments resulting in a gain of \$127,632.
- Property acquired with seller financed note of \$261,250.

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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**1. Organization**

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

SWACO operates a sanitary landfill (the “Sanitary Landfill”) and three solid waste transfer facilities supported by tipping fees charged for solid waste disposal and transfer services at these facilities. SWACO also provides recycling programs, yard waste composting services, public education programs, and other activities designed 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 a majority of 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 in conjunction with a project to remediate the landfill cap.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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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 36% of SWACO’s total operating revenues for the year ended December 31, 2011.

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, 2011**

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*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 2-49.

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 support of SWACO's solid waste plan. 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, 2011**

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*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 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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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December 15, 2011. The adoption of this statement is not expected to have an impact on SWACO's financial statements.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The provisions of this statement are effective for financial statements for periods beginning after December 15, 2011. We are currently assessing the potential impact of the adoption of this statement on SWACO's financial statements.

In June 2011, the GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The provisions of this statement are effective for financial statements for periods beginning after June 15, 2011. The adoption of this statement is not expected to have an impact on SWACO's financial statements.

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

*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 12, 2012, which is the date that the financial statements were available to be issued.

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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**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, 2011, the carrying amounts of SWACO's deposits were \$30,716,998, while the bank balances were \$31,439,255. Of the bank deposits, \$250,000 was insured by the Federal Deposit Insurance Corporation, and \$31,189,255 was uninsured and collateralized by collateral pools held by the financial institutions and not in the name of SWACO.

*Investments:* SWACO has adopted a formal investment policy in accordance with Section 135 of the 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.

*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.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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*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 \$74,000 as of December 31, 2011, which represents the difference between fair value and the cost as of that date. Fair value was determined using quoted market prices. The chart on the next page summarizes SWACO's cash and investments at fair market value as of December 31, 2011:

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

**Cash and Investments at December 31, 2011**

<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	\$ 30,716,998	\$ 30,716,998	-
Federal agency securities	5,798,835	3,261,623	\$ 2,537,212
U.S. Treasury notes	1,538,559	504,375	1,034,184
Money market mutual funds/sweep acct.	24,730	24,730	-
Cash on hand	2,400	2,400	-
STAR Ohio	5	5	-
	<u>38,081,527</u>	<u>34,510,131</u>	<u>3,571,396</u>
 <u>Closure/Postclosure Trust Fund</u>			
Money market mutual funds	35,166	35,166	-
U.S. Treasury notes	8,863,453	4,652,955	4,210,498
Federal agency securities	12,300,248	1,246,658	11,053,590
	<u>21,198,867</u>	<u>5,934,779</u>	<u>15,264,088</u>
 Totals	 <u>\$ 59,280,394</u>	 <u>\$ 40,444,910</u>	 <u>\$ 18,835,484</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	\$ 5,805,119	-	\$ 5,805,119
Restricted cash	24,235,781	\$ 703,233	24,939,014
Investments	7,337,394	-	7,337,394
Closure/postclosure funds held by trustee:			
Investments	<u>21,198,867</u>	<u>-</u>	<u>21,198,867</u>
 Totals	 <u>\$ 58,577,161</u>	 <u>\$ 703,233</u>	 <u>\$ 59,280,394</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, 2011, investments in the following issuers exceeded five percent of the portfolio: U.S. Treasury Notes (36%), FNMA Notes (28%), FHLB Notes (26%), and FHLMC Notes (6%).

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$24,801,908 in the Operating fund and \$703,233 in the Program Fund were restricted at December 31, 2011 for debt service, capital projects, by State law, or for other purposes.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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**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	\$ 24,308,248	-	\$ 24,308,248
Bond retirement account	73,063	-	73,063
Unexpended generation fees	353,098	\$ 703,233	1,056,331
Interest earned	67,499	-	67,499
	<u>24,801,908</u>	<u>703,233</u>	<u>25,505,141</u>
Waiver and generation fees receivable	567,423	413,434	980,857
Less bonds payable related to capital projects account	(24,308,248)	-	(24,308,248)
Less amounts payable from restricted assets	<u>(171,125)</u>	<u>(392,531)</u>	<u>(563,656)</u>
Other restricted net assets	<u>\$ 889,958</u>	<u>\$ 724,136</u>	<u>\$ 1,614,094</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 (five years as of December 31, 2011).

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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SWACO was not required to make a Fund payment in 2012.

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

All amounts earned by the investments are reinvested in the Fund.

**6. Capital Assets**

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

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

Landfill development costs (land acquisition, engineering, construction and other direct costs associated with the permitting, development, and construction of landfill capacity) are capitalized and depleted based on the percentage of permitted capacity used during the year. Depletion is calculated based on cubic yards of solid waste disposed and placed in the landfill as measured through an annual aerial survey. Costs associated with development of the entire landfill site are depleted based on the percentage of total permitted capacity used (approximately 41.0% as of December 31, 2011). Costs associated with the development and construction of individual expansion cells are depleted based on the percentage of horizontal capacity used (11.7% as of December 31, 2011).

Depletion expense decreased approximately \$8.7 million in 2011 from the prior year. The decrease is primarily due to additional costs benefitting the entire landfill, primarily the landfill entrance of \$6.0 million and the increased liner costs, being identified in 2010. It is also due to favorable accrual adjustments related to improved landfill compaction (from 1,300 pounds per cubic yard to 1,500 pounds per cubic yard) rates since SWACO took over management of the landfill in 2008.

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

As of the end of 2011 SWACO estimates total landfill development costs at approximately \$182.5 million, including approximately \$61.5 million expended through 2011 (including construction in progress) and approximately \$121.0 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$44.5 million as of December 31, 2011, leaving an estimate of \$138.0 million in depletion expense over the remaining life of the landfill.

A summary of capital assets at December 31, 2011 is shown on the following page.



**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

**Summary of property, plant and equipment at December 31, 2011**

<b>Operating Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and land improvements	\$ 12,711,457	\$ 324,253	-	\$ 13,035,710
Construction in progress	3,557,780	6,826,591	\$ (7,778,189)	2,606,182
Total capital assets, not being depreciated	16,269,237	7,150,844	(7,778,189)	15,641,892
Capital assets, being depreciated/depleted:				
Equipment and furnishings	21,578,808	2,934,510	(335,221)	24,178,097
Building and improvements	6,348,229	2,598,147	-	8,946,376
Transfer stations	8,019,280	156,569	-	8,175,849
Sanitary landfill	55,605,041	4,935,570	-	60,540,611
Total capital assets, being depreciated/depleted	91,551,358	10,624,796	(335,221)	101,840,933
Less accumulated depreciation/depletion for:				
Equipment and furnishing	(13,516,626)	(2,693,414)	286,317	(15,923,723)
Building and improvements	(1,691,015)	(395,200)	-	(2,086,215)
Transfer stations	(6,728,405)	(437,079)	-	(7,165,484)
Sanitary landfill	(42,837,777)	(1,693,120)	-	(44,530,897)
Total accumulated depreciation/depletion	(64,773,823)	(5,218,813)	286,317	(69,706,319)
Total capital assets, being deprec./depl., net	26,777,535	5,405,983	(48,904)	32,134,614
Total capital assets, net	\$ 43,046,772	\$ 12,556,827	\$ (7,827,093)	\$ 47,776,506
<b>Program Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, being depreciated:				
Equipment and furnishings	\$ 691,879	\$ -	\$ (89,076)	\$ 602,803
Building and improvements	1,210,214	-	-	1,210,214
Total capital assets, being depreciated	1,902,093	-	(89,076)	1,813,017
Less accumulated depreciation for:				
Equipment and furnishing	(670,162)	(13,175)	89,076	(594,261)
Building and improvements	(563,674)	(58,040)	-	(621,714)
Total accumulated depreciation	(1,233,836)	(71,215)	89,076	(1,215,975)
Total capital assets, being depreciated, net	\$ 668,257	\$ (71,215)	\$ -	\$ 597,042

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**7. Capital Lease Receivable**

In 2005, SWACO purchased 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 for approximately \$1.6 million. 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, 2011 approximated \$203,000.

Future minimum lease payments receivable together with the present value of the net minimum lease payments receivable as of December 31, 2011 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	5,218,000
Total minimum lease payments receivable	5,218,000
Less amount representing interest	100,100
Present value of minimum lease payments	<u>\$ 5,118,100</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.

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**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.

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 2011, member contribution rates were consistent across all three plans. The 2011 employee contribution rate for members in local government was 10.0%. It is SWACO’s policy to pay 7.0% of the employee contribution for full time employees hired prior to January 1, 2009. Employees hired after January 1, 2009 contribute the entire 10.0% employee share. The 2011 employer contribution rate for local government employer units was 14.0% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employer units. Active members do not make contributions to the OPEB Plan.

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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
2011	\$ 309,168	\$ 293,744	\$ 865,216	\$ 1,158,960
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

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 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. 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 \$247,000 for 2011.

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.

**9. Employee Retirement Incentive Plan**

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

A total of 18 employees elected to retire utilizing the Plan benefit. The total cost of the Plan 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. Interest expense related to the ERIP in 2011 was \$108,441.

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**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, 2011**

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2011
Series 2004A	\$ 57,205,000	2004-2019	3.00%-5.00%	\$ 31,970,000
Series 2004B	29,670,000	2006-2025	3.50%-5.00%	13,315,000
Series 2005	6,750,000	2006-2012	3.00%-3.50%	1,055,000
Series 2005 refunding	12,320,000	2008-2017	5.00%	8,190,000
Series 2008	19,975,000	2010-2028	4.00%-5.20%	19,965,000
Series 2010	15,590,000	2012-2029	2.00%-5.70%	15,590,000
Subtotal, G.O. Bonds				<u>\$ 90,085,000</u>
Taxable Bond Anticipation Notes, Series 2011	3,520,000	2012	1.75%	3,520,000
Taxable Revenue Notes Series 2011	4,670,000	2012	1.625%	4,670,000
Bond Anticipation Notes, Series 2011	1,320,000	2012	1.00%	1,320,000
Bond Anticipation Notes, Series 2011	24,295,000	2012	1.00%	24,295,000
Promissory note	261,250	2011-2016	5.00%	261,250
Subtotal, notes payable				<u>\$ 34,066,250</u>

*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 11).

