



**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

Fiscal Year ended December 31, 2005





**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, 2005 through December 31, 2005. 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

August 7, 2006

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# **Comprehensive Annual Financial Report**

**of the**

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

**for the**

**Fiscal Year ended December 31, 2005**

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

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————— *SWACO* —————

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2005**

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# **INTRODUCTORY SECTION**



Board of Trustees

June 21, 2006

Jacqueline E. LaMuth  
Chairman

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

Bradley N. Frick  
Vice Chairman

Colleen H. Briscoe

Paula Brooks

Robert J. Clemons

William Lotz, Sr.

Cheryl L. Roberto

Steven P. Shepard

Joel S. Taylor

We are pleased to present SWACO’s Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended December 31, 2005 to the SWACO Board of Trustees and those living and doing business within the jurisdiction of SWACO.

Executive Director

By statute, SWACO is required to publish and file with the Auditor of State a complete set of audited financial statements within six months of the close of each fiscal year. This report is published to fulfill that requirement for fiscal year 2005.

Michael D. Long, P.E.

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

Administrative Office

6220 Young Road  
Grove City, OH  
43123-9518

Wilson, Shannon & Snow, Inc., Certified Public Accountants, have issued an unqualified opinion on SWACO’s financial statements for the year ended December 31, 2005. The independent auditor’s report is located at the beginning of the Financial Section of the report, Section 2.

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info@swaco.org

www.swaco.org

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

### Profile of SWACO

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

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

SWACO is governed by a nine-member Board of Trustees. The Board of Trustees appoints SWACO's Executive Director, who serves as SWACO's Chief Executive Officer, and the Assistant Executive Director, 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 Note 11). In 2005 SWACO demolished the waste incineration portions of the facility, retaining certain buildings and structures that SWACO is using 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 Solid Waste Plan

SWACO's Solid Waste Plan was originally adopted in 1993. 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. The OEPA approved the updated plan, which runs through 2019, in July 2005.

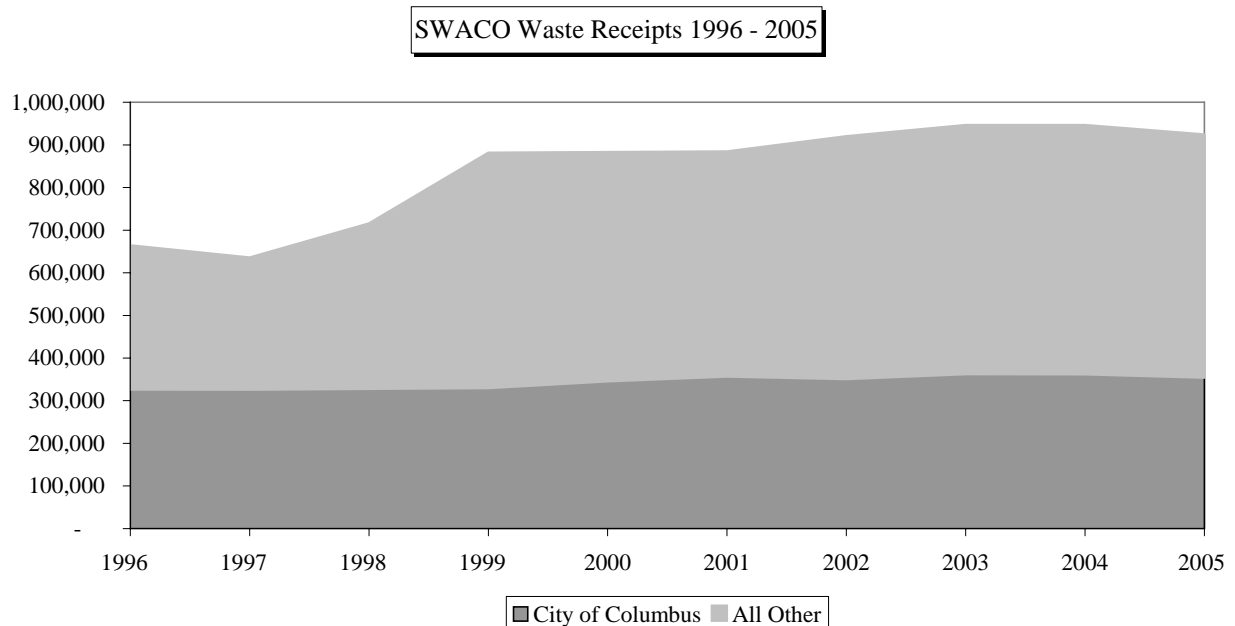
## Budgetary Control

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 data, the Statistical Section provides a budget to actual comparison for the fiscal year ending December 31, 2005.

## **Local Economy and 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. None the less, both the City and the County maintain triple-A ratings on their long-term debt from the major rating agencies. SWACO's general obligation bonds maintain a double-A rating.

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 and 2005, SWACO's solid waste receipts reached the highest and second highest level, respectively, 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 level waste receipts.



The introduction in 1999 of fees assessed on all solid waste generated from within the District and dedicated to the payment of the WTEF lease (the Waiver Fee and Retired Facility Fee, Note 11) has contributed greatly to a more stable outlook for the future of SWACO. As a result of a modification to the lease and implementation of the new fees, the City reduced the lease obligation by 35 percent. This, combined with the payments made by SWACO from the revenues generated from the new fees, has allowed SWACO to make significant reductions in the lease obligation and related debt. This is discussed in more detail in MD&A on page 2-5.

### **Long-Term Financial Planning and Major Initiatives**

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

SWACO adopted a new rate structure in 2004 to finance the current capital improvements plans. The rate increase will be phased-in over a three year period. The first increase went into effect at the beginning of 2005 and did not cause a significant drop in waste receipts. SWACO anticipates continuation of this policy of phased-in rate increase to minimize "rate shock" and provides a stable planning horizon for SWACO and its customers.

### **Awards and Acknowledgements**

#### Certificate of Achievement for Excellence in Financial Reporting

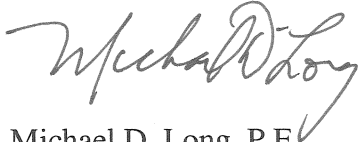
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SWACO for its comprehensive annual financial report for the fiscal year ended December 31, 2004. This was the eighth consecutive year SWACO has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both 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, 2004

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.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director

# Principal Officials

## Board of Trustees

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

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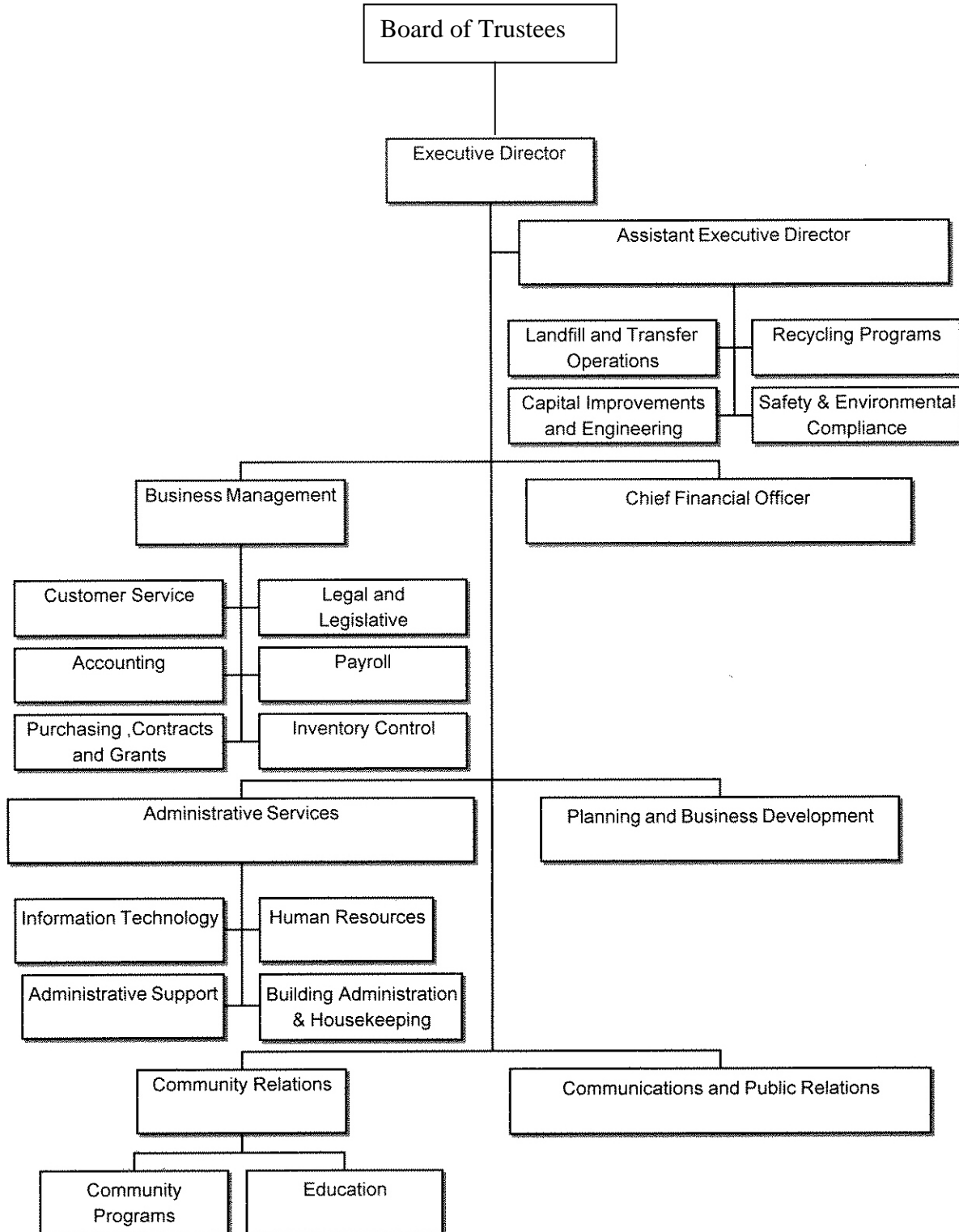
## Staff

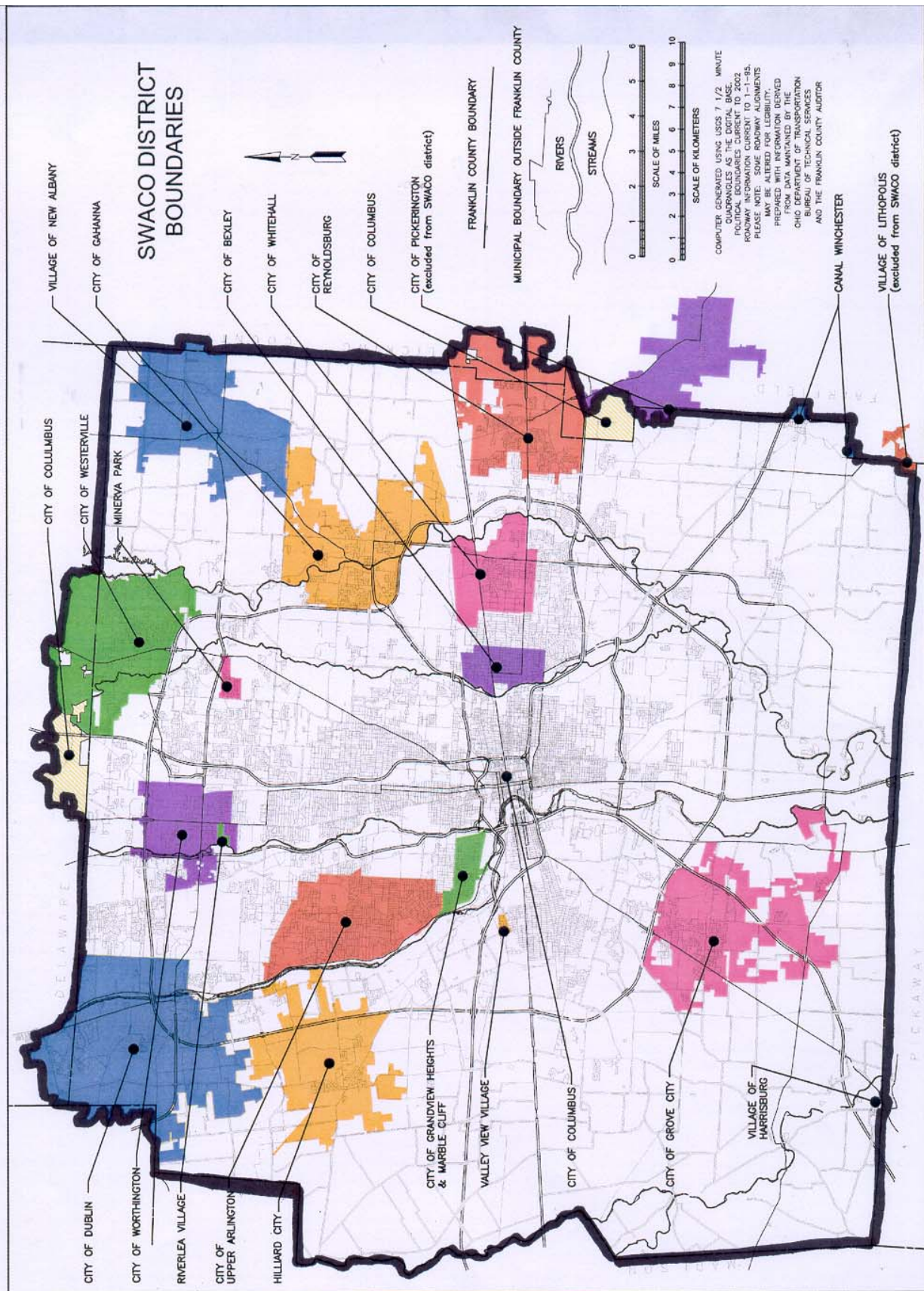
Michael D. Long, Executive Director  
Ronald J. Mills, Assistant Executive Director  
G. Paul Koehler, Chief Financial Officer  
Harold J. Anderson III, Chief Legal Counsel

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





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# **FINANCIAL SECTION**



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

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities and 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, 2005, 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 the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, as of December 31, 2005 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 2, the Authority implemented GASB Statement Numbers 42-47. The implementation of these statements has no impact on the Authority's financial position at December 31, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2006 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  
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FAX (740) 345-5635

Solid Waste Authority of Central Ohio  
Independent Auditor's Report

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. 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, Shannon & Snow, Inc.*

Newark, Ohio  
May 3, 2006

# **SWACO**

## **Management Discussion & Analysis as of December 31, 2005**

### **(unaudited)**

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#### **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, 2005. The information contained in this MD&A should be considered in conjunction with information presented in the letter of transmittal, beginning on page 1-1, and SWACO's financial statements and corresponding notes to the financial statements, which follow this section.

#### **Overview Of The Financial Statements**

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

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

- Statement of Net Assets – This statement presents information on all of SWACO's assets and liabilities, with the difference between the two reported as net assets.
- Statement of Revenues, Expenses and Changes in Net Assets - This statement includes all operating and nonoperating revenues and expenses for SWACO and shows the change in SWACO's net assets during the most recent year.
- Statement of Cash Flows – This statement reports cash and cash equivalent activities for the 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 2005 include the \$10.0 million sale of USEPA air pollution allowances, demolition of the mothballed Waste-to-Energy Facility (WTEF), construction of the first of six phases of the landfill expansion, implementation of SWACO's first rate increase since 1999, a \$6.7 million bond issue to purchase landfill operating equipment, and, related to the bond issue, competitive bidding of a new landfill site operations contract.

SWACO was assigned air pollution allowances under the Federal Clean Air Markets Program for the WTEF for the years 2000-2035. The allowances may be publicly traded and in 2000 SWACO began selling the allowances in two-year increments. Under the terms of the WTEF lease, net proceeds from the sale of the allowances must be used to pay the lease (see Note 11). In 2004 management began an effort to accelerate the income from sales of the allowances and increase the amounts paid on the lease. In 2004 SWACO sold allowances for four years for \$3.8 million and in 2005 sold its remaining allowances (for the years 2011 through 2035) for \$10 million. SWACO recorded the sale as a special item for purposes

**SWACO**  
**Management Discussion & Analysis as of December 31, 2005**  
**(unaudited)**

of financial statement presentation (see note 2). The presentation of the sale of pollution allowances for 2004 has been revised in the tables included in the MD&A to be consistent with the 2005 presentation.

SWACO completed demolition of the main incinerator and electrical generating portions of the closed Waste-to-Energy Facility in 2005. SWACO was able to preserve a portion of the facility, which has been leased to a private company and is being used to house a paper and cardboard recycling operation. This marks the end of a series of write-offs and other accounting adjustments related to the facility.

In 2005, SWACO completed construction of the first horizontal phase of the landfill expansion (Cell H1A). The new cell consists of 17 acres with a volume of approximately 970,000 cubic yards and included the construction of a liner and leachate collection system. On November 4, 2005, the Ohio Environmental Protection Agency (OEPA) certified that the cell was constructed in compliance with the OEPA permit issued to SWACO to construct the landfill. The OEPA certification gave SWACO the authority to begin using the cell and SWACO began placing waste in the cell during the month of November 2005. To pay debt service on bonds issued in 2004 to finance the landfill expansion, SWACO implemented a tipping fee rate increase on January 1, 2005, its first increase since 1999.

