



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

Fiscal Year ended December 31, 2004



**Auditor of State
Betty Montgomery**

Board of Trustees
Solid Waste Authority of Central Ohio
6220 Young Road
Grove City, Ohio 43123-9518

We have reviewed the *Independent Auditor's Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2004 through December 31, 2004. 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 cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 14, 2005

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Comprehensive Annual Financial Report

of the

Solid Waste Authority of Central Ohio

for the

Fiscal Year ended December 31, 2004

Issued by the Solid Waste Authority of Central Ohio

Michael D. Long, P.E.

Executive Director

Ronald J. Mills

Assistant Executive Director

Prepared by the Department of Finance

G. Paul Koehler, CPA

Chief Financial Officer

————— *SWACO* —————

**Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2004**

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INTRODUCTORY SECTION



Board of Trustees

June 2, 2005

Jacqueline E. LaMuth
Chairman

To the Board of Trustees, residents and businesses of the Solid Waste Authority of Central Ohio:

Steven P. Shepard
Vice Chairman

Colleen H. Briscoe

Robert J. Clemons

Bradley N. Frick

Mary Jo Kilroy

William Lotz, Sr.

Cheryl L. Roberto

Joel S. Taylor

The Comprehensive Annual Financial Report (“CAFR”) of SWACO (the Solid Waste Authority of Central Ohio) for the fiscal year ended December 31, 2004 is hereby presented to the SWACO Board of Trustees and those living and doing business within the jurisdiction of SWACO. This CAFR has been prepared to conform to generally accepted accounting principles as applicable to state and local government entities and fulfills SWACO’s statutory requirement to prepare audited annual financial statements.

The management of SWACO is responsible for the accuracy of the information contained in this report and the completeness and fairness of its presentation. All disclosures necessary to understand SWACO’s financial activities have been included. Management relies on a comprehensive framework of internal controls established to ensure the completeness and accuracy of the report. 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.

Executive Director
Michael D. Long, P.E.

Administrative Office

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Grove City, OH
43123-9518

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Wilson, Shannon & Snow, Inc., Certified Public Accountants, have issued an unqualified opinion on SWACO’s financial statements for the year ended December 31, 2004. The independent auditor’s report is located at the beginning of the Financial Section of the report, Section 2.

Management’s discussion and analysis (“MD&A”) immediately follows the independent auditor’s report and provides a narrative, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it. The Notes to Financial Statements beginning on page 2-18 are an integral part of the financial statements and the reader is encouraged to read them as well.

The Statistical Section, Section 3, includes current and historical data on SWACO operations and solid waste deliveries, generation, and recycling. The Compliance Section, Section 4, includes the report of the independent accountants on compliance and internal control required by government auditing standards. The report indicates that the accountants “noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.”

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"). SWACO operates a sanitary landfill with a maximum daily capacity of 4,000 tons, three waste transfer stations with a combined capacity of approximately 3,000 tons per day, and various recycling and waste reduction programs. SWACO is also responsible for a closed landfill and a closed resource recovery facility.

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

SWACO's mission is to provide a comprehensive, environmentally sound, cost-effective, and technically reliable solid waste management program for all people living and working within the jurisdiction of the Solid Waste Authority of Central Ohio.

History of SWACO

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

SWACO closed the WTEF at the end of 1994 because of its inability to generate revenues sufficient to operate the facility and pay the lease 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 Notes 10 and 11). SWACO has awarded a contract to raze most of the WTEF, retaining certain buildings and structures that SWACO intends to use for recycling activities.

With closure of the WTEF in 1994 and the resulting loss of disposal capacity, SWACO began the process of obtaining a permit from the Ohio Environmental Protection Agency (OEPA) to expand the landfill to meet the additional disposal requirement of the District. In 1997, the permit was approved, adding capacity sufficient to meet SWACO's disposal requirements through at least 2021 and increasing the daily capacity to 6,000 tons.

The permit to expand the landfill allowed expansion in two ways. The first type of expansion, referred to as the vertical expansion, allowed SWACO to place additional solid waste on top of the existing landfill within the boundaries of the originally permitted landfill. This additional capacity is comparatively low-cost because it does not require additional excavation, liners and leachate collection systems. SWACO has benefited from this low-cost capacity since 1997, when SWACO reached capacity in the landfill as originally permitted by the County.

The second type of landfill expansion, referred to as the horizontal expansion, involves the construction of new landfill cells adjacent to the boundaries of the landfill as originally permitted. The cost of this type of expansion is considerably higher than the cost of the vertical expansion because it requires the excavation of significant quantities of soil, the placement and compaction of clay liners, and the installation of a synthetic liner and leachate collection system. SWACO began construction of the first of six horizontal expansion phases in 2004 and will begin placing waste in this phase in mid to late 2005.

The Solid Waste Plan

SWACO's Solid Waste Plan was originally adopted in 1993 and last updated in 2000. The plan is subject to periodic updates and in April, 2005 SWACO submitted a draft amended solid waste plan to the Ohio Environmental Protection Agency (the OEPA) for approval. The draft plan update had previously been approved by SWACO's member political subdivisions. OEPA approval is expected in July, 2005.

SWACO has met Ohio's waste reduction goals of a twenty-five percent waste reduction rate by 1994, and in each successive planning period. SWACO is continuing to implement the plan in accordance with the schedule approved by the State of Ohio.

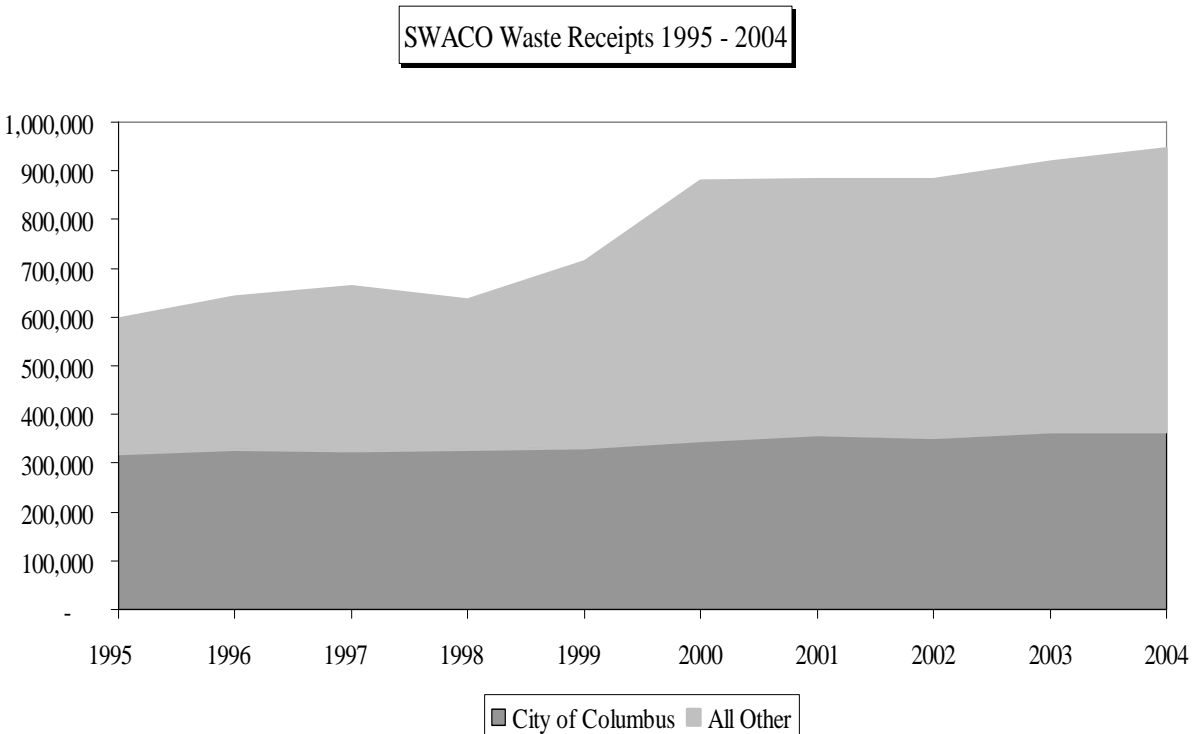
Budgetary Control

The Board of Trustees adopts a two-year 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 reporting, the Statistical Section provides a budget to actual comparison for the fiscal year ending December 31, 2004. Actual expenses in some categories have exceeded the original budget adopted by the Board of Trustees. These overruns were authorized by budget amendments approved by resolution of the Board. Including these budget amendments, SWACO spending was within the amounts authorized by the Board of Trustees.

ECONOMIC OUTLOOK

The Solid Waste Authority is located principally within Franklin County, with the City of Columbus as the largest city within the District. In the past both the County and the City have enjoyed healthy economies characterized by low unemployment, an increasing tax base, and strong economic development. Since 2001 the state and local economies have shown slower growth including higher unemployment and lower income and sales tax collections. Nonetheless, both the City and the County maintain triple-A ratings on their long-term debt from the major rating agencies.

SWACO's finances have not been severely impacted by the slowing economy. Unlike many state and local governments, SWACO's revenues are not tied to sales or income tax collections. In fact, during 2004, SWACO's solid waste receipts reached the highest level in SWACO's history. SWACO's January 1, 2005 rate increase is its first rate increase since 1999. Stable rates have contributed to SWACO's increased market share.



The introduction in 1999 of fees assessed on all solid waste generated from within the District and dedicated to the payment of the WTEF lease (the Waiver Fee and Retired Facility Fee, Note 11) has contributed greatly to a more stable outlook for the future of SWACO. As a result of a modification to the lease and implementation of the new fees, the City reduced the lease obligation by 35 percent. This, combined with the payments made by SWACO from the revenues generated from the new fees, has allowed SWACO to make significant reductions in the lease obligation.

In 2004, SWACO was able to issue \$57.1 million in bonds supported by the new fees to pay off the deferred balance SWACO had accumulated on the lease since 1995. The resulting \$55 million payment to the City improved the financial position of the City, SWACO's largest member community.

The bonds were issued pursuant to a further modification to the lease which removed provisions of the lease restricting SWACO's ability to access working capital balances at year end, reduced the interest rate on the deferred balance by at least one-half of a percent over the remaining life of the lease, and achieved a savings of at least \$3.9 million. SWACO entered the bond market for the first time as an issuer under its own name and credit and received favorable ratings from the two major rating agencies, Moody's Investors Service (Aa2) and Standard and Poor's (AA+).

A second bond issue in 2004 provided permanent financing for SWACO's 2004-2005 capital improvements program. SWACO maintained its double-A bond ratings from both agencies for the \$29.7 million issue and achieved SWACO's debt service goals within the planned rate structure. SWACO structured the issue to allow the bonds to be paid as the expansion phase is filled, minimizing the risk of a cash flow shortfall if waste receipts drop due to the rate increase.

Although the 2004 bonds are general obligation issues secured by a pledge to levy property taxes, it is SWACO's intent and expectation to pay the debt service from tipping fees and, in the case of the WTEF lease refunding bonds, from the Retired Facility and Waiver Fees. Note 9 provides additional information of SWACO's long term debt. The Statistical Section provides debt service and lease payment schedules for the long-term obligations of SWACO.

SWACO adopted a new rate structure in 2004 to finance the capital improvements plans. The three-year phased-in schedule (through 2007) minimizes "rate shock" and provides a stable planning horizon for SWACO and its customers.

In 2004, SWACO purchased a 225 acre tract of land and infrastructure improvements to develop as a resource recovery park in furtherance of SWACO's mission of reducing reliance on landfills. SWACO developed a draft master plan for the properties and identified potential businesses and processes for the sites. Potential waste streams include, tires, polystyrene, fiber streams, paint, residential carpet, organic waste (food, yard and animal waste) and e-waste.

OTHER INFORMATION

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 the Solid Waste Authority of Central Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2003. This was the seventh consecutive year SWACO has achieved this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report must satisfy both generally accepted accounting principles 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,



Michael D. Long, P.E.
Executive Director



G. Paul Koehler, CPA
Chief Financial Officer

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Solid Waste Authority of Central Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2003

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.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

Principal Officials

Board of Trustees

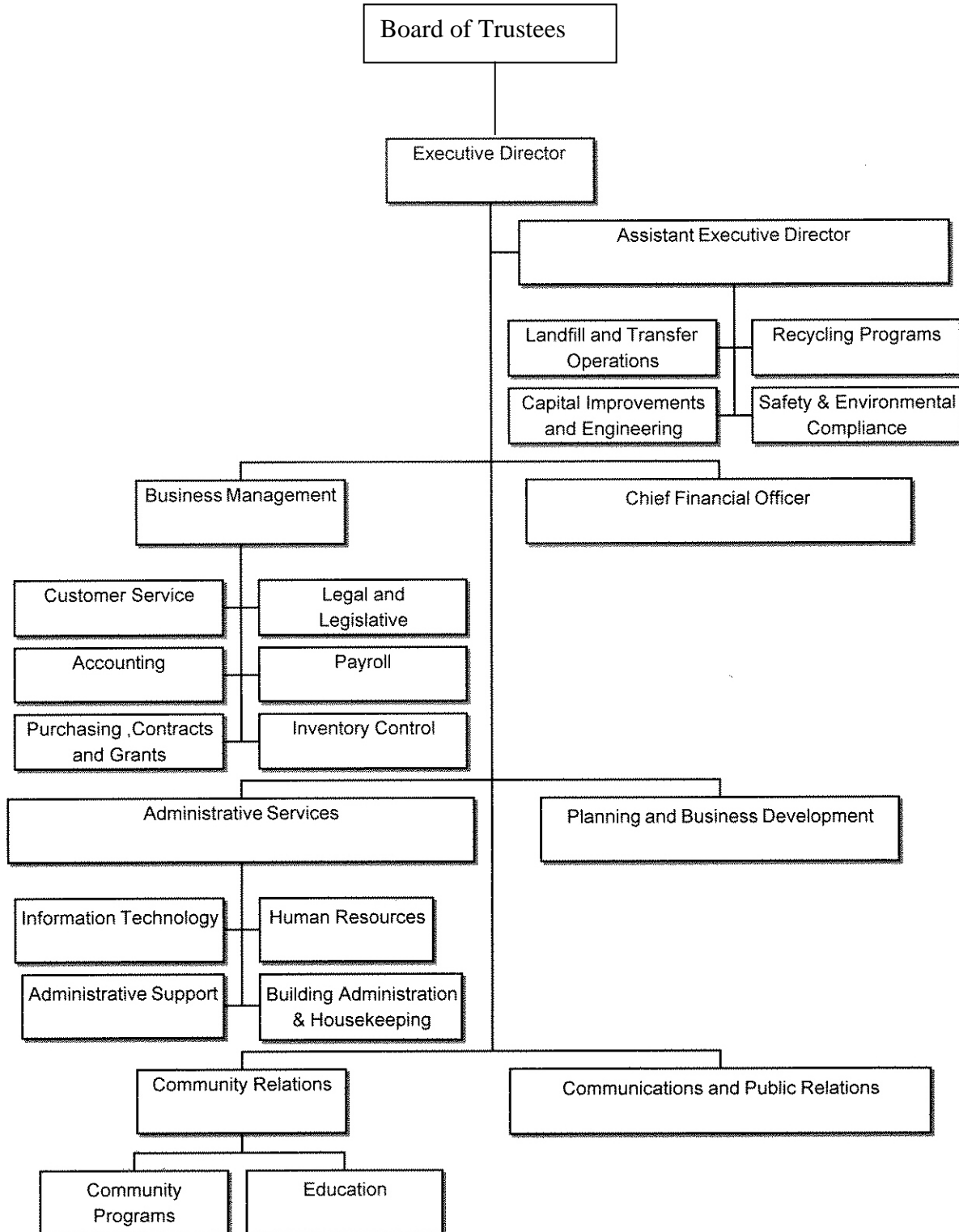
Jacqueline E. LaMuth, Chairman	Bradley N. Frick, Vice Chairman
Colleen H. Briscoe	Robert J. Clemons
Mary Jo Kilroy	William Lotz, Sr.
Cheryl L. Roberto	Steven P. Shepard
Joel S. Taylor	