*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.

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*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.

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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, 2011 categorized by source of debt service payment.

Year ended December 31,	Paid from Tipping Fees		Paid from Retired Facility/Waiver Fees		Total	
	Series 2004B, 2005, 2005 Refunding, 2008 and 2010		Series 2004A			
	Principal	Interest	Principal	Interest	Principal	Interest
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	3,845,000	2,039,592	4,295,000	1,004,900	8,140,000	3,044,492
2016	4,005,000	1,874,760	4,505,000	790,150	8,510,000	2,664,910
2017-2021	15,820,000	7,100,840	11,475,000	972,700	27,295,000	8,073,540
2022-2026	16,360,000	3,634,610	-	-	16,360,000	3,634,610
2027-2031	6,510,000	498,956	-	-	6,510,000	498,956
Total	\$58,115,000	\$22,151,847	\$31,970,000	\$6,970,950	\$90,085,000	\$29,122,797

*Series 2011 Solid Waste Facilities Taxable Revenue Notes.* In 2005, SWACO issued \$1,559,250 Variable Rate Taxable Notes to acquire a building used as an 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 was set at the one month LIBOR rate (London Interbank Offered Rate) plus 100 basis points (1.0%). The notes, which were not general obligations of SWACO, were secured by a pledge of lease payments from the operator of the facility and SWACO's Generation Fees. Although Generation Fees were not 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.

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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 was August 25, 2011 and the interest rate was 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. On August 23, 2011, SWACO issued \$4,670,000 Taxable Revenue notes to retire the 2010 note. The maturity date of the notes is July 2, 2012 and the interest rate is 1.625% per annum.

*Series 2011 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 was June 9, 2011 and the interest rate was 1.875% per annum. The note proceeds were used to retire the \$3,500,000 note and pay accrued interest and issuance costs.

On June 8, 2011, SWACO issued \$3,520,000 *Series 2011 Taxable Bond Anticipation Notes* to retire the 2010 note. The maturity date of the notes is June 8, 2012 and the interest rate is 1.75% per annum.

SWACO expects to refinance the Notes with the sale of general obligation bonds in 2012. Effective January 1, 2012, the building is being leased to a private entity.

*Series 2011 Bond Anticipation Notes.* As part of the 71/665 interchange construction project, improvements were required to be made to Haughn Road. A portion of the improvements were to property owned by SWACO. Grove City approved a Special Assessment in the amount of \$1,313,926.86 for SWACO’s share of the project. On August 23, 2011, SWACO issued \$1,320,000 *Series 2011 Bond Anticipation Notes* to finance the costs of the project. The maturity date of the notes was April 13, 2012 and the interest rate is 1% per annum. SWACO retired the 2011 note on April 10, 2012.



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*Series 2011 Bond Anticipation Notes.* On November 22, 2011, SWACO issued \$24,295,000 *Series 2011 Bond Anticipation Notes* to fund capital projects and acquisitions through the first quarter of 2012. The maturity date of the notes is June 13, 2012 and the interest rate is 1% per annum. SWACO plans to permanently finance these projects with a general obligation bond issue in 2012.

*Seller-financed property acquisition.* In January 2011, SWACO purchased approximately 25 acres of real property adjacent to the Franklin County Sanitary Landfill. The purchase price was \$311,250; SWACO paid \$50,000 at closing and issued a promissory note to the seller to finance the \$261,250 balance. The note is amortized over five years with equal annual principal payments of \$50,000, carries an interest rate of 5% per annum on the outstanding principal, and is secured by a first mortgage on the property.

*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 2011, the maximum millage required in any overlapping jurisdictions was 7.98 mills, leaving a margin of 2.02 mills.

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*Summary of Debt and Long-Term Liabilities*

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2011 was as follow:

<b>Operating and Program Funds</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General obligation notes and bonds payable					
Series 2004A	\$ 35,500,000	\$ -	\$ (3,530,000)	\$ 31,970,000	\$ 3,710,000
Series 2004B	16,370,000	-	(3,055,000)	13,315,000	710,000
Series 2005	2,075,000	-	(1,020,000)	1,055,000	1,055,000
Series 2005 Refunding	9,315,000	-	(1,125,000)	8,190,000	1,190,000
Series 2008 Bonds	19,970,000	-	(5,000)	19,965,000	800,000
Series 2010 Bonds	15,590,000	-	-	15,590,000	625,000
Unamortized bond premiums	2,202,925	-	(429,850)	1,773,075	-
Unamortized cost of issuance	(649,187)	-	92,570	(556,617)	-
Unamortized reacquisition price	(245,232)	-	58,176	(187,056)	-
Total general obligation notes and bonds payable, net	100,128,506	-	(9,014,104)	91,114,402	8,090,000
Notes payable					
Taxable Bond Anticipation Notes, Series 2010	3,520,000	-	(3,520,000)	-	-
Taxable Revenue Notes, Series 2010	4,670,000	-	(4,670,000)	-	-
Taxable Bond Anticipation Notes, Series 2011	-	3,520,000	-	3,520,000	3,520,000
Taxable Revenue Notes, Series 2011	-	4,670,000	-	4,670,000	4,670,000
Bond Anticipation Notes, Series 2011	-	1,320,000	-	1,320,000	1,320,000
Bond Anticipation Notes, Series 2011	-	24,295,000	-	24,295,000	24,295,000
Promissory note	-	261,250	-	261,250	36,938
Unamortized note premiums	21,510	88,190	(49,431)	60,269	-
Unamortized cost of issuance	(20,159)	(67,620)	43,496	(44,283)	-
Total notes payable	8,191,351	34,086,820	(8,195,935)	34,082,236	33,841,938
Capital lease obligation	1,888,783	-	(1,888,783)	-	-
Landfill closure & postclosure liability	12,086,416	-	(502,807)	11,583,609	75,000
ERIP payable	1,540,658	-	(443,892)	1,096,766	479,403
Total debt and long term liabilities	\$ 123,835,714	\$ 34,086,820	\$ (20,045,521)	\$ 137,877,013	\$ 42,486,341

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**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 executed a waiver agreement with SWACO and agreed 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 was set equal to the Retired Facility Fee, (initially and through the end of 2008, \$7.00 per ton).

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Since 1999, SWACO has paid 100% 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.

The final payment on the lease obligation was made in November 2011. The City is now remitting the Retired Facility Fee to SWACO, as the lease credit has been exhausted.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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**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 \$26.1 million. This estimate includes final cover and gas collection system costs for the last two phases of the landfill construction of \$18.7 million and postclosure maintenance and monitoring costs of \$7.4 million. These amounts are estimated based on the 2011 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, 2011 includes \$10.7 million representing the cumulative amount reported based on the use of 41.0% 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 \$15.4 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, 2011 includes \$75,000 as a current liability related to monitoring, leachate treatment and gas collection costs and \$821,981 as a noncurrent liability representing the estimated cost of the future maintenance and monitoring costs at the site.

**13. Service Agreements**

SWACO entered into a modification of a yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, SWACO pays a quarterly service fee (beginning January 1, 2010) of \$71,250 to the service provider to accept and process yard waste delivered from the SWACO District. Operating expenses under the service agreement were \$285,000 in 2011. The future maximum service payments are \$285,000 annually from 2012 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 \$1,190,828 in 2011. The future maximum service payments are \$1,200,000 annually from 2011 through 2022.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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**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.

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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**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. The county offers \$50,000 of life insurance that is included in the overall benefits.

SWACO purchases property insurances for all buildings and equipment, excluding over-the-road motor vehicles. SWACO maintains \$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 6,030 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 15,320 plan subscribers when spouses and dependents and domestic partners are counted. During 2011 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 2010 and 2011, 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, 2010 and 2011.

	<u>2010</u>	<u>2011</u>
Unpaid claims at January 1	-	-
Incurred claims	\$ 96,300	\$ 42,150
Paid claims	<u>(96,300)</u>	<u>(42,150)</u>
Unpaid claims at December 31	<u>\$ -</u>	<u>\$ -</u>

The Consolidated 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**  
**Notes to Financial Statements**  
**As of December 31, 2011**

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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, 2011. 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>2010</u>	<u>2011</u>
Unpaid claims at January 1	\$ 8,000	\$ 14,500
Incurred claims	50,500	571
Paid claims	<u>(44,000)</u>	<u>(14,500)</u>
Unpaid claims at December 31	<u>\$ 14,500</u>	<u>\$ 571</u>

**16. Subsequent Events**

SWACO entered into a lease agreement with an option to purchase, for a building located at 2512 Jackson Pike and a sublease of the premises with an unrelated third party. The third party will use this facility for an organic recycling operations. The third party agrees to lease the building for a period of no more than 18 years. At any time during the lease term, the third party may exercise its option to purchase. The total payment for the purchase of the building shall be \$1,050,000 less the lease payments made up to that date. The monthly lease payments should be no less than \$4,862.

SWACO identified certain property totaling approximately 100 acres, located by State Route 665/Interstate 71 and to the north of the Franklin County Sanitary Landfill, which it views as critical to carrying out its operation. SWACO purchased this property in January 2012 for approximately \$3.5 million dollars.

On June 1, 2012, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Improvement and Refunding Bonds, Series 2012, in the amount of \$79,015,000. The proceeds of the bonds were used to: retire the Series 2011 Bond Anticipation Notes in the amount of \$24,295,000; retire the Series 2011 Taxable Bond Anticipation Notes in the amount of \$3,520,000; refund \$24,365,000 of the outstanding \$31,970,000 Series 2004A bonds; refund \$11,110,000 of the outstanding \$13,315,000 Series 2004B bonds; and finance costs of additional solid waste facilities comprised of cell construction, land acquisition, landfill gas improvements, landfill improvements, model landfill improvements and scale transfer station/receiving improvements.

The Series 2012 Bonds bear interest ranging from 1.5% to 5.0% with maturities of 20 years. The bonds are unvoted general obligations of SWACO and contain a pledge of the full faith and credit of SWACO for the payment of the principal of and interest on the bonds when due.

