



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Solid Waste Authority of Central Ohio
Franklin County, Ohio

Fiscal Year ended December 31, 2019

OHIO AUDITOR OF STATE
KEITH FABER



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Columbus, Ohio 43215
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Board of Trustees
Solid Waste Authority of Central Ohio
4239 London Groveport Road
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2019 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

November 5, 2020

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Comprehensive Annual Financial Report

of the

Solid Waste Authority of Central Ohio

Franklin County, Ohio

for the

Fiscal Year ended December 31, 2019

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

Prepared by the Accounting and Finance Department
David R. Logan – Accounting and Finance Manager
Patrick W. O'Block – Assistant Accounting and Finance Manager

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**Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2019**

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INTRODUCTORY SECTION

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August 27, 2020

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, 2019 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, 2019. 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 auditor’s 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 his/her designee
- A member appointed by the Board of Commissioners
- The mayor of the City of Columbus or his/her 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 improve the community's solid waste stream through effective reduction, recycling, and disposal.

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 and a new permit was approved in 2018 giving a

total airspace of 97 million cubic yards. 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 Ohio EPA was in November 2017. Updates to the Solid Waste Plan were ratified by the Board of Trustees and were submitted to Ohio EPA, which the Solid Waste Management Plan was approved in February 2018.

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. These facilities are operated by Kurtz Brothers Central Ohio, LLC. and Ohio Mulch Supply, Inc. The composting services are free of charge to all residents and subsidized by SWACO.

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 approximately 178 locations within the District. SWACO provides the drop boxes to the local community and 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, 2019.

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 have been 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 not-for-profit research and development foundation, and the headquarters for several major corporations, including five 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.

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 completed as SWACO constructs 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 has been exhausted. SWACO is ultimately responsible for the ongoing 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

2019 Debt Refunding

Series 2019 Bonds: On December 19, 2019, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Refunding Bonds, Series 2019 (Taxable), in the amount of \$19,575,000. The Series 2019 Bonds were issued for the purposes of paying part of the cost of refunding a portion of the following obligations of SWACO (collectively, the "Refunded Prior Bonds"): \$79,015,000 original principal amount

General Obligation (Limited Tax) Solid Waste Facilities Improvement and Refunding Bonds, Series 2012, dated June 1, 2012 (the “Series 2012 Bonds”) and \$9,540,000 original principal amount Taxable Solid Waste Facilities Refunding Bonds, Series 2013B (the “Series 2013 Bonds” and collectively, the “Prior Bonds”), which were issued to finance and refinance the costs of certain facilities constituting solid waste facilities included in the General Facilities Plan of SWACO.

Carbon Emissions

SWACO is committed to make efforts to reduce carbon emissions and successfully created a carbon emissions management plan. The plan is unique to meet the needs and capacities of SWACO. The broader plan created a specific action plan with decision trees to help future staff implement the plan. The action plan allows SWACO to create a process to enable cross department working groups to implement different sections of the plan. SWACO’s intent is to empower staff to “walk the walk” to reduce carbon emissions. The plan helps us define and defend our goal, build teams, reduce carbon emissions, measure our results and allows us to communicate our success.

Campus Phasing

SWACO completed a site and buildings assessment resulting in a phased campus plan. The plan allows SWACO to demolish and replace its current operations building(s) to make way for an increased landfill footprint with extended landfill life.

Economic Development

SWACO created an economic development strategy aimed to increase diversion and demand for recycled products. A major component of the strategy is to develop a “Circular Economy Industrial Park” on adjacent land owned by SWACO.

Scale System

Due to increasing cost for unplanned software maintenance for our scale system, a cross-operational team initiated a search for a more reliable system, that created greater flexibility, and better facilitate reporting requirements. SWACO selected a new vendor and began implementation in early 2020.

Technology

SWACO completed a number of technology upgrades including; connection to new fiber network, extending fiber to newly constructed scale house, implementation of customer relations management software, SharePoint implementation, laptop and desktop replacement, and cyber security improvements and staff training.

