



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year ended December 31, 2014

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2014 through December 31, 2014. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

## **Finding for Recovery- Repaid Under Audit**

### **NONCOMPLIANCE**

SWACO has an agreement with the Ohio EPA for payment of solid waste fees. SWACO agrees to pay the Ohio EPA a rate of \$4.75 per ton with a discount rate of .9925. Invoices paid to the Ohio EPA are manually completed by the staff at SWACO based on system generated tonnage reports. During one month in calendar year 2014, the tonnage amount was incorrectly entered into the standard invoice form, generating an overpayment to the Ohio EPA of \$33,001.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies illegally expended is issued against the Ohio EPA in the amount of \$33,001 and in favor of the SWACO's Operating Fund in the amount of \$33,001. Carol Ann Phillips, Fiscal Officer of the SWACO during the audit period is jointly and severally liable in the event the full amount of the finding is not repaid by the Ohio EPA. The amount was paid in full by the Ohio EPA prior to the completion of the audit.

In order to help ensure the proper amounts are paid, review procedures should be placed in operation to help ensure invoices are completed correctly prior to generating a payment to the Ohio EPA.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Solid Waste Authority of Central Ohio is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D" and a long, sweeping tail on the "y".

Dave Yost  
Auditor of State

August 10, 2015

# **Comprehensive Annual Financial Report**

**of the**

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

**for the**

**Fiscal Year ended December 31, 2014**

Issued by the Solid Waste Authority of Central Ohio  
Ty D. Marsh - Executive Director

Prepared by the Accounting & Finance Department  
Patrick W. O'Block – Budget and Management Administrator

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————— *SWACO* —————

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2014**

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# **INTRODUCTORY SECTION**

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June 24, 2015

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, 2014 to the SWACO Board of Trustees and those living and doing business within the jurisdiction of SWACO.

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

Kennedy Cottrell Richards, Certified Public Accountants, have issued an unmodified opinion on SWACO’s financial statements for the year ended December 31, 2014. The independent auditors’ report is located at the beginning of the Financial Section of the report, Section 2.

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

### **Profile of SWACO**

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

In addition to providing solid waste planning for the District, SWACO operates a sanitary landfill with a maximum daily capacity of 8,000 tons, two waste transfer stations with a combined capacity of approximately 3,000 tons per day, and various recycling and waste reduction programs.

SWACO is managed by an Executive Director who is appointed by the Board of Trustees. The Board of Trustees includes the following members:

- The President of the Franklin County Board of Commissioners or their designee
- A member appointed by the Board of Commissioners
- The mayor of the City of Columbus or their designee
- A member appointed by the Mayor of Columbus
- The Health Commissioner of the Health District having the largest territorial jurisdiction with Franklin County, or their designee
- One member to be chosen by a majority of the Boards of Township Trustees
- One member representing the public
- A member representing commercial, industrial or institutional generators of solid waste
- A member representing the interest of citizens with no affiliation with a solid waste management company or significant generator of solid waste

SWACO's mission is to manage the District municipal solid waste stream to achieve environmentally responsible and cost-effective disposal, treat solid waste as a resource capable of yielding recovered materials and energy, reduce reliance on landfilling, and plan future disposal capacity for the District.

SWACO is also responsible for post closure care of the closed Model Landfill including maintenance of the integrity & effectiveness of the final cover, the leachate collection, ground water monitoring, and gas monitoring systems.

### **History of SWACO**

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

SWACO closed all but the waste receiving portion of the WTEF at the end of 1994 because of its inability to generate revenues sufficient to operate the facility and pay the lease obligation to the City. SWACO converted the waste receiving portion of the facility to a solid waste transfer station and negotiated revised lease terms with the City. Pursuant to the modified lease, SWACO implemented new fees in 1999 applied to all solid waste generated within SWACO's jurisdiction and dedicated to the payment of the lease (see Note 11). In 2005, SWACO demolished the waste incineration portions of the facility, retaining the transfer station and certain buildings and structures that SWACO used for recycling activities. The remaining buildings and structures were destroyed by fire in 2008, leaving only the transfer station.

With closure of the WTEF in 1994 and the resulting loss of disposal capacity, SWACO began the process of obtaining a permit from the Ohio Environmental Protection Agency (the “OEPA”) to expand the Landfill to meet the additional disposal requirements of the District. In 1997, the permit was approved adding 49 million cubic yards of capacity to the Landfill, sufficient to meet SWACO’s disposal requirements for at least 25 years and increasing the daily capacity to 6,000 tons. A further modification to the permit, approved in 2009, added 3.5 million cubic yards to the Landfill’s capacity. In 2011, The Ohio EPA granted SWACO’s request to increase its daily capacity from 6,000 to 8,000 tons.

### **The Solid Waste Plan**

SWACO’s Solid Waste Plan was originally adopted in 1993. The plan is subject to periodic updates and the last update approved by the OEPA was in November 2011.

The current Solid Waste Plan includes the following recycling and waste reduction programs:

#### **Yard Waste Composting Services**

SWACO provides free yard waste composting services located at two composting facilities within the district; 2850 Rohr Road in southeast Columbus, operated by Kurtz Brothers, and 4100 Roberts Road on the west side of Columbus, operated by Ohio Mulch. The composting services are free of charge to all residents and subsidized by SWACO. The Rohr Road composting facility opened in 1996 and the Roberts Road composting facility opened in 1998.

#### **Household Hazardous Waste Collections**

SWACO began mobile household hazardous waste collections in local communities within SWACO’s solid waste management district on September 28, 1991. The mobile collections are free to district residents and offer citizens the opportunity to dispose of household hazardous materials in an environmentally friendly and responsible fashion. SWACO opened a permanent HHW collection facility under contract with Environmental Enterprises, Inc., located at 1249 Essex Avenue, in Columbus during 2007. This program is subsidized by SWACO.

#### **SWACO Recycling Drop Box Program**

SWACO offers free residential recycling within the District through a community-wide drop box program. The City of Columbus started the program and SWACO acquired the program in April 2002, servicing approximately 50 locations. SWACO has grown the program to over 210 locations within the District. SWACO provides the drop boxes to the local community and also collects and transports the recyclables to a material recovery facility to be sold for reuse.

SWACO also provides resources to communities forming consortiums to better negotiate combined refuse, recycling and yard waste collection services.

## **Budgetary Control**

The Board of Trustees adopts an annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (salaries, wages and benefits; contracts, services and supplies; capital outlays; etc.). The Statistical Section provides a budget to actual comparison for the year ending December 31, 2014.

SWACO maintains a five year Capital Improvement Plan that serves as the basis to support each year's Board approved Capital Budget. Long term assets such as land and landfill cell construction are financed through general obligation bond issuances. Operating capital is provided by revenue from ongoing landfill operations.

## **Local Economy and Economic Outlook**

SWACO is located principally within Franklin County, with the City of Columbus as the largest city within the District. Government jobs provide the largest single source of employment within Columbus, due to the presence of city, state, county and federal employers. The area also hosts Ohio State University, Battelle Memorial Institute, the world's largest private research and development foundation, and the headquarters for seven major corporations, including four U.S. Fortune 500 organizations. Both the City and the County maintain triple A ratings on their long-term debt from the major rating agencies.

In 2010, SWACO enacted its full authority pursuant to flow control regulations, requiring haulers to bring 100% of solid wastes collected to a SWACO designated facility for disposal. In addition to the enactment of flow control, rate increases of \$3 per ton each in 2011 and 2012 were implemented. These measures, in conjunction with targeted expense reductions and operational productivity improvements, have enabled SWACO to reduce its negative net position, meet bond payment obligations, fund EPA mandated reserves for landfill closure/post-closure financial obligations, and operate the landfill in an environmentally responsible manner to ensure the health, welfare and safety of the general public.

## **Long-Term Financial Planning**

The SWACO Board of Trustees adopts annual operating and capital budgets that are supported by pro forma projections to extend the planning horizon from five to twenty-five years. Over the next twenty-five years, extensive capital improvements will be on-going as SWACO completes construction of the remaining four phases of the Landfill and plans for its eventual closure and replacement.

Obligations for closure/post-closure care of the Franklin County Sanitary Landfill are currently cash funded annually through operating revenue and are restricted and held in an Ohio Environmental Protection Agency trust fund account.



The previously established post-closure fund for care of the closed Model Landfill will cover standard operating and maintenance costs for an estimated two more years. SWACO is ultimately responsible for the ongoing capital costs of maintaining the landfill cap and the landfill gas collection and control system, as well as the standard operating and maintenance costs. SWACO is currently able to fund these costs into the future through operating revenue generated by operation of the currently active Franklin County Sanitary Landfill whose volumes and revenues are secured by the enactment of flow control within the district.

SWACO currently has an AAA rating from Standard and Poor's Corporation and an Aaa rating by Moody's Investors Service.

## **Major Initiatives**

### **Landfill Gas to Energy**

SWACO has leased property, and contracted to provide raw landfill gas, to a private entity, Aria Energy, formerly known as Landfill Energy Systems (LES). Aria Energy is refining the gas to pipeline quality to sell as "green gas". This is the largest source of landfill renewable gas that came online in 2014 and is projected to produce over 10,000,000 gasoline gallon equivalents per year. By reducing carbon emissions at the source, and producing an extremely clean fuel, this extraction and refinement process has a carbon negative impact on the environment. SWACO received approximately \$676,000 in gas royalties in 2014 from this project.

### **Cell H-4 Construction**

SWACO is currently in the design phase and construction bid of cell H-4. Phase H-4A cell construction consists of a twenty-two (22) acre cell bottom, a six (6) acre separatory liner, and associated gas collection and controls system modifications. The project will extend over two (2) construction seasons with earthwork, leachate, utility and stream relocation, and gas system will occur in the first year. The liner systems will occur the second year. Scheduled completion of the initial lift of waste over the liner system requires that work to be completed early in the second construction season.

### **Reserve Funds**

SWACO's Board of Trustees previously approved the creation of two reserve funds to reassure its financial stability to fund situations that would interrupt the normal operating or funding of the Franklin County Sanitary Landfill, thereby putting the health, welfare and safety of the citizens of Franklin County and neighboring counties at risk. SWACO also wanted to provide funding for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding, or uninsured losses. SWACO funded \$2 million of its \$10 million dollar target in 2014. In May 2015, SWACO fully funded both reserve policies.

## **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, 2013. This was the sixteenth 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,



Ty D. Marsh  
Executive Director

# Principal Officials

Board of Trustees  
*(Appointed by or Representing)*

David J. Bush, Chairman

*Appointed by the Mayor of the City of  
Columbus*

Kenneth N. Wilson, Vice Chair

*Appointed by the Franklin County Board of  
Commissioners*

Marilyn Brown

*President of the Franklin County Board of  
Commissioners*

Tracie Davies

*Designee of the Mayor of the City of  
Columbus*

Timothy Guyton

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

William Lotz, Sr.

*Appointed by the Board of Trustees  
representing the general interest of citizens*

Vacant

*Appointed by the Board of Trustees  
representing Industrial, Commercial, and  
Institutional Waste Generators*

Susan A. Tilgner

*Designee of the Franklin County Health  
Commissioner*

Patrick King

*Appointed by the Board of Trustees  
representing the public*

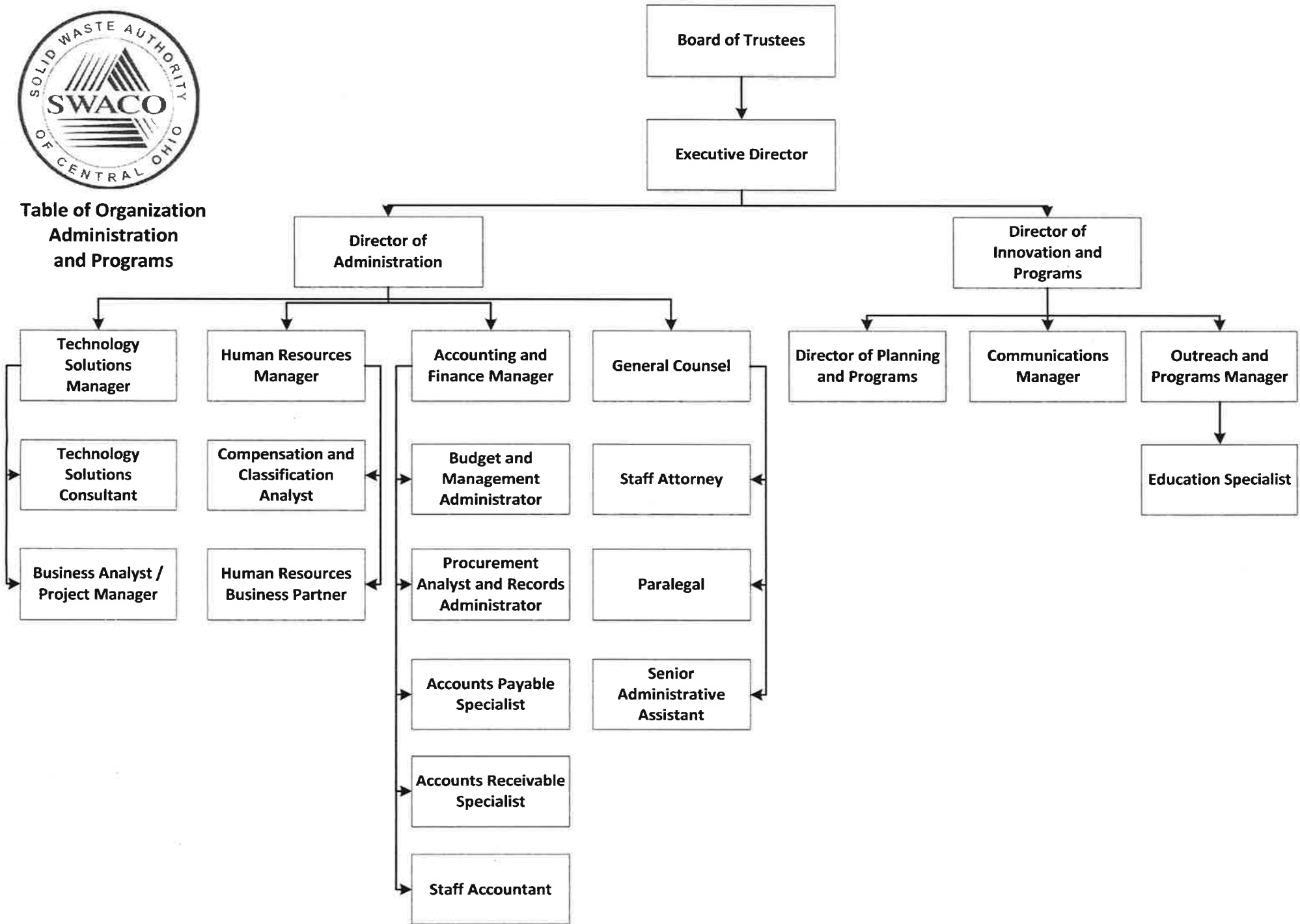
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## Staff

Ty D. Marsh, Executive Director  
Scott B. Perry, Director of Operations and Maintenance  
Christina A. Alutto, Director of Administration  
Kyle G. O'Keefe, Director of Innovation and Programs  
Patrick W. O'Block, Budget and Management Administrator

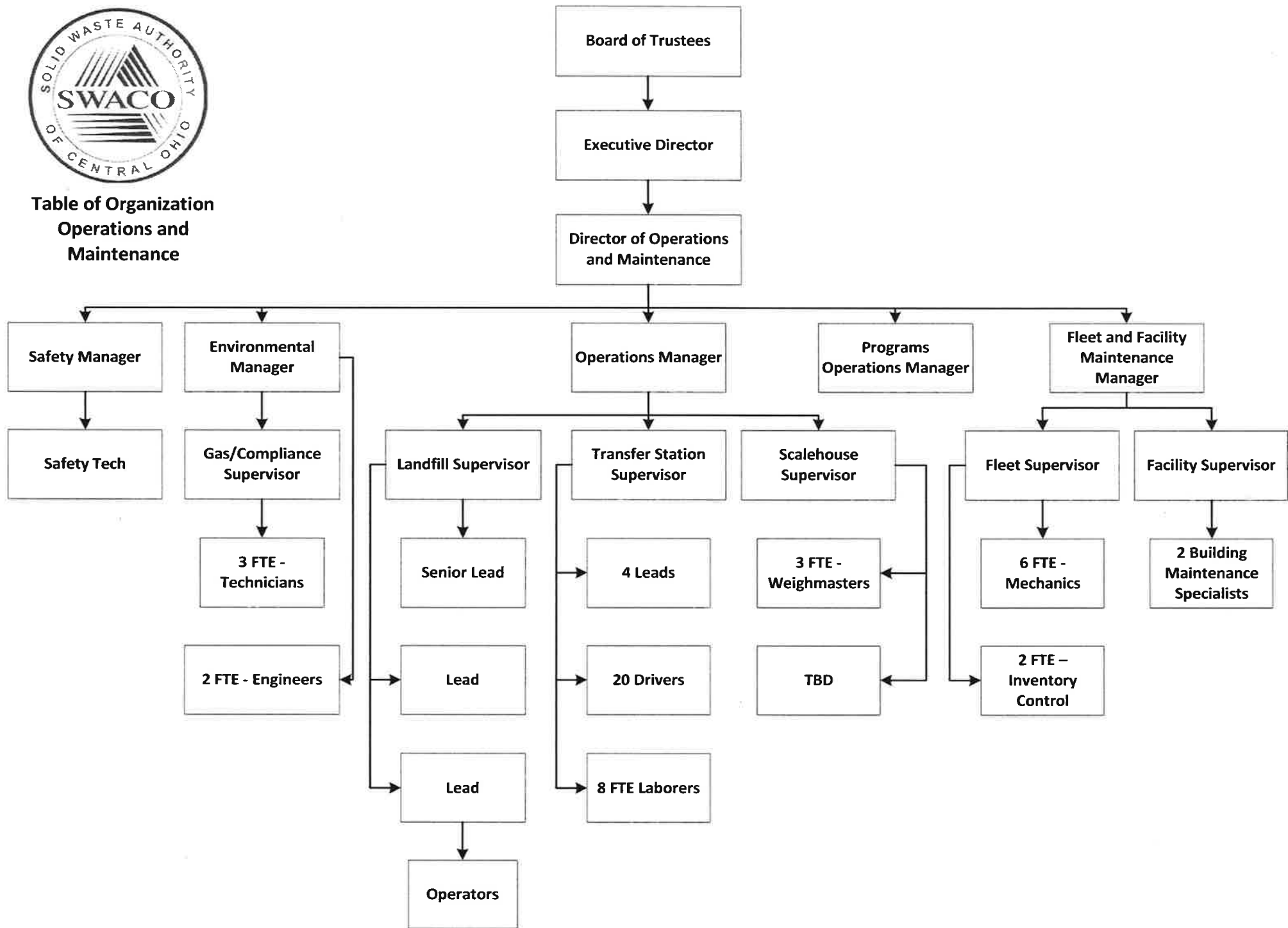


**Table of Organization  
Administration  
and Programs**

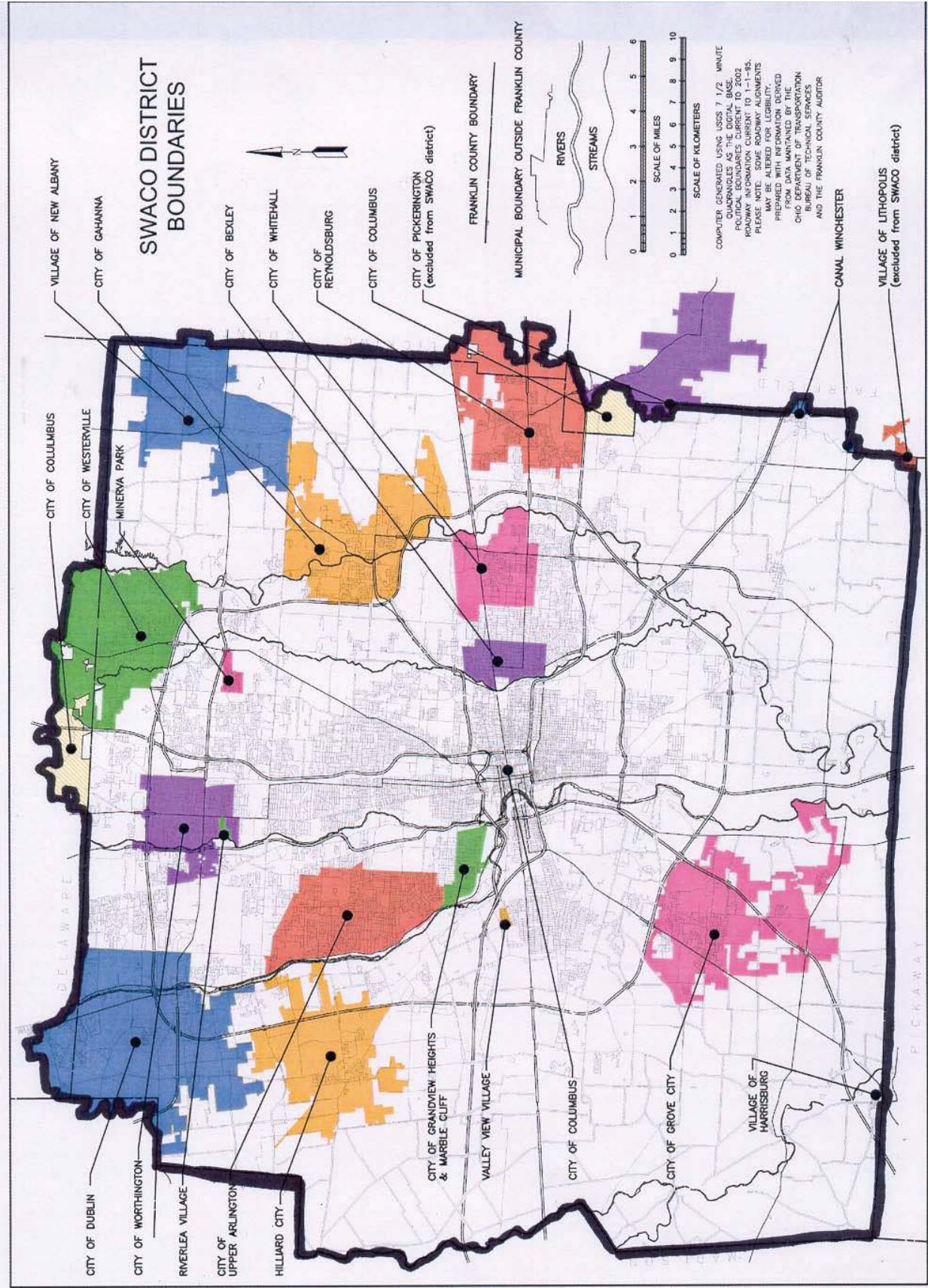




**Table of Organization  
Operations and  
Maintenance**



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Solid Waste Authority  
of Central Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2013**

Executive Director/CEO

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# **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

Solid Waste Authority of Central Ohio  
Franklin County  
4239 London Groveport Road  
Grove City, Ohio 43123

To the Audit and Finance Committee and Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, Ohio (SWACO), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to SWACO's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of SWACO's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***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 SWACO as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SWACO's basic financial statements. The introductory section, supplemental schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2015, on our consideration of the SWACO'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SWACO's internal control over financial reporting and compliance.