SWACO issued \$6.7 million in general obligation bonds and used the proceeds to purchase the heavy equipment (compactors, dozers, excavators, graders, etc.) required to operate the landfill. SWACO purchased the equipment pursuant to a new competitively-bid landfill site operations contract awarded in 2005. Prior to the new contract, the site operator was required to provide this equipment. SWACO's cost of operating the landfill will be reduced because the cost of the new contract combined with the debt service on the equipment and will be less than the previous contract (see Note 13).

SWACO's financial position improved by \$12.2 million in 2005 (all funds combined) and SWACO's net asset deficit fell to \$51.2 million at the end of 2005 compared to a beginning deficit of \$63.4 million. The most significant factor in this reduction was the \$10.0 million sale of air pollution allowances. 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**

	<u>2004</u>	<u>2005</u>	<u>Increase (decrease)</u>
Revenues			
Operating revenues	\$ 32,474,889	\$ 35,511,705	\$ 3,036,816
Gain on forgiveness of debt	19,652,043	-	(19,652,043)
Other nonoperating income	761,519	1,748,426	986,907
Total Revenues	<u>52,888,451</u>	<u>37,260,131</u>	<u>(15,628,320)</u>
Expenses			
Operating Expenses	25,730,341	29,247,032	3,516,691
Nonoperating expenses	4,726,648	5,872,117	1,145,469
Total Expenses	<u>30,456,989</u>	<u>35,119,149</u>	<u>4,662,160</u>
Special item - Sale of Pollution Allowances	<u>3,835,231</u>	<u>10,050,678</u>	<u>6,215,447</u>
Change in net assets	26,266,693	12,191,660	(14,075,033)
Total net assets - beginning	<u>(89,706,039)</u>	<u>(63,439,346)</u>	<u>26,266,693</u>
Total net assets - ending	<u>\$ (63,439,346)</u>	<u>\$ (51,247,686)</u>	<u>\$ 12,191,660</u>



**SWACO**  
**Management Discussion & Analysis as of December 31, 2005**  
**(unaudited)**

**Financial Position of SWACO**

As shown in the table on the preceding page, SWACO ended 2005 with a combined deficit of \$51.2 million. On the surface, this large deficit may raise questions regarding SWACO's financial stability. All of the deficit can be attributed to the acquisition in 1993 of the former City of Columbus, Ohio (the "City") waste-to-energy facility (WTEF) and the closure of the facility in 1994 and subsequent write down and demolition of the facility. In 1998, the deficit on the facility reached a peak of \$167.8 million and there was a danger SWACO would default on its lease obligation to the City. However, modifications to the lease in 1998 and 2004 allowed SWACO to put in place a means to fully retire the outstanding debt on the facility and have eliminated the risk of default under the lease.

The modified lease included a thirty-five percent reduction in the lease and the deferral, with interest, of amounts due but not paid by SWACO in accordance with the modified lease payment schedule. Pursuant to the 1998 modification, SWACO enacted new fees in 1999 dedicated to the payment of the lease obligation and began steadily paying down the lease. In accordance with a further modification to the lease in 2004, and using the dedicated lease payment revenues as a source of debt service, SWACO issued \$57.2 million in bonds in 2004 to pay off the deferred lease balance that had accumulated since closure of the plant. By the end of 2005 SWACO had reduced the deficit to \$65 million as shown in the following table. Note 11 provides additional information on the WTEF and WTEF lease.

	<b>Discontinued Operations Total Net Assets (in thousands)</b>				
	<b>Carrying value of idle plant facilities/WTEF</b>	<b>WTEF lease obligation</b>	<b>Bonds Payable</b>	<b>Other Assets and (Liabilities)</b>	<b>Total Net Assets</b>
1993	\$162,105	\$173,253	\$ -	-	(\$11,148)
1994	36,594	165,372	-	(2,565)	(131,343)
1995	36,594	165,372	-	(3,565)	(132,343)
1996	36,594	165,372	-	(4,097)	(132,875)
1997	6,500	165,372	-	(8,361)	(167,233)
1998	6,433	158,135	-	(16,068)	(167,770)
1999	6,381	140,275	-	(4,150)	(138,044)
2000	6,338	136,553	-	(113)	(130,328)
2001	4,605	126,879	-	(1,734)	(124,008)
2002	1,976	119,480	-	(981)	(118,485)
2003	1,976	108,711	-	(964)	(107,699)
2004	1,121	28,751	56,379	4,837	(79,172)
2005	-	27,356	53,230	15,405	(65,181)

Operating Fund Net Assets

A comparison of Operating Fund net assets as of the end of 2004 and 2005 are shown in the table on the next page. Proceeds from the \$10 million sale of pollution allowances in 2005 were not received until 2006 and the sale was recorded as a receivable as of the end of 2005. This accounted for most of the \$12.5 million increase in current and other assets. Restricted cash and investments dropped by \$8.8 million as SWACO expended bond proceeds to finance its capital improvements program. The \$13.8 million increase in capital assets was financed by the bond proceeds and an increase in construction contracts payable reflected in other liabilities.

**SWACO**  
**Management Discussion & Analysis as of December 31, 2005**  
**(unaudited)**

Excluding the WTEF asset and related debt, SWACO's capital assets net of related debt at the end of 2005 were \$3.0 million, a reduction of approximately \$619,000 from 2004. The decrease reflects depreciation and depletion of assets during 2005.

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. SWACO established the trust fund to meet Ohio EPA requirements that landfill owners provide assurance that the owner has the necessary financial resources to provide for the ultimate closure and ongoing care of the landfill (see Note 5). At the end of 2005, the trust fund balance of \$17.8 million exceeded the accrued landfill closure liability by approximately \$1.7 million.

<b>Operating Fund Net Assets</b>			
	<b>2004</b>	<b>2005</b>	<b>Increase (decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 13,424,090	\$ 25,928,021	\$ 12,503,931
Restricted cash and investments	18,564,881	9,782,080	(8,782,801)
Closure/postclosure funds held by trustee:	16,872,769	17,799,466	926,697
Capital assets	<u>38,819,563</u>	<u>52,649,590</u>	<u>13,830,027</u>
<b>Total assets</b>	<u>87,681,303</u>	<u>106,159,157</u>	<u>18,477,854</u>
<b>Liabilities</b>			
Bonds payable, net	102,273,632	104,938,770	2,665,138
Capital lease obligation, net	28,751,596	27,355,799	(1,395,797)
Landfill Closure/postclosure liabilities	16,927,170	18,123,709	1,196,539
Other liabilities	<u>6,493,177</u>	<u>9,044,826</u>	<u>2,551,649</u>
<b>Total liabilities</b>	<u>154,445,575</u>	<u>159,463,104</u>	<u>5,017,529</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt:			
Idle plant facilities, net of lease obligation and bonds payable	(84,009,944)	(80,586,157)	3,423,787
Other capital assets, net	3,701,678	3,081,952	(619,726)
Restricted:			
Sanitary landfill closure/postclosure trust fund, net of accrued liability	1,973,769	1,661,466	(312,303)
Other restricted, net	6,789,188	17,786,187	10,996,999
Unrestricted	<u>4,781,037</u>	<u>4,752,605</u>	<u>(28,432)</u>
<b>Total net assets</b>	<u>\$ (66,764,272)</u>	<u>\$ (53,303,947)</u>	<u>\$ 13,460,325</u>

Other restricted assets at the end of 2005 of \$17.8 million included \$5.3 million in a debt service reserve account, \$2.2 million in cash restricted for the payment of debt service, and the \$10 million receivable from the sale of pollution allowances (restricted to the payment of the WTEF lease, see Note 11). The pollution allowance receivable accounts for almost all of the \$11 million increase in net restricted assets

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from 2004 to 2005. Unrestricted net assets in the Operating Fund remained essentially unchanged during 2005 ending at \$4.7 million as of December 31, 2005.

Operating Fund Revenues, Expenses and Changes in Fund Net Assets

The following table compares revised 2004 and 2005 revenues, expenses and changes in fund net assets in the Operating Fund.

	<u>2004</u>	<u>2005</u>	<u>Increase (decrease)</u>
<b>Operating Fund Revenues, Expenses, and Changes in Fund Net Assets</b>			
Operating Revenues:			
Tipping and disposal fees	\$ 14,422,874	\$ 16,754,045	\$ 2,331,171
Waste transfer fees	3,941,223	4,281,843	340,620
Retired Facility and Waiver Fees	8,113,185	8,015,582	(97,603)
Other	<u>63,689</u>	<u>489,440</u>	<u>425,751</u>
Operating revenues	<u>26,540,971</u>	<u>29,540,910</u>	<u>2,999,939</u>
 Operating Expenses:			
Salaries, wages and benefits	5,191,296	5,422,797	231,501
Contract, services and supplies	11,217,667	12,906,222	1,688,555
Depreciation and depletion	2,032,518	3,382,531	1,350,013
Landfill closing costs	843,889	1,239,000	395,111
Other	1,980	1,469	(511)
Interfund transfers	<u>(912,454)</u>	<u>(710,000)</u>	<u>202,454</u>
Operating expenses	<u>18,374,896</u>	<u>22,242,019</u>	<u>3,867,123</u>
 Operating income	<u>8,166,075</u>	<u>7,298,891</u>	<u>(867,184)</u>
 Nonoperating income (expenses) :			
Gain on forgiveness of debt (note 11)	19,652,043	-	(19,652,043)
Interest expense	(4,245,717)	(5,232,075)	(986,358)
Interest income	616,888	1,344,264	727,376
Loss on sale of assets	<u>(13,458)</u>	<u>(1,433)</u>	<u>12,025</u>
Total nonoperating income (expense)	<u>16,009,756</u>	<u>(3,889,244)</u>	<u>(19,899,000)</u>
 Special item:			
Sale of pollution allowances	<u>3,835,231</u>	<u>10,050,678</u>	<u>6,215,447</u>
 Change in net assets	28,011,062	13,460,325	(14,550,737)
Total net assets - beginning	<u>(94,775,334)</u>	<u>(66,764,272)</u>	<u>28,011,062</u>
 Total net assets - ending	<u>\$ (66,764,272)</u>	<u>\$ (53,303,947)</u>	<u>\$ 13,460,325</u>

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Solid waste deliveries to SWACO's facilities during 2005 were approximately 923,000 tons, the second highest in SWACO's history, but below 2004 deliveries of approximately 946,000 tons. As a result of the January 1, 2005 rate increase, tipping and disposal fees were \$2.3 million greater in 2005 than they were in 2004. Solid waste transfer fees, which were also included in the 2005 rate increase, were \$340,620 more than 2004 transfer fees. Total operating revenue in 2005 exceeded 2004 revenues by \$3.0 million in the Operating Fund

Expenses for salaries, wages and benefits in 2005 were \$231,501 more than the 2004 expense, primarily as the result of a new pilot recycling program (the Columbus Blue Bag program). Contracts, services and supplies increased by approximately \$1,688,000 in 2005. Some of the items contributing to this increase included (all approximately) an OEPA fee increase (\$635,000); an increase in tonnage-based landfill operating costs associated with the landfill expansion (\$503,000); fuel cost increases for waste transfer operations (\$210,000); and costs associated with retrofitting the WTEF for a paper recycling operation (\$300,000). Depreciation and depletion expenses increased by \$1.3 million in 2005 compared to 2004, primarily as the result of an increase in the landfill depletion expense. The depletion expense increased because SWACO began using and depleting Cell H1A of the landfill expansion. Total operating expenses in 2005 were \$3.9 million higher than 2004.

Operating income in 2005 was \$7.2 million, a decline of approximately \$867,000 from 2004. SWACO operates on a cost of service basis, and the decline in operating income is not a significant area of concern because SWACO continues to generate revenues in excess of costs. In addition, SWACO has implemented a \$5.00 per ton rate increase to be phased in over three-years. The results for 2005 reflect only the first year of the phased-in rate increase.

Including revenues from the sale of USEPA air pollution allowances, SWACO's financial position in the Operating Fund improved by \$13.4 million in 2005, reducing SWACO's net asset deficit from \$66.7 million at the beginning of the year to \$53.3 million at the end of the year.

#### Program Fund Net Assets

In the Program Fund, total net assets at the end of 2005 were approximately \$2.0 million consisting of restricted net assets (cash and receivables less payables) of approximately \$705,000 and net capital assets of approximately \$1.3 million. This is \$1.3 million less than total net assets at the end of 2004 but should not be viewed as a deterioration of the Fund's financial position. Instead, it represents a planned and budgeted spend down of Generation Fee balances in the fund as illustrated by the \$899,654 reduction in cash and current assets.

The increase in 2005 in capital assets represents a capital lease associated with the purchase/lease of an oily waste water treatment facility. The lease is explained in Note 7.

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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 account was released to SWACO. The 2005 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.

<b>Program Fund Net Assets</b>			
	<u>2004</u>	<u>2005</u>	<u>Increase (decrease)</u>
<b>Assets</b>			
Current and other assets	\$ 1,831,813	\$ 932,159	\$ (899,654)
Capital assets	<u>1,493,113</u>	<u>2,910,689</u>	<u>1,417,576</u>
<b>Total assets</b>	<u>3,324,926</u>	<u>3,842,848</u>	<u>517,922</u>
<b>Total liabilities</b>	<u>-</u>	<u>1,786,587</u>	<u>1,786,587</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	1,493,113	1,351,439	(141,674)
Restricted	<u>1,831,813</u>	<u>704,822</u>	<u>(1,126,991)</u>
<b>Total net assets</b>	<u>\$ 3,324,926</u>	<u>\$ 2,056,261</u>	<u>\$ (1,268,665)</u>

Program Fund Revenues, Expenses and Changes in Net Assets

Reflecting the planned reduction in the Program fund balance, operating expenses in 2005 were \$350,000 more than 2004 operating expenses. Grants awarded to others of \$635,921 increased total expenses in 2005 to \$7.6 million. This compares to total 2004 expenses of \$7.8 million. Net assets in the Program Fund fell \$1.3 million during 2005. Again, this was the result of a planned decrease in cash included in the fund balance.

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<b>Program Fund Revenues, Expenses, and Changes in Fund Net Assets</b>			
	<b>2004</b>	<b>2005</b>	<b>Increase (decrease)</b>
<b>Operating Revenues:</b>			
Yard Waste transfer fees	\$ 68,284	\$ 166,386	\$ 98,102
Generation fees	5,801,128	5,720,166	(80,962)
Other	<u>64,506</u>	<u>84,243</u>	<u>19,737</u>
Operating revenues	<u>5,933,918</u>	<u>5,970,795</u>	<u>36,877</u>
<b>Operating Expenses:</b>			
Salaries, wages and benefits	935,687	1,367,696	432,009
Contract, services and supplies	5,380,418	4,698,140	(682,278)
Depreciation and depletion	108,663	229,177	120,514
Other	18,223	-	(18,223)
Interfund transfers	<u>912,454</u>	<u>710,000</u>	<u>(202,454)</u>
Operating expenses	<u>7,355,445</u>	<u>7,005,013</u>	<u>(350,432)</u>
Operating loss	<u>(1,421,527)</u>	<u>(1,034,218)</u>	<u>387,309</u>
<b>Nonoperating income (expenses) :</b>			
Grants received	144,631	404,162	259,531
Grants awarded	(461,627)	(635,921)	(174,294)
Loss on sale of assets	<u>(5,846)</u>	<u>(2,688)</u>	<u>3,158</u>
Total nonoperating income (expense)	<u>(322,842)</u>	<u>(234,447)</u>	<u>88,395</u>
Change in net assets	(1,744,369)	(1,268,665)	475,704
Total net assets - beginning	<u>5,069,295</u>	<u>3,324,926</u>	<u>(1,744,369)</u>
Total net assets - ending	<u>\$ 3,324,926</u>	<u>\$ 2,056,261</u>	<u>\$ (1,268,665)</u>

**Capital Assets**

SWACO's investments in depreciable capital assets include the sanitary landfill, three transfer stations, a fleet maintenance facility, a landfill operations facility, the administrative office building and furnishings, and solid waste transfer vehicles and related equipment. SWACO also owns land for its facilities and buffer area land in the vicinity of the landfill. The table on the next page compares SWACO's investments in capital assets as of the end of 2004 and 2005.

In 2004, SWACO undertook a major capital improvements program totaling nearly \$30 million and completed its first debt issue for capital improvements since 1997. In 2005 SWACO completed construction of the first cell of the landfill expansion at a total cost of \$8.6 million and placed the cell in service. Completion of this project and other landfill construction projects was the reason for the \$11 million increase in the investment in the Sanitary Landfill during 2005.

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In 2005 SWACO purchased the heavy equipment that will be used to operate the landfill under a new operations contract commencing at the beginning of 2006. This is the first time since acquiring the landfill that SWACO has owned this equipment (see Note 13) and it accounts for the \$6.5 million increase in Equipment and Furnishings from 2004 to 2005.

In 2005 SWACO converted the refuse-receiving portion of the closed WTEF into a waste processing/recycling facility and completed demolition of the main incineration facilities (the boiler house, turbine hall and stacks). SWACO also entered into an operating lease with a private waste paper recycling business and reclassified the asset to Buildings and Improvements and resumed depreciation of the asset in 2005 (the facility has not been depreciated since its closure in 1994).

