



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ended December 31, 2007



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2007 to December 31, 2007. 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 "Mary Taylor".

Mary Taylor, CPA
Auditor of State

July 28, 2008

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Comprehensive Annual Financial Report

of the

Solid Waste Authority of Central Ohio

for the

Fiscal Year ended December 31, 2007

Issued by the Solid Waste Authority of Central Ohio

Ronald J. Mills

Executive Director

Jeffrey M. Cahill

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, 2007**

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INTRODUCTORY SECTION



June 20, 2008

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

We are pleased to present SWACO’s Comprehensive Annual Financial Report (“CAFR”) for the fiscal year ended December 31, 2007 to the SWACO Board of Trustees and those living and doing business within the jurisdiction of SWACO.

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 2007.

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.

Wilson, Shannon & Snow, Inc., Certified Public Accountants, have issued an unqualified opinion on SWACO’s financial statements for the year ended December 31, 2007. The independent auditors’ report is located at the beginning of the Financial Section of the report, Section 2.

Management’s Discussion and Analysis (“MD&A”) immediately follows the independent auditors’ 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. 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 2005 the Ohio Environmental Protection Agency (the OEPA) approved the most recent update. The updated plan, which runs through 2019, had previously been approved by SWACO's member political subdivisions.

Budgetary Control

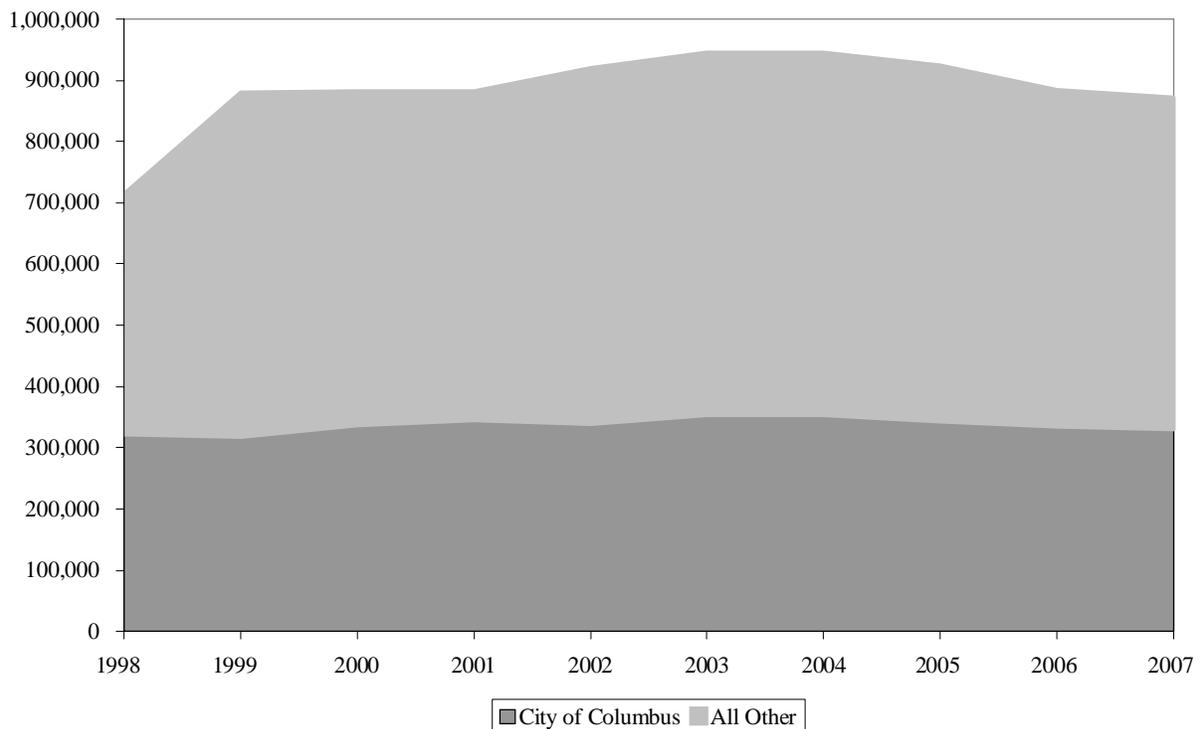
The Board of Trustees adopts annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (Salaries, Wages and Benefits; Contracts, Services and Supplies; Capital Outlays; etc.). Although there is no legal requirement for external reporting of budgetary basis financial data, the Statistical Section provides a budget to actual comparison for the year ending December 31, 2007.

Local Economy and Economic Outlook

SWACO is located principally within Franklin County, with the City of Columbus as the largest city within the District. Prior to 2001, both the County and the City enjoyed healthy economies characterized by low unemployment, an increasing tax base, and strong economic development. In recent years the state and local economies have shown slower growth including higher unemployment and lower income and sales tax collections. 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 the state and many local governments, SWACO's revenues are not tied to sales or income tax collections. Although 2007 solid waste receipts were down somewhat compared to 2006, they were within the range SWACO has experienced since 1999.

SWACO Waste Receipts 1998 - 2007



SWACO's January 1, 2005, 2006 and 2007 rate increases were the first rate increases 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 the MD&A on page 2-4.

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 is being phased-in over a three year period. The first increase went into effect at the beginning of 2005 and the final increase took effect in January 2007. The rate increase has not caused 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, 2006. This was the tenth consecutive year SWACO has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The Executive Director wishes to thank the employees of SWACO for their dedication and hard work. On behalf of the citizens and staff of SWACO, the Executive Director also acknowledges the support and efforts of the Board of Trustees. These Board members, who serve without compensation, have provided valuable expertise and guidance to SWACO and staff, as well as a significant time commitment, helping SWACO to achieve its goals.

Sincerely,



Ronald J. Mills,
Executive Director



G. Paul Koehler, CPA
Chief Financial Officer

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, 2006

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.



Charles S. Cox

President

Jeffrey R. Emer

Executive Director

Principal Officials

Board of Trustees

Bradley N. Frick, Chairman

Robert J. Clemons, Vice Chairman

Colleen H. Briscoe

Marilyn Brown

David J. Bush

Jacqueline E. LaMuth

William Lotz, Sr.

Steven P. Shepard

Joel S. Taylor

Staff

Ronald J. Mills, Executive Director

Jeffrey M. Cahill, Assistant Executive Director

G. Paul Koehler, Chief Financial Officer

Harold J. Anderson III, Chief Legal Counsel

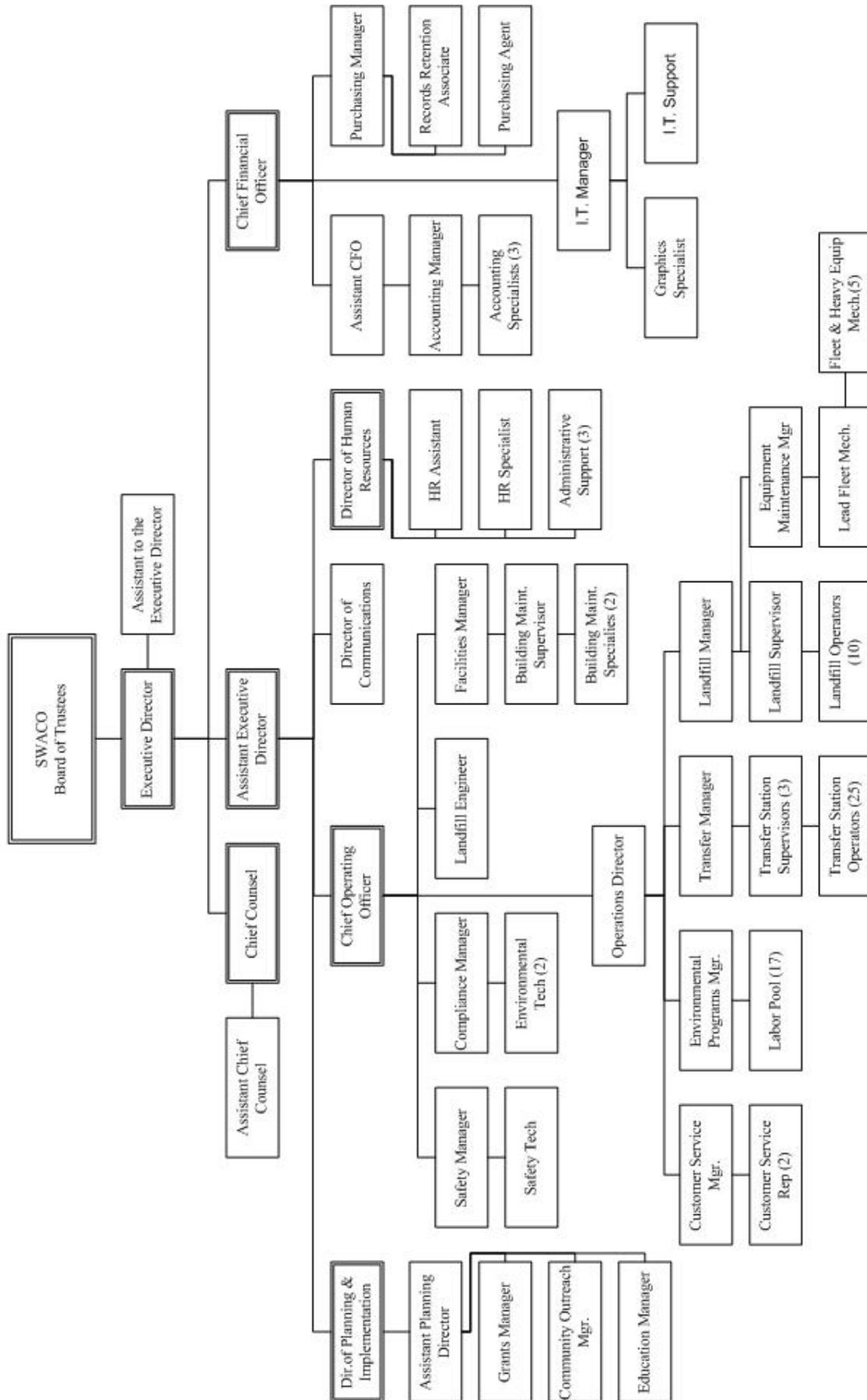
Rick A. Dodge, Chief Operating Officer

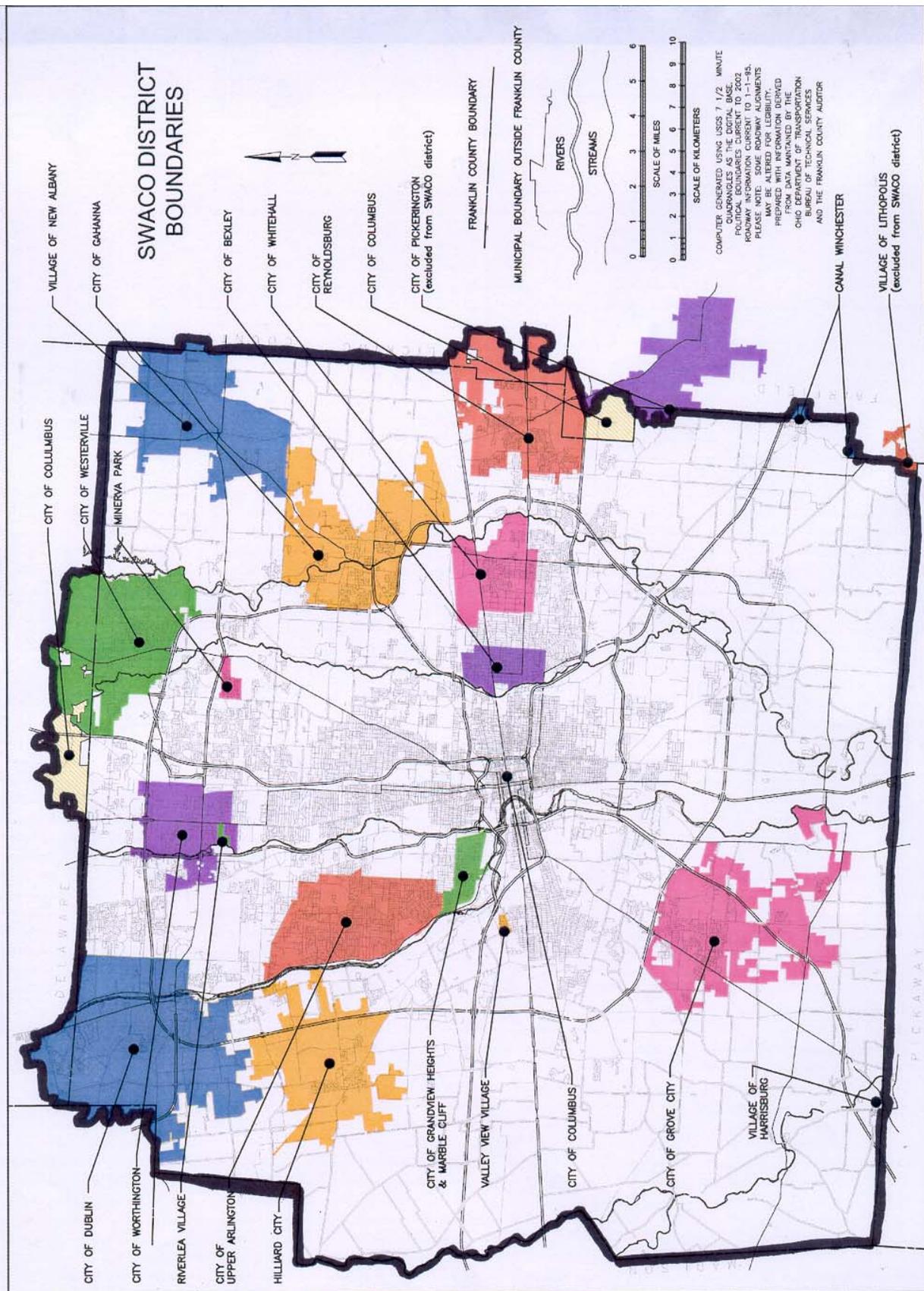
Elizabeth Hosler, Assistant Chief Financial Officer

Timothy B. Berlekamp, Director of Planning and Business Development

Letitia Pleasant, Director of Human Resources

SWACO Table of Organization





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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Solid Waste Authority of Central Ohio
Franklin County
6220 Young Road
Grove City, Ohio 43123-9518

To the Board of Trustees:

We have audited the accompanying financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County (the Authority), as of and for the year ended December 31, 2007, which collectively comprise the Authority's 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, as of December 31, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2008, 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 and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

We conducted our audit to opine on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, schedules and statistical tables provide additional information and are not a required part of the basic financial statements. The Schedule of Federal Awards Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the schedules and the Schedule of Federal Awards Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables 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.

June 20, 2008

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2007 (unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of the Solid Waste Authority of Central Ohio (SWACO) and provides an introduction to SWACO's financial statements for the fiscal year ended December 31, 2007. The information contained in this MD&A should be considered in conjunction with information presented in the letter of transmittal, beginning on page 1-1, and SWACO's financial statements and corresponding notes to the financial statements, which follow this section.

Overview Of The Financial Statements

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

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

- Statement of Net Assets – This statement presents information on all of SWACO's assets and liabilities, with the difference between the two reported as net assets.
- Statement of Revenues, Expenses and Changes in Fund Net Assets - This statement includes all operating and nonoperating revenues and expenses for SWACO and shows the change in SWACO's net assets during the most recent year.
- Statement of Cash Flows – This statement reports cash and cash equivalent activities for the year resulting from operating, capital and related financial activities. A reconciliation of operating income with net cash is provided.

Financial Highlights

Significant financial developments in 2007 include implementation of the third year of a planned three-year rate increase, a \$16.0 million note issue (including \$4.4 million refunding) to continue SWACO's capital improvements program, and continued progress in reducing SWACO's deficit related to its acquisition of the former City of Columbus solid waste incinerator (the "WTEF").

In 2004 the SWACO Board of Trustees adopted a \$5.00 per ton increase in the tipping fee to be phased-in over three years beginning in 2005. The increase is necessary to pay debt service on bonds issued to finance the landfill expansion and other capital improvements projects. The 2007 portion of the rate increase of \$1.25 per ton generated additional revenues of approximately \$1.1 million in 2007.

In August 2006 SWACO issued \$4,440,000 in General Obligation Bond Anticipation Notes to fund capital improvements. In 2007 SWACO issued two series of notes, Series 2007A in the amount of \$9.3 million to refund the Series 2006 notes and to provide an additional \$4.9 million for capital

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2007 (unaudited)

improvements, and Series 2007B in the amount of \$16.0 million to refund the Series 2007A notes and provide an additional \$6.7 million for capital improvement. Both notes issues, which were sold on a competitive basis, are described in more detail in Note 10.