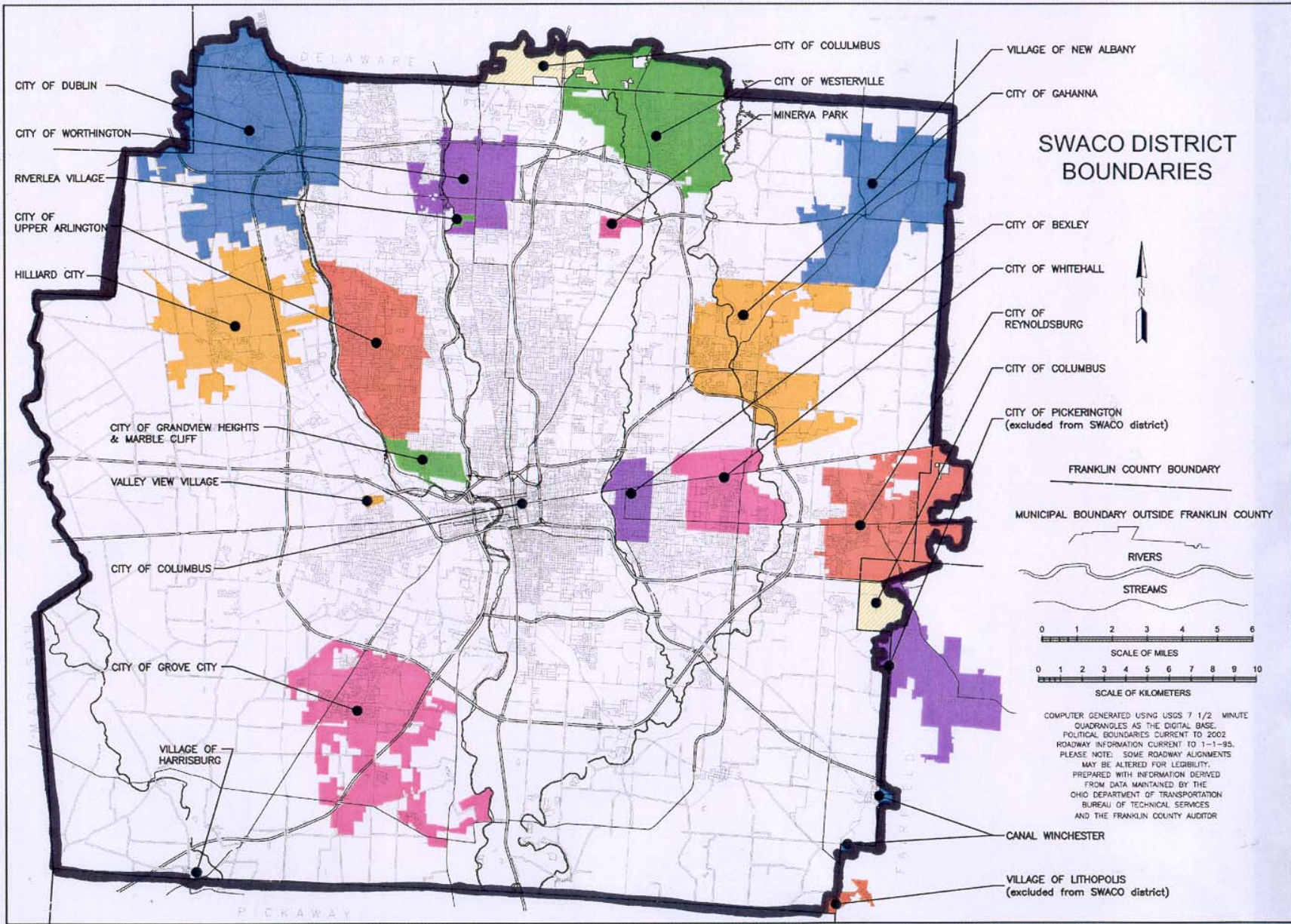
Staff

Michael D. Long, Executive Director
Ronald J. Mills, Assistant Executive Director
G. Paul Koehler, Chief Financial Officer
Harold J. Anderson III, Chief Legal Counsel

Timothy B. Berlekamp, Director of Planning and Business Development
Rickey A. Dodge, Director of Safety and Compliance
Teresa L. Merriman, Director of Business Management
Kathleen S. McCalla, Director of Administrative Services
John F. Remy, Director of Communications
Elizabeth Hosler, Assistant Chief Financial Officer

SWACO Table of Organization





FINANCIAL SECTION



Board of Trustees
Solid Waste Authority of Central Ohio
Grove City, Ohio

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of each major fund of the Solid Waste Authority of Central Ohio, Franklin County, Ohio (the "Authority") as of and for the year ended December 31, 2004, which collectively comprise the basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund of the Authority as of December 31, 2004 and the respective results of operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1 to the basic financial statements, effective January 1, 2004, the Authority implemented Governmental Accounting Standards Board ("GASB") Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2005 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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

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

Wilson, Shuman & Snow, Inc.

Newark, Ohio
April 6, 2005

SWACO

Management Discussion & Analysis

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management 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 year ended December 31, 2004. 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 (beginning on page 2-18).

Overview Of The Financial Statements

SWACO's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standard Board (GASB). The financial information of SWACO is accounted for in two enterprise funds in order to reflect limitations and restrictions placed on the use of available resources. The *Operating Fund* is used primarily to account for revenues and expenses related to the operation of SWACO's sanitary landfill and solid waste transfer facilities. Except for certain fees restricted to the payment of a capital lease obligation and related bonds, the fund may be used for any other lawful solid waste management purpose deemed appropriate by the Board of Trustees. Moneys to the credit of the *Program Fund* are restricted by state statute to certain solid waste reduction purposes and may not be used to support the operation of the landfill or transfer stations.

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 Net Assets - This statement includes all operating and nonoperating revenues and expenses for SWACO and shows the change in SWACO's net assets during the most recent year.
- Statement of Cash Flow – This statement reports cash and cash equivalent activities for the fiscal year resulting from operating, capital and related financial activities. A reconciliation of operating income with net cash is provided.

Financial Highlights

Significant financial developments in 2004 included a \$57 million bond issue to refinance a portion of the lease of the closed Waste-to-Energy Facility (WTEF), a \$29.7 million bond issue to finance SWACO's capital improvements program, the beginning of construction of the first of six phases of the landfill expansion, and the purchase of 225 acres of land and infrastructure improvements for the development of a resource recovery park. The two bond issues were the first bond issues under SWACO's own name and credit. Both issues were rated AA+ by Standard and Poor's and Aa2 by Moody's Investors Service.

Solid waste receipts by SWACO in 2004 reached the highest level in SWACO's history. The expansion of the landfill, as well as the continuing effort to reduce the volume of waste being disposed, are top priorities of SWACO in order to meet the increased demand for landfill capacity.

SWACO Management Discussion & Analysis

In 2004 SWACO implemented a \$5.00 per ton rate increase, to be phased-in over three years beginning in 2005, which will allow SWACO to meet its debt service requirements for the capital improvements bonds. This is SWACO's first rate increase since 1999.

SWACO's financial position improved by \$26 million in 2004 (all funds combined) and SWACO's net asset deficit fell to \$63.4 million at the end of 2004 compared to a beginning deficit of \$89.7 million. The most significant factor in this reduction was a \$19.6 million gain on the forgiveness of debt related to a modification to the WTEF lease completed in 2004.

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

Revenues, Expenses, and Changes in Fund Net Assets Operating and Program Funds Combined			
	2003	2004	Increase (decrease)
Revenues			
Operating revenues	\$ 32,536,096	\$ 36,310,120	\$ 3,774,024
Gain on forgiveness of debt	3,927,405	19,652,043	15,724,638
Other nonoperating income	603,947	761,519	157,572
Total Revenues	<u>37,067,448</u>	<u>56,723,682</u>	<u>19,656,234</u>
Expenses			
Operating Expenses	23,660,105	25,730,341	2,070,236
Nonoperating expenses	5,439,314	4,726,648	(712,666)
Total Expenses	<u>29,099,419</u>	<u>30,456,989</u>	<u>1,357,570</u>
Change in net assets	7,968,029	26,266,693	18,298,664
Total net assets - beginning	<u>(97,674,067)</u>	<u>(89,706,039)</u>	<u>7,968,028</u>
Total net assets - ending	<u>\$ (89,706,038)</u>	<u>\$ (63,439,346)</u>	<u>\$ 26,266,692</u>

Financial Position of SWACO

As discussed above, SWACO ended 2004 with a combined deficit of \$63.4 million. On the surface, this large deficit may raise questions regarding SWACO's financial stability. All of the deficit can be attributed to the acquisition in 1993 of the former City of Columbus waste-to-energy facility (WTEF) and the closure of the facility in 1994 and subsequent write down of the asset. The deficit reflects the low carrying value of the WTEF compared to SWACO's outstanding debt on the facility. As of December 31, 2004, the lease obligation and bonds payable on the WTEF exceed the carrying value by \$84 million. However, modifications to the lease in 1998 and 2004 have allowed SWACO to put in place a means to fully retire the outstanding debt and have eliminated the risk of default under the lease.

SWACO Management Discussion & Analysis

The modified lease terms include a 35 percent reduction in the lease and the deferral, with interest, of amounts due but not paid by SWACO in accordance with the original lease payment schedule. Significantly, the deferrals do not constitute a default under the terms of the modified lease. Pursuant to the 1998 modification, SWACO enacted new fees in 1999 dedicated to the payment of the lease obligation and has been steadily paying down the lease. In accordance with a further modification to the lease in 2004, and using the dedicated lease payment revenues as a source of debt service, SWACO issued \$57.2 million in bonds in 2004 to pay off the deferred lease balance that had accumulated since closure of the plant.

Primarily as the result of the 35 percent reduction in the lease obligation and the enactment of the dedicated lease retirement fees, the debt on the WTEF (lease obligation and bonds payable) has been reduced from \$165 million at the end of 1994 to \$85 million at the end of 2004. The carrying value of the facility has been reduced from \$162 million when it was closed to its current value of approximately \$1.1 million as the result of write-downs and sale of plant assets. In 2005, SWACO reached agreement with a private entity to lease a portion of the facility and SWACO is in the process of demolishing the unused portion of the plant. The current carrying value reflects these plans, and further reductions in the facility carrying value are not anticipated. The net asset deficit related to the closed facility has been reduced by \$75 million from the peak deficit of \$159 million in 1997. This is illustrated in the following table.

	Invested in capital assets net of related debt			
	WTEF only (in thousands)			
	Carrying value of idle plant facilities/WTEF	WTEF lease obligation	Bonds Payable	Net asset value
1993	\$162,105	\$173,253	\$ -	(\$11,148)
1994	36,594	165,372	-	(128,778)
1995	36,594	165,372	-	(128,778)
1996	36,594	165,372	-	(128,778)
1997	6,500	165,372	-	(158,872)
1998	6,433	158,135	-	(151,702)
1999	6,381	140,275	-	(133,894)
2000	6,338	136,553	-	(130,215)
2001	4,605	127,443	-	(122,838)
2002	1,976	118,456	-	(116,480)
2003	1,976	108,052	-	(106,076)
2004	1,121	28,752	56,379	(84,010)

Notes 9 and 10 provide additional information on the WTEF and WTEF lease.

Operating Fund Net Assets

SWACO's financial position in the Operating Fund improved by \$28 million in 2004, reducing SWACO's net asset deficit from \$94.8 million at the beginning of the year to \$66.8 million at the end of the year. As discussed above, \$19.6 million of this improvement was a gain recognized by SWACO related to the 2004 modification to the WTEF lease.

SWACO Management Discussion & Analysis

Excluding the WTEF asset and related debt, SWACO's capital assets net of related debt at the end of 2004 were \$3.7 million, a \$1.5 million reduction from 2003. The decrease reflects the \$1.3 million bond premium received on the sale of the 2004 solid waste facility improvements bonds. The bond premium was deposited into SWACO's bond retirement fund (included in restricted assets) and had the effect of increasing capital-related debt without a corresponding increase in capital assets.

Restricted net assets in the Operating Fund include funds held by a trustee for closure of the Sanitary landfill net of the accrued liability for landfill closure and postclosure care. The Ohio EPA requires landfill owners to provide assurance that the owner has the necessary financial resources to provide for the ultimate closure and ongoing care of the landfill. SWACO has elected to meet this requirement by establishing a closure/postclosure trust fund (Note 5). At the end of 2004, the trust fund balance was \$16.9 million, exceeding the accrued landfill closure liability by approximately \$2.0 million.

Operating Fund Net Assets			
	2003	2004	Increase (decrease)
Assets			
Current and other assets	\$ 10,832,521	\$ 13,424,090	\$ 2,591,569
Restricted cash	223,851	18,564,881	18,341,030
Closure/postclosure funds held by trustee:	16,142,509	16,872,769	730,260
Capital assets	<u>23,278,182</u>	<u>38,819,563</u>	<u>15,541,381</u>
Total assets	<u>50,477,063</u>	<u>87,681,303</u>	<u>37,204,240</u>
Liabilities			
Bonds payable, net	16,045,000	102,273,632	86,228,632
Capital lease obligation, net	108,711,743	28,751,596	(79,960,147)
Landfill Closure/postclosure liabilities	15,088,200	16,927,170	1,838,970
Other liabilities	<u>5,407,453</u>	<u>6,493,177</u>	<u>1,085,724</u>
Total liabilities	<u>145,252,396</u>	<u>154,445,575</u>	<u>9,193,179</u>
Net Assets			
Invested in capital assets, net of related debt:			
Idle plant facilities, net of lease obligation and bonds payable	(106,075,831)	(84,009,944)	22,065,887
Other capital assets, net	5,257,182	3,701,678	(1,555,504)
Restricted:			
Sanitary landfill closure/postclosure trust fund, net of accrued liability	2,087,398	1,973,769	(113,629)
Other restricted, net	223,851	6,789,188	6,565,337
Unrestricted	<u>3,732,067</u>	<u>4,781,037</u>	<u>1,048,970</u>
Total net assets	<u>\$ (94,775,333)</u>	<u>\$ (66,764,272)</u>	<u>\$ 28,011,061</u>

Other restricted assets at the end of 2004 included \$5.3 million in a debt service reserve fund and \$1.3 million restricted for the payment of debt service. Both amounts relate to the two 2004 bond issues and account for the \$6.6 million increase in net restricted assets from 2003 to 2004.

SWACO

Management Discussion & Analysis

Unrestricted net assets in the Operating Fund increased by \$1.0 million in 2004 to \$4.8 million at the end of the year.

Operating Fund Revenues, Expenses and Changes in Net Assets

Solid waste deliveries to SWACO's facilities during 2004 were 945,000 tons, the highest in SWACO's history. As a result, tipping and disposal fees were \$344,000 greater in 2004 than they were in 2003. Due to temporary closure of SWACO's transfer facilities in 2004 for repairs, solid waste transfer fees were off slightly in 2004 dropping \$133,000 from the prior year. SWACO realized a \$3.2 million increase in other revenues in 2004 from the sale of USEPA air pollution allowances. SWACO had been assigned the allowances under the Federal Clean Air Act when the WTEF was closed. The allowances may be publicly traded and SWACO has sold the allowances since 2000. In 2004, SWACO sold allowances for four years compared to two years in 2003. More significantly, the price per unit received by SWACO increased by over 300 percent due to higher demand for the allowances. Total operating revenue in 2004 exceeded 2003 revenues by \$3.6 million in the Operating Fund

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

	2003	2004	Increase (decrease)
Operating Revenues:			
Tipping and disposal fees	\$ 14,078,827	\$ 14,422,874	\$ 344,047
Waste transfer fees	4,074,022	3,941,223	(132,799)
Retired Facility and Waiver Fees	7,915,736	8,113,185	197,449
Other	683,750	3,898,920	3,215,170
Operating revenues	<u>26,752,335</u>	<u>30,376,202</u>	<u>3,623,867</u>
Operating Expenses:			
Salaries, wages and benefits	4,680,542	5,191,296	510,754
Contract, services and supplies	9,692,032	11,217,667	1,525,635
Depreciation and depletion	1,872,856	2,032,518	159,662
Landfill closing costs	999,426	843,889	(155,537)
Other	85,997	1,980	(84,017)
Interfund transfers	(780,620)	(912,454)	(131,834)
Operating expenses	<u>16,550,233</u>	<u>18,374,896</u>	<u>1,824,663</u>
Operating income	<u>10,202,102</u>	<u>12,001,306</u>	<u>1,799,204</u>
Nonoperating income (expenses) :			
Gain on forgiveness of debt (note 11)	3,927,405	19,652,043	15,724,638
Interest expense	(4,772,523)	(4,245,717)	526,806
Interest income	466,409	616,888	150,479
Loss on sale of assets	(3,965)	(13,458)	(9,493)
Total nonoperating income (expense)	<u>(382,674)</u>	<u>16,009,756</u>	<u>16,392,430</u>
Change in net assets	9,819,428	28,011,062	18,191,634
Total net assets - beginning	<u>(104,594,761)</u>	<u>(94,775,334)</u>	<u>9,819,427</u>
Total net assets - ending	<u>\$ (94,775,333)</u>	<u>\$ (66,764,272)</u>	<u>\$ 28,011,061</u>

SWACO Management Discussion & Analysis

Expenses for salaries, wages and benefits in 2004 were \$511,000 more than the 2003 expense. SWACO has added staff in a number of areas, the most significant being the addition of a full-time highway litter crew in 2003. The full annual impact of the litter crew was not realized until 2004. Contracts, services and supplies increased by \$1,526,000 in 2004. Some of the items contributing to this increase include an increase in tonnage-base landfill operating costs due to the growth in waste receipts (\$310,000); fuel cost increases for waste transfer operations (\$100,000); concrete and roof repairs at the waste transfer facilities (\$268,000); and costs associated with retrofitting the WTEF for a paper recycling operation (\$461,000). Total operating expenses in 2004 were \$1.8 million higher than 2003.