On June 5, 2012, the SWACO Board of Trustees approved a resolution to amend a third party lease agreement to extend a \$5,022,248 lease receivable due to SWACO on June 15, 2012 to June 15, 2013. As of the date of this report, an amended lease agreement has not been executed.

The financial statements do not include any adjustments related to the subsequent events.



**SWACO****Supplemental Schedule – Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2011**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 5,238,992	-	\$ 5,238,992
Restricted cash	24,375,747	\$ 426,161	24,801,908
Investments	7,337,394	-	7,337,394
Accounts receivable, net	2,658,779	567,423	3,226,202
Lease receivable, current portion	5,218,100	-	5,218,100
Grants receivable	495,000	-	495,000
Other assets	210,183	-	210,183
Total current assets	<u>45,534,195</u>	<u>993,584</u>	<u>46,527,779</u>
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	21,198,867	-	21,198,867
Capital assets			
Sanitary landfill, net of accumulated depletion	16,009,714	-	16,009,714
Buildings and equipment, net of accumulated depreciation	16,124,900	-	16,124,900
Construction in progress	2,606,182	-	2,606,182
Land and land improvements	13,035,710	-	13,035,710
Total noncurrent assets	<u>68,975,373</u>	<u>-</u>	<u>68,975,373</u>
Total assets	<u>\$114,509,568</u>	<u>\$ 993,584</u>	<u>\$115,503,152</u>

Continued on the following page

**SWACO****Supplemental Schedule – Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2011**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 3,180,062	-	\$ 3,180,062
Accrued wages and benefits	1,290,728	-	1,290,728
Accrued interest	751,594	\$ 133,034	884,628
Current maturities of bonds and notes payable	38,221,938	3,710,000	41,931,938
Unearned lease revenue	100,087		100,087
Landfill postclosure liability-current portion	75,000	-	75,000
Other payables	128,079	-	128,079
Total current liabilities	43,747,488	3,843,034	47,590,522
Noncurrent liabilities			
Bonds and notes payable, less current portion, net	54,415,812	28,848,888	83,264,700
Landfill closure/postclosure liability	11,508,609	-	11,508,609
ERIP payable	617,362	-	617,362
Total noncurrent liabilities	66,541,783	28,848,888	95,390,671
Total liabilities	110,289,271	32,691,922	142,981,193
<b>Net assets</b>			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	-	(32,558,888)	(32,558,888)
Other capital assets, net	(17,077,281)	-	(17,077,281)
Restricted:			
Closure/postclosure trust fund net of accrued liability – Sanitary Landfill	10,512,239	-	10,512,239
Other restricted, net	29,408	860,550	889,958
Unrestricted	10,755,931	-	10,755,931
Total net assets	\$ 4,220,297	\$ (31,698,338)	\$ (27,478,041)

**SWACO****Supplemental Schedule – Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund  
As of December 31, 2011**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Operating revenues:</b>			
Tipping and disposal fees	\$ 26,870,693	-	\$ 26,870,693
Waste transfer fees	4,486,938	-	4,486,938
Retired facility and waiver fees	2,021,164	\$ 7,073,851	9,095,015
Other	199,749	16,307	216,056
Operating revenues	<u>33,578,544</u>	<u>7,090,158</u>	<u>40,668,702</u>
<b>Operating expenses:</b>			
Salaries, wages and benefits	8,009,857	-	8,009,857
Contract, services and supplies	9,299,580	3,862	9,303,442
Solid waste fees	4,929,093	-	4,929,093
Depreciation	3,525,693	-	3,525,693
Landfill depletion	1,693,120	-	1,693,120
Landfill closing cost	(439,941)	-	(439,941)
Interfund transfers	(554,715)	(99,568)	(654,283)
Bad debt expense	949	-	949
Operating expenses	<u>26,463,636</u>	<u>(95,706)</u>	<u>26,367,930</u>
Operating income (loss)	<u>7,114,908</u>	<u>7,185,864</u>	<u>14,300,772</u>
<b>Nonoperating revenues (expenses):</b>			
Interest expense	(2,792,986)	(1,554,177)	(4,347,163)
ERIP interest expense	(108,441)	-	(108,441)
Interest earnings	417,325	-	417,325
Grant revenues	495,000	-	495,000
Gain on disposal of assets	15	-	15
Total nonoperating expenses, net:	<u>(1,989,087)</u>	<u>(1,554,177)</u>	<u>(3,543,264)</u>
Change in net assets	5,125,821	5,631,687	10,757,508
Total net assets – beginning	<u>(339,397)</u>	<u>(37,896,152)</u>	<u>(38,235,549)</u>
Total net assets – ending	<u>\$ 4,786,424</u>	<u>\$ (32,264,465)</u>	<u>\$ (27,478,041)</u>

**SWACO****Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2011**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 31,663,374	-	\$ 31,663,374
Retired facility fees and waiver fees collected	1,455,037	\$ 5,717,264	7,172,301
Other receipts	199,749	16,307	216,056
Payments to or on behalf of employees for salaries, wages and benefits	(8,490,356)	-	(8,490,356)
Payment to vendors	(13,857,110)	(3,862)	(13,860,972)
Landfill post closure cost paid	(62,866)	-	(62,866)
Interfund charges	554,715	99,568	654,283
Deferred revenue	(203,063)	-	(203,063)
Other receipts	89,987	-	89,987
Net cash provided by operating activities	<u>11,349,467</u>	<u>5,829,277</u>	<u>17,178,744</u>
<b>Cash flows from noncapital financing activities:</b>			
Grants received	25,576	-	25,576
<b>Net cash provided by noncapital financing activities</b>	<u>25,576</u>	<u>-</u>	<u>25,576</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	13,288,149	-	13,288,149
Purchase of investments	(15,898,652)	-	(15,898,652)
Interest received	578,626	-	578,626
Net cash (used in) provided by investing activities	<u>(2,031,877)</u>	<u>-</u>	<u>(2,031,877)</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	34,186,855	-	34,186,855
Proceeds from sale of assets	15	-	15
Proceeds from capital lease	300,000	-	300,000
Landfill, plant improvements and equipment additions	(9,294,888)	-	(9,294,888)
Principal paid on bonds and notes payable	(13,395,000)	(3,530,000)	(16,925,000)
Principal paid on capital lease	-	(119,307)	(119,307)
Interest paid	(3,024,983)	(1,766,150)	(4,791,133)
Debt issuance cost paid	(67,620)	-	(67,620)
Net cash used in capital and related financing activities	<u>8,704,379</u>	<u>(5,415,457)</u>	<u>3,288,922</u>
Net increase (decrease) in cash	18,047,545	413,820	18,461,365
Cash and cash equivalents, beginning of year	11,567,194	12,341	11,579,535
Cash and cash equivalents, end of year	<u>\$ 29,614,739</u>	<u>\$ 426,161</u>	<u>\$ 30,040,900</u>

Continued on the following page

**SWACO****Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund  
For the Year Ended December 31, 2011**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating (loss) income	\$ 7,114,908	\$ 7,185,864	\$ 14,300,772
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and depletion	5,218,813	-	5,218,813
Landfill closing cost	(439,941)	-	(439,941)
Lease credits received in lieu of cash applied to principal	-	(1,769,476)	(1,769,476)
(Decrease) increase in cash resulting from changes in:			
Accounts receivable (net)	306,691	(153,238)	153,453
Accounts payable	559,355	-	559,355
Accrued wages and benefits	(1,095)	-	(1,095)
ERIP payable	(479,403)	-	(479,403)
Landfill postclosure liability	(62,866)	-	(62,866)
Deferred revenue	(203,063)	-	(203,063)
Other assets and liabilities	(97,805)	-	(97,805)
Net cash provided by operating activities	<u>\$ 11,915,594</u>	<u>\$ 5,263,150</u>	<u>\$ 17,178,744</u>

**Noncash capital and related financing activities:**

Amortization of premiums on lease obligation and bonds payable of \$240,869 for Continuing Operations and \$238,411 for Discontinued Operations.

Amortization of debt issuance costs of \$95,481 for Continuing Operations and \$40,584 for Discontinued Operations.

Amortization of reacquisition costs on refunding bonds payable of \$58,176 (Continuing Operations).

Change in carrying value of investments resulting in a loss of \$127,632 (Continuing Operations).

Property acquired with seller financed note of \$261,250 (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 2011.

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 21 provide debt service schedules for SWACO's outstanding notes and bonds. Table 22 provides detail on the WTEF lease. Table 23 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 24 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 25 through 27. Table 28 provides information on capital assets.



Table 1

**SWACO**  
**Schedules of Net Assets - All Funds**  
**For Years Ended December 31, 2002 through 2011**  
(in thousands)<sup>1</sup>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>ASSETS</b>										
Cash and cash equivalents	\$ 6,257	\$ 5,772	\$ 7,210	\$ 3,128	\$ 3,558	\$ 4,524	\$ 2,461	\$ 7,349	\$ 5,599	\$ 5,239
Restricted cash	5,239	3,554	20,277	5,286	4,668	9,877	2,443	1,817	6,582	25,505
Unrestricted and restricted investments	4,493	2,496	2,001	14,757	9,909	7,917	6,857	3,008	5,055	7,337
Accounts receivable, net	2,293	2,562	3,976	3,010	3,360	3,113	3,329	3,036	3,794	3,640
Pollution allowances sales receivable	-	-	-	10,015	-	-	-	-	-	-
Grant receivable	-	-	-	-	-	1,980	1,500	-	-	495
Closure/postclosure funds held by trustee	15,296	16,142	16,873	17,799	19,218	21,104	23,035	20,648	21,027	21,199
Sanitary Landfill, net of accum. deprec./depletion	11,475	11,801	10,262	20,448	23,441	22,586	13,850	18,600	12,767	16,010
Buildings & equipment, net of accum. depreciation	8,887	9,349	9,905	17,045	15,054	14,133	18,394	17,662	14,679	16,722
Construction in progress	-	-	9,093	6,577	4,401	10,279	9,107	4,341	3,558	2,606
Land and land improvements	1,724	1,724	9,931	9,931	9,931	11,721	11,721	12,711	12,711	13,036
Lease receivable	-	-	-	1,559	1,559	4,900	4,878	4,708	5,518	5,218
Idle plant facilities - WTEF (Note 11)	1,976	1,976	1,121	-	-	-	-	-	-	-
Other assets	159	170	357	447	169	349	130	53	23	210
<b>Total assets</b>	<b>\$ 57,799</b>	<b>\$ 55,546</b>	<b>\$ 91,006</b>	<b>\$ 110,002</b>	<b>\$ 95,269</b>	<b>\$ 112,484</b>	<b>\$ 97,706</b>	<b>\$ 93,934</b>	<b>\$ 91,339</b>	<b>\$ 117,217</b>