SWACO's financial position improved by \$8.6 million in 2007 (all funds combined) and SWACO's net asset deficit fell to \$38.2 million at the end of 2007 compared to a beginning deficit of \$46.8 million. This reflects the continued progress SWACO is making in reducing the deficit related to the closed WTEF (see *Financial Position of SWACO*, below). SWACO's total revenues, expenses and changes in fund net assets are summarized in the following table:

	Revenues, Expenses, and Changes in Fund Net Assets Operating and Program Funds Combined		
	2006	2007	Increase (decrease)
Revenues			
Operating revenues	\$ 36,737,000	\$ 37,467,217	\$ 730,217
Nonoperating revenues	2,221,093	4,918,954	2,697,861
Total Revenues	<u>38,958,093</u>	<u>42,386,171</u>	<u>3,428,078</u>
Expenses			
Operating Expenses	28,867,811	28,100,875	(766,936)
Nonoperating expenses	5,614,655	5,709,293	94,638
Total Expenses	<u>34,482,466</u>	<u>33,810,168</u>	<u>(672,298)</u>
Change in net assets	4,475,627	8,576,003	4,100,376
Total net assets - beginning	<u>(51,247,686)</u>	<u>(46,772,059)</u>	<u>4,475,627</u>
Total net assets - ending	<u>\$ (46,772,059)</u>	<u>\$ (38,196,056)</u>	<u>\$ 8,576,003</u>

Financial Position of SWACO

As shown in the above table, SWACO ended 2007 with a combined deficit of \$38.2 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 2007 SWACO had reduced the deficit to \$54.5 million as shown in the following table. Note 11 provides additional information on the WTEF and WTEF lease.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2007 (unaudited)

	Discontinued Operations Total Net Assets (in thousands)				
	Carrying value of Waste-to- Energy Facility	WTEF lease obligation	Bonds Payable	Other Assets and (Liabilities)	Total Net Assets
1993	\$162,105	\$173,253	\$ -	\$ -	(\$11,148)
1994	36,594	165,372	-	(2,565)	(131,343)
1995	36,594	165,372	-	(3,565)	(132,343)
1996	36,594	165,372	-	(4,097)	(132,875)
1997	6,500	165,372	-	(8,361)	(167,233)
1998	6,433	158,135	-	(16,068)	(167,770)
1999	6,381	140,275	-	(4,150)	(138,044)
2000	6,338	136,553	-	(113)	(130,328)
2001	4,605	126,879	-	(1,734)	(124,008)
2002	1,976	119,480	-	(981)	(118,485)
2003	1,976	108,711	-	(964)	(107,699)
2004	1,121	28,751	56,379	4,837	(79,172)
2005	-	27,356	53,230	15,405	(65,181)
2006	-	15,817	50,029	5,986	(59,860)
2007	-	14,269	46,745	6,520	(54,494)

Operating Fund Net Assets

A comparison of Operating Fund net assets as of the end of 2006 and 2007 are shown in the table on the following page. Total assets increased by \$13.4 million in 2007 compared to 2006. Of the total increase, approximately \$11.0 million can be attributed to the issuance of the \$16.0 million Series 2007B Notes including a \$5.0 million increase in restricted cash and investments from unexpended note proceeds, and a \$6.0 million increase in capital assets resulting from the construction projects financed with the notes. Current liabilities increased by approximately \$18.8 million, again attributable to the issuance of the Series 2007B Notes.

Excluding the bonds payable and lease related to the WTEF, SWACO's capital assets net of related debt at the end of 2007 were \$5.7 million, an increase of approximately \$4.3 million from 2006. Approximately \$2.0 million of the increase is attributable to the construction of a landfill gas-to-energy facility financed in part with a US Department of Energy grant, increasing capital assets without a corresponding increase in debt.

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 closure and postclosure care of the landfill. 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 2007, the trust fund balance of \$21.1 million exceeded the accrued Sanitary Landfill closure/postclosure liability by approximately \$2.3 million.

SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2007
(unaudited)**

Operating Fund Net Assets			
	2006	2007	Increase (decrease)
Assets			
Current and other assets	\$ 11,612,337	\$ 12,137,881	\$ 525,544
Restricted cash and investments	8,780,710	13,753,152	4,972,442
Closure/postclosure funds held by trustee	19,218,055	21,104,036	1,885,981
Capital assets	<u>51,672,674</u>	<u>57,728,234</u>	<u>6,055,560</u>
Total assets	<u>91,283,776</u>	<u>104,723,303</u>	<u>13,439,527</u>
Liabilities			
Current liabilities	18,548,209	37,363,476	18,815,267
Bonds payable, less current portion, net	90,143,003	82,084,279	(8,058,724)
Capital lease obligation, less current portion	13,163,933	5,875,489	(7,288,444)
Landfill closure/postclosure liability, non current	<u>18,502,319</u>	<u>19,753,319</u>	<u>1,251,000</u>
Total liabilities	<u>140,357,464</u>	<u>145,076,563</u>	<u>4,719,099</u>
Net Assets			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(65,845,547)	(61,014,426)	4,831,121
Other capital assets, net	1,361,768	5,688,212	4,326,444
Restricted:			
Landfill closure/postclosure trust fund, net of accrued liability	1,715,055	2,325,036	609,981
Restricted investments	5,299,900	5,299,900	-
Other restricted, net	1,514,463	1,786,120	271,657
Unrestricted	<u>6,880,673</u>	<u>5,561,898</u>	<u>(1,318,775)</u>
Total net assets	<u>\$ (49,073,688)</u>	<u>\$ (40,353,260)</u>	<u>\$ 8,720,428</u>

SWACO maintains \$5.3 million in a debt service reserve account categorized as restricted investments. Other restricted assets at the end of 2007 of \$1.8 million includes cash restricted for the payment of debt service or capital improvements projects. Unrestricted net assets in the Operating Fund decreased by \$1.3 million during 2007 ending at approximately \$5.6 million as of December 31, 2007.

Operating Fund Revenues, Expenses and Changes in Fund Net Assets

The following table compares 2006 and 2007 revenues, expenses and changes in fund net assets in the Operating Fund.

SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2007
(unaudited)**

Operating Fund Revenues, Expenses, and Changes in Fund Net Assets			
	2006	2007	Increase (decrease)
Operating Revenues:			
Tipping and disposal fees	\$ 18,031,713	\$ 18,702,730	\$ 671,017
Waste transfer fees	4,377,173	4,336,118	(41,055)
Retired Facility and Waiver Fees	7,948,540	7,892,268	(56,272)
Other	<u>201,051</u>	<u>459,627</u>	<u>258,576</u>
Operating revenues	<u>30,558,477</u>	<u>31,390,743</u>	<u>832,266</u>
Operating Expenses:			
Salaries, wages and benefits	5,940,751	6,024,800	84,049
Contract, services and supplies	9,844,695	10,212,641	367,946
Depreciation and depletion	6,677,828	5,508,870	(1,168,958)
Landfill closing costs	1,365,000	1,276,000	(89,000)
Interfund transfers	<u>(587,744)</u>	<u>(693,678)</u>	<u>(105,934)</u>
Operating expenses	<u>23,240,530</u>	<u>22,328,633</u>	<u>(911,897)</u>
Operating income	<u>7,317,947</u>	<u>9,062,110</u>	<u>1,744,163</u>
Nonoperating revenues (expenses) :			
Interest expense	(5,040,414)	(5,115,900)	(75,486)
Interest earnings	1,962,496	2,679,886	717,390
Grant revenues	-	2,047,100	2,047,100
Grants awarded	(28,850)	-	28,850
Gain on sale of assets	<u>19,080</u>	<u>47,232</u>	<u>28,152</u>
Total nonoperating expenses	<u>(3,087,688)</u>	<u>(341,682)</u>	<u>2,746,006</u>
Change in net assets	4,230,259	8,720,428	4,490,169
Total net assets - beginning	<u>(53,303,947)</u>	<u>(49,073,688)</u>	<u>4,230,259</u>
Total net assets - ending	<u>\$ (49,073,688)</u>	<u>\$ (40,353,260)</u>	<u>\$ 8,720,428</u>

Solid waste deliveries to SWACO's facilities during 2007 were approximately 871,000 tons. This is below deliveries of approximately 884,000 tons and 923,000 tons in 2006 and 2005, respectively. Although waste receipts were below previous years, the January 1, 2007 rate increase resulted in tipping and disposal fees that were approximately \$671,000 greater in 2007 than they were in 2006. Similarly, total operating revenue in 2007 exceeded 2006 revenues by approximately \$832,000 in the Operating Fund.

Expenses for salaries, wages and benefits in 2007 were essentially flat compared to 2006 with an increase of only \$84,049 compared to a total budget of \$6.0 million. Contracts, services and supplies also showed modest growth, increasing approximately \$368,000 to \$10.2 million in 2007. Depreciation and depletion expenses decreased by \$1.2 million in 2007 compared to 2006 due to reduced landfill depletion resulting

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2007 (unaudited)

from lower airspace usage in 2007 and a reduction in the estimated cost of constructing the first two phases of the landfill expansion.

Operating income in 2007 was \$9.1 million, an increase of \$1.7 million compared to 2006. Nonoperating income included a \$2.0 million federal grant which is being used to partially finance construction of a landfill gas-to-energy facility. SWACO's financial position in the Operating Fund improved by \$8.7 million in 2007, reducing SWACO's net asset deficit from \$49.1 million at the beginning of the year to \$40.4 million at the end of the year.

Program Fund Net Assets

In the Program Fund, total net assets at the end of 2007 were approximately \$2.2 million consisting of restricted net assets (cash and receivables less payables) of approximately \$1,166,000 and net capital assets of approximately \$991,000. This is \$144,425 less than total net assets at the end of 2006.

	Program Fund Net Assets		
	2006	2007	Increase (decrease)
Assets			
Current assets	\$ 1,271,693	\$ 1,868,875	\$ 597,182
Capital lease receivable	1,559,250	4,900,000	3,340,750
Capital assets	<u>1,154,783</u>	<u>991,462</u>	<u>(163,321)</u>
Total assets	<u>3,985,726</u>	<u>7,760,337</u>	<u>3,774,611</u>
Liabilities			
Current Liabilities	124,847	725,133	600,286
Bonds payable, less current portion	<u>1,559,250</u>	<u>4,878,000</u>	<u>3,318,750</u>
Total liabilities	<u>1,684,097</u>	<u>5,603,133</u>	<u>3,919,036</u>
Net Assets			
Invested in capital assets, net of related debt	1,154,783	991,462	(163,321)
Restricted	<u>1,146,846</u>	<u>1,165,742</u>	<u>18,896</u>
Total net assets	<u>\$ 2,301,629</u>	<u>\$ 2,157,204</u>	<u>\$ (144,425)</u>

Program Fund Revenues, Expenses and Changes in Fund Net Assets

A comparison of 2006 and 2007 revenues and expenses in the Program Fund is shown in the following table. Consistent with the pattern in recent years, Generation Fees were little changed from 2006 to 2007. This reflects flat growth in waste generation, and the fact that the fee remained unchanged at \$5.00 per ton.

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Management's Discussion & Analysis for the Year Ended December 31, 2007 (unaudited)

Operating expenses also changed little from 2006 to 2007, increasing by approximately \$145,000. During 2007 net assets decreased approximately \$144,000 ending the year at \$2.2 million compared to \$2.3 million at the end of 2006.

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

	<u>2006</u>	<u>2007</u>	<u>Increase (decrease)</u>
Operating Revenues:			
Tipping and disposal fees	\$ 344,646	\$ 255,387	\$ (89,259)
Generation fees	5,715,976	5,663,315	(52,661)
Other	<u>117,901</u>	<u>157,772</u>	<u>39,871</u>
Operating revenues	<u>6,178,523</u>	<u>6,076,474</u>	<u>(102,049)</u>
Operating Expenses:			
Salaries, wages and benefits	1,163,604	1,326,075	162,471
Contract, services and supplies	3,679,278	3,589,168	(90,110)
Depreciation and depletion	196,655	163,321	(33,334)
Interfund transfers	<u>587,744</u>	<u>693,678</u>	<u>105,934</u>
Operating expenses	<u>5,627,281</u>	<u>5,772,242</u>	<u>144,961</u>
Operating income	<u>551,242</u>	<u>304,232</u>	<u>(247,010)</u>
Nonoperating revenues (expenses) :			
Grant revenues	239,517	144,736	(94,781)
Grants awarded	<u>(545,391)</u>	<u>(593,393)</u>	<u>(48,002)</u>
Total nonoperating expense	<u>(305,874)</u>	<u>(448,657)</u>	<u>(142,783)</u>
Change in net assets	245,368	(144,425)	(389,793)
Total net assets - beginning	<u>2,056,261</u>	<u>2,301,629</u>	<u>245,368</u>
Total net assets - ending	<u>\$ 2,301,629</u>	<u>\$ 2,157,204</u>	<u>\$ (144,425)</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 2006 and 2007.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2007 (unaudited)

Since 2004, SWACO has been in the midst of a major capital improvements program totaling over \$46 million. In 2007 SWACO acquired additional landfill buffer property at the cost of \$1,790,000, continued construction of the sanitary landfill expansion and a landfill gas-to-energy facility. The \$5.9 million increase in construction in progress in 2007 reflects these construction projects.

In the Operating Fund, depreciable assets decreased by \$1.6 million in 2007.

	Capital Assets		
Operating Fund	2006	2007	Increase (decrease)
Capital assets, not being depreciated:			
Land and land improvements	\$ 9,931,277	\$ 11,721,277	\$ 1,790,000
Construction in progress	4,401,251	10,278,742	5,877,491
Total capital assets, not being depreciated	<u>14,332,528</u>	<u>22,000,019</u>	<u>7,667,491</u>
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	\$ 9,238,020	\$ 9,037,746	\$ (200,274)
Building and improvements	2,558,600	2,373,805	(184,795)
Transfer stations	2,102,557	1,730,339	(372,218)
Sanitary landfill	23,440,969	22,586,325	(854,644)
Total capital assets, being depreciated, net	<u>37,340,146</u>	<u>35,728,215</u>	<u>(1,611,931)</u>
Total capital assets, net	<u>\$ 51,672,674</u>	<u>\$ 57,728,234</u>	<u>\$ 6,055,560</u>
Program Fund			
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	\$ 275,513	\$ 170,530	\$ (104,983)
Building and improvements	879,270	820,932	(58,338)
Total capital assets, net	<u>\$ 1,154,783</u>	<u>\$ 991,462</u>	<u>\$ (163,321)</u>

SWACO's capital asset activity is discussed in more detail in Note 6, Capital Assets.

Debt Administration

SWACO's outstanding debt as of December 31, 2006 and 2007 is shown in the following table:

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2007 (unaudited)

Oustanding Long-Term Debt

	<u>2006</u>	<u>2007</u>	<u>Increase (decrease)</u>
General Obligation Bonds, net	\$ 97,408,003	\$ 89,664,279	\$ (7,743,724)
General Obligation Notes	4,440,000	16,000,000	11,560,000
Taxable notes	1,559,250	4,900,000	3,340,750
Capital lease obligation	<u>15,816,933</u>	<u>14,269,489</u>	<u>(1,547,444)</u>
Total	<u>\$ 119,224,186</u>	<u>\$ 124,833,768</u>	<u>\$ 5,609,582</u>

SWACO's general obligation notes and bonds are unvoted issues backed by the authority to levy property taxes if necessary to pay debt service. It is SWACO's intention, however, not to levy the tax and to pay all debt service from other sources, primarily tipping fees charged at the landfill and transfer stations. Certain general obligation 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 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.

SWACO's general obligation bonds maintain a AA+ rating by Standard and Poor's and a Aa2 rating by Moody's Investors Service. The 2007 bond anticipation notes and the taxable notes are not rated. SWACO's debt management program is discussed in more detail in Note 10, Debt Management.