**Capital Assets**

<b>Operating Fund</b>	<b>2004, restated</b>	<b>2005</b>	<b>Increase (decrease)</b>
Capital assets, not being depreciated:			
Land and land improvements	\$ 9,931,277	\$ 9,931,277	\$ -
Waste-to-Energy Facility	1,121,000	-	(1,121,000)
Construction in progress	<u>9,093,292</u>	<u>6,577,066</u>	<u>(2,516,226)</u>
Total capital assets, not being depreciated	<u>20,145,569</u>	<u>16,508,343</u>	<u>(3,637,226)</u>
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	\$ 3,918,092	\$ 10,496,822	\$ 6,578,730
Building and improvements	1,612,984	2,668,540	1,055,556
Transfer stations	2,880,914	2,527,989	(352,925)
Sanitary landfill	<u>10,262,004</u>	<u>20,447,896</u>	<u>10,185,892</u>
Total capital assets, being depreciated, net	<u>18,673,994</u>	<u>36,141,247</u>	<u>17,467,253</u>
Total capital assets, net	<u>\$ 38,819,563</u>	<u>\$ 52,649,590</u>	<u>\$ 13,830,027</u>
<b>Program Fund</b>			
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	\$ 615,834	\$ 412,625	\$ (203,209)
Building and improvements	<u>877,279</u>	<u>938,814</u>	<u>61,535</u>
Total capital assets, net	<u>\$ 1,493,113</u>	<u>\$ 1,351,439</u>	<u>\$ (141,674)</u>

# SWACO

## Management Discussion & Analysis as of December 31, 2005

(unaudited)

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The 2004 data shown above reflects \$1.7 million reclassified from Buildings and Improvements and Sanitary Landfill to Land and Land Improvements. The reclassification represents landscaping and landfill buffer zone property that SWACO has determined is more properly classified as land.

### Debt Administration

A summary of outstanding notes and bonds as of December 31, 2005 is as follows (principal balances excluding related unamortized premiums and cost of issuance):

#### SWACO Debt Issues

Issue	Principal Balance as of December 31, 2005
Series 1997 SW Facilities Improvements Bonds*	\$ 1,810,000
Series 2004A WTEF Lease Refunding Bonds	50,790,000
Series 2004B SW Facilities Improvements Bonds	29,670,000
Series 2005 Landfill Equipment Bonds	6,750,000
Series 2005 Refunding Bonds	12,320,000
Series 2005 taxable notes	1,559,250

\* excludes refunded bonds.

SWACO's long-term debt, including the WTEF lease obligation, increased \$2.8 million in 2005. During the year there were three debt issues affecting SWACO: a \$6.7 million general obligation bond issue to purchase landfill operating equipment, a \$12.3 million bond issue (issued by the County) to refund bonds previously issued by the County in 1997 on behalf of SWACO, and a \$1.5 million taxable revenue note to fund a purchase/lease back agreement with a private waste-water processing entity. These issues and SWACO's other debt are discussed in more detail in Note 11, Long-term Debt.

Although most of SWACO's debt is general obligation debt backed by the authority to levy property taxes, the debt is paid from other sources, primarily tipping fees charged at the landfill and transfer stations. The Series 2004A bonds were issued to retire a portion of the WTEF lease and are being paid from the \$7.00 per ton Retired Facility Fee and Waiver Fee enacted in 1999. The Series 2005 taxable notes are secured by a pledge of Generation Fee revenues, but SWACO expects to use lease payments to retire the debt.

SWACO's ability to issue unvoted general obligation debt is subject to overlapping debt restrictions with other political subdivisions, but there is not a statutory direct debt limit on SWACO's ability to issue general obligation or revenue bonds. SWACO's debt capacity is more limited by market forces and its ability to raise tipping fees to levels required to pay debt service. As discussed in the next section, Economic Factors, SWACO has implemented the rate increases necessary to meet its debt service requirements.



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SWACO's general obligation bonds maintains a AA+ rating by Standard and Poor's and a Aa2 rating by Moody's Investors Service.

In addition to the notes and bonds payable, long-term debt also includes the lease obligation to the City on the WTEF. In accordance with the terms of the modified lease, Retired Facility Fees due from the City are applied as a credit against the lease in lieu of cash payments to SWACO. In addition, sublease and other income from the facility, including the sale of pollution allowances, are paid by SWACO to the City. The \$10 million sale of pollution allowances in 2005, receivable at the end of the year, was paid to the City in 2006.

**Outstanding Long-Term Debt**

	<u>2004</u>	<u>2005</u>	<u>Increase (decrease)</u>
Note and Bonds payable, net	\$ 102,273,632	\$ 106,498,020	\$ 4,224,388
Capital lease obligation, net	<u>28,751,596</u>	<u>27,355,799</u>	<u>(1,395,797)</u>
Total	<u>\$ 131,025,228</u>	<u>\$ 133,853,819</u>	<u>\$ 2,828,591</u>

**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. SWACO's waste receipts in 2005 were the second-highest level in the history of SWACO. Until 2005, SWACO had not had a rate increase since implementation of the Retired Facility Fee and Waiver Fee in 1999. To pay the cost of debt service on the expansion of the landfill, the SWACO Board approved a \$5.00 per ton rate increase in 2004 phased-in 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, 2005**

Assets	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 3,127,569	\$ -	\$ 3,127,569
Restricted cash	4,482,180	803,813	5,285,993
Investments	9,457,184	-	9,457,184
Restricted investments	5,299,900	-	5,299,900
Accounts receivable, net of allowance for bad debts	2,909,692	100,046	3,009,738
Air pollution allowances sales receivable	10,014,675	-	10,014,675
Other assets	418,901	28,300	447,201
<b>Total current assets</b>	<b>35,710,101</b>	<b>932,159</b>	<b>36,642,260</b>
Noncurrent assets:			
Closure/postclosure funds held by trustee:			
Investments	17,799,466	-	17,799,466
Capital assets:			
Sanitary Landfill, net of accumulated depletion and depreciation	20,447,896	-	20,447,896
Buildings and equipment, net of accumulated depreciation	15,693,351	1,351,439	17,044,790
Construction in progress	6,577,066	-	6,577,066
Land and land improvements	9,931,277	-	9,931,277
Lease receivable	-	1,559,250	1,559,250
<b>Total noncurrent assets</b>	<b>70,449,056</b>	<b>2,910,689</b>	<b>73,359,745</b>
<b>Total assets</b>	<b>\$ 106,159,157</b>	<b>\$ 3,842,848</b>	<b>\$ 110,002,005</b>

**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, 2005**

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 7,298,190	\$ -	\$ 7,298,190
Accrued wages and benefits	761,637	-	761,637
Accrued interest	979,999	-	979,999
Current maturities of bonds payable, net	6,965,000	-	6,965,000
Capital lease obligation, net	9,757,052	-	9,757,052
Postclosure liability - Model Landfill	986,390	-	986,390
Other	5,000	227,337	232,337
	<u>26,753,268</u>	<u>227,337</u>	<u>26,980,605</u>
Total current liabilities			
Noncurrent liabilities:			
Bonds payable, net	97,973,770	1,559,250	99,533,020
Capital lease obligation, net	17,598,747	-	17,598,747
Closure/postclosure liability-Sanitary Landfill	16,138,000	-	16,138,000
Postclosure liability-Model Landfill	999,319	-	999,319
	<u>132,709,836</u>	<u>1,559,250</u>	<u>134,269,086</u>
Total noncurrent liabilities			
Total liabilities			
	<u>\$ 159,463,104</u>	<u>\$ 1,786,587</u>	<u>\$ 161,249,691</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt			
Idle plant facilities (WTEF), net of lease obligation and bonds payable	\$ (80,586,157)	\$ -	\$ (80,586,157)
Other capital assets, net	3,081,952	1,351,439	4,433,391
Restricted:			
Sanitary landfill closure/postclosure trust fund net of accrued liability	1,661,466	-	1,661,466
Other restricted, net	17,786,187	704,822	18,491,009
Unrestricted	4,752,605	-	4,752,605
	<u>4,752,605</u>	<u>-</u>	<u>4,752,605</u>
Total net assets			
	<u>\$ (53,303,947)</u>	<u>\$ 2,056,261</u>	<u>\$ (51,247,686)</u>

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, 2005**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Tipping and disposal fees	\$ 16,754,045	\$ -	\$ 16,754,045
Waste transfer fees	4,281,843	166,386	4,448,229
Retired Facility and Waiver Fees	8,015,582	-	8,015,582
Generation Fees	-	5,720,166	5,720,166
Other	<u>489,440</u>	<u>84,243</u>	<u>573,683</u>
Operating revenues	<u>29,540,910</u>	<u>5,970,795</u>	<u>35,511,705</u>
<b>Operating Expenses:</b>			
Salaries, wages and benefits	5,422,797	1,367,696	6,790,493
Contract, services and supplies	12,906,222	4,698,140	17,604,362
Depreciation and depletion	3,382,531	229,177	3,611,708
Landfill closing costs	1,239,000	-	1,239,000
Other	1,469	-	1,469
Interfund charges	<u>(710,000)</u>	<u>710,000</u>	<u>-</u>
Operating expenses	<u>22,242,019</u>	<u>7,005,013</u>	<u>29,247,032</u>
Operating income (loss)	<u>7,298,891</u>	<u>(1,034,218)</u>	<u>6,264,673</u>
<b>Nonoperating income (expenses):</b>			
Interest expense	(5,232,075)	-	(5,232,075)
Interest income	1,344,264	-	1,344,264
Grants received	-	404,162	404,162
Grants awarded	-	(635,921)	(635,921)
Loss on sale of assets	<u>(1,433)</u>	<u>(2,688)</u>	<u>(4,121)</u>
Total nonoperating income (expenses)	<u>(3,889,244)</u>	<u>(234,447)</u>	<u>(4,123,691)</u>
<b>Special item:</b>			
Sale of pollution allowances	<u>10,050,678</u>	<u>-</u>	<u>10,050,678</u>
Change in net assets	13,460,325	(1,268,665)	12,191,660
Total net assets - beginning	<u>(66,764,272)</u>	<u>3,324,926</u>	<u>(63,439,346)</u>
Total net assets - ending	<u>\$ (53,303,947)</u>	<u>\$ 2,056,261</u>	<u>\$ (51,247,686)</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, 2005**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 22,013,171	\$ 162,492	\$ 22,175,663
Generation Fees collected	-	5,720,166	5,720,166
Retired Facility Fee and Waiver Fees collected	5,617,491	-	5,617,491
Other receipts	525,444	84,244	609,688
Payments to employees	(4,387,918)	(1,367,696)	(5,755,614)
Payments for retirement and payroll taxes	(1,128,903)	-	(1,128,903)
Payments to vendors	(12,001,667)	(4,726,441)	(16,728,108)
Post closure costs paid - Model Landfill	(42,462)	-	(42,462)
Interfund charges	710,000	(710,000)	-
Other payments	(264,300)	125,000	(139,300)
Net cash provided by (used in) operating activities:	<u>11,040,856</u>	<u>(712,235)</u>	<u>10,328,621</u>
<b>Cash flows from noncapital financing activities:</b>			
Grants received	-	529,930	529,930
Grants made	-	(635,921)	(635,921)
Net cash used by noncapital financing activities	<u>-</u>	<u>(105,991)</u>	<u>(105,991)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from maturities of investments	28,928,648	-	28,928,648
Purchase of investments	(42,421,510)	-	(42,421,510)
Interest received	1,098,096	-	1,098,096
Net cash used in investing activities	<u>(12,394,766)</u>	<u>-</u>	<u>(12,394,766)</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	20,022,525	1,559,250	21,581,775
Purchase escrow, refunding bonds	(13,212,172)	-	(13,212,172)
Landfill, plant improvements and equipment additions	(15,087,220)	(1,649,441)	(16,736,661)
Principal paid on bonds and notes payable	(3,520,000)	-	(3,520,000)
Principal paid on capital lease	(13,381)	-	(13,381)
Interest paid	(4,941,258)	-	(4,941,258)
Debt issuance costs paid	(59,252)	-	(59,252)
Net cash provided by (used in) capital and related financing activities	<u>(16,810,758)</u>	<u>(90,191)</u>	<u>(16,900,949)</u>
Net increase (decrease) in cash	(18,164,668)	(908,417)	(19,073,085)
Cash and cash equivalents, beginning of year	<u>25,774,417</u>	<u>1,712,230</u>	<u>27,486,647</u>
Cash and cash equivalents, end of year	<u>\$ 7,609,749</u>	<u>\$ 803,813</u>	<u>\$ 8,413,562</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, 2005**

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Continued

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ 7,298,891	\$(1,034,218)	\$ 6,264,673
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and depletion	3,382,531	229,177	3,611,708
Landfill closing costs	1,239,000	-	1,239,000
Lease credits received in lieu of cash	(2,398,694)	-	(2,398,694)
Increase (decrease) in cash resulting from changes in:			
Accounts and notes receivable (net)	1,015,357	(3,894)	1,011,463
Accounts payable	904,554	(28,300)	876,254
Accrued wages and benefits	(94,024)	-	(94,024)
Postclosure liability - Model Landfill	(42,462)	-	(42,462)
Other assets and liabilities	(264,297)	125,000	(139,297)
Net cash provided by (used in) operating activities	<u>\$ 11,040,856</u>	<u>\$ (712,235)</u>	<u>\$ 10,328,621</u>

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

Amortization of premium on lease obligation and bonds payable of \$713,339.

Amortization of debt issuance costs of \$157,008.

Amortization of reacquisition costs on refunding bonds of \$7,495.

Change in carrying value of investments resulting in loss of \$78,590.

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

# SWACO

## Notes to Financial Statements

### As of December 31, 2005

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#### 1. Organization

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

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

The Sanitary Landfill was purchased from Franklin County in 1991. 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 Note 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 pursuant to authorization within the Ohio Revised Code and agreements established with private landfill owners (see Note 11).

# SWACO

## Notes to Financial Statements

### As of December 31, 2005

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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 or GASB Statement No. 39 included in SWACO's reporting entity.

## 2. Summary of Significant Accounting Policies

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

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

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

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

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

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

Within the Operating Fund, SWACO segregates revenues and expenses for Continuing Operations (primarily the Sanitary Landfill and transfer stations) from Discontinued Operations (the WTEF) to allow management to more easily focus on operating results from ongoing operations. Additionally, certain revenues within the Operating Fund are dedicated to the payment of the WTEF lease obligation (Note 11) and may not be used for other purposes. The



**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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separation of the Operating Fund into continuing and discontinued operations is shown in the supplemental schedules beginning on pages 2-42. Beginning net assets shown on the supplemental statement on page 2-44 have been restated to reflect the reclassification of liabilities associated with the Model Landfill and the reclassification of the WTEF building from Discontinued to Continuing Operations. The net effect was a \$910,170 decrease in net assets in Continuing Operations and a corresponding increase in Discontinued Operations.

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

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

*Investments:* In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value, including accrued interest receivable. 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, 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. When both restricted and unrestricted resources are available for a particular purpose, it is SWACO's policy to use restricted resources.

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

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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

*Bond premiums:* Bond premiums are included in bonds payable and are amortized over the 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:* For fiscal year 2003, SWACO implemented GASB Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*. For fiscal year 2004, SWACO implemented Statement No. 40, *Deposit and Investment Risk Disclosure*. In November of 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. SWACO has determined that this statement will have no impact on its financial statements as of December 31, 2005. The GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans for Postemployment Benefits Plans Other Than Pension Plans*, in April 2004 and Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefit Plans for Postemployment Benefits Plans Other Than Pension Plans*. SWACO has determined that these two statements have no impact on its financial statements as of December 31, 2005. The GASB issued Statement No. 44, *Accounting for Financial Reporting by Employers Economic Condition Reporting: The Statistical Section – and amendment of NCGA Statement 1*, in May 2004 and Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34* in December 2004. SWACO has implemented both of these statements as of December 31, 2005. Finally, GASB issued Statement No. 47, *Accounting for Termination Benefits*, in June 2005. SWACO has determined that this statement has no impact on its financial statements as of December 31, 2005.

*Special and Extraordinary Items:* Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are significant items, subject to management’s control, that meet one, but not both, of the criteria used for identifying extraordinary items. In 2004 and 2005, SWACO sold air pollution allowances of \$3.8 million and \$10.0 million, respectively, and recorded the sale as a special item.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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*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.

**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, 2005, the carrying amounts of SWACO's deposits were \$6,258,668 while the bank balances were \$7,077,030. Of the bank deposits, \$302,772 was insured by the Federal Deposit Insurance Corporation, and \$5,955,896 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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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

*Money Market Mutual Funds:* The Money Market Mutual Funds consist of overnight investments with a financial institution in an open-end, institutional money market fund complying with SEC Rule 2a-7 and investing only in U.S. government or agency securities pursuant to SWACO's investment policy. In accordance with the provisions of GASB 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 are rated AAAM by Standard & Poor's and Aaa by Moody's Investors Service. U.S. government agency securities are not considered to have credit risk.