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>LIABILITIES</b>										
Accounts payable, deferred revenue, and unearned income	\$ 1,875	\$ 2,584	\$ 4,491	\$ 7,298	\$ 2,312	\$ 4,278	\$ 2,113	\$ 2,050	\$ 2,593	\$ 3,506
Accrued wages and benefits	926	1,005	856	762	814	750	896	1,380	1,408	1,418
SWACO grants payable	-	-	-	-	-	-	-	34	41	39
ERIP payable	-	-	-	-	-	-	-	1,139	1,097	617
Accrued interest	824	788	1,140	980	850	706	520	743	903	885
Bonds and notes payable (Note 10)	16,795	16,045	102,274	106,498	103,407	110,564	106,491	102,263	108,320	125,197
Capital lease obligation (Note 11)	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)	15,430	16,113	16,927	18,124	18,711	19,828	10,150	11,237	12,086	11,584
Other	1,167	665	7	232	130	283	413	177	37	128
Total liabilities	155,473	145,252	154,445	161,250	142,041	150,680	126,810	123,122	128,374	143,374
<b>NET ASSETS</b>										
Invested in capital assets, net of related debt:										
WTEF, net of lease obligation & bonds payable	(116,480)	(106,076)	(84,010)	(80,586)	(65,846)	(61,014)	(49,595)	(43,987)	(38,176)	(32,559)
Other capital assets, net	5,291	6,829	5,195	4,433	2,517	6,680	(1,054)	(3,609)	(17,925)	(16,480)
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	2,240	2,087	1,974	1,661	1,715	2,325	13,887	10,399	9,901	10,512
Other restricted, net	5,333	3,658	8,621	18,491	7,961	8,252	1,184	514	777	1,614
Unrestricted	5,942	3,795	4,780	4,753	6,881	5,562	6,474	7,496	8,388	10,756
Total net assets	\$ (97,674)	\$ (89,706)	\$ (63,439)	\$ (51,248)	\$ (46,772)	\$ (38,196)	\$ (29,104)	\$ (29,187)	\$ (37,035)	\$ (26,157)

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, 2002 through 2011**

(in thousands)<sup>1</sup>

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues:</b>										
Tipping and disposal fees	\$ 13,600	\$ 14,079	\$ 14,423	\$ 16,754	\$ 18,376	\$ 18,958	\$ 18,650	\$ 18,101	\$ 21,141	\$ 26,870
Waste transfer fees	3,860	4,132	4,010	4,448	4,377	4,336	4,537	4,403	4,441	4,487
Retired facility and waiver fees	7,722	7,916	8,113	8,016	7,949	7,892	7,614	9,162	9,473	9,095
Generation fees	5,559	5,655	5,801	5,720	5,716	5,663	5,438	5,090	5,265	5,054
Other	704	755	128	574	319	617	582	563	846	435
<b>Operating revenues</b>	<b>31,445</b>	<b>32,536</b>	<b>32,475</b>	<b>35,512</b>	<b>36,737</b>	<b>37,467</b>	<b>36,822</b>	<b>37,319</b>	<b>41,166</b>	<b>45,941</b>
<b>Expenses:</b>										
Salaries, wages and benefits	4,873	5,582	6,127	6,790	7,104	7,351	9,692	11,226	9,457	9,281
Contracts, services and supplies	11,854	12,860	14,406	14,918	10,248	10,566	10,800	9,491	10,172	12,102
Solid waste fees	1,771	1,955	2,192	2,686	3,276	3,236	3,122	3,250	4,342	4,929
Depreciation and depletion	1,815	2,151	2,141	3,612	6,874	5,672	10,334	7,428	13,960	5,290
Landfill closing expenses	722	999	844	1,239	1,365	1,276	(9,630)	1,100	877	(440)
Other	22	113	20	2	-	-	-	-	10	1
<b>Operating expenses</b>	<b>21,057</b>	<b>23,660</b>	<b>25,730</b>	<b>29,247</b>	<b>28,867</b>	<b>28,101</b>	<b>24,318</b>	<b>32,495</b>	<b>38,818</b>	<b>31,163</b>
<b>Operating income</b>	<b>10,388</b>	<b>8,876</b>	<b>6,745</b>	<b>6,265</b>	<b>7,870</b>	<b>9,366</b>	<b>12,504</b>	<b>4,824</b>	<b>2,348</b>	<b>14,778</b>

Continued

Table 2 (continued)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Nonoperating revenues (expenses):										
Interest expense	(4,919)	(4,773)	(4,246)	(5,232)	(5,040)	(5,116)	(4,858)	(4,729)	(4,498)	(4,347)
ERIP interest expense	-	-	-	-	-	-	-	(42)	(128)	(108)
Interest earnings	705	466	617	1,344	1,962	2,680	2,471	762	567	417
Grant revenues	134	138	145	404	240	2,192	379	307	621	495
Grants awarded <sup>2</sup>	(155)	(542)	(462)	(636)	(574)	(593)	(498)	(712)	(587)	(369)
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	(50)	(125)	(19)	(4)	19	47	(44)	19	57	12
Total nonoperating expenses	(4,285)	(4,835)	(3,965)	(4,124)	(3,393)	(790)	(3,412)	(4,908)	(10,195)	(3,900)
Special and extraordinary items										
Gain on forgiveness of debt	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	7,139	7,968	26,267	12,192	4,477	8,576	9,092	(84)	(7,847)	10,878
Total net assets - beginning	(104,813)	(97,674)	(89,706)	(63,439)	(51,248)	(46,772)	(38,196)	(29,104)	(29,188)	(37,035)
Total net assets - ending	\$ (97,674)	\$ (89,706)	\$ (63,439)	\$ (51,248)	\$ (46,772)	\$ (38,196)	\$ (29,104)	\$ (29,188)	\$ (37,035)	\$ (26,157)

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

<sup>2</sup> Included in contracts, services and supplies prior to 2002.

Source: SWACO

**SWACO**  
**Schedule of Revenues, Expenses and Changes in Fund Net Assets**  
**2011 Budget to Actual (in thousands)**

	Operating Fund			Program Fund			All Funds Total			Budget Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	
<u>Operating revenues:</u>										
Tipping and disposal fees	\$ 25,506	\$ 25,506	\$ 26,870	\$ -	\$ -	\$ -	\$ 25,506	\$ 25,506	\$ 26,870	\$ 1,364
Waste transfer fees	4,400	4,400	4,487	-	-	-	4,400	4,400	4,487	87
Retired facility and waiver fees	8,865	8,865	9,095	-	-	-	8,865	8,865	9,095	230
Generation fees	-	-	-	4,925	4,925	5,054	4,925	4,925	5,054	129
Other	350	350	216	250	250	219	600	600	435	(165)
Total operating revenues	39,121	39,121	40,668	5,175	5,175	5,273	44,296	44,296	45,941	1,645
<u>Operating expenses:</u>										
Salaries, wages and benefits	8,198	8,198	8,009	1,133	1,133	1,271	9,331	9,331	9,280	51
Contracts, services and supplies	7,453	7,453	9,303	3,148	3,148	2,799	10,601	10,601	12,102	(1,501)
Solid waste fees	4,960	4,960	4,929	-	-	-	4,960	4,960	4,929	31
Depreciation and depletion	5,219	5,219	5,219	71	71	71	5,290	5,290	5,290	-
Landfill closing costs	(439)	(439)	(439)	-	-	-	(439)	(439)	(439)	-
Bad debt expense	-	-	1	-	-	-	-	-	1	(1)
Other	133	133	-	-	-	-	133	133	-	133
Interfund transfers	(400)	(400)	(654)	400	400	654	-	-	-	-
Total operating expenses	25,124	25,124	26,368	4,752	4,752	4,795	29,876	29,876	31,163	(1,287)
Operating income (loss)	13,997	13,997	14,300	423	423	478	14,420	14,420	14,778	358

Continued

Table 3 (continued)

	Operating Fund			Program Fund			All Funds Total			Budget Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	
<u>Nonoperating revenues (expenses)</u>										
Interest expense	\$ (567)	\$ (567)	\$ (4,347)	\$ -	\$ -	\$ -	\$ (567)	\$ (567)	\$ (4,347)	\$ (3,780)
Interest earnings	20	20	417	-	-	-	20	20	417	397
Grant revenues	-	-	495	-	-	-	-	-	495	495
Grants awarded	-	-	-	(336)	(336)	(369)	(336)	(336)	(369)	(33)
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-
ERIP interest expense	-	-	(108)	-	-	-	-	-	(108)	(108)
Gain (loss) on disposal of assets	-	-	-	-	-	12	-	-	12	12
	(547)	(547)	(3,543)	(336)	(336)	(357)	(883)	(883)	(3,900)	(3,017)
Total nonoperating expenses	13,450	13,450	10,757	87	87	121	13,537	13,537	10,878	\$ (2,659)
Change in net assets	(30,390)	(32,390)	(38,236)	2,122	2,122	1,201	(28,268)	(30,268)	(37,035)	
Total net assets - beginning	\$ (16,940)	\$ (18,940)	\$ (27,479)	\$ 2,209	\$ 2,209	\$ 1,322	\$ (14,731)	\$ (16,731)	\$ (26,157)	

Totals may not add due to rounding.