Economic Factors

Although SWACO's waste receipts in 2007 were below the previous year for the third year in a row, total receipts remain at a volume that allow for efficient operation of SWACO's facilities. In addition, certain SWACO revenues are collected on total District waste generation, which has remained stable at approximately 1.1 million tons annually. Until 2005, SWACO had not had a rate increase since implementation of the Retired Facility Fee and Waiver Fee in 1999. The SWACO Board approved a \$5.00 per ton rate increase in 2004 phased-in over three years with the final increase of \$1.25 on January 1, 2007. The increase was necessary to fund debt service on the landfill expansion and other capital improvements projects. SWACO did not increase rates on January 1, 2008 but anticipates a rate increase will be necessary in 2009. Management believes that SWACO's rates 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, 4239 London-Groveport 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, 2007

Assets	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 4,523,760	\$ -	\$ 4,523,760
Restricted cash	8,453,252	1,423,949	9,877,201
Investments	2,616,733	-	2,616,733
Restricted investments	5,299,900	-	5,299,900
Accounts receivable, net of allowance for bad debts	2,668,154	444,926	3,113,080
Federal grant receivable	1,980,000	-	1,980,000
Other assets	349,234	-	349,234
Total current assets	<u>25,891,033</u>	<u>1,868,875</u>	<u>27,759,908</u>
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	21,104,036	-	21,104,036
Capital assets:			
Sanitary Landfill, net of accumulated depletion and depreciation	22,586,325	-	22,586,325
Buildings and equipment, net of accumulated depreciation	13,141,890	991,462	14,133,352
Construction in progress	10,278,742	-	10,278,742
Land and land improvements	11,721,277	-	11,721,277
Lease receivable	-	4,900,000	4,900,000
Total noncurrent assets	<u>78,832,270</u>	<u>5,891,462</u>	<u>84,723,732</u>
Total assets	<u>\$ 104,723,303</u>	<u>\$ 7,760,337</u>	<u>\$ 112,483,640</u>

Continued

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

SWACO
Statement of Net Assets – Proprietary Funds
As of December 31, 2007

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 3,850,175	\$ 428,133	\$ 4,278,308
Accrued wages and benefits	750,335	-	750,335
Accrued interest	706,373	-	706,373
Notes payable	16,000,000	22,000	16,022,000
Current maturities of bonds payable	7,580,000	-	7,580,000
Capital lease obligation	8,394,000	-	8,394,000
Landfill postclosure liability-current portion	75,000	-	75,000
Other payables	<u>7,593</u>	<u>275,000</u>	<u>282,593</u>
Total current liabilities	<u>37,363,476</u>	<u>725,133</u>	<u>38,088,609</u>
Noncurrent liabilities:			
Bonds payable, less current portion, net	82,084,279	4,878,000	86,962,279
Capital lease obligation, less current portion	5,875,489	-	5,875,489
Landfill closure/postclosure liability	<u>19,753,319</u>	<u>-</u>	<u>19,753,319</u>
Total noncurrent liabilities	<u>107,713,087</u>	<u>4,878,000</u>	<u>112,591,087</u>
Total liabilities	<u>145,076,563</u>	<u>5,603,133</u>	<u>150,679,696</u>
Net Assets			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(61,014,426)	-	(61,014,426)
Other capital assets, net	5,688,212	991,462	6,679,674
Restricted:			
Closure/postclosure trust fund net of accrued liability - Sanitary Landfill	2,325,036	-	2,325,036
Restricted investments	5,299,900	-	5,299,900
Other restricted, net	1,786,120	1,165,742	2,951,862
Unrestricted	<u>5,561,898</u>	<u>-</u>	<u>5,561,898</u>
Total net assets	<u>\$ (40,353,260)</u>	<u>\$ 2,157,204</u>	<u>\$ (38,196,056)</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 Year Ended December 31, 2007**

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Operating Revenues:			
Tipping and disposal fees	\$ 18,702,730	\$ 255,387	\$ 18,958,117
Waste transfer fees	4,336,118	-	4,336,118
Retired Facility and Waiver Fees	7,892,268	-	7,892,268
Generation Fees	-	5,663,315	5,663,315
Other	459,627	157,772	617,399
	<u>31,390,743</u>	<u>6,076,474</u>	<u>37,467,217</u>
Operating revenues			
	<u>31,390,743</u>	<u>6,076,474</u>	<u>37,467,217</u>
Operating Expenses:			
Salaries, wages and benefits	6,024,800	1,326,075	7,350,875
Contract, services and supplies	10,212,641	3,589,168	13,801,809
Depreciation and depletion	5,508,870	163,321	5,672,191
Landfill closing costs	1,276,000	-	1,276,000
Interfund charges	(693,678)	693,678	-
	<u>22,328,633</u>	<u>5,772,242</u>	<u>28,100,875</u>
Operating expenses			
	<u>22,328,633</u>	<u>5,772,242</u>	<u>28,100,875</u>
Operating income	<u>9,062,110</u>	<u>304,232</u>	<u>9,366,342</u>
Nonoperating revenues (expenses):			
Interest expense	(5,115,900)	-	(5,115,900)
Interest earnings	2,679,886	-	2,679,886
Grant revenues	2,047,100	144,736	2,191,836
Grants awarded	-	(593,393)	(593,393)
Gain on sale of assets	47,232	-	47,232
	<u>(341,682)</u>	<u>(448,657)</u>	<u>(790,339)</u>
Total nonoperating expenses			
	<u>(341,682)</u>	<u>(448,657)</u>	<u>(790,339)</u>
Change in net assets	8,720,428	(144,425)	8,576,003
Total net assets - beginning	<u>(49,073,688)</u>	<u>2,301,629</u>	<u>(46,772,059)</u>
Total net assets - ending	<u>\$ (40,353,260)</u>	<u>\$ 2,157,204</u>	<u>\$ (38,196,056)</u>

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

SWACO
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 24,305,273	\$ 255,158	\$ 24,560,431
Retired Facility Fee and Waiver Fees collected	5,095,706	-	5,095,706
Generation Fees collected	-	5,303,235	5,303,235
Other receipts	292,422	157,773	450,195
Payments to employees	(4,654,743)	(1,326,075)	(5,980,818)
Payments for retirement and payroll taxes	(1,433,284)	-	(1,433,284)
Payments to vendors	(10,369,933)	(3,160,807)	(13,530,740)
Landfill post closure costs paid	(158,802)	-	(158,802)
Interfund charges	693,678	(693,678)	-
Other payments	(32,708)	50,000	17,292
Net cash provided by operating activities:	<u>13,737,609</u>	<u>585,606</u>	<u>14,323,215</u>
Cash flows from noncapital financing activities:			
Grants received	-	244,889	244,889
Grants awarded	67,100	(593,393)	(526,293)
Net cash provided by (used) by noncapital financing activities	<u>67,100</u>	<u>(348,504)</u>	<u>(281,404)</u>
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	24,705,230	-	24,705,230
Purchase of investments	(24,850,214)	-	(24,850,214)
Interest received	2,786,657	-	2,786,657
Net cash provided by investing activities	<u>2,641,673</u>	<u>-</u>	<u>2,641,673</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	25,418,504	4,900,000	30,318,504
Proceeds from sale of assets	47,232	-	47,232
Landfill, plant improvements and equipment additions	(9,869,028)	(3,340,750)	(13,209,778)
Principal paid on bonds and notes payable	(21,030,000)	(1,559,250)	(22,589,250)
Principal paid on capital lease	(70,303)	-	(70,303)
Interest paid	(4,983,167)	-	(4,983,167)
Debt issuance costs paid	(21,400)	-	(21,400)
Net cash used in capital and related financing activities	<u>(10,508,162)</u>	<u>-</u>	<u>(10,508,162)</u>
Net increase in cash	5,938,220	237,102	6,175,322
Cash and cash equivalents, beginning of year	7,038,792	1,186,847	8,225,639
Cash and cash equivalents, end of year	<u>\$ 12,977,012</u>	<u>\$ 1,423,949</u>	<u>\$ 14,400,961</u>

Continued

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

SWACO
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2007

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 9,062,110	\$ 304,232	\$ 9,366,342
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and depletion	5,508,870	163,321	5,672,191
Landfill closing costs	1,276,000	-	1,276,000
Lease credits received in lieu of cash:			
Applied to principal	(1,494,776)	-	(1,494,776)
Applied to interest	(810,033)	-	(810,033)
Increase (decrease) in cash resulting from changes in:			
Accounts receivable (net)	607,466	(360,080)	247,386
Accounts payable	(157,293)	428,133	270,840
Accrued wages and benefits	(63,227)	-	(63,227)
Landfill postclosure liability	(158,802)	-	(158,802)
Other assets and liabilities	<u>(32,706)</u>	<u>50,000</u>	<u>17,294</u>
Net cash provided by operating activities	<u>\$ 13,737,609</u>	<u>\$ 585,606</u>	<u>\$ 14,323,215</u>

Noncash capital and related financing activities (Operating Fund):

- Amortization of premiums on bonds payable of \$770,646.
- Amortization of debt issuance costs of \$142,874.
- Amortization of premiums on lease obligation of \$52,668.
- Amortization of reacquisition costs on refunding bonds of \$76,944.
- Change in carrying value of investments resulting in gain of \$297,927.

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

SWACO

Notes to Financial Statements

As of December 31, 2007

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).

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the statements

SWACO

Notes to Financial Statements

As of December 31, 2007

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 separation of the Operating Fund into Continuing and Discontinued Operations is shown in the supplemental schedules beginning on pages 2-40.

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

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

Investments: In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments are carried at fair value, including accrued interest receivable. Unrealized gains and losses resulting from changes in fair value are reported as adjustments to investment income. SWACO does not invest in any form of derivatives or reverse repurchase agreements. SWACO's cash and investments are discussed in more detail in Note 3.

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 first.

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

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

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

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of the bonds using the effective interest rate method.

Bond issuance cost and deferred amounts on refundings: Costs relating to issuing bonds and deferred amounts on refundings are netted against the outstanding bonds, as a liability valuation account, and are amortized over the 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. Any unspent capital related debt proceeds do not reduce *Net assets Invested in capital assets, net of related debt*. Net assets are reported as restricted when there are external restrictions imposed on their use, either contractually, by debt covenant, or by statute.

Application of Financial Accounting Standards Board ("FASB") Statements and Interpretations: In accordance with GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, SWACO is required to apply FASB statements and interpretations issued on or before November 30, 1989, and has elected not to apply those issued after that date.

New accounting pronouncements: In December 2006, the GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligation*. This Statement identifies the circumstances under which a governmental entity would be required to report a liability related to pollution remediation. This Statement is effective for periods beginning after December 15, 2007.

In May 2007, the GASB issued Statement No. 50, *Pension Disclosures – Conformity Changes*. This Statement amended GASB Statement No. 25, *Plans and Note Disclosures for Defined Contribution Plans*, and Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, to conform certain disclosures and required supplementary information presentations now required for other postemployment benefits by GASB Statement No. 43 and GASB Statement No. 45. This statement is effective for periods beginning after June 15, 2007.

In July 2007, the GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. The statement provides needed guidance regarding how to identify, account for, and report intangible assets. This statement is effective for periods beginning after June 15, 2009.

In November 2007, the GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. This statement is effective for periods beginning after June 15, 2008.

Management has not yet determined the impact these GASB statements will have on its financial statements.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to

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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, 2007, the carrying amounts of SWACO's deposits were \$7,278,390, which includes certificates of deposit totaling \$5,400,000, while the bank balances were \$7,782,715. Of the bank deposits, \$400,000 was insured by the Federal Deposit Insurance Corporation, and \$7,382,715 was uninsured and collateralized by collateral pools held by the financial institution and not in the name of SWACO.

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

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

STAR Ohio: SWACO invests in STAR Ohio, a highly liquid investment pool managed by the State Treasurer's Office with participation restricted to subdivisions of the State of Ohio. STAR Ohio is restricted to investing in securities authorized under Ohio Revised Code Section 135.143. STAR Ohio is not registered with the Securities Exchange Commission as an investment

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company, but does operate in a manner generally consistent with Rule 2a-7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is equal to SWACO's pro rata share of the fair value per share.

Money Market Mutual Funds: The Money Market Mutual Funds consist of overnight investments with a financial institution in an open-end, institutional money market fund complying with SEC Rule 2a&7 and investing only in U.S. government or agency securities pursuant to SWACO's investment policy. In accordance with the provisions of GASB Statement No. 31 these amounts are classified as investments but are not categorized.

Interest Rate Risk: It is SWACO's policy to manage interest rate risk by targeting the duration of the portfolio. Management of interest rate risk is an integral part an overall process that addresses total return, reinvestment risk, interest rate risk and credit risk.

Credit Risk: It is SWACO's policy to invest only in securities rated in the highest rating category (AAA/Aaa or A-1+/P-1/F1+) by at least one of the nationally recognized rating agencies (Standard & Poor's, Moody's Investors Service, and Fitch). SWACO's investment in federal agency coupon or discount securities meet this criteria. SWACO's investments with STAR Ohio and money market investments are rated AAAM by Standard & Poor's or Aaa by Moody's Investors Service. Investments in U.S. government treasury securities are not considered to have credit risk.

SWACO reports its investments at fair value in accordance with GASB Statement No. 31. SWACO recorded an unrealized gain of \$297,927 as of December 31, 2007, 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, 2007:

Cash and Investments at December 31, 2007

	Fair Value	Maturity in Years	
		Less than 1	1 to 3
Operating and Program Funds			
Carrying amount of deposits	\$ 7,278,390	\$ 7,278,390	-
STAR Ohio	5,041,854	5,041,854	-
Money Market Mutual Funds/Sweep acct.	2,078,017	2,078,017	-
Federal agency coupon	7,916,633	5,899,027	2,017,606
Cash on hand	2,700	2,700	-
	<u>22,317,594</u>	<u>20,299,988</u>	<u>2,017,606</u>
Closure/Postclosure Trust Fund			
Money Market Mutual Funds	297,091	297,091	-
U.S. Treasury notes	3,799,109	-	3,799,109
Federal agency securities	17,007,836	1,409,950	15,597,886
	<u>21,104,036</u>	<u>1,707,041</u>	<u>19,396,995</u>
Totals	<u>\$ 43,421,630</u>	<u>\$ 22,007,029</u>	<u>\$ 21,414,601</u>

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Notes to Financial Statements
As of December 31, 2007

Reconciliation of Cash and Investments to Statement of Net Assets

Per Statement of Net Assets	Operating Fund	Program Fund	Total
Cash and cash equivalents	\$ 4,523,760	\$ -	\$ 4,523,760
Restricted cash	8,453,252	1,423,949	9,877,201
Investments	2,616,733	-	2,616,733
Restricted investments	5,299,900	-	5,299,900
Closure/postclosure funds held by trustee: Investments	21,104,036	-	21,104,036
Totals	\$ 41,997,681	\$ 1,423,949	\$ 43,421,630

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, 2007, investments in the following issuers exceeded five percent of the portfolio: FNMA Notes (22%), FHLB Notes (17%), FHLMC Notes (14%), FFCB Notes (8%), and U.S. Treasury Notes (9%).

As further discussed in Note 4, cash in the amount of \$8,453,252 and investments of \$5,299,900 in the Operating fund and cash of \$1,423,949 in the Program Fund were restricted at December 31, 2007 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 funds dedicated to the payment of the WTEF lease (see Note 11).

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.

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Restricted Net Assets

	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash			
Capital improvements accounts	\$ 6,853,804	\$ -	\$ 6,853,804
Debt service reserve account	-	50,000	50,000
Bond retirement account	1,588,448	-	1,588,448
Underground storage tank account	11,000	-	11,000
Unexpended Generation Fees	-	1,373,949	1,373,949
Total restricted cash	<u>8,453,252</u>	<u>1,423,949</u>	<u>9,877,201</u>
Waiver and Generation Fees receivable	622,728	444,926	1,067,654
Restricted interest receivable	21,977	-	21,977
Less bonds payable related to capital improvements account	(6,879,320)	-	(6,879,320)
Less amounts payable from restricted assets	<u>(432,517)</u>	<u>(703,133)</u>	<u>(1,135,650)</u>
Other restricted assets, net	<u>\$ 1,786,120</u>	<u>\$ 1,165,742</u>	<u>\$ 2,951,862</u>
Restricted investments			
Debt service reserve account	<u>\$ 5,299,900</u>	<u>\$ -</u>	<u>\$ 5,299,900</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 \$500,000 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 (nine years as of December 31, 2007). 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.

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6. Capital Assets

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

The cost of Buildings, Equipment and certain Landfill Improvements (improvements that have a useful life independent of the landfill itself) is depreciated using a straight-line method over the following estimated useful lives:

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

Land acquisition, engineering, construction and other direct costs associated with the permitting, development, and construction of landfill capacity are capitalized and depleted based on the percentage of permitted or constructed capacity used during the year. Depletion is calculated based on cubic yards of solid waste disposed and placed in the landfill as measured through an annual aerial survey. Costs associated with development of the entire landfill site are depleted based on the percentage of total permitted capacity used. Costs associated with the development and construction of individual landfill cells are depleted based on the percentage of cell capacity used.