Operating income in 2004 was \$12.0 million, an increase of \$1.8 million over 2003. The increase in operating income can be attributed to the sale of pollution allowances discussed above. Ignoring the impact of the sale of pollution allowances, which are limited in availability, SWACO's operating income would have been \$8.8 million in 2004, a decline of \$1.4 million from 2003. SWACO operates on a cost of service basis, and the decline in operating income is not a significant area of concern because SWACO is still generating revenues in excess of costs.

Program Fund Net Assets

In the Program Fund, total net assets at the end of 2004 were approximately \$3.3 million consisting of cash and other current assets of \$1.8 million and net capital assets of \$1.5 million. This is \$1.8 million less than total net assets at the end of 2003 but should not be viewed as a deterioration of the Fund's financial position. Instead, it represents a budgeted spend down of Generation Fee balances in the fund as illustrated by a \$1.7 million reduction in cash and current assets.

	Program Fund Net Assets		
	<u>2003</u>	<u>2004</u>	<u>Increase (decrease)</u>
Assets			
Current and other assets	\$ 3,497,648	\$ 1,831,813	\$ (1,665,835)
Capital assets	<u>1,571,647</u>	<u>1,493,113</u>	<u>(78,534)</u>
Total assets	<u>5,069,295</u>	<u>3,324,926</u>	<u>(1,744,369)</u>
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets			
Invested in capital assets, net of related debt	1,571,647	1,493,113	(78,534)
Restricted	<u>3,497,648</u>	<u>1,831,813</u>	<u>(1,665,835)</u>
Total net assets	<u>\$ 5,069,295</u>	<u>\$ 3,324,926</u>	<u>\$ (1,744,369)</u>

SWACO

Management Discussion & Analysis

Generation Fees are restricted for solid waste reduction and recycling programs in accordance with authorized purposes under the Ohio Revised Code, and may not be used for other purposes. A significant cash balance accumulated in the past when a portion of the Generation Fees collected was placed in an escrow account pending resolution of a law suit challenging the fee. In addition, the Board held back on spending other Generation Fee proceeds due to the then uncertain future of this funding source. With successful resolution of the law suit, the balance in the escrow fund was released to SWACO. The 2004 budget adopted by the Board specifically contemplated “deficit” spending to reduce the fund balance. The approach was to expend the balances on one-time, nonrecurring expenses to avoid building in a permanent deficit spending pattern.

Program Fund Revenues, Expenses and Changes in Net Assets

Generation Fee revenues showed modest growth in 2004, increasing 2.4 percent over 2003. This is consistent with the pattern in recent years in which solid waste generation has kept pace with the growth in the District’s population.

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

	2003	2004	Increase (decrease)
Operating Revenues:			
Yard Waste transfer fees	\$ 58,174	\$ 68,284	\$ 10,110
Generation fees	5,654,701	5,801,128	146,427
Other	70,886	64,506	(6,380)
	-		
Operating revenues	<u>5,783,761</u>	<u>5,933,918</u>	<u>150,157</u>
Operating Expenses:			
Salaries, wages and benefits	901,191	935,687	34,496
Contract, services and supplies	5,122,772	5,380,418	257,646
Depreciation and depletion	278,354	108,663	(169,691)
Other	26,935	18,223	(8,712)
Interfund transfers	780,620	912,454	131,834
Operating expenses	<u>7,109,872</u>	<u>7,355,445</u>	<u>245,573</u>
Operating income	<u>(1,326,111)</u>	<u>(1,421,527)</u>	<u>(95,416)</u>
Nonoperating income (expenses) :			
Grants received	137,538	144,631	7,093
Grants awarded	(541,746)	(461,627)	80,119
Loss on sale of assets	(121,080)	(5,846)	115,234
Total nonoperating income (expense)	<u>(525,288)</u>	<u>(322,842)</u>	<u>202,446</u>
Change in net assets	(1,851,399)	(1,744,369)	107,030
Total net assets - beginning	<u>6,920,694</u>	<u>5,069,295</u>	<u>(1,851,399)</u>
Total net assets - ending	<u>\$ 5,069,295</u>	<u>\$ 3,324,926</u>	<u>\$ (1,744,369)</u>

SWACO Management Discussion & Analysis

Reflecting the planned reduction in the Program fund balance, operating expenses in 2004 were \$406,000 more than 2003 operating expenses. Grants awarded to others of \$461,627 increased total expenses in 2004 to \$7.8 million. This compares to total 2003 expenses of \$7.6 million. Net assets in the Program Fund fell \$1.7 million during 2004. Again, this was the result of a planned decrease in cash included in the fund balance.

Capital Assets

SWACO's investments in depreciable capital assets include the sanitary landfill, three transfer stations, solid waste transfer vehicles and related equipment, a fleet maintenance facility, and the administrative office building and furnishings. SWACO does not own the heavy equipment used to operate the landfill. The site operator is required to furnish this equipment pursuant to the operations contract (Note 13). In 2004, SWACO sold off the last of three turbine-generators sets located at the facility and in 2005 entered into a contract to demolish the WTEF. The facility has not been depreciated since its closure in 1994, but SWACO expects to resume depreciation of the asset based on the anticipated lease of the facility in 2005.

Operating Fund	Capital Assets		
	2003	2004	increase (decrease)
Capital assets, not being depreciated:			
Land	\$ 77,977	\$ 8,178,277	\$ 8,100,300
Idle plant facilities	1,976,000	1,121,000	(855,000)
Construction in progress	1,054,289	9,093,292	8,039,003
Total capital assets, not being depreciated	3,108,266	18,392,569	15,284,303
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	\$ 3,968,958	\$ 3,918,092	\$ (50,866)
Building and improvements	1,453,867	2,637,218	1,183,351
Transfer stations	3,312,977	2,880,914	(432,063)
Sanitary landfill	11,434,114	10,990,770	(443,344)
Total capital assets, being depreciated, net	20,169,916	20,426,994	257,078
Total capital assets, net	\$ 23,278,182	\$ 38,819,563	\$ 15,541,381
Program Fund			
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	\$ 634,823	\$ 615,834	\$ (18,989)
Building and improvements	936,824	877,279	(59,545)
Total capital assets, net	\$ 1,571,647	\$ 1,493,113	\$ (78,534)

SWACO

Management Discussion & Analysis

In 2004, SWACO undertook a major capital improvements program totaling nearly \$30 million and completed its first debt issue for capital improvements since 1997. Calendar year 2004 acquisitions in the Operating Fund include the purchase of a 225 acre tract of land adjacent to the sanitary landfill and over \$8.7 million in construction-in-progress related to expansion of the landfill. The property acquisition is to be used to develop a resource recovery park to be occupied by businesses that use recycled materials to manufacture new products. SWACO completed construction of a new landfill operations facility in 2004, contributing to a \$1.2 million increase in buildings and improvements.

Debt Administration

During 2004 SWACO completed two general obligation bond issues. The first issue, in the amount of \$57,205,000, was used to retire a portion of the lease obligation on the WTEF. SWACO also issued \$29,670,000 in solid waste facilities improvements bonds to fund SWACO's 2004-2005 capital improvements program. The bonds were used to retire \$21,575,000 in bond anticipation notes issued earlier in 2004 to fund the capital improvements program and to make an additional deposit to the construction fund. A summary of outstanding bonds as of December 31, 2004 is as follows:

Outstanding Bonds as of December 31, 2004

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2004
Series 1997	\$ 20,000,000	1998-2017	4.30%-5.50%	\$ 15,255,000
Series 2004A	57,205,000	2004-2019	3.00%-5.00%	53,475,000
Series 2004B	29,670,000	2006-2025	3.50%-5.00%	29,670,000

As the result of the two bond issues, bonds payable increased by \$86 million in 2004. The net proceeds from the Series 2004A bonds were used to make a lease payment to the City of Columbus which retired an outstanding deferred balance on the WTEF lease and made an advance payment on the 2004 and 2005 lease obligation. As a result of the payment and modifications to the lease agreed to by the City, SWACO recognized a gain of \$19.6 million on forgiveness of the lease obligation. This, combined with the payment of bond proceeds, reduced the lease obligation by nearly \$80 million in 2004.

Outstanding Long-Term Debt

	2003	2004	Increase (decrease)
Bonds payable, net	\$ 16,045,000	\$ 102,273,632	\$ 86,228,632
Capital lease obligation	108,711,743	28,751,596	(79,960,147)
Total	\$ 124,756,743	\$ 131,025,228	\$ 6,268,485

SWACO

Management Discussion & Analysis

The Series 2004A bonds will be paid from the existing \$7.00 per ton Retired Facility Fee and Waiver Fee dedicated to the payment of the WTEF lease and will not require a rate increase. The Series 2004B bonds will require a \$5.00 per ton increase in the tipping fee to be phased-in over a three year period beginning in 2005.

Economic Factors

SWACO's financial position has not been severely impacted by the economic downturn that the State of Ohio and Ohio's local political subdivisions have experienced in the recent past. In fact, SWACO's waste receipts in 2004 reached the highest level in the history of SWACO. Until 2005, SWACO has not had a rate increase since implementation of the Retired Facility Fee and Waiver Fee in 1999. As indicated above, the expansion of the landfill will require a rate increase to pay the debt service on the bonds issued to pay the construction cost for the expansion. In 2004 SWACO conducted the public hearings required by State statute to establish new rates and the SWACO Board adopted the new rate structure in December, 2004. The new rates provide for a total increase of \$5.00 per ton. To smooth implementation, the increase will be phased-in over three years as follows: \$2.25 on January 1, 2005; \$1.50 on January 1, 2006; and \$1.25 on January 1, 2007. SWACO expects that, even with the proposed rate increases, SWACO rates will remain at a level competitive with the local market and landfill rates throughout Ohio.

Request For Information

This financial report is designed to provide a general overview of SWACO's finances and to show accountability for money received by SWACO. For questions or for additional information regarding this report, write to SWACO, 6220 Young Road, Grove City, Ohio 43123 or contact G. Paul Koehler, at 614.871.5100 or by e-mail at Paul.Koehler@SWACO.org.

SWACO
Statement of Net Assets – Proprietary Funds
As of December 31, 2004

Assets	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 7,209,536	\$ -	\$ 7,209,536
Restricted cash	18,564,881	1,712,230	20,277,111
Accounts receivable, net of allowance for bad debts	3,879,943	96,152	3,976,095
Investments	2,001,107	-	2,001,107
Other assets	333,504	23,431	356,935
Total current assets	<u>31,988,971</u>	<u>1,831,813</u>	<u>33,820,784</u>
Noncurrent assets:			
Closure/postclosure funds held by trustee:			
Investments	16,872,769	-	16,872,769
Capital assets			
Sanitary Landfill, net of accumulated depletion and depreciation	10,990,770	-	10,990,770
Buildings and equipment, net of accumulated depreciation	9,436,224	1,493,113	10,929,337
Construction in progress	9,093,292	-	9,093,292
Land	8,178,277	-	8,178,277
Idle plant facilities (WTEF)	1,121,000	-	1,121,000
Total noncurrent assets	<u>55,692,332</u>	<u>1,493,113</u>	<u>57,185,445</u>
Total assets	<u>\$ 87,681,303</u>	<u>\$ 3,324,926</u>	<u>\$ 91,006,229</u>

Continued

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

SWACO
Statement of Net Assets – Proprietary Funds
As of December 31, 2004

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 4,490,971	\$ -	\$ 4,490,971
Accrued wages and benefits	855,660	-	855,660
Accrued interest	1,139,613	-	1,139,613
Current maturities of bonds payable, net	3,520,000	-	3,520,000
Capital lease obligation, net	2,766,083	-	2,766,083
Postclosure liability - Model Landfill	1,028,851	-	1,028,851
Other	6,933	-	6,933
Total current liabilities	13,808,111	-	13,808,111
Noncurrent liabilities:			
Bonds payable, net	98,753,632	-	98,753,632
Capital lease obligation, net	25,985,513	-	25,985,513
Closure/postclosure liability-Sanitary Landfill	14,899,000	-	14,899,000
Postclosure liability-Model Landfill	999,319	-	999,319
Total noncurrent liabilities	140,637,464	-	140,637,464
Total liabilities	154,445,575	-	154,445,575
Net Assets			
Invested in capital assets, net of related debt			
Idle plant facilities (WTEF), net of lease obligation and bonds payable	(84,009,944)	-	(84,009,944)
Other capital assets, net	3,701,678	1,493,113	5,194,791
Restricted:			
Sanitary landfill closure/postclosure trust fund net of accrued liability	1,973,769	-	1,973,769
Other restricted, net	6,789,188	1,831,813	8,621,001
Unrestricted	4,781,037	-	4,781,037
Total net assets	\$ (66,764,272)	\$ 3,324,926	\$ (63,439,346)

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 Fiscal Year Ended December 31, 2004**

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Operating Revenues:			
Tipping and disposal fees	\$ 14,422,874	\$ -	\$ 14,422,874
Waste transfer fees	3,941,223	68,284	4,009,507
Retired Facility and Waiver Fees	8,113,185	-	8,113,185
Generation Fees	-	5,801,128	5,801,128
Other	3,898,920	64,506	3,963,426
	<u>30,376,202</u>	<u>5,933,918</u>	<u>36,310,120</u>
Operating revenues			
	<u>30,376,202</u>	<u>5,933,918</u>	<u>36,310,120</u>
Operating Expenses:			
Salaries, wages and benefits	5,191,296	935,687	6,126,983
Contract, services and supplies	11,217,667	5,380,418	16,598,085
Depreciation and depletion	2,032,518	108,663	2,141,181
Landfill closing costs	843,889	-	843,889
Other	1,980	18,223	20,203
Interfund charges	(912,454)	912,454	-
	<u>18,374,896</u>	<u>7,355,445</u>	<u>25,730,341</u>
Operating expenses			
	<u>18,374,896</u>	<u>7,355,445</u>	<u>25,730,341</u>
Operating income	<u>12,001,306</u>	<u>(1,421,527)</u>	<u>10,579,779</u>
Nonoperating income (expenses):			
Gain on forgiveness of debt (note 11)	19,652,043	-	19,652,043
Interest expense	(4,245,717)	-	(4,245,717)
Interest income	616,888	-	616,888
Grants received	-	144,631	144,631
Grants awarded	-	(461,627)	(461,627)
Loss on sale of assets	(13,458)	(5,846)	(19,304)
	<u>16,009,756</u>	<u>(322,842)</u>	<u>15,686,914</u>
Total nonoperating income (expenses)			
	<u>16,009,756</u>	<u>(322,842)</u>	<u>15,686,914</u>
Change in net assets	28,011,062	(1,744,369)	26,266,693
Total net assets - beginning	<u>(94,775,334)</u>	<u>5,069,295</u>	<u>(89,706,039)</u>
Total net assets - ending	<u>\$ (66,764,272)</u>	<u>\$ 3,324,926</u>	<u>\$ (63,439,346)</u>

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

SWACO
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended December 31, 2004

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 16,929,770	\$ 76,410	\$ 17,006,180
Generation Fees collected	-	5,801,128	5,801,128
Retired Facility Fee and Waiver Fees collected	5,656,666	-	5,656,666
Other receipts	3,898,918	64,506	3,963,424
Payments to employees	(4,231,653)	(935,687)	(5,167,340)
Payments for retirement and payroll taxes	(1,109,415)	-	(1,109,415)
Payments to vendors	(10,438,991)	(5,360,204)	(15,799,195)
Post closure costs paid - Model Landfill	(30,265)	-	(30,265)
Interfund charges	912,454	(912,454)	-
Other payments	(98,067)	-	(98,067)
Net cash provided by (used in) operating activities:	<u>11,489,417</u>	<u>(1,266,301)</u>	<u>10,223,116</u>
Cash flows from noncapital financing activities:			
Grants received	-	146,058	146,058
Grants made	-	(461,627)	(461,627)
Net cash used by noncapital financing activities	<u>-</u>	<u>(315,569)</u>	<u>(315,569)</u>
Cash flows from investing activities:			
Proceeds from maturities of investments	49,237,814	-	49,237,814
Purchase of investments	(49,513,615)	-	(49,513,615)
Interest received	654,095	-	654,095
Net cash provided by investing activities	<u>378,295</u>	<u>-</u>	<u>378,295</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	113,867,008	-	113,867,008
Landfill, plant improvements and equipment additions	(17,495,262)	-	(17,495,262)
Sale of assets	855,000	(35,976)	819,024
Principal paid on bonds and notes payable	(26,095,000)	-	(26,095,000)
Principal paid on capital lease	(58,477,994)	-	(58,477,994)
Interest paid	(3,701,087)	-	(3,701,087)
Debt issuance costs paid	(1,042,318)	-	(1,042,318)
Net cash provided by (used in) capital and related financing activities	<u>7,910,347</u>	<u>(35,976)</u>	<u>7,874,371</u>
Net increase (decrease) in cash	19,778,059	(1,617,846)	18,160,213
Cash and cash equivalents, beginning of year	5,996,358	3,330,076	9,326,434
Cash and cash equivalents, end of year	<u>25,774,417</u>	<u>1,712,230</u>	<u>27,486,647</u>

Continued

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

SWACO
Statement of Cash Flows – Proprietary Funds
For the Fiscal Year Ended December 31, 2004

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	12,001,306	(1,421,527)	10,579,779
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and depletion	2,032,518	108,663	2,141,181
Landfill closing costs	843,889	-	843,889
Deferred rent	-	18,223	18,223
Lease credits received in lieu of cash	(2,474,450)	-	(2,474,450)
Increase (decrease) in cash resulting from changes in:			
Accounts and notes receivable (net)	(1,422,395)	8,125	(1,414,270)
Accounts payable	786,654	20,215	806,869
Accrued wages and benefits	(149,773)	-	(149,773)
Postclosure liability - Model Landfill	(30,265)	-	(30,265)
Other assets and liabilities	(98,067)	-	(98,067)
Net cash provided by (used in) operating activities	<u>\$ 11,489,417</u>	<u>\$ (1,266,301)</u>	<u>\$ 10,223,116</u>

Noncash capital and related financing activities (Operating Fund)

Reduction in capital lease obligation of \$19,652,043 related to the modification of the lease obligation described in note 11.