Source: SWACO

**SWACO**  
**Solid Waste Received and Landfilled 2002 - 2011 (in tons)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Solid waste received by SWACO										
Jackson Pike Transfer Station	167,211	173,213	197,862	179,016	166,372	170,425	164,326	152,829	153,564	152,681
Morse Road Transfer Station	129,495	149,120	122,836	123,684	121,774	119,305	133,156	123,988	132,727	127,957
Georgesville Rd Transfer Station	62,788	63,860	55,643	69,026	63,611	56,927	64,201	73,606	67,133	76,256
Subtotal Transfer Stations	359,494	386,193	376,341	371,727	351,757	346,657	361,683	350,422	353,424	356,894
Sanitary Landfill	523,899	533,122	569,295	551,659	532,247	524,581	483,675	465,206	586,422	721,290
Total solid waste received by SWACO	883,393	919,315	945,636	923,386	884,004	871,238	845,358	816,754	939,847	1,078,184
Removed from waste stream <sup>1</sup>	(641)	(245)	(234)	(121)	(140)	(280)	(457)	(478)	(195)	(257)
Carryover/(shrinkage) <sup>2</sup>	2,712	(698)	921	(4,046)	(3,986)	(2,245)	(6,163)	385	(4,853)	(4,202)
Total adjustments	2,071	(943)	687	(4,167)	(4,126)	(2,525)	(6,620)	(93)	(5,048)	(4,459)
Transferred out-of-district <sup>3</sup>	-	-	-	(14,057)	-	-	-	-	-	-
Solid waste landfilled - Franklin County Sanitary Landfill	885,463	918,372	946,323	905,161	879,878	868,713	838,738	816,661	934,798	1,073,725

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

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

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

<sup>4</sup> Includes 8,565.93 tons which are non-billable, which explains the variance from the amount disclosed in other sections of the CAFR.

Source: SWACO

**SWACO**  
**Top Ten Customers 2002 - 2011**  
**(tons received)**

Customer	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
City of Columbus Division of Sanitation	338,731	352,337	352,366	342,662	333,710	329,251	324,682	312,685	307,486	314,515
Waste Management of Ohio	77,684	81,201	91,002	74,931	58,652	59,574	43,927	36,032	162,860	143,063
Rumpke Waste/Rumpke Container/Rumpke Trf.	155,091	158,657	145,675	155,802	145,153	157,696	159,279	155,848	154,524	198,488
Republic Waste Systems	183,507	195,283	204,763	205,368	185,991	176,025	162,598	156,566	154,372	177,749
Local Waste Services LLC	47,922	56,959	69,810	78,862	89,854	88,236	85,130	78,410	78,539	91,895
Columbus Auto Shredding Inc.	*	*	*	*	*	*	*	*	*	28,127
PSC Metals Inc.	*	*	*	*	*	*	*	*	*	26,331
Capitol Waste & Recycling	*	*	*	*	*	*	*	*	*	11,673
Mars Petcare U.S.	#	#	#	#	#	#	#	#	9,325	8,666
City of Upper Arlington	7,643	7,814	7,741	7,386	7,207	6,886	7,175	6,665	6,539	6,719
Anheuser-Busch Inc.	#	#	#	#	#	#	#	#	7,117	#
City of Columbus Street Engineer	7,029	6,177	5,839	5,621	7,497	6,671	5,926	6,152	5,547	#
Flower Garbage	5,521	6,211	5,590	#	#	8,861	9,133	7,783	4,351	#
Adept, Inc.	#	#	#	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	5,796	#	*	*	*	*	*	*	*	#
Total Top Ten Customers	832,529	874,967	904,026	888,789	842,210	839,898	804,945	766,223	890,660	1,007,226
Total tons received by SWACO <sup>1</sup>	883,393	919,315	945,636	923,386	884,004	871,238	845,358	816,754	939,847	1,069,618
Top Ten customer % of total received	96%	97%	97%	97%	97%	96%	95%	94%	95%	94%
Total tons generated within District <sup>2</sup>	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	1,079,501
Top Ten customer % of total waste disposal	75%	76%	79%	78%	73%	74%	74%	75%	85%	93%

<sup>1</sup> Includes both in-district and out-of-district waste.

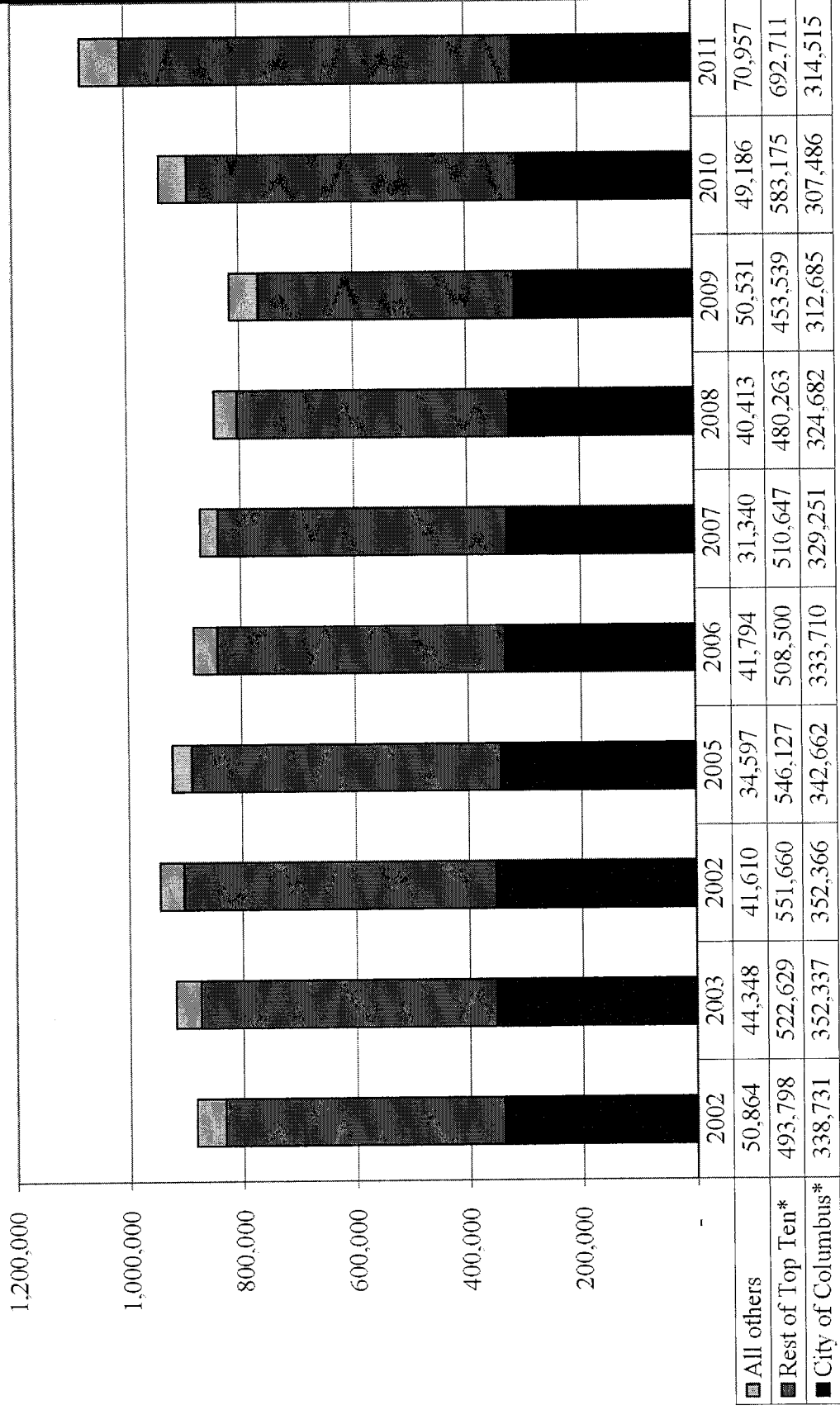
<sup>2</sup> Total solid waste generated within the District and disposed of at SWACO and out-of-district facilities.

# 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.



**SWACO Waste Receipts (Tons) 2002 - 2011**



Source: SWACO

3-10

\*See notes to Table 5.

Table 6

## SWACO

## Disposal Rates 1991-2011

Effective Date	Franklin County Landfill	Jackson Pike Transfer <sup>2</sup>	Morse Road Transfer	Georgesville Rd. Transfer	Alum Creek Transfer	Compost Facilities	Charge Unit
2/1/1991 <sup>1</sup>	\$ 4.90	\$ -	\$ -	\$ -	\$ -	-	Cu. Yard
4/1/1991	7.50	-	-	-	-	-	Cu. Yard
4/1/1993	7.50	7.50	7.50	7.50	7.50	-	Cu. Yard
7/1/1993	13.25	13.00	13.50	13.00	13.00	-	Cu. Yard
6/1/1994 <sup>3</sup>	49.00	49.00	49.00	49.00	49.00	-	Ton
9/1/1994	32.00	32.00	32.00	32.00	32.00	-	Ton
11/1/1994 <sup>4</sup>	37.00	37.00	37.00	37.00	Closed	-	Ton
2/7/1996	33.00	37.00	44.00	40.00	-	-	Ton
3/11/1996	30.00	34.00	41.00	37.00	-	-	Ton
5/8/1996	27.00	31.00	38.00	34.00	-	-	Ton
4/8/1998 <sup>5</sup>	20.00	30.00	31.00	31.00	-	-	Ton
4/1/1999 <sup>6</sup>	27.00	37.00	38.00	38.00	-	-	Ton
10/4/1999	27.00	37.00	38.00	38.00	-	6.00 <sup>7</sup>	Ton
1/1/2005	29.25	40.25	41.25	41.25	-	6.00	Ton
7/1/2005 <sup>8</sup>	30.75	41.75	42.75	42.75	-	6.00	Ton
1/1/2006	32.25	44.25	45.25	45.25	-	6.00	Ton
1/1/2007	33.50	45.50	46.50	46.50	-	6.00	Ton
1/1/2008	33.50	45.50	46.50	46.50	-	6.00	Ton
1/1/2009	35.50	47.50	48.50	48.50	-	6.00	Ton
8/1/2009 <sup>9</sup>	36.75	48.75	49.75	49.75	-	6.00 <sup>10</sup>	Ton
1/1/2011 <sup>11</sup>	39.75	51.75	52.75	52.75	-	-	Ton
1/1/2012	42.75	54.75	55.75	55.75	-	-	Ton

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

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

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

<sup>4</sup>Beginning August 2, 1994, all rates include a \$.50/ton generation fee.