A summary of property, plant and equipment at December 31, 2007 is shown on the following page.

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Operating Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land and land improvements	\$ 9,931,277	\$ 1,790,000	\$ -	\$ 11,721,277
Construction in progress	4,401,251	7,881,733	(2,004,242)	10,278,742
Total capital assets, not being depreciated	<u>14,332,528</u>	<u>9,671,733</u>	<u>(2,004,242)</u>	<u>22,000,019</u>
Capital assets, being depreciated/depleted:				
Equipment and furnishings	15,896,981	1,807,422	(190,953)	17,513,450
Building and improvements	3,257,406	-	-	3,257,406
Transfer stations	7,072,002	-	-	7,072,002
Sanitary landfill	41,798,176	2,089,517	-	43,887,693
Total capital assets, being depreciated/depl.	<u>68,024,565</u>	<u>3,896,939</u>	<u>(190,953)</u>	<u>71,730,551</u>
Less accumulated depreciation/depletion for:				
Equipment and furnishings	(6,658,961)	(2,007,696)	190,953	(8,475,704)
Building and improvements	(698,806)	(184,795)	-	(883,601)
Transfer stations	(4,969,445)	(372,218)	-	(5,341,663)
Sanitary landfill	(18,357,207)	(2,944,161)	-	(21,301,368)
Total accumulated depreciation/depletion	<u>(30,684,419)</u>	<u>(5,508,870)</u>	<u>190,953</u>	<u>(36,002,336)</u>
Total capital assets, being deprec./depl., net	<u>37,340,146</u>	<u>(1,611,931)</u>	<u>-</u>	<u>35,728,215</u>
Total capital assets, net	<u>\$ 51,672,674</u>	<u>\$ 8,059,802</u>	<u>\$ (2,004,242)</u>	<u>\$ 57,728,234</u>
Program Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Equipment and furnishings	\$ 835,576	\$ -	\$ -	\$ 835,576
Building and improvements	1,210,214	-	-	1,210,214
Total capital assets, being depreciated	<u>2,045,790</u>	<u>-</u>	<u>-</u>	<u>2,045,790</u>
Less accumulated depreciation for:				
Equipment and furnishings	(560,063)	(104,983)	-	(665,046)
Building and improvements	(330,944)	(58,338)	-	(389,282)
Total accumulated depreciation	<u>(891,007)</u>	<u>(163,321)</u>	<u>-</u>	<u>(1,054,328)</u>
Total capital assets, being depreciated, net	<u>1,154,783</u>	<u>(163,321)</u>	<u>-</u>	<u>991,462</u>
Total capital assets, net	<u>\$ 1,154,783</u>	<u>\$ (163,321)</u>	<u>\$ -</u>	<u>\$ 991,462</u>

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7. Capital Lease Receivable

In 2005 SWACO purchased for approximately \$1.6 million a building housing a non-hazardous oily waste water processing facility located on land leased to the owner of the facility by SWACO. SWACO then entered into an agreement with the former owner to lease the building from SWACO. In 2007 SWACO purchased for approximately \$3.3 million the oily waste water processing equipment located in the building and amended the lease to include the equipment. Lease payments under the amended lease are equal to SWACO's debt service requirements on the building and equipment plus 1/2 of one percent (the base rent). In addition, the lessee is required to provide certain waste processing services to SWACO at no additional cost to SWACO (the supplemental rent). The lease is for a term of ten years, subject to earlier termination if the lessee prepaays the lease. At the end of the lease, title to the building and equipment passes to the lessee. Excluding the supplemental rent, the present value of the minimum lease payments is \$4,900,000, equal to the appraised value of the building and equipment plus financing costs. (see Series 2007 Variable Rate Taxable Notes, Note 10)

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) 222-5601 or (800) 222-7377.

OPERS administers three separate pension plans:

1. The Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. In addition, OPERS provides a cost-sharing, multiple-employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

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In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is also available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (“OPEB”) as described in GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits other than Pensions*.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Funding policy. The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, member contribution rates were consistent across all three plans. The 2007 employee contribution rate for members in local government was 9.5%. It is SWACO’s policy to pay the employee contribution for full time employees. The 2007 employer contribution rate for local government employer units was 13.85% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 13.85% of covered payroll for local government employer units. Active members do not make contributions to the OPEB Plan.

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

	<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>
2007	\$ 61,560	\$ 376,290	\$ 639,372	\$ 1,015,662
2006	37,191	368,003	615,574	983,577
2005	9,804	359,650	593,873	953,524
2004	9,530	318,406	515,599	834,005

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care benefits.

OPERS’ Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2007, the employer contribution allocated to the health care plan was 4.5% of the covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The rates stated above are the actuarially determined contribution requirements to OPERS. SWACO’s contribution to OPERS to fund post-employment benefits is \$207,738 for 2007.

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The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective on January 1, 2007. In addition to the HCPP, OPERS took additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, members and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

GASB Statement No. 45 requires disclosure of other post employment benefits. SWACO provides no post-employment benefits other than those provided through OPERS. The liability for past service costs at the time OPERS was established was assumed by the State of Ohio; therefore, it is not a liability of SWACO.

9. Construction Commitments

SWACO has two active construction projects as of December 31, 2007, the ongoing construction of the second phase of the landfill expansion (H2) and construction of a facility to convert landfill gas into compressed natural gas and bio-diesel fuel as a source of energy for SWACO and improvements to the Jackson Pike Transfer Station. At year end SWACO's commitments on these contracts stood as follows:

<u>Project</u>	<u>Cost to-Date</u>	<u>Remaining Commitment</u>
Landfill Phase H2 Construction	\$ 3,897,314	\$ 2,144,525
Green Energy Center	<u>2,684,388</u>	<u>249,781</u>
Total	<u>\$ 6,581,702</u>	<u>\$ 2,394,306</u>

10. Debt Management

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

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Outstanding Notes and Bonds as of December 31, 2007

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2007
Series 2004A	\$ 57,205,000	2004-2019	3.00%-5.00%	\$ 45,120,000
Series 2004B	29,670,000	2006-2025	3.50%-5.00%	24,715,000
Series 2005	6,750,000	2006-2012	3.00%-3.50%	4,955,000
Series 2005 refunding	12,320,000	2008-2017	5.00%	12,320,000
Subtotal, G.O. Bonds				\$ 87,110,000
Series 2007B G.O. notes	16,000,000	2008	4.00%	16,000,000
Series 2007 taxable notes	4,900,000	2008-2017	variable	4,900,000

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 the heavy equipment required to operate the landfill. Prior to this purchase, contractors responsible for the daily operation of the landfill provided the necessary equipment (see Note 13).

Series 1997 Bonds 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 were not callable). The Series 2005 Refunding Bonds are secured in the same manner as the Series 1997 Bonds.

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The net proceeds of the Series 2005 Refunding Bonds were used to fund an irrevocable trust with an escrow agent to provide for all future debt service payments on the callable portion of the Series 1997 Bonds. In 2007 the Series 1997 Bonds maturing in 2008 through 2017 were called and retired using the funds on deposit with the escrow agent.

Series 2006, 2007A and 2007B Bond Anticipation Notes: In 2006 SWACO issued \$4,440,000 in general obligation bond anticipation notes (the Series 2006 notes) to fund capital improvements, including on going construction of landfill expansion phases and construction of a electricity generation and fueling station located at the landfill and to be supplied by landfill gas. The notes matured in February 2007 and were refunded with the \$9.3 million *Series 2007A Bond Anticipation Notes* which provided an additional \$4.9 million for capital improvements projects. In November, 2007 SWACO issued the \$16.0 million *Series 2007B Bond Anticipation Notes* which refunded the Series 2007A notes and provided \$6.7 million in additional capital improvements funds. SWACO expects to refund the Series 2007B notes with notes or bonds upon their maturity.

It is anticipated that that debt service on the Series 2004B, Series 2005 Bonds, and the notes issued to refund the Series 2007B Notes (and any subsequent refunding note or bond issues) will be paid from SWACO's tipping fees or other sources of revenues. However, as is the case with the series 2004A bonds, the Series 2004B and Series 2005 Bonds and Series 2007 Notes are general obligation bonds secured by a pledge to levy ad valorem property taxes.

The following table summarizes SWACO's annual debt service requirements to maturity for its general obligation bonds (including general obligation bonds issued by Franklin County on behalf of SWACO) and outstanding as of December 31, 2007 categorized by source of debt service payment. The schedule does not include the \$16 million Series 2007B Bond Anticipation Notes principal and interest.

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			
	Principal	Interest	Principal	Interest	Principal	Interest
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	5,200,000	1,268,475	3,530,000	1,766,150	8,730,000	3,034,625
2012	2,955,000	1,047,350	3,710,000	1,589,650	6,665,000	2,637,000
2013-2017	10,995,000	3,713,388	21,520,000	4,973,500	32,515,000	8,686,888
2018-2022	4,990,000	1,653,338	6,740,000	407,800	11,730,000	2,061,138
2023-2025	<u>3,620,000</u>	<u>367,750</u>	<u>-</u>	<u>-</u>	<u>3,620,000</u>	<u>367,750</u>
Total	<u>\$41,990,000</u>	<u>\$13,112,339</u>	<u>\$45,120,000</u>	<u>\$15,013,300</u>	<u>\$87,110,000</u>	<u>\$28,125,639</u>

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Series 2005 and 2007 Variable Rate Taxable Notes. In 2005 SWACO issued \$1,559,250 Variable Rate Taxable Notes to acquire a building used as a oily waste-water processing facility. In 2007 SWACO purchased additional assets at the facility at a cost of approximately \$3.3 million and issued \$4,900,000 in Variable Rate Taxable Notes to fund the acquisition and refund the Series 2005 taxable notes (see Note 7). The Series 2007 Notes mature in 2017 with principal payments beginning in 2008. Interest on the notes is set at the one month LIBOR rate (London Interbank Offered Rate) plus 100 basis points (1%). The notes, which are not general obligations of SWACO, are secured by a pledge of lease payments from the operator of the facility and SWACO's Generation Fees. Although Generation Fees have not been used to pay the debt service on the taxable notes, if necessary up to 5% of Generation Fee income would be required for this purpose through 2017.

At the same time the Series 2007 Variable Rate Taxable Notes were issued, SWACO entered into a five-year interest rate swap in connection with the notes. The purpose of the swap is to mitigate against the risk of rising interest rates by effectively changing SWACO's variable interest rate on the notes to a synthetic fixed rate of 5.71 percent for a period of five years.

The notes mature on December 1, 2017, and the swap agreement on December 1, 2012. The swap's notional amount of \$4,900,000 matches the principal amount of the notes. Starting in November, 2008, the notional value of the swap and the principal amount of the associated notes decline by \$11,000 per month through November, 2009 and by \$49,000 per month beginning in December, 2009. Under the swap, SWACO pays the counterparty, the Huntington National Bank, a fixed payment of 5.71 percent and receives a variable payment computed at the same rate as the related notes (LIBOR plus one hundred basis points).

Because interest rates have risen since execution of the swap, the swap had a fair value of \$137,329 including accrued interest in favor of the swap counterparty as of December 31, 2007. Because the interest rate on the Series 2007 Variable-Rate Taxable Notes is subject to monthly adjustment, the notes do not have a corresponding fair value increase. The fair value was estimated using the zero-coupon method. This method calculates the future net settlement payments required by the swap, assuming that the current forward rates implied by the yield curve correctly anticipate future spot interest rates. These payments are then discounted using the spot rates implied by the current yield curve for hypothetical zero-coupon bonds due on the date of each future net settlement on the swap. The risks associated with the swap are as follows:

- (a) Credit risk: As of December 31, 2007, SWACO was not exposed to credit risk. As of that date the swap was valued at \$137,329 in the counterparty's favor. The swap counterparty was rated A- by Fitch Ratings, A- by Standard & Poor's and A2 by Moody's Investors Service as of December 31, 2007.
- (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.

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Notes to Financial Statements
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Swap payments and associated debt. Using rates as of December 31, 2007, 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		
2008	\$ 22,000	\$ 289,989	\$ (5,588)	\$ 284,401
2009	170,000	284,376	(5,480)	278,896
2010	588,000	261,988	(5,049)	256,939
2011	588,000	227,278	(4,380)	222,898
2012	588,000	193,123	(3,442)	189,681
2013-2017	2,944,000	442,365	-	442,365
Total	\$4,900,000	\$1,699,119	(\$23,939)	\$1,675,180

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 2006, the maximum millage required in any overlapping jurisdictions was 8.7 mills, leaving a margin of 1.3 mills.

Summary of Debt and Long-Term Liabilities

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2007 was as follow:

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Notes to Financial Statements
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Operating and Program Funds	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Notes and Bonds Payable					
Series 1997	\$ 930,000	\$ -	\$ (930,000)	\$ -	\$ -
Series 2004A	48,025,000	-	(2,905,000)	45,120,000	3,050,000
Series 2004B	27,240,000	-	(2,525,000)	24,715,000	2,655,000
Series 2005	5,860,000	-	(905,000)	4,955,000	930,000
Series 2005 Refunding	12,320,000	-	-	12,320,000	945,000
Series 2006 Notes	4,440,000	-	(4,440,000)	-	-
Series 2007A Notes	-	9,325,000	(9,325,000)	-	-
Series 2007B Notes	-	16,000,000	-	16,000,000	16,000,000
Unamortized bond premiums	4,356,108	93,504	(770,646)	3,678,966	-
Unamortized cost of issuance	(788,145)	(21,400)	142,874	(666,671)	-
Unamortized reacquisition price	(534,960)	-	76,944	(458,016)	-
Total General Obligation notes and bonds payable, net	<u>101,848,003</u>	<u>25,397,104</u>	<u>(21,580,828)</u>	<u>105,664,279</u>	<u>23,580,000</u>
Revenue Notes Payable					
Series 2005 Var. Rate Taxable	1,559,250	-	(1,559,250)	-	-
Series 2007 Var. Rate Taxable	-	4,900,000	-	4,900,000	22,000
Total Revenue Notes Payable	<u>1,559,250</u>	<u>4,900,000</u>	<u>(1,559,250)</u>	<u>4,900,000</u>	<u>22,000</u>
Capital lease obligation	<u>15,816,933</u>	-	<u>(1,547,444)</u>	<u>14,269,489</u>	<u>8,394,000</u> *
Landfill closure & postclosure liability	<u>18,711,121</u>	<u>1,276,000</u>	<u>(158,802)</u>	<u>19,828,319</u>	<u>75,000</u>
Total long term liabilities	<u>\$ 137,935,307</u>	<u>\$ 31,573,104</u>	<u>\$ (24,846,324)</u>	<u>\$ 144,662,087</u>	<u>\$ 32,071,000</u>

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

11. Capital Lease Obligation

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

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

Management determined that SWACO would be unable to recover the carrying value of the WTEF at the date of closure and the WTEF was written down to \$36,594,000, and a loss of \$126,248,000 was recognized. Subsequent write downs of \$30,034,000 in 1997 and \$2,627,000 in 2001, plus sale of the turbine-generator sets and other equipment located in the facility reduced the carrying value of the WTEF to \$1,121,000 as of December 31, 2005, reflecting the appraised value of usable space at the facility as of that date. In 2005, SWACO completed demolition of all but the usable portion of the facility and entered into 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 owed by the City for use of SWACO's facilities are applied directly to the lease obligation as a credit. The Waiver Fee and Retired Facility Fee revenues have not been sufficient to satisfy all of the modified lease obligation and SWACO accumulated a deferred lease obligation of \$46.3 million at the end of 2003.

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

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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 table is a schedule of the remaining minimum lease payments owed to the City if paid when due and an estimate of the actual payments expected to be made. As permitted under the modified lease, and as shown in Note 10, SWACO expects to pay \$8,394,000 on the lease in 2008. The unpaid balance will be deferred until later years pursuant to the modified lease. This will increase the total amount of interest paid on the lease as shown in the table below.

<u>Year Ending December 31,</u>	<u>As Scheduled</u>	<u>Estimated Actual</u>
2008	\$ 10,345,636	\$ 8,394,000
2009	2,373,236	2,350,300
2010	2,114,390	2,288,800
2011	-	2,288,800
2012	-	182,300
	<u>14,833,262</u>	<u>15,504,200</u>
Total minimum lease payments	14,833,262	15,504,200
Less: Amount representing interest	<u>(563,773)</u>	<u>(1,234,711)</u>
Present value of minimum lease payments	<u>\$ 14,269,489</u>	<u>\$ 14,269,489</u>

SWACO and the City entered into a ninth modification of the lease in 2008 which is described in more detail in Note 16, Subsequent Events.

12. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require SWACO to place a final cover on its Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only when portions of the landfill reach final waste elevation, 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 \$48,160,000. These amounts are estimated based on the costs to perform all closure and postclosure care in 2007. 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 Landfill Closure/postclosure liability as of December 31, 2007 includes \$18,779,000 representing the cumulative amount reported based on the use of 100% of the estimated capacity of the landfill before expansion and 26% 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 Landfill Closure/postclosure care liability as of December 31, 2007 includes \$75,000 as a current liability related to a contract for improvements to the gas collection system and \$974,319 as a noncurrent liability representing the 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. The agreement was extended an additional five years in 2007. Under the agreement, SWACO pays a monthly service fee to the facility operator to accept and process yard waste delivered from the SWACO District. Operating expenses under the service agreement were \$374,400 in 2007. The future minimum service payments are \$374,400 annually from 2008 through 2011 and \$280,800 in 2012, the last year of the agreement.

SWACO also is party to a yard waste compost facility service agreement which expires in 2016. Under the agreement, SWACO pays a service fee for each ton of yard waste delivered to the facility, with no guaranteed minimum payments to the facility operator. Operating expenses under the service agreement were \$1,445,404 in 2007. Operating expenses are expected to continue into the future but there are no future minimum service payments under the agreement.

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 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, SWACO paid the contractor for each ton of waste received at the landfill. During 2007 SWACO paid the contractor approximately \$3,275,000.

The final landfill operating contract expired at the end of 2007 and in 2008 SWACO began operating the landfill with its own management and labor.

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14. Commitments and Contingencies

As the operator of solid waste disposal and transfer facilities, SWACO is subject to environmental regulation by federal, state and local governmental authorities. These authorities have the power to enforce compliance with environmental laws and regulations and to obtain injunctions or impose fines in the case of violations. In addition, SWACO's operation of landfills subjects it to certain operational, monitoring, site maintenance, closure and postclosure obligations. As the result of this extensive regulation, SWACO may become subject to various judicial and administrative proceedings involving federal, state or local regulatory agencies. If these agencies find that SWACO's operations or facilities are not in compliance with applicable environmental regulations or operating permits, they could seek to impose fines on SWACO or to revoke or deny renewal of an operating permit held by SWACO. Failure to correct the problems to the satisfaction of the authorities could lead to curtailed operations or closure of the landfill or transfer stations.

Certain federal and state environmental laws impose strict liability on SWACO for such matters as contamination of water supplies or other environmental damage associated with its operation of solid waste facilities. If such contamination or environmental damage were to occur, the resulting cost to SWACO of corrective measures and cleanup could adversely affect SWACO's financial condition.

15. Risks and Uncertainties

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

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

SWACO provides health care benefits to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,000 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 14,800 plan subscribers when spouses and dependents are counted. During 2007 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.

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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 2006 and 2007, 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, 2006 and 2007.

	<u>2006</u>	<u>2007</u>
Unpaid Claims at January 1	\$ -	\$ -
Incurred Claims	882,077	893,857
Paid claims	<u>(882,077)</u>	<u>(893,857)</u>
Unpaid Claims at December 31	<u>\$ -</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, 2007. 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>2006</u>	<u>2007</u>
Unpaid Claims at January 1	\$ -	\$ -
Incurred Claims	762	81
Paid claims	<u>(762)</u>	<u>(81)</u>
Unpaid Claims at December 31	<u>\$ -</u>	<u>\$ -</u>

16. Subsequent Events

In January 2008 SWACO entered into an agreement to facilitate construction of a facility which will manufacture building panels from recycled polystyrene. The facility will be located on land leased to the owner of the facility by SWACO. SWACO is facilitating the project by agreeing to purchase the building in the event project revenues are not sufficient to pay the debt on the building. SWACO and the City of Columbus entered into a Ninth modification to the WTEF lease in 2008 that resulted in the replacement of the \$5.3 million debt service reserve account related to the Series 2004A bonds with a surety bond. The release of the reserve fund will permit SWACO to make a supplemental lease payment of \$5.3 million to the City in 2008.

SWACO**Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2007**

Assets	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Current assets:			
Cash and cash equivalents	\$ 4,523,760	\$ -	\$ 4,523,760
Restricted cash	7,444,944	1,008,308	8,453,252
Investments	2,616,733	-	2,616,733
Restricted investments	-	5,299,900	5,299,900
Accounts receivable, net	2,045,426	622,728	2,668,154
Federal grant receivable	1,980,000	-	1,980,000
Other assets	<u>327,257</u>	<u>21,977</u>	<u>349,234</u>
Total current assets	<u>18,938,120</u>	<u>6,952,913</u>	<u>25,891,033</u>
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	21,104,036	-	21,104,036
Capital assets			
Sanitary landfill, net of accumulated depletion and depreciation	22,586,325	-	22,586,325
Buildings and equipment, net of accumulated depreciation			
Transfer stations	1,730,339	-	1,730,339
Equipment and furnishings	9,037,746	-	9,037,746
Buildings and improvements	2,373,805	-	2,373,805
Construction in progress	10,278,742	-	10,278,742
Land and land improvements	<u>11,721,277</u>	<u>-</u>	<u>11,721,277</u>
Total noncurrent assets	<u>78,832,270</u>	<u>-</u>	<u>78,832,270</u>
Total assets	<u>\$ 97,770,390</u>	<u>\$ 6,952,913</u>	<u>\$ 104,723,303</u>

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Net Assets – Proprietary Fund****As of December 31, 2007**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Liabilities			
Current liabilities:			
Accounts payable	\$ 3,850,175	\$ -	\$ 3,850,175
Accrued wages and benefits	750,335	-	750,335
Accrued interest	273,856	432,517	706,373
Notes payable	16,000,000	-	16,000,000
Current maturities of bonds payable	4,530,000	3,050,000	7,580,000
Capital lease obligation	-	8,394,000	8,394,000
Landfill postclosure liability-current portion	75,000	-	75,000
Other payables	<u>7,593</u>	<u>-</u>	<u>7,593</u>
Total current liabilities	<u>25,486,959</u>	<u>11,876,517</u>	<u>37,363,476</u>
Noncurrent liabilities:			
Bonds payable, less current portion, net	38,389,342	43,694,937	82,084,279
Capital lease obligation, less current portion	-	5,875,489	5,875,489
Landfill closure/postclosure liability	<u>19,753,319</u>	<u>-</u>	<u>19,753,319</u>
Total noncurrent liabilities	<u>58,142,661</u>	<u>49,570,426</u>	<u>107,713,087</u>
Total liabilities	<u>83,629,620</u>	<u>61,446,943</u>	<u>145,076,563</u>
Net Assets			
Invested in capital assets, net of related debt:			
Lease obligation and bonds payable related to closed waste-to-energy facility	-	(61,014,426)	(61,014,426)
Other capital assets, net	5,688,212	-	5,688,212
Restricted			
Closure/postclosure trust fund net of accrued liability - Sanitary Landfill	2,325,036	-	2,325,036
Restricted investments	-	5,299,900	5,299,900
Other restricted, net	565,624	1,220,496	1,786,120
Unrestricted	<u>5,561,898</u>	<u>-</u>	<u>5,561,898</u>
Total net assets	<u>\$ 14,140,770</u>	<u>\$ (54,494,030)</u>	<u>\$ (40,353,260)</u>

SWACO**Supplemental Schedule—Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Fund
For the Year Ended December 31, 2007**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Operating Revenues:			
Tipping and disposal fees	\$ 18,702,730	\$ -	\$ 18,702,730
Waste transfer fees	4,336,118	-	4,336,118
Retired Facility and Waiver Fees	-	7,892,268	7,892,268
Other	<u>398,066</u>	<u>61,561</u>	<u>459,627</u>
Operating revenues	<u>23,436,914</u>	<u>7,953,829</u>	<u>31,390,743</u>
Operating Expenses:			
Salaries, wages and benefits	6,024,800	-	6,024,800
Contract, services and supplies	10,209,334	3,307	10,212,641
Depreciation and depletion	5,508,870	-	5,508,870
Landfill closing costs	1,276,000	-	1,276,000
Interfund transfers	<u>(623,375)</u>	<u>(70,303)</u>	<u>(693,678)</u>
Operating expenses	<u>22,395,629</u>	<u>(66,996)</u>	<u>22,328,633</u>
Operating income	<u>1,041,285</u>	<u>8,020,825</u>	<u>9,062,110</u>
Nonoperating revenues (expenses):			
Interest expense	(2,346,437)	(2,769,463)	(5,115,900)
Interest earnings	2,565,719	114,167	2,679,886
Grant revenues	2,047,100	-	2,047,100
Gain on sale of assets	<u>47,232</u>	<u>-</u>	<u>47,232</u>
Total nonoperating revenues (expenses)	<u>2,313,614</u>	<u>(2,655,296)</u>	<u>(341,682)</u>
Change in net assets	3,354,899	5,365,529	8,720,428
Total net assets - beginning	<u>10,785,871</u>	<u>(59,859,559)</u>	<u>(49,073,688)</u>
Total net assets - ending	<u>\$ 14,140,770</u>	<u>\$ (54,494,030)</u>	<u>\$ (40,353,260)</u>

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2007**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Cash flows from operating activities:			
Receipts from customers	\$ 24,305,273	\$ -	\$ 24,305,273
Retired Facility Fees and Waiver Fees collected	-	5,095,706	5,095,706
Other receipts	230,861	61,561	292,422
Payments to employees	(4,654,743)	-	(4,654,743)
Payments for retirement and payroll taxes	(1,433,284)	-	(1,433,284)
Payments to vendors	(10,366,626)	(3,307)	(10,369,933)
Landfill post closure costs paid	(158,802)	-	(158,802)
Interfund charges	623,375	70,303	693,678
Other payments	(32,708)	-	(32,708)
Net cash provided by operating activities:	<u>8,513,346</u>	<u>5,224,263</u>	<u>13,737,609</u>
Cash flows from noncapital financing activities:			
Grants received	<u>67,100</u>	<u>-</u>	<u>67,100</u>
Cash flows from investing activities:			
			-
Proceeds from sales and maturities of investments	24,705,230	-	24,705,230
Purchase of investments	(24,850,214)	-	(24,850,214)
Interest received	<u>2,686,086</u>	<u>100,571</u>	<u>2,786,657</u>
Net cash provided by investing activities	<u>2,541,102</u>	<u>100,571</u>	<u>2,641,673</u>
Cash flows from capital and related financing activities:			
Proceeds from capital debt	25,418,504	-	25,418,504
Proceeds from sale of assets	47,232	-	47,232
Landfill, plant improvements and equipment additions	(9,869,028)	-	(9,869,028)
Principal paid on bonds and notes payable	(18,125,000)	(2,905,000)	(21,030,000)
Principal paid on capital lease	-	(70,303)	(70,303)
Interest paid	(2,497,992)	(2,485,175)	(4,983,167)
Debt issuance costs paid	(21,400)	-	(21,400)
Net cash used in capital and related financing activities	<u>(5,047,684)</u>	<u>(5,460,478)</u>	<u>(10,508,162)</u>
Net increase (decrease) in cash	6,073,864	(135,644)	5,938,220
Cash and cash equivalents, beginning of year	<u>5,894,840</u>	<u>1,143,952</u>	<u>7,038,792</u>
Cash and cash equivalents, end of year	<u>\$ 11,968,704</u>	<u>\$ 1,008,308</u>	<u>\$ 12,977,012</u>

Continued

SWACO**Supplemental Schedule—Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2007**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,041,285	\$ 8,020,825	\$ 9,062,110
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and depletion	5,508,870	-	5,508,870
Landfill closing costs	1,276,000	-	1,276,000
Lease credits received in lieu of cash:			
Applied to principal	-	(1,494,776)	(1,494,776)
Applied to interest	-	(810,033)	(810,033)
Increase (decrease) in cash resulting from changes in:			
Accounts receivable (net)	1,099,219	(491,753)	607,466
Accounts payable	(157,293)	-	(157,293)
Accrued wages and benefits	(63,227)	-	(63,227)
Landfill postclosure liability	(158,802)	-	(158,802)
Other assets and liabilities	<u>(32,706)</u>	<u>-</u>	<u>(32,706)</u>
Net cash provided by operating activities	<u>\$ 8,513,346</u>	<u>\$ 5,224,263</u>	<u>\$ 13,737,609</u>

Noncash capital and related financing activities:

Amortization of premiums on lease obligation and bonds payable of \$314,281 for Continuing Operations and \$456,365 for Discontinued Operations.

Amortization of debt issuance costs of \$65,186 for Continuing Operations and \$77,688 for Discontinued Operations.

Amortization of premiums on lease obligation of \$52,688 (Discontinued Operations).

Amortization of reacquisition costs on refunding bonds payable of \$76,944 (Continuing Operations).

Change in carrying value of investments resulting in gain of \$297,927 (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 year 2007.

Revenue capacity information on solid waste deliveries and tipping fees at SWACO facilities is presented in Tables 4 through 8. Table 8 provides generation fees reported by solid waste facilities receiving waste generated from within the Franklin County Solid Waste Management District (the "District") and disposed in an Ohio landfill.

Indicators of the level of demand for service are included in tables throughout the statistical section and include tons received (Tables 4 and 5), Top Ten customer data (Table 5), tons generated (Table 8), and tons recycled (Tables 9 and 10). Table 11 shows current and historical SWACO employees by function.

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

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

SWACO
Schedules of Net Assets - All Funds
For Years Ended December 31, 1998 through 2007
(in thousands)¹

ASSETS	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Cash and cash equivalents	\$ 7,804	\$ 10,077	\$ 11,591	\$ 11,371	\$ 6,257	\$ 5,772	\$ 7,210	\$ 3,128	\$ 3,558	\$ 4,524
Restricted cash	10,800	10,327	7,650	6,072	5,239	3,554	20,277	5,286	4,668	9,877
Unrestricted and restricted investments	-	-	-	-	4,493	2,496	2,001	14,757	9,909	7,917
Accounts receivable, net	1,872	2,040	2,143	2,328	2,293	2,562	3,976	3,010	3,360	3,113
Pollution allowances sales receivable	-	-	-	-	-	-	-	10,015	-	-
Federal grant receivable	-	-	-	-	-	-	-	-	-	1,980
Closure/postclosure funds held by trustee	10,338	11,750	13,378	14,409	15,296	16,142	16,873	17,799	19,218	21,104
Sanitary Landfill, net of accum. deprec./depletion	7,737	7,559	10,401	11,083	11,475	11,801	10,262	20,448	23,441	22,586
Buildings & equipment, net of accum. depreciation	5,260	5,636	6,096	8,187	8,887	9,349	9,905	17,045	15,054	14,133
Construction in progress	-	-	-	-	-	-	9,093	6,577	4,401	10,279
Land and land improvements	1,724	1,724	1,724	1,724	1,724	1,724	9,931	9,931	9,931	11,721
Lease receivable	-	-	-	-	-	-	-	1,559	1,559	4,900
Idle plant facilities - WTEF (Note 11)	6,433	6,381	6,338	4,605	1,976	1,976	1,121	-	-	-
Other assets	128	231	224	135	159	170	357	447	169	349
Total Assets	\$ 52,096	\$ 55,725	\$ 59,545	\$ 59,915	\$ 57,799	\$ 55,546	\$ 91,006	\$ 110,002	\$ 95,269	\$ 112,484

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

Continued

Table 1 (continued)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
LIABILITIES										
Accounts payable	\$ 1,755	\$ 2,020	\$ 3,368	\$ 2,729	\$ 1,875	\$ 2,584	\$ 4,491	\$ 7,298	\$ 2,312	\$ 4,278
Accrued wages and benefits	644	686	736	868	926	1,005	856	762	814	750
Accrued interest	15,445	6,285	2,151	648	824	788	1,140	980	850	706
Bonds and Notes payable (Note 10)	19,770	19,050	18,295	17,505	16,795	16,045	102,274	106,498	103,407	110,564
Capital lease obligation (Note 11)	158,135	140,275	136,553	127,443	118,456	108,052	28,751	27,356	15,817	14,269
Landfill closure/postclosure care liability (Note 12)	14,169	13,425	13,966	14,788	15,430	16,113	16,927	18,124	18,711	19,828
Other	768	514	394	748	1,167	665	7	232	130	283
Total liabilities	210,686	182,255	175,463	164,728	155,473	145,252	154,445	161,250	142,041	150,680
NET ASSETS										
Invested in capital assets, net of related debt:										
WTEF, net of lease obligation & bonds payable	(151,702)	(133,894)	(130,215)	(122,838)	(116,480)	(106,076)	(84,010)	(80,586)	(65,846)	(61,014)
Other capital assets, net	344	(905)	1,684	3,490	5,291	6,829	5,195	4,433	2,517	6,680
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	732	1,436	1,987	2,075	2,240	2,087	1,974	1,661	1,715	2,325
Other restricted, net	11,154	10,461	7,734	6,173	5,333	3,658	8,621	18,491	7,961	8,252
Unrestricted	(19,118)	(3,628)	2,892	6,286	5,942	3,795	4,780	4,753	6,881	5,562
Total net assets	\$ (158,590)	\$ (126,530)	\$ (115,918)	\$ (104,813)	\$ (97,674)	\$ (89,706)	\$ (63,439)	\$ (51,248)	\$ (46,772)	\$ (38,196)

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-17.