Amortization of premium on lease obligation and bonds payable of \$858,063.

Amortization of debt issuance costs of \$105,601.

Change in carrying value of investments resulting in loss of \$170,812.

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

SWACO
Notes to Financial Statements
As of December 31, 2004

1. Organization

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

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

The Sanitary Landfill was purchase from Franklin County in 1991. SWACO received a permit from the Ohio Environmental Protection Agency to expand the landfill in 1997 providing disposal capacity that is expected to last at least through 2021.

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 Notes 10 and 11). The WTEF was closed in November 1994 due to SWACO's inability to generate revenues sufficient to operate the facility. SWACO continues to operate two of the three waste transfer facilities and has converted a portion of the closed WTEF into an additional transfer facility.

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

SWACO derives its revenue principally from fees levied on the disposal of solid waste. SWACO collects these fees in two ways: (1) tipping fees charged for solid waste disposal and waste transfer services provided at SWACO facilities, and (2) fees assessed on solid waste generated within the District and disposed at the SWACO landfill or other public or privately-owned landfills located outside of the District. These fees are established by the Board of Trustees pursuant to authorization within the Ohio Revised Code.

SWACO

Notes to Financial Statements

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The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," 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 to be included in SWACO's reporting entity.

2. Summary of Significant Accounting Policies

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

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

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

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

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

The *Operating Fund* receives all income derived from the operations of SWACO's landfill and waste transfer facilities including tipping fees, waste transfer fees, investment income, and certain other revenues. Revenues are used to support the operations of SWACO's solid waste facilities and to pay certain costs of discontinued operations of SWACO. Operating Fund revenues are derived primarily from rates, fees and charges established by the Board pursuant to Ohio Revised Code 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 and Model Landfill) to allow management to more easily focus on operating results from operating facilities. Additionally, certain revenues within the Operating Fund are dedicated to the payment of WTEF lease obligation (Note 11) and may not be used for continuing operations. The separation of the Operating Fund into continuing and discontinued operations is

SWACO

Notes to Financial Statements

As of December 31, 2004

shown in the supplemental schedules beginning on pages 2-37. Transfers from Continuing Operations to Discontinued Operations shown in the supplemental schedules are comprised of funds provided by continuing operations used to pay costs and expenses of the WTEF and the Model Landfill not paid from other sources.

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

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 and generated within the boundaries of SWACO and subject to the Generation Fee and Waiver Fee.

Restricted Assets: As discussed further in Note 4, certain SWACO assets are restricted for debt service, capital projects, by State law, or for other purposes.

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.

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

Bond Issuance Costs. Costs relating to issuing bonds are netted against the outstanding bonds, as a liability valuation account, and are amortized over the life 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. 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. GASB recently issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principle areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. SWACO has decided to implement Statement No. 40 early for the year ended December 31, 2004.

During November of 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. This statement also clarifies and establishes accounting requirements for insurance recoveries. The provisions of this statement are effective for fiscal periods beginning after December 15, 2004. SWACO has not determined the impact, if any, this statement will have on its financial statements.

Use of estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States (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.

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Notes to Financial Statements

As of December 31, 2004

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, 2004, the carrying amounts of SWACO's deposits were \$9,062,376, equal to the bank balances. Of the bank deposits, \$202,745 was insured by the Federal Depository Insurance Corporation, and \$8,859,630 was uninsured and collateralized by collateral pools held by the financial institution and not in the name of SWACO.

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

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

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

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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 31 these amounts are classified as investments but are not categorized.

Interest Rate Risk: SWACO's investment policy limits investments to five years, but does not specifically limit investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates. SWACO holds its investments to maturity to avoid realizing losses from rising interest rates.

Credit Risk: SWACO's investments with STAR Ohio and money market investments were rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service. SWACO's investments in federal agency coupon securities were rated in the highest category (AAA or Aaa) by one or more of the following rating agencies: Standard & Poor's, Moody's Investors Service, and Fitch.

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, 2004, investments in the following issuers exceeded five percent of the portfolio: FHLB Notes (16%), FHLMC Notes (15%), FFCB Notes (10%), and FNMA Notes (10%).

SWACO intends to hold its investments until maturity but reports the investments at fair market value in accordance with GASB 31. SWACO recorded an unrealized loss of \$179,275 as of December 31, 2004, which represents the difference between fair value and the carrying value as of that date. Fair value was determined using quoted market prices. The following chart summarizes SWACO's cash and investments at fair market value as of December 31, 2004:

Cash and Investments at December 31, 2004

Operating and Program Funds	Fair Value	Maturity in Years		
		Less than 1	1 to 3	3 to 5
Carrying amount of deposits	\$ 9,062,376	\$ 9,062,376		
STAR Ohio	11,791,732	11,791,732		
Money Market Mutual Funds	6,416,988	6,416,988		
Federal agency coupon	2,001,107	2,001,107		
Cash held in escrow	212,851	212,851		
Cash on hand	2,700	2,700		
	<u>29,487,754</u>	<u>29,487,754</u>		
Closure/Postclosure Trust Fund				
Money Market Mutual Funds	48,915	48,915	-	-
Federal agency coupon	<u>16,823,854</u>	<u>1,752,470</u>	<u>12,599,705</u>	<u>2,471,679</u>
	16,872,769	1,801,385	12,599,705	2,471,679
Totals	<u>\$ 46,360,523</u>	<u>\$ 31,289,139</u>	<u>\$ 12,599,705</u>	<u>\$ 2,471,679</u>

SWACO
Notes to Financial Statements
As of December 31, 2004

Reconciliation of Cash and Investments to Statement of Net Assets

Per Statement of Net Assets	Operating Fund	Program Fund	Total
Cash and cash equivalents	\$ 7,209,536	\$ -	\$ 7,209,536
Restricted cash	18,564,881	1,712,230	20,277,111
Investments	2,001,107	-	2,001,107
Closure/postclosure funds held by trustee: Investments	16,872,769	-	16,872,769
Totals	\$ 44,648,293	\$ 1,712,230	\$ 46,360,523

As further discussed in Note 4, Restricted Cash and investments in the amount of \$18,564,881 in the Operating fund and \$1,712,230 in the Program Fund were restricted at December 31, 2004 for debt service, capital projects, for other purposes, or by State law.

4. Restricted Assets

Restricted Cash: In the Operating Fund these funds include debt service funds, the capital improvements fund (bond proceeds), the underground storage tank fund, and cash held in escrow pursuant to an agreement with the lessee of the Model Landfill site to remediate the landfill gas collection system on the site. Pursuant to the agreement, funds allocated by SWACO for the project are held in escrow.

Restricted Net Assets

	Operating Fund	Program Fund	Total
Cash and investments			
Capital improvements fund	\$ 11,754,126	\$ -	\$ 11,754,126
Debt service reserve fund	5,299,900	-	5,299,900
Bond retirement fund	1,287,004	-	1,287,004
Model Landfill escrow account	212,851	-	212,851
Underground storage tank fund	11,000	-	11,000
Unexpended Generation Fees	-	1,712,230	1,712,230
Total restricted cash and investments	18,564,881	1,712,230	20,277,111
Waiver Fees, Generation Fees and Grants receivable	121,706	119,583	241,289
Less bonds payable related to capital improvements fund	(11,897,399)	-	(11,897,399)
Restricted assets, net	\$ 6,789,188	\$ 1,831,813	\$ 8,621,001

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In the Program Fund restricted cash is unexpended Generation Fees collected by SWACO that are restricted by State statute for the purpose of solid waste recycling, reuse, and reduction programs and implementation of SWACO's solid waste plan.

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

5. Closure/Postclosure Funds Held by Trustee

In 1995, SWACO established a trust fund (the "Fund") with U.S. Bank (formerly Star Bank) for the benefit of the Ohio Environmental Protection Agency (the "OEPA") under OEPA rules applicable to SWACO requiring the owner or operator of a solid waste facility to provide assurance that funds will be available when needed for final closure, postclosure care, and/or corrective measures of the facility. The amount to be funded is paid in annual installments over a twenty-year pay-in period, the maximum period allowed by the OEPA. Annual payments are determined by dividing the closure and postclosure costs remaining to be funded (the total required to be funded less cash and investments in the Fund) by the number of years remaining in the pay-in period (13 years as of December 31, 2004). SWACO is scheduled to have 100% of the estimated closure costs funded when the Sanitary Landfill stops accepting waste.

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

6. Capital Assets

Landfill and property, plant, 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 \$5,000 with a useful life greater than one year. As discussed in Note 12, SWACO received from the OEPA a permit for expansion of its currently operating Sanitary Landfill. Acquisition, engineering, legal and other direct costs associated with the permitting and development of this expansion have been capitalized, and are being depleted based on usage of permitted capacity. The depletion of the landfill is assigned to fiscal years based on cubic yards of solid waste disposed and placed in the landfill during the year as a percentage of estimated capacity.

The cost of property, plant, and equipment is depreciated using a straight-line method over the following estimated useful lives:

Description	Estimated Life (Years)
Machinery, equipment, furniture and Fixtures	5-10
Buildings and improvements	10-20

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A summary of property, plant and equipment at December 31, 2004 is as follows:

Operating Fund	Beginning	Increases	Decreases	Ending
Capital assets, not being depreciated:				
Land	\$ 77,977	\$ 8,100,300	\$ -	\$ 8,178,277
Idle plant facilities	1,976,000	-	(855,000)	1,121,000
Construction in progress	1,054,289	8,726,505	(687,502)	9,093,292
Total capital assets, not being depreciated	3,108,266	16,826,805	(1,542,502)	18,392,569
Capital assets, being depreciated/depleted:				
Equipment and furnishings	6,981,159	934,903	(264,001)	7,652,061
Building and improvements	1,738,146	1,332,105	-	3,070,251
Transfer stations	6,994,024	-	-	6,994,024
Sanitary landfill	23,499,638	51,551	-	23,551,189
Total capital assets, being depreciated/depl.	39,212,967	2,318,559	(264,001)	41,267,525
Less accumulated depreciation/depletion for:				
Equipment and furnishings	(3,012,201)	(956,806)	235,038	(3,733,969)
Building and improvements	(284,279)	(148,754)	-	(433,033)
Transfer stations	(3,681,047)	(432,063)	-	(4,113,110)
Sanitary landfill	(12,065,524)	(494,895)	-	(12,560,419)
Total accumulated depreciation/depletion	(19,043,051)	(2,032,518)	235,038	(20,840,531)
Total capital assets, being depreciated, net	20,169,916	286,041	(28,963)	20,426,994
Total capital assets, net	\$ 23,278,182	\$ 17,112,846	\$ (1,571,465)	\$ 38,819,563
Program Fund	Beginning	Increases	Decreases	Ending
Capital assets, being depreciated:				
Equipment and furnishings	\$ 914,451	\$ 35,076	(15,974)	\$ 933,553
Building and improvements	1,210,214	-	-	1,210,214
Total capital assets, being depreciated	2,124,665	35,076	(15,974)	2,143,767
Less accumulated depreciation for:				
Equipment and furnishings	(279,628)	(49,118)	11,028	(317,718)
Building and improvements	(273,390)	(59,545)	-	(332,935)
Total accumulated depreciation	(553,018)	(108,663)	11,028	(650,653)
Total capital assets, being depreciated, net	1,571,647	(73,587)	(4,946)	1,493,114
Total capital assets, net	\$ 1,571,647	\$ (73,587)	\$ (4,946)	\$ 1,493,114

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Notes to Financial Statements
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7. Retirement Commitments

Plan description. SWACO contributes to the Public Employees Retirement System of Ohio (“OPERS”). Authority to establish and amend benefits is provided by state statute (Chapter 145 of the Ohio Revised Code). The OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making written requests to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

OPERS administers three separate pension plans: The Traditional Plan, a cost-sharing multiple-employer defined benefit pension plan; The Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

Funding policy. The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% for employees. It is SWACO’s policy to pay the employee contribution for full time employees. The 2004 employer contribution rate for local government employer units was 13.55% of covered payroll.

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

	<u>Employee share paid by employees</u>	<u>Employee share paid by SWACO</u>	<u>Employer share paid by SWACO</u>	<u>Total paid by SWACO</u>
2004	\$ 9,530	\$ 318,406	\$ 515,599	\$ 834,005
2003	7,861	307,423	502,948	810,371
2002	5,716	283,006	459,149	742,155
2001	9,515	245,189	406,002	651,191
2000	9,004	223,327	287,219	510,546

OPERS provides retirement, disability and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Participants in the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

Other Postemployment benefits. In order to qualify for postemployment health care coverage, and service retirees under the Traditional and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (“OPEB”) as described in GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Government Employers*.

- A. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employers the 2003 rate was 13.55% of covered payroll; 4.0% was the portion that was used to fund health care for the year.

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B. The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

C. Summary of Assumptions:

Actuarial Review. The assumptions and calculations below were based on the OPERS's latest actuarial review performed as of December 31, 2003.

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment return assumption rate for 2003 was 8.0%.

Active Employee Total Payroll. An annual increase of 4.0% compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%.

Health Care. Health care costs were assumed to increase at the projected inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

D. OPEB's are advance-funded on an actuarially determined basis. The following disclosures are required:

1. At year-end 2004, the number of active contributing participants in the Traditional Plan and Combined Plans totaled 369,885.
2. The portion of SWACO's 2003 employer contributions that was used to fund OPEB was \$93,993, which is equal to the annual required contribution.
3. \$10.5 billion represents the actuarial value of the retirement system's net assets available for OPEB at December 31, 2003.
4. The actuarially accrued liability and the unfunded actuarial liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

E. On September 9, 2004 the OPERS Retirement Board adopted the Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructure OPERS health care coverage to improve the financial solvency of the fund in response to rapidly increasing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria

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approach offering a broader range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the option selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

8. Construction Commitments

SWACO has active construction projects as of December 31, 2004. The projects include the construction of the first phase of the landfill expansion and a new landfill operations building. At year end SWACO's commitments with construction contractors are as follows:

<u>Project</u>	<u>Spent-to- Date</u>	<u>Remaining Commitment</u>
Landfill Operations Facility	\$ 1,143,938	\$ 275,480
Landfill Expansion Phase H-1	<u>4,968,337</u>	<u>2,885,670</u>
Total	<u>\$ 6,112,275</u>	<u>\$ 3,161,149</u>

9. Long-term debt

In March 1997, SWACO entered into a repayment agreement with the Franklin County Board of Commissioners, whereby the County issued \$20 million in general obligation bonds on behalf of SWACO. 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. To collateralize repayment, SWACO granted 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.

SWACO undertook three general obligation debt issues in 2004. The first issue, \$57.2 million Series 2004A Bonds, was used to refinance a portion of the WTEF lease as discussed in Note 11. Although the bonds are general obligation bonds 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). The second issue was \$21.5 million in bond anticipation notes to finance a portion of SWACO's 2004-2005 capital improvements plan. The proceeds of the notes were used to pay the cost of the landfill expansion, property acquisition, and certain other solid waste facility improvements. SWACO subsequently issued \$29.7 million Series 2004B bonds which were used to refund the 2004 notes and to deposit additional funds into the construction fund. It is anticipated that that debt service on the bonds will be paid from SWACO's tipping fees. However, as is the case with the series 2004A bonds, the Series 2004B Bonds are secured by a pledge to levy ad valorem property taxes.