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

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

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

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

<sup>9</sup>Rate reflects \$1.25 per ton EPA rate increase.

<sup>10</sup>Compost facility was closed December 2009.

<sup>11</sup>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.

Source: SWACO

**SWACO**  
**Franklin County Sanitary Landfill Airspace Capacity**  
**Total Permitted, Annual Used, and Permitted Remaining 2002-2011**  
**(cubic yards)**

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
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 <sup>1</sup>	1,053,000	39,179,300
2010	51,900,000 <sup>1</sup>	1,163,000	38,670,000
2011	51,900,000 <sup>1</sup>	1,263,060	36,961,530

At Maximum  
Permitted Receipts<sup>2</sup>

At 2011 Receipts<sup>3</sup>

Remaining landfill life

11.7

25.0

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

<sup>2</sup> Maximum 8,000 tons per day or 2,288,000 annual tons per OEPA permit. Assumes a compaction rate of 1,450 pounds per cubic yard.

<sup>3</sup> Approximately 1,074,000 tons received (see calculation on Table 4 page 3-8) . Assumes a compaction rate of 1,450 pounds per cubic yard.

Source: SWACO

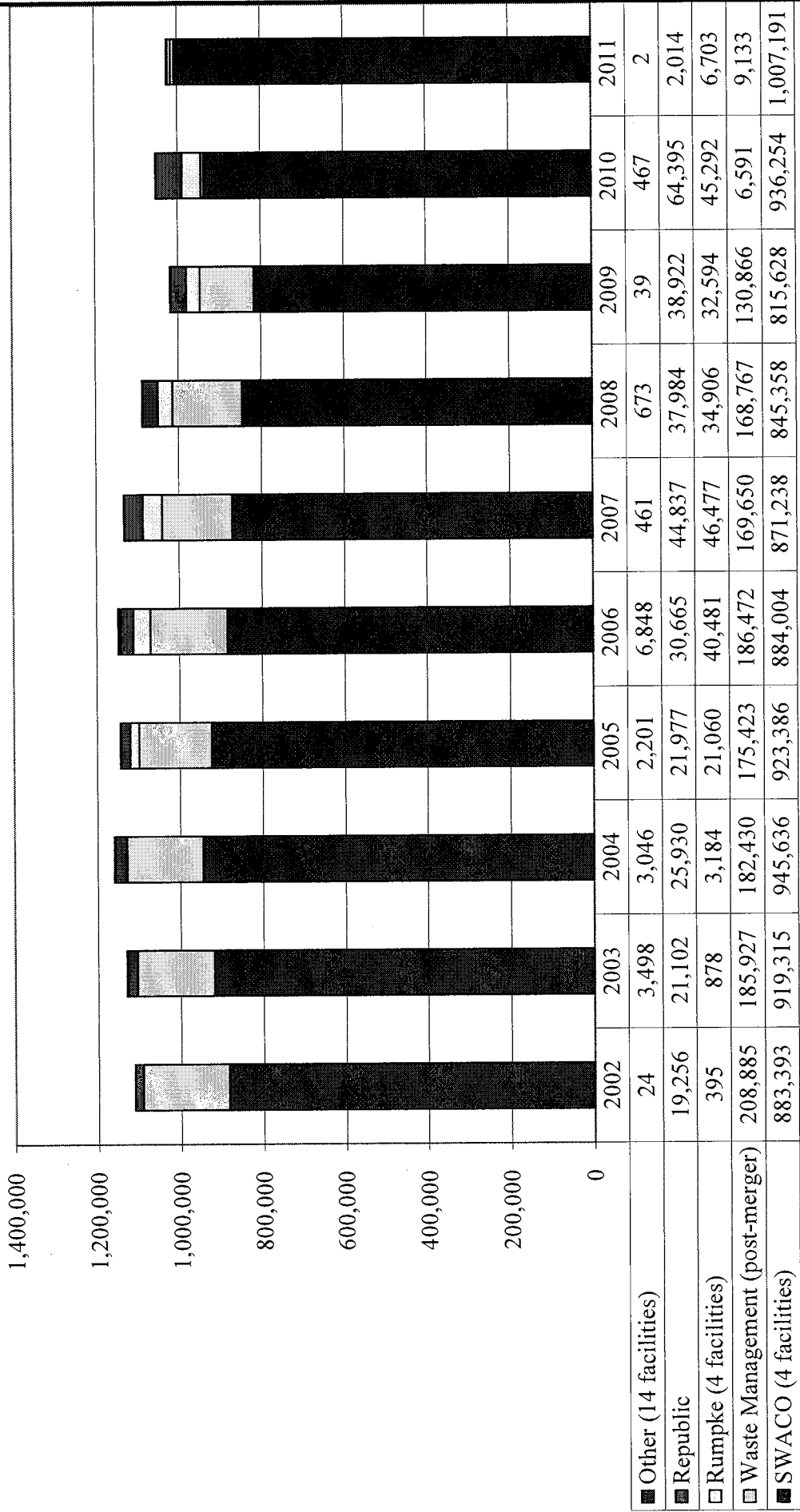
**SWACO**  
**Generation Fee Tonnage Reported 2002 - 2011<sup>1</sup>**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Solid Waste Authority (4 facilities)	883,393	919,315	945,636	923,386	884,004	871,238	845,358	815,628	936,254	1,007,191
Republic Waste Services	19,256	21,102	25,930	21,977	30,665	44,837	37,984	38,922	64,395	2,014
Rumpke Waste (4 facilities)	395	878	3,184	21,060	40,481	46,477	34,906	32,594	45,292	6,703
Waste Management (2 facilities)	208,885	185,927	182,430	175,423	186,472	169,650	168,767	130,866	6,591	9,133
Other (14 facilities)	24	3,498	3,046	2,201	6,848	461	673	39	467	2
<b>Total</b>	<b>1,111,953</b>	<b>1,130,721</b>	<b>1,160,226</b>	<b>1,144,048</b>	<b>1,148,471</b>	<b>1,132,663</b>	<b>1,087,688</b>	<b>1,018,049</b>	<b>1,052,999</b>	<b>1,025,043</b>

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

Source: SWACO

**Generation Fee Tonnage Reported 2002 - 2011**



\*See notes to Table 8.

**SWACO**  
**SWACO Program Activity - Tons Collected 2002-2011**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total tons of waste recycled	113,293	142,860	150,949	145,540	136,768	121,775	148,823	78,764	n/a	n/a
Yard waste composting	n/a	8,449	7,947	8,700	9,593	10,755	12,999	15,126	15,924	16,444
Drop-off recycling	356	429	602	626	742	815	774	636	37	n/a
Just-in-Time Recycling	321	344	424	443	419	626	641	550	231	122
Household hazardous waste	n/a	70	196	155	n/a	n/a	n/a	n/a	n/a	n/a
E-waste collection	177	176	115	132	89	168	187	153	139	220
Tire collection	262	245	119	71	32	104	246	19	40	23
Scrap metal recycling	0	0	0	57	0	0	0	0	0	0
Other recycling										
<b>Total</b>	<b>114,408</b>	<b>152,573</b>	<b>160,352</b>	<b>155,724</b>	<b>147,643</b>	<b>134,243</b>	<b>163,670</b>	<b>95,248</b>	<b>16,371</b>	<b>16,809</b>

**Tires and White Goods Received 2002 - 2011<sup>1</sup>**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Tires (each)	17,650	17,608	11,497	12,478	13,043	19,726	28,926	17,625	16,422	22,219
White goods (each)	7,249	5,404	4,527	3,622	2,181	2,292	301	290	143	169

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

Source: SWACO

**SWACO**  
**Household Hazardous Waste Collection 2002 - 2011**  
(in pounds)

Material Classification	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Bulked flammables	33,450	41,848	31,184	30,504	14,998	22,070	51,488	69,494	72,096	69,461
Paint	267,812	334,673	476,154	528,064	580,111	898,600	901,135	750,018	219,187	42,007
Aerosol-pesticides	7,455	40,727	47,542	45,332	38,815	56,093	63,491	61,798	32,149	37,625
Putty & adhesives	-	-	-	-	31,135	48,854	35,486	37,351	34,807	23,167
Used oil /antifreeze	33,688	38,596	35,346	33,285	36,994	48,925	65,667	57,633	35,361	16,896
Household cleaners	-	-	-	-	9,632	20,991	23,879	18,348	12,320	10,904
Aerosol-flammable	11,222	23,714	27,202	27,684	17,615	32,716	34,914	19,731	14,790	10,676
Lead/acid batteries	23,073	24,272	29,389	20,414	14,197	8,074	33,526	28,194	16,067	9,131
Dry cell batteries	-	-	-	-	5,209	-	12,246	3,990	5,189	6,832
Acids/bases	-	-	18,394	18,975	9,821	14,548	12,734	13,977	7,536	6,614
Flourescent light bulbs	462	460	489	664	1,057	3,373	6,875	6,700	6,101	5,130
Oxidizers	-	-	-	-	2,328	3,466	4,516	2,476	1,689	1,869
Propane cylinders	27,299	35,051	35,070	25,015	14,577	20,004	8,028	2,857	2,065	1,471
NiCad batteries	488	543	1,074	866	144	46	18	3,649	334	1,012
Poisons	-	-	-	-	534	981	208	235	322	476
Elemental mercury	-	244	380	273	220	474	938	230	1,138	327
Reactive lab pack/alum pain	-	607	-	-	816	1,599	1,222	7,213	142	205
Lithium batteries	-	171	248	179	106	19,365	13	475	102	136
Fire extinguishers	-	1,349	1,872	876	1,039	2,086	794	537	211	112
Freon	-	446	638	608	53	433	-	6	-	37
Cylinders	-	605	1,114	1,324	764	1,926	756	163	41	28
Misc. waste	-	38	-	421	2,940	207	-	6,291	15,056	28
Asbestos	-	-	-	-	45	1,352	90	8	1	3
Lab pack A	13,904	15,211	5,369	5,569	-	-	-	-	-	-
Lab pack B	35,408	5,454	328	903	1,105	-	-	-	-	-
Alkaline batteries	4,529	-	-	-	-	-	-	-	-	-
Loosepack fuels	183,289	124,657	137,042	145,733	53,611	44,951	24,174	8,968	-	-
Total	642,079	688,666	848,835	886,689	837,866	1,251,134	1,282,198	1,100,342	476,704	244,147