SWACO
Schedules of Revenues, Expenses, and Changes in Fund Net Assets - All Funds
For Years Ended December 31, 1998 through 2007
(in thousands)¹

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenues:										
Tipping and disposal fees	\$ 11,105	\$ 11,238	\$ 13,576	\$ 13,705	\$ 13,600	\$ 14,079	\$ 14,423	\$ 16,754	\$ 18,376	\$ 18,958
Waste transfer fees	3,686	3,471	3,806	3,884	3,860	4,132	4,010	4,448	4,377	4,336
Retired Facility and Waiver Fees	-	5,149	7,488	7,596	7,722	7,916	8,113	8,016	7,949	7,892
Generation Fees	5,679	5,735	5,780	5,571	5,559	5,655	5,801	5,720	5,716	5,663
Other	312	245	686	868	704	755	128	574	319	617
Operating revenues	20,782	25,839	31,337	31,624	31,445	32,536	32,475	35,512	36,737	37,467
Expenses:										
Salaries, wages and benefits	3,763	3,679	3,801	4,304	4,873	5,582	6,127	6,790	7,104	7,351
Contracts, services and supplies	9,238	9,369	13,817	13,164	13,625	14,815	16,598	17,604	13,524	13,802
Depreciation and depletion	1,068	1,121	1,132	1,424	1,815	2,151	2,141	3,612	6,874	5,672
Landfill closing expenses	757	707	1,078	942	722	999	844	1,239	1,365	1,276
Other	-	4	52	1	22	113	20	2	-	-
Operating expenses	14,826	14,880	19,880	19,836	21,057	23,660	25,730	29,247	28,867	28,101
Operating income	5,956	10,959	11,456	11,788	10,388	8,876	6,745	6,265	7,870	9,366

continued

Table 2 (continued)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Nonoperating revenues (expenses):										
Interest expense	(11,052)	(8,418)	(6,745)	(6,113)	(4,919)	(4,773)	(4,246)	(5,232)	(5,040)	(5,116)
Interest earnings	1,408	1,528	2,002	1,296	705	466	617	1,344	1,962	2,680
Grant revenues	96	256	132	138	134	138	145	404	240	2,192
Grants awarded ²	-	-	-	-	(155)	(542)	(462)	(636)	(574)	(593)
Gain (loss) on sale of assets	144	10	45	68	(50)	(125)	(19)	(4)	19	47
Total nonoperating revenues (expenses)	(9,404)	(6,624)	(4,566)	(4,612)	(4,285)	(4,835)	(3,965)	(4,124)	(3,393)	(790)
Special and Extraordinary Items										
Gain on forgiveness of debt	7,236	27,725	3,722	3,929	3,663	3,927	19,652	-	-	-
Sale of pollution allowances	-	-	-	-	-	-	3,835	10,051	-	-
Reduction of Model LF liability	13,870	-	-	-	-	-	-	-	-	-
Impairment loss-WTEF	-	-	-	-	(2,627)	-	-	-	-	-
Change in net assets	17,658	32,060	10,612	11,105	7,139	7,968	26,267	12,192	4,477	8,576
Total net assets - beginning	(176,248)	(158,590)	(126,530)	(115,918)	(104,813)	(97,674)	(89,706)	(63,439)	(51,248)	(46,772)
Total net assets - ending	\$ (158,590)	\$ (126,530)	\$ (115,918)	\$ (104,813)	\$ (97,674)	\$ (89,706)	\$ (63,439)	\$ (51,248)	\$ (46,772)	\$ (38,196)

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

² Included in Contracts, Services and Supplies prior to 2002.

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-17.

SWACO
Schedule of Revenues, Expenses and Changes in Fund Net Assets
2007 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
Operating Revenues:										
Tipping and disposal fees	\$ 19,350	\$ 19,350	\$ 18,703	\$ -	\$ -	\$ 255	\$ 19,350	\$ 19,350	\$ 18,958	\$ (392)
Waste transfer fees	4,640	4,640	4,336	-	-	-	4,640	4,640	4,336	(304)
Retired Facility and Waiver Fees	8,120	8,120	7,892	-	-	-	8,120	8,120	7,892	(228)
Generation Fees	-	-	-	5,800	5,800	5,663	5,800	5,800	5,663	(137)
Other	200	200	460	200	200	158	400	400	617	217
Total operating revenues	32,310	32,310	31,391	6,000	6,000	6,076	38,310	38,310	37,467	(844)
Operating Expenses:										
Salaries, wages and benefits	6,275	6,275	6,025	1,450	1,326	1,326	7,725	7,601	7,351	(250)
Contracts, services and supplies	4,082	4,309	10,213	4,172	4,929	3,589	8,254	9,238	13,802	4,564
Landfill volume-based Contracts, services and supplies	6,467	6,467	-	-	-	-	6,467	6,467	-	(6,467)
Depreciation and depletion	6,454	6,454	5,509	227	227	163	6,681	6,681	5,672	(1,009)
Landfill closing costs	1,030	1,030	1,276	-	-	-	1,030	1,030	1,276	246
Interfund transfers	(580)	(580)	(694)	580	580	694	-	-	-	-
Total operating expenses	23,728	23,955	22,329	6,429	7,062	5,772	30,157	31,017	28,101	(2,916)
Operating income (loss)	8,582	8,355	9,062	(429)	(1,062)	304	8,153	7,293	9,366	2,073

continued

Table 3 (continued)

	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 revenues (expenses)</u>										
Interest expense	\$ (5,063)	\$ (5,063)	\$ (5,116)	\$ -	\$ -	\$ -	\$ (5,063)	\$ (5,063)	\$ (5,116)	\$ 53
Interest earnings	1,145	1,145	2,680	-	-	-	1,145	1,145	2,680	1,535
Grant reveunes	-	-	2,047	-	-	145	-	-	2,192	2,192
Grants awarded	-	-	-	(212)	(212)	(593)	(212)	(212)	(593)	381
Gain on disposal of assets	-	-	47	-	-	-	-	-	47	47
Total nonoperating expenses	(3,918)	(3,918)	(342)	(212)	(212)	(448)	(4,130)	(4,130)	(790)	3,340
Change in net assets	4,664	4,437	8,720	(641)	(1,274)	(144)	4,023	3,163	8,576	5,413
Total net assets - beginning	(58,838)	(49,074)	(49,074)	1,504	2,302	2,302	(57,334)	(46,772)	(46,772)	-
Total net assets - ending	\$ (54,174)	\$ (44,637)	\$ (40,354)	\$ 863	\$ 1,028	\$ 2,158	\$ (53,311)	\$ (43,609)	\$ (38,196)	\$ 5,413

Totals may not add due to rounding.

Source: SWACO

SWACO
Solid Waste Received and Landfilled 1998 - 2007 (in tons)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Solid Waste Received by SWACO										
Jackson Pike Transfer Station	205,177	144,768	140,152	139,576	167,211	173,213	197,862	179,016	166,372	170,425
Morse Road Transfer Station	119,008	111,205	128,337	131,837	129,495	149,120	122,836	123,684	121,774	119,305
Georgesville Rd Transfer Station	66,248	72,627	83,471	87,027	62,788	63,860	55,643	69,026	63,611	56,927
Subtotal Transfer Stations	390,433	328,600	351,960	358,440	359,494	386,193	376,341	371,727	351,757	346,657
Sanitary Landfill	244,398	386,191	528,907	523,545	523,899	533,122	569,295	551,659	532,247	524,581
Total solid waste Received by SWACO	634,831	714,791	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238
Removed from Waste Stream ¹	(714)	(865)	(453)	(1,335)	(641)	(245)	(234)	(121)	(140)	(280)
Carryover/(shrinkage) ²	(6,280)	66	(1,930)	(3,044)	2,712	(698)	921	(4,046)	(3,986)	(2,245)
Total Adjustments	(6,994)	(799)	(2,383)	(4,379)	2,071	(943)	687	(4,167)	(4,126)	(2,525)
Transferred out-of-District ³	0	0	(24,811)	0	0	0	0	(14,057)	0	0
Solid waste landfilled - Franklin County Sanitary Landfill	627,837	713,992	853,673	877,607	885,463	918,372	946,323	905,161	879,878	868,713

¹ Scrap metal, tires, white goods & other.

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

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

SWACO
Top Ten Customers 1998 - 2007
(tons received)

Customer	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
City of Columbus Division of Sanitation	322,142	318,236	336,395	345,774	338,731	352,337	352,366	342,662	333,710	329,251
Republic Waste Systems ¹	92,846	122,841	229,357	210,383	183,507	195,283	204,763	205,368	185,991	176,025
Rumpke Waste/Rumpke Container	49,365	105,509	157,769	162,573	155,091	158,657	145,675	155,802	145,153	157,696
Local Waste Services LLC	*	*	9,241	17,757	47,922	56,959	69,810	78,862	89,854	88,236
Waste Management of Ohio ²	70,196	72,354	76,667	71,170	77,684	81,201	91,002	74,931	58,652	59,574
Flower Garbage	#	#	#	4,628	5,521	6,211	5,590	#	#	8,861
City of Upper Arlington	8,372	8,780	8,523	7,873	7,643	7,814	7,741	7,386	7,207	6,886
City of Columbus Street Engineer	6,391	8,673	7,380	7,797	7,029	6,177	5,839	5,621	7,497	6,671
Adept, Inc.	7,780	8,262	6,384	4,188	#	#	#	2,654	2,415	3,855
City/Southerly Waste Water Plant	#	#	#	#	#	#	#	#	#	2,843
City of Grandview Heights	3,597	3,485	#	#	3,605	3,591	3,585	3,149	3,025	#
BFI of Ohio, Inc.	*	*	*	*	*	6,737	17,656	12,354	8,706	#
Central Ohio Contractors	5,447	3,946	3,861	#	#	#	#	#	#	#
Container Services	*	#	#	4,531	5,796	#	*	*	*	*
B & D Hauling	16,240	16,282	5,166	*	*	*	*	*	*	*
Total Top Ten Customers	582,375	668,368	840,741	836,674	832,529	874,967	904,026	888,789	842,210	839,898
Total tons received by SWACO	634,831	714,791	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238
Top Ten customer % of total received	92%	94%	96%	96%	96%	97%	97%	97%	97%	96%
Total tons disposed ³	1,135,818	1,146,993	1,156,019	1,114,223	1,111,953	1,130,721	1,160,226	1,144,048	1,148,471	1,132,663
Top Ten customer % of total waste disposal	52%	58%	76%	76%	75%	76%	79%	78%	73%	74%

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

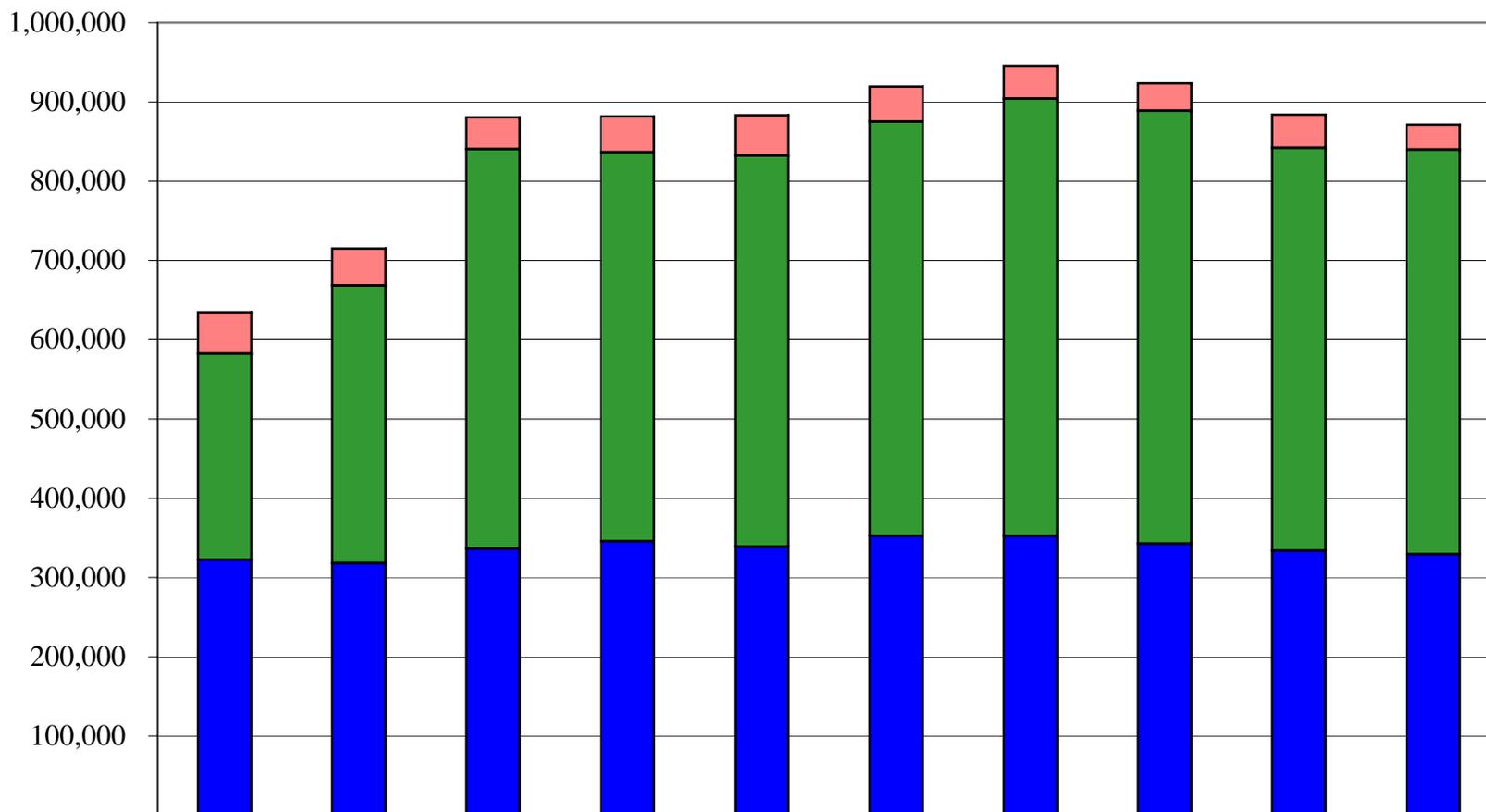
² U.S.A. Waste acquired Johnson Disposal and Laidlaw Waste Systems in 1997, and Waste Management in 1998. The above data include waste received from these companies prior to 1999.

³ Total solid waste subject to Generation Fee and disposed at SWACO facilities and out of county facilities.

Waste received from these customers is not reported when they are not ranked in the top ten.

* Indicates the waste hauler was not a SWACO customer in the year indicated.

SWACO Waste Receipts 1998 - 2007



	1998	1999	2000	2001	2002	2003	2002	2005	2006	2007
All others	52,456	46,423	40,126	45,311	50,864	44,348	41,610	34,597	41,794	31,340
Rest of Top Ten*	260,233	350,132	504,346	490,901	493,798	522,629	551,660	546,127	508,500	510,647
City of Columbus*	322,142	318,236	336,395	345,774	338,731	352,337	352,366	342,662	333,710	329,251

Source: Solid Waste Authority of Central Ohio

*See notes to Table 5.