The following table provides summary information on SWACO's bond and note issues:

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SWACO Note and Bond Issues

	<u>Series 1997</u> <u>Bonds</u>	<u>Series 2004A</u> <u>Bonds</u>	<u>Series 2004</u> <u>Notes</u>	<u>Series 2004B</u> <u>Bonds</u>
Par amount of issue	\$ 20,000,000	\$ 57,205,000	\$ 21,575,000	\$ 29,670,000
Security	Franklin County General obligation	SWACO general obligation	SWACO general obligation	SWACO general obligation
Date of Issue	12/01/1997	05/04/2004	06/10/2004	10/21/2004
Maturities	1998-2017	2004-2019	2004	2006-2025
Interest rates	4.30%-5.50%	3.00%-5.00%	2.500%	3.50%-5.00%
Net interest cost (NIC)	4.864%	4.200%	1.256%	4.241%

The following table summarizes SWACO's annual debt service requirements to maturity for its general obligation bonds outstanding as of December 31, 2004:

Year ended December 31,	<u>Series 1997</u>		<u>Series 2004A</u>		<u>Series 2004B</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2005	\$ 835,000	\$ 753,665	\$ 2,685,000	\$ 2,611,200	\$ -	\$ 1,348,075
2006	880,000	707,740	2,765,000	2,530,650	2,430,000	1,348,075
2007	930,000	659,340	2,905,000	2,392,400	2,525,000	1,250,875
2008	980,000	608,190	3,050,000	2,247,150	2,655,000	1,124,625
2009	1,035,000	564,090	3,205,000	2,094,650	2,790,000	991,875
2010-2014	6,085,000	2,034,885	18,590,000	7,903,750	8,160,000	3,415,413
2015-2019	4,510,000	457,575	20,275,000	2,767,750	4,360,000	2,265,150
2020-2024	-	-	-	-	5,485,000	1,165,500
2025	-	-	-	-	1,265,000	63,250
Total	<u>\$15,255,000</u>	<u>\$5,785,485</u>	<u>\$53,475,000</u>	<u>\$22,547,550</u>	<u>\$29,670,000</u>	<u>\$12,972,838</u>

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Including the bonds payable, long-term liability activity for the year ended December 31, 2004 was as follow:

Operating Fund	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds Payable					
General obligation bonds, series 1997	\$ 16,045,000	\$ -	\$ (790,000)	\$ 15,255,000	\$ 835,000
General obligation bonds, series 2004A	-	57,205,000	(3,730,000)	53,475,000	2,685,000
General obligation bonds, series 2004B	-	29,670,000	-	29,670,000	-
Bond anticipation notes	-	21,575,000	(21,575,000)	-	-
Unamortized bond premiums	-	5,400,115	(557,383)	4,842,732	-
Unamortized cost of issuance	(32,382)	(1,042,318)	105,601	(969,100)	-
Total bonds payable, net	16,012,618	112,807,796	(26,546,782)	102,273,632	3,520,000
Capital lease	108,051,832	-	(79,659,468)	28,392,364	2,766,083
Unamortized bond premiums	659,912	-	(300,680)	359,232	-
Capital lease, net	108,711,744	-	(79,960,148)	28,751,596	2,766,083
Landfill closure and postclosure costs					
Sanitary landfill	14,055,111	843,889	-	14,899,000	-
Model landfill	2,058,436	-	(30,265)	2,028,171	1,028,851
Total landfill closure and postclosure costs	16,113,547	843,889	(30,265)	16,927,171	1,028,851
Total long term liabilities	\$ 140,837,909	\$ 113,651,685	\$ (106,537,196)	\$ 147,952,399	\$ 7,314,934

10. Idle Plant Facilities (WTEF)

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

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

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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 have reduced the carrying value of the WTEF to \$1,121,000 as of December 31, 2004, reflecting the appraised value of usable space at the facility as of that date. In 2005, SWACO entered into an agreement to demolish all but the usable portion of the facility and entered into an agreement to lease the remaining portion to a recycling business. The demolition and sublease was approved by the City as owner of the facility.

11. Capital Lease Obligation

As described in Note 10, SWACO initially agreed to make lease payments to the City in amounts equal to the debt service requirements on bonds the City issued to construct the WTEF. With the repeal of its fees in 1994, SWACO was not able to meet its lease obligation to the City.

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

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

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

As the result of a subsequent modification to the lease agreed to in 2004, SWACO issued \$57,205,000 in bonds in 2004 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.

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As the result of the 1998 modification to the lease, SWACO recognized gains of \$50,203,271 for the years 1995-2003 representing 4.5 percent of the lease for the years 1995-2010 and 30.5 percent for the years 1995-2003. In 2004 SWACO recognized a gain of \$19,652,043 representing the remaining 30.5% reduction in the lease obligation for the years 2004-2010. The 2004 modification removed the provision of the 1998 modification which make the additional 30.5 percent lease reduction contingent on the continued collection of the Waiver Fee and Retired Facility Fee and accelerated the recognition of the gain into 2004. No future gains will be recognized by SWACO under the terms of the modified lease.

The following is a schedule of the required minimum lease payments reflecting the payment of bond proceeds and the Fifth Modification to the lease:

<u>Year Ending December 31,</u>	
2005	\$ 4,316,615
2006	9,349,697
2007	9,053,525
2008	5,183,854
2009	2,373,237
2010	<u>2,114,390</u>
Total minimum lease payments	32,391,317
Less: Amount representing interest	<u>3,998,953</u>
Present value of minimum lease payments	<u>\$ 28,392,364</u>

12. 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 closure and postclosure care costs will be paid only when portions of the landfill reach final waste elevation (not expected to occur before 2006), SWACO reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. In August 1995, SWACO submitted an application to the OEPA for a permit for expansion of its currently operating Sanitary Landfill. The OEPA awarded the permit to SWACO in May 1997. The expansion increased the Sanitary Landfill waste disposal capacity by approximately 50.3 million cubic yards and increased the costs of closure and postclosure care to an estimated \$44,765,000. These amounts are estimated based on the costs to perform all closure and postclosure care in 2004. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Currently, SWACO expects to operate the landfill for a minimum of 20 years. The amount reported as Sanitary Landfill closure and postclosure care liability of \$14,918,000 represents the cumulative amount reported at December 31, 2004, based on the use of 100% of the estimated capacity of the landfill before expansion and 17.5% of the estimated capacity of the expanded landfill, respectively. SWACO will recognize the remaining estimated cost of closure and postclosure care costs of approximately \$30 million as the remaining estimated capacity is filled.

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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.

During 1998, SWACO contracted to upgrade and maintain the Model Landfill cap and cover and to improve surface water drainage. In related agreements, during 1999 SWACO leased the Model Landfill site to private sector entities 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.

As a result of these events, and the additional information provided to management regarding the cost of maintaining and remediating the site, management revised its estimates of the future remediation, maintenance and monitoring costs for the site. Based on these estimates, management revised its postclosure liability to \$4,562,792 in 1998 and recognized a \$13,870,072 reduction in the liability as an increase in 1998 net income. The amounts reported as Model Landfill postclosure care liability of \$2,028,170 at December 31, 2004 represents the total estimated remaining cost of the current remediation project plus estimated future remediation, maintenance and monitoring costs.

13 Service Agreements

On November 1, 1996, SWACO entered into a five-year yard waste compost facility service agreement, expiring on October 30, 2001. In March 2001, the agreement was extended through March 31, 2007. Under the amended agreement, SWACO pays a service fee for each ton of yard waste delivered to the facility, with a guaranteed minimum annual payment to the facility operator based on the delivery of 40,000 tons per year. SWACO entered into an agreement with a second facility operator beginning in October 2002. The second agreement also contains a tonnage service fee and a guaranteed minimum payment based on the delivery of 30,000 tons. The future minimum service payments under the two agreements are as follows:

<u>Year Ending December 31,</u>	
2005	\$ 1,188,400
2006	1,188,400
2007	484,300

Operating expenses under the service agreements were approximately \$2,646,626 in 2004.

SWACO manages and oversees the day-to-day operations of the Sanitary Landfill, conducts environmental monitoring and reporting, operates the scale house, and collects all tipping fees paid by users of the landfill. In 1997, following a competitive bidding process, SWACO contracted with a private company to provide, operate, and maintain the heavy equipment needed to place and compact the solid waste into the landfill, construct site access roads, provide daily and interim cover, and maintain the landfill according to all local, state and federal laws and regulations. Under the agreement, the contractor furnishes all labor, materials, tools and equipment for the landfill operations and SWACO pays the contractor for each ton of waste received at the landfill. During 2004 SWACO paid the contractor an average rate per ton of \$5.44. The rate per ton is subject to quarterly incentive increases or decreases related to the compaction rate of solid waste placed in the landfill during the preceding quarter and an annual CPI adjustment on May 1 each year of the agreement. Operating expenses under the contract were \$5,144,732 in 2004. The contract will expire at the end of 2005.

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A new competitively-bid operations contract will begin in 2006. The new contract will be similar to the existing contract with the exception that SWACO will purchase and provide to the contractor the heavy equipment required to operate the contract. The contractor will be responsible for the operations and maintenance of the equipment. SWACO is planning to issue approximately \$6.7 million in general obligation bonds in 2005 to purchase the equipment.

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.

15 Risks and Uncertainties

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

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

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SWACO provides health care benefits to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,200 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 15,700 plan subscribers when spouses and dependents are counted. During 2004, these benefits included a self-insured participating provider organization medical plan, a prescription drug program, a mental health and chemical dependency program, and dental and vision benefits. The program is administered by third parties which 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.

An estimate of the amounts to be paid for claims but unreported as of year-end has been developed by the County based on its historical experience. At December 31, 2004, SWACO recognized a liability of \$125,000 as an estimate for claims that had been incurred but not reported (IBNR) based on SWACO's proportionate share of the County program. At December 31, 2003, SWACO recognized a liability of \$105,909 of reported unpaid claims and \$107,000 as an estimate for claims that had been incurred but not reported for a total of \$212,909.

	<u>2003</u>	<u>2004</u>
Unpaid Claims at January 1	\$ 105,775	\$ 212,909
Incurred Claims	612,730	779,546
Paid claims	<u>(505,596)</u>	<u>(867,455)</u>
Unpaid Claims at December 31	<u>\$ 212,909</u>	<u>\$ 125,000</u>

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

SWACO analyzes all outstanding and potential claims that have arisen or could arise due to the occurrence of a loss contingency on or before December 31, 2004. 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>2003</u>	<u>2004</u>
Unpaid Claims at January 1	\$ 58,000	\$ 67,139
Incurred Claims	70,638	3,624
Paid claims	<u>(61,499)</u>	<u>(70,763)</u>
Unpaid Claims at December 31	<u>\$ 67,139</u>	<u>\$ -</u>

16. Subsequent Events

As discussed in Note 13, SWACO has awarded a new landfill operations contract and is planning to issue approximately \$6.7 million in general obligation bonds during 2005 to purchase the heavy equipment required to operate the landfill.

SWACO**Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2004**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 7,209,536	\$ -	\$ 7,209,536
Restricted cash	12,885,043	5,679,838	18,564,881
Accounts receivable, net	3,758,237	121,706	3,879,943
Investments	1,990,000	-	1,990,000
Other assets	344,611	-	344,611
Total current assets	<u>26,187,427</u>	<u>5,801,544</u>	<u>31,988,971</u>
Noncurrent assets			
Closure/postclosure funds held by trustee:			
Investments	16,872,769	-	16,872,769
Capital assets			
Landfill, net of accumulated depletion and depreciation	10,990,770	-	10,990,770
Buildings and equipment, net of accumulated depreciation			
Transfer stations	2,880,914	-	2,880,914
Machinery and equipment	3,918,092	-	3,918,092
Buildings and improvements	2,637,218	-	2,637,218
Construction in progress	9,093,292	-	9,093,292
Land	8,178,277	-	8,178,277
Idle plant facilities	-	1,121,000	1,121,000
Total noncurrent assets	<u>54,571,332</u>	<u>1,121,000</u>	<u>55,692,332</u>
Total assets	<u>\$ 80,758,759</u>	<u>\$ 6,922,544</u>	<u>\$ 87,681,303</u>

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2004**

	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
Liabilities			
Current liabilities:			
Accounts payable	\$ 4,490,971	\$ -	\$ 4,490,971
Accrued wages and benefits	855,660	-	855,660
Accrued interest	175,145	964,468	1,139,613
Current maturities of bonds payable, net	835,000	2,685,000	3,520,000
Capital lease obligation, net	-	2,766,083	2,766,083
Postclosure liability-Model Landfill	-	1,028,851	1,028,851
Other payables	6,933	-	6,933
	<u>6,363,709</u>	<u>7,444,402</u>	<u>13,808,111</u>
Noncurrent liabilities:			
Bonds payable	45,059,284	53,694,348	98,753,632
Capital lease obligation	-	25,985,513	25,985,513
Closure/postclosure liability-Sanitary Landfill	14,899,000	-	14,899,000
Postclosure liability-Model Landfill	-	999,319	999,319
	<u>59,958,284</u>	<u>80,679,180</u>	<u>140,637,464</u>
Total liabilities	<u>66,321,993</u>	<u>88,123,582</u>	<u>154,445,575</u>
Net Assets			
Invested in capital assets, net of related debt			
Idle plant facilities net of lease obligation and bonds payable	-	(84,009,944)	(84,009,944)
Other capital assets, net	3,701,678	-	3,701,678
Restricted			
Sanitary landfill closure/postclosure trust fund net of accrued liability	1,973,769	-	1,973,769
Other restricted, net	987,644	5,801,544	6,789,188
Unrestricted	7,773,675	(2,992,638)	4,781,037
Total net assets	<u>\$ 14,436,766</u>	<u>\$ (81,201,038)</u>	<u>\$ (66,764,272)</u>

SWACO**Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund
For the Year Ended December 31, 2004**

	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
Operating Revenues:			
Tipping and disposal fees	\$ 14,422,874	\$ -	\$ 14,422,874
Waste transfer fees	3,941,223	-	3,941,223
Retired Facility and Waiver Fees	-	8,113,185	8,113,185
Other	40,688	3,858,232	3,898,920
	<u>18,404,785</u>	<u>11,971,417</u>	<u>30,376,202</u>
Operating Expenses:			
Salaries, wages and benefits	5,133,267	58,029	5,191,296
Contract, services and supplies	10,668,068	549,599	11,217,667
Depreciation and depletion	2,032,518	-	2,032,518
Landfill closing costs	843,889	-	843,889
Other	1,980	-	1,980
Interfund transfers	(329,104)	(583,350)	(912,454)
	<u>18,350,618</u>	<u>24,278</u>	<u>18,374,896</u>
Operating income	<u>54,167</u>	<u>11,947,139</u>	<u>12,001,306</u>
Nonoperating income (expenses) :			
Gain on forgiveness of debt (note 11)	-	19,652,043	19,652,043
Interest expense	(1,203,639)	(3,042,078)	(4,245,717)
Interest income	616,888	-	616,888
Loss on sale of assets	(13,458)	-	(13,458)
	<u>(600,209)</u>	<u>16,609,965</u>	<u>16,009,756</u>
Change in net assets	(546,042)	28,557,104	28,011,062
Total net assets - beginning	<u>14,982,808</u>	<u>(109,758,142)</u>	<u>(94,775,334)</u>
Total net assets - ending	<u>14,436,766</u>	<u>(81,201,038)</u>	<u>(66,764,272)</u>

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2004**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Cash flows from operating activities:			
Receipts from customers	\$ 16,929,770	\$ -	\$ 16,929,770
Retired Facility Fees and Waiver Fees collected	-	5,656,666	5,656,666
Other receipts	40,687	3,858,231	3,898,918
Payments to employees	(4,173,624)	(58,029)	(4,231,653)
Payments for retirement and payroll taxes	(1,109,415)	-	(1,109,415)
Payments to vendors	(9,881,414)	(557,577)	(10,438,991)
Post closure costs paid - Model Landfill	-	(30,265)	(30,265)
Interfund charges	912,454	-	912,454
Transfers from Continuing to Discontinued Operations	(583,350)	583,350	-
Net change in interfund receivable/(payable)	373,717	(373,717)	-
Other payments	(98,067)	-	(98,067)
Net cash provided by operating activities:	<u>2,410,758</u>	<u>9,078,659</u>	<u>11,489,417</u>
Cash flows from noncapital financing activities:			
Grants received	-	-	-
Grants made	-	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:			
Proceeds from investment maturities	49,237,814	-	49,237,814
Purchase of investments	(49,513,615)	-	(49,513,615)
Interest received	654,095	-	654,095
Net cash provided by investing activities	<u>378,295</u>	<u>-</u>	<u>378,295</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	52,753,552	61,113,456	113,867,008
Landfill, plant improvements and equipment additions	(17,495,262)	-	(17,495,262)
Sale of assets	-	855,000	855,000
Principal paid on bonds and notes payable	(22,365,000)	(3,730,000)	(26,095,000)
Principal paid on capital lease	-	(58,477,994)	(58,477,994)
Interest paid	(1,207,109)	(2,493,978)	(3,701,087)
Debt issuance costs paid	(377,013)	(665,305)	(1,042,318)
Net cash provided by (used in) capital and related financing activities	<u>11,309,168</u>	<u>(3,398,821)</u>	<u>7,910,347</u>
Net increase in cash	14,098,221	5,679,838	19,778,059
Cash and cash equivalents, beginning of year	<u>5,996,358</u>	<u>-</u>	<u>5,996,358</u>
Cash and cash equivalents, end of year	<u>20,094,579</u>	<u>5,679,838</u>	<u>25,774,417</u>

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2004**

	Operating Fund		
	Continuing Operations	Discontinued	Total
Reconciliation of operating income to net cash provided by (used in) operating activities:			
Operating income	54,167	11,947,139	12,001,306
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:			
Depreciation and depletion	2,032,518	-	2,032,518
Landfill closing costs	843,889	-	843,889
Lease credits received in lieu of cash	-	(2,474,450)	(2,474,450)
Increase (decrease) in cash resulting from changes in:			
Accounts and notes receivable (net)	(1,432,347)	9,952	(1,422,395)
Accounts payable	786,654	-	786,654
Interfund receivable	373,717	(373,717)	-
Accrued wages and benefits	(149,773)	-	(149,773)
Postclosure liability - Model Landfill	-	(30,265)	(30,265)
Other assets and liabilities	(98,067)	-	(98,067)
Net cash provided by operating activities:	<u>2,410,758</u>	<u>9,078,659</u>	<u>11,489,417</u>

Noncash capital and related financing activities

Reduction in capital lease obligation of \$19,652,043 related to the modification of the lease obligation described in note 11.