SWACO intends to hold its investments until maturity but reports the investments at fair value in accordance with GASB 31. SWACO recorded an unrealized loss of \$249,403 as of December 31, 2005, 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, 2005:

**Cash and Investments at December 31, 2005**

	Fair Value	Maturity in Years		
		Less than 1	1 to 3	3 to 5
<b>Operating and Program Funds</b>				
Carrying amount of deposits	\$ 6,258,668	\$ 6,258,668		
STAR Ohio	200,526	200,526		
Money Market Mutual Funds	1,781,278	1,781,278		
Federal agency securities	14,757,084	14,757,084		
Cash held in escrow	170,390	170,390		
Cash on hand	2,700	2,700		
	<u>23,170,646</u>	<u>23,170,646</u>		
<b>Closure/Postclosure Trust Fund</b>				
Money Market Mutual Funds	25,268	25,268	-	-
Federal agency securities	<u>17,774,198</u>	<u>10,308,487</u>	<u>6,979,771</u>	<u>485,940</u>
	17,799,466	10,333,755	6,979,771	485,940
	<u>40,970,112</u>	<u>33,504,401</u>	<u>6,979,771</u>	<u>485,940</u>
<b>Totals</b>	<u>\$ 40,970,112</u>	<u>\$ 33,504,401</u>	<u>\$ 6,979,771</u>	<u>\$ 485,940</u>

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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

Per Statement of Net Assets	Operating Fund	Program Fund	Total
Cash and cash equivalents	\$ 3,127,569	\$ -	\$ 3,127,569
Restricted cash	4,482,180	803,813	5,285,993
Investments	9,457,184	-	9,457,184
Restricted investments	5,299,900	-	5,299,900
Closure/postclosure funds held by trustee: Investments	17,799,466	-	17,799,466
Totals	\$ 40,166,299	\$ 803,813	\$ 40,970,112

*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, 2005, investments in the following issuers exceeded five percent of the portfolio: FHLB Notes (15%), FHLMC Notes (43%), FFCB Notes (6%), and FNMA Notes (31%).

As further discussed in Note 4, cash in the amount of \$4,482,180 and investments of \$5,299,900 in the Operating fund and cash of \$803,813 in the Program Fund were restricted at December 31, 2005 for debt service, capital projects, by State law, or for other purposes.

**4. Restricted Assets**

*Restricted Cash:* In the Operating Fund these funds include debt service accounts, the capital improvements account (bond proceeds), the underground storage tank account, and 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. The sulfur dioxide pollution allowances sold in 2005 were not paid until January 2006. The receivable was restricted as of the end of 2005 to pay the WTEF lease.

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

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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**Restricted Net Assets**

	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash			
Capital improvements account	\$ 2,064,798	\$ 100,000	\$ 2,164,798
Debt service reserve account		25,000	25,000
Bond retirement account	2,235,992	-	2,235,992
Model Landfill escrow account	170,390	-	170,390
Underground storage tank account	11,000	-	11,000
Unexpended Generation Fees	<u>-</u>	<u>678,813</u>	<u>678,813</u>
Total restricted cash	<u>4,482,180</u>	<u>803,813</u>	<u>5,285,993</u>
Investments			
Debt service reserve account	5,299,900	-	5,299,900
Receivables and Other			
Air pollution allowances receivable	10,014,675	-	10,014,675
Waiver and Generation Fees receivable	130,206	100,046	230,252
Other	-	28,300	28,300
Less bonds payable related to capital improvements account	(2,140,774)	-	(2,140,774)
Less amounts payable from restricted assets	<u>-</u>	<u>(227,337)</u>	<u>(227,337)</u>
Restricted assets, net	<u>\$ 17,786,187</u>	<u>\$ 704,822</u>	<u>\$ 18,491,009</u>

**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 of approximately \$560,000 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 (11 years as of December 31, 2005). 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.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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**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 \$10,000 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:

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

A summary of property, plant and equipment at December 31, 2005 is shown on the following page. Certain beginning balances have been restated to reflect the reclassification of certain assets from Buildings and Improvements and Sanitary Landfill to Land and Land Improvements. SWACO has determined that certain amounts invested in landscaping and landfill buffer zone are more properly classified as Land and Land Improvements.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

	<b>Capital Assets</b>			
<b>Operating Fund</b>	<b>Beginning Balance, restated</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and land improvements	\$ 9,931,277	\$ -	\$ -	\$ 9,931,277
Idle plant facilities	1,121,000	-	(1,121,000)	-
Construction in progress	<u>9,093,292</u>	<u>8,894,171</u>	<u>(11,410,397)</u>	<u>6,577,066</u>
Total capital assets, not being depreciated	<u>20,145,569</u>	<u>8,894,171</u>	<u>(12,531,397)</u>	<u>16,508,343</u>
Capital assets, being depreciated/depleted:				
Equipment and furnishings	7,652,061	7,647,214	(168,424)	15,130,851
Building and improvements	1,968,040	1,217,631	-	3,185,671
Transfer stations	7,072,002	-	-	7,072,002
Sanitary landfill	<u>22,822,422</u>	<u>11,986,372</u>	<u>-</u>	<u>34,808,794</u>
Total capital assets, being depreciated/depl.	<u>39,514,525</u>	<u>20,851,217</u>	<u>(168,424)</u>	<u>60,197,318</u>
Less accumulated depreciation/depletion for:				
Equipment and furnishings	(3,733,969)	(1,067,053)	166,993	(4,634,029)
Building and improvements	(433,033)	(84,098)	-	(517,131)
Transfer stations	(4,113,110)	(430,903)	-	(4,544,013)
Sanitary landfill	<u>(12,560,419)</u>	<u>(1,800,479)</u>	<u>-</u>	<u>(14,360,898)</u>
Total accumulated depreciation/depletion	<u>(20,840,531)</u>	<u>(3,382,533)</u>	<u>166,993</u>	<u>(24,056,071)</u>
Total capital assets, being depreciated, net	<u>18,673,994</u>	<u>17,468,684</u>	<u>(1,431)</u>	<u>36,141,247</u>
Total capital assets, net	<u>\$ 38,819,563</u>	<u>\$ 26,362,855</u>	<u>\$(12,532,828)</u>	<u>\$ 52,649,590</u>
<b>Program Fund</b>				
Capital assets, being depreciated:				
Equipment and furnishings	\$ 933,553	\$ 128,991	\$ (219,795)	\$ 842,749
Building and improvements	<u>1,210,214</u>	<u>1,434,250</u>	<u>(1,434,250)</u>	<u>1,210,214</u>
Total capital assets, being depreciated	<u>2,143,767</u>	<u>1,563,241</u>	<u>(1,654,045)</u>	<u>2,052,963</u>
Less accumulated depreciation for:				
Equipment and furnishings	(438,799)	(169,633)	178,308	(430,124)
Building and improvements	<u>(211,855)</u>	<u>(59,545)</u>	<u>-</u>	<u>(271,400)</u>
Total accumulated depreciation	<u>(650,654)</u>	<u>(229,178)</u>	<u>178,308</u>	<u>(701,524)</u>
Total capital assets, being depreciated, net	<u>\$ 1,493,113</u>	<u>\$ 1,334,063</u>	<u>\$ (1,475,737)</u>	<u>\$ 1,351,439</u>



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**7. Capital Lease Receivable**

In 2005 SWACO purchased a building housing a non-hazardous oily waste water processing facility located on land leased to the owner of the facility by SWACO. SWACO then entered into an agreement with the former owner to lease the building from SWACO. Lease payments (the base rent) are equal to SWACO's debts service requirements on the building plus 50 basis points (1/2 of one percent, see Note 11). In addition, the lessee is required to provide certain waste processing services to SWACO at no additional cost to SWACO (the supplemental rent). The lease is for a term of fifteen years, subject to earlier termination if the lessee prepays the lease. At the end of the lease, title to the building passes to the lessee. Excluding the supplemental rent, the present value of the minimum lease payments is \$1,559,000, equal to the appraised value of the building plus financing costs.

**8. Retirement Commitments**

*Plan description.* SWACO contributes to the Ohio Public Employees Retirement System ("OPERS"). Authority to establish and amend benefits is provided by state statute (Chapter 145 of the 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) 222-6701 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 2005 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>
2005	\$ 9,804	\$ 359,650	\$ 593,873	\$ 953,524
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

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.

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*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 2005 rate was 13.55% of covered payroll; 4.0% was the portion that was used to fund health care for the year.
- 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, 2004.

**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 unfounded 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 2004 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).

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

1. At year-end 2005, the number of active contributing participants in the Traditional Plan and Combined Plans totaled 376,109.
2. The portion of SWACO's 2005 employer contributions that was used to fund OPEB was \$175,311, which is equal to the annual required contribution.
3. \$10.8 billion represents the actuarial value of the retirement system's net assets available for OPEB at December 31, 2004.
4. The actuarially accrued liability and the unfunded actuarial liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively as of December 31, 2004.

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

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

**9. Construction Commitments**

SWACO has active construction projects as of December 31, 2005. The projects include the construction of the first phase of the landfill expansion and related projects. At year end SWACO's commitments with construction contractors are as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Horizontal Phase 1 Design and Construction	\$ 14,156,775	\$ 546,826
Enclosed LF Gas Flare	276,711	174,493
Wetlands Remediation	166,954	92,023
Force Main Metering Station	-	60,000
	<u>\$ 14,600,440</u>	<u>\$ 873,342</u>

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**10. Long-term debt**

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

**Outstanding Notes and Bonds as of December 31, 2005**

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2005
Series 1997*	\$ 20,000,000	1998-2017	4.30%-5.50%	\$ 1,810,000
Series 2004A	57,205,000	2004-2019	3.00%-5.00%	50,790,000
Series 2004B	29,670,000	2006-2025	3.50%-5.00%	29,670,000
Series 2005	6,750,000	2006-2012	3.00%-3.50%	6,750,000
Series 2005 refunding	12,320,000	2008-2017	5.00%	12,320,000
Series 2005 taxable notes	1,559,250	2008-2020	variable	1,559,250

\* The principal balance as of December 31, 2005 excludes \$12,610,000 outstanding as of that date (the 2008-2017 maturities) which were defeased with the Series 2005 refunding bonds.

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

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

The refunding bonds were issued with a net interest cost of 4.066 percent compared to 4.864 percent for the Series 1997 Bonds. The net proceeds to SWACO, after payment of \$95,000 in underwriting fees and other issuance costs and receipt of a bond premium of \$987,000, was \$13.2 million which was used to purchase U.S. government securities. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the callable portion of the Series 1997 Bonds. As a result, the Series 1997 Bonds maturing after 2007 are considered to be defeased and the liability for those bonds has been removed from the statement of net assets.

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The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$619,000. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2017 using the effective-interest method. As a result of the refunding, SWACO reduced its total debt service payments over the next 12 years by \$516,000 and achieved an economic gain (the difference between the present values of the old and new debt service payments) of \$444,000.

*Series 2004A Bonds.* SWACO issued \$57.2 million general obligation bonds in 2004 to refinance a portion of the WTEF lease as discussed in Note 11. Although the bonds are general obligations of SWACO secured by a pledge to levy ad valorem property taxes, SWACO expects to pay debt service on the bonds from Retired Facility Fees and Waiver Fees collected by SWACO (see Note 11).

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

*Series 2005 Bonds.* In 2005 SWACO issued \$6,750,000 fixed-rate general obligation bonds to fund the purchase of landfill operating equipment. Prior to 2006, contractors responsible for the daily operation of the landfill were required to provide the heavy equipment necessary to operate the landfill. Under a new operating agreement awarded in 2005, SWACO will own the equipment and provide it to the site operator beginning January 1, 2006 (see Note 13).

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

The table shown on the following page summarizes SWACO's annual debt service requirements to maturity for its general obligation bonds (including general obligation bonds issued by Franklin County on behalf of SWACO) and outstanding as of December 31, 2005 (by source of debt service payment):

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Year ended December 31,	<u>Paid from Tipping Fees</u>		<u>Paid from Retired Facility/Waiver Fees</u>		<u>Total</u>	
	Series 1997, 2004B, 2005, and 2005 Refunding		Series 2004A			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 4,200,000	\$ 2,263,075	\$ 2,765,000	\$ 2,530,650	\$ 6,965,000	\$ 4,793,725
2007	4,360,000	2,090,550	2,905,000	2,392,400	7,265,000	4,482,950
2008	4,530,000	1,885,625	3,050,000	2,247,150	7,580,000	4,132,775
2009	4,750,000	1,677,275	3,205,000	2,094,650	7,955,000	3,771,925
2010	4,950,000	1,499,138	3,365,000	1,934,400	8,315,000	3,433,538
2011-2015	14,410,000	4,858,338	19,520,000	6,974,250	33,930,000	11,832,588
2016-2020	7,595,000	2,300,713	15,980,000	1,762,850	23,575,000	4,063,563
2021-2025	<u>5,755,000</u>	<u>891,250</u>	<u>-</u>	<u>-</u>	<u>5,755,000</u>	<u>891,250</u>
Total	<u>\$50,550,000</u>	<u>\$17,465,964</u>	<u>\$50,790,000</u>	<u>\$19,936,350</u>	<u>\$101,340,000</u>	<u>\$37,402,314</u>

*Series 2005 Variable Rate Taxable Notes.* In 2005 SWACO issued \$1,559,000 Variable Rate Taxable Notes to acquire a building used as a waste processing facility (see Note 7). The notes, which are not general obligations of SWACO, are secured by a pledge of lease payments from the operator of the facility and SWACO's Generation Fees. The notes mature in 2020 with principal payments beginning in 2008. Interest on the notes is set at the one month LIBOR rate (London Interbank Offered Rate) plus 100 basis points (1%).

At the same time the Series 2005 Variable Rate Taxable Notes were issued, SWACO entered into a five-year interest rate swap in connection with the note. The purpose of the swap is to mitigate against the risk of rising interest rates by effectively changing SWACO's variable interest rate on the notes to a synthetic fixed rate of 5.95 percent for a period of five years.

The notes mature on April 30, 2020, and the swap agreement on October 1, 2010. The swap's notional amount of \$1,559,250 matches the principal amount of the notes. Starting in 2008, the notional value of the swap and the principal amount of the associated notes decline by \$11,000 per month. Under the swap, the authority pays the counterparty, the Huntington National Bank, a fixed payment of 5.95 percent and receives a variable payment computed at the same rate as the related notes (LIBOR plus one hundred basis points).

Because interest rates have risen since execution of the swap, the swap had a negative fair value of \$12,166 including accrued interest as of December 31, 2005. Because the interest rate on the Series 2005 Variable-Rate Taxable Notes adjust to changing interest rates, the notes do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using

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the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The risks associated with the swap are as follows:

- (a) Credit risk: As of December 31, 2005, SWACO was not exposed to a credit risk because the swap had a negative fair value. Should the fair value of the swap become positive, SWACO would be exposed to a credit risk in the amount of the swap's value. The swap counterparty was rated A by Fitch Ratings, BBB+ by Standard & Poor's and A3 by Moody's Investors Service as of December 31, 2005.
- (b) Basis risk. The swap does not expose SWACO to basis risk since both the underlying notes and the swap compute interest using LIBOR plus 100 basis points.
- (c) Termination risk. SWACO or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the Variable-Rate Taxable Notes would no longer carry a synthetic fixed interest rate. Also, if at the time of termination the swap has a negative fair value, SWACO would be liable to the counterparty for a payment equal to the swap's fair value.

*Swap payments and associated debt.* Using rates as of December 31, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Year ended December 31,	Variable Rate Notes		Interest Rate Swaps, Net	Total Interest
	Principal	Interest		
2006	-	\$ 82,494	\$ 10,281	\$ 92,775
2007	-	82,494	10,281	92,775
2008	22,000	82,446	10,275	92,721
2009	132,000	78,129	9,737	87,866
2010	132,000	71,146	7,450	78,596
2011-2015	660,000	250,974	-	250,974
2016-2020	613,250	76,468	-	76,468
<b>Total</b>	<b>\$1,559,250</b>	<b>\$724,151</b>	<b>\$48,024</b>	<b>\$772,175</b>

*Legal Debt Margins.* SWACO's debt is not subject to direct debt limitations, but its unvoted general obligation debt (debt authorized by SWACO's Board of Trustees but not by a vote of the electors) is subject to overlapping debt restrictions with other political subdivisions. These limitations apply to each overlapping county, municipal corporation, school district or other issuing authority. Limitations apply to each county total and are not considered cumulatively. Total debt service charges for any one year of all overlapping debt may not exceed ten mills (1%) of the assessed property value within the overlapping jurisdictions. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. At the time of SWACO's most recent unvoted debt issue in 2005, the maximum millage required in any overlapping jurisdictions was 7.3 mills, leaving a margin of 2.7 mills.

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*Summary of Debt and Long-Term Liabilities*

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2005 was as follow:

<b>Operating and Program Funds</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General Obligation Bonds Payable					
Series 1997	\$ 15,255,000	\$ -	\$ (13,445,000)	\$ 1,810,000	\$ 880,000
Series 2004A	53,475,000	-	(2,685,000)	50,790,000	2,765,000
Series 2004B	29,670,000	-	-	29,670,000	2,430,000
Series 2005	-	6,750,000	-	6,750,000	890,000
Series 2005 Refunding	-	12,320,000	-	12,320,000	-
Revenue Notes Payable					
Series 2005 Variable Rate Taxable	-	1,559,250	-	1,559,250	-
Unamortized bond premiums	4,842,732	1,013,509	(713,339)	5,142,902	-
Unamortized cost of issuance	(969,100)	(120,236)	157,008	(932,228)	-
Unamortized reacquisition price	-	(619,399)	7,495	(611,904)	-
Total bonds payable, net	<u>102,273,632</u>	<u>20,903,124</u>	<u>(16,678,836)</u>	<u>106,498,020</u>	<u>6,965,000</u>
Capital lease	28,392,364	-	(1,212,077)	27,180,287	9,757,052
Unamortized bond premiums	<u>359,232</u>	-	<u>(183,720)</u>	<u>175,512</u>	-
Capital lease, net	<u>28,751,596</u>	-	<u>(1,395,797)</u>	<u>27,355,799</u>	<u>9,757,052</u>
Landfill closure and postclosure costs					
Sanitary landfill	14,899,000	1,239,000	-	16,138,000	-
Model landfill	<u>2,028,171</u>	-	<u>(42,462)</u>	<u>1,985,709</u>	<u>986,390</u>
Total landfill closure & postclosure costs	<u>16,927,171</u>	<u>1,239,000</u>	<u>(42,462)</u>	<u>18,123,709</u>	<u>986,390</u>
Total long term liabilities	<u>\$147,952,399</u>	<u>\$ 22,142,124</u>	<u>\$ (18,117,094)</u>	<u>\$151,977,528</u>	<u>\$17,708,442</u>



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**11. Capital Lease Obligation**

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

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

Management determined that SWACO would be unable to recover the carrying value of the 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, 2005, reflecting the appraised value of usable space at the facility as of that date. In 2005, SWACO completed demolition of all but the usable portion of the facility and entered into an agreement to lease the remaining portion to a recycling business.