SWACO
Disposal Rates 1991-2007

Table 6

Effective Date	Franklin County Landfill	Jackson Pike Transfer ²	Morse Road Transfer	Georgesville Rd. Transfer	Alum Creek Transfer	Compost Facilities	Charge Unit
02/01/1991 ¹	\$4.90	-	-	-	-	-	Cu. Yard
04/01/1991	7.50	-	-	-	-	-	Cu. Yard
04/01/1993	7.50	\$7.50	\$7.50	\$7.50	\$7.50	-	Cu. Yard
07/01/1993	13.25	13.00	13.50	13.00	13.00	-	Cu. Yard
06/01/1994 ³	49.00	49.00	49.00	49.00	49.00	-	Ton
09/01/1994	32.00	32.00	32.00	32.00	32.00	-	Ton
11/01/1994 ⁴	37.00	37.00	37.00	37.00	Closed	-	Ton
02/07/1996	33.00	37.00	44.00	40.00	-	-	Ton
03/11/1996	30.00	34.00	41.00	37.00	-	-	Ton
05/08/1996	27.00	31.00	38.00	34.00	-	-	Ton
04/08/1998 ⁵	20.00	30.00	31.00	31.00	-	-	Ton
04/01/1999 ⁶	27.00	37.00	38.00	38.00	-	-	Ton
10/04/1999	27.00	37.00	38.00	38.00	-	\$6.00 ⁷	Ton
01/01/2005	29.25	40.25	41.25	41.25	-	\$6.00	Ton
07/01/2005 ⁸	30.75	41.75	42.75	42.75	-	\$6.00	Ton
01/01/2006	32.25	44.25	45.25	45.25	-	\$6.00	Ton
01/01/2007	33.50	45.50	46.50	46.50	-	\$6.00	Ton

¹ 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).

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

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

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

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

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

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

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

SWACO
Franklin County Sanitary Landfill Airspace Capacity
Constructed, Permitted and Used 1998-2007
(Cubic Yards)

Year	Constructed ¹	Permitted but not Constructed	Total Permitted and Constructed	Annual Airspace Used ²
1998	8,614,300	39,275,800	47,890,100	918,200
1999	6,941,200	39,275,800	46,217,000	1,673,100
2000	5,841,800	39,275,800	45,117,600	1,099,400
2001	5,056,900	39,275,800	44,332,700	784,900
2002	3,739,700	39,275,800	43,015,500	1,317,200
2003	2,420,000	39,275,800	41,695,800	1,319,700
2004	1,463,800	39,275,800	40,739,600	956,200
2005	1,265,400	37,936,600	39,300,400	1,439,200
2006	2,027,800	35,836,900	37,864,700	1,435,700
2007	2,632,100	34,036,100	36,668,200	1,196,500

At Maximum
Permitted Receipts³ At 2007 Receipts⁴

Remaining landfill life (permitted and constructed):	14.2 years	27.4 years
Remaining landfill life (constructed only):	1.0 years	2.0 years

¹ 2007 constructed capacity includes 1,800,000 cubic yards certified by the OEPA to accept waste on February 18, 2008.

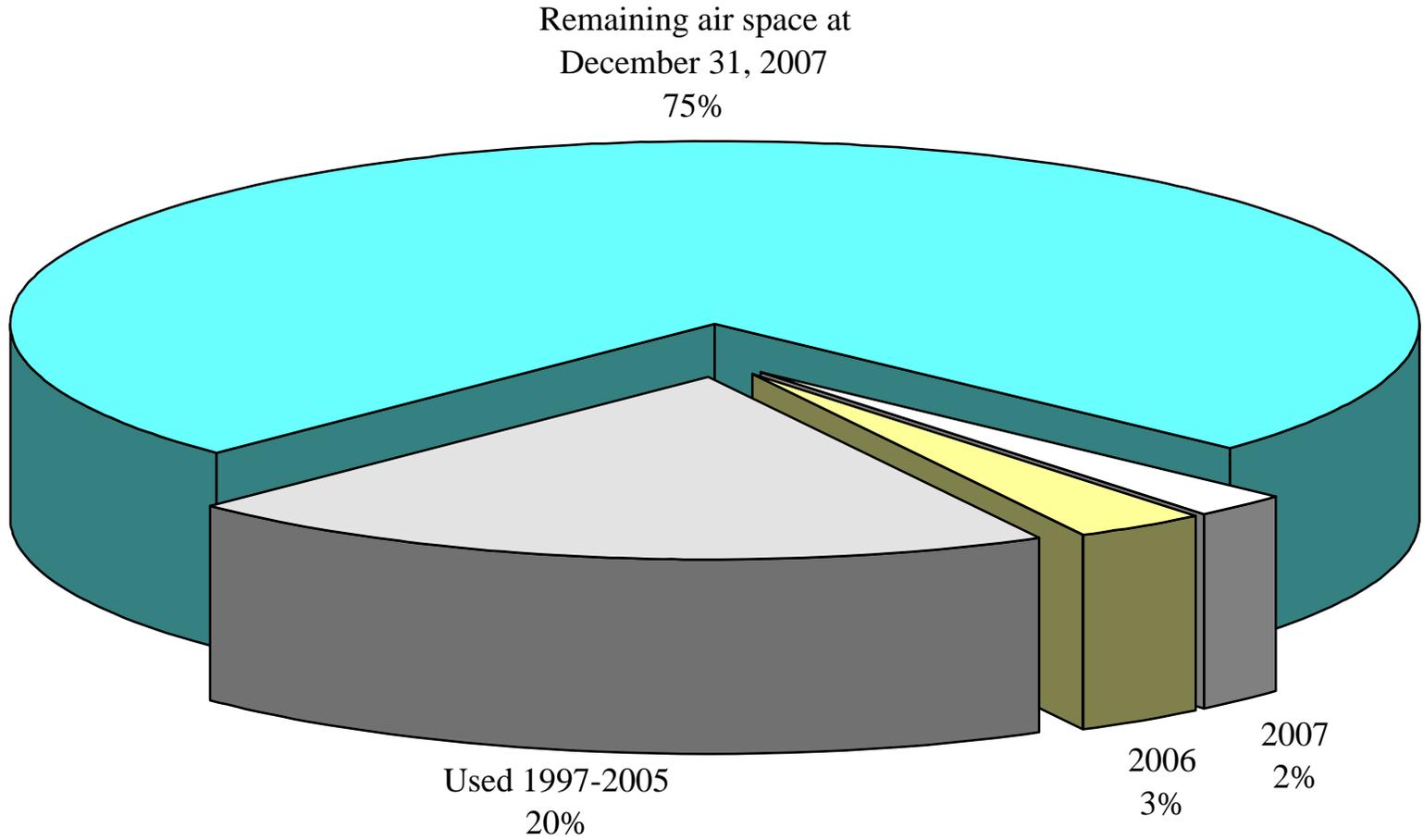
² Annual airspace used fluctuates due to (1) annual waste receipts, (2) landfill settling (subsidence), (3) soil stockpiling and movement, (4) compaction density, and (5) waste composition.

³ Maximum 6,000 tons per day or 1,680,000 annual tons per OEPA permit. Assumes a compaction rate of 1,300 pounds per cubic yard.

⁴ Approximately 869,000 tons landfilled. Assumes a compaction rate of 1,300 pounds per cubic yard.

Source: SWACO

Landfill Capacity Used and Remaining 1997 Expansion Permit



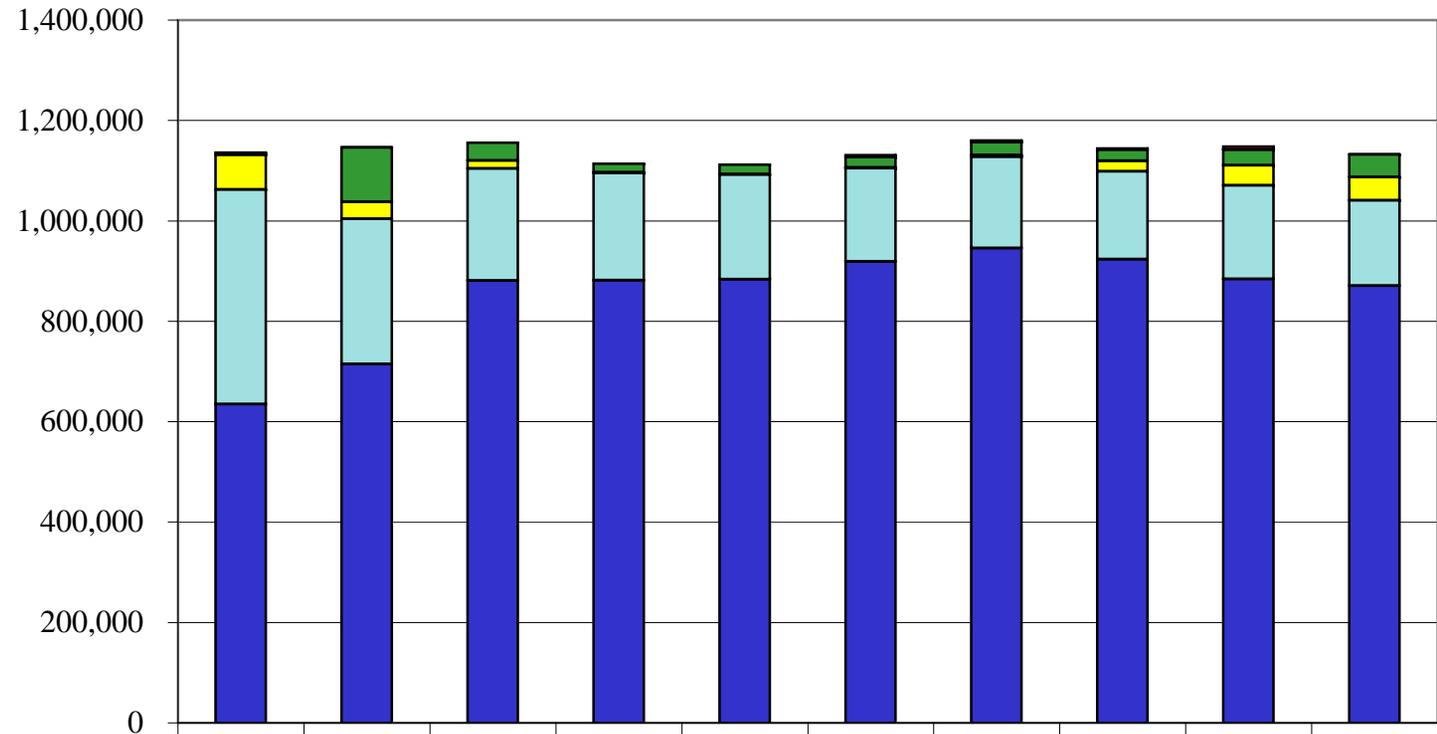
SWACO
Generation Fee Tonnage Reported 1998 - 2007¹

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Solid Waste Authority (4 facilities)	634,831	714,791	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238
Waste Management (2 facilities) ²	427,728	289,587	223,356	213,387	208,885	185,927	182,430	175,423	186,472	169,650
Rumpke Waste (4 facilities)	68,960	33,665	16,098	1,127	395	878	3,184	21,060	40,481	46,477
Republic Waste Services	-	108,120	35,594	17,228	19,256	21,102	25,930	21,977	30,665	44,837
Other (14 facilities)	4,299	830	105	496	24	3,498	3,046	2,201	6,848	461
Total	1,135,818	1,146,993	1,156,019	1,114,223	1,111,953	1,130,721	1,160,226	1,144,048	1,148,471	1,132,663

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

²U.S.A. Waste acquired Johnson Disposal and Laidlaw Waste Systems in 1997, and Waste Management in 1998. The above data include waste disposed by these companies prior to 1999.

Generation Fee Tonnage Reported 1998 - 2007



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Other (14 facilities)	4,299	830	105	496	24	3,498	3,046	2,201	6,848	461
Republic	-	108,120	35,594	17,228	19,256	21,102	25,930	21,977	30,665	44,837
Rumpke (4 facilities)	68,960	33,665	16,098	1,127	395	878	3,184	21,060	40,481	46,477
Waste Management (post-merger)	427,728	289,587	223,356	213,387	208,885	185,927	182,430	175,423	186,472	169,650
SWACO (4 facilities)	634,831	714,791	880,867	881,985	883,393	919,315	945,636	923,386	884,004	871,238

Source: Solid Waste Authority of Central Ohio
See notes to Table 8.

Table 9

SWACO
SWACO Program Activity - Tons Collected

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Total tons of waste recycled										
Yard Waste Composting	83,020	74,224	89,589	105,315	113,293	142,860	150,949	145,540	136,768	121,775
Drop-off Recycling	n/a	n/a	n/a	n/a	n/a	8,449	7,947	8,700	9,593	10,755
Just-in-Time Recycling	n/a	n/a	n/a	248	356	429	602	626	742	815
Household Hazardous Waste	251	142	260	283	321	344	424	443	419	626
E-waste Collection	n/a	n/a	n/a	n/a	n/a	70	196	155	n/a	n/a
Tire Collection	312	222	112	149	177	176	115	132	89	168
Scrap Metal Recycling	385	634	335	369	262	245	119	71	32	104
Other Recycling	17	6	6	817	0	0	0	57	0	0
Total	83,985	75,228	90,302	107,181	114,408	152,573	160,352	155,724	147,643	134,243

Tires and White Goods Received 1998 - 2007¹

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Tires (each)	36,738	27,186	22,881	18,715	17,650	17,608	11,497	12,478	13,043	19,726
White goods (each)	4,548	4,957	6,596	6,972	7,249	5,404	4,527	3,622	2,181	2,292

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

Source: SWACO

Table 10

SWACO
Household Hazardous Waste collection 1998 - 2007
(in pounds)

Material Classification	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Alkaline Batteries	8,171	1,614	5,135	4,066	5,017	n/a	1,322	1,045	244	8,074
Loosepack Fuels	138,975	94,287	171,388	173,899	183,289	148,189	168,226	128,524	64,011	93,805
Aerosol-Flammable	12,626	5,307	9,997	12,160	11,222	15,636	27,202	27,684	17,615	32,716
Aerosol-Pesticides	4,734	2,573	6,268	5,197	7,455	8,078	47,542	45,332	38,815	56,093
Bulked Flammables	126,297	73,021	124,557	129,246	153,965	263,418	349,952	206,132	212,803	201,790
Latex Paint	113,253	65,206	98,629	124,979	147,297	89,184	74,860	369,645	406,077	718,890
Lab Pack A	3,281	1,616	10,715	10,616	11,850	15,211	6,107	6,472	13,881	24,457
Lab Pack B	37,787	21,014	46,397	39,979	37,932	47,757	51,200	776	1,084	4,032
Propane Cylinders	5,731	3,448	8,839	11,226	27,299	35,051	35,070	25,015	14,577	20,004
Lead/Acid Batteries	16,423	1,805	9,845	18,215	23,073	24,272	29,389	20,414	19,316	19,365
Acids/Bases	6,396	4,103	-	-	-	-	18,394	18,975	9,821	14,548
Freon	539	60	-	-	-	446	638	608	53	433
Used Oil /Antifreeze	27,437	9,935	28,606	36,253	33,680	38,596	35,346	33,285	36,994	49,132
Cylinders	-	-	-	-	-	605	1,084	1,242	479	747
Fire Extinguishers	-	-	-	-	-	1,348	1,872	876	1,039	2,086
Flourescent Light Bulbs	-	-	-	-	-	460	489	664	1,057	3,373
Total	501,650	283,990	520,376	565,836	642,079	688,251	848,693	886,689	837,866	1,249,545

Source: SWACO

Table 11

SWACO
Number of Employees by Function¹

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

¹Information 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	-	-	-
Total	\$ 20,000,000		\$ 12,329,118	\$ 32,329,118	\$ 7,390,000	\$ 7,143,903	\$ 14,533,903
Net interest cost (%)		4.864%					

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

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

Table 14

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

Net interest cost (%)

4.170%

Source: SWACO; see Note 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%	\$ 753,665	\$ 1,588,665	\$ 835,000	\$ 449,570	\$ -	-	\$ 59,889	\$ 1,344,459	244,206	
2006	880,000	5.500%	707,740	1,587,740	880,000	99,550	-	-	616,000	1,595,550	(7,810)	
2007	930,000	5.500%	659,340	1,589,340	930,000	51,150	-	-	616,000	1,597,150	(7,810)	
2008	980,000	4.500%	608,190	1,588,190	-	-	945,000	5.000%	616,000	1,561,000	27,190	
2009	1,035,000	4.600%	564,090	1,599,090	-	-	1,000,000	5.000%	568,750	1,568,750	30,340	
2010	1,090,000	4.700%	516,480	1,606,480	-	-	1,060,000	5.000%	518,750	1,578,750	27,730	
2011	1,150,000	4.750%	465,250	1,615,250	-	-	1,125,000	5.000%	465,750	1,590,750	24,500	
2012	1,215,000	4.800%	410,625	1,625,625	-	-	1,190,000	5.000%	409,500	1,599,500	26,125	
2013	1,280,000	4.850%	352,305	1,632,305	-	-	1,250,000	5.000%	350,000	1,600,000	32,305	
2014	1,350,000	4.900%	290,225	1,640,225	-	-	1,325,000	5.000%	287,500	1,612,500	27,725	
2015	1,425,000	4.900%	224,075	1,649,075	-	-	1,395,000	5.000%	221,250	1,616,250	32,825	
2016	1,500,000	5.000%	154,250	1,654,250	-	-	1,475,000	5.000%	151,500	1,626,500	27,750	
2017	1,585,000	5.000%	79,250	1,664,250	-	-	1,555,000	5.000%	77,750	1,632,750	31,500	
Total	\$ 15,255,000		\$ 5,785,485	\$ 21,040,485	\$ 2,645,000	\$ 600,270	\$ 12,320,000		\$ 4,958,639	\$ 20,523,909	\$ 516,576	

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

SWACO

Table 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
Total	\$ 6,750,000		\$ 885,737	\$ 7,635,737
Net interest cost (%)		3.234%		

Table 17

Series 2007 Variable Rate Taxable Notes

Year	Principal	Interest	Total Debt Service
2008	\$ 22,000	\$ 284,401	\$ 306,401
2009	170,000	278,895	448,895
2010	588,000	256,939	844,939
2011	588,000	222,898	810,898
2012	588,000	189,681	777,681
2013	588,000	157,858	745,858
2014	588,000	123,148	711,148
2015	588,000	88,438	676,438
2016	588,000	53,903	641,903
2017	592,000	19,018	611,018
Total	\$ 4,900,000	\$ 1,675,179	\$ 6,575,179

Interest for 2008-2012 reflects an interest rate swap (cap) entered into at the time the notes were issued. The swap expires in 2012 and interest for 2013-2017 is estimated.