Capital Improvements

There were multiple capital improvement projects completed in 2019. These projects help SWACO to keep available airspace for the district and improves collection of methane for

the sale of renewable fuel to the pipeline. The below bullets points show the completion of a Scalehouse that will enhance customer service for years.

- Phase H5A Separatory Liner completed in the second quarter.
- Gas Collection Control System completed, which improves vacuum distribution throughout the Franklin County Sanitary Landfill.
- Designed and began construction on new scale house, which became operational in the first quarter of 2020.

Transfer Station Review

In 2019, the Operations team completed a comprehensive review of the operating efficiency of SWACO's transfer stations. The review focused on the relative cost associated with the current operating hours, the potential to reduce cost through adjusting the hours and general effectiveness of how waste is loaded. The study did not indicate any potential cost reductions associated with operating hours, it was determined that load placement and material handler types could be adjusted to improve operating efficiency. Additionally, the review also sought to increase efficiency through the use of a pre-load compactor at the Morse Road location, the cost and potential operating improvements are still under review.

Recycle Drop-Box Program Review

SWACO's recycle drop-box program was evaluated in 2019. The purpose of the assessment was to gain routing efficiency associated with better customer service for the district. The study leverage Maptitude mapping software which resulted re-routing of existing routes to ensure maximum productivity and will potentially increase diversion away from the landfill.

Programs Initiatives

The Innovations and Programs Department made great strides in 2019 to that will help advance the region towards being a leader in waste reduction and diversion. A few notable accomplishments and studies in 2019 include the following:

- Implementation of the Community Recycling Cart Grant, providing recycling carts to approximately 56,000 households in five communities.
- Deploying the Recycling Right community educational campaign materials to 74,000 households.
- Providing \$178,000 in Community Waste Reduction grant funds to 14 project recipients.
- Recycling Cart Tagging project with the City of Columbus and the Recycling Partnership.
- A newly updated waste characterization study.
- Capture rate study with Gahanna and Reynoldsburg.

SWACO also elevated its efforts related to food waste by launching a regional collaborative Central Ohio Food Waste Action Plan, piloting food waste activities in schools, and hiring a food waste initiative coordinator.

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, 2018. This was the twenty-first consecutive year SWACO has received this award. 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)

Tracie Davies, *Madam Chair*
Designee of the Mayor of the City of Columbus

Nichole Lemin
Designee of the Franklin County Health Commissioner

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

Brian Will
Appointed by the Board of Trustees representing Industrial, Commercial, or Institutional Waste Generators