Table 11

**SWACO**  
**Number of Employees by Function**

<b>Function</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Administration	19	20	21	20	19	22	21	19	20	24
Operations	46	58	69	79	77	77	88	89	90	89
Programs	9	7	6	6	6	11	11	6	6	6
<b>Total</b>	<b>74</b>	<b>85</b>	<b>96</b>	<b>105</b>	<b>102</b>	<b>110</b>	<b>120</b>	<b>114</b>	<b>116</b>	<b>119</b>

Source: SWACO



Table 12

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

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

Net interest cost (%) 4.200%

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

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

Year	SW Facility		Principal		Total	Coupon	Interest	Total Debt	
	Improvements	Landfill Phase	HI	Landfill Phase					
2004	\$ -	\$ -	\$ -	\$ -	-	-	\$ 149,786	\$ 149,786	
2005	-	-	-	-	-	-	1,348,075	1,348,075	
2006	75,000	2,355,000	2,355,000	2,430,000	2,430,000	4.000%	1,348,075	3,778,075	
2007	80,000	2,445,000	2,445,000	2,525,000	2,525,000	5.000%	1,250,875	3,775,875	
2008	85,000	2,570,000	2,570,000	2,655,000	2,655,000	5.000%	1,124,625	3,779,625	
2009	95,000	2,695,000	2,695,000	2,790,000	2,790,000	3.500%	991,875	3,781,875	
2010	110,000	2,790,000	2,790,000	2,900,000	2,900,000	5.000%	894,225	3,794,225	
2011	125,000	2,930,000	2,930,000	3,055,000	3,055,000	4.250%	749,225	3,804,225	
2012	710,000	-	-	710,000	710,000	4.000%	619,388	1,329,388	
2013	735,000	-	-	735,000	735,000	4.000%	590,988	1,325,988	
2014	760,000	-	-	760,000	760,000	4.000%	561,588	1,321,588	
2015	790,000	-	-	790,000	790,000	5.000%	531,188	1,321,188	
2016	835,000	-	-	835,000	835,000	5.000%	491,688	1,326,688	
2017	875,000	-	-	875,000	875,000	4.000%	449,938	1,324,938	
2018	910,000	-	-	910,000	910,000	4.125%	414,938	1,324,938	
2019	950,000	-	-	950,000	950,000	4.200%	377,400	1,327,400	
2020	995,000	-	-	995,000	995,000	5.000%	337,500	1,332,500	
2021	1,040,000	-	-	1,040,000	1,040,000	5.000%	287,750	1,327,750	
2022	1,095,000	-	-	1,095,000	1,095,000	5.000%	235,750	1,330,750	
2023	1,150,000	-	-	1,150,000	1,150,000	5.000%	181,000	1,331,000	
2024	1,205,000	-	-	1,205,000	1,205,000	5.000%	123,500	1,328,500	
2025	1,265,000	-	-	1,265,000	1,265,000	5.000%	63,250	1,328,250	
<b>Total</b>	<b>\$ 13,885,000</b>	<b>\$ 15,785,000</b>	<b>\$ 15,785,000</b>	<b>\$ 29,670,000</b>	<b>\$ 29,670,000</b>		<b>\$ 13,122,624</b>	<b>\$ 42,792,624</b>	
Net interest cost (%)							4.170%		

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

**SWACO  
Series 2005 Refunding Bonds**

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

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
<b>Total</b>	<b>\$ 6,750,000</b>		<b>\$885,737</b>	<b>\$ 7,635,737</b>

Net interest cost (%) 3.234%

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

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

Year	Principal	Coupon	Interest	Total Debt Service
2009	\$ -	-	\$ 715,328	\$ 715,328
2010	5,000	4.000%	964,488	969,488
2011	5,000	4.000%	964,288	969,288
2012	800,000	4.0%/5.0%	964,088	1,764,088
2013	830,000	4.000%	929,588	1,759,588
2014	870,000	4.0%/5.0%	896,388	1,766,388
2015	925,000	4.0%/5.0%	856,588	1,781,588
2016	945,000	4.000%	815,338	1,760,338
2017	1,000,000	5.000%	777,538	1,777,538
2018	1,030,000	5.000%	727,538	1,757,538
2019	1,095,000	4.375%/5.0%	676,038	1,771,038
2020	1,135,000	4.600%	622,538	1,757,538
2021	1,195,000	4.7%/5.0%	570,328	1,765,328
2022	1,250,000	4.8%/5.0%	512,078	1,762,078
2023	1,310,000	4.875%	450,078	1,760,078
2024	1,370,000	5.000%	386,215	1,756,215
2025	1,440,000	5.000%	317,715	1,757,715
2026	1,510,000	5.125%	245,715	1,755,715
2027	1,590,000	5.125%	168,328	1,758,328
2028	1,670,000	5.200%	86,840	1,756,840
<b>Total</b>	<b>\$ 19,975,000</b>		<b>\$ 12,647,043</b>	<b>\$ 32,622,043</b>
Net interest cost (%)		4.898%		

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

**SWACO**  
**Series 2010 Solid Waste Facility Improvements Bonds**

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
<b>Total</b>	<b>\$ 15,590,000</b>		<b>\$ 5,850,447</b>	<b>\$ 21,440,447</b>
Net interest cost (%)		3.335%		

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

**SWACO**

Table 18

**Series 2011 Taxable Bond Anticipation Notes**

Year	Principal	Interest	Total Debt Service
2012	\$ 3,520,000	\$ 61,600	\$ 3,581,600
Total	\$ 3,520,000	\$ 61,600	\$ 3,581,600

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

Table 19

**Series 2011 Taxable Revenue Notes**

Year	Principal	Interest	Total Debt Service
2011	\$ 4,670,000	\$ 66,781	\$ 4,736,781
Total	\$ 4,670,000	\$ 66,781	\$ 4,736,781

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

**SWACO**

Table 20

**Series 2011 Bond Anticipation Notes**

Year	Principal	Interest	Total Debt Service
2012	\$ 1,320,000	\$ 8,433	\$ 1,328,433
Total	\$ 1,320,000	\$ 8,433	\$ 1,328,433

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

Table 21

**Series 2011 Bond Anticipation Notes**

Year	Principal	Interest	Total Debt Service
2012	\$ 24,295,000	\$ 138,482	\$ 24,433,482
Total	\$ 24,295,000	\$ 138,482	\$ 24,433,482

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



## SWACO

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

Year	Principal	Interest <sup>2</sup>	Total Lease Obligation	Amount Paid or Credited	Interest on Deferred Balance <sup>3</sup>	Deferred Balance <sup>4</sup>
1993	\$ 4,991	\$ 8,099	\$ 13,090	\$ 13,090	-	\$ -
1994	7,881	9,042	16,923	16,923	-	-
1995	5,579	5,853	11,432	6,000	153	5,585
1996	6,229	5,341	11,570	8,000	402	9,557
1997	6,299	4,991	11,290	4,055	746	17,538
1998	7,258	4,664	11,922	2,002	1,177	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 <sup>5</sup>	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
2011	1,889	-	-	1,889	-	-
<b>Subtotal 1993-2011</b>	<b>122,394</b>	<b>60,865</b>	<b>181,369</b>	<b>193,817</b>	<b>12,448</b>	<b>\$ -</b>

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.

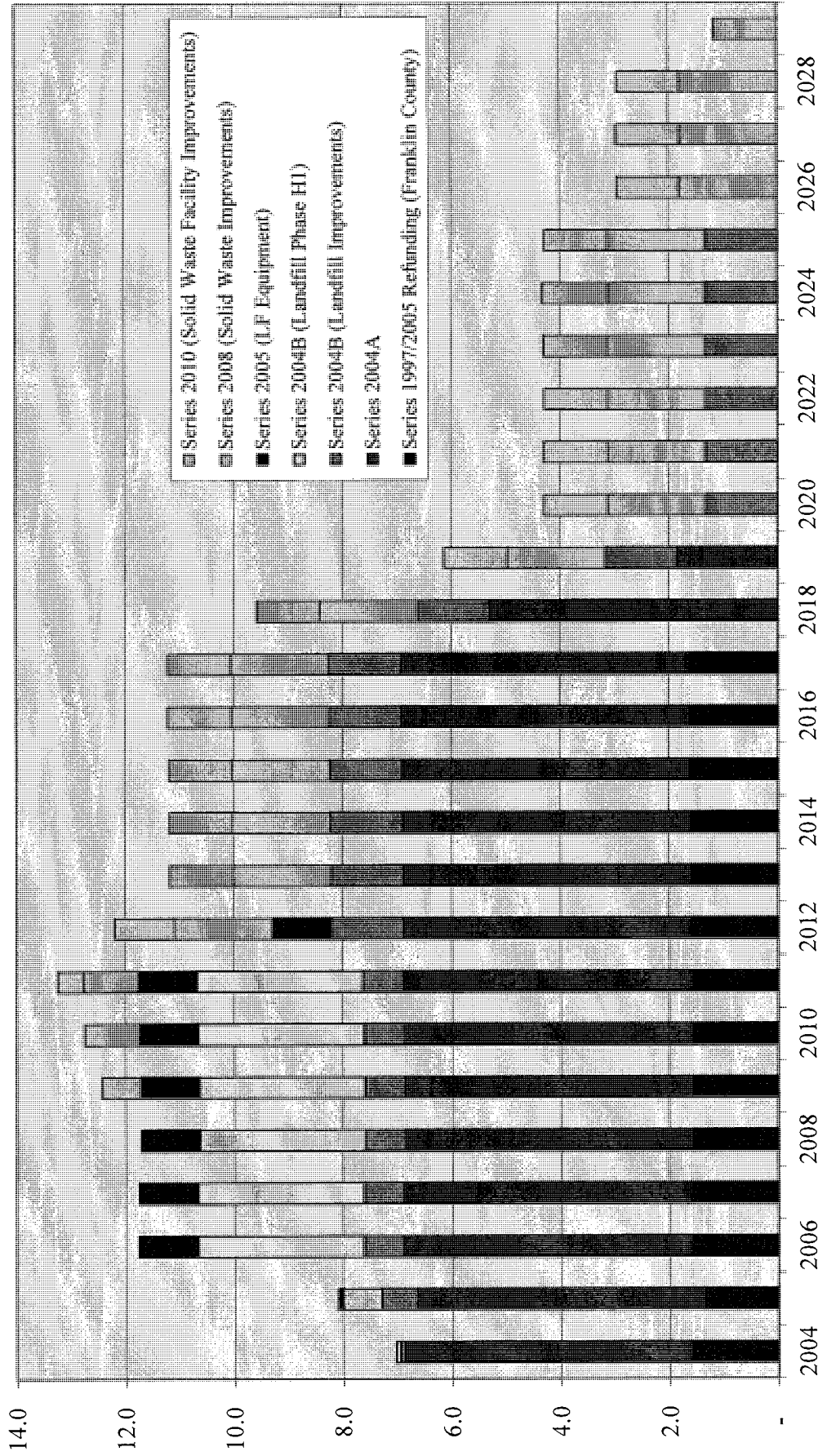
4. Deferred balance plus interest payable to the City; excludes accrued interest on bonds maturing after December 31. Final payment on lease obligation occurred in November 2011.