Amortization of premium on lease obligation and bonds payable of \$858,063.

Amortization of debt issuance costs of \$105,601.

Change in carrying value of investments resulting in loss of \$170,812.

STATISTICAL SECTION

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

STATISTICAL SECTION

The following statistical tables provide selected information on SWACO's revenues and expenses, waste receipts, waste reduction activities and long-term obligations. The intention is to provide ten years of data where available. However, certain facilities or programs for which statistics are being reported have not been owned or operated by SWACO for a full ten years and ten years of data is not always known.

Tables 1 and 2 provide ten years of financial information for SWACO. Table 3 is a budget to actual comparison for fiscal year 2004. Data on solid waste deliveries and tipping fees at SWACO facilities is presented in Tables 4, 5 and 6. Table 7 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. Tables 8, 9 and 10 contain information on SWACO's recycling activities. Debt Service schedules are provided in Tables 11 through 14 and Table 15 lists information on SWACO's insurance coverage as of the end of 2004.

Demographic information is presented for Franklin County and the State of Ohio in Tables 16 and 17 to provide an indication of the economic environment for the community in which SWACO is located. Approximately 97% of the population of the District lies within Franklin County.

SWACO
Statements of Net Assets - All Funds
For Years Ended December 31, 1995 through 2004
(in thousands)¹

ASSETS	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Current assets:										
Cash and cash equivalents	\$ 6,914	\$ 2,772	\$ 5,036	\$ 7,804	\$ 10,077	\$ 11,591	\$ 11,371	\$ 6,257	\$ 5,772	7,210
Restricted cash	2,152	833	11,958	10,800	10,327	7,650	6,072	5,239	3,554	20,277
Accounts receivable, net	2,659	3,655	2,285	1,872	2,040	2,143	2,328	2,293	2,562	3,976
Investments	-	-	-	-	-	-	-	4,493	2,496	2,001
Other assets	49	126	101	58	134	157	72	99	119	357
Total current assets	11,774	7,386	19,380	20,534	22,578	21,541	19,844	18,381	14,503	33,821
Noncurrent Assets										
Closure/postclosure funds held by trustee	4,386	8,320	8,943	10,338	11,750	13,378	14,409	15,296	16,142	16,873
Sanitary Landfill, net of accum. deprec./depletion	7,437	5,844	6,010	7,737	7,559	10,401	11,083	11,475	11,801	10,991
Buildings & equipment, net of accum. depreciation	7,271	7,027	7,017	6,984	7,360	7,820	9,911	10,611	11,073	10,929
Construction in progress	-	-	-	-	-	-	-	-	-	9,093
Land	-	-	-	-	-	-	-	-	-	8,178
Idle plant facilities/WTEF (Note 9)	36,594	36,594	6,500	6,433	6,381	6,338	4,605	1,976	1,976	1,121
Funds on deposit with public employees deferred compensation programs	701	790	883	-	-	-	-	-	-	-
Other assets	35	5	45	70	97	67	63	60	51	-
Total noncurrent assets	56,424	58,580	29,398	31,562	33,147	38,004	40,072	39,418	41,043	57,185
Total Assets	\$ 68,198	\$ 65,966	\$ 48,778	\$ 52,096	\$ 55,725	\$ 59,545	\$ 59,915	\$ 57,799	\$ 55,546	\$ 91,006

¹ Totals may not add due to rounding.

Continued

LIABILITIES

Table 1 (continued)

Current Liabilities:

Accounts payable	\$ 1,051	\$ 1,472	\$ 1,375	\$ 1,755	\$ 2,020	\$ 3,368	\$ 2,729	\$ 1,875	\$ 2,584	4,491
Accrued wages and benefits	621	587	483	644	686	736	868	926	1,005	856
Accrued interest	2,338	3,076	7,438	15,445	6,285	2,151	648	824	788	1,140
Current maturities of bonds payable (Note 8)	115	115	690	720	755	790	710	750	790	3,520
Notes payable	10,011	10,001	-	-	-	-	-	-	-	-
Accrued plant closing expenses	1,227	1,021	1,015	710	336	292	93	26	-	-
Capital lease obligation (Note 10)	18,094	27,713	38,950	48,879	42,673	50,632	52,588	56,923	58,505	2,766
Postclosure liability - Model Landfill (Note 11)	-	-	-	-	156	250	1,250	1,341	1,025	1,029
Other	1,958	949	-	-	115	10	655	482	278	7
Total current liabilities	35,415	44,934	49,951	68,153	53,026	58,229	59,540	63,147	64,975	13,809

Noncurrent liabilities:

Landfill purchase contract payable	575	460	345	230	115	-	-	-	-	-
Bonds payable (Note 8)	-	-	19,425	18,820	18,180	17,505	16,795	16,045	15,255	98,754
Capital lease obligation (Note 10)	147,278	137,659	126,422	109,256	97,602	85,921	74,855	61,533	49,547	25,985
Closure and postclosure liability - Sanitary landfill (Note 11)	7,034	8,096	8,849	9,606	10,314	11,391	12,334	13,056	14,055	14,899
Postclosure liability - Model Landfill (Note 11)	19,647	19,508	19,128	4,563	2,955	2,325	1,204	1,033	1,033	999
Other	-	96	23	58	63	91	-	660	387	-
Due to others	701	790	883	-	-	-	-	-	-	-
Total noncurrent liabilities	175,235	166,609	175,075	142,533	129,229	117,234	105,187	92,327	80,277	140,637
Total liabilities	210,650	211,543	225,026	210,686	182,255	175,463	164,728	155,474	145,252	154,446

NET ASSETS

Invested in capital assets, net of related debt:

Idle plant facilities, net of lease obligation	(128,778)	(128,778)	(158,872)	(151,702)	(133,894)	(130,215)	(122,838)	(116,480)	(106,076)	(84,010)
Other capital assets, net	5,045	2,492	712	344	(905)	1,684	3,490	5,291	6,829	5,195
Restricted:										
Sanitary landfill closure/postclosure trust fund, net of accrued liability	(2,648)	224	94	732	1,436	1,987	2,075	2,240	2,087	1,974
Other restricted, net	2,152	2,409	12,275	11,154	10,461	7,734	6,173	5,333	6,116	8,621
Unrestricted	(18,223)	(21,924)	(30,457)	(19,118)	(3,628)	2,892	6,287	5,941	1,338	4,781
Total net assets	\$ (142,452)	\$ (145,577)	\$ (176,248)	\$ (158,590)	\$ (126,530)	\$ (115,918)	\$ (104,813)	\$ (97,676)	\$ (89,706)	\$ (63,440)

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

SWACO
Statements of Revenues, Expenses, and Changes in Fund Net Assets - All Funds
For Years Ended December 31, 1995 through 2004
(in thousands)¹

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Revenues:										
Tipping and disposal fees	\$ 19,378	\$ 15,450	\$ 14,944	\$ 11,105	\$ 11,238	\$ 13,576	\$ 13,705	\$ 13,600	\$ 14,079	\$ 14,423
Waste transfer fees ²	-	2,717	2,855	3,686	3,471	3,806	3,884	3,860	4,132	4,010
Retired Facility and Waiver Fees	-	-	-	-	5,149	7,488	7,596	7,722	7,916	8,113
Generation Fees	4,837	5,296	5,479	5,679	5,735	5,780	5,571	5,559	5,655	5,801
Other	600	160	206	312	245	686	868	704	755	3,963
Operating revenues	24,815	23,623	23,484	20,782	25,839	31,337	31,624	31,445	32,536	36,310
Expenses:										
Salaries, wages and benefits	3,525	3,648	3,588	3,763	3,679	3,801	4,304	4,873	5,582	6,127
Contracts, services and supplies	8,977	9,972	8,715	9,238	9,369	13,817	13,164	13,625	14,815	16,598
Depreciation and depletion	3,090	3,178	2,262	1,068	1,121	1,132	1,424	1,815	2,151	2,141
Landfill closing expenses	1,329	1,063	753	757	707	1,078	942	722	999	844
Reduction of liability (Note 11)	-	-	-	(13,870)	-	-	-	-	-	-
Impairment loss (Note 9)	-	-	30,034	-	-	-	-	2,627	-	-
Other	14	6	-	-	5	52	1	22	113	20
Operating expenses	16,935	17,867	45,352	956	14,881	19,880	19,836	23,684	23,660	25,730
Operating income (loss)	7,880	5,756	(21,868)	19,826	10,958	11,456	11,788	7,761	8,876	10,580

continued

Table 2 (continued)

Nonoperating income (expenses):										
Gain on forgiveness of debt (Note 10)	-	-	-	7,236	27,725	3,722	3,929	3,663	3,927	19,652
Interest expense	(9,858)	(9,602)	(9,861)	(11,052)	(8,418)	(6,745)	(6,113)	(4,919)	(4,773)	(4,246)
Interest income	479	599	972	1,408	1,528	2,002	1,296	705	466	617
Grants received	146	122	86	96	256	132	138	134	138	145
Grants awarded ³	-	-	-	-	-	-	-	(155)	(542)	(462)
Gain (loss) on sale of assets	-	-	-	144	10	45	68	(50)	(125)	(19)
Total nonoperating expenses	(9,233)	(8,881)	(8,803)	(2,168)	21,101	(844)	(683)	(622)	(908)	15,687
Change in net assets	(1,353)	(3,125)	(30,671)	17,658	32,059	10,613	11,105	7,139	7,968	26,267
Total net assets - beginning	(141,099)	(142,452)	(145,577)	(176,248)	(158,590)	(126,531)	(115,918)	(104,813)	(97,674)	(89,706)
Total net assets - ending	<u>\$ (142,452)</u>	<u>\$ (145,577)</u>	<u>\$ (176,248)</u>	<u>\$ (158,590)</u>	<u>\$ (126,531)</u>	<u>\$ (115,918)</u>	<u>\$ (104,813)</u>	<u>\$ (97,674)</u>	<u>\$ (89,706)</u>	<u>\$ (63,439)</u>

¹ Totals may not add due to rounding.

² Included in tipping fees for 1995; established as a separate fee in 1996.

³ Included in Contracts, Services and Supplies prior to 2002.

Source: SWACO audited financial statements.

All references to Notes are to the Notes to Financial Statements beginning on page 2-18.

SWACO
Schedule of Revenues, Expenses and Changes in Fund Net Assets
2004 Budget to Actual (in thousands)

	Operating Fund				Program Fund		All Funds Total			
	Continuing Operations		Discontinued Operations		Original Budget	Actual	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance
	Original Budget	Actual	Original Budget	Actual						
Operating Revenues:										
Tipping and disposal fees	\$ 14,027	\$ 14,423	\$ -	\$ -	\$ -	\$ -	\$ 14,027	\$ 14,027	\$ 14,423	\$ 396
Waste transfer fees	4,073	3,941	-	-	-	68	4,073	4,073	4,010	(63)
Retired Facility and Waiver Fees		-	7,995	8,113	-	-	7,995	7,995	8,113	118
Generation Fees		-		-	5,711	5,801	5,711	5,711	5,801	90
Other	29	41	500	3,858	125	65	654	654	3,963	3,309
Total operating revenues	18,129	18,405	8,495	11,971	5,836	5,934	32,460	32,460	36,310	3,850
Operating Expenses:										
Salaries, wages and benefits	4,971	5,133	59	58	910	936	5,940	6,127	6,127	-
Contracts, services and supplies										
Landfill volume related	7,274	7,274	-	-	-	-	7,274	7,274	7,274	-
Other	2,887	3,394	41	550	6,025	5,380	8,952	9,979	9,324	655
Depreciation and depletion	2,191	2,033	-	-	165	109	2,356	2,356	2,141	215
Landfill closing costs	1,012	844	-	-	-	-	1,012	1,012	844	168
Other expenses	-	2	-	-	-	18	-	-	20	(20)
Interfund transfers	273	(329)	(1,064)	(583)	791	912	-	-	-	-
Total operating expenses	18,608	18,351	(964)	24	7,891	7,355	25,534	26,748	25,730	1,018
Operating income	(479)	54	9,459	11,947	(2,055)	(1,422)	6,926	5,712	10,580	4,868

Continued

SWACO
Schedule of Revenues, Expenses and Changes in Fund Net Assets
2004 Budget to Actual (in thousands)

	Operating Fund				Program Fund		All Funds Total			
	Continuing Operations		Discontinued Operations		Original Budget	Actual	Original Budget	Amended Budget	Actual	Favorable (Unfavorable) Variance
	Original Budget	Actual	Original Budget	Actual						
<u>Nonoperating income (expenses)</u>										
Interest expense	(785)	(1,204)	(3,772)	(3,042)	-	-	(4,557)	(4,557)	(4,246)	311
Interest income	545	617	-	-	-	-	545	545	617	72
Grants received	-	-	-	-	142	145	142	142	145	3
Grants awarded	-	-	-	-	(301)	(462)	(301)	(462)	(462)	0
Loss on disposal of assets	-	(13)	-	-	-	(6)	-	-	(19)	(19)
Gain-forgiveness of WTEF debt	-	-	19,652	19,652	-	-	19,652	19,652	19,652	-
Total nonoperating income (expenses)	(240)	(600)	15,880	16,610	(159)	(323)	15,481	15,320	15,687	367
Change in net assets	(719)	(546)	25,339	28,557	(2,214)	(1,744)	22,407	21,032	26,267	5,235
Total net assets - beginning	15,397	14,983	(107,132)	(109,758)	5,298	5,069	(86,437)	(89,064)	(89,706)	(642)
Total net assets - ending	\$ 14,678	\$ 14,437	\$ (81,793)	\$ (81,201)	\$ 3,084	\$ 3,325	\$ (64,030)	\$ (68,032)	\$ (63,439)	\$ 4,593

Source: SWACO

SWACO
Solid Waste Received 1995 - 2004 (in tons)

	1995	1996	1997	1998	1999	2000	2001	2002 ¹	2003	2004
Jackson Pike Transfer Station	244,558	242,243	271,999	205,177	144,768	140,152	139,576	167,211	173,213	197,862
Morse Road Transfer Station	122,297	140,731	119,008	119,008	111,205	128,337	131,837	129,495	149,120	122,836
Georgesville Rd Transfer Station	29,800	65,274	66,248	66,248	72,627	83,471	87,027	62,788	63,860	55,643
Total Transfer Stations	396,655	448,248	457,255	390,433	328,600	351,960	358,440	359,494	386,193	376,341
Sanitary Landfill	201,198	192,332	206,188	244,398	386,191	528,907	523,545	523,899	533,122	569,295
Total solid waste received by SWACO	597,853	640,580	663,443	634,831	714,791	880,867	881,985	883,393	919,315	945,636
Scrap metal, tires, white goods & other	(646)	(966)	(1,487)	(714)	(865)	(453)	(1,335)	(641)	(245)	(234)
Carryover/(shrinkage) ²	5,040	1,260	(9,337)	(6,280)	66	(1,930)	(3,044)	2,712	(698)	921
Total reduction	4,394	294	(10,824)	(6,994)	(799)	(2,383)	(4,379)	2,071	(943)	687
Solid waste transferred out-of-county ³	0	0	0	0	0	(24,811)	0	0	0	0
Solid waste landfilled - Franklin County Sanitary Landfill	602,247	640,874	652,619	627,837	713,992	853,673	877,607	885,463	918,372	946,323