Patrick King
Appointed by the Board of Trustees representing the public

Kenneth Wilson
Appointed by the Franklin County Board of Commissioners

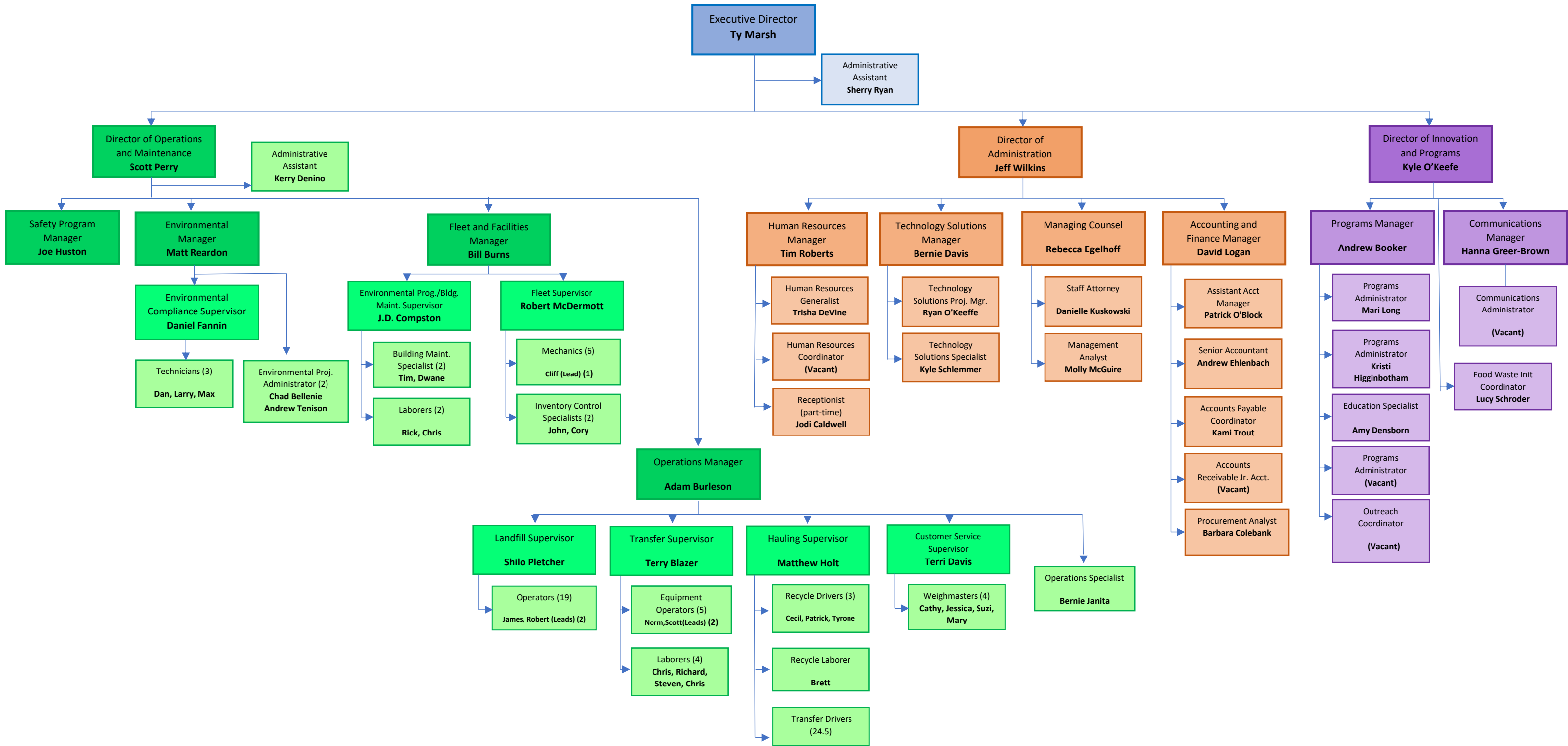
Joe Lombardi
Appointed by the Mayor of the City of Columbus