Kennedy Cottrell Richards LLC  
June 24, 2015

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") provides an overview of the financial performance of the Solid Waste Authority of Central Ohio (SWACO) and provides an introduction to SWACO's financial statements for the year ended December 31, 2014. The information contained in this MD&A should be considered in conjunction with information presented in the letter of transmittal, beginning on page 1-1, and SWACO's financial statements and corresponding notes to the financial statements, which follow this section.

#### Overview Of The Financial Statements

SWACO's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America and promulgated by the Governmental Accounting Standard Board (GASB). The financial information of SWACO is accounted for in two enterprise funds in order to reflect limitations and restrictions placed on the use of available resources. The *Operating Fund* is used primarily to account for revenues and expenses related to the operation of SWACO's Sanitary Landfill and solid waste transfer facilities. Except for certain fees restricted to the payment of a capital lease obligation and related bonds, the fund may be used for any other lawful solid waste management purpose deemed appropriate by the Board of Trustees. Generation Fees in the *Program Fund* are restricted by state statute to certain solid waste reduction, recycling and reuse purposes. Generation fee funds are derived from a \$5.00 fee on tipping and any grant income received.

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

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

#### Financial Highlights of 2014

- SWACO's net position increased by \$10.7 million, 104.7%, in 2014.
- Operating Fund operating income decreased by approximately \$45,000, 0.3%, in 2014.
- Operating Fund fees increased by approximately \$844,000 from the prior year. Other revenue was up approximately \$1.5 million, primarily due to an increase in rental income of \$379,000, royalties of \$676,000, and golf course fees of \$493,000.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

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- Operating Fund and Program Fund operating expenses – Salaries, wages and benefits overall expense decreased approximately \$491,000 from the prior year. Salaries decreased due to an internal reorganization of staffing. In the Operating Fund operating expenses for salaries, wages and benefits decreased by \$307,000. However, operating expenses for salaries, wages, and benefits in the Program Fund decreased by approximately \$184,000, which is due to vacant positions, primarily in the public relations group. The net of these fluctuations caused the approximately \$491,000 overall decrease from prior year.
- Contracts, services, and supplies increased by approximately \$605,000. The Operating Fund increased by approximately \$593,000, while the Program Fund saw a slight increase of approximately \$12,000.
- Depletion and closure expense increased by \$1.1 million over 2013. A change in the build-out plan resulted in an adjustment in the prior year. Landfill depletion expense specifically is up approximately \$1.1 million from prior year while closure expense is up approximately \$44,000 from prior year.
- Operating Fund and Program Fund non-operating expenses – The approximate \$2.4 million decrease in non-operating expense was primarily due to an adjustment of a capital lease of approximately \$700,000, a decrease in interest expense of approximately \$1.2 million and a gain on sale of assets of approximately \$349,000.

#### **Combined Net Position**

The 2013 and 2014 combined net position of both the Operating and Program Funds is presented on the following page. SWACO's net position increased from the prior year by approximately \$10.7 million, 104.7%, (all funds combined).

Significant net position changes from 2013 to 2014 are discussed in further detail, by fund, later in this MD&A.

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**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2014  
(unaudited)**

	<b>Net Position</b>		
	<b>Operating and Program Funds Combined</b>		
	<b>2013</b>	<b>2014</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 25,221,366	\$ 31,799,467	\$ 6,578,101
Restricted cash and investments	25,412,689	17,810,926	(7,601,763)
Closure/post-closure funds held by trustee	21,547,989	22,659,816	1,111,827
Capital assets	73,094,035	73,914,349	820,314
Capital lease receivable (less current portion)	3,326,494	746,756	(2,579,738)
<b>Total assets</b>	<b>148,602,573</b>	<b>146,931,314</b>	<b>(1,671,259)</b>
<b>Total deferred outflows of resources</b>	<b>2,423,964</b>	<b>3,189,333</b>	<b>765,369</b>
<b>Liabilities</b>			
Current liabilities	14,463,507	12,909,893	(1,553,614)
Bonds payable, less current portion, net	124,428,469	113,925,129	(10,503,340)
Landfill closure/post-closure liability, non-current	22,348,796	22,808,813	460,017
<b>Total liabilities</b>	<b>161,240,772</b>	<b>149,643,835</b>	<b>(11,596,937)</b>
<b>Net Position</b>			
Net investment in capital assets:			
Bonds payable related to closed waste-to-energy facility	(24,061,658)	(19,441,064)	4,620,594
Other capital assets, net	(8,068,517)	(14,056,059)	(5,987,542)
Restricted:			
Other restricted, net	4,633,358	7,268,770	2,635,412
Unrestricted	17,282,582	26,705,165	9,422,583
<b>Total net position</b>	<b>\$ (10,214,235)</b>	<b>\$ 476,812</b>	<b>\$ 10,691,047</b>

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

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

The 2013 and 2014 combined revenue, expenses, and changes in fund net position of both the Operating and Program Funds are presented and compared below.

	<b>Revenues, Expenses, and Changes in Fund Net Position</b>		<b>Increase</b>
	<b>Operating and Program Funds Combined</b>		<b>(Decrease)</b>
Revenues	<b>2013</b>	<b>2014</b>	
Operating revenues	\$ 48,743,454	\$ 51,007,396	\$ 2,263,942
Non-operating revenues	275,798	397,752	121,954
Total revenues	49,019,252	51,405,148	2,385,896
Expenses			
Operating expenses	33,173,076	35,269,130	2,096,054
Non-operating expenses	7,842,073	5,444,971	(2,397,102)
Total expenses	41,015,149	40,714,101	(301,048)
Change in net position	8,004,103	10,691,047	2,686,944
Total net position – beginning	(18,218,338)	(10,214,235)	8,004,103
Total net position – ending	\$ (10,214,235)	\$ 476,812	\$ 10,691,047

#### Financial Position of SWACO

As shown in the table above, SWACO ended 2014 with a combined net position of approximately \$477,000, an improvement of \$10.7 million or 104.7% from 2013.

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## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

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

#### Discontinued Operations Total Net Position (in thousands)

	Carrying Value of Waste-to- Energy Facility	WTEF Lease Obligation	Bonds Payable	Other Assets and (Liabilities)	Total Net Position
1993	\$162,105	\$173,253	\$ -	\$ -	\$(11,148)
1994	36,594	165,372	-	(2,565)	(131,343)
1995	36,594	165,372	-	(3,565)	(132,343)
1996	36,594	165,372	-	(4,097)	(132,875)
1997	6,500	165,372	-	(8,361)	(167,233)
1998	6,433	158,135	-	(16,068)	(167,770)
1999	6,381	140,275	-	(4,150)	(138,044)
2000	6,338	136,553	-	(113)	(130,328)
2001	4,605	126,879	-	(1,734)	(124,008)
2002	1,976	119,480	-	(981)	(118,485)
2003	1,976	108,711	-	(964)	(107,699)
2004	1,121	28,751	56,379	4,837	(79,172)
2005	-	27,356	53,230	15,405	(65,181)
2006	-	15,817	50,029	5,986	(59,860)
2007	-	14,269	46,745	6,520	(54,494)
2008	-	6,225	43,370	556	(49,039)
2009	-	4,099	39,888	313	(43,674)
2010	-	1,889	36,287	280	(37,896)
2011	-	-	32,559	294	(32,265)
2012	-	-	28,706	1,934	(26,772)
2013	-	-	24,062	3,654	(20,408)
2014	\$ -	\$ -	\$19,441	\$5,638	\$(13,803)

#### Operating Fund Net Position

A comparison of Operating Fund net position as of the end of 2013 and 2014 is shown in the table on page 2-8.

Collectively, total assets decreased by approximately \$2.2 million (1.5%).

Collectively, total liabilities decreased by approximately \$11.6 million (7.2%). The major component for this decrease is a reduction of approximately \$10.5 million in bonds payable less current portion.

Total net position increased by approximately \$10.1 million (86.4%) from 2013 to 2014.

Restricted net position includes funds held by a trustee (EPA Trust Fund) for closure of the Franklin County Sanitary Landfill net of the accrued liability for closure and post-closure care of the landfill. As of December 31, 2014, the EPA Trust Fund value was approximately \$22.7 million and the recorded closure liability was approximately \$22.8 million. Bond proceeds dedicated to discontinued operations account for the majority of this balance.

The increase in unrestricted net position of approximately \$9.4 million (54.5 %) was primarily due to an increase from cash and investments.

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

### Operating Fund Net Position

	2013	2014	Increase (Decrease)
<b>Assets</b>			
Current and other assets	\$ 24,824,817	\$ 31,344,712	\$ 6,519,895
Restricted cash and investments	24,436,146	16,282,500	(8,153,646)
Closure/post-closure funds held by trustee	21,547,989	22,659,816	1,111,827
Capital assets, net	72,583,270	73,451,653	868,383
Capital lease receivable	3,326,494	746,756	(2,579,738)
<b>Total assets</b>	<u>146,718,716</u>	<u>144,485,437</u>	<u>(2,233,279)</u>
<b>Total deferred outflows of resources</b>	<u>2,423,964</u>	<u>3,189,333</u>	<u>765,369</u>
<b>Liabilities</b>			
Current liabilities	14,040,636	12,529,389	(1,511,247)
Bonds payable, less current portion, net	124,428,469	113,925,129	(10,503,340)
Landfill closure/post-closure liability, less current portion	22,348,796	22,808,813	460,017
ERIP payable, less current portion	-	-	-
<b>Total liabilities</b>	<u>160,817,901</u>	<u>149,263,331</u>	<u>(11,554,570)</u>
<b>Net position</b>			
Net investment in capital assets:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(24,061,658)	(19,441,064)	4,620,594
Other capital assets, net	(8,579,282)	(14,518,755)	(5,939,473)
Restricted:			
Other restricted, net	3,683,137	5,666,093	1,982,956
Unrestricted	17,282,582	26,705,165	9,422,583
<b>Total net position</b>	<u>\$ (11,675,221)</u>	<u>\$ (1,588,561)</u>	<u>\$ 10,086,660</u>

### Operating Fund Revenues, Expenses and Changes in Fund Net Position

The following table compares 2013 and 2014 revenues, expenses and changes in fund net position in the Operating Fund.

**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2014  
(unaudited)****Operating Fund Revenues, Expenses, and Changes in Fund Net Position**

	<u>2013</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 29,216,552	\$ 29,255,428	\$ 38,876
Waste transfer fees	4,835,723	5,695,594	859,871
Retired facility and waiver fees	9,133,694	9,079,290	(54,404)
Other	375,572	1,901,738	1,526,166
Operating revenues	<u>43,561,541</u>	<u>45,932,050</u>	<u>2,370,509</u>
Operating expenses:			
Salaries, wages and benefits	8,819,254	8,512,143	(307,111)
Contract, services and supplies	7,809,425	8,402,766	593,341
Solid waste fees	4,766,322	5,012,388	246,066
Depreciation	3,698,834	4,181,801	482,967
Landfill depletion	3,394,861	4,487,822	1,092,961
Landfill closing costs	643,490	687,509	44,019
Interfund charges	(616,389)	(353,283)	263,106
Operating expenses	<u>28,515,797</u>	<u>30,931,146</u>	<u>2,415,349</u>
Operating income	<u>15,045,744</u>	<u>15,000,904</u>	<u>(44,840)</u>
Non-operating revenues (expenses)			
Bad debt expense on loan receivable	(2,500,000)	(1,773,387)	726,613
Interest expense	(4,746,093)	(3,521,505)	1,224,588
ERIP interest expense	(32,113)	(3,044)	29,069
Interest earnings	248,598	213,668	(34,930)
Gain (loss) on disposal of assets	(164,590)	170,024	334,614
Total non-operating expenses, net	<u>(7,194,198)</u>	<u>(4,914,244)</u>	<u>2,279,954</u>
Change in net position	7,851,546	10,086,660	2,235,114
Total net position – beginning	<u>(19,526,767)</u>	<u>(11,675,221)</u>	<u>7,851,546</u>
Total net position – ending	<u>\$ (11,675,221)</u>	<u>\$ (1,588,561)</u>	<u>\$ 10,086,660</u>

Solid waste tons received at SWACO's facilities decreased slightly from approximately 1,020,000 tons received during 2013 to approximately 1,017,000 tons received during 2014.

Retired facility and waiver fees decreased modestly at approximately \$54,000 (0.6%).

Collectively, operating revenues realized an increase of 5.4%, or approximately \$2.4 million.

## **SWACO**

### **Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)**

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Expenses for salaries, wages and benefits were approximately \$307,000 (3.5%) less in 2014 compared to 2013. This small decrease is primarily due to an internal reorganization of staffing needs.

Contracts, services and supplies expenses increased by approximately \$593,000 (7.6%) in 2014. The Operating Fund realized this increase due to SWACO operating the Phoenix Golf Links and an increase in professional services for organizational assessments.

Depletion and closure expense increased by approximately \$1.1 million over 2013. A change in the build-out plan resulted in an adjustment in the prior year. Landfill depletion expense is up approximately \$1.1 million from the prior year while closure expense is up approximately \$44,000 from the prior year.

Interfund charges decreased by approximately \$263,000 (42.7%) less than 2013.

Collectively, operating expenses increased by approximately \$2.4 million (8.5%). This outcome was primarily related to an increase in the net of depletion/closing costs of approximately \$1.1 million. An increase in contract, services, and supplies of approximately \$593,000, and an increase in depreciation of approximately \$483,000 contribute to the \$2.4 million increase. The net effect of these changes resulted in a decrease in operating income of approximately \$45,000 (0.3%) from the prior year.

Non-operating revenues and expenses net to an expense in 2014 of approximately \$4.9 million. This represents a net decrease of approximately \$2.3 million (31.7%) over the prior year. The combination of a reduction of interest expense of approximately \$1.2 million and a net decrease in non-operating expense related to the capital lease receivable write-down of approximately \$700,000 are the largest contributing factors for this change.

SWACO's financial position in the Operating Fund increased by approximately \$10.1 million (86.4%) in 2014, increasing SWACO's net position from a deficit of approximately \$11.7 million in 2013 to a deficit of approximately \$1.6 million at the end of 2014.

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# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

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### Program Fund Net Position

Total net position at the end of 2014 was approximately \$2.1 million, an increase of approximately \$604,000, (41.4%) from the prior year. Restricted net position (cash and receivables less payables) was approximately \$1.6 million, an increase of approximately \$652,000 (68.7%). Net position invested in capital assets, net of related debt, was approximately \$463,000, a decrease of approximately \$48,000 (9.4%).

### Program Fund Net Position

	<u>2013</u>	<u>2014</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current assets	\$ 1,373,092	\$ 1,983,181	\$ 610,089
Capital assets	<u>510,765</u>	<u>462,696</u>	<u>(48,069)</u>
<b>Total assets</b>	<u>1,883,857</u>	<u>2,445,877</u>	<u>562,020</u>
<b>Liabilities</b>			
Current liabilities	<u>422,871</u>	<u>380,504</u>	<u>(42,367)</u>
<b>Total liabilities</b>	<u>422,871</u>	<u>380,504</u>	<u>(42,367)</u>
<b>Net position</b>			
Net investment in capital assets	510,765	462,696	(48,069)
Restricted	<u>950,221</u>	<u>1,602,677</u>	<u>652,456</u>
<b>Total net position</b>	<u>\$ 1,460,986</u>	<u>\$ 2,065,373</u>	<u>\$ 604,387</u>

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

A comparison of 2013 and 2014 revenues and expenses in the Program Fund is shown on page 2-12.

### Program Fund Operating Revenues

Generation fees decreased modestly, by approximately \$29,000 (0.6%) in 2014 compared to 2013.

### Program Fund Operating Expenses

Program Fund operating expenses collectively decreased by approximately \$319,000 (6.9%) in 2014. Salaries, wages, and benefits decreased by approximately \$184,000 primarily due to reduced headcount. Contracts, services, and supplies increased by approximately \$12,000. Interfund charges decreased by approximately \$147,000 due to less payroll expense and fleet parts and repairs.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

#### Non-Operating Income & Expenses

Non-operating transactions primarily consisted of grant activities. Grants awarded and received, representing both pass-through and SWACO grants, decreased by approximately \$225,000 (60.5%). Timing of grants in the year they are awarded contributed to this decrease along with less grant funds expended.

Ending net position in the Program Fund increased by approximately \$604,000 (41.4%) from 2013 to 2014.

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

	<u>2013</u>	<u>2014</u>	<b>Increase (Decrease)</b>
Operating revenues:			
Generation fees	\$ 5,074,001	\$ 5,044,910	\$ (29,091)
Other	107,912	30,436	(77,476)
Operating revenues	<u>5,181,913</u>	<u>5,075,346</u>	<u>(106,567)</u>
Operating expenses:			
Salaries, wages and benefits	1,131,474	947,509	(183,965)
Contracts, services and supplies	2,958,389	2,970,124	11,735
Depreciation and depletion	67,068	67,068	-
Interfund charges	500,348	353,283	(147,065)
Operating expenses	<u>4,657,279</u>	<u>4,337,984</u>	<u>(319,295)</u>
Operating income	<u>524,634</u>	<u>737,362</u>	<u>212,728</u>
Non-operating revenues (expenses):			
Grants awarded	(399,277)	(147,035)	252,242
Grants received	27,200	-	(27,200)
Gain (loss) disposal of assets	-	14,060	14,060
Total non-operating expenses, net	<u>(372,077)</u>	<u>(132,975)</u>	<u>239,102</u>
Change in net position	152,557	604,387	451,830
Total net position– beginning	<u>1,308,429</u>	<u>1,460,986</u>	<u>152,557</u>
Total net position – ending	<u>\$ 1,460,986</u>	<u>\$ 2,065,373</u>	<u>\$ 604,387</u>



# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

### Capital Assets

SWACO's investments in depreciable capital assets include the Sanitary Landfill and related facilities and equipment, two transfer stations, a fleet maintenance facility, a landfill operations facility, the administrative office building and furnishings, and solid waste transfer vehicles and related equipment. Additionally, SWACO owns a 28,000 square foot light manufacturing building which is located at 2512 Jackson Pike which SWACO leases from the City of Columbus. SWACO entered into a capital lease with a recycling company who currently occupies this facility. SWACO also owns land for facilities and buffer area in the vicinity of the landfill.

The increase in net assets being depreciated or depleted was approximately \$7.1 million in the Operating Fund due primarily to the landfill development costs of approximately \$6.9 million. The following table compares SWACO's investments in capital assets as of the end of 2013 and 2014.