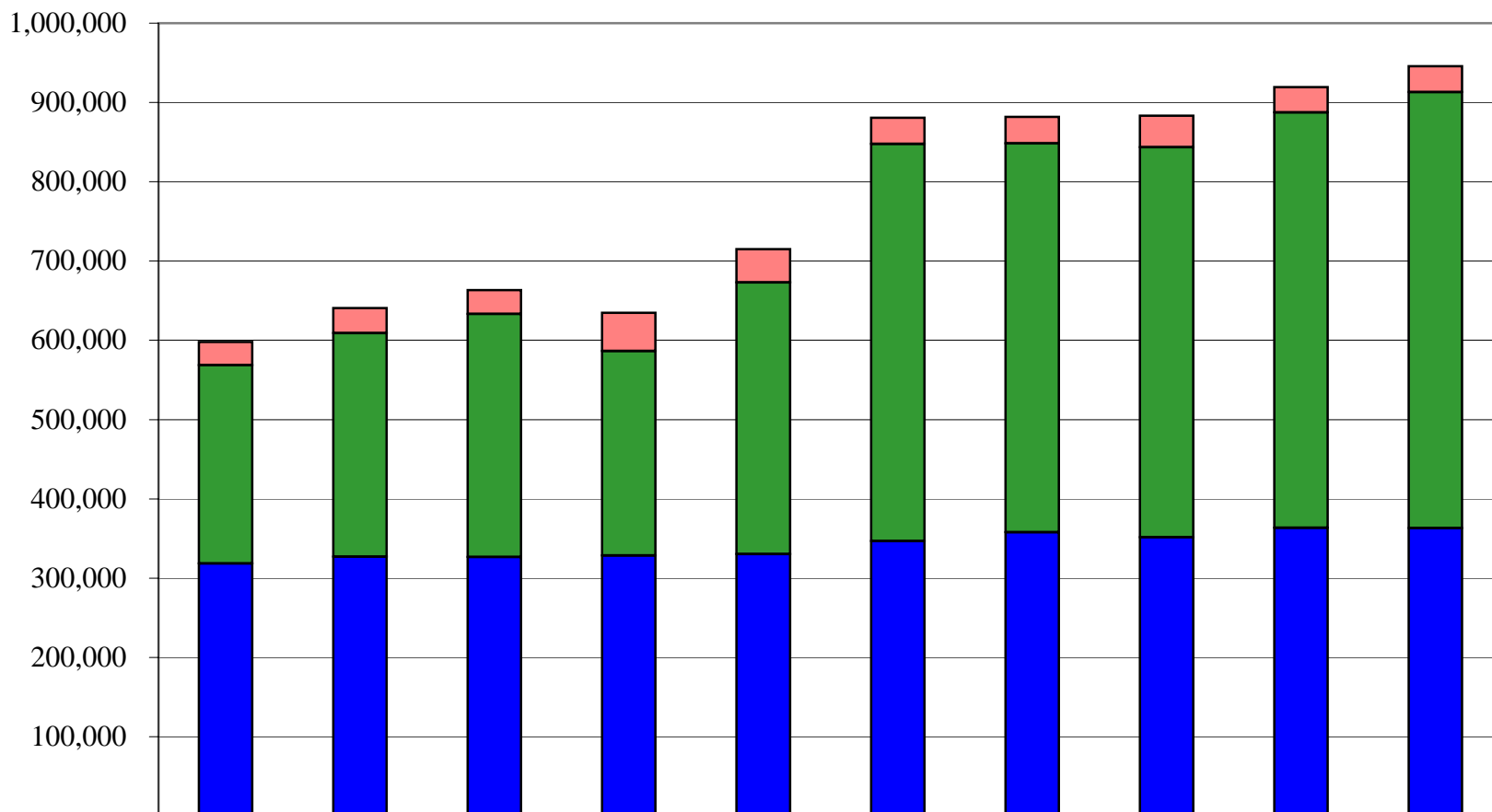
¹ The 2002 data includes 150 tons received as part of pilot projects and not subject to generation fees as reported on Table 7.

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

³ Waste disposed at an out-of-county landfill pursuant to a contract with a private waste company.

Source: SWACO

SWACO Waste Receipts 1995 - 2004



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
All others	29,137	31,687	30,069	48,319	41,629	33,305	33,783	39,713	31,878	32,567
Rest of Top Ten*	250,143	281,863	306,727	257,841	342,711	500,993	490,457	492,199	523,920	549,939
City of Columbus*	318,573	327,030	326,647	328,671	330,451	346,569	357,745	351,481	363,518	363,130

Source: Solid Waste Authority of Central Ohio

*See notes to Table 5.

SWACO
Largest Customers 1995 - 2004
(in tons)

Customer	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
City of Columbus ¹	318,573	327,030	326,647	328,671	330,451	346,569	357,745	351,481	363,518	363,130
Republic Waste Systems ²	65,329	81,239	98,695	92,846	122,841	229,357	210,383	183,507	195,283	204,763
Rumpke Waste/Rumpke Container	17,350	19,043	52,917	49,365	105,509	157,769	162,573	155,091	158,657	145,675
Waste Management of Ohio (post-merger) ³	100,132	103,447	77,199	19,711	72,354	76,667	71,170	77,684	81,201	91,002
Local Waste Services LLC	n/a	n/a	n/a	n/a	n/a	9,241	17,757	47,922	56,959	69,810
City of Upper Arlington	7,744	7,412	7,887	8,372	8,780	8,523	7,873	7,643	7,814	7,741
BFI of Ohio, Inc.	-	-	-	-	-	-	-	-	6,737	17,656
Flower Garbage	-	152	153	3,999	1,032	212	4,628	5,521	6,211	5,590
City of Grandview Heights	3,571	3,677	3,619	3,597	3,485	3,729	3,698	3,605	3,591	3,585
Container Services	-	-	-	-	220	85	4,531	5,796	3,351	-
Adept, Inc.	2,122	2,592	4,706	7,780	8,262	6,384	4,188	2,075	2,140	2,929
Central Ohio Contractors	2,636	1,688	2,532	5,447	3,946	3,861	3,656	3,355	1,975	1,189
B & D Hauling	9,604	13,761	18,668	16,240	16,282	5,166	-	-	-	-
Waste Management of Ohio (pre-merger) ⁴	41,657	48,852	40,351	50,485	n/a	n/a	n/a	n/a	n/a	n/a
Total Largest Customers	568,718	608,893	633,375	586,511	673,162	847,562	848,202	843,680	887,437	913,069
Total tons received by SWACO ⁵	597,853	640,580	663,443	634,831	714,791	880,867	881,985	883,393	919,315	945,636
Largest customer % of total received	95%	95%	95%	92%	94%	96%	96%	96%	97%	97%
Total tons disposed ⁶	967,308	1,059,142	1,095,838	1,135,812	1,146,993	1,156,019	1,114,223	1,111,953	1,130,721	1,158,091
Largest customer % of total waste disposal	59%	57%	58%	52%	59%	73%	76%	76%	78%	79%

Notes to Table 5
Largest Customers 1995 - 2004

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
¹ City of Columbus includes the following:										
City of Columbus Division of Sanitation	308,258	314,803	318,273	322,142	318,236	336,395	345,774	338,731	352,337	352,366
Other City of Columbus Departments	10,315	12,227	8,374	6,529	12,215	10,174	11,971	12,750	11,180	10,764
² Republic Waste Systems acquired Superior Services September 1, 2000. Superior Services acquired B.F.I. Waste Systems and Ohio Disposal Systems in 1997. Southwest Waste acquired Larry's Trucking in 1997. Republic Waste Services entered the market as part of the Waste Management divestiture (see note 3). The above data include the following:										
B.F.I. Waste Systems	43,773	43,661	17,283	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Ohio Disposal Systems	11,036	25,984	12,205	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Superior Services	n/a	n/a	57,336	81,096	95,867	81,344	n/a	n/a	n/a	n/a
Republic Waste Systems	n/a	n/a	n/a	n/a	15,610	140,946	210,383	183,507	195,283	204,763
Southwest Waste	10,520	11,594	11,871	11,749	11,364	7,067	n/a	n/a	n/a	n/a
³ U.S.A. Waste acquired Johnson Disposal and Laidlaw Waste Systems in 1997, and Waste Management in 1998. The new company kept the name Waste Management but was required to divest a portion of the previous Waste Management business effective 11/6/98. The above data include the following:										
Johnson Disposal	n/a	4,042	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Laidlaw Waste Systems	100,132	99,405	77,199	1,475	n/a	n/a	n/a	n/a	n/a	n/a
U.S.A. Waste	n/a	n/a	n/a	13,316	n/a	n/a	n/a	n/a	n/a	n/a
Waste Management of Ohio	n/a	n/a	n/a	4,920	72,354	76,667	71,170	77,684	81,201	91,002

⁴ Waste Management of Ohio through 11/6/98, the effective date of the divestiture (see note 3).

⁵ Total solid waste disposed at SWACO facilities.

⁶ Total solid waste subject to Generation Fee and disposed at SWACO facilities and out of county facilities.

Source: SWACO

SWACO
Disposal Rates 1991-2007

Table 6

Effective Date	Franklin County Landfill	Jackson Pike Transfer ²	Morse Road Transfer	Georgesville Rd. Transfer	Alum Creek Transfer	Compost Facilities	Charge Unit
2/1/1991 ¹	\$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 ³	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 ⁴	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 ⁵	22.25	32.25	33.25	33.25	-	-	Ton
	20.00	30.00	31.00	31.00	-	-	Ton
4/1/1999 ⁶	29.25	39.25	40.25	40.25	-	-	Ton
	27.00	37.00	38.00	38.00	-	-	Ton
10/4/1999	27.00	37.00	38.00	38.00	-	\$6.00 ⁷	Ton
1/1/2005	29.25	40.25	41.25	41.25	-	\$6.00	Ton
1/1/2006	30.75	42.75	43.75	43.75	-	\$6.00	Ton
1/1/2007	32.00	44.00	45.00	45.00	-	\$6.00	Ton

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

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

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

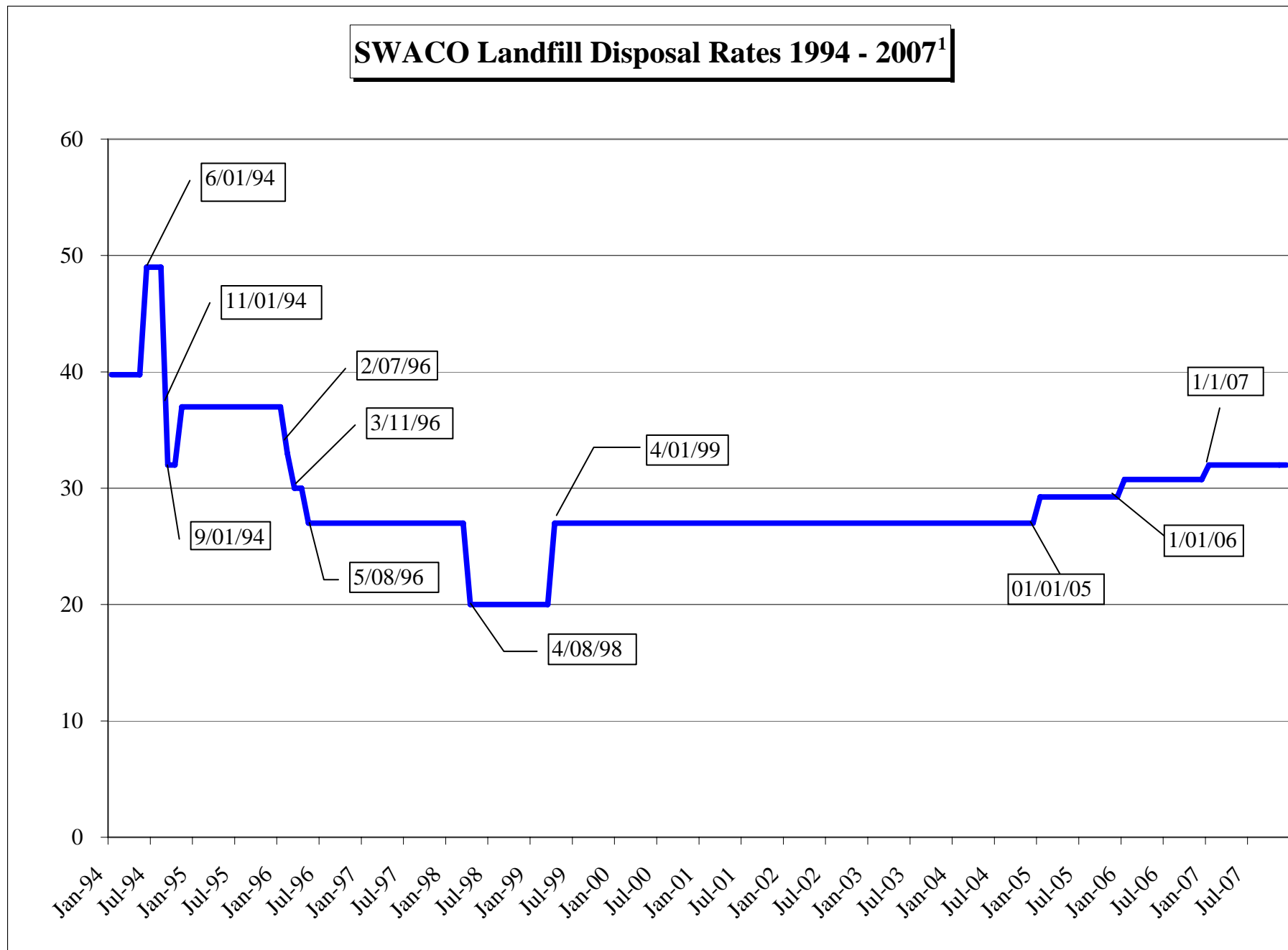
⁴ Beginning November 1, 1994, all rates include a \$.50/ton generation fee.

⁵ The higher rate is the non-contract rate. The lower rate is the reduced contract rate for put-or-pay customers meeting certain requirements.

⁶ The higher rate is the non-contract rate. The lower rate is the reduced contract rate. Rates include Retired Facility fee of \$7 per ton.

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

Source: SWACO



Source: SWACO (see Table 6).

SWACO
Generation Fee Tonnage Reported 1995 - 2004¹

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Solid Waste Authority (4 facilities)	597,853	640,580	663,443	634,831	714,791	880,867	881,985	883,393	919,315	946,363
Waste Management (post-merger) ²	187,419	205,518	226,072	305,949	289,587	223,356	213,387	208,885	185,927	182,430
Rumpke Waste (4 facilities)	35,860	70,772	46,095	68,960	33,665	16,098	1,127	395	878	3,184
Waste Management (pre-merger) ³	144,747	140,193	156,116	121,779	n/a	n/a	n/a	n/a	n/a	n/a
Republic Waste Services	n/a	n/a	n/a	n/a	108,120	35,594	17,228	19,256	21,102	25,930
Other (14 facilities)	1,429	2,070	4,125	4,299	830	105	496	24	3,498	184
Total	967,308	1,059,133	1,095,851	1,135,818	1,146,993	1,156,019	1,114,223	1,111,953	1,130,721	1,158,091

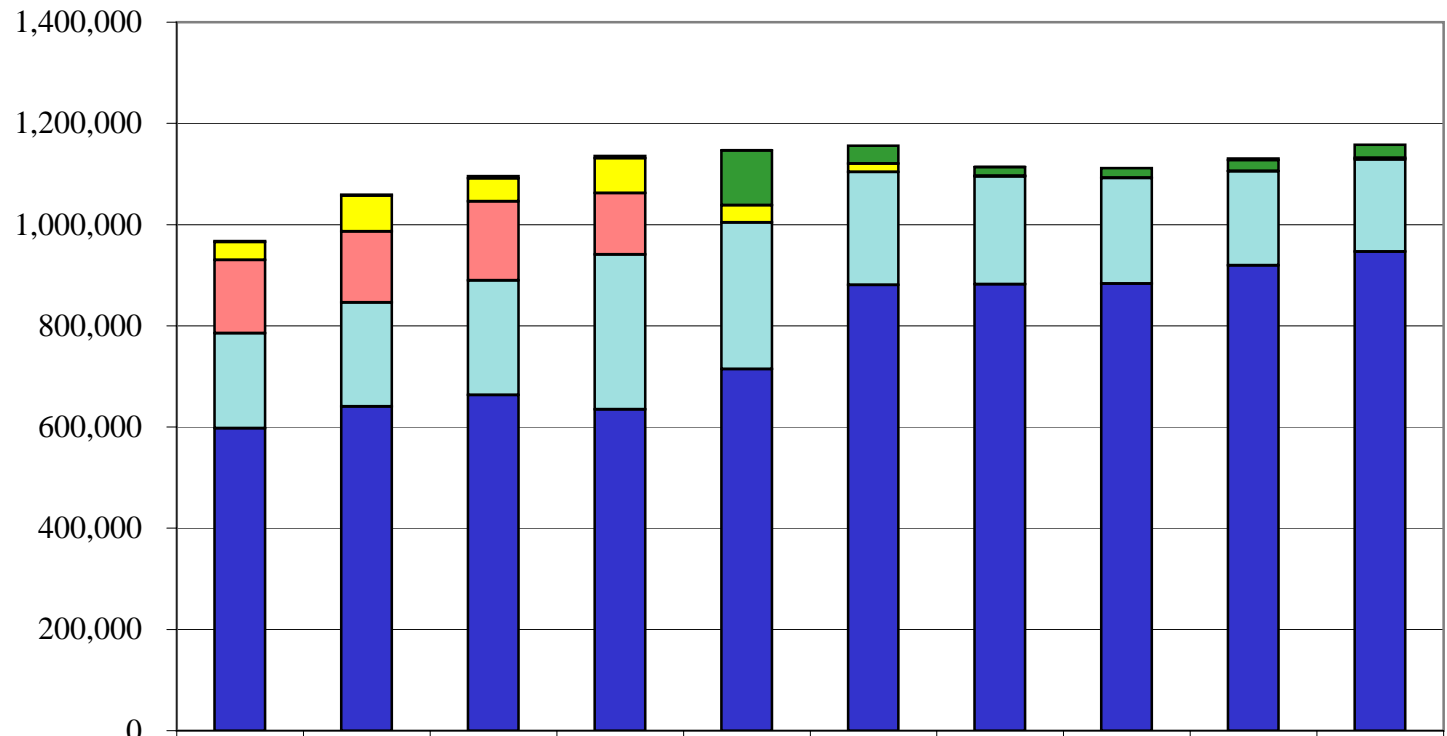
¹The generation fee is charged on all solid waste generated within SWACO's jurisdiction and disposed in a sanitary landfill located in Ohio. Certain solid waste is exempt from the fee. The current \$5 per ton generation fee was enacted effective November 1, 1994.