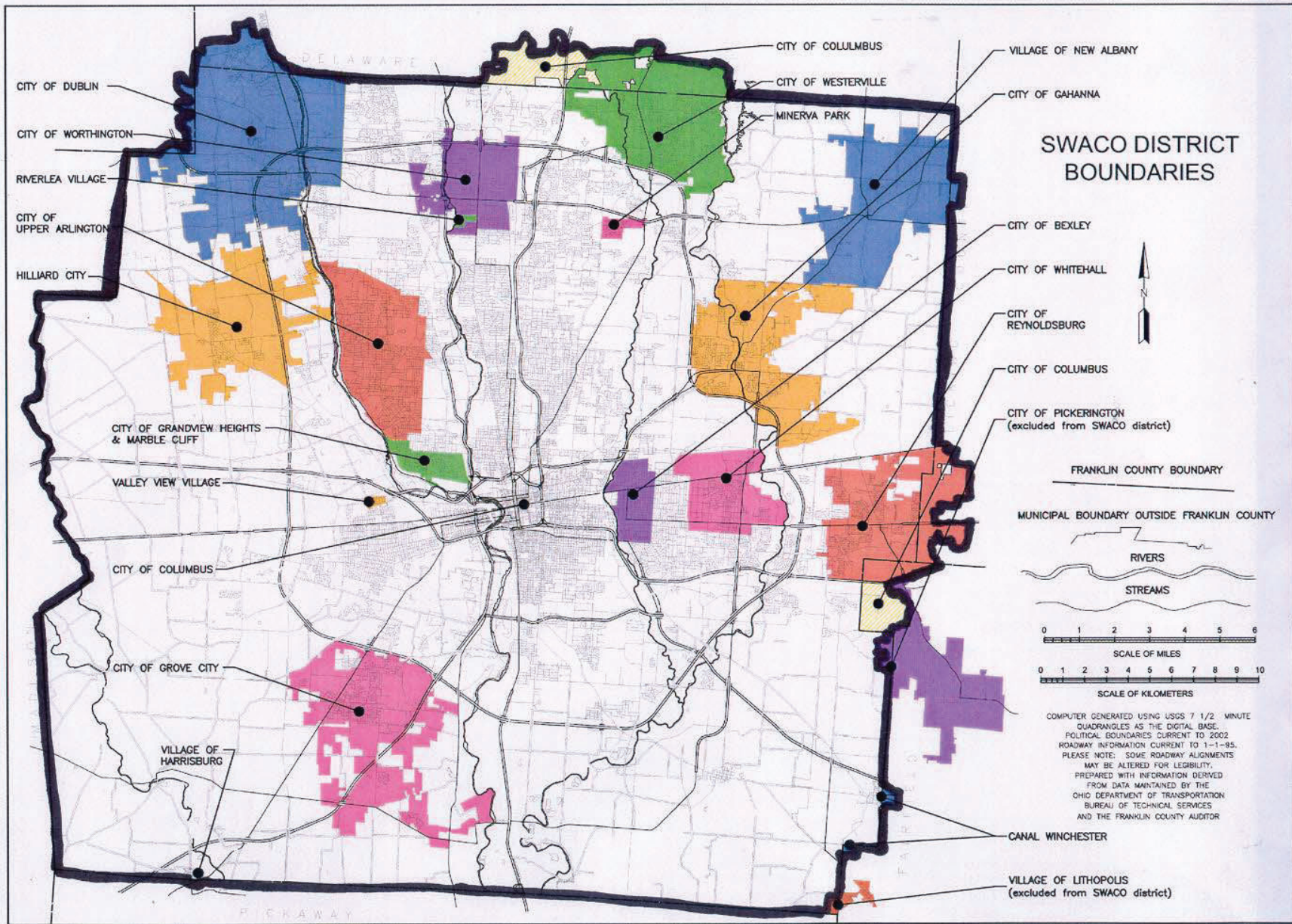
Honorable John O'Grady
President of the Franklin County Board of Commissioners

Susan Tilgner, *Vice Chair*
Appointed by the Board of Trustees representing the general interest of citizens

Staff

Ty Marsh, Executive Director
Jeffrey Wilkins, Director of Administration
Scott Perry, Director of Operations and Maintenance
Kyle O'Keefe, Director of Innovation and Programs
David Logan, Accounting and Finance Manager
Patrick O'Block, Assistant Accounting and Finance Manager
Andrew Ehlenbach, Senior Accountant







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, 2018

Christopher P. Morrill

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, 2019, 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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, Ohio, as of December 31, 2019, 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.

Emphasis of Matter

As discussed in Note 15 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of SWACO. We did not modify our opinion regarding this matter.

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*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions 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.

Other Information

Our audit was conducted to opine on SWACO's basic financial statements taken as a whole.

The introductory section and the statistical section information present additional analysis and are not a required part of the basic financial statements.

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 August 27, 2020, on our consideration of 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 SWACO's internal control over financial reporting and compliance.



Kennedy Cottrell Richards LLC
August 27, 2020

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") provides an overview of the financial performance of the Solid Waste Authority of Central Ohio (SWACO) and provides an introduction to SWACO's financial statements for the year ended December 31, 2019. 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 proceeds are derived from \$5.00 per ton included in the tipping fee, and additional program funds are received from grant income.

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 about 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 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. A reconciliation of operating income to net cash provided by operating activities is provided.