	<b>Capital Assets</b>		<b>Increase (Decrease)</b>
<b>Operating Fund</b>	<b>2013</b>	<b>2014</b>	
Capital assets, not being depreciated:			
Land and land improvements	\$ 18,162,644	\$ 18,744,612	\$ 581,968
Construction in progress	8,641,363	1,822,849	(6,818,514)
Total capital assets, not being depreciated	26,804,007	20,567,461	(6,236,546)
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	6,204,075	5,023,796	(1,180,279)
Building and improvements	7,253,805	9,179,285	1,925,480
Transfer stations	11,175,466	10,631,765	(543,701)
Sanitary landfill	21,145,917	28,049,346	6,903,429
Total capital assets, being depreciated, net	45,779,263	52,884,192	7,104,929
Total capital assets, net	72,583,270	73,451,653	868,383
<b>Program Fund</b>			
Capital assets, not being depreciated:			
Construction in progress	6,000	24,999	18,999
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	32,347	23,318	(9,029)
Building and improvements	472,418	414,379	(58,039)
Total capital assets, net	\$ 510,765	\$ 462,696	\$ (48,069)

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2014 (unaudited)

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

#### Debt Administration

SWACO's outstanding debt as of December 31, 2013 and 2014 is shown in the following table:

	Outstanding Long-Term Debt		Increase (Decrease)
	2013	2014	
General obligation bonds, net	\$ 128,708,665	\$ 118,518,084	\$(10,190,581)
Taxable notes	4,355,528	4,014,805	(340,723)
Total	<u>\$ 133,064,193</u>	<u>\$ 122,532,889</u>	<u>\$(10,531,304)</u>

SWACO's ability to issue un-voted general obligation debt is subject to overlapping debt restrictions with other political subdivisions, but there is not a statutory direct debt limit on SWACO's ability to issue general obligation or revenue bonds. SWACO's debt capacity is more limited by market forces and its ability to raise tipping fees to levels required to pay debt service.

SWACO's general obligation bonds carry an AAA rating by Standard and Poor's and an Aaa rating by Moody's Investors Service. SWACO's debt management program is discussed in more detail in Note 10 of the financial statements (Debt Management).

#### Economic Factors

Similar to other local governments in Ohio, SWACO continues to face economic pressures. Waste receipts at the Franklin County Sanitary Landfill in 2014 decreased slightly in comparison to the prior year.

Solid waste tons received at SWACO's facilities during 2014 were approximately 1,017,000 tons, versus 2013 receipts of 1,020,000 tons. SWACO has not increased its tipping fee rate since January 2012.

#### 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 Patrick O'Block (614) 871-5100, or by e-mail at pat.oblock@swaco.org.

**SWACO**  
**Statement of Net Position – Proprietary Funds**  
**As of December 31, 2014**

Assets	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 18,311,507	\$ -	\$ 18,311,507
Restricted cash	16,282,500	1,528,426	17,810,926
Investments	7,426,332	-	7,426,332
Accounts receivable, net	4,155,958	454,755	4,610,713
Lease receivable, current portion	1,022,991	-	1,022,991
Other assets	427,924	-	427,924
<b>Total current assets</b>	<b>47,627,212</b>	<b>1,983,181</b>	<b>49,610,393</b>
Non-current assets:			
Investments held by trustee for landfill closure/post-closure care	22,659,816	-	22,659,816
Capital assets:			
Sanitary landfill, net of accumulated depletion	28,049,346	-	28,049,346
Buildings and equipment and furnishings, net of accumulated depreciation	24,834,846	437,697	25,272,543
Construction in progress	1,822,849	24,999	1,847,848
Land and land improvements	18,744,612	-	18,744,612
Lease receivable, less current portion	746,756	-	746,756
<b>Total non-current assets</b>	<b>96,858,225</b>	<b>462,696</b>	<b>97,320,921</b>
<b>Total assets</b>	<b>144,485,437</b>	<b>2,445,877</b>	<b>146,931,314</b>
Deferred outflows of resources:			
Deferred charge - refundings	1,992,895	-	1,992,895
Excess consideration provided for Phoenix Golf Links	1,196,438	-	1,196,438
<b>Total deferred outflows of resources</b>	<b>\$ 3,189,333</b>	<b>\$ -</b>	<b>\$ 3,189,333</b>

Continued on the following page

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

**SWACO**  
**Statement of Net Position – Proprietary Funds**  
**As of December 31, 2014**

<b>Liabilities</b>	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 2,093,961	\$ 266,940	\$ 2,360,901
SWACO grants payable	-	31,761	31,761
Accrued wages and benefits	801,789	81,803	883,592
Accrued interest	679,051	-	679,051
Current maturities of bonds and notes payable	8,607,760	-	8,607,760
Landfill post-closure liability, current portion	296,237	-	296,237
Other payables	50,591	-	50,591
Total current liabilities	<u>12,529,389</u>	<u>380,504</u>	<u>12,909,893</u>
Non-current liabilities:			
Bonds and notes payable, less current portion, net	113,925,129	-	113,925,129
Landfill closure/post-closure liability	22,808,813	-	22,808,813
Total non-current liabilities	<u>136,733,942</u>	<u>-</u>	<u>136,733,942</u>
Total liabilities	<u>149,263,331</u>	<u>380,504</u>	<u>149,643,835</u>
<b>Net Position</b>			
Net investment in capital assets:			
Bonds payable related to closed waste-to-energy facility	(19,441,064)	-	(19,441,064)
Other capital assets, net	(14,518,755)	462,696	(14,056,059)
Restricted:			
Other restricted, net	5,666,093	1,602,677	7,268,770
Unrestricted	26,705,165	-	26,705,165
Total net position	<u>\$ (1,588,561)</u>	<u>\$ 2,065,373</u>	<u>\$ 476,812</u>

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

**SWACO****Statement of Revenues, Expenses and Changes in Fund Net Position –  
Proprietary Funds  
For the Year Ended December 31, 2014**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Tipping and disposal fees	\$ 29,255,428	\$ -	\$ 29,255,428
Waste transfer fees	5,695,594	-	5,695,594
Retired facility and waiver fees	9,079,290	-	9,079,290
Generation fees	-	5,044,910	5,044,910
Other	1,901,738	30,436	1,932,174
	<u>45,932,050</u>	<u>5,075,346</u>	<u>51,007,396</u>
Total operating revenues			
	<u>45,932,050</u>	<u>5,075,346</u>	<u>51,007,396</u>
<b>Operating expenses:</b>			
Salaries, wages and benefits	8,512,143	947,509	9,459,652
Contract, services and supplies	8,402,766	2,970,124	11,372,890
Solid waste fees	5,012,388	-	5,012,388
Depreciation	4,181,801	67,068	4,248,869
Landfill depletion	4,487,822	-	4,487,822
Landfill closing costs	687,509	-	687,509
Interfund charges	(353,283)	353,283	-
	<u>30,931,146</u>	<u>4,337,984</u>	<u>35,269,130</u>
Total operating expenses			
	<u>30,931,146</u>	<u>4,337,984</u>	<u>35,269,130</u>
Operating income	<u>15,000,904</u>	<u>737,362</u>	<u>15,738,266</u>
<b>Non-operating revenues (expenses):</b>			
Bad debt expense - CWL	(1,773,387)	-	(1,773,387)
Interest expense	(3,521,505)	-	(3,521,505)
ERIP interest expense	(3,044)	-	(3,044)
Interest earnings	213,668	-	213,668
Grants awarded	-	(147,035)	(147,035)
Gain on disposal of assets	170,024	14,060	184,084
	<u>(4,914,244)</u>	<u>(132,975)</u>	<u>(5,047,219)</u>
Total non-operating expenses, net			
	<u>(4,914,244)</u>	<u>(132,975)</u>	<u>(5,047,219)</u>
Change in net position	10,086,660	604,387	10,691,047
Total net position – beginning	<u>(11,675,221)</u>	<u>1,460,986</u>	<u>(10,214,235)</u>
Total net position – ending	<u>\$ (1,588,561)</u>	<u>\$ 2,065,373</u>	<u>\$ 476,812</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, 2014**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 34,723,808	\$ -	\$ 34,723,808
Retired facility fee and waiver fees collected	9,041,585	-	9,041,585
Generation fees collected	-	4,986,704	4,986,704
Other receipts	1,901,738	30,436	1,932,174
Payments to or on behalf of employees for salaries, wages and benefits	(8,409,611)	(957,161)	(9,366,772)
Payments to vendors	(13,436,667)	(2,921,300)	(16,357,967)
Model Landfill post-closure costs paid	(232,855)	-	(232,855)
Interfund charges	353,283	(353,283)	-
Other payments	6,066	-	6,066
	<u>23,947,347</u>	<u>785,396</u>	<u>24,732,743</u>
Net cash provided by operating activities			
<b>Cash flows from non-capital financing activities:</b>			
Grants received	-	(81,539)	(81,539)
Grants awarded	-	(147,035)	(147,035)
	<u>-</u>	<u>(228,574)</u>	<u>(228,574)</u>
Net cash used in non-capital financing activities			
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	53,938,941	-	53,938,941
Purchase of investments	(56,527,744)	-	(56,527,744)
Interest received	129,918	-	129,918
	<u>129,918</u>	<u>-</u>	<u>129,918</u>
Net cash used in investing activities	<u>\$ (2,458,885)</u>	<u>\$ -</u>	<u>\$ (2,458,885)</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, 2014**

	Operating Fund	Program Fund	Total
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	\$ 22,374,999	\$ -	\$ 22,374,999
Proceeds from sale of assets	170,024	14,060	184,084
Proceeds from capital lease	(220,923)	-	(220,923)
Landfill, facilities and equipment additions and disposals	(10,568,244)	(18,999)	(10,587,243)
Principal paid on bonds and notes payable	(36,200,724)	-	(36,200,724)
Interest paid	(1,106,723)	-	(1,106,723)
Net cash used in capital and related financing activities	<u>(25,551,591)</u>	<u>(4,939)</u>	<u>(25,556,530)</u>
Net increase in cash and cash equivalents	(4,063,129)	551,883	(3,511,246)
Cash and cash equivalents, beginning of year	38,657,137	976,543	39,633,680
Cash and cash equivalents, end of year	<u>\$ 34,594,008</u>	<u>\$ 1,528,426</u>	<u>\$ 36,122,434</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 15,000,904	\$ 737,362	\$ 15,738,266
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and depletion	8,727,094	67,068	8,794,162
Landfill closing costs	687,509	-	687,509
Increase (decrease) in cash resulting from changes in:			
Accounts receivable, net	(264,920)	(58,206)	(323,126)
Accounts payable	(360,024)	(218,117)	(578,141)
Accrued wages and benefits	102,532	(9,652)	92,880
Landfill post-closure liability	(232,855)	-	(232,855)
Other assets and liabilities	287,107	266,941	554,048
Net cash provided by operating activities	<u>\$ 23,947,347</u>	<u>\$ 785,396</u>	<u>\$ 24,732,743</u>

**Non-cash capital and related financing activities (Operating Fund):**

- Amortization of premiums on bonds payable of (\$3,301,057).
- Bond defeasements net of amortization \$765,370.
- Change in carrying value of investments resulting in a gain of \$51,003.
- Lease receivable adjustment due to appraisal (\$1,773,387).

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

# SWACO

## Notes to Financial Statements

### As of December 31, 2014

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#### 1. Organization

The Solid Waste Authority of Central Ohio (SWACO) 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 two solid waste transfer facilities supported by tipping fees charged for solid waste disposal and transfer services at these facilities. SWACO also provides recycling programs, yard waste composting services, public education programs, and other activities designed to reduce the generation and disposal of solid waste within SWACO's jurisdiction. SWACO's waste-reduction activities are supported by a \$5.00 per ton waste Generation Fee levied on a majority of solid waste generated within the District.

The Sanitary Landfill was purchased from Franklin County in 1991. The Ohio Environmental Protection Agency (“OEPA”) approved a modification to the original County permit in 1997 increasing disposal capacity by approximately 49 million cubic yards (from 10.7 million cubic yards) and increasing the landfill acreage to 363 acres from approximately 116 acres. The modified permit allowed both vertical and horizontal expansion of the landfill. In 2008, SWACO submitted an application to the OEPA to further modify the permit to change the configuration of the landfill and further increase capacity. The modification was approved by the OEPA in 2009 and added approximately 3.5 million cubic yards of disposal capacity (see Note 5 – Closure/Post-closure Funds Held by Trustee). SWACO estimates that it has sufficient landfill capacity to service the needs of the District for at least 25 years.

In 1993, SWACO leased a 90-megawatt solid waste resource recovery facility (the Waste-to-Energy Facility or “WTEF”) and three related waste transfer facilities from the City (see Note 11 – Waste-to-Energy Facility Debt). The WTEF was closed in November 1994 due to SWACO's inability to generate revenues sufficient to operate the facility. SWACO continues to operate one of the three waste transfer facilities and has converted a portion of the closed WTEF into an additional transfer facility.

As part of the purchase of the currently operating landfill, SWACO also acquired the Model Landfill, the County's closed former landfill. The Model Landfill has been closed since 1985, and SWACO assumed ongoing monitoring and closure requirements for the landfill when it was transferred from the County. In 1999, SWACO leased the landfill to a private entity to develop a public golf course on the site in conjunction with a project to remediate the landfill cap. On January 15, 2014, SWACO entered into an asset purchase agreement with Phoenix Golf Links, Ltd. to acquire all of their operating assets, located at SWACO's closed Model Landfill. The assets were purchased for \$2,375,000 and a related Model Landfill lease agreement was terminated at the same time.



# SWACO

## Notes to Financial Statements

### As of December 31, 2014

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SWACO derives its revenue principally from fees levied on the disposal of solid waste. SWACO collects these fees in two ways: 1) tipping fees charged for solid waste disposal and waste transfer services provided at SWACO facilities; and 2) fees assessed on all solid waste generated within the District. These fees are established pursuant to authorization within the Ohio Revised Code (“ORC”) and agreements established with private landfill owners. SWACO had one customer which accounted for approximately 35% of SWACO’s total operating revenues for the year ended December 31, 2014. The customer accounted for approximately 34% of accounts receivable at December 31, 2014.

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, in that the statements include all organizations, activities, and functions for which SWACO (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization and either SWACO’s ability to impose its will over the organization’s governing body or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, SWACO. There are no potential component units that meet the criteria imposed by GASB Statement No. 14 or GASB Statement No. 39 included in SWACO’s reporting entity.

## 2. Summary of Significant Accounting Policies

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating 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 services.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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

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

Within the Operating Fund, SWACO segregates revenues and expenses for Continuing Operations (primarily the Sanitary Landfill and transfer stations) from Discontinued Operations (the WTEF) to allow management to more easily focus on operating results from ongoing operations. Additionally, certain revenues within the Operating Fund are dedicated to the payment of the WTEF lease obligation and related bonds (Note 11 – Waste-to-Energy Facility Debt) and may not be used for other purposes. The separation of the Operating Fund into Continuing and Discontinued Operations is shown in the supplemental schedules beginning on page 2-48.

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

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

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

*Accounts receivable:* SWACO extends credit to public and private customers of the landfill, transfer stations, and other SWACO facilities and reports amounts owed to SWACO net of any allowance for bad debts. The allowance for bad debts is calculated by identifying specific accounts that are more than 90 days past due with no payment activity. As of December 31, 2014, the allowance for bad debt was zero. Accounts receivable also includes amounts owed by private transfer stations and landfills for solid waste received at the facilities, generated within the boundaries of SWACO and subject to the Generation Fee and Waiver Fee.

*Restricted Assets:* As discussed further in Note 4 (Restricted Assets), certain SWACO assets are restricted for debt service, capital projects, by State law, or for other purposes. When both restricted and unrestricted resources are available for a particular purpose, it is SWACO's policy to use restricted resources first.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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

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

*Impairment of capital assets:* SWACO will review a capital asset for possible impairment when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. If it is determined that the service utility has significantly declined and that decline is unexpected, then SWACO will declare the asset impaired. The amount of impairment is determined by management based on a variety of factors including the asset's carrying value and the potential cash flows expected to be generated from that asset.

*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, 2014.

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

*Bond issuance cost and deferred amounts on refundings:* Bond issuance costs are expensed when incurred. Deferred amounts on refundings are recorded as a deferred outflow, and are amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

*Net Position:* Net position represents the difference between assets and liabilities. *Net investment in capital assets* 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 to debt proceeds do not reduce *Net investment in capital assets*. Net position is reported as restricted when there are external restrictions imposed on their use, either contractually, by debt covenant, or by statute.

*New accounting pronouncements:* In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. This statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014. We are currently assessing the potential impact of the adoption of this statement on SWACO's financial statements.

# SWACO

## Notes to Financial Statements

### As of December 31, 2014

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For the fiscal year ending December 31, 2014, SWACO implemented GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement established accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. On January 15, 2014, SWACO entered into an asset purchase agreement with Phoenix Golf Links, Ltd. to acquire all of their operating assets, located at SWACO's closed Model Landfill. Financial Statements for the fiscal year ending December 31, 2014 for SWACO and Phoenix are presented on a consolidated basis as results for Phoenix have been deemed immaterial. See *Subsequent Events* on page 2-47 for additional details related to Phoenix Golf Links.

In November 2013, the GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. This statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's net pension liability. This statement is effective for fiscal years beginning after June 15, 2014. We are currently assessing the potential impact of the adoption of this statement on SWACO's financial statements.

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

*Reclassification:* Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results.

*Subsequent Events:* Subsequent events are defined as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or available to be issued. Management has evaluated subsequent events through June 24, 2015, which is the date that the financial statements were available to be issued.

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**3. Cash and Investments**

SWACO pools its cash and investments except for funds held by a trustee for landfill closure/post-closure 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, 2014, the carrying amounts of SWACO's deposits were \$36,089,129, while the bank balances were \$37,645,191. Of the bank deposits, \$250,000 was insured by the Federal Deposit Insurance Corporation, and \$37,395,191 was uninsured and collateralized by collateral pools held by the financial institutions and not in the name of SWACO.

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

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

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

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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

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

SWACO reports its investments at fair value in accordance with GASB Statement No. 31. SWACO recorded an unrealized loss of approximately \$59,000 as of December 31, 2014, which represents the difference between fair value and the cost as of that date. Fair value was determined using quoted market prices. The chart on the next page summarizes SWACO's cash and investments at fair market value as of December 31, 2014:

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

**Cash and Investments at December 31, 2014**

<u>Operating and Program Funds</u>	<u>Fair Value</u>	<u>Maturity in Years</u>	
		<u>Less than 1</u>	<u>1 to 4</u>
Carrying amount of deposits	\$ 36,089,129	\$ -	\$ 36,089,129
Federal agency securities	7,426,332	1,000,332	6,426,000
Money market mutual funds/sweep acct.	31,199	-	31,199
Cash on hand	2,100	-	2,100
STAR Ohio	5	-	5
	<u>43,548,765</u>	<u>1,000,332</u>	<u>42,548,433</u>
 <u>Closure/Post-closure Trust Fund</u>			
Money market mutual funds	69,342	-	69,342
Federal agency securities	22,590,474	-	22,590,474
	<u>22,659,816</u>	<u>-</u>	<u>22,659,816</u>
 Total	 <u>\$ 66,208,581</u>	 <u>\$ 1,000,332</u>	 <u>\$ 65,208,249</u>

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

<u>Per Statement of Net Position</u>	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 18,311,507	-	\$ 18,311,507
Restricted cash	16,282,500	\$ 1,528,426	17,810,926
Investments	7,426,332	-	7,426,332
Closure/post-closure funds held by trustee:			
Investments	<u>22,659,816</u>	<u>-</u>	<u>22,659,816</u>
Total	<u>\$ 64,680,155</u>	<u>\$ 1,528,426</u>	<u>\$ 66,208,581</u>

*Concentration of Credit Risk:* SWACO's investment policy limits the amount that may be invested with any one issuer to fifty percent of the total portfolio. As of December 31, 2014, investments in the following issuers exceeded five percent of the portfolio: FNMA Notes (28%), FHLMC Notes (22%), FFCB Notes (24%), and FHLB Notes (6%).

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$16,282,500 in the Operating Fund and \$1,528,426 in the Program Fund were restricted at December 31, 2014 for debt service, capital projects, by State law, or for other purposes.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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**4. Restricted Assets**

*Restricted Cash:* In the Operating Fund these funds include debt service accounts, the capital improvements account (bond proceeds), and funds dedicated to the payment of the WTEF lease and associated bonds (see Note 11 – Waste-to-Energy Facility Debt). In the Program Fund restricted cash is unexpended Generation Fees collected by SWACO that are restricted by State statute for the purpose of solid waste recycling, reuse, and reduction programs and implementation of SWACO’s solid waste plan.

Other restricted assets include generation and waiver fees receivable. Other restricted net position is reduced by bonds payable related to the capital improvements account.