²Includes Johnson Disposal Transfer/Recycling (USA Waste) up to date of acquisition of Waste Management and Suburban South Landfill and Reynolds Avenue Transfer Station after acquisition (see note 3 to Table 5).

³Includes Suburban South Landfill and Reynolds Avenue Transfer Station up to date of acquisition of Waste Management by USA Waste.

Source: SWACO

Generation Fee Tonnage Reported 1995 - 2004



	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Other (14 facilities)	1,429	2,070	4,125	4,299	830	105	496	24	3,498	184
Republic	0	0	0	0	108,120	35,594	17,228	19,256	21,102	25,930
Rumpke (4 facilities)	35,860	70,772	46,095	68,960	33,665	16,098	1,127	395	878	3,184
Waste Management (pre-merger)	144,747	140,193	156,116	121,779	0	0	0	0	0	0
Waste Management (post-merger)	187,419	205,518	226,072	305,949	289,587	223,356	213,387	208,885	185,927	182,430
SWACO (4 facilities)	597,853	640,580	663,443	634,831	714,791	880,867	881,985	883,393	919,315	946,363

Source: Solid Waste Authority of Central Ohio
See notes to Table 7.

Table 8

SWACO
Solid Waste Recycled 1995-2004
(in tons)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Total tons of waste recycled										
Yard Waste Composting	63,371	88,964	92,207	83,020	74,224	89,589	105,315	113,293	142,860	150,949
Drop-off Recycling Program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,449	7,947
Just-in-Time Recycling Program	n/a	n/a	n/a	n/a	n/a	n/a	248	356	429	602
Household Hazardous Waste	227	364	n/a	251	142	260	283	321	344	424
E-waste Collection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	70	196
Tire Recycling	355	497	457	312	222	112	149	177	176	115
Scrap Metal Recycling	291	462	981	385	634	335	369	262	245	119
Other	9	7	49	17	6	6	817	0	0	0
Total	64,253	90,294	93,694	83,985	75,228	90,302	107,181	114,408	152,573	160,352

Table 9

Tires and White Goods Received 1995 - 2004¹

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Tires (each)	38,078	48,390	45,774	36,738	27,186	22,881	18,715	17,650	17,608	11,497
White goods (each)	5,043	6,071	5,403	4,548	4,957	6,596	6,972	7,249	5,404	4,527

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

Source: SWACO

SWACO
Household Hazardous Waste collection 1995 - 2004
(in pounds)¹

Table 10

Material Classification	1995	1996	1998	1999	2000	2001	2002	2003	2004
Alkaline Batteries	4,291	7,768	8,171	1,614	5,135	4,066	5,017	n/a	1,322
Loosepack Fuels	144,328	180,508	138,975	94,287	171,388	173,899	183,289	148,189	168,226
Aerosol-Flammable	17,741	23,224	12,626	5,307	9,997	12,160	11,222	15,636	27,202
Aerosol-Pesticides	2,752	9,025	4,734	2,573	6,268	5,197	7,455	8,078	47,542
Bulked Flammables	108,582	131,048	126,297	73,021	124,557	129,246	153,965	263,418	349,952
Latex Paint	62,600	103,699	113,253	65,206	98,629	124,979	147,297	89,184	74,860
Lab Pack A	29,458	144,949	3,281	1,616	10,715	10,616	11,850	15,211	6,107
Lab Pack B	32,643	53,468	37,787	21,014	46,397	39,979	37,932	47,757	51,200
Propane Cylinders	2,816	3,785	5,731	3,448	8,839	11,226	27,299	35,051	35,070
Lead/Acid Batteries	8,903	34,589	16,423	1,805	9,845	18,215	23,073	24,272	29,389
Acids/Bases	8,903	9,410	6,396	4,103	-	-	-	-	18,394
Freon	63	257	539	60	-	-	-	446	638
Used Oil /Antifreeze	30,536	26,633	27,437	9,935	28,606	36,253	33,680	38,596	35,346
Cylinders	n/a	n/a	n/a	n/a	n/a	n/a	n/a	605	1,084
Fire Extinguishers	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1,348	1,872
Flourescent Light Bulbs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	460	489
Total	453,616	728,363	501,650	283,990	520,376	565,836	642,079	688,251	848,693
Collection events	12	14	7	7	10	12	13	14	18
Collection days	26	28	14	14	20	24	26	27	18
Vehicles	8,556	10,825	9,014	3,441	7,562	9,002	10,033	11,559	12,000
Households Served	9,483	12,482	9,960	3,887	8,436	9,947	11,204	12,471	13,597
Pounds per vehicle	53	67	56	83	69	63	64	60	71

¹ There was no collection in 1997.

Source: SWACO

SWACO
Series 1997 Solid Waste Facility Improvements Bonds Debt Service Schedule

Table 11

Year	Principal	Coupon	Interest	Total Debt Service
1997	-	-	\$ 329,938	\$ 329,938
1998	\$ 575,000	5.000%	981,635	1,556,635
1999	605,000	5.000%	952,885	1,557,885
2000	640,000	5.000%	922,635	1,562,635
2001	675,000	5.000%	890,635	1,565,635
2002	710,000	5.000%	856,885	1,566,885
2003	750,000	4.500%	821,385	1,571,385
2004	790,000	4.300%	787,635	1,577,635
2005	835,000	5.500%	753,665	1,588,665
2006	880,000	5.500%	707,740	1,587,740
2007	930,000	5.500%	659,340	1,589,340
2008	980,000	4.500%	608,190	1,588,190
2009	1,035,000	4.600%	564,090	1,599,090
2010	1,090,000	4.700%	516,480	1,606,480
2011	1,150,000	4.750%	465,250	1,615,250
2012	1,215,000	4.800%	410,625	1,625,625
2013	1,280,000	4.850%	352,305	1,632,305
2014	1,350,000	4.900%	290,225	1,640,225
2015	1,425,000	4.900%	224,075	1,649,075
2016	1,500,000	5.000%	154,250	1,654,250
2017	1,585,000	5.000%	79,250	1,664,250
Total	\$ 20,000,000		\$ 12,329,118	\$ 32,329,118

Net interest cost (%) 4.864%

Source: SWACO; see Note 9 to the financial statements.

SWACO

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

Year	Principal	Interest	Total Lease Obligation	Amount Paid or Credited	Interest on Deferred Balance ³	Deferred Balance ⁴
1993	\$ 4,991	\$ 8,099	\$ 13,090	\$ 13,090	\$ -	\$ -
1994	7,881	9,042	16,923	16,923	-	-
1995	5,579	5,853	11,432	6,000	153	5,585
1996	6,229	5,341	11,570	8,000	402	3,972
1997	6,299	4,991	11,290	4,055	746	7,981
1998	7,258	4,664	11,922	2,002	1,178	11,098
1999	7,904	4,220	12,124	6,764	1,670	7,030
2000	7,932	3,969	11,901	9,938	1,841	3,804
2001	8,373	3,374	11,747	13,083	1,968	631
2002	7,807	3,034	10,841	8,637	1,991	4,195
2003	8,370	2,323	10,693	10,826	2,151	2,016
2004	8,158	1,954	10,112	61,881 ⁵	125	(51,643)
Subtotal 1993-2004	86,781	56,864	143,645	161,200	12,225	(5,331)
2005	8,097	1,551	9,647			
2006	8,203	1,147	9,350			
2007	8,316	738	9,054			
2008	4,830	354	5,184			
2009	2,215	159	2,373			
2010	2,063	52	2,114			
Subtotal 2005-2010	33,723	3,999	37,722			
Total 1993-2010	\$ 120,504	\$ 60,863	181,367			

1. WTEF lease obligation as modified; 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 pursuant to the 1998 modification (1995-2003) and at the STAR Ohio rate beginning in 2004.

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

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

Source: SWACO

SWACO
Series 2004A Facility Acquisition Bonds Debt Service Schedule

Table 13

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

Net interest cost (%) 4.200%

Source: SWACO; see Note 9 to the financial statements.

SWACO
Series 2004B Solid Waste Facility Improvements Bonds Debt Service Schedule

Table 14

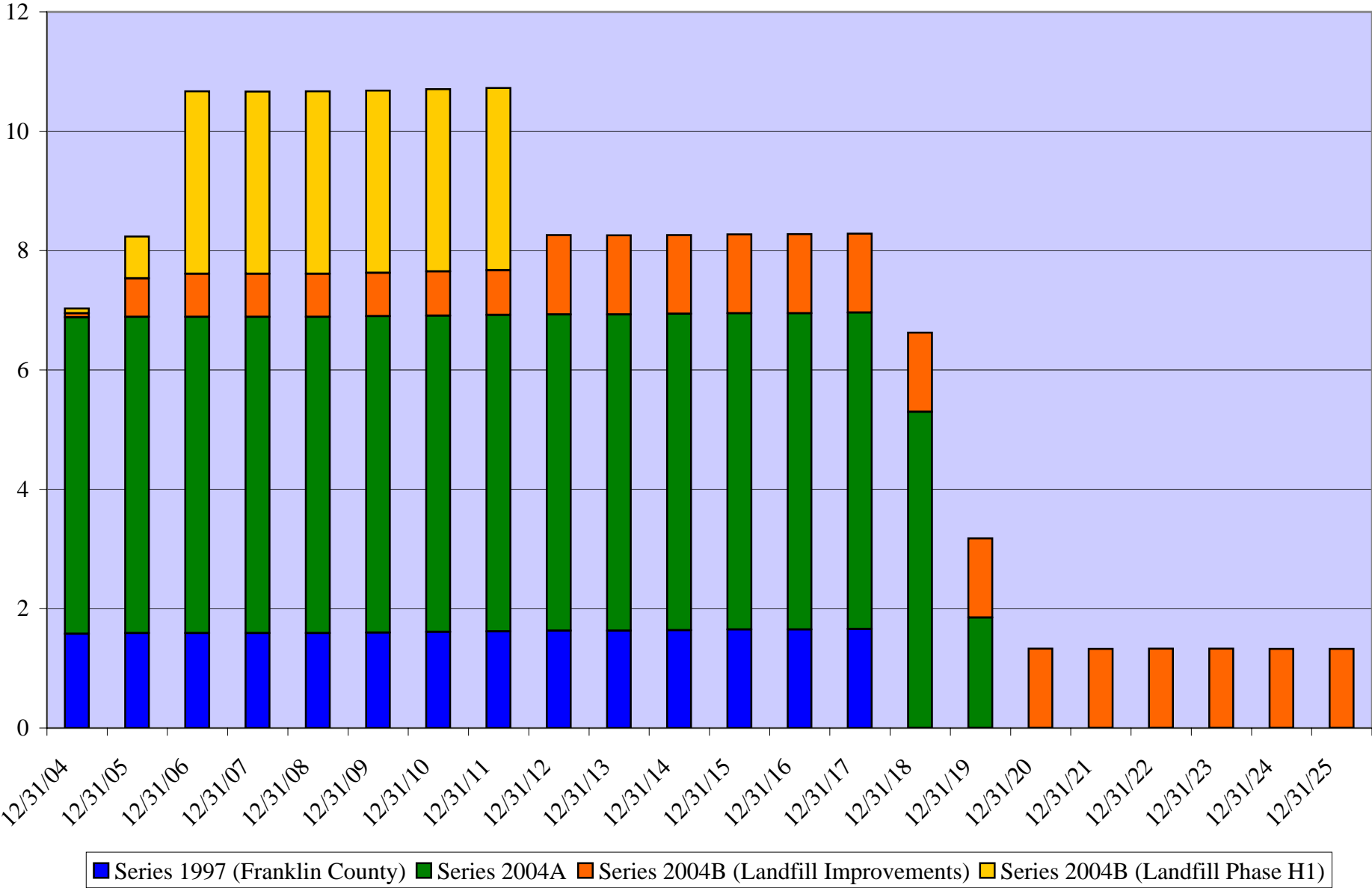
Year	Principal			Coupon	Interest	Total Debt Service
	SW Facility Improvements	Landfill Phase H1	Total			
2004	\$ -	\$ -	\$ -	-	\$ 149,786	\$ 149,786
2005	-	-	-	-	1,348,075	1,348,075
2006	75,000	2,355,000	2,430,000	4.000%	1,348,075	3,778,075
2007	80,000	2,445,000	2,525,000	5.000%	1,250,875	3,775,875
2008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

Net interest cost (%)

4.170%

Source: SWACO; see Note 9 to the financial statements.

SWACO Debt Service 2004-2025



SWACO
Schedule of Insurance in Force at December 31, 2004

Coverage	Carrier	Amount	Limits	Exp. Date
Crime Coverage	Federal Insurance Company			7/10/2005
Blanket Employee Dishonesty		\$1,000,000	each occurrence	
Forgery and Alteration		1,000,000	actual loss	
Inside/Outside		2,500	actual loss	
Commercial Property Coverage	Corejus	13,916,281	value excludes non-scheduled content	4/1/2005
Excess Liability Coverage	Insurance Company of the State of Pennsylvania	\$5,000,000	in excess of \$1,000,000	12/19/2005

* SWACO has a \$1,000,000 self insurance fund reserve.

Source: SWACO

District and Franklin County Demographic Statistics 1995 - 2004¹

Fiscal Year	District Population ²	Total Assessed Value Taxable District Property ³ (in thousands)	Franklin County Only			
			Population ⁴	Per Capita Income ⁵	Median Age ⁵	Total Assessed Value Taxable County Property ⁵ (in thousands)
1995	n/a	n/a	1,016,094	25,193	32	16,055,248
1996	1,041,500	n/a	1,027,599	26,347	32	17,356,432
1997	1,051,900	n/a	1,042,111	27,169	33	17,916,289
1998	1,062,400	n/a	1,056,863	28,166	33	18,607,705
1999	1,073,000	18,996,420	1,067,993	29,321	33	21,032,111
2000	1,093,500	21,471,779	1,068,978	31,527	33	21,698,652
2001	1,109,800	22,001,903	1,079,404	32,036	33	22,111,413
2002	1,119,000	22,637,484	1,088,445	33,465	33	24,744,179
2003	1,132,000	25,346,374	1,101,226	34,152	33	24,771,631
2004	1,140,294	25,403,524	1,114,159	35,199	33	25,232,680

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

²Estimated population for SWACO is from the Solid Waste Plan for the years 1996 -1999. The 2000 data was provided by the U.S. Department of Commerce, Bureau of the Census. The 2001 - 2004 data are estimated by SWACO.

³Official Statement Sold Waste Authority of Central Ohio General Obligation Solid Waste Facility Bonds, Series 2004B.

⁴Estimates by the Mid-Ohio Planning Regional Planning Commission, except for 2000 which was provided by the U.S. Department of Commerce, Bureau of the Census.

⁵ Woods & Poole Economics Inc.

Source: Auditor's Office - Franklin County, Ohio and SWACO

Table 17

Average Unemployment Rates 1995 - 2004¹

Fiscal Year	Franklin County	State of Ohio	United States
1995	2.9%	4.8%	5.6%
1996	2.9%	4.9%	5.6%
1997	2.7%	4.6%	4.9%
1998	2.5%	4.3%	4.5%
1999	2.5%	4.3%	4.2%
2000	2.4%	4.1%	4.0%
2001	2.8%	4.3%	4.8%
2002	4.4%	5.7%	5.8%
2003	4.7%	6.0%	6.0%
2004	4.8%	6.3%	6.5%

¹Ohio Bureau of Employment Services, Division of Research and Statistics.

Source: Auditor's Office - Franklin County, Ohio

COMPLIANCE SECTION



**Report On Internal Control Over Financial Reporting and On Compliance and Other Matters
Required By Government Auditing Standards**

Board of Trustees
Solid Waste Authority of Central Ohio
Grove City, Ohio

We have audited the basic financial statements of Solid Waste Authority of Central Ohio, Franklin County, Ohio (the “Authority”) as of and for the year ended December 31, 2004 and have issued our report thereon dated April 6, 2005 wherein we noted the Authority adopted GASB Statement No. 40. 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 the Authority’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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 that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of trustees, management, and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
April 6, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**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
JULY 5, 2005**