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**



\*does not include notes.

**SWACO**  
**Total and General Obligation Debt Ratios 2002 - 2011**

Tax Year	Total SWACO Debt <sup>1</sup> (thousands)	SWACO District Population <sup>2</sup>	Total SWACO Debt PerCapita	SWACO General Obligation Debt <sup>3</sup> (thousands)	District Assessed Property Valuation (AV) <sup>2</sup> (thousands)	SWACO G.O. Debt as a Percent of AV	Annual Debt Service Paid from Tipping Fees <sup>4</sup> (thousands)	Solid Waste Received by SWACO (tons)	Annual Debt Service Paid from Tipping Fees Per Ton Received
2002	135,251	1,119,000	121	16,795	25,653,020	0.07%	1,567	883,393	1.77
2003	124,097	1,132,000	110	16,045	25,790,945	0.06%	1,571	919,315	1.71
2004	125,725	1,140,000	110	96,974	26,298,304	0.37%	1,578	945,636	1.67
2005	128,553	1,159,000	111	99,639	29,868,345	0.33%	2,693	923,386	2.92
2006	113,924	1,179,700	97	96,548	30,102,825	0.32%	5,680	884,004	6.43
2007	116,970	1,189,600	98	97,810	29,912,050	0.33%	5,822	871,238	6.68
2008	112,716	1,197,200	94	101,613	30,400,811	0.33%	6,186	845,358	7.32
2009	106,363	1,201,810	89	93,265	28,910,438	0.32%	7,142	816,754	8.74
2010	110,209	1,205,200	91	100,129	28,867,111	0.35%	7,921	939,847	8.43
2011	125,197	1,208,800	104	91,114	27,113,105	0.34%	6,863	1,069,618	6.42

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

<sup>2</sup> See Table 24.

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

<sup>4</sup> General obligation bonds excluding Series 2004A bonds (paid from Retired Facility and Waiver Fees).

Source: SWACO

**SWACO**  
**Indirect Debt and Property Tax Limitations, November 28, 2011**

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 November 28, 2011.

<b>Overlapping Jurisdictions</b>	<b>Millage required</b>	<b>Unallocated Millage</b>
SWACO, Franklin County, the City of Hilliard, Dublin City School District, Washington Township	7.9809	2.0191
SWACO, Licking County, the City of Reynoldsburg, Southwest Licking School District	4.8639	5.1361
SWACO, Union County, the City of Dublin, Washington Township & Dublin City School District	4.7159	5.2841
SWACO, Delaware County, the City of Westerville, Westerville City School District	6.1132	3.8868
SWACO, Pickaway County, Village of Harrisburg, Darby Township & South-Western City School District	0.9061	9.0939
SWACO, Fairfield County, City of Columbus, Montgomery Township & Pickerington Local School District	7.2853	2.7147

Source: Auditors for respective counties.

## SWACO

**Ten Largest Employers 2011 and 2002<sup>1</sup>**  
**Franklin County, Ohio**

		<b>2011</b>		<b>2002</b>			
<b>Employer</b>	<b>Principal Business</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>	<b>Employer</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>	
The Ohio State University	Education	26,778	4.7%	State of Ohio	27,707	4.9%	
State of Ohio	Education	26,728	4.7%	The Ohio State University	17,069	3.0%	
JP Morgan Chase (formerly Bank One)	Finance	18,000	3.2%	Nationwide	10,444	1.9%	
OhioHealth (formerly Grant/Riverside)	Health Care	13,217	2.3%	Federal Government/U.S. Postal Service	9,983	1.8%	
Nationwide Mutual Insurance Co.	Finance	11,668	2.1%	JP Morgan Chase (formerly Bank One)	8,991	1.6%	
Columbus City School District	Education	9,766	1.7%	City of Columbus	8,805	1.6%	
Kroger Company	Retail	9,766	1.7%	Columbus City School District	8,784	1.6%	
City of Columbus	Government	8,592	1.5%	Ohio Health	8,158	1.4%	
Nationwide Children's Hospital	Health Care	7,904	1.4%	Limited, Inc.	7,200	1.3%	
McDonald's Corp.	Restaurants	7,622	1.4%	Franklin County	6,830	1.2%	
<b>Subtotal</b>		<b>140,041</b>	<b>24.3%</b>	<b>Subtotal</b>	<b>113,971</b>	<b>20.2%</b>	
Total estimated Franklin County employment <sup>2</sup>		575,600	100.0%	Total estimated Franklin County employment <sup>2</sup>		564,200	100.0%

<sup>1</sup> Business First, Book of Lists, 2011.

<sup>2</sup> Franklin County Auditor.

Note: This table includes full-time employees only.

District and Franklin County Demographic Statistics 2002 - 2011<sup>1</sup>

Tax Year	District Population <sup>2</sup>	Total Assessed Value Taxable District Property <sup>3</sup> (in thousands)	Franklin County Only			Total Assessed Value Taxable County Property <sup>5</sup> (in thousands)
			Population <sup>2</sup>	Per Capita Income <sup>4</sup>	Median Age <sup>4</sup>	
2002	1,119,000	25,653,020	1,088,445	33,465	33	24,741,567
2003	1,132,000	25,790,945	1,101,226	34,152	33	24,872,526
2004	1,140,000	26,298,304	1,114,159	33,725	33	25,294,765
2005	1,159,000	29,868,345	1,131,895	34,960	34	28,743,005
2006	1,179,700	30,102,825	1,144,820	36,335 <sup>6</sup>	33	28,903,096
2007	1,189,600	29,912,050	1,153,867	39,083 <sup>7</sup>	34 <sup>7</sup>	28,695,371
2008	1,197,200	30,400,811	1,160,300 <sup>7</sup>	40,009 <sup>7</sup>	34 <sup>7</sup>	27,999,978 <sup>7</sup>
2009	1,201,810	28,910,438	1,164,725 <sup>7</sup>	41,077 <sup>7</sup>	35 <sup>7</sup>	28,057,691 <sup>7</sup>
2010	1,205,163	28,867,111 <sup>7</sup>	1,167,641	39,165 <sup>8</sup>	33 <sup>8</sup>	27,984,335 <sup>7</sup>
2011	1,208,818	27,113,105 <sup>7</sup>	1,168,018	40,609 <sup>7</sup>	33 <sup>7</sup>	26,303,009 <sup>7</sup>

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

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

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

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

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

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

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

<sup>8</sup> Ohio Department of Development.

Sources: SWACO except as noted above.

Average Unemployment Rates 2002 - 2011<sup>1</sup>

Year	Franklin County	State of Ohio	United States
2002	4.4%	5.7%	5.8%
2003	4.7%	6.0%	6.0%
2004	4.8%	6.3%	6.5%
2005	4.9%	5.4%	5.0%
2006	4.5% <sup>2</sup>	5.6% <sup>3</sup>	4.5% <sup>3</sup>
2007	4.7% <sup>4</sup>	5.6% <sup>4</sup>	4.6% <sup>4</sup>
2008	5.5% <sup>5</sup>	6.6% <sup>5</sup>	5.8% <sup>5</sup>
2009	8.3% <sup>4</sup>	10.2% <sup>4</sup>	9.3% <sup>4</sup>
2010	8.5% <sup>4</sup>	10.1% <sup>4</sup>	9.6% <sup>4</sup>
2011	7.6% <sup>5</sup>	8.8% <sup>5</sup>	8.9% <sup>5</sup>

<sup>1</sup>2002 - 2005 Ohio Bureau of Employment Services, Division of Research and Statistics.

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

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

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

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

Source: Ohio Department of Job and Family Services

**SWACO**  
**Capital Assets as of December 31, 2011**

Sanitary Landfill See Note 6 - Capital Assets, page 2-32 and Table 7 in the Statistical Section for additional information on the landfill.

<u>Transfer Stations</u>	Capacity (tons per day)	Year Constructed
Jackson Pike	1,750	1983
Morse Road	650	1974
Georgesville Road	350	1974
<u>Facilities</u>	Square Footage	Year Constructed
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
<u>Landfill Equipment</u>		
Landfill compactors	5	30
Landfill dozers	4	32
Excavator/grader/track loader (1 each)	3	9
Articulated dump trucks	4	5
Trailer tippers	3	5
Water trucks	2	1
Other landfill vehicles and equipment	9	
<u>Recycling Programs</u>		
Recycled materials packer trucks	6	27
Drop-box containers	463	6
		3
		27
		6
		3
		8
		4

Source: SWACO

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# **COMPLIANCE SECTION**



INSIGHT ■ INNOVATION ■ EXPERIENCE

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

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

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

We have audited the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio (SWACO) as of and for the year ended December 31, 2011, which collectively comprise SWACO's basic financial statements and have issued our report thereon dated June 12, 2012. 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.

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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*.

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 12, 2012

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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  
SEPTEMBER 11, 2012**