**Restricted Net Position**

	Operating Fund	Program Fund	Total
Cash			
Capital projects account	\$ 11,114,530	\$ -	\$ 11,114,530
Bond retirement account	4,813,552	-	4,813,552
Unexpended generation fees	286,918	1,528,426	1,815,344
Pooled Cash and Investments	67,500	-	67,500
	<u>16,282,500</u>	<u>1,528,426</u>	<u>17,810,926</u>
Waiver and generation fees receivable	593,872	454,755	1,048,627
Less bonds payable related to capital projects Account	(11,114,530)	-	(11,114,530)
Less amounts payable from restricted assets	<u>(95,749)</u>	<u>(380,504)</u>	<u>(476,253)</u>
Other restricted net position	<u>\$ 5,666,093</u>	<u>\$ 1,602,677</u>	<u>\$ 7,268,770</u>

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**5. Closure/Post-Closure Funds Held by Trustee**

In 1995, SWACO established a trust fund (the “Fund”) with U.S. Bank for the benefit of the OEPA under OEPA rules applicable to SWACO requiring the owner or operator of a solid waste facility to provide financial assurance that funds will be available when needed for final closure, post-closure care, and/or corrective measures of the facility when the landfill stops accepting waste (either when at maximum capacity or if closed for other reasons). The amount to be funded for the financial assurance instrument, which is established in the landfill permit, and is subject to change due to inflation or other factors, is based on the maximum exposure of unclosed landfill area allowed in the permit and is calculated differently than SWACO’s Landfill Closure Cost estimate for purposes of GASB Statement No. 18 (see Note 12 – Landfill Closure and Post-closure Care Costs). The amount to be funded for the financial assurance estimate is paid in annual installments over a maximum twenty-year pay-in period. Annual payments are made by SWACO and are calculated by dividing the financial assurance requirement less cash and investments in the Fund as of the calculation date by the number of years remaining in the pay-in period (ten years as of December 31, 2014).

The required Fund payment due and paid in April 2015 was \$660,000.

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

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

**6. Capital Assets**

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

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

Landfill development costs (land acquisition, engineering, construction and other direct costs associated with the permitting, development, and construction of landfill capacity) are capitalized and depleted based on the percentage of permitted capacity used during the year. Depletion is calculated based on cubic yards of solid waste disposed and placed in the landfill as measured through an annual aerial survey. Costs associated with development of the entire landfill site are depleted based on the percentage of total permitted capacity used (approximately 45.9% as of December 31, 2014). Costs associated with the development and construction of individual expansion cells are depleted based on the percentage of horizontal capacity used (18.9% as of December 31, 2014).

Depletion and closure expense increased approximately \$1.1 million over 2013. A change in the build-out plan resulted in an adjustment in the prior year. Landfill depletion expense specifically is up approximately \$1.1 million from prior year while closure expense is up approximately \$44,000 from prior year.

Construction in progress primarily consists of landfill construction of cell H-4.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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As of the end of 2014, SWACO estimates total landfill development costs at approximately \$166.5 million, including approximately \$74.5 million expended through 2014 (including construction in progress) and approximately \$92.0 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$46.4 million as of December 31, 2014, leaving an estimate of \$120.1 million in depletion expense over the remaining life of the landfill.

A summary of capital assets at December 31, 2014 is shown on the following page.

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**Summary of property, plant and equipment at December 31, 2014**

<b>Operating Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and land improvements	\$ 18,162,644	\$ 581,968	\$ -	\$ 18,744,612
Construction in progress	8,641,363	8,701,785	(15,520,299)	1,822,849
Total capital assets, not being depreciated	26,804,007	9,283,753	(15,520,299)	20,567,461
Capital assets, being depreciated/depleted:				
Equipment and furnishings	25,382,955	1,524,271	(1,237,768)	25,669,458
Building and improvements	10,433,750	2,678,148	-	13,111,898
Transfer stations	14,973,895	185,196	-	15,159,091
Sanitary landfill	63,095,243	11,391,251	-	74,486,494
Total capital assets, being depreciated/depleted	113,885,843	15,778,866	(1,237,768)	128,426,941
Less accumulated depreciation/depletion for:				
Equipment and furnishing	(19,178,880)	(2,700,235)	1,233,453	(20,645,662)
Building and improvements	(3,179,945)	(752,668)	-	(3,932,613)
Transfer stations	(3,798,429)	(728,897)	-	(4,527,326)
Sanitary landfill	(41,949,326)	(4,487,822)	-	(46,437,148)
Total accumulated depreciation/depletion	(68,106,580)	(8,669,622)	1,233,453	(75,542,749)
Total capital assets, being deprec./depl., net	45,779,263	7,109,244	(4,315)	52,884,192
Total capital assets, net	\$ 72,583,270	\$ 16,392,997	\$(15,524,614)	\$ 73,451,653
<b>Program Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Construction in progress	\$ 6,000	\$ 18,999	-	\$ 24,999
Total capital assets, not being depreciated	6,000	18,999	-	24,999
Capital assets, being depreciated:				
Equipment and furnishings	627,483	-	\$ (146,199)	481,284
Building and improvements	1,210,214	-	-	1,210,214
Total capital assets, being depreciated	1,837,697	-	(146,199)	1,691,498
Less accumulated depreciation for:				
Equipment and furnishing	(595,138)	(9,029)	146,199	(457,968)
Building and improvements	(737,794)	(58,039)	-	(795,833)
Total accumulated depreciation	(1,332,932)	(67,068)	146,199	(1,253,801)
Total capital assets, being depreciated, net	504,765	(67,068)	-	437,697
Total capital assets, net	\$ 510,765	\$ (48,069)	\$ -	\$ 462,696

**7. Capital Leases Receivable**

In 2005, SWACO purchased a building housing a non-hazardous oily waste water processing facility (the "Facility") located on land leased to the owner of the facility by SWACO for approximately \$1.6 million. SWACO then entered into an agreement with the former owner to lease the building from SWACO. In 2007, SWACO purchased for approximately \$3.3 million the oily waste water processing equipment located in the building and amended the lease to include the equipment. Lease payments under the amended lease were equal to SWACO's debt service requirements on the building and equipment plus 1/2 of one percent (the base rent). In addition, the lessee was required to provide certain waste processing services to SWACO at no additional cost to SWACO (the supplemental rent). The lease was for a term of ten years, subject to earlier termination if the lessee prepays the lease. At the end of the lease, title to the building and equipment would have passed to the lessee.

Beginning in January 2010, the lessee of the Facility defaulted, and was unable to pay the monthly rent due under the lease agreement. On June 15, 2010, the lease agreement was amended to provide the lessee with a reduced monthly rental obligation. Under the 2010 amendment, payments were \$25,000 per month (\$300,000 per year), with a balloon payment due on June 15, 2012 of approximately \$5,100,000. In June 2012, the Board authorized an amendment extending the due date of the balloon payment to June 15, 2013. In addition, the monthly payments increased to \$30,000 per month (\$360,000 per year) and the lessee agreed to pay a non-removal fee in the amount of \$300,000 if the principal payment was not made on or before June 15, 2013. The lessee failed to make the June 15, 2013 balloon payment, but continued making \$30,000 monthly payments through the end of 2013. In recognition of the diminished financial condition of the lessee, SWACO recorded a \$2,500,000 allowance against the loan receivable in 2013. Based on the current evaluation, this allowance was adjusted against the loan receivable in 2014. In March 2014, SWACO entered into a forbearance agreement with the lessee. Under the forbearance agreement, monthly payments of \$30,000 will resume on April 15, 2014, with a balloon payment of approximately \$4,700,000 due on December 31, 2015 (including the \$300,000 non-removal fee). In 2014, the lessee made the April 15, 2014 monthly payments in accordance with the forbearance agreement and made periodic payments in 2014. SWACO engaged a third party to conduct an appraisal on the property. SWACO then recorded an adjustment of approximately \$1.8 million dollars to the lease receivable based on the appraisal results.

On January 1, 2012 SWACO leased a building it owns on property owned by the City of Columbus to a third party. The term of the lease is eighteen years and the total lease payments due to SWACO over the term of the agreement will be \$1,050,192 remitted in monthly payments of \$4,862. Interest income under the lease for the year ended December 31, 2014 approximated \$11,000.

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Estimated future minimum lease payments receivable, together with the present value of the net minimum lease payments receivable as of December 31, 2014 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2015	\$ 683,344
2016	58,344
2017	58,344
2018	58,344
2019-2023	291,720
2024-2028	291,720
2029	58,344
Total minimum lease payments receivable	<u>1,500,160</u>
Less amount representing interest	<u>80,059</u>
Present value of minimum lease payments	<u>\$ 1,420,101</u>

**8. Retirement Commitments**

*Plan description.* SWACO contributes to the Ohio Public Employees Retirement System (“OPERS”). Authority to establish and amend benefits is provided by state statute (Chapter 145 of the ORC). OPERS issues a stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain a copy by making written requests to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

OPERS administers three separate pension plans:

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

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

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

*Funding policy.* The ORC provides statutory authority for employee and employer contributions. For 2014, member contribution rates were consistent across all three plans. The 2014 employee contribution rate for members in local government was 10.0%. It is SWACO’s policy to pay 4.0% of the employee contribution for full time employees hired prior to January 1, 2009.

Employees hired after January 1, 2009 contribute the entire 10.0% employee share. The 2014 employer contribution rate for local government employer units was 14.0% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employer units. Active members do not make contributions to the OPEB Plan.

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:

	Employee share paid by employees	Employee share paid by SWACO	Employer share paid by SWACO	Total paid by SWACO
2014	\$ 506,190	\$ 137,068	\$ 910,783	\$ 1,047,851
2013	487,994	189,533	955,424	1,144,957
2012	444,425	240,044	965,648	1,205,692
2011	309,168	293,744	865,216	1,158,960

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

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**SWACO**  
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OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The employer contribution allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The rates stated above are the actuarially determined contribution requirements to OPERS. SWACO's contributions to OPERS to fund post-employment health care benefits were approximately \$130,059 for 2014.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

**9. Employee Retirement Incentive Plan**

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

A total of 18 employees elected to retire utilizing the Plan benefit. The total cost of the Plan was approximately \$2,500,000, and will be paid in five annual installments of approximately \$568,000, for total cost with interest of approximately \$2,880,000. In 2014, the final year of the annual installments, SWACO paid approximately \$108,000 in principal and interest.

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**10. Debt Management**

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

**Outstanding Notes and Bonds as of December 31, 2014**

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2014
Series 2005 refunding	\$12,320,000	2008-2017	5.00%	\$4,425,000
Series 2008	19,975,000	2010-2028	4.00%-5.20%	16,425,000
Series 2010	15,590,000	2012-2029	2.00%-5.70%	3,725,000
Series 2012	79,015,000	2013-2032	1.50%-5.00%	67,385,000
Series 2013A	9,375,000	2015-2026	1.50%-4.00%	9,375,000
Series 2013B	9,540,000	2014-2032	0.45%-5.00%	8,880,000
Subtotal, general obligation bonds				<u>110,215,000</u>
Taxable revenue notes,				
Series 2013	4,170,000	2014-2016	1.30%	3,870,000
Promissory note	261,250	2011-2016	5.00%	144,805
Subtotal, notes payable				<u>\$ 4,014,805</u>

*Series 2004A Bonds.* SWACO issued \$57.2 million general obligation bonds in 2004 to refinance a portion of the WTEF lease as discussed in Note 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 2004A was fully retired in December 2013, Retired Facility Fees and Waiver Fees collected by SWACO will continue to pay the debt service on the portions of Series 2012 and Series 2013B bonds attributable to the refunding of 2004A.

*Series 2004B Bonds.* In 2004, SWACO 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.

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# SWACO

## Notes to Financial Statements

### As of December 31, 2014

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

On October 26, 2005, the County issued \$12.3 million in general obligation bonds (the Series 2005 Refunding Bonds) as part of a \$41.0 million various purpose issue to advance refund \$12.6 million of the outstanding Series 1997 Bonds (the 2008-2017 callable maturities; the 2006 and 2007 maturities were not callable). The Series 2005 Refunding Bonds are secured in the same manner as the Series 1997 Bonds.

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

*Series 2008 Bonds.* In December 2008, SWACO issued \$20.0 million fixed-rate general obligation bonds to refund the Series 2008 Bond Anticipation Notes and to provide additional funds for SWACO's 2006-2009 capital improvements plan, including landfill construction, property acquisition, and certain other solid waste facility improvements.

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

*Series 2012 Bonds.* On June 1, 2012, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Improvement and Refunding Bonds, Series 2012, in the amount of \$79,015,000. The proceeds of the bonds were used to: retire the Series 2011 Bond Anticipation Notes in the amount of \$24,295,000; retire the Series 2011 Taxable Bond Anticipation Notes in the amount of \$3,520,000; refund \$24,365,000 of the outstanding \$31,970,000 Series 2004A bonds; refund \$11,110,000 of the outstanding \$13,315,000 Series 2004B bonds; and finance costs of additional solid waste facilities comprised of cell construction, land acquisition, landfill gas improvements, landfill improvements, model landfill improvements and scale transfer station/receiving improvements. The Series 2012 Bonds bear interest ranging from 1.5% to 5.0% with maturities of 20 years. The bonds are un-voted general obligations of SWACO and contain a pledge of the full faith and credit of SWACO for the payment of the principal and interest on the bonds when due.

The issuance of these bonds resulted in a difference between the acquisition price and the net carrying amount of the Series 2004A and Series 2004B bonds of \$2,593,370. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the bonds. The refunding reduced the debt service payments over the next 13 years by approximately \$3,273,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$2,827,000.

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*Series 2013A Bonds.* On August 7, 2013, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Refunding Bonds, Series 2013A, in the amount of \$9,375,000. The proceeds of the bonds were used to refund \$9,815,000 of the outstanding \$13,540,000 Series 2010 Build America Bonds. At the time of issuance, the federal government provided a 35% subsidy on interest payments for these bonds. On June 20, 2013, SWACO received notification from the Internal Revenue Service that the subsidy would be reduced by 8.7% due to sequestration. This qualified as an extraordinary event and provided SWACO with the opportunity to refund a portion of the Series 2010 Build America Bonds under more favorable terms. The Series 2013A Bonds bear interest ranging from 1.5% to 4.0% with maturities of 13 years. The bonds are un-voted general obligations of SWACO and contain a pledge of the full faith and credit of SWACO for the payment of the principal and interest on the bonds when due.

The issuance of these bonds resulted in a difference between the acquisition price and the net carrying amount of \$16,304. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the bonds. The refunding reduced the debt service payments over the next 13 years by approximately \$1,572,000 and obtained an economic gain (difference between the present values of the old and new debt service payments) of \$365,190.

*Series 2013B Bonds.* On August 7, 2013, SWACO issued General Obligation Taxable Solid Waste Facilities Refunding Bonds, Series 2013B, in the amount of \$9,540,000. The proceeds of the bonds were used to: refund \$340,000 of the outstanding \$1,495,000 Series 2004B bonds; refund \$1,140,000 of the outstanding \$19,165,000 Series 2008 bonds; and refund \$7,005,000 of the outstanding \$79,015,000 Series 2012 Bonds. In January 2013, SWACO entered into an agreement to lease land to Team Gemini Project Cardinal, LLC. The land leased qualified as private use, necessitating the defeasance of portions of Series 2004B, Series 2008 and Series 2012 under the Internal Revenue Code of 1986. The defeased tax-exempt bonds were refunded as taxable bonds with Series 2013B. The Series 2013B Bonds bear interest ranging from 0.45% to 5.0% with maturities of 19 years. The bonds are un-voted general obligations of SWACO and contain a pledge of the full faith and credit of SWACO for the payment of the principal and interest on the bonds when due.

The issuance of these bonds resulted in a difference between the acquisition price and the net carrying amount of \$261,165. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the bonds. The refunding increased the debt service payments over the next 19 years by approximately \$1,204,000 and incurred an economic loss (difference between the present values of the old and new debt service payments) of \$1,103,878.

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It is anticipated that the debt service on the Series 2004B, Series 2005 refunding, Series 2008, Series 2010, Series 2012 (except for debt service on the \$24,365,000 portion of the issue which refunded 2004A) and Series 2013 (except for debt service on the \$2,195,000 portion of the issue which refunded the 2004A portion of 2012) bonds will be paid from SWACO's tipping fees or other sources of revenues. However, as is the case with the series 2004A bonds, the Series 2004B, Series 2008, Series 2010, Series 2012 and Series 2013 bonds 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, 2014 categorized by source of debt service payment.

Year ended December 31,	Paid from Tipping Fees		Paid from Retired Facility/Waiver Fees		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	Series 2004B, 2005 Refunding, 2008, 2010, 2012, 2013A & 2013B		Series 2012			
2015	\$3,650,000	\$4,102,806	\$4,615,000	\$681,600	\$8,265,000	\$4,784,406
2016	3,775,000	3,966,250	4,740,000	550,000	8,515,000	4,516,250
2017	3,935,000	3,825,564	4,935,000	360,400	8,870,000	4,185,964
2018	2,790,000	3,676,792	4,735,000	236,750	7,525,000	3,913,542
2019	4,780,000	3,579,704	-	-	4,780,000	3,579,704
2020-2024	27,340,000	14,483,424	-	-	27,340,000	14,483,424
2025-2029	27,785,000	7,710,954	-	-	27,785,000	7,710,954
2030-2032	17,135,000	1,423,500	-	-	17,135,000	1,423,500
<b>Total</b>	<b>\$91,190,000</b>	<b>\$42,768,994</b>	<b>\$19,025,000</b>	<b>\$1,828,750</b>	<b>\$110,215,000</b>	<b>\$44,597,744</b>

*Series 2013 Solid Waste Facilities Taxable Revenue Notes.* In 2005, SWACO issued \$1,559,250 Variable Rate Taxable Notes to acquire a building used as an oily waste-water processing facility. In 2007, SWACO purchased additional assets at the facility at a cost of approximately \$3.3 million and issued \$4,900,000 in Variable Rate Taxable Notes to fund the acquisition and refund of the Series 2005 taxable notes (see Note 7 – Capital Lease Receivable). The Series 2007 Notes mature in 2017 with principal payments beginning in 2008. Interest on the notes was set at the one month LIBOR rate (London Interbank Offered Rate) plus 100 basis points (1.0%). The notes, which were not general obligations of SWACO, were secured by a pledge of lease payments from the operator of the facility and SWACO's Generation Fees. Although Generation Fees were not used to pay the debt service on the taxable notes, if necessary up to 5.0% of Generation Fee income would be required for this purpose through 2017.

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

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On March 26, 2010, The Huntington National Bank (“HNB”) notified SWACO, pursuant to the “Put Notice” in the \$4,900,000 *Series 2007 Variable Rate Taxable Notes* that HNB would require SWACO to purchase the Notes on October 1, 2010 for an amount equal to the principal amount outstanding plus accrued interest, \$4,316,629. On August 18, 2010, SWACO issued \$4,670,000 Taxable Revenue Notes to purchase the 2007 notes and terminate the swap agreement. The maturity date of the notes was August 25, 2011 and the interest rate was 1.875% per annum. The note proceeds were used to retire the outstanding principal and interest on the \$4,900,000 note and terminate the swap agreement. On August 23, 2011, SWACO issued \$4,670,000 Taxable Revenue notes to retire the 2010 note. The maturity date of the notes was July 2, 2012 and the interest rate was 1.625% per annum. On June 29, 2012, SWACO issued \$4,470,000 Taxable Revenue notes to retire the 2011 note. The maturity date of the notes was June 27, 2013 and the interest rate was 1.3% per annum. On June 26, 2013, SWACO issued \$4,170,000 Bond Anticipation Notes to retire the 2012 note. The notes mature at \$300,000 on December 31 of each year for 2014 and 2015, with a final maturity on December 31, 2016. The interest rate of the notes is 1.3% per annum.

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

*Legal Debt Margins.* SWACO’s debt is not subject to direct debt limitations, but its un-voted 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 un-voted debt. At the time of SWACO’s most recent un-voted debt issue in 2013, the maximum millage required in any overlapping jurisdictions was 9.0544 mills, leaving a margin of 0.9456 mills.

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*Summary of Debt and Long-Term Liabilities*

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2014 was as follow:

<b>Operating and Program Funds</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General obligation notes and bonds payable					
Series 2004B	\$ 585,000	\$ -	\$ (585,000)	\$ -	\$ -
Series 2005 Refunding	5,750,000	-	(1,325,000)	4,425,000	1,395,000
Series 2008 Bonds	17,245,000	-	(820,000)	16,425,000	870,000
Series 2010 Bonds	4,445,000	-	(720,000)	3,725,000	-
Series 2012 Bonds	71,570,000	-	(4,185,000)	67,385,000	4,665,000
Series 2013A Bonds	9,375,000	-	-	9,375,000	705,000
Series 2013B Bonds	9,540,000	-	(660,000)	8,880,000	630,000
Unamortized bond premiums	10,198,665	-	(1,895,581)	8,303,084	-
Total general obligation notes and bonds payable, net	128,708,665	-	(10,190,581)	118,518,084	8,265,000
Notes payable					
Taxable revenue notes,					
Series 2013	4,170,000	-	(300,000)	3,870,000	300,000
Promissory note	185,528	-	(40,723)	144,805	42,760
Unamortized note premiums	-	-	-	-	-
Total notes payable	4,355,528	-	(340,723)	4,014,805	342,760
Landfill closure and post-closure liability	22,650,396	454,654	-	23,105,050	296,237
ERIP payable	99,607	-	(99,607)	-	-
Total debt and long term liabilities	\$ 155,814,196	\$ 454,654	\$ (10,630,911)	\$ 145,637,939	\$ 8,903,997

**11. Waste-to-Energy Facility Debt**

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

SWACO operated the landfill and WTEF as an integrated system for approximately 18 months and attempted to implement a fee structure that would have resulted in all District waste being delivered to SWACO’s facilities. This was challenged in Federal District Court and SWACO’s

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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fee structure was repealed effective September 1, 1994. The repeal of its fees resulted in the closing of the WTEF at the end of 1994 because of SWACO's inability to generate revenues sufficient to operate the facility and pay the lease obligation to the City.