Financial Highlights/Overview of 2019

- SWACO's overall net position increased by \$10.7 million, (13.4%), in 2019.
- Operating Fund change in net position increased by approximately \$10.5 million, (14.1%), in 2019.
- Operating Fund sale of landfill gas decreased by approximately \$3.4 million, (49.6%), in 2019 due to price fluctuations and temporary closure of the plant.
- Operating Fund fees decreased by approximately \$161,000 (0.3%) from the prior year. Other revenue was down approximately \$612,000, (71.7%) from the prior year due to a large rent payment received pertaining to 2480 Jackson Pike facility in 2018.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

- Operating Fund and Program Fund operating expenses – Salaries, wages and benefits overall expense increased approximately \$2,353,000 (20.7%) from the prior year. In the Operating Fund operating expenses for salaries, wages and benefits increased by approximately \$2,160,000 (20.9%). Operating expenses for salaries, wages, and benefits in the Program Fund increased by approximately \$193,000 (19.0%).
- Contracts, services, and supplies expense for the combined funds increased by approximately \$222,000 (1.6%). The Operating Fund decreased by approximately \$222,000 (2.1%). The Program Fund saw an increase of approximately \$444,000 (13.7%).
- Depletion and closure expense increased by approximately \$23.2 million (151.9%) over prior year. Landfill depletion expense is up approximately \$12.5 million (165.9%) from prior year while closure expense is also up approximately \$10.8 million (138.3%) from prior year. The major change from year over year is associated with the calculation being revamped in prior year to calculate the additional airspace captured due to a new permit-to-install extending the life of the Franklin County Sanitary Landfill.
- Non-operating revenues and expenses for the Combined Funds net to an expense of approximately \$1.6 million, an overall increase of approximately \$86,000 (5.8%) from 2018.

Combined Net Position

The 2018 and 2019 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 (13.4%).

Other restricted includes approximately \$4.8 million pertaining to the Generation Fee, which is used for educational and outreach initiatives.

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SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2019****(unaudited)**

Net Position			
Operating and Program Funds Combined			
	2018	2019	Increase (Decrease)
Assets			
Current and other assets	\$ 61,801,860	\$ 72,564,418	\$ 10,762,558
Restricted cash and investments	6,127,453	5,775,850	(351,603)
Closure/post-closure funds held by trustee	27,670,404	29,315,105	1,644,701
Federal grants receivable	-	213,978	213,978
Capital assets	95,716,715	95,411,563	(305,152)
Capital lease receivable (less current portion)	547,004	495,430	(51,574)
Total assets	191,863,436	203,776,344	11,912,908
Deferred outflows of resources			
Refundings	1,918,326	1,692,685	(225,641)
Pension	1,885,010	4,101,636	2,216,626
OPEB	438,545	677,481	238,936
Total deferred outflows of resources	4,241,881	6,471,802	2,229,921
Current liabilities			
Bonds and notes payable, less current portion, net	9,801,460	10,319,726	518,266
Landfill closure/post-closure liability, non-current	77,680,942	72,376,350	(5,304,592)
Accrued wages and benefits	14,457,569	17,438,264	2,980,695
Net pension liability	28,317	53,700	25,383
Net OPEB liability	7,082,384	12,914,798	5,832,414
	5,222,095	6,516,864	1,294,769
Total liabilities	114,272,767	119,619,702	5,346,935
Deferred inflows of resources: pension	1,720,877	189,379	(1,531,498)
Deferred inflows of resources: OPEB	419,495	33,593	(385,902)
Total deferred inflows of resources	2,140,372	222,972	(1,917,400)
Net position			
Net investment in capital assets:			
Other capital assets, net	14,509,902	18,989,346	4,479,444
Restricted:			
Other restricted, net	4,897,941	4,802,209	(95,732)
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	13,212,834	11,876,841	(1,335,993)
Unrestricted	47,071,501	54,737,076	7,665,575
Total net position	\$ 79,692,178	\$ 90,405,472	\$ 10,713,294

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

The net pension liability (NPL) is reported by SWACO at December 31, 2019 pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of SWACO's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal SWACO's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, SWACO is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, SWACO's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

Combined Revenues, Expenses, and Changes in Net Position

The 2018 and 2019 combined revenue, expenses, and changes in net position of both the Operating and Program Funds are presented and compared below.