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

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

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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 2004.

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.

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>	
2006	\$ 11,016,727
2007	9,106,193
2008	5,193,430
2009	2,373,237
2010	<u>2,114,390</u>
Total minimum lease payments	29,803,977
Less: Amount representing interest	<u>2,448,178</u>
Present value of minimum lease payments	<u>\$ 27,355,799</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.

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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 \$45,660,000. These amounts are estimated based on the costs to perform all closure and postclosure care in 2005. 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 \$16,138,000 represents the cumulative amount reported at December 31, 2005, based on the use of 100% of the estimated capacity of the landfill before expansion and 20.4% 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.

SWACO also maintains and monitors the Model Landfill, which has been closed since 1985. The Model Landfill is not subject to the same state and federal laws and regulations as the current operating landfill. In an effort to manage postclosure costs, SWACO leased the closed landfill to a private entity in 1999 to develop a public golf course on the site, and leased the landfill gas collection system and sold the gas rights for the purpose of generating electricity. The amounts reported as Model Landfill postclosure care liability of \$1,986,000 at December 31, 2005 represents the total estimated cost of the future remediation, maintenance and monitoring costs at the site.

**13. Service Agreements**

SWACO entered into a five-year yard waste compost facility service agreement in 2002. Under the 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 30,000 tons per year. Operating expenses under the service agreement were \$596,786 in 2005. The future minimum service payments under the agreement are as follows for the remaining two years of the agreement:

<u>Year Ending December 31,</u>	
2006	\$ 374,400
2007	280,800

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. Since acquiring the landfill in 1991, SWACO has contracted with private solid waste companies 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 agreements, the contractors furnished all labor, materials, tools and equipment for the landfill operations and SWACO paid the contractor for each ton of waste received at the landfill. During 2005 SWACO paid the contractor an average rate of \$6.98 per ton and a total of approximately \$6,233,000. The contract in effect during 2005 expired at the end of the year.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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A new competitively-bid operations contract began in 2006. The new contract is similar to the previous contract with the exception that SWACO will own the heavy equipment required for waste placement, compaction and day-to-day operation of the landfill. The contractor will be responsible for the operations and maintenance of the equipment. SWACO issued approximately \$6.7 million in general obligation bonds in 2005 to purchase the equipment. SWACO has determined that debt service on the bonds will be more than offset by the reduction in cost resulting from the new contracting method. The contract is for a two year period and guarantees the operator a minimum delivery of 1.0 million tons and a minimum payment of \$3.5 million during the term of the agreement. 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.

**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**  
**Notes to Financial Statements**  
**As of December 31, 2005**

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

SWACO provides health care benefits to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,200 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 2005, 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.

The County develops annual actuarial estimates of the amounts to be paid for claims but unreported as of year-end based on its historical experience. In 2005, the County assessed participants in the program a premium for their proportionate share of the estimated liability and SWACO did not recognize any additional liability as of December 31, 2005. 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.

	<u>2004</u>	<u>2005</u>
Unpaid Claims at January 1	\$ 212,909	\$ 125,000
Incurred Claims	779,546	662,251
Paid claims	<u>(867,455)</u>	<u>(787,251)</u>
Unpaid Claims at December 31	<u>\$ 125,000</u>	<u>\$ -</u>

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

SWACO analyzes all outstanding and potential claims that have arisen or could arise due to the occurrence of a loss contingency on or before December 31, 2005. 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>2004</u>	<u>2005</u>
Unpaid Claims at January 1	\$ 67,139	\$ -
Incurred Claims	3,624	113,160
Paid claims	<u>(70,763)</u>	<u>(113,160)</u>
Unpaid Claims at December 31	<u>\$ -</u>	<u>\$ -</u>

**SWACO****Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2005**

	<b>Operating Fund</b>		
	<b>Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 3,127,569	\$ -	\$ 3,127,569
Restricted cash	3,731,400	750,780	4,482,180
Investments	9,457,184	-	9,457,184
Restricted investments	-	5,299,900	5,299,900
Accounts receivable, net	2,779,486	130,206	2,909,692
Air pollution allowances sales receivable	-	10,014,675	10,014,675
Other assets	418,901	-	418,901
Total current assets	<u>19,514,540</u>	<u>16,195,561</u>	<u>35,710,101</u>
Noncurrent assets			
Closure/postclosure funds held by trustee:			
Investments	17,799,466	-	17,799,466
Capital assets			
Sanitary Landfill, net of accumulated depletion and depreciation	20,447,896	-	20,447,896
Buildings and equipment, net of accumulated depreciation			
Transfer stations	2,527,989	-	2,527,989
Machinery and equipment	10,496,822	-	10,496,822
Buildings and improvements	2,668,540	-	2,668,540
Construction in progress	6,577,066	-	6,577,066
Land and land improvements	9,931,277	-	9,931,277
Total noncurrent assets	<u>70,449,056</u>	<u>-</u>	<u>70,449,056</u>
Total assets	<u>\$ 89,963,596</u>	<u>\$ 16,195,561</u>	<u>\$ 106,159,157</u>

**Continued**

**SWACO****Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2005**

	<b>Operating Fund</b>		
	<b>Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 7,298,190	\$ -	\$ 7,298,190
Accrued wages and benefits	761,637	-	761,637
Accrued interest	189,702	790,297	979,999
Current maturities of bonds payable, net	4,200,000	2,765,000	6,965,000
Capital lease obligation, net	-	9,757,052	9,757,052
Postclosure liability-Model Landfill	986,390	-	986,390
Other payables	5,000	-	5,000
	<u>13,440,919</u>	<u>13,312,349</u>	<u>26,753,268</u>
Total current liabilities			
Noncurrent liabilities:			
Bonds payable	47,508,412	50,465,358	97,973,770
Capital lease obligation	-	17,598,747	17,598,747
Closure/postclosure liability-Sanitary Landfill	16,138,000	-	16,138,000
Postclosure liability-Model Landfill	999,319	-	999,319
	<u>64,645,731</u>	<u>68,064,105</u>	<u>132,709,836</u>
Total noncurrent liabilities			
Total liabilities	<u>\$ 78,086,650</u>	<u>\$ 81,376,454</u>	<u>\$ 159,463,104</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt			
Idle plant facilities (WTEF), net of lease obligation and bonds payable	\$ -	\$ (80,586,157)	\$ (80,586,157)
Other capital assets, net	3,081,952	-	3,081,952
Restricted			
Sanitary landfill closure/postclosure trust fund net of accrued liability	1,661,466	-	1,661,466
Other restricted, net	1,590,626	16,195,561	17,786,187
Unrestricted	5,542,902	(790,297)	4,752,605
	<u>11,876,946</u>	<u>(65,180,893)</u>	<u>(53,303,947)</u>
Total net assets			

**SWACO****Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund  
For the Year Ended December 31, 2005**

	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Tipping and disposal fees	\$ 16,754,045	\$ -	\$ 16,754,045
Waste transfer fees	4,281,843	-	4,281,843
Retired Facility and Waiver Fees	-	8,015,582	8,015,582
Other	<u>49,339</u>	<u>440,101</u>	<u>489,440</u>
Operating revenues	<u>21,085,227</u>	<u>8,455,683</u>	<u>29,540,910</u>
<b>Operating Expenses:</b>			
Salaries, wages and benefits	5,422,797	-	5,422,797
Contract, services and supplies	12,856,222	50,000	12,906,222
Depreciation and depletion	3,382,531	-	3,382,531
Landfill closing costs	1,239,000	-	1,239,000
Other	1,469	-	1,469
Interfund transfers	<u>(710,000)</u>	<u>-</u>	<u>(710,000)</u>
Operating expenses	<u>22,192,019</u>	<u>50,000</u>	<u>22,242,019</u>
Operating income (loss)	<u>(1,106,792)</u>	<u>8,405,683</u>	<u>7,298,891</u>
<b>Nonoperating income (expenses):</b>			
Interest expense	(1,864,105)	(3,367,970)	(5,232,075)
Interest income	1,319,680	24,584	1,344,264
Loss on sale of assets	<u>(1,433)</u>	<u>-</u>	<u>(1,433)</u>
Total nonoperating income (expense)	<u>(545,858)</u>	<u>(3,343,386)</u>	<u>(3,889,244)</u>
<b>Special item:</b>			
Sale of pollution allowances	<u>-</u>	<u>10,050,678</u>	<u>10,050,678</u>
Change in net assets	(1,652,650)	15,112,975	13,460,325
Total net assets - beginning, restated (note 2)	<u>13,529,596</u>	<u>(80,293,868)</u>	<u>(66,764,272)</u>
Total net assets - ending	<u>\$ 11,876,946</u>	<u>\$ (65,180,893)</u>	<u>\$(53,303,947)</u>



**SWACO****Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2005**

	<b>Operating Fund</b>		
	<b>Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 22,013,171	\$ -	\$ 22,013,171
Retired Facility Fees and Waiver Fees collected	-	5,617,491	5,617,491
Other receipts	49,340	476,104	525,444
Payments to employees	(4,387,918)	-	(4,387,918)
Payments for retirement and payroll taxes	(1,128,903)	-	(1,128,903)
Payments to vendors	(11,951,667)	(50,000)	(12,001,667)
Post closure costs paid - Model Landfill	(42,462)	-	(42,462)
Interfund charges	710,000	-	710,000
Other payments	(264,300)	-	(264,300)
Net cash provided by operating activities:	<u>4,997,261</u>	<u>6,043,595</u>	<u>11,040,856</u>
<b>Cash flows from investing activities:</b>			
Proceeds from investment maturities	28,928,648	-	28,928,648
Purchase of investments	(37,121,610)	(5,299,900)	(42,421,510)
Interest received	<u>1,082,731</u>	<u>15,365</u>	<u>1,098,096</u>
Net cash used in investing activities	<u>(7,110,231)</u>	<u>(5,284,535)</u>	<u>(12,394,766)</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	20,022,525	-	20,022,525
Purchase escrow, refunding bonds	(13,212,172)	-	(13,212,172)
Landfill, plant improvements and equipment additions	(15,087,220)	-	(15,087,220)
Principal paid on bonds and notes payable	(835,000)	(2,685,000)	(3,520,000)
Principal paid on capital lease	-	(13,381)	(13,381)
Interest paid	(1,951,521)	(2,989,737)	(4,941,258)
Debt issuance costs paid	<u>(59,252)</u>	<u>-</u>	<u>(59,252)</u>
Net cash provided by (used in) capital and related financing activities	<u>(11,122,640)</u>	<u>(5,688,118)</u>	<u>(16,810,758)</u>
Net increase in cash	(13,235,610)	(4,929,058)	(18,164,668)
Cash and cash equivalents, beginning of year	<u>20,094,579</u>	<u>5,679,838</u>	<u>25,774,417</u>
Cash and cash equivalents, end of year	<u>\$ 6,858,969</u>	<u>\$ 750,780</u>	<u>\$ 7,609,749</u>

continued

**SWACO****Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund  
For the Year Ended December 31, 2005**

	<b>Operating Fund</b>		
	<b>Continuing Operations</b>	<b>Discontinued Operations</b>	<b>Total</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>			
Operating income (loss)	\$ (1,106,792)	\$ 8,405,683	\$ 7,298,891
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and depletion	3,382,531	-	3,382,531
Landfill closing costs	1,239,000	-	1,239,000
Lease credits received in lieu of cash	-	(2,398,694)	(2,398,694)
Increase (decrease) in cash resulting from changes in:			
Accounts and notes receivable (net)	978,751	36,606	1,015,357
Accounts payable	904,554	-	904,554
Accrued wages and benefits	(94,024)	-	(94,024)
Postclosure liability - Model Landfill	(42,462)	-	(42,462)
Other assets and liabilities	(264,297)	-	(264,297)
Net cash provided by operating activities:	<u>\$ 4,997,261</u>	<u>\$ 6,043,595</u>	<u>\$ 11,040,856</u>

**Noncash capital and related financing activities**

Amortization of premium on lease obligation and bonds payable of \$153,925 for Continuing Operations and \$559,414 for Discontinued Operations

Amortization of debt issuance costs of \$62,684 for Continuing Operations and \$95,324 for Discontinued Operations.

Amortization of reacquisition costs on refunding bonds payable of \$7,495 (Continuing Operations).

Change in carrying value of investments resulting in loss of \$78,590 (Continuing Operations).

# **STATISTICAL SECTION**

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

STATISTICAL SECTION

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

Tables 1 and 2 provide ten years of financial information for SWACO. Table 3 is a budget to actual comparison for fiscal year 2005.

Revenue capacity information on solid waste deliveries and tipping fees at SWACO facilities is presented in Tables 4 through 7. 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.

Indicators of the level of demand for service are included in tables throughout the statistical section and include tons received (Tables 4 and 5), largest customer data (Table 5), tons generated (Table 7), and tons recycled (Tables 8 through 10). Table 11 shows current and historical SWACO employees by function.

Tables 12 through 17 provide debt service schedules for SWACO's outstanding bonds. Table 18 provides detail on the WTEF lease. Table 19 shows various debt ratios for SWACO. It includes total debt (notes, bonds and WTEF lease) per capita, total general obligation debt as a percent of SWACO assessed property valuation (although backed by a pledge to levy ad valorem property taxes, SWACO's general obligation bonds are paid from other sources, see Note 10), and annual debt service per ton for bonds paid from the landfill tipping fee. Table 20 shows the statutory debt limit on SWACO's ability to issue debt supported by property taxes. SWACO is not subject to direct debt limits.

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

**SWACO**  
**Statements of Net Assets - All Funds**  
**For Years Ended December 31, 1996 through 2005**  
(in thousands)<sup>1</sup>

ASSETS	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Current assets:										
Cash and cash equivalents	\$ 2,772	\$ 5,036	\$ 7,804	\$ 10,077	\$ 11,591	\$ 11,371	\$ 6,257	\$ 5,772	\$ 7,210	\$ 3,128
Restricted cash	833	11,958	10,800	10,327	7,650	6,072	5,239	3,554	20,277	5,286
Unrestricted and restricted investments	-	-	-	-	-	-	4,493	2,496	2,001	14,757
Accounts receivable, net	3,655	2,285	1,872	2,040	2,143	2,328	2,293	2,562	3,976	3,010
Pollution allowances sales receivable	-	-	-	-	-	-	-	-	-	10,015
Other assets	126	101	58	134	157	72	99	119	357	447
<b>Total current assets</b>	<b>7,386</b>	<b>19,380</b>	<b>20,534</b>	<b>22,578</b>	<b>21,541</b>	<b>19,844</b>	<b>18,381</b>	<b>14,503</b>	<b>33,821</b>	<b>36,642</b>
Noncurrent Assets										
Closure/postclosure funds held by trustee	8,320	8,943	10,338	11,750	13,378	14,409	15,296	16,142	16,873	17,799
Sanitary Landfill, net of accum. deprec./depletion	5,844	6,010	7,737	7,559	10,401	11,083	11,475	11,801	10,262	20,448
Buildings & equipment, net of accum. depreciation	7,027	7,017	6,984	7,360	7,820	9,911	10,611	11,073	8,412	17,045
Construction in progress	-	-	-	-	-	-	-	-	9,093	6,577
Land and land improvements	-	-	-	-	-	-	-	-	9,931	9,931
Lease receivable	-	-	-	-	-	-	-	-	-	1,559
Idle plant facilities/WTEF (Note 9)	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	790	883	-	-	-	-	-	-	-	-
Other assets	5	45	70	97	67	63	60	51	-	-
<b>Total noncurrent assets</b>	<b>58,580</b>	<b>29,398</b>	<b>31,562</b>	<b>33,147</b>	<b>38,004</b>	<b>40,072</b>	<b>39,417</b>	<b>41,043</b>	<b>55,692</b>	<b>73,360</b>
<b>Total Assets</b>	<b>\$ 65,966</b>	<b>\$ 48,778</b>	<b>\$ 52,096</b>	<b>\$ 55,725</b>	<b>\$ 59,545</b>	<b>\$ 59,915</b>	<b>\$ 57,798</b>	<b>\$ 55,546</b>	<b>\$ 89,513</b>	<b>\$ 110,002</b>

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

Continued

**LIABILITIES**

Table 1 (continued)

Current Liabilities:

Accounts payable	\$ 1,472	\$ 1,375	\$ 1,755	\$ 2,020	\$ 3,368	\$ 2,729	\$ 1,875	\$ 2,584	\$ 4,491	\$ 7,298
Accrued wages and benefits	587	483	644	686	736	868	926	1,005	856	762
Accrued interest	3,076	7,438	15,445	6,285	2,151	648	824	788	1,140	980
Current maturities of notes/bonds payable (Note 10)	10,116	690	720	755	790	710	750	790	3,520	6,965
Capital lease obligation (Note 11)	27,713	38,950	48,879	42,673	50,632	52,588	56,923	58,505	2,766	9,757
Postclosure liability - Model Landfill (Note 12)	-	-	-	156	250	1,250	1,341	1,025	1,029	986
Accrued plant closing expenses	1,021	1,015	710	336	292	93	26	-	-	-
Other	949	-	-	115	10	655	481	278	7	232
<b>Total current liabilities</b>	<b>44,934</b>	<b>49,951</b>	<b>68,153</b>	<b>53,026</b>	<b>58,229</b>	<b>59,540</b>	<b>63,146</b>	<b>64,975</b>	<b>13,808</b>	<b>26,981</b>

Noncurrent liabilities:

Landfill purchase contract payable	460	345	230	115	-	-	-	-	-	-
Bonds payable (Note 10)	-	19,425	18,820	18,180	17,505	16,795	16,045	15,255	98,754	99,533
Capital lease obligation (Note 11)	137,659	126,422	109,256	97,602	85,921	74,855	61,533	49,547	25,985	17,598
Closure and postclosure liability - Sanitary landfill (Note 12)	8,096	8,849	9,606	10,314	11,391	12,334	13,056	14,055	14,899	16,138
Postclosure liability - Model Landfill (Note 12)	19,508	19,128	4,563	2,955	2,325	1,204	1,033	1,033	999	999
Other	96	23	58	63	91	-	660	387	-	-
Due to others	790	883	-	-	-	-	-	-	-	-
<b>Total noncurrent liabilities</b>	<b>166,609</b>	<b>175,075</b>	<b>142,533</b>	<b>129,229</b>	<b>117,234</b>	<b>105,187</b>	<b>92,327</b>	<b>80,277</b>	<b>140,637</b>	<b>134,269</b>
<b>Total liabilities</b>	<b>211,543</b>	<b>225,026</b>	<b>210,686</b>	<b>182,255</b>	<b>175,463</b>	<b>164,728</b>	<b>155,473</b>	<b>145,252</b>	<b>154,445</b>	<b>161,250</b>

**NET ASSETS**

Invested in capital assets, net of related debt:

Idle plant facilities, net of lease obligation	(128,778)	(158,872)	(151,702)	(133,894)	(130,215)	(122,838)	(116,480)	(106,076)	(84,010)	(80,586)
Other capital assets, net	2,492	712	344	(905)	1,684	3,490	5,291	6,829	5,195	4,433
Restricted:										
Sanitary landfill closure/postclosure trust fund, net of accrued liability	224	94	732	1,436	1,987	2,075	2,240	2,087	1,974	1,661
Other restricted, net	2,409	12,275	11,154	10,461	7,734	6,173	5,333	3,658	8,621	18,491
Unrestricted	(21,924)	(30,457)	(19,118)	(3,629)	2,892	6,287	5,943	3,795	4,781	4,753
<b>Total net assets</b>	<b>\$(145,577)</b>	<b>\$(176,248)</b>	<b>\$(158,590)</b>	<b>\$(126,531)</b>	<b>\$(115,918)</b>	<b>\$(104,813)</b>	<b>\$(97,674)</b>	<b>\$(89,706)</b>	<b>\$(63,439)</b>	<b>\$(51,248)</b>

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-19.

**SWACO**  
**Statements of Revenues, Expenses, and Changes in Fund Net Assets - All Funds**  
**For Years Ended December 31, 1996 through 2005**  
(in thousands)<sup>1</sup>

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>Revenues:</b>										
Tipping and disposal fees	\$ 15,450	\$ 14,944	\$ 11,105	\$ 11,238	\$ 13,576	\$ 13,705	\$ 13,600	\$ 14,079	\$ 14,423	\$ 16,754
Waste transfer fees	2,717	2,855	3,686	3,471	3,806	3,884	3,860	4,132	4,010	4,448
Retired Facility and Waiver Fees	-	-	-	5,149	7,488	7,596	7,722	7,916	8,113	8,016
Generation Fees	5,296	5,479	5,679	5,735	5,780	5,571	5,559	5,655	5,801	5,720
Other	160	206	312	245	686	868	704	755	128	574
<b>Operating revenues</b>	<b>23,623</b>	<b>23,484</b>	<b>20,782</b>	<b>25,839</b>	<b>31,337</b>	<b>31,624</b>	<b>31,445</b>	<b>32,536</b>	<b>32,475</b>	<b>35,512</b>
<b>Expenses:</b>										
Salaries, wages and benefits	3,648	3,588	3,763	3,679	3,801	4,304	4,873	5,582	6,127	6,790
Contracts, services and supplies	9,972	8,715	9,238	9,369	13,817	13,164	13,625	14,815	16,598	17,604
Depreciation and depletion	3,178	2,262	1,068	1,121	1,132	1,424	1,815	2,151	2,141	3,612
Landfill closing expenses	1,063	753	757	707	1,078	942	722	999	844	1,239
Other	6	-	-	5	52	1	22	113	20	2
<b>Operating expenses</b>	<b>17,867</b>	<b>15,318</b>	<b>14,826</b>	<b>14,881</b>	<b>19,880</b>	<b>19,836</b>	<b>21,057</b>	<b>23,660</b>	<b>25,730</b>	<b>29,247</b>
<b>Operating income (loss)</b>	<b>5,756</b>	<b>8,166</b>	<b>5,956</b>	<b>10,958</b>	<b>11,456</b>	<b>11,788</b>	<b>10,388</b>	<b>8,876</b>	<b>6,745</b>	<b>6,265</b>

continued

Table 2 (continued)

## Nonoperating income (expenses):

Gain on forgiveness of debt (Note 11)	-	-	7,236	27,725	3,722	3,929	3,663	3,927	19,652	-
Interest expense	(9,602)	(9,861)	(11,052)	(8,418)	(6,745)	(6,113)	(4,919)	(4,773)	(4,246)	(5,232)
Interest income	599	972	1,408	1,528	2,002	1,296	705	466	617	1,344
Grants received	122	86	96	256	132	138	134	138	145	404
Grants awarded <sup>2</sup>	-	-	-	-	-	-	(155)	(542)	(462)	(636)
Gain (loss) on sale of assets	-	-	144	10	45	68	(50)	(125)	(19)	(4)
<b>Total nonoperating expenses</b>	<b>(8,881)</b>	<b>(8,803)</b>	<b>(2,168)</b>	<b>21,101</b>	<b>(844)</b>	<b>(683)</b>	<b>(622)</b>	<b>(908)</b>	<b>15,687</b>	<b>(4,124)</b>
<b>Special and Extraordinary Items</b>										
Sale of pollution allowances	-	-	-	-	-	-	-	-	3,835	10,051
Reduction of Model LF liability	-	-	13,870	-	-	-	-	-	-	-
Impairment loss-WTEF (Note 11)	-	(30,034)	-	-	-	-	(2,627)	-	-	-
<b>Change in net assets</b>	<b>(3,125)</b>	<b>(30,671)</b>	<b>17,658</b>	<b>32,059</b>	<b>10,613</b>	<b>11,105</b>	<b>7,139</b>	<b>7,968</b>	<b>26,267</b>	<b>12,192</b>
<b>Total net assets - beginning</b>	<b>(142,452)</b>	<b>(145,577)</b>	<b>(176,248)</b>	<b>(158,590)</b>	<b>(126,531)</b>	<b>(115,918)</b>	<b>(104,813)</b>	<b>(97,674)</b>	<b>(89,706)</b>	<b>(63,439)</b>
<b>Total net assets - ending</b>	<b><u>\$ (145,577)</u></b>	<b><u>\$ (176,248)</u></b>	<b><u>\$ (158,590)</u></b>	<b><u>\$ (126,531)</u></b>	<b><u>\$ (115,918)</u></b>	<b><u>\$ (104,813)</u></b>	<b><u>\$ (97,674)</u></b>	<b><u>\$ (89,706)</u></b>	<b><u>\$ (63,439)</u></b>	<b><u>\$ (51,248)</u></b>

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

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

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-19.



**SWACO**  
**Schedule of Revenues, Expenses and Changes in Fund Net Assets**  
**2005 Budget to Actual (in thousands)**

	Operating Fund			Program Fund			All Funds Total			
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Actual Over (under) Am. Budget
<b>Operating Revenues:</b>										
Tipping and disposal fees	\$ 13,998	\$ 16,881	\$ 16,754	\$ -	\$ -	\$ -	\$ 13,998	\$ 16,881	\$ 16,754	\$ (127)
Waste transfer fees	4,066	4,355	4,282	-	150	166	4,066	4,505	4,448	(57)
Retired Facility and Waiver Fe	8,075	8,079	8,015	-	-	-	8,075	8,079	8,015	(64)
Generation Fees	-	-	-	5,768	5,771	5,721	5,768	5,771	5,721	(50)
Other	529	654	489	125	50	84	654	704	573	(131)
<b>Total operating revenues</b>	<b>26,668</b>	<b>29,969</b>	<b>29,540</b>	<b>5,893</b>	<b>5,971</b>	<b>5,971</b>	<b>32,561</b>	<b>35,940</b>	<b>35,511</b>	<b>(429)</b>
<b>Operating Expenses:</b>										
Salaries, wages and benefits	5,149	5,831	5,423	1,004	1,160	1,368	6,153	6,991	6,791	(200)
Contracts, services and supplies										
Landfill volume related	6,437	8,607	8,607	-	-	-	6,437	8,607	8,607	-
Other	2,853	4,396	4,299	4,997	4,865	4,698	7,850	9,261	8,997	(264)
Depreciation and depletion	2,251	2,281	3,383	164	164	229	2,415	2,445	3,612	1,167
Landfill closing costs	1,056	1,031	1,239	-	-	-	1,056	1,031	1,239	208
Other expenses	-	-	1	-	-	-	-	-	1	1
Interfund transfers	(691)	(710)	(710)	691	710	710	-	-	-	-
<b>Total operating expenses</b>	<b>17,055</b>	<b>21,436</b>	<b>22,242</b>	<b>6,856</b>	<b>6,899</b>	<b>7,005</b>	<b>23,911</b>	<b>28,335</b>	<b>29,247</b>	<b>912</b>
<b>Operating income</b>	<b>9,613</b>	<b>8,533</b>	<b>7,298</b>	<b>(963)</b>	<b>(928)</b>	<b>(1,034)</b>	<b>8,650</b>	<b>7,605</b>	<b>6,264</b>	<b>(1,341)</b>

**SWACO**  
**Schedule of Revenues, Expenses and Changes in Fund Net Assets**  
**2005 Budget to Actual (in thousands)**

	Operating Fund			Program Fund			All Funds Total			
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Actual Over (under) Am. Budget
<u>Nonoperating income (expenses)</u>										
Interest expense	\$ (4,989)	\$ (5,456)	\$ (5,232)	\$ -	\$ -	\$ -	\$ (4,989)	\$ (5,456)	\$ (5,232)	\$ 224
Interest income	569	1,215	1,345	-	-	-	569	1,215	1,345	130
Grants received	-	-	-	142	570	404	142	570	404	(166)
Grants awarded	-	-	-	(412)	(883)	(636)	(412)	(883)	(636)	247
Loss on disposal of assets	-	-	(1)	-	-	(3)	-	-	(4)	(4)
Total nonoperating income (expenses)	(4,420)	(4,241)	(3,888)	(270)	(313)	(235)	(4,690)	(4,554)	(4,123)	431
<u>Special item</u>										
Sale of pollution allowances	-	-	10,050	-	-	-	-	-	10,050	10,050
Change in net assets	5,193	4,292	13,460	(1,233)	(1,241)	(1,269)	3,960	3,051	12,191	9,140
Total net assets - beginning	(67,115)	(66,764)	(66,764)	3,085	3,325	3,325	(64,030)	(63,439)	(63,439)	-
Total net assets - ending	\$ (61,922)	\$ (62,472)	\$ (53,304)	\$ 1,852	\$ 2,084	\$ 2,056	\$ (60,070)	\$ (60,388)	\$ (51,248)	\$ 9,140

Source: SWACO

**SWACO**  
**Solid Waste Received 1996 - 2005 (in tons)**

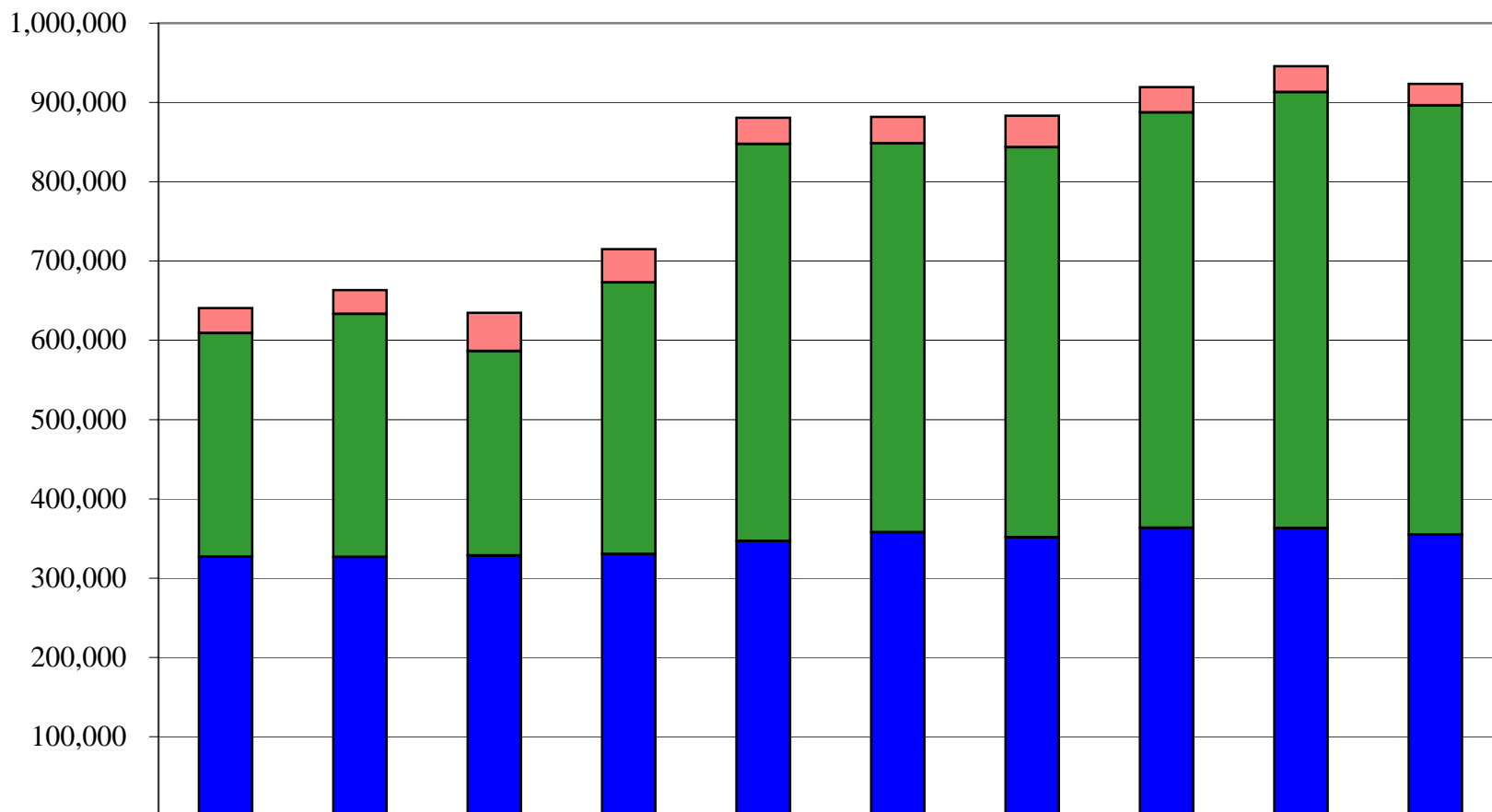
	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Jackson Pike Transfer Station	242,243	271,999	205,177	144,768	140,152	139,576	167,211	173,213	197,862	179,016
Morse Road Transfer Station	140,731	119,008	119,008	111,205	128,337	131,837	129,495	149,120	122,836	123,684
Georgesville Rd Transfer Station	65,274	66,248	66,248	72,627	83,471	87,027	62,788	63,860	55,643	69,026
<b>Total Transfer Stations</b>	<b>448,248</b>	<b>457,255</b>	<b>390,433</b>	<b>328,600</b>	<b>351,960</b>	<b>358,440</b>	<b>359,494</b>	<b>386,193</b>	<b>376,341</b>	<b>371,727</b>
Sanitary Landfill	192,332	206,188	244,398	386,191	528,907	523,545	523,899	533,122	569,295	551,659
<b>Total solid waste received by SWACO</b>	<b>640,580</b>	<b>663,443</b>	<b>634,831</b>	<b>714,791</b>	<b>880,867</b>	<b>881,985</b>	<b>883,393</b>	<b>919,315</b>	<b>945,636</b>	<b>923,386</b>
Scrap metal, tires, white goods & other	(966)	(1,487)	(714)	(865)	(453)	(1,335)	(641)	(245)	(234)	(211)
Carryover/(shrinkage) <sup>1</sup>	1,260	(9,337)	(6,280)	66	(1,930)	(3,044)	2,712	(698)	921	(4,046)
<b>Total reduction</b>	<b>294</b>	<b>(10,824)</b>	<b>(6,994)</b>	<b>(799)</b>	<b>(2,383)</b>	<b>(4,379)</b>	<b>2,071</b>	<b>(943)</b>	<b>687</b>	<b>(4,257)</b>
Solid waste transferred out-of-county <sup>2</sup>	0	0	0	0	(24,811)	0	0	0	0	(14,057)
<b>Solid waste landfilled - Franklin County Sanitary Landfill</b>	<b>640,874</b>	<b>652,619</b>	<b>627,837</b>	<b>713,992</b>	<b>853,673</b>	<b>877,607</b>	<b>885,463</b>	<b>918,372</b>	<b>946,323</b>	<b>905,071</b>

<sup>1</sup> Carryover related to end of year inventory at transfer stations and shrinkage due to loss of water.