Management determined that SWACO would be unable to recover the carrying value of the WTEF at the date of closure and the WTEF was written down to \$36,594,000, and a loss of \$126,248,000 was recognized. Subsequent write downs of \$30,034,000 in 1997 and \$2,627,000 in 2001, plus sale of the turbine-generator sets and other equipment located in the facility reduced the carrying value of the WTEF to \$1,121,000 as of December 31, 2005, reflecting the appraised value of usable space at the facility as of that date. In 2005, SWACO completed demolition of all but the usable portion of the facility and entered into a sublease of the remaining portion (excluding the transfer station) to a recycling business. The building used for the recycling operation was destroyed in a fire in 2008, and SWACO has since terminated the sublease.

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

To implement the new fees, the SWACO Board adopted in 1998 a rule effective April 1, 1999, requiring that all waste generated within SWACO's jurisdiction be delivered only to a SWACO facility, unless a waiver has been granted to another facility or the waste is disposed at a facility outside the State of Ohio. The Board of Trustees authorized waivers for any landfill in Ohio provided the landfill executed a waiver agreement with SWACO and agreed to pay a Waiver Fee as prescribed in the agreement (the "Waiver Fee"). Also in 1998, the Board of Trustees established a new fee (the "Retired Facility Fee"), to be assessed at SWACO facilities effective April 1, 1999. Under the waiver agreements, the Waiver Fee was set equal to the Retired Facility Fee, (initially and through the end of 2008, \$7.00 per ton).

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

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## **SWACO**

### **Notes to Financial Statements**

#### **As of December 31, 2014**

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As provided by a 2004 modification to the lease, SWACO issued \$57,205,000 in bonds in 2004 (the "Series 2004A Bonds") and paid the net proceeds, \$55.1 million, to the City as a payment on the lease. Debt service on the bonds will be paid from the Retired Facility and Waiver Fees collected by SWACO, excluding amounts owed by the City. The final payment of the lease obligation was made in November 2011. The City is now remitting the Retired Facility Fee to SWACO, as the lease credit has been exhausted. Additional cash payments to the City will be made only to the extent collections from the Retired Facility Fee and Waiver Fee exceed debt service requirements on the bonds.

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

SWACO and the City of Columbus entered into a Ninth modification to the WTEF lease in 2008 that resulted in the replacement of the \$5.3 million debt service reserve account related to the Series 2004A bonds with a surety bond. The release of the reserve fund allowed SWACO to make supplemental lease payments to the City totaling \$5.3 million in 2008. In addition, SWACO made a supplemental lease payment to the City of \$771,000 in December 2008 from Retired Facility and Waiver Fees collected since 2004 and not needed for debt service on the Series 2004A Bonds.

In 2008, SWACO and the City further modified the lease (the Tenth Modification) to allow SWACO to increase the Retired Facility and Waiver Fee above \$7.00 per ton, and to allow SWACO to use the revenues generated by any fee increase for purposes other than paying the WTEF lease or debt service on the Series 2004A Bonds. During 2008, the SWACO Board of Trustees adopted a \$2 per ton increase in the Retired Facility and Waiver Fee effective January 1, 2009.

On June 1, 2012, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Improvement and Refunding Bonds, Series 2012, in the amount of \$79,015,000. A portion of the proceeds were used to refund \$24,365,000 of the outstanding \$31,970,000 Series 2004A bonds. The \$7.00 Retired Facility Fee and Waiver Fee will fund the debt service on the 2012 issue attributable to the 2004A refunding.

On June 1, 2012, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Improvement and Refunding Bonds, Series 2012, in the amount of \$79,015,000. A portion of the proceeds were used to refund \$24,365,000 of the outstanding \$31,970,000 Series 2004A bonds. The \$7.00 Retired Facility Fee and Waiver Fee will fund the debt service on the 2012 issue attributable to the 2004A refunding.

On August 7, 2013, SWACO issued General Obligation Taxable Solid Waste Facilities Refunding Bonds, Series 2013B, in the amount of \$9,540,000. A portion of the proceeds were used to refund \$2,125,000 of the outstanding \$23,970,000 Series 2012 bonds which were

**SWACO**  
**Notes to Financial Statements**  
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attributable to the 2004A refunding. The \$7.00 Retired Facility Fee and Waiver Fee will fund the debt service on the 2013B issue attributable to the 2004A portion of the 2012 refunding.

**12. Landfill Closure and Post-Closure Care Costs**

State and federal laws and regulations require SWACO to place a final cover on its Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although final closure and post-closure care costs will be paid only when the last phases of the landfill reach final waste elevation, in accordance with GASB Statement No. 18, Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs, SWACO reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each Statement of Net Position date.

SWACO's estimate of total current cost of closure and post-closure care is \$49.7 million. This estimate includes final cover and gas collection system costs for the last phase of the landfill construction of \$42.4 million and post-closure maintenance and monitoring costs of \$7.3 million. These amounts are estimated based on the 2014 cost to perform all closure and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The amount reported as Landfill Closure/Post-closure liability as of December 31, 2014 includes \$22.8 million representing the cumulative amount reported based on the use of 45.9% of the estimated capacity of the landfill, including the original permit and 1997 and 2009 modifications. SWACO will recognize the remaining estimated cost of closure and post-closure care costs of approximately \$26.9 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 post-closure 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/Post-closure care liability as of December 31, 2014 includes \$296,237 as a current liability related to monitoring, leachate treatment and gas collection costs. SWACO continues to incur remediation costs to the Model Landfill for its gas system. On January 15, 2014, SWACO entered into an asset purchase agreement with Phoenix Golf Links, Ltd. to acquire all of their operating assets, located at SWACO's closed Model Landfill. The assets were purchased for \$2,375,000 and a related Model Landfill lease agreement was terminated at the same time.

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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**13. Service Agreements**

SWACO entered into a modification of a yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, SWACO pays a quarterly service fee (beginning January 1, 2010) of \$71,250 to the service provider to accept and process yard waste delivered by SWACO District constituents. Operating expenses under the service agreement were \$285,000 in 2014. The future maximum service payments are \$285,000 annually from 2015 through 2022.

SWACO also entered into a modification of another yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, beginning January 1, 2010, SWACO pays the service provider a per-ton fee for yard waste composting services up to a maximum annual payment of \$1,200,000, to accept and process yard waste delivered by SWACO District constituents. Operating expenses under the service agreement were \$1,200,000 in 2014. The future maximum service payments are \$1,200,000 annually from 2015 through 2022.

**14. Commitments and Contingencies**

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

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

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**SWACO**  
**Notes to Financial Statements**  
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**15. Risks and Uncertainties**

SWACO is exposed to various risks of loss related to torts and general liability; theft of, damage to and destruction of assets; natural disasters; errors and omissions; employee health care claims, settlement claims, and injuries to employees. Insurance policies are procured for buildings and contents and certain equipment. In addition, a crime policy is in effect which covers SWACO for employee theft and dishonesty. Settled claims have not exceeded commercial coverage in any of the past three years. SWACO purchases workers' compensation insurance through the State of Ohio to cover all employees. SWACO also provides life insurance to all full-time employees equal to each employees' base annual salary and a short-term disability benefit. These benefits are fully insured by SWACO through third parties. The county offers \$50,000 of life insurance that is included in the overall benefits.

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

SWACO provides health care benefits to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,091 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 15,600 plan subscribers when spouses and dependents and domestic partners are counted. During 2014 these benefits included a self-insured participating provider organization medical plan, a prescription drug program, a mental health and chemical dependency program, employee assistant program (EAP) and dental and vision benefits. The program is administered by third parties who provide claims review and processing. Participating County agencies and other political subdivisions pay their proportionate shares of the premiums and may be charged for their pro-rata share of any reserve deficiency as determined by the plan's independent actuary. SWACO has not been assessed any charges other than its premiums for the years ended December 31, 2014 or 2013.

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

SWACO 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, 2014. 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. SWACO still has potential claims at the end of 2014 for injuries incurred in 2012, but is unable to quantify the monetary value.

	<u>2013</u>	<u>2014</u>
Unpaid claims at January 1	-	-
Incurred claims	\$119,344	\$92,777
Paid claims	<u>\$(119,344)</u>	<u>\$(92,777)</u>
Unpaid claims at December 31	<u>-</u>	<u>-</u>

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2014**

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**16. Subsequent Event**

In March 2015 the decision was made to close Phoenix Golf Links. As referenced on page 2-24, SWACO entered into an asset purchase agreement on January 15, 2014 with Phoenix Golf Links, Ltd. to acquire all of their operating assets, located at SWACO's closed Model Landfill. The assets were purchased for \$2,375,000 and a related Model Landfill lease agreement was terminated at the same time.

After two RFP bid processes and discussions with multiple submitters, we were not able to secure an agreement for an independent third party to operate the Phoenix Golf Course. As a result, the course was not re-opened following the standard seasonal shutdown in 2014 and has been closed permanently.

Since taking control of the golf course over a year ago, SWACO's goal was to keep the facility open as a public amenity if financially feasible by having an independent third party operate and manage the course. While many companies expressed interest in operating the course, the financial terms to do so were not acceptable to SWACO.

In the end, Phoenix golf course is an ongoing example of local and national golf courses closing due to a decreasing number of golfers and rounds played. In recent years several local golf courses have closed, including two this year, Winding Hollow and Riviera, while others have reported operating deficits.

For the short term, SWACO has started the planned Phase I gas remediation process at Model Landfill. Because this project now can be undertaken without concern for the disruption of the golf course operations, SWACO will realize a cost savings. Phase II and Phase III gas remediation will occur after the impact assessment from Phase I is completed. The gas remediation process at Model Landfill is estimated to be a years-long process. In addition to the gas remediation, we will explore the potential leasing of the buildings at the golf course and other possible methods of cost mitigation.

Longer term, SWACO will be changing the golf course's layout, including but not limited to: filling in the sand bunkers, taking out the cart paths, leveling the slopes. These changes will provide for more efficient maintenance and mowing of the property, protect the landfill cap underneath the golf course, and allow for better drainage. Other potential uses for the land will be explored at a later date.

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**SWACO****Supplemental Schedule – Operating Fund Statement of Net Position – Proprietary Fund****As of December 31, 2014**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 18,311,507	\$ -	\$ 18,311,507
Restricted cash	11,182,030	5,100,470	16,282,500
Investments	7,426,332	-	7,426,332
Accounts receivable, net	3,562,086	593,872	4,155,958
Lease receivable, current portion	1,022,991	-	1,022,991
Other assets	427,924	-	427,924
Total current assets	<u>41,932,870</u>	<u>5,694,342</u>	<u>47,627,212</u>
Non-current assets:			
Investments held by trustee for landfill closure/post-closure care	22,659,816	-	22,659,816
Capital assets			
Sanitary landfill, net of accumulated depletion	28,049,346	-	28,049,346
Buildings and equipment, net of accumulated depreciation	24,834,846	-	24,834,846
Construction in progress	1,822,849	-	1,822,849
Land and land improvements	18,744,612	-	18,744,612
Lease receivable, less current portion	746,756	-	746,756
Total non-current assets	<u>96,858,225</u>	<u>-</u>	<u>96,858,225</u>
Total assets	<u>138,791,095</u>	<u>5,694,342</u>	<u>144,485,437</u>
Deferred outflows of resources	<u>\$ 2,376,710</u>	<u>\$ 812,623</u>	<u>\$ 3,189,333</u>

Continued on the following page

**SWACO****Supplemental Schedule – Operating Fund Statement of Net Position – Proprietary Fund****As of December 31, 2014**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 2,093,961	\$ -	\$ 2,093,961
Accrued wages and benefits	801,789	-	801,789
Accrued interest	622,251	56,800	679,051
Current maturities of bonds and notes payable	3,992,760	4,615,000	8,607,760
Landfill post-closure liability-current portion	296,237	-	296,237
Other payables	50,591	-	50,591
Total current liabilities	7,857,589	4,671,800	12,529,389
Non-current liabilities			
Bonds and notes payable, less current portion, net	98,286,442	15,638,687	113,925,129
Landfill closure/post-closure liability	22,808,813	-	22,808,813
Total non-current liabilities	121,095,255	15,638,687	136,733,942
Total liabilities	128,952,844	20,310,487	149,263,331
<b>Net position</b>			
Net investment in capital assets:			
Lease obligation and bonds payable related to closed waste-to-energy facility	-	(19,441,064)	(19,441,064)
Other capital assets, net	(14,518,755)	-	(14,518,755)
Restricted:			
Other restricted, net	28,550	5,637,543	5,666,093
Unrestricted	26,705,165	-	26,705,165
Total net position	\$ 12,214,960	\$ (13,803,521)	\$ (1,558,561)

**SWACO****Supplemental Schedule – Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  
As of December 31, 2014**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Operating revenues:</b>			
Tipping and disposal fees	\$ 29,255,428	\$ -	\$ 29,255,428
Waste transfer fees	5,695,594	-	5,695,594
Retired facility and waiver fees	2,017,606	7,061,684	9,079,290
Other	1,880,520	21,218	1,901,738
Operating revenues	38,849,148	7,082,902	45,932,050
<b>Operating expenses:</b>			
Salaries, wages and benefits	8,512,143	-	8,512,143
Contract, services and supplies	8,397,556	5,210	8,402,766
Solid waste fees	5,012,388	-	5,012,388
Depreciation	4,181,801	-	4,181,801
Landfill depletion	4,487,822	-	4,487,822
Landfill closing cost	687,509	-	687,509
Interfund charges	(353,283)	-	(353,283)
Operating expenses	30,925,936	5,210	30,931,146
Operating income (loss)	7,923,212	7,077,692	15,000,904
<b>Non-operating revenues (expenses):</b>			
Bad debt expense CWL	(1,773,387)	-	(1,773,387)
Interest expense	(3,048,221)	(473,284)	(3,521,505)
ERIP interest expense	(3,044)	-	(3,044)
Interest earnings	213,668	-	213,668
Gain on disposal of assets	170,024	-	170,024
Total non-operating expenses, net:	(4,440,960)	(473,284)	(4,914,244)
Change in net position	3,482,252	6,604,408	10,086,660
Total net position – beginning	8,732,708	(20,407,929)	(11,675,221)
Total net position – ending	\$ 12,214,960	\$ (13,803,521)	\$ (1,588,561)

**SWACO****Supplemental Schedule – Operating Fund Statement of Cash Flows – Proprietary Fund****As of December 31, 2014**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 34,723,808	\$ -	\$ 34,723,808
Retired facility fees and waiver fees collected	2,017,606	7,023,979	9,041,585
Other receipts	1,880,520	21,218	1,901,738
Payments to or on behalf of employees for salaries, wages and benefits	(8,409,611)	-	(8,409,611)
Payment to vendors	(13,431,457)	(5,210)	(13,436,667)
Landfill post-closure cost paid	(232,855)	-	(232,855)
Interfund charges	353,283	-	353,283
Other payments	6,066	-	6,066
Net cash provided by operating activities	<u>16,907,360</u>	<u>7,039,987</u>	<u>23,947,347</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	53,938,941	-	53,938,941
Purchase of investments	(56,527,744)	-	(56,527,744)
Interest received	129,918	-	129,918
Net cash used in investing activities	<u>(2,458,885)</u>	<u>-</u>	<u>(2,458,885)</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	26,320,434	(3,945,435)	22,374,999
Proceeds from the sale of assets	170,024	-	170,024
Proceeds from capital lease	(220,923)	-	(220,923)
Landfill, plant improvements and equipment additions and disposals	(10,568,244)	-	(10,568,244)
Principal paid on bonds and notes payable	(31,595,724)	(4,605,000)	(36,200,724)
Interest paid	(4,549,714)	3,442,991	(1,106,723)
Net cash used in capital and related financing activities	<u>(20,444,147)</u>	<u>(5,107,444)</u>	<u>(25,551,591)</u>
Net increase (decrease) in cash	(5,995,672)	1,932,543	(4,063,129)
Cash and cash equivalents, beginning of year	<u>35,489,208</u>	<u>3,167,929</u>	<u>38,657,137</u>
Cash and cash equivalents, end of year	<u>\$ 29,493,536</u>	<u>\$ 5,100,472</u>	<u>\$ 34,594,008</u>

Continued on the following page

**SWACO****Supplemental Schedule – Operating Fund Statement of Cash Flows – Proprietary Fund****As of December 31, 2014**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating (loss) income	\$ 7,923,212	\$ 7,077,692	\$ 15,000,904
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and depletion	8,727,094	-	8,727,094
Landfill closing cost	687,509	-	687,509
(Decrease) increase in cash resulting from changes in:			
Accounts receivable, net	(227,215)	(37,705)	(264,920)
Accounts payable	(360,024)	-	(360,024)
Accrued wages and benefits	102,532	-	102,532
ERIP payable	-	-	-
Landfill post-closure liability	(232,855)	-	(232,855)
Other assets and liabilities	287,107	-	287,107
Net cash provided by operating activities	<u>\$ 16,907,360</u>	<u>\$ 7,039,987</u>	<u>\$ 23,947,347</u>

**Non-cash capital and related financing activities:**

Amortization of premiums on lease obligation and bonds payable of \$57,853 for Continuing Operations and (\$3,358,910) for Discontinued Operations.

Bond defeasements net of amortization of \$1,336,301 for Continuing Operations and (\$570,931) for Discontinued Operations.

Change in carrying value of investments resulting in a loss of \$51,003 (Continuing Operations).

Lease receivable adjustment due to appraisal (\$1,773,387).



# **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 2014.

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

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

Tables 12 through 19 provide debt service schedules for SWACO’s outstanding notes and bonds. Table 20 shows various debt ratios for SWACO. It includes total debt (notes and bonds) 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 21 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 22 through 24. Table 25 provides information on capital assets.

**SWACO**  
**Schedules of Net Position - All Funds**  
**For Years Ended December 31, 2005 through 2014**  
(in thousands)<sup>1</sup>

<b>ASSETS</b>	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cash and cash equivalents	\$ 3,128	\$ 3,558	\$ 4,524	\$ 2,461	\$ 7,349	\$ 5,599	\$ 5,238	\$ 7,152	\$ 14,221	\$ 18,311
Restricted cash	5,286	4,668	9,877	2,443	1,817	6,582	25,506	35,741	25,413	17,811
Unrestricted and restricted investments	14,757	9,909	7,917	6,857	3,008	5,055	7,337	6,886	5,877	7,426
Accounts receivable, net	3,010	3,360	3,113	3,329	3,036	3,794	3,640	4,721	4,288	4,611
Pollution allowances sales receivable	10,015	-	-	-	-	-	-	-	-	-
Grant receivable	-	-	1,980	1,500	-	26	495	357	-	-
Closure/postclosure funds held by trustee	17,799	19,218	21,104	23,035	20,648	21,027	21,199	21,341	21,548	22,660
Sanitary Landfill, net of accum. deprec./depletion	20,448	23,441	22,586	13,850	18,600	12,767	16,010	23,925	21,146	28,049
Buildings and equipment, net of accum. depreciation	17,045	15,054	14,133	18,394	17,662	14,679	16,722	16,318	25,138	25,273
Construction in progress	6,577	4,401	10,279	9,107	4,341	3,558	2,606	9,886	8,647	1,848
Land and land improvements	9,931	9,931	11,721	11,721	12,711	12,711	13,036	18,064	18,163	18,745
Lease receivable	1,559	1,559	4,900	4,878	4,708	5,518	5,218	5,851	3,640	1,770
Idle plant facilities - WTEF (Note 11)	-	-	-	-	-	-	-	-	-	-
Other assets	447	169	349	130	53	23	210	212	522	427
<b>Total assets</b>	<b>110,002</b>	<b>95,269</b>	<b>112,484</b>	<b>97,706</b>	<b>93,934</b>	<b>91,339</b>	<b>117,217</b>	<b>150,454</b>	<b>148,603</b>	<b>146,931</b>
<b>Total deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,533</b>	<b>\$ 2,424</b>	<b>\$ 3,189</b>

Totals may not add due to rounding.