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

SWACO

Table 18

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

Year	Principal	Interest ²	Total Lease Obligation	Amount Paid or Credited	Interest on Deferred Balance ³	Deferred Balance ⁴
1993	\$ 4,991	\$ 8,099	\$ 13,090	\$ 13,090	\$ -	\$ -
1994	7,881	9,042	16,923	16,923	-	-
1995	5,579	5,853	11,432	6,000	153	5,585
1996	6,229	5,341	11,570	8,000	402	9,557
1997	6,299	4,991	11,290	4,055	746	17,538
1998	7,258	4,664	11,922	2,002	1,178	28,636
1999	7,904	4,220	12,124	6,764	1,670	35,666
2000	7,932	3,969	11,901	9,938	1,841	39,470
2001	8,373	3,374	11,747	13,083	1,968	40,101
2002	7,807	3,034	10,841	8,637	1,991	44,296
2003	8,370	2,323	10,693	10,826	2,151	46,313
2004	8,158	1,954	10,112	61,881 ⁵	125	(5,331)
2005	8,097	1,551	9,647	2,776	14	1,555
2006	8,203	1,147	9,350	12,458	(114)	(1,668)
2007	8,316	738	9,054	2,375	142	5,152
Subtotal 1993-2007	111,397	60,299	171,696	178,808	12,267	5,152
2008	4,830	354	5,184			
2009	2,215	159	2,373			
2010	2,063	52	2,114			
Subtotal 2008-10	9,108	564	9,671			
Total 1993-2010	\$ 120,504	\$ 60,863	181,367			

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

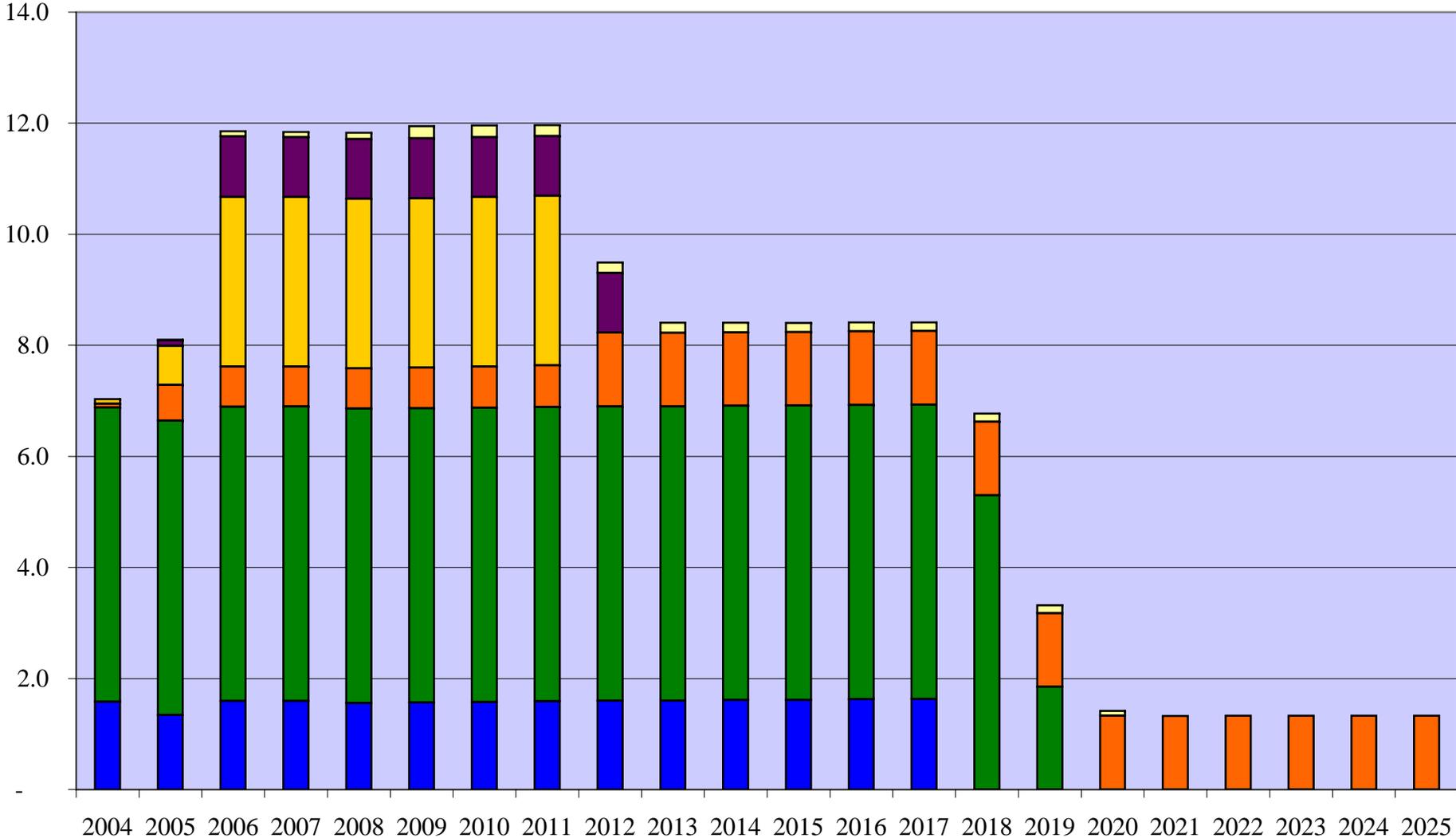
2. Includes letter of credit, remarketing and trustee fees on variable rate bonds issued by the City. The variable rate bonds were refinanced with fixed rate bonds in 2001.

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



■ Series 1997 (Franklin County) ■ Series 2004A ■ Series 2004B (Landfill Improvements)
■ Series 2004B (Landfill Phase H1) ■ Series 2005 (LF Equipment) ■ Series 2005 Taxable Note

SWACO
Total and General Obligation Debt Ratios 1998 - 2007

Tax Year		Total SWACO Debt¹ (thousands)	SWACO District Population²	Total SWACO Debt PerCapita	SWACO General Obligation Debt³ (thousands)	District Assessed Property Valuation (AV)² (thousands)	SWACO G.O. Debt as a Percent of AV	Annual Debt Service Paid from Tipping Fees⁴ (thousands)	Solid Waste Received by SWACO (tons)	Annual Debt Service Paid from Tipping Fees Per Ton Received
1998	1999	177,675	1,062,400	167	19,540	\$19,164,128	0.10%	1,557	634,831	2.45
1999	2000	159,210	1,073,000	148	18,935	21,628,087	0.09%	1,558	714,791	2.18
2000	2001	154,848	1,093,500	142	18,295	22,502,290	0.08%	1,563	880,867	1.77
2001	2002	144,948	1,109,800	131	17,505	22,892,656	0.08%	1,566	881,985	1.78
2002	2003	135,251	1,119,000	121	16,795	25,653,020	0.07%	1,567	883,393	1.77
2003	2004	124,097	1,132,000	110	16,045	25,790,945	0.06%	1,571	919,315	1.71
2004	2005	125,725	1,140,000	110	96,974	26,298,304	0.37%	1,578	945,636	1.67
2005	2006	128,553	1,159,000	111	99,639	29,868,345	0.33%	2,787	923,386	3.02
2006	2007	113,924	1,179,657	97	96,548	30,102,825	0.32%	6,463	884,004	7.31
2007	2008	116,970	1,189,606	98	97,810	29,915,689	0.33%	6,451	871,239	7.40

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

² See Table 22.

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

⁴ General obligation bonds excluding Series 2004A bonds (paid from Retired Facility and Waiver Fees). Also excludes the Series 2005 and 2007 taxable notes (paid from lease income).

Source: SWACO

SWACO
Indirect Debt and Property Tax Limitations, October 18, 2007¹

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 October 18, 2007.

Overlapping Jurisdictions	Millage required	Unallocated Millage
SWACO, Franklin County, the Village of Obetz, Groveport Madison Local School District, Madison Township	8.00	2.14
SWACO, Licking County, the City of Reynoldsburg, Reynoldsburg City School District	8.68	1.32
SWACO, Union County, the City of Dublin, Washington Township & Dublin City School District	4.19	5.81
SWACO, Delaware County, the City of Westerville, Westerville City School District	6.34	3.66

¹ Data is current as of SWACO's last debt issue.

Source: SWACO

Table 21

SWACO
Ten Largest Employers 2007 and 1998¹

Employer	2007			Employer	1998	
	Principal Business	Number of Employees	% of Total Employment		Number of Employees	% of Total Employment
State of Ohio	Government	26,239	4.4%	State of Ohio	27,755	4.8%
The Ohio State University	Education	20,345	3.4%	The Ohio State University	13,967	2.4%
JP Morgan Chase & Co.	Finance	14,469	2.4%	Honda of America	13,300	2.3%
Nationwide Companies	Finance/Insurance	11,768	2.0%	Limited, Inc.	10,000	1.7%
United State Government	Government	10,726	1.8%	Banc One Corporation	9,917	1.7%
Ohio Health	Health Care	9,336	1.6%	Nationwide Insurance Co.	9,309	1.6%
City of Columbus	Government	8,227	1.4%	Columbus Public Schools	8,583	1.5%
Honda of America	Trade	8,000	1.3%	City of Columbus	8,398	1.4%
Columbus Public Schools	Education	7,181	1.2%	Grant/Riverside Hospital	6,600	1.1%
Franklin County	Government	6,055	1.0%	US Postal Service	6,207	1.1%
Subtotal		122,346	20.6%	Subtotal	114,036	19.6%
Total Estimated Franklin County Employment ²		<u>595,300</u>	<u>100.0%</u>	Total Estimated Franklin County Employment ³	<u>581,900</u>	<u>100.0%</u>

¹Business First, December 28, 2007 issue for Largest Employers.

² Ohio Department of Job and Family Services Ohio Labor Market Information, Civilian Labor Force Estimates.

³ Mid-Ohio Regional Planning Commission for Civilian Labor Force Estimates.

District and Franklin County Demographic Statistics 1998 - 2007¹

Tax Year	District Population ²	Total Assessed Value Taxable District Property ³ (in thousands)	Franklin County Only			Total Assessed Value Taxable County Property ⁵ (in thousands) ⁵
			Population ²	Per Capita Income ⁴	Median Age ⁴	
1998	1,062,400	\$19,164,128	1,056,863	\$28,166	33	\$18,608,986
1999	1,073,000	21,628,087	1,067,993	29,321	33	20,968,548
2000	1,093,500	22,502,290	1,068,978	31,527	33	21,696,739
2001	1,109,800	22,892,656	1,079,404	32,036	33	22,110,678
2002	1,119,000	25,653,020	1,088,445	33,465	33	24,741,567
2003	1,132,000	25,790,945	1,101,226	34,152	33	24,872,526
2004	1,140,000	26,298,304	1,114,159	33,725	33	25,294,765
2005	1,159,000	29,868,345	1,131,895	34,960	34	28,743,005
2006	1,179,700	30,102,825	1,144,820	36,335 ⁶	33	28,903,096
2007	1,189,600	29,915,689	1,153,867	n/a	n/a	28,695,371

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

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

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

⁴ U.S. Department of Commerce, Bureau of the Census. Data for 2007 not available.

⁵ Ohio Municipal Advisory Council.

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

Sources: SWACO except as noted above.

Table 23

Average Unemployment Rates 1998 - 2007¹

Year	Franklin County	State of Ohio	United States
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%
2006	4.5% ²	5.6% ³	4.5% ³
2007	4.7% ⁴	5.6% ⁴	4.6% ⁴

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

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

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

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

Source: Ohio Department of Job and Family Services

COMPLIANCE SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Solid Waste Authority of Central Ohio
Franklin County
6220 Young Road
Grove City, Ohio 43123-9518

To the Board of Trustees:

We have audited the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, (the Authority) as of and for the year ended December 31, 2007, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 20, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Authority's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Authority's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Wilson, Shannon & Snow, Inc.

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

Compliance and Other Matters

As part of reasonably assuring whether the Authority's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management, Board of Trustees, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Wilson, Shannon & Snow, Inc." The signature is written in a cursive, slightly slanted style.

WILSON, SHANNON & SNOW, INC.

June 20, 2008

SINGLE AUDIT SECTION

**SOLID WASTE AUTHORITY OF CENTRAL OHIO
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/ Pass thru Grantor/ Program Title	Pass-Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Economic Development Initiative	N/A - Direct	14.246	<u>\$ 148,630</u>
<u>U.S. DEPARTMENT OF ENERGY</u>			
Regional Biomass Energy Programs	N/A - Direct	81.079	<u>1,980,000</u>
TOTAL FEDERAL ASSISTANCE			<u><u>\$ 2,128,630</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**SOLID WASTE AUTHORITY OF CENTRAL OHIO
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Federal Awards Expenditures (the Schedule) includes the federal grant activity of the Solid Waste Authority of Central Ohio (SWACO) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – MATCHING REQUIREMENTS

Certain federal programs require the Authority contribute non-federal funds (matching funds) to support the federally-funded programs. The Authority has complied with the matching requirements. The expenditure of non-federal funds is not included on the Schedule.



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Solid Waste Authority of Central Ohio
Franklin County
6220 Young Road
Grove City, Ohio 43123-9518

To the Board of Trustees:

Compliance

We have audited the compliance of the Solid Waste Authority of Central Ohio, Franklin County (the Authority) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Authority's major federal program. The Authority's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Solid Waste Authority of Central Ohio, Franklin County complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The Authority's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

Wilson, Shannon & Snow, Inc.

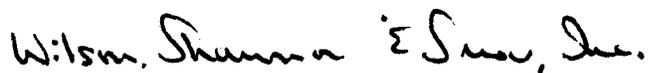
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A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the Authority's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Trustees, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



WILSON, SHANNON & SNOW, INC.

June 20, 2008

**SOLID WASTE AUTHORITY OF CENTRAL OHIO
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505**

FOR THE YEAR ENDED DECEMBER 31, 2007

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	Regional Biomass Energy Programs/CFDA #81.079
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**SOLID WASTE AUTHORITY OF CENTRAL OHIO
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
*OMB CIRCULAR A-133 §.505***

FOR THE YEAR ENDED DECEMBER 31, 2007

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

SOLID WASTE AUTHORITY OF CENTRAL OHIO

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 7, 2008**