<sup>2</sup> Waste disposed at an out-of-county landfill pursuant to a contract with the landfill owner.

Source: SWACO

**SWACO Waste Receipts 1996 - 2005**



	1996	1997	1998	1999	2000	2001	2002	2002	2004	2005
All others	31,687	30,069	48,319	41,629	33,305	33,783	39,713	31,878	32,567	27,199
Rest of Top Ten*	281,863	306,727	257,841	342,711	500,993	490,457	492,199	523,920	549,939	541,276
City of Columbus*	327,030	326,647	328,671	330,451	346,569	357,745	351,481	363,518	363,130	354,910

Source: Solid Waste Authority of Central Ohio

\*See notes to Table 5.

**SWACO**  
**Largest Customers 1996 - 2005**  
**(tons received)**

<b>Customer</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
City of Columbus <sup>1</sup>	327,030	326,647	328,671	330,451	346,569	357,745	351,481	363,518	363,130	354,910
Republic Waste Systems <sup>2</sup>	81,239	98,695	92,846	122,841	229,357	210,383	183,507	195,283	204,763	205,368
Rumpke Waste/Rumpke Container	19,043	52,917	49,365	105,509	157,769	162,573	155,091	158,657	145,675	155,802
Local Waste Services LLC	n/a	n/a	n/a	n/a	9,241	17,757	47,922	56,959	69,810	78,862
Waste Management of Ohio (post-merger) <sup>3</sup>	103,447	77,199	19,711	72,354	76,667	71,170	77,684	81,201	91,002	74,931
BFI of Ohio, Inc.	-	-	-	-	-	-	-	6,737	17,656	12,354
City of Upper Arlington	7,412	7,887	8,372	8,780	8,523	7,873	7,643	7,814	7,741	7,386
City of Grandview Heights	3,677	3,619	3,597	3,485	3,729	3,698	3,605	3,591	3,585	3,149
Adept, Inc.	2,592	4,706	7,780	8,262	6,384	4,188	2,075	2,140	2,929	2,654
Flower Garbage	152	153	3,999	1,032	212	4,628	5,521	6,211	5,590	765
Central Ohio Contractors	1,688	2,532	5,447	3,946	3,861	3,656	3,355	1,975	1,189	6
Container Services	-	-	-	220	85	4,531	5,796	3,351	-	-
Waste Management of Ohio (pre-merger) <sup>4</sup>	48,852	40,351	50,485	-	-	-	-	-	-	-
B & D Hauling	13,761	18,668	16,240	16,282	5,166	-	-	-	-	-
<b>Total Largest Customers</b>	<b>608,893</b>	<b>633,375</b>	<b>586,511</b>	<b>673,162</b>	<b>847,562</b>	<b>848,202</b>	<b>843,680</b>	<b>887,437</b>	<b>913,069</b>	<b>896,187</b>
<b>Total tons received by SWACO<sup>5</sup></b>	<b>640,580</b>	<b>663,443</b>	<b>634,831</b>	<b>714,791</b>	<b>880,867</b>	<b>881,985</b>	<b>883,393</b>	<b>919,315</b>	<b>945,636</b>	<b>923,386</b>
<b>Largest customer % of total received</b>	<b>95%</b>	<b>95%</b>	<b>92%</b>	<b>94%</b>	<b>96%</b>	<b>96%</b>	<b>96%</b>	<b>97%</b>	<b>97%</b>	<b>97%</b>
<b>Total tons disposed<sup>6</sup></b>	<b>1,059,133</b>	<b>1,095,851</b>	<b>1,135,818</b>	<b>1,146,993</b>	<b>1,156,019</b>	<b>1,114,223</b>	<b>1,111,953</b>	<b>1,130,721</b>	<b>1,160,226</b>	<b>1,144,048</b>
<b>Largest customer % of total waste disposal</b>	<b>57%</b>	<b>58%</b>	<b>52%</b>	<b>58%</b>	<b>76%</b>	<b>76%</b>	<b>75%</b>	<b>76%</b>	<b>79%</b>	<b>78%</b>

**Notes to Table 5**  
**Largest Customers 1996 - 2005**

	<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>	<u>2005</u>
<sup>1</sup> City of Columbus includes the following:										
City of Columbus Division of Sanitation	314,803	318,273	322,142	318,236	336,395	345,774	338,731	352,337	352,366	342,662
Other City of Columbus Departments	12,227	8,374	6,529	12,215	10,174	11,971	12,750	11,180	10,764	12,248
<sup>2</sup> 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	43,661	17,283	-	-	-	-	-	-	-	-
Ohio Disposal Systems	25,984	12,205	-	-	-	-	-	-	-	-
Superior Services	-	57,336	81,096	95,867	81,344	-	-	-	-	-
Republic Waste Systems	-	-	-	15,610	140,946	210,383	183,507	195,283	204,763	205,368
Southwest Waste	11,594	11,871	11,749	11,364	7,067	-	-	-	-	-
<sup>3</sup> 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	4,042	-	-	-	-	-	-	-	-	-
Laidlaw Waste Systems	99,405	77,199	1,475	-	-	-	-	-	-	-
U.S.A. Waste	-	-	13,316	-	-	-	-	-	-	-
Waste Management of Ohio	-	-	4,920	72,354	76,667	71,170	77,684	81,201	91,002	74,931
<sup>4</sup> Waste Management of Ohio through 11/6/98, the effective date of the divestiture (see note 3).										
<sup>5</sup> Total solid waste disposed at SWACO facilities.										
<sup>6</sup> Total solid waste subject to Generation Fee and disposed at SWACO facilities and out of county facilities.										

Source: SWACO

**SWACO**  
**Franklin County Sanitary Landfill Airspace Capacity**  
**(Cubic Yards)**

Year	Constructed	Permitted but not Constructed	Total Permitted and Constructed	Annual Airspace Used <sup>1</sup>
1996	10,064,400	39,275,800	49,340,200	997,300
1997	9,532,500	39,275,800	48,808,300	531,900
1998	8,666,200	39,275,800	47,942,000	866,300
1999	6,963,500	39,275,800	46,239,300	1,702,700
2000	5,674,800	39,275,800	44,950,600	1,288,700
2001	5,052,000	39,275,800	44,327,800	622,800
2002	3,821,300	39,275,800	43,097,100	1,230,700
2003	2,530,400	39,275,800	41,806,200	1,290,900
2004	1,525,500	39,275,800	40,801,300	1,004,900
2005	1,265,400	37,936,600	39,202,000	1,599,300

	<u>At Maximum Permitted Receipts</u>	<u>At 2005 Receipts</u>
Remaining landfill life (permitted and constructed):	15.1 years	28.1 years
Remaining landfill life (constructed only):	.5 years	.9 years

<sup>1</sup> Annual airspace used fluctuates due to (1) waste receipts, (2) landfill settling (subsidence), (3) soil stockpiling and movement, (4) compaction density, (5) waste composition, and (6) date of survey.

<sup>2</sup> Maximum 6,000 tons per day or 1,680 annual tons per OEPA permit. Assumes a compaction rate of 1,300 pounds per cubic yard.

<sup>3</sup> Approximately 905,000 tons landfilled. Assumes a compaction rate of 1,300 pounds per cubic yard.

Source: SWACO

**SWACO**  
**Disposal Rates 1991-2007**

Table 7

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

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

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

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

<sup>4</sup> Beginning November 1, 1994, all rates include a \$5.00/ton generation fee.

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

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

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

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



**SWACO**  
**Generation Fee Tonnage Reported 1996 - 2005<sup>1</sup>**

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Solid Waste Authority (4 facilities)	640,580	663,443	634,831	714,791	880,867	881,985	883,393	919,315	945,636	923,386
Waste Management (post-merger) <sup>2</sup>	205,518	226,072	305,949	289,587	223,356	213,387	208,885	185,927	182,430	175,423
Rumpke Waste (4 facilities)	70,772	46,095	68,960	33,665	16,098	1,127	395	878	3,184	21,060
Waste Management (pre-merger) <sup>3</sup>	140,193	156,116	121,779	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Republic Waste Services	n/a	n/a	n/a	108,120	35,594	17,228	19,256	21,102	25,930	21,977
Other (14 facilities)	2,070	4,125	4,299	830	105	496	24	3,498	3,046	2,201
<b>Total</b>	<b>1,059,133</b>	<b>1,095,851</b>	<b>1,135,818</b>	<b>1,146,993</b>	<b>1,156,019</b>	<b>1,114,223</b>	<b>1,111,953</b>	<b>1,130,721</b>	<b>1,160,226</b>	<b>1,144,048</b>

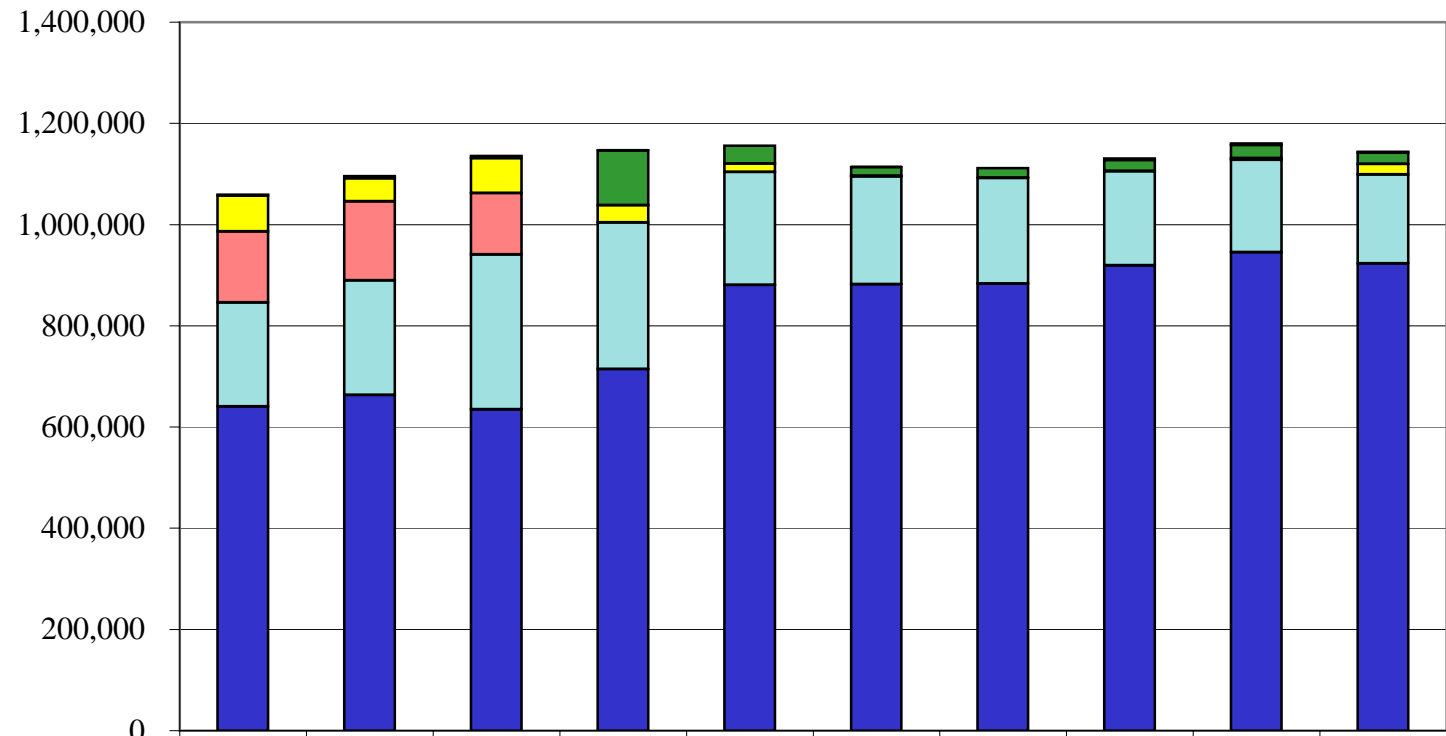
<sup>1</sup> The generation fee is charged on all solid waste generated within SWACO's jurisdiction and disposed in a sanitary landfill located in Ohio. Certain solid waste is exempt from the fee. The current \$5 per ton generation fee was enacted effective November 1, 1994.

<sup>2</sup> Includes 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).

<sup>3</sup> Includes 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 1996 - 2005**



	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Other (14 facilities)	2,070	4,125	4,299	830	105	496	24	3,498	3,046	2,201
Republic	0	0	0	108,120	35,594	17,228	19,256	21,102	25,930	21,977
Rumpke (4 facilities)	70,772	46,095	68,960	33,665	16,098	1,127	395	878	3,184	21,060
Waste Management (pre-merger)	140,193	156,116	121,779	0	0	0	0	0	0	0
Waste Management (post-merger)	205,518	226,072	305,949	289,587	223,356	213,387	208,885	185,927	182,430	175,423
SWACO (4 facilities)	640,580	663,443	634,831	714,791	880,867	881,985	883,393	919,315	945,636	923,386

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

Table 9

**SWACO**  
**Solid Waste Recycled 1996-2005**  
**(in tons)**

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Total tons of waste recycled										
Yard Waste Composting	88,964	92,207	83,020	74,224	89,589	105,315	113,293	142,860	150,949	145,540
Drop-off Recycling Program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	8,449	7,947	8,700
Just-in-Time Recycling Progra	n/a	n/a	n/a	n/a	n/a	248	356	429	602	626
Household Hazardous Waste	364	n/a	251	142	260	283	321	344	424	443
E-waste Collection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	70	196	155
Tire Recycling	497	457	312	222	112	149	177	176	115	84
Scrap Metal Recycling	462	981	385	634	335	369	262	245	119	71
Other	7	49	17	6	6	817	0	0	0	57
<b>Total</b>	<b>90,294</b>	<b>93,694</b>	<b>83,985</b>	<b>75,228</b>	<b>90,302</b>	<b>107,181</b>	<b>114,408</b>	<b>152,573</b>	<b>160,352</b>	<b>155,676</b>

**Tires and White Goods Received 1996 - 2005<sup>1</sup>**

	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Tires (each)	48,390	45,774	36,738	27,186	22,881	18,715	17,650	17,608	11,497	12,478
White goods (each)	6,071	5,403	4,548	4,957	6,596	6,972	7,249	5,404	4,527	3,622

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

Source: SWACO

Table 10

**SWACO**  
**Household Hazardous Waste collection 1996 - 2005**  
**( in pounds)<sup>1</sup>**

Material Classification	1996	1998	1999	2000	2001	2002	2003	2004	2005	Total
Alkaline Batteries	7,768	8,171	1,614	5,135	4,066	5,017	n/a	1,322	1,045	34,138
Loosepack Fuels	180,508	138,975	94,287	171,388	173,899	183,289	148,189	168,226	128,524	1,387,285
Aerosol-Flammable	23,224	12,626	5,307	9,997	12,160	11,222	15,636	27,202	27,684	145,058
Aerosol-Pesticides	9,025	4,734	2,573	6,268	5,197	7,455	8,078	47,542	45,332	136,204
Bulked Flammables	131,048	126,297	73,021	124,557	129,246	153,965	263,418	349,952	206,132	1,557,636
Latex Paint	103,699	113,253	65,206	98,629	124,979	147,297	89,184	74,860	369,645	1,186,752
Lab Pack A	144,949	3,281	1,616	10,715	10,616	11,850	15,211	6,107	6,472	210,817
Lab Pack B	53,468	37,787	21,014	46,397	39,979	37,932	47,757	51,200	776	336,310
Propane Cylinders	3,785	5,731	3,448	8,839	11,226	27,299	35,051	35,070	25,015	155,464
Lead/Acid Batteries	34,589	16,423	1,805	9,845	18,215	23,073	24,272	29,389	20,414	178,025
Acids/Bases	9,410	6,396	4,103	-	-	-	-	18,394	18,975	57,278
Freon	257	539	60	-	-	-	446	638	608	2,548
Used Oil /Antifreeze	26,633	27,437	9,935	28,606	36,253	33,680	38,596	35,346	33,285	269,771
Cylinders	-	-	-	-	-	-	605	1,084	1,242	2,931
Fire Extinguishers	-	-	-	-	-	-	1,348	1,872	876	4,096
Flourescent Light Bulbs	-	-	-	-	-	-	460	489	664	1,613
<b>Total</b>	<b>728,363</b>	<b>501,650</b>	<b>283,990</b>	<b>520,376</b>	<b>565,836</b>	<b>642,079</b>	<b>688,251</b>	<b>848,693</b>	<b>886,689</b>	<b>5,665,927</b>

<sup>1</sup> There was no collection in 1997.