Table 1 (continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>LIABILITIES</b>										
Accounts payable, deferred revenue, and unearned income	\$ 7,298	\$ 2,312	\$ 4,278	\$ 2,113	\$ 2,050	\$ 2,593	\$ 3,506	\$ 4,164	\$ 3,787	\$ 2,360
Accrued wages and benefits	762	814	750	896	1,380	1,408	1,418	1,525	791	884
SWACO grants payable	-	-	-	-	34	41	39	71	88	32
ERIP payable	-	-	-	-	1,139	1,097	617	100	-	-
Accrued interest	980	850	706	520	743	903	885	891	790	679
Bonds and notes payable (Note 10)	106,498	103,407	110,564	106,491	102,263	108,320	125,197	142,115	133,064	122,532
Capital lease obligation (Note 11)	27,356	15,817	14,269	6,225	4,099	1,889	-	-	-	-
Landfill closure/postclosure care liability (Note 12)	18,124	18,711	19,828	10,150	11,237	12,086	11,584	22,228	22,651	23,105
Other	232	130	283	413	177	37	128	111	70	51
<b>Total liabilities</b>	<b>161,250</b>	<b>142,041</b>	<b>150,680</b>	<b>126,810</b>	<b>123,122</b>	<b>128,374</b>	<b>143,374</b>	<b>171,205</b>	<b>161,241</b>	<b>149,643</b>
<b>NET POSITION</b>										
Invested in capital assets, net of related debt:										
WTEF, net of lease obligation and bonds payable	(80,586)	(65,846)	(61,014)	(49,595)	(43,987)	(38,176)	(32,559)	(28,706)	(24,062)	(19,441)
Other capital assets, net	4,433	2,517	6,680	(1,054)	(3,609)	(17,925)	(16,480)	(5,286)	(8,069)	(14,056)
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	1,661	1,715	2,325	13,887	10,399	9,901	10,512	(137)	(573)	(149)
Other restricted, net	18,491	7,961	8,252	1,184	514	777	1,614	2,701	4,633	7,269
Unrestricted	4,753	6,881	5,562	6,474	7,496	8,388	10,756	13,210	17,857	26,854
<b>Total net position</b>	<b>\$ (51,248)</b>	<b>\$ (46,772)</b>	<b>\$ (38,196)</b>	<b>\$ (29,104)</b>	<b>\$ (29,187)</b>	<b>\$ (37,035)</b>	<b>\$ (26,157)</b>	<b>\$ (18,218)</b>	<b>\$ (10,214)</b>	<b>\$ 477</b>

<sup>1</sup>Totals may not add due to rounding.

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-20.

**SWACO**  
**Schedules of Revenues, Expenses, and Changes in Fund Net Position - All Funds**  
**For Years Ended December 31, 2005 through 2014**  
(in thousands)<sup>1</sup>

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
<b>Revenues:</b>										
Tipping and disposal fees	\$ 16,754	\$ 18,376	\$ 18,958	\$ 18,650	\$ 18,101	\$ 21,141	\$ 26,870	\$ 29,251	\$ 29,217	\$ 29,255
Waste transfer fees	4,448	4,377	4,336	4,537	4,403	4,441	4,487	4,427	4,836	5,696
Retired facility and waiver fees	8,016	7,949	7,892	7,614	9,162	9,473	9,095	8,842	9,134	9,079
Generation fees	5,720	5,716	5,663	5,438	5,090	5,265	5,054	4,919	5,074	5,045
Other	574	319	617	582	563	846	435	1,096	482	1,932
<b>Operating revenues</b>	<b>35,512</b>	<b>36,737</b>	<b>37,467</b>	<b>36,822</b>	<b>37,319</b>	<b>41,166</b>	<b>45,941</b>	<b>48,535</b>	<b>48,743</b>	<b>51,007</b>
<b>Expenses:</b>										
Salaries, wages and benefits	6,790	7,104	7,351	9,692	11,226	9,457	9,281	10,132	9,951	9,460
Contracts, services and supplies	14,918	10,248	10,566	10,800	9,491	10,172	12,102	10,584	10,768	11,373
Solid waste fees	2,686	3,276	3,236	3,122	3,250	4,342	4,929	4,764	4,766	5,012
Depreciation and depletion	3,612	6,874	5,672	10,334	7,428	13,960	5,290	(2,211)	7,161	8,737
Landfill closing expenses	1,239	1,365	1,276	(9,630)	1,100	877	(440)	10,791	643	687
Other	2	-	-	-	-	10	1	-	(116)	-
<b>Operating expenses</b>	<b>29,247</b>	<b>28,867</b>	<b>28,101</b>	<b>24,318</b>	<b>32,495</b>	<b>38,818</b>	<b>31,163</b>	<b>34,060</b>	<b>33,173</b>	<b>35,269</b>
<b>Operating income</b>	<b>\$ 6,265</b>	<b>\$ 7,870</b>	<b>\$ 9,366</b>	<b>\$ 12,504</b>	<b>\$ 4,824</b>	<b>\$ 2,348</b>	<b>\$ 14,778</b>	<b>\$ 14,475</b>	<b>\$ 15,570</b>	<b>\$ 15,738</b>

Table 2 (continued)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Non-operating revenues (expenses):										
Interest expense	\$ (5,232)	\$ (5,040)	\$ (5,116)	\$ (4,858)	\$ (4,729)	\$ (4,498)	\$ (4,347)	\$ (5,700)	\$ (4,746)	\$ (3,522)
ERIP interest expense	-	-	-	-	(42)	(128)	(108)	386	(32)	(3)
Interest earnings	1,344	1,962	2,680	2,471	762	567	417	(72)	249	214
Grant revenues	404	240	2,192	379	307	621	495	133	27	-
Grants awarded	(636)	(574)	(593)	(498)	(712)	(587)	(369)	(247)	(399)	(147)
Loss on federal grant	-	-	-	(480)	(512)	-	-	-	-	-
Bad debt expense	-	-	-	-	-	(127)	-	-	(2,500)	(1,773)
Impairment of long-lived assets	-	-	-	-	-	(6,100)	-	(800)	-	-
Fire loss net of insurance proceeds	-	-	-	(382)	-	-	-	-	-	-
Gain (loss) on disposal of assets	(4)	19	47	(44)	19	57	12	(236)	(165)	184
Total non-operating expenses	(4,124)	(3,393)	(790)	(3,412)	(4,908)	(10,195)	(3,900)	(6,536)	(7,566)	(5,047)
Special and extraordinary items:										
Gain on forgiveness of debt	-	-	-	-	-	-	-	-	-	-
Sale of pollution allowances	10,051	-	-	-	-	-	-	-	-	-
Reduction of LF closure liability	-	-	-	-	-	-	-	-	-	-
Impairment loss-WTEF	-	-	-	-	-	-	-	-	-	-
Change in net position	12,192	4,477	8,576	9,092	(84)	(7,847)	10,878	7,939	8,004	10,691
Total net position - beginning	(63,439)	(51,248)	(46,772)	(38,196)	(29,104)	(29,188)	(37,035)	(26,157)	(18,218)	(10,214)
Total net position - ending	\$ (51,248)	\$ (46,772)	\$ (38,196)	\$ (29,104)	\$ (29,188)	\$ (37,035)	\$ (26,157)	\$ (18,218)	\$ (10,214)	\$ 477

<sup>1</sup> Totals may not add due to rounding.

Source: SWACO

**SWACO**  
**Schedule of Revenues, Expenses and Changes in Fund Net Position**  
**2014 Budget to Actual (in thousands)**

	Operating Fund			Program Fund			All Funds Total			
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Budget Variance Positive (Negative)
<u>Operating revenues:</u>										
Tipping and disposal fees	\$ 27,902	\$ 27,902	\$ 29,255	\$ -	\$ -	\$ -	\$ 27,902	\$ 27,902	\$ 29,255	\$ 1,353
Waste transfer fees	4,471	4,471	5,696	-	-	-	4,471	4,471	5,696	1,225
Retired facility and waiver fees	8,910	8,910	9,079	-	-	-	8,910	8,910	9,079	169
Generation fees	-	-	-	4,950	4,950	5,045	4,950	4,950	5,045	95
Other	2,121	2,121	1,902	52	52	30	2,173	2,173	1,932	(241)
<b>Total operating revenues</b>	<b>43,404</b>	<b>43,404</b>	<b>45,932</b>	<b>5,002</b>	<b>5,002</b>	<b>5,075</b>	<b>48,406</b>	<b>48,406</b>	<b>51,007</b>	<b>2,601</b>
<u>Operating expenses:</u>										
Salaries, wages and benefits	8,809	8,809	8,512	1,045	1,045	948	9,854	9,854	9,460	(394)
Contracts, services and supplies	8,775	8,775	8,403	3,287	3,287	2,970	12,062	12,062	11,373	(689)
Solid waste fees	4,574	4,574	5,012	-	-	-	4,574	4,574	5,012	438
Depreciation and depletion	8,450	8,450	8,670	72	72	67	8,522	8,522	8,737	215
Landfill closing costs	1,109	1,109	687	-	-	-	1,109	1,109	687	(422)
Interfund charges	(227)	(227)	(353)	227	227	353	-	-	-	-
<b>Total operating expenses</b>	<b>31,490</b>	<b>31,490</b>	<b>30,931</b>	<b>4,631</b>	<b>4,631</b>	<b>4,338</b>	<b>36,121</b>	<b>36,121</b>	<b>35,269</b>	<b>(852)</b>
<b>Operating income (loss)</b>	<b>\$ 11,914</b>	<b>\$ 11,914</b>	<b>\$ 15,001</b>	<b>\$ 371</b>	<b>\$ 371</b>	<b>\$ 737</b>	<b>\$ 12,285</b>	<b>\$ 12,285</b>	<b>\$ 15,738</b>	<b>\$ 3,453</b>

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	Budget Variance Positive (Negative)
<u>Non-operating revenues (expenses):</u>										
Interest expense	\$ (4,967)	\$ (4,967)	\$ (3,522)	\$ -	\$ -	\$ -	\$ (4,967)	\$ (4,967)	\$ (3,522)	\$ 1,445
Interest earnings	147	147	214	-	-	-	147	147	214	67
Grants awarded	-	-	-	(378)	(378)	(147)	(378)	(378)	(147)	231
Bad debt expense	-	-	(1,773)	-	-	-	-	-	(1,773)	(1,773)
ERIP interest expense	(3)	(3)	(3)	-	-	-	(3)	(3)	(3)	-
Gain (loss) on disposal of assets	-	-	170	-	-	14	-	-	184	184
 Total non-operating expenses	 (4,823)	 (4,823)	 (4,914)	 (378)	 (378)	 (133)	 (5,201)	 (5,201)	 (5,047)	 154
 Change in net position	 7,091	 7,091	 10,087	 (7)	 (7)	 604	 7,084	 7,084	 10,691	 3,607
Total net position - beginning	-	-	(11,675)	-	-	1,461	-	-	(10,214)	(10,214)
Total net position - ending	<u>\$ 7,091</u>	<u>\$ 7,091</u>	<u>\$ (1,588)</u>	<u>\$ (7)</u>	<u>\$ (7)</u>	<u>\$ 2,065</u>	<u>\$ 7,084</u>	<u>\$ 7,084</u>	<u>\$ 477</u>	<u>\$ (6,607)</u>

<sup>1</sup> Totals may not add due to rounding.

Source: SWACO



**SWACO**  
**Solid Waste Received and Landfilled 2005 - 2014 (in tons)<sup>4</sup>**

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Solid waste received by SWACO:										
Jackson Pike Transfer Station	179,016	166,372	170,425	164,326	152,829	153,564	152,681	149,410	163,360	241,984
Morse Road Transfer Station	123,684	121,774	119,305	133,156	123,988	132,727	127,957	126,081	153,507	212,363
Georgesville Road Transfer Station	69,026	63,611	56,927	64,201	73,606	67,133	76,256	76,534	67,680	-
Subtotal Transfer Stations	371,727	351,757	346,657	361,683	350,422	353,424	356,894	352,025	384,547	454,347
Sanitary Landfill	551,659	532,247	524,581	483,675	465,206	586,422	721,290	682,381	637,150	566,902
Total solid waste received by SWACO	923,386	884,004	871,238	845,358	816,754	939,847	1,078,184	1,034,406	1,021,697	1,021,249
Removed from waste stream <sup>1</sup>	(121)	(140)	(280)	(457)	(478)	(195)	(257)	(215)	(124)	(95)
Carryover/(shrinkage) <sup>2</sup>	(4,046)	(3,986)	(2,245)	(6,163)	385	(4,853)	(4,202)	(2,697)	(1,445)	(4,415)
Total adjustments	(4,167)	(4,126)	(2,525)	(6,620)	(93)	(5,048)	(4,459)	(2,912)	(1,569)	(4,510)
Transferred out-of-district <sup>3</sup>	(14,057)	-	-	-	-	-	-	-	-	-
Solid waste landfilled - Franklin County Sanitary Landfill	905,161	879,878	868,713	838,738	816,661	934,798	1,073,725	1,031,494	1,020,127	1,016,739

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

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

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

<sup>4</sup> Totals may not add due to rounding.

Source: SWACO

**SWACO**  
**Top Ten Customers 2005 - 2014**  
**(tons received)<sup>3</sup>**

<b>Customer</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
City of Columbus Division of Sanitation	342,662	333,710	329,251	324,682	312,685	307,486	314,515	303,714	288,222	291,518
Rumpke Waste/Rumpke Container/Rumpke Tf.	155,802	145,153	157,696	159,279	155,848	154,524	198,488	198,115	200,356	198,665
Republic Waste Systems	205,368	185,991	176,025	162,598	156,566	154,372	177,749	176,082	181,551	192,621
Local Waste Services LLC	78,862	89,854	88,236	85,130	78,410	78,539	91,895	100,280	104,554	103,883
Waste Management of Ohio	74,931	58,652	59,574	43,927	36,032	162,860	143,063	128,850	133,553	100,680
Capitol Waste & Recycling	*	*	*	*	*	*	11,673	8,342	#	24,930
City of Columbus Street Engineer	5,621	7,497	6,671	5,926	6,152	5,547	#	8,584	9,118	9,829
Columbus Auto Shredding Inc.	*	*	*	*	*	*	28,127	25,048	4,892	8,117
City of Upper Arlington	7,386	7,207	6,886	7,175	6,665	6,539	6,719	#	6,702	6,950
Mars Petcare U.S./Northstar Recycling Compan	#	#	#	#	#	9,325	8,666	6,961	6,288	5,607
Dist Trans Company, LLC	#	#	#	#	#	#	#	#	3,761	#
PSC Metals Inc.	*	*	*	*	*	*	26,331	24,479	#	#
Anheuser-Busch Inc.	#	#	#	#	#	7,117	#	#	#	#
Adept, Inc.	2,654	2,415	3,855	3,806	2,581	#	#	#	#	#
City/Southerly Waste Water Plant	#	#	2,843	3,289	3,501	#	#	#	#	#
City of Grandview Heights	3,149	3,025	#	#	#	#	#	#	#	#
Flower Garbage	#	#	8,861	9,133	7,783	4,351	*	*	*	*
BFI of Ohio, Inc.	12,354	8,706	#	*	*	*	*	*	*	*
<b>Total Top Ten Customers</b>	<b>888,789</b>	<b>842,210</b>	<b>839,898</b>	<b>804,945</b>	<b>766,223</b>	<b>890,660</b>	<b>1,007,226</b>	<b>980,454</b>	<b>938,998</b>	<b>942,800</b>
Total tons received by SWACO <sup>1</sup>	923,386	884,004	871,238	845,358	816,754	939,847	1,069,618	1,034,406	1,021,697	1,016,739
Top Ten customer % of total received	97%	97%	96%	95%	94%	95%	94%	95%	92%	93%
Total tons generated within District <sup>2</sup>	1,144,048	1,148,471	1,132,663	1,087,688	1,018,049	1,052,999	1,079,501	1,044,176	1,031,688	1,022,781
Top Ten customer % of total waste disposal	78%	73%	74%	74%	75%	85%	93%	94%	91%	92%

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

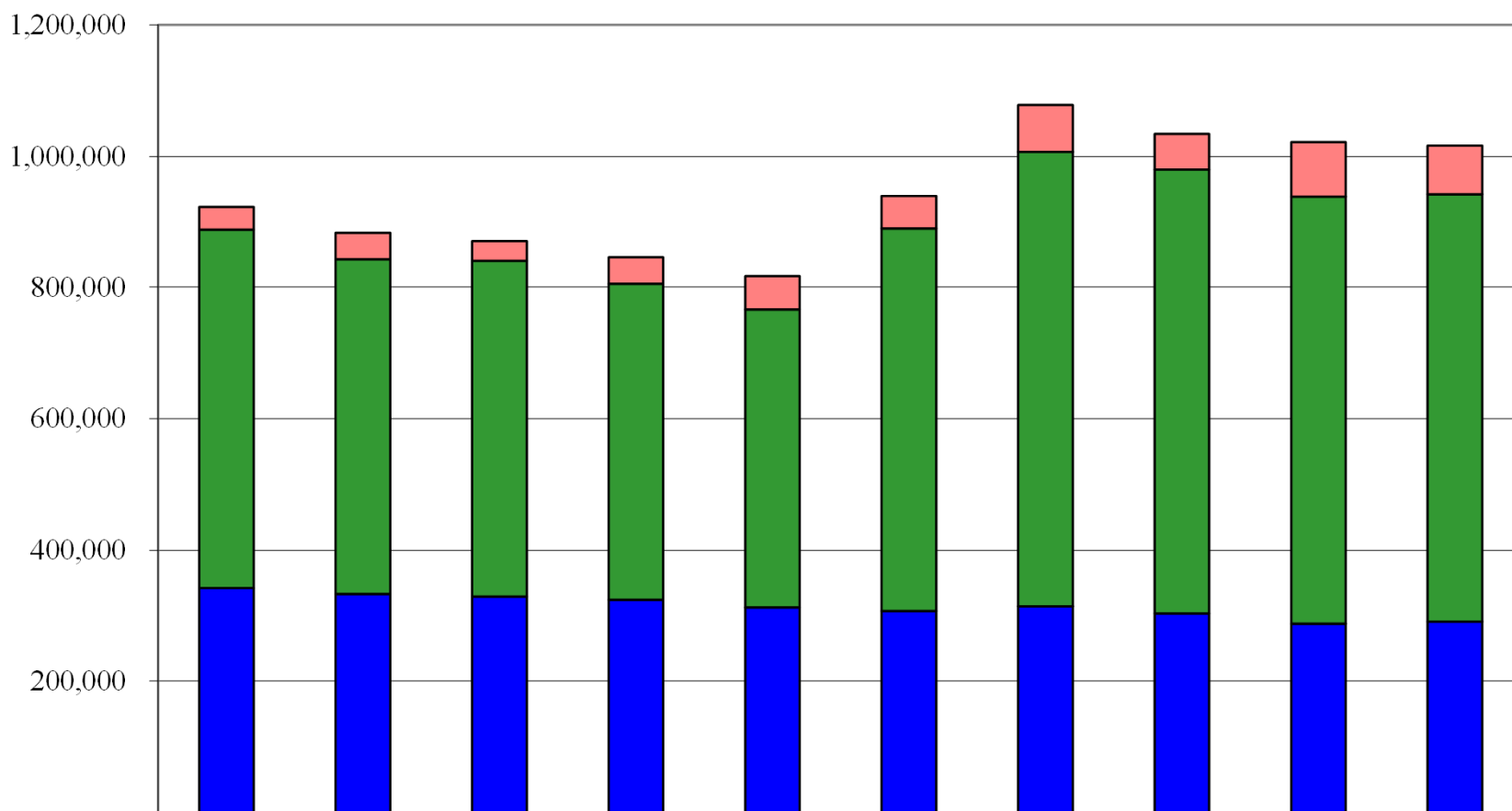
<sup>2</sup> Total solid waste generated within the District and disposed of at SWACO and out-of-district facilities.

<sup>3</sup> Totals may not add due to rounding.

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

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

**SWACO Waste Receipts (Tons) 2005 - 2014**



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
All others	34,597	41,794	31,340	40,413	50,531	49,186	70,958	53,952	82,699	73,940
Rest of Top Ten*	546,127	508,500	510,647	480,263	453,539	583,175	692,711	676,740	650,776	651,281
City of Columbus*	342,662	333,710	329,251	324,682	312,685	307,486	314,515	303,714	288,222	291,518

Source: SWACO

\*See notes to Table 5.