	Revenues, Expenses, and Changes in Net Position Operating and Program Funds Combined		
	2018	2019	Increase (Decrease)
Revenues			
Operating revenues	\$ 61,922,615	\$ 57,919,669	\$ (4,002,946)
Non-operating revenues	1,630,326	2,662,096	1,031,770
Total revenues	<u>63,552,941</u>	<u>60,581,765</u>	<u>(2,971,176)</u>
Expenses			
Operating expenses	19,762,259	45,652,848	25,890,589
Non-operating expenses	3,098,018	4,215,623	1,117,605
Total expenses	<u>22,860,277</u>	<u>49,868,471</u>	<u>27,008,194</u>
Change in net position	40,692,664	10,713,294	(29,979,370)
Total net position – beginning	<u>38,999,514</u>	<u>79,692,178</u>	<u>40,692,664</u>
Total net position – ending	<u>\$ 79,692,178</u>	<u>\$ 90,405,472</u>	<u>\$10,713,294</u>

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

Financial Position of SWACO

As shown in the table on page 2-6, SWACO ended 2019 with a combined net position of approximately \$90.4 million, an improvement of approximately \$10.7 million, (13.4%) from 2018.

Operating Fund Net Position

	2018	2019	Increase (Decrease)
Assets			
Current and other assets	\$ 61,333,935	\$ 71,779,809	\$ 10,445,874
Closure/post-closure funds held by trustee	27,670,404	29,315,105	1,644,701
Federal grants receivable	-	106,989	106,989
Capital assets, net	95,484,304	94,900,658	(583,646)
Capital lease receivable	547,004	495,430	(51,574)
Total assets	185,035,647	196,597,991	11,562,344
Deferred outflows of resources			
Refundings	1,918,326	1,692,685	(225,641)
Pension	1,721,266	3,736,931	2,015,665
OPEB	403,959	619,056	215,097
Total deferred outflows of resources	4,043,551	6,048,672	2,005,121
Liabilities			
Current liabilities	9,270,711	9,834,923	564,212
Bonds and notes payable, less current portion, net	77,680,942	72,376,350	(5,304,592)
Landfill closure/post-closure liability	14,457,569	17,438,264	2,980,695
Accrued wages and benefits	28,137	51,547	23,410
Net pension liability	6,444,969	11,752,466	5,307,497
Net OPEB liability	4,752,106	5,930,346	1,178,240
Total liabilities	112,634,434	117,383,896	4,749,462
Deferred inflows of resources			
Deferred inflows of resources: pension	1,528,938	154,317	(1,374,621)
Deferred inflows of resources: OPEB	354,000	16,092	(337,908)
Total deferred inflows of resources	1,882,938	170,409	(1,712,529)
Net position			
Net investment in capital assets:			
Other capital assets, net	14,277,491	18,478,441	4,200,950
Restricted:			
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	13,212,834	11,876,841	(1,335,993)
Unrestricted	47,071,501	54,737,076	7,665,575
Total net position	\$ 74,561,826	\$ 85,092,358	\$ 10,530,532

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019

(unaudited)

Operating Fund Net Position

A comparison of Operating Fund net position as of the end of 2018 and 2019 is shown in the table on page 2-9. SWACO implemented a rate change effective April 1, 2017, that eliminated the need to collect this fee as adequate funds have been collected to pay the debt service related to the Waste-to-Energy Facility, which was paid off in 2018.

Collectively, total assets increased by approximately \$11.6 million (6.3%). The major components to this increase involves current and other assets increasing by approximately \$10.9 million (17.7%), Closure/post-closure funds held by trustee increasing by approximately \$1.6 million (5.9%) and capital assets, net decreasing by approximately \$584,000 (0.6%).