Source: SWACO

Table 11

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

<b>Function</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Administration	14	16	19	20	21	20
Operations	53	50	46	58	69	79
Programs	7	9	9	7	6	6
<b>Total</b>	<b>74</b>	<b>75</b>	<b>74</b>	<b>85</b>	<b>96</b>	<b>105</b>

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

Source: SWACO

**SWACO**  
**Series 1997 Solid Waste Facility Improvements Bonds**

Year	Original Debt Service				Debt Service After Refunding		
	Principal	Coupon	Interest	Total Debt Service	Principal	Interest	Total Debt Service
1997	-	-	\$ 329,938	\$ 329,938	-	\$ 329,938	\$ 329,938
1998	\$ 575,000	5.000%	981,635	1,556,635	\$ 575,000	981,635	1,556,635
1999	605,000	5.000%	952,885	1,557,885	605,000	952,885	1,557,885
2000	640,000	5.000%	922,635	1,562,635	640,000	922,635	1,562,635
2001	675,000	5.000%	890,635	1,565,635	675,000	890,635	1,565,635
2002	710,000	5.000%	856,885	1,566,885	710,000	856,885	1,566,885
2003	750,000	4.500%	821,385	1,571,385	750,000	821,385	1,571,385
2004	790,000	4.300%	787,635	1,577,635	790,000	787,635	1,577,635
2005	835,000	5.500%	753,665	1,588,665	835,000	449,570	1,284,570
2006	880,000	5.500%	707,740	1,587,740	880,000	99,550	979,550
2007	930,000	5.500%	659,340	1,589,340	930,000	51,150	981,150
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	-	-	-
<b>Total</b>	<b>\$ 20,000,000</b>		<b>\$ 12,329,118</b>	<b>\$ 32,329,118</b>	<b>\$ 7,390,000</b>	<b>\$ 7,143,903</b>	<b>\$ 14,533,903</b>
Net interest cost (%)		4.864%					

Source: SWACO; The series 1997 bonds were refunded in 2005. See Table 3-15 (page 3-22) and Note 10 to the financial statements.

**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
<b>Total</b>	<b>\$ 57,205,000</b>		<b>\$ 25,270,650</b>	<b>\$ 82,475,650</b>

Net interest cost (%) 4.200%

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

**SWACO**

Table 14

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

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

Net interest cost (%)

4.170%

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



**SWACO**  
**Series 2005 Refunding Bonds**

Year	Original Debt Service (Series 1997)				Refunded Debt Service							Savings
	Principal	Coupon	Interest	Total Debt Service	Non-callable 1997 Bonds		Series 2005 Refunding Bonds			Total Debt Service		
					Principal	Interest	Principal	Coupon	Interest			
2005	\$ 835,000	5.500%	\$ 376,833	\$ 1,211,833	\$ 835,000	\$ 72,738	\$ -	-	\$ 59,889	\$ 967,626	244,206	
2006	880,000	5.500%	707,740	1,587,740	880,000	99,550	-	-	616,000	1,595,550	(7,810)	
2007	930,000	5.500%	659,340	1,589,340	930,000	51,150	-	-	616,000	1,597,150	(7,810)	
2008	980,000	4.500%	608,190	1,588,190	-	-	945,000	5.000%	616,000	1,561,000	27,190	
2009	1,035,000	4.600%	564,090	1,599,090	-	-	1,000,000	5.000%	568,750	1,568,750	30,340	
2010	1,090,000	4.700%	516,480	1,606,480	-	-	1,060,000	5.000%	518,750	1,578,750	27,730	
2011	1,150,000	4.750%	465,250	1,615,250	-	-	1,125,000	5.000%	465,750	1,590,750	24,500	
2012	1,215,000	4.800%	410,625	1,625,625	-	-	1,190,000	5.000%	409,500	1,599,500	26,125	
2013	1,280,000	4.850%	352,305	1,632,305	-	-	1,250,000	5.000%	350,000	1,600,000	32,305	
2014	1,350,000	4.900%	290,225	1,640,225	-	-	1,325,000	5.000%	287,500	1,612,500	27,725	
2015	1,425,000	4.900%	224,075	1,649,075	-	-	1,395,000	5.000%	221,250	1,616,250	32,825	
2016	1,500,000	5.000%	154,250	1,654,250	-	-	1,475,000	5.000%	151,500	1,626,500	27,750	
2017	1,585,000	5.000%	79,250	1,664,250	-	-	1,555,000	5.000%	77,750	1,632,750	31,500	
<b>Total</b>	<b>\$ 15,255,000</b>		<b>\$ 5,408,653</b>	<b>\$ 20,663,653</b>	<b>\$ 2,645,000</b>	<b>\$ 223,438</b>	<b>\$ 12,320,000</b>		<b>\$ 4,958,639</b>	<b>\$ 20,147,076</b>	<b>\$ 516,576</b>	

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

## SWACO

Table 16

### Series 2005 Landfill Equipment Bonds

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

Source: SWACO

Table 17

### Series 2005 Variable Rate Taxable Notes

Year	Principal	Interest	Total Debt Service
2005	\$ -	\$ 15,426	\$ 15,426
2006	-	92,775	92,775
2007	-	92,775	92,775
2008	22,000	92,721	114,721
2009	132,000	87,867	219,867
2010	132,000	78,595	210,595
2011	132,000	64,162	196,162
2012	132,000	57,178	189,178
2013	132,000	50,195	182,195
2014	132,000	43,211	175,211
2015	132,000	36,228	168,228
2016	132,000	29,244	161,244
2017	132,000	22,260	154,260
2018	132,000	15,277	147,277
2019	132,000	8,293	140,293
2020	85,250	1,394	86,644
<b>Total</b>	<b>\$ 1,559,250</b>	<b>\$ 787,602</b>	<b>\$ 2,346,852</b>

Interest for 2005-2010 reflects an interest rate swap (cap) entered into at the time the notes were issued. The swap expires in 2010 and interest for 2011-2020 is estimated.

**SWACO**

Table 18

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

Year	Principal	Interest <sup>2</sup>	Total Lease Obligation	Amount Paid or Credited	Interest on Deferred Balance <sup>3</sup>	Deferred Balance <sup>4</sup>
1993	\$ 4,991	\$ 8,099	\$ 13,090	\$ 13,090	\$ -	\$ -
1994	7,881	9,042	16,923	16,923	-	-
1995	5,579	5,853	11,432	6,000	153	5,585
1996	6,229	5,341	11,570	8,000	402	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 <sup>5</sup>	125	(51,643)
2005	8,097	1,551	9,647	2,776	14	6,885
<b>Subtotal 1993-2005</b>	<b>94,878</b>	<b>58,414</b>	<b>153,292</b>	<b>163,976</b>	<b>12,239</b>	<b>1,554</b>
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			
<b>Subtotal 2006-10</b>	<b>25,626</b>	<b>2,448</b>	<b>28,075</b>			
<b>Total 1993-2010</b>	<b>\$ 120,504</b>	<b>\$ 60,863</b>	<b>181,367</b>			

1. WTEF lease obligation as modified. Excludes unamortized bond premiums. Includes a 35 percent reduction in the lease. See Note 11 to financial statements.

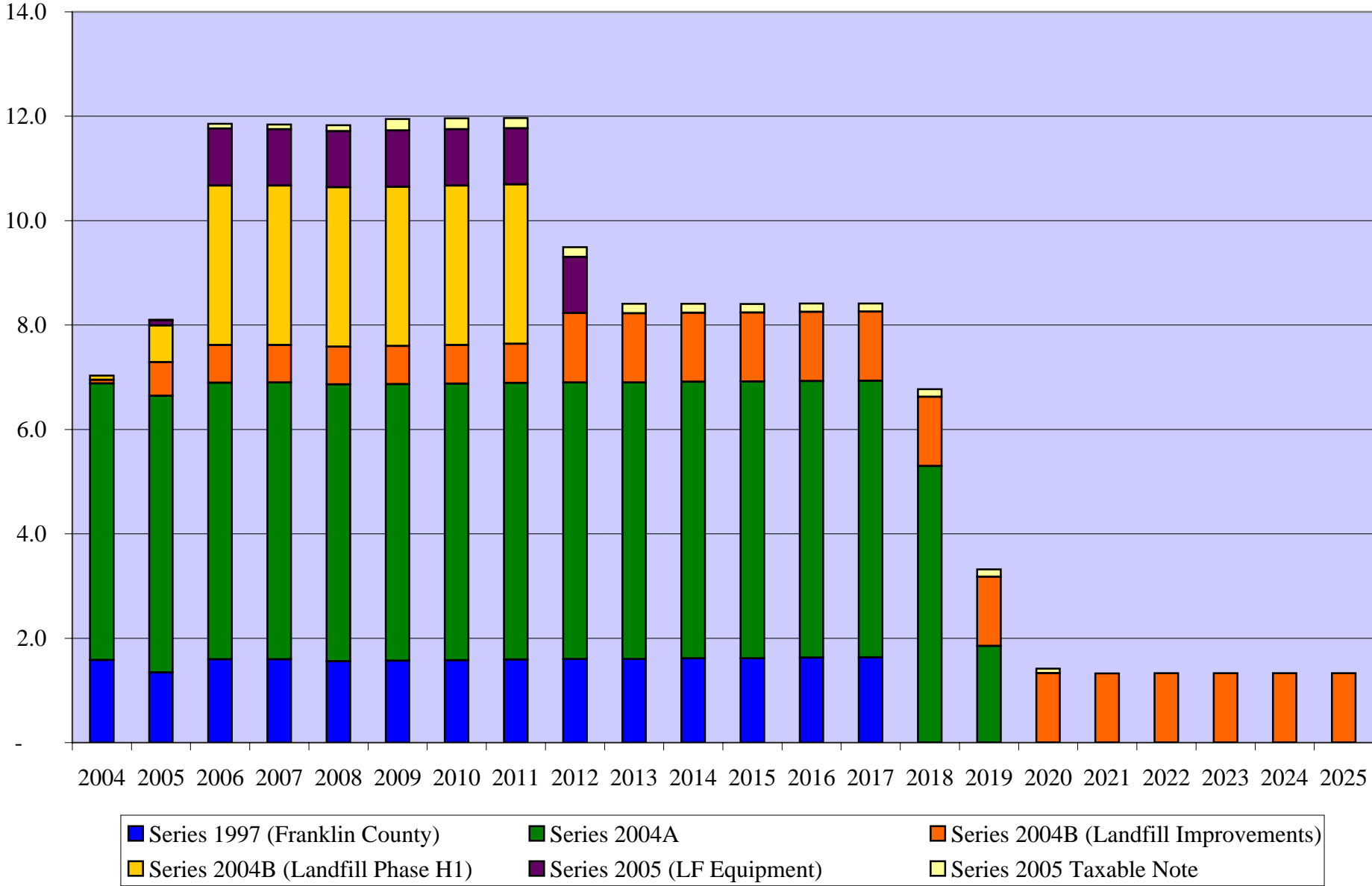
2. Includes letter of credit, remarketing and trustee fees on variable rate bonds issued by the City. The variable rate bonds were refinanced with fixed rate bonds in 2001.

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

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

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

### SWACO Debt Service 2004-2025



**SWACO**  
**Total and General Obligation Debt Ratios 1996 - 2005**

<b>Year</b>	<b>Total SWACO Debt<sup>1</sup> (thousands)</b>	<b>SWACO District Population<sup>2</sup></b>	<b>Total SWACO Debt PerCapita</b>	<b>SWACO General Obligation Debt<sup>3</sup> (thousands)</b>	<b>District Assessed Property Valuation (AV) (thousands)</b>	<b>SWACO G.O. Debt as a Percent of AV</b>	<b>Annual Debt Service Paid from Tipping Fees<sup>4</sup> (thousands)</b>	<b>Solid Waste Received by SWACO (tons)</b>	<b>Annual Debt Service Paid from Tipping Fees Per Ton Received</b>
1996	\$ 175,488	1,041,500	\$ 169	\$ 10,116	n/a	n/a	\$ -	640,580	\$ -
1997	185,487	1,051,900	177	20,115	n/a	n/a	-	663,443	-
1998	177,675	1,062,400	167	19,540	n/a	n/a	1,557	634,831	2.45
1999	159,210	1,073,000	148	18,935	18,996,420	0.10%	1,558	714,791	2.18
2000	154,848	1,093,500	141	18,295	21,471,779	0.09%	1,563	880,867	1.77
2001	144,948	1,109,800	130	17,505	22,001,903	0.08%	1,566	881,985	1.78
2002	135,251	1,119,000	120	16,795	22,637,484	0.07%	1,567	883,393	1.77
2003	124,097	1,132,000	109	16,045	25,346,374	0.06%	1,571	919,315	1.71
2004	125,725	1,140,000	107	102,274	25,403,524	0.40%	1,578	945,636	1.67
2005	128,553	1,159,000	105	106,498	26,603,727	0.40%	2,693	923,386	2.92

<sup>1</sup> Includes the WTEF lease, General Obligation Bonds, and 2005 taxable notes; net of reserve accounts and unamortized premiums and unamortized cost of issuance.

<sup>2</sup> See Table 20.

<sup>3</sup> Total General obligation bonds. Excludes WTEF lease and 2005 taxable notes (see Note 10).

<sup>4</sup> General obligation bonds excluding Series 2004A bonds (The Series 2004A bonds are paid from Retired Facility and Waiver Fees, see note 10).

Source: SWACO

**SWACO**  
**Indirect Debt and Property Tax Limitations, June 1, 2005<sup>1</sup>**

SWACO's debt is not subject to direct debt limits, but its unvoted general obligation debt (debt authorized by the Board of Trustees but not by a vote of the electors) is subject to overlapping restrictions with each respective county and school district. Limitations apply to each county total and should not be considered cumulatively. Total debt service charges for any one year of all overlapping debt must not exceed ten mills (1%) of the assessed property value. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. The most recent data prepared by the county auditors for this purpose is as of June 1, 2005.

<b>Overlapping Jurisdictions</b>	<b>Millage required</b>	<b>Unallocated Millage</b>
SWACO, Franklin County, the Village of Obetz & Hamilton Local School District	7.30	2.70
SWACO, Licking County, the City of Reynoldsburg & Reynoldsburg City School District	6.80	3.20
SWACO, Union County, the City of Dublin, Washington Township & Dublin City School District	4.68	5.32
SWACO, Delaware County, the City of Westerville, & the Westerville City School District	6.03	3.97

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

Table 21

**SWACO**  
**Ten Largest Employers 2005 and 1996**

Employer	2005			Employer	1996	
	Principal Business	Number of Employees	% of Total Employment		Number of Employees	% of Total Employment
State of Ohio	Government	30,009	5.0%	State of Ohio	27,793	4.8%
The Ohio State University	Education	18,763	3.1%	The Ohio State University	16,131	2.8%
JP Morgan Chase & Co.	Finance	13,707	2.3%	Banc One Corporation	10,161	1.8%
Nationwide Companies	Finance/Insurance	11,002	1.8%	Limited, Inc.	10,000	1.7%
United State Government	Government	10,365	1.7%	Nationwide Insurance Co.	9,000	1.6%
Ohio Health	Health Care	9,083	1.5%	City of Columbus	8,343	1.5%
Columbus Public Schools	Education	7,905	1.3%	Columbus Public Schools	6,977	1.2%
City of Columbus	Government	7,890	1.3%	Kroger Company	6,000	1.0%
Limited Brands	Trade	7,200	1.2%	Grant/Riverside Hospitals	5,938	1.0%
Walmart Stores	Trade	5,842	1.0%	Franklin County	5,845	1.0%
<b>Subtotal</b>		<b>121,766</b>	<b>20.2%</b>	<b>Total</b>	<b>94,405</b>	<b>17.5%</b>
Total Estimated Franklin County Employment		<u>604,000</u>	<u>100.0%</u>	Total Estimated Franklin County Employment	<u>574,000</u>	<u>100.0%</u>

Source: City of Columbus, Ohio, Comprehensive Annual Financial Reports, 2005 and 1996.

### District and Franklin County Demographic Statistics 1996 - 2005<sup>1</sup>

Fiscal Year	District Population <sup>2</sup>	Total Assessed Value Taxable District Property <sup>3</sup> (in thousands)	Franklin County Only			Total Assessed Value Taxable County Property <sup>5</sup> (in thousands)
			Population <sup>4</sup>	Per Capita Income <sup>5</sup>	Median Age <sup>5</sup>	
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	1,140,000	25,403,524	1,114,159	35,199	33	25,232,680
2005	1,159,000	26,603,727	1,144,820	N/A	N/A	28,168,095

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

<sup>2</sup>Estimated 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.

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

<sup>4</sup>Estimates 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.

<sup>5</sup> Woods & Poole Economics Inc. 2005 report not released as of report date.

Source: Swaco; Franklin County Auditor's Office



Table 23

**Average Unemployment Rates 1996 - 2005<sup>1</sup>**

<b>Fiscal Year</b>	<b>Franklin County</b>	<b>State of Ohio</b>	<b>United States</b>
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%
2005	4.9%	5.4%	5.0%

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

Source: Ohio Department of Job and Family Services

# **COMPLIANCE SECTION**



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

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

We have audited the basic financial statements of the Solid Waste Authority of Central Ohio, Franklin County, Ohio (the "Authority") as of and for the year ended December 31, 2005, wherein we noted the Authority implemented GASB Statement Numbers 42-47, and have issued our report thereon dated May 3, 2006. 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

Board of Trustees  
Report on Internal Control Over Financial Reporting and On  
Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards*

**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  
May 3, 2006



**Auditor of State  
Betty Montgomery**

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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  
AUGUST 17, 2006**