**SWACO**  
**Disposal Rates 1991-2014**

Table 6

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

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

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

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

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

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

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

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

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

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

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

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

**SWACO**  
**Franklin County Sanitary Landfill Airspace Capacity**  
**Total Permitted, Annual Used, and Permitted Remaining 2005-2014**  
**(cubic yards)**

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
2005	48,400,000	1,439,200	40,556,800
2006	48,400,000	1,435,700	39,121,100
2007	48,400,000	1,196,500	37,924,600
2008	48,400,000	1,192,300	36,732,300
2009	51,900,000 <sup>1</sup>	1,053,000	39,179,300
2010	51,900,000 <sup>1</sup>	1,163,000	38,670,000
2011	51,900,000 <sup>1</sup>	1,263,060	36,961,530
2012	51,900,000 <sup>1</sup>	1,010,563	35,958,706
2013	51,900,000 <sup>1</sup>	942,511	35,008,572
2014	51,900,000 <sup>1</sup>	1,109,792	33,898,780
	<u>At Maximum Permitted Receipts<sup>2</sup></u>		<u>At 2014 Receipts<sup>3</sup></u>
Remaining landfill life	10.7		24.2

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

<sup>2</sup> Maximum 8,000 tons per day or 2,288,000 annual tons per OEPA permit. Assumes a compaction rate of 1,300 pounds per cubic yard.

<sup>3</sup> Approximately 1,028,000 tons received. Assumes a compaction rate of 1,300 pounds per cubic yard.

Source: SWACO

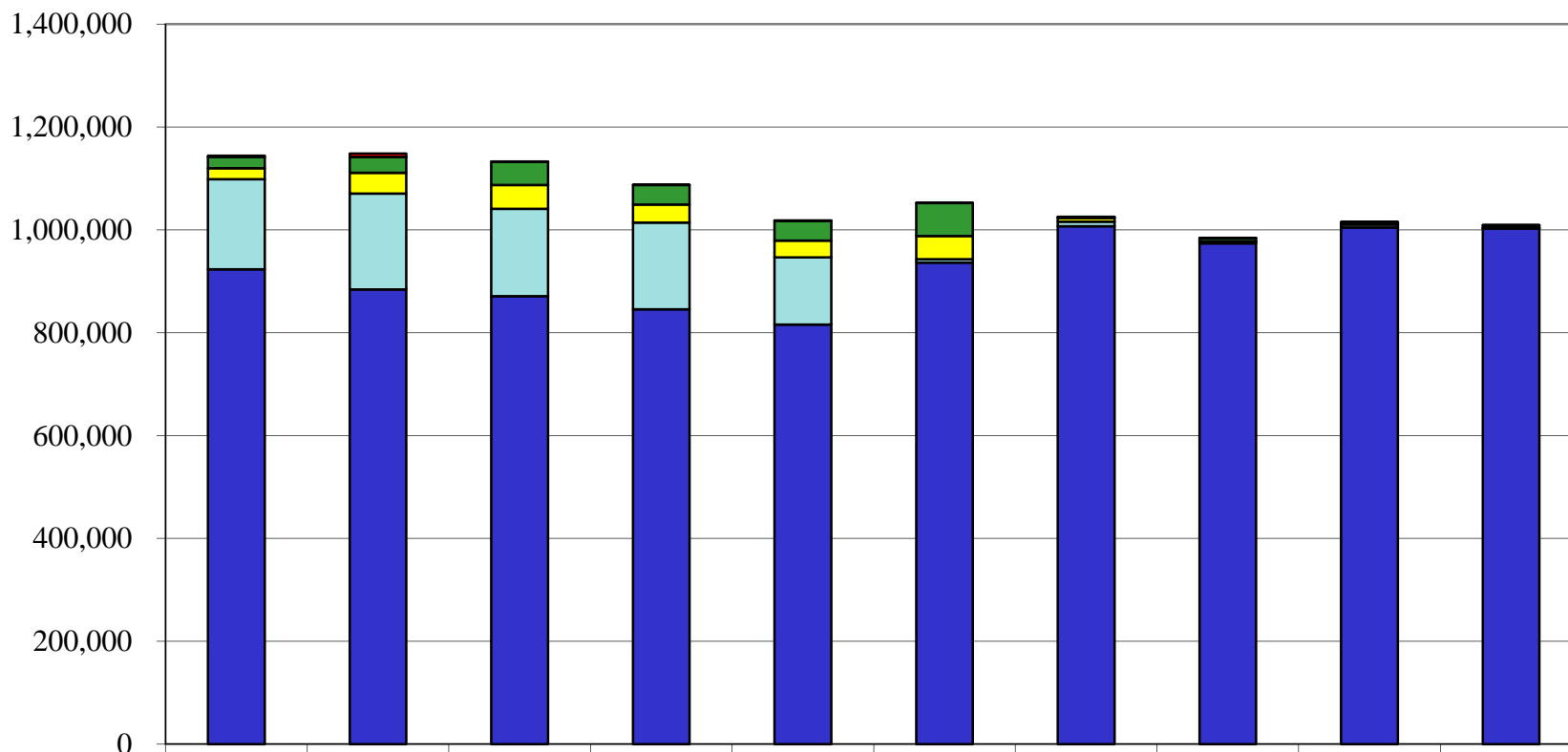
**SWACO**  
**Generation Fee Tonnage Reported 2005 - 2014<sup>1</sup>**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Solid Waste Authority (3 facilities)	923,386	884,004	871,238	845,358	815,628	936,254	1,007,191	974,001	1,004,807	1,002,940
Republic Waste Services	21,977	30,665	44,837	37,984	38,922	64,395	2,014	6,022	3,812	4,868
Rumpke Waste (2 facilities)	21,060	40,481	46,477	34,906	32,594	45,292	6,703	709	235	92
Waste Management (4 facilities)	175,423	186,472	169,650	168,767	130,866	6,591	9,133	3,023	5,740	894
Other (19 facilities)	2,201	6,848	461	673	39	467	2	15	204	188
<b>Total<sup>2</sup></b>	<b>1,144,048</b>	<b>1,148,471</b>	<b>1,132,663</b>	<b>1,087,688</b>	<b>1,018,049</b>	<b>1,052,999</b>	<b>1,025,043</b>	<b>983,770</b>	<b>1,014,798</b>	<b>1,008,982</b>

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

<sup>2</sup>Totals may not add due to rounding.

**Generation Fee Tonnage Reported 2005 - 2014**



	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other (14 facilities)	2,201	6,848	461	673	39	467	2	15	204	188
Republic	21,977	30,665	44,837	37,984	38,922	64,395	2,014	6,022	3,812	4,868
Rumpke (4 facilities)	21,060	40,481	46,477	34,906	32,594	45,292	6,703	709	235	92
Waste Management (post-merger)	175,423	186,472	169,650	168,767	130,866	6,591	9,133	3,023	5,740	894
SWACO (3 facilities)	923,386	884,004	871,238	845,358	815,628	936,254	1,007,191	974,001	1,004,807	1,002,940

Source: SWACO

\*See notes to Table 8.

Table 9

**SWACO**  
**SWACO Program Activity - Tons Collected 2005-2014**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Total tons of waste recycled:										
Yard waste composting	145,540	136,768	121,775	148,823	78,764	n/a	n/a	193,147	238,242	204,038
Drop-off recycling	8,700	9,593	10,755	12,999	15,126	15,924	16,444	14,843	10,136	9,524
Just-in-Time Recycling	626	742	815	774	636	37	n/a	n/a	n/a	n/a
Household hazardous waste	443	419	626	641	550	231	122	162	197	170
E-waste collection	155	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tire collection	132	89	168	187	153	139	220	168	113	94
Scrap metal recycling	71	32	104	246	19	40	23	41	8	89
Other recycling	57	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total<sup>2</sup></b>	<b>155,724</b>	<b>147,643</b>	<b>134,243</b>	<b>163,670</b>	<b>95,248</b>	<b>16,371</b>	<b>16,809</b>	<b>208,360</b>	<b>248,696</b>	<b>213,915</b>

**Tires and White Goods Received 2005 - 2014<sup>1</sup>**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Tires (each)	12,478	13,043	19,726	28,926	17,625	16,422	22,219	18,723	15,688	13,712
White goods (each)	3,622	2,181	2,292	301	290	143	169	157	141	115

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

<sup>2</sup> Totals may not add due to rounding.

Source: SWACO



**SWACO**  
**Household Hazardous Waste Collection 2005 - 2014**  
**(in pounds)**

Material Classification	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Bulked flammables	30,504	14,998	22,070	51,488	69,494	72,096	69,461	94,587	129,543	93,729
Paint	528,064	580,111	898,600	901,135	750,018	219,187	42,007	40,963	63,256	70,535
Aerosol-pesticides	45,332	38,815	56,093	63,491	61,798	32,149	37,625	41,422	44,873	34,597
Used oil /antifreeze	33,285	36,994	48,925	65,667	57,633	35,361	16,896	32,137	39,934	38,665
Putty & adhesives	-	31,135	48,854	35,486	37,351	34,807	23,167	30,051	38,267	24,167
Aerosol-flammable	27,684	17,615	32,716	34,914	19,731	14,790	10,676	18,418	18,617	14,285
Household cleaners	-	9,632	20,991	23,879	18,348	12,320	10,904	13,519	15,295	11,193
Lead/acid batteries	20,414	14,197	8,074	33,526	28,194	16,067	9,131	17,122	12,214	9,443
Acids/bases	18,975	9,821	14,548	12,734	13,977	7,536	6,614	6,965	7,148	13,124
Fluorescent light bulbs	664	1,057	3,373	6,875	6,700	6,101	5,130	9,978	7,043	9,026
Dry cell batteries	-	5,209	-	12,246	3,990	5,189	6,832	8,399	5,326	8,994
Propane cylinders	25,015	14,577	20,004	8,028	2,857	2,065	1,471	2,328	2,077	2,915
Oxidizers	-	2,328	3,466	4,516	2,476	1,689	1,869	2,968	1,988	3,310
NiCad batteries	866	144	46	18	3,649	334	1,012	1,033	1,724	660
Lithium batteries	179	106	19,365	13	475	102	136	674	1,720	505
Reactive lab pack/alum pain	-	816	1,599	1,222	7,213	142	205	342	799	254
Fire extinguishers	876	1,039	2,086	794	537	211	112	355	600	683
Elemental mercury	273	220	474	938	230	1,138	327	656	257	215
Poisons	-	534	981	208	235	322	476	414	239	1,385
Cylinders	1,324	764	1,926	756	163	41	28	85	66	821
Freon	608	53	433	-	6	-	37	17	-	252
Miscellaneous waste	421	2,940	207	-	6,291	15,056	28	660	3,987	1,481
Asbestos	-	45	1,352	90	8	1	3	3	1	-
Lab pack A	5,569	-	-	-	-	-	-	-	-	-
Lab pack B	903	1,105	-	-	-	-	-	-	-	-
Loosepack fuels	145,733	53,611	44,951	24,174	8,968	-	-	-	-	-
Total:	886,689	837,866	1,251,134	1,282,198	1,100,342	476,704	244,147	323,096	394,974	340,239

Table 11

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

<b>Function</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014<sup>1</sup></b>
Administration	20	19	22	21	19	20	24	24	23	12.5
Operations	79	77	77	88	89	90	89	95	86	83
Programs	6	6	11	11	6	6	6	5	5	2.5
<b>Total</b>	<b>105</b>	<b>102</b>	<b>110</b>	<b>120</b>	<b>114</b>	<b>116</b>	<b>119</b>	<b>124</b>	<b>114</b>	<b>98</b>

<sup>1</sup>Part-time employees counted as half (0.5) regardless of the number of hours worked per week.

Source: SWACO

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

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%	353,794	1,063,794
2013	570,000	-	570,000	4.000%	55,493	625,493
2014	585,000	-	585,000	4.000%	23,400	608,400
<b>Total</b>	<b>\$ 2,435,000</b>	<b>\$ 15,785,000</b>	<b>\$ 18,220,000</b>		<b>\$ 8,289,448</b>	<b>\$ 26,509,448</b>
Net interest cost (%)				4.188%		

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	
<b>Total</b>	<b>\$ 15,255,000</b>		<b>\$ 5,785,485</b>	<b>\$ 21,040,485</b>	<b>\$ 2,645,000</b>	<b>\$ 600,270</b>	<b>\$ 12,320,000</b>		<b>\$ 4,958,639</b>	<b>\$ 20,523,909</b>	<b>\$ 516,576</b>	

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

Table 14

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

Year	Principal	Coupon	Interest	Total Debt Service
2009	\$ -	-	\$ 715,328	\$ 715,328
2010	5,000	4.000%	964,488	969,488
2011	5,000	4.000%	964,288	969,288
2012	800,000	4.0%/5.0%	964,088	1,764,088
2013	780,000	4.000%	912,060	1,692,060
2014	820,000	4.0%/5.0%	843,039	1,663,039
2015	870,000	4.0%/5.0%	805,539	1,675,539
2016	890,000	4.000%	766,739	1,656,739
2017	940,000	5.000%	731,139	1,671,139
2018	970,000	5.000%	684,139	1,654,139
2019	1,030,000	4.375%/5.0%	635,639	1,665,639
2020	1,070,000	4.600%	585,326	1,655,326
2021	1,125,000	4.7%/5.0%	536,106	1,661,106
2022	1,175,000	4.8%/5.0%	481,266	1,656,266
2023	1,230,000	4.875%	422,986	1,652,986
2024	1,290,000	5.000%	363,024	1,653,024
2025	1,355,000	5.000%	298,524	1,653,524
2026	1,420,000	5.125%	230,774	1,650,774
2027	1,495,000	5.125%	157,999	1,652,999
2028	1,565,000	5.200%	81,380	1,646,380
<b>Total</b>	<b>\$ 18,835,000</b>		<b>\$ 12,143,871</b>	<b>\$ 30,978,871</b>
		Net interest cost (%)	4.898%	

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

Table 15

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

Year	Principal	Coupon	Interest	Total Debt Service
2011	\$ -	-	\$ 469,228	\$ 469,228
2012	625,000	2.000%	457,783	1,082,783
2013	705,000	2.000%	456,579	1,161,579
2014	720,000	2.000%	145,178	865,178
2015	-	3.000%	138,011	138,011
2016	-	3.500%	138,011	138,011
2017	-	4.000%	138,011	138,011
2018	-	4.220%	138,011	138,011
2019	-	4.370%	138,011	138,011
2020	-	4.520%	138,011	138,011
2021	-	4.700%	138,011	138,011
2022	-	4.850%	138,011	138,011
2023	-	5.000%	138,011	138,011
2024	-	5.150%	138,011	138,011
2025	-	5.700%	138,011	138,011
2026	475,000	5.700%	138,011	613,011
2027	1,045,000	5.700%	120,413	1,165,413
2028	1,080,000	5.700%	81,695	1,161,695
2029	1,125,000	5.700%	41,681	1,166,681
<b>Total</b>	<b>\$ 5,775,000</b>		<b>\$ 3,428,689</b>	<b>\$ 9,203,689</b>
Net interest cost (%)		3.335%		

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

**SWACO**  
**Series 2012 Solid Waste Facility Improvements and Refunding Bonds**

Table 16

Year	Principal	Coupon	Interest	Total Debt Service
2012	\$ -	-	\$ 1,667,338	\$ 1,667,338
2013	440,000	3.000%	3,241,068	3,681,068
2014	4,185,000	2.000%	3,025,875	7,210,875
2015	4,665,000	1.5%-4.0%	2,942,175	7,607,175
2016	4,800,000	4.000%	2,809,075	7,609,075
2017	4,990,000	1.5%-4.0%	2,617,075	7,607,075
2018	5,150,000	5.000%	2,492,100	7,642,100
2019	2,595,000	5.000%	2,234,600	4,829,600
2020	2,735,000	5.000%	2,104,850	4,839,850
2021	2,865,000	5.000%	1,968,100	4,833,100
2022	3,010,000	5.000%	1,824,850	4,834,850
2023	3,165,000	5.000%	1,674,350	4,839,350
2024	3,265,000	5.000%	1,516,100	4,781,100
2025	3,490,000	5.000%	1,352,850	4,842,850
2026	2,310,000	5.000%	1,178,350	3,488,350
2027	2,415,000	5.000%	1,062,850	3,477,850
2028	2,545,000	5.000%	942,100	3,487,100
2029	3,945,000	5.000%	814,850	4,759,850
2030	4,950,000	4.000%	617,600	5,567,600
2031	5,145,000	4.000%	419,600	5,564,600
2032	5,345,000	4.000%	213,800	5,558,800
Total	\$ 72,010,000		\$ 36,719,556	\$ 108,729,556

Net interest cost (%) 3.527%

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

Table 17

**SWACO**  
**Series 2013A Solid Waste Facility Improvements and Refunding Bonds**

Year	Principal	Coupon	Interest	Total Debt Service
2013	\$ -	-	\$ 93,049	\$ 93,049
2014	-	-	293,838	293,838
2015	705,000	3.000%	293,838	998,838
2016	725,000	3.000%	272,688	997,688
2017	745,000	1.500%	250,938	995,938
2018	755,000	1.750%	239,763	994,763
2019	765,000	2.000%	226,550	991,550
2020	785,000	3.000%	211,250	996,250
2021	810,000	3.000%	187,700	997,700
2022	830,000	4.000%	163,400	993,400
2023	865,000	4.000%	130,200	995,200
2024	960,000	4.000%	95,600	1,055,600
2025	935,000	4.000%	57,200	992,200
2026	495,000	4.000%	19,800	514,800
<b>Total</b>	<b>\$ 9,375,000</b>		<b>\$ 2,535,814</b>	<b>\$ 11,910,814</b>

Net interest cost (%) 2.731%

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



Table 18

**SWACO**  
**Series 2013B Solid Waste Facility Improvements and Refunding Bonds**

Year	Principal	Coupon	Interest	Total Debt Service
2014	\$ 660,000	0.450%	\$ 411,126	\$ 1,071,126
2015	630,000	0.850%	309,278	939,278
2016	625,000	1.150%	303,923	928,923
2017	640,000	1.800%	296,735	936,735
2018	650,000	2.250%	285,215	935,215
2019	390,000	2.700%	270,590	660,590
2020	400,000	3.100%	260,060	660,060
2021	415,000	3.450%	247,660	662,660
2022	435,000	3.800%	233,343	668,343
2023	450,000	4.000%	216,813	666,813
2024	460,000	4.125%	198,813	658,813
2025	485,000	4.250%	179,838	664,838
2026	370,000	4.375%	159,225	529,225
2027	385,000	4.500%	143,038	528,038
2028	410,000	4.625%	125,713	535,713
2029	440,000	5.000%	106,750	546,750
2030	535,000	5.000%	84,750	619,750
2031	565,000	5.000%	58,000	623,000
2032	595,000	5.000%	29,750	624,750
Total	\$ 9,540,000		\$ 3,920,620	\$ 13,460,620

Net interest cost (%) 4.279%

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

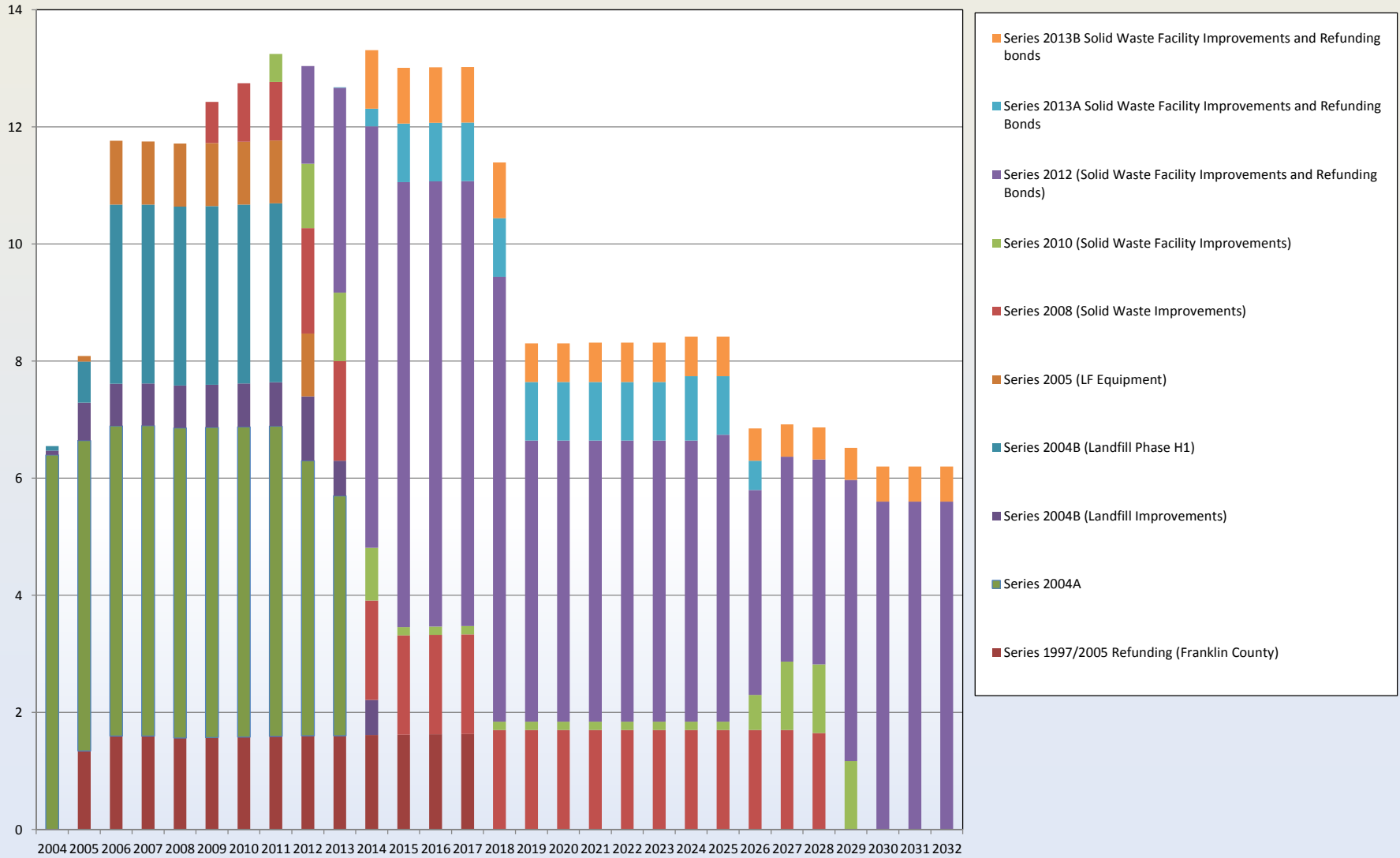
Table 19

**SWACO****Series 2013 Taxable Revenue Notes**

Year	Principal	Interest	Total Debt Service
2013	\$ -	\$ 23,340	\$ 23,340
2014	300,000	52,260	352,260
2015	300,000	48,360	348,360
2016	3,570,000	23,205	3,593,205
Total	<u>\$ 4,170,000</u>	<u>\$ 147,165</u>	<u>\$ 4,317,165</u>

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

## SWACO Debt Service 2004-2032



**SWACO**  
**Total and General Obligation Debt Ratios 2005 - 2014**

Tax Year		Total SWACO Debt <sup>1</sup> (thousands)	SWACO District Population <sup>2</sup>	Total SWACO Debt PerCapita	SWACO General Obligation Debt <sup>3</sup> (thousands)	District Assessed Property Valuation (AV) <sup>2</sup> (thousands)	SWACO G.O. Debt as a Percent of AV	Annual Debt Service Paid from Tipping Fees <sup>4</sup> (thousands)	Solid Waste Received by SWACO (tons)	Annual Debt Service Paid from Tipping Fees Per Ton Received
2005	2006	\$ 128,553	1,159,000	\$ 111	\$ 99,639	\$ 29,868,345	0.33%	\$ 2,693	923,386	\$ 2.92
2006	2007	113,924	1,179,700	97	96,548	30,102,825	0.32%	5,680	884,004	6.43
2007	2008	116,970	1,189,600	98	97,810	29,912,050	0.33%	5,822	871,238	6.68
2008	2009	112,716	1,197,200	94	101,613	30,400,811	0.33%	6,186	845,358	7.32
2009	2010	106,363	1,201,810	89	93,265	28,910,438	0.32%	7,142	816,754	8.74
2010	2011	110,209	1,205,163	91	100,129	28,867,111	0.35%	7,921	939,847	8.43
2011	2012	125,197	1,208,818	104	91,114	27,113,105	0.34%	6,863	1,069,618	6.42
2012	2013	139,581	1,215,471	115	134,880	26,121,220	0.52%	8,165	1,034,406	7.89
2013	2014	133,064	1,216,000	109	128,709	27,362,018	0.47%	8,120	1,021,697	7.95
2014	2015	\$ 122,533	1,225,500	\$ 100	\$ 118,518	\$ 27,571,041	0.43%	\$ 8,295	1,016,739	\$ 8.16

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

<sup>2</sup> See Table 23.

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

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

Source: SWACO

**SWACO**  
**Indirect Debt and Property Tax Limitations, April 28, 2014**

SWACO's debt is not subject to direct debt limits, but its unvoted general obligation debt (debt authorized by the Board of Trustees but not by a vote of the electors) is subject to overlapping restrictions with each respective county and school district. Limitations apply to each county total and should not be considered cumulatively. Total debt service charges for any one year of all overlapping debt must not exceed ten mills (1%) of the assessed property value. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. The most recent data prepared by the county auditors for this purpose was as of April 28, 2014.

<b>Overlapping Jurisdictions</b>	<b>Millage required</b>	<b>Unallocated Millage</b>
SWACO, Franklin County, the City of Hilliard, Dublin City School District, Washington Township & Central Ohio JVS	9.2635	0.7365
SWACO, Licking County, the City of Reynoldsburg, Southwest Licking Local School District, Etna Township & Licking County C-TEC	5.5308	4.4692
SWACO, Union County, the City of Dublin, Washington Township & Dublin City School District	4.5040	5.4960
SWACO, Delaware County, the City of Westerville & Westerville City School District	7.9842	2.0158
SWACO, Pickaway County, Village of Harrisburg, Darby Township & South-Western City School District	3.3963	6.6037
SWACO, Fairfield County, City of Columbus, Montgomery Township, Pickerington Local School District & Eastland Career Center	8.4089	1.5911

Source: Auditors for respective counties.

**SWACO**  
**Ten Largest Employers 2014<sup>1</sup> and 2005<sup>2</sup>**  
**Franklin County, Ohio**

Employer	2014			Employer	2005	
	Principal Business	Number of Employees	% of Total Employment		Number of Employees	% of Total Employment
The Ohio State University	Education	28,710	4.5%	State of Ohio	30,009	5.0%
State of Ohio	Government	23,692	3.7%	The Ohio State University	18,763	3.1%
JP Morgan Chase	Finance	20,425	3.2%	JP Morgan Chase	13,707	2.3%
OhioHealth	Health Care	19,652	3.1%	Nationwide	11,002	1.8%
Nationwide	Finance	12,433	2.0%	United States Government	10,365	1.7%
Kroger Co.	Retail	11,068	1.7%	OhioHealth	9,083	1.5%
Mount Carmel Health System	Health Care	8,362	1.3%	Columbus City Schools	7,905	1.3%
Nationwide Children's Hospital	Health Care	8,243	1.3%	City of Columbus	7,890	1.3%
Columbus City Schools	Education	8,195	1.3%	Limited Brands	7,200	1.2%
Honda of America	Manufacturing	7,900	1.2%	Walmart Stores	5,842	1.0%
<b>Subtotal</b>		<b>148,680</b>	23.3%	<b>Subtotal</b>	<b>121,766</b>	20.2%
Total estimated Franklin County employment <sup>2</sup>		636,000	100.0%	Total estimated Franklin County employment <sup>2</sup>	604,000	100.0%

<sup>1</sup> Business First, Book of Lists, 2014-2015.

<sup>2</sup> City of Columbus, Ohio, 2014 and 2005 Comprehensive Annual Financial Reports.

Note: This table includes full-time employees only.

### District and Franklin County Demographic Statistics 2005 - 2014<sup>1</sup>

Tax Year	District Population <sup>2</sup>	Total Assessed Value Taxable District Property <sup>3</sup> (in thousands)	Franklin County Only			
			Population <sup>7</sup>	Per Capita Income <sup>4</sup>	Median Age <sup>4</sup>	Total Assessed Value Taxable County Property <sup>5</sup> (in thousands)
2005	1,159,000	\$ 29,868,345	1,144,820	\$ 34,960	34	\$ 28,743,005
2006	1,179,700	30,102,825	1,153,926	36,335 <sup>6</sup>	33	28,903,096
2007	1,189,600	29,912,050	1,160,300	39,083 <sup>7</sup>	34 <sup>7</sup>	28,695,371
2008	1,197,200	30,400,811	1,164,725	40,009 <sup>7</sup>	34 <sup>7</sup>	27,999,978 <sup>7</sup>
2009	1,201,810	28,910,438	1,167,641	41,077 <sup>7</sup>	35 <sup>7</sup>	28,057,691 <sup>7</sup>
2010	1,205,163	28,867,111 <sup>7</sup>	1,173,158	39,165 <sup>8</sup>	33 <sup>8</sup>	27,984,335 <sup>7</sup>
2011	1,208,818	27,113,105 <sup>7</sup>	1,168,018	40,609 <sup>7</sup>	33 <sup>7</sup>	26,303,009 <sup>7</sup>
2012	1,215,471	26,121,220 <sup>7</sup>	1,174,435	40,981 <sup>7</sup>	34 <sup>7</sup>	26,124,038 <sup>7</sup>
2013	1,216,000	27,362,018 <sup>7</sup>	1,195,537	41,666 <sup>7</sup>	34 <sup>7</sup>	26,160,709 <sup>7</sup>
2014	1,225,500	\$ 27,571,041 <sup>7</sup>	1,192,653	\$ 44,723 <sup>7</sup>	34 <sup>7</sup>	\$ 26,358,683 <sup>7</sup>

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

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

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

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

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

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

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

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

Sources: SWACO except as noted above.

Table 24

### Average Unemployment Rates 2005 - 2014

Year	Franklin County	State of Ohio	United States
2005	4.9% <sup>1</sup>	5.4% <sup>1</sup>	5.0% <sup>1</sup>
2006	4.5% <sup>2</sup>	5.6% <sup>3</sup>	4.5% <sup>3</sup>
2007	4.7% <sup>4</sup>	5.6% <sup>4</sup>	4.6% <sup>4</sup>
2008	5.5% <sup>5</sup>	6.6% <sup>5</sup>	5.8% <sup>5</sup>
2009	8.3% <sup>4</sup>	10.2% <sup>4</sup>	9.3% <sup>4</sup>
2010	8.5% <sup>4</sup>	10.1% <sup>4</sup>	9.6% <sup>4</sup>
2011	7.6% <sup>5</sup>	8.8% <sup>5</sup>	8.9% <sup>5</sup>
2012	6.1% <sup>4</sup>	7.2% <sup>4</sup>	8.1% <sup>4</sup>
2013	6.2% <sup>4</sup>	7.4% <sup>4</sup>	7.4% <sup>4</sup>
2014	4.8% <sup>5</sup>	5.7% <sup>5</sup>	6.2% <sup>5</sup>

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

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

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

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

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



**SWACO**  
**Capital Assets as of December 31, 2014**

<u>Sanitary Landfill</u>			
See Note 6 - Capital Assets, page 2-29 and Table 7 in the Statistical Section for additional information on the landfill.			
	Capacity	Year	
<u>Transfer Stations</u>	<u>(tons per day)</u>	<u>Constructed</u>	
Jackson Pike	1,780	1983	
Morse Road Eco-Station	1,000	2013	
	Square	Year	
<u>Facilities</u>	<u>Footage</u>	<u>Constructed</u>	
Administrative Office Building	8,500	2002	
Fleet Maintenance Garage	11,120	2000	
Landfill Operations Facility	12,800	2005	
Green Energy Centre	4,280	2008	
2512 Jackson Pike	28,000	2009	
<u>Landfill Equipment</u>		<u>Transfer Station Equipment</u>	
Landfill compactors	5	Transfer tractors	29
Landfill dozers	4	Transfer trailers	28
Excavator/grader/track loader	6	Front-end loaders	5
Articulated dump trucks	4	Trackhoes	4
Trailer tippers	3	Service vehicles and other	3
Water trucks	3		
Other landfill vehicles and equipment	6		
		<u>Other vehicles and equipment</u>	
<u>Recycling Programs</u>		Roll-off trucks	2
Recycled materials rear-load packer truck	1	Pickup trucks	22
Recycled materials front-load trucks	5	Cars and passenger vans	6
Drop-box containers	365	Street sweepers	3
		Large mowers	6
		Cargo trailers	5

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# **COMPLIANCE SECTION**

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**INDEPENDENT AUDITOR'S 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  
4239 London Groveport Road  
Grove City, Ohio 43123

To the Audit and Finance Committee and Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, (SWACO) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements and have issued our report thereon dated June 24, 2015.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered SWACO's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of SWACO's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Entity's financial statements. We consider finding 2014-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-002 through 2014-004 described in the accompanying schedule of findings to be significant deficiencies.

***Compliance and Other Matters***

As part of reasonably assuring whether SWACO'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, opining 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*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of SWACO's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering SWACO's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC  
June 24, 2015

**SOLID WASTE AUTHORITY OF CENTAL OHIO  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**Finding Number 2014-001**

**Financial Reporting – Material Weakness**

SWACO's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). In addition, SWACO maintains their accounting records in accordance with GAAP throughout the year. The presentation of materially correct financial statements and the related footnotes is the responsibility of management of SWACO. Independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements. Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

Even though SWACO reports using GAAP throughout the year, GAAP-compliant financial statements, including the footnotes and Management's Discussion and Analysis, weren't available until five months after year-end. Upon receipt of the draft financial statements, we noted the following issues and errors that required audit adjustments and reclassifications:

- Though not all material, the financial statements contained a significant number of errors including but not limited to: information that wasn't updated from the previous year, numbers that didn't agree from one financial statement to the other, financial statement amounts that didn't agree to the related footnotes, outdated footnotes, and footnotes not being updated to reflect the current year events. We proposed adjustments that SWACO posted to correct the errors.
- SWACO reported a negative balance of \$148,977 as restricted Net Position. It is never appropriate under GAAP to report a negative balance of restricted net position. Instead, if restricted assets are less than related liabilities, the difference should be reflected as a decrease in unrestricted net position. We proposed a reclassification entry that SWACO posted.
- SWACO's evaluation of the collectability of a significant lease receivable wasn't performed at the depth required until the audit team brought this issue to the attention of management, after the financial statements were presented for audit. This resulted in a write down of \$1,773,387 of the lease receivable and the recognition of bad debt expense. Also, based upon this evaluation, a \$2,500,000 allowance was also written off against the lease receivable.

During the course of the audit, SWACO management requested our advice on various financial reporting issues, which we were not always able to provide because of our need to stay independent. Auditors can certainly be a great resource to discuss technical issues; however, an auditor cannot be relied on to make financial reporting decisions.

We recommend that SWACO require finance personnel responsible for the preparation of the financial statements to attend governmental GAAP training each year and, that resources are purchased by SWACO to assist in the preparation of financial statements in accordance with the applicable standards. In addition, it is important that SWACO develop procedures to help ensure the financial statements and footnotes are complete and accurate before the documents are presented for audit.

**SOLID WASTE AUTHORITY OF CENTAL OHIO  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 2014**

**Official's Response:**

- SWACO agrees that many immaterial variances, mostly due to rounding, existed in the 2014 DRAFT CAFR. A process exists to review prior year numbers, foot, and cross-foot all schedules, but the process was not completed at the time the 2014 DRAFT CAFR was provided as the existing process is only completed once all feedback is received and all numbers are considered final. SWACO has discussed this with its auditors and has established guidelines and expectations on future CAFR submittals.
- SWACO agrees that a negative balance of \$148,977 as restricted net position was reported. This negative net position balance relates to the landfill closure/post closure fund. The underlying accounts for the landfill closure/post-closure fund are unique in nature and are specific to waste management entities. Historically, SWACO has not adjusted these unique accounts and was not required to by the previous independent auditors in prior years. SWACO has adjusted the externally reported financial statements for 2014 and will adjust any negative balances, beginning in 2015 going forward, for any externally reported financial statements (but will not adjust these accounts in the SWACO accounting system).
- SWACO agrees \$2.5 million allowance for lease receivable was posted against the accounts receivable account. SWACO posted this against the accounts receivable account at the request of the previous independent auditors in 2013. An adjustment was posted in 2014 as suggested by the current independent auditors.
- SWACO agrees that the analysis of the collectability of a significant lease receivable, was not performed at the required depth or in a timely manner. The unusual level of turnover created inefficiencies as roles and responsibilities were not appropriately transitioned within the Accounting & Finance Department. Once roles and responsibilities were transitioned, SWACO contracted with a third-party appraisal firm to properly assess the facility. The conclusion of the assessment warranted a write-down to the significant lease receivable which SWACO posted in 2014.

**Finding Number 2014-002**

**Timely Bank to Book Reconciliations – Significant Deficiency**

Strong monitoring practices of SWACO's financial activities are the responsibility of management and are essential to ensure accurate financial reporting. A reconciliation should be performed in a timely manner and reconciling items should be identified and adjusted at the time the reconciling item or error is discovered. The reconciliations should be approved by someone independent of the reconciliation process, and this review should be documented.

We reviewed the 12 bank to book reconciliations performed from January 2014 through December 31, 2014, and we noted four of the reconciliations were not completed in a timely manner. These are described below:

- The February 2014 reconciliation was dated April 2, 2014
- The March 2014 reconciliation was dated June 2, 2014
- The April 2014 reconciliation was dated June 3, 2014
- The June 2014 reconciliation was dated August 5, 2014

We recommend reconciliations be completed in a timely manner and reviewed and approved by an individual independent of the reconciliation process.



**SOLID WASTE AUTHORITY OF CENTAL OHIO  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 2014**

**Official's Response:**

SWACO experienced significant turnover in the Accounting & Finance Department during 2014 and ownership of the account reconciliation process shifted between Accounting & Finance team members during 2014. Once ownership was changed, the new responsible party implemented a process to reconcile all balance sheet accounts in a timely manner. The new process in place appears to be operating effectively as no exceptions were noted in the second half of 2014.

**Finding Number 2014-003**

**Monitoring of Use of Program Funds – Significant Deficiency**

The Program Fund receives Generation Fees authorized by Ohio Rev. Code Section 3734.57 and paid on waste generated in the Solid Waste District and disposed of at SWACO's landfill or out-of-district landfills. The revenues in this fund are to be used only to support solid waste recycling, reuse, and reduction programs operated by SWACO in support of SWACO's solid waste plan. It is SWACO's discretion to distribute these funds either through grant agreements or other written agreements. However, regardless of the distribution process of the grant funds, it is SWACO's responsibility to monitor the use of the funds in accordance with the related agreements. We reviewed payments under two separate agreements made by SWACO to the Southwestern City Schools in the amount of \$125,000 and, to the Ohio Lions District 13F in the amount of \$15,000.

The contract with Southwestern City Schools required the school to perform some or all of the waste and recycling related activities listed in the contract in exchange for an annual payment of \$125,000. Furthermore, the District is required to submit a "summary of efforts" to SWACO for costs incurred related to performing the related activities. We reviewed the "summary of efforts" provided by the School and noted the school incurred costs related to a recycling program and a solid waste and recycling based education program during fiscal year 2014. However, the District only provided SWACO with a total amount spent for these activities and did not provide supporting documentation as required in the agreement. SWACO was able to obtain supporting documentation for these amounts upon our request.

The grant agreement with the Ohio Lions Club was for voluntary litter and waste retrieval activities in and around the Memorial Tournament at Muirfield Village Golf Club. The grant agreement between SWACO and the Lions Club was set up as a reimbursement grant which requires the Ohio Lions Club to be reimbursed for actual expenditures incurred from waste reduction and recycling services. We reviewed the request for reimbursement that was paid by SWACO and noted the services provided by the Lions Club were provided by volunteers, so there were no actual expenditures incurred related to the recycling services provided by the Lions.

We recommend that SWACO require support be provided as defined in the related agreements before disbursements are made and that a checklist be developed to be used by the Program managers to assist in consistent monitoring of the use of the Program funds. In addition, if grants are awarded to volunteer organizations to assist with solid waste recycling, reuse, and reduction programs, we recommend the grant be modified to reflect the expectations as volunteer organizations would not have costs subject to reimbursement since services are provided by volunteers.

**SOLID WASTE AUTHORITY OF CENTAL OHIO  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS**

**DECEMBER 31, 2014**

**Official's Response:**

SWACO accepts and supports the recommendations that complete enforcement of the defined grant agreements are executed before reimbursement funds are distributed. As recommended, SWACO will also develop a check list in accordance with grant completion documents to ensure consistent and thorough monitoring is given to each grant process. If volunteers are being used in grant activities, the grant shall reflect the use of volunteers and not allow funds for the use of their time. SWACO will be diligent about implementing these recommendations in 2015 and going forward.

**Finding Number 2014-004**

**Review of Self-Assessed EPA Fees – Significant Deficiency**

SWACO is required to self-report landfill tonnage received each month to the Ohio EPA and to pay a self-assessed calculated fee based on the tonnage reported and the price per ton, as determined by the Ohio EPA. If the tonnage reported is incorrectly entered into the system, this could result in SWACO paying the incorrect amount.

We recommend SWACO develop a monitoring process that requires a documented independent review of the amount reported to the Ohio EPA prior to each monthly submission.

**Official's Response:**

SWACO recognizes that an overpayment of approximately \$33,000 was made to the Ohio EPA for its April 2014 reporting period. The total 2014 payments to the Ohio EPA were approximately \$4.7 million dollars, in which this overpayment accounted for 0.70%. SWACO contends that this overpayment was caused by a data entry error as only one value reported to the Ohio EPA from the April 2014 scalehouse report was inappropriately entered.

A process has been established for 2015 in which the Ohio EPA calculation is reviewed by another employee to ensure that the calculated amounts entered on the Ohio EPA worksheet are complete and accurate.



# Dave Yost • Auditor of State

**SOLID WASTE AUTHORITY OF CENTRAL OHIO**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 20, 2015**