Collectively, total liabilities increased by approximately \$4.7 million (4.2%). The major components of this increase include current liabilities increasing by approximately \$1.0 million (10.7%), bonds payable, less current portion, net decreasing by approximately \$5.3 million (6.8%), while the landfill closure/post-closure liability increased by approximately \$3.0 million (20.6%) and the net pension liability also increased by approximately \$5.3 million (82.4%). Also, the OPEB liability increased by approximately \$1.2 million (24.8%).

Total net position increased by approximately \$10.5 million (14.1%) from 2018 to 2019.

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, 2019, the EPA Trust Fund value was approximately \$29.3 million, and the recorded closure liability was approximately \$17.4 million.

There was an increase in unrestricted net position of approximately \$7.7 million (16.3%).

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SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

Operating Fund Revenues, Expenses and Changes in Net Position

The following table compares 2018 and 2019 revenues, expenses and changes in net position in the Operating Fund.

Operating Fund Revenues, Expenses, and Changes in Net Position

	<u>2018</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 41,348,604	\$ 41,665,778	\$ 317,174
Waste transfer fees	6,675,842	6,197,717	(478,125)
Interfund charges	237,194	369,781	132,587
Sale of landfill gas	6,822,642	3,441,039	(3,381,603)
Other	853,923	242,029	(611,894)
Operating revenues	<u>55,938,205</u>	<u>51,916,344</u>	<u>(4,021,861)</u>
Operating expenses:			
Salaries, wages and benefits	10,335,614	12,495,547	2,159,933
Contracts, services and supplies	10,477,703	10,256,074	(221,629)
Solid waste fees	5,800,107	5,848,265	48,158
Depreciation	3,876,643	3,763,277	(113,366)
Landfill depletion	(7,506,598)	4,945,554	12,452,152
Landfill closing costs	(7,779,905)	2,980,695	10,760,600
Operating expenses	<u>15,203,564</u>	<u>40,289,412</u>	<u>25,085,848</u>
Operating income	<u>40,734,641</u>	<u>11,626,932</u>	<u>(29,107,709)</u>
Non-operating revenues (expenses):			
Interest expense	(2,971,650)	(3,326,865)	(355,215)
Interest earnings	1,369,344	2,552,028	1,182,684
Grants awarded	-	(337,949)	(337,949)
Gain (loss) on disposal of assets	217,591	16,386	(201,205)
Total non-operating expenses, net	<u>(1,384,715)</u>	<u>(1,096,400)</u>	<u>288,315</u>
Change in net position	39,349,926	10,530,532	(28,819,394)
Total net position – beginning	<u>35,211,900</u>	<u>74,561,826</u>	<u>39,349,926</u>
Total net position – ending	<u>\$ 74,561,826</u>	<u>\$ 85,092,358</u>	<u>\$ 10,530,532</u>

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

Solid waste tons received at SWACO's facilities increased slightly from approximately 1,227,900 tons received during 2018 to approximately 1,240,446 tons received during 2019. Tipping and disposal fees increased by approximately 13,000 tons (1.0%).

Operating Fund sale of landfill gas decreased by approximately \$3.4 million, (49.6%), in 2019. This was due to a temporary closing of the facility for several months.

Expenses for salaries, wages and benefits were approximately \$2.2 million (20.9%) higher in 2019 compared to 2018.

Contracts, services and supplies expenses decreased by approximately \$222,000 (2.1%) in 2019.

Depletion and closure expense increased by approximately \$23.2 million (151.9%) over prior year. Landfill depletion expense specifically is up approximately \$12.5 million (165.9%) from prior year while closure expense is also up approximately \$10.8 million (138.3%) from prior year. The main driver for this change includes the new permit-to-install in 2018 that increased the landfill's life which is reflected in SWACO's build out model.

Interfund charges increased by approximately \$133,000 (55.9%) in 2019.

Collectively, operating expenses increased by approximately \$25.1 million (165.0%), primarily due to the items discussed above.

Non-operating revenues and expenses net to an expense in 2019 of approximately \$1.1 million. This represents a net decrease of approximately \$288,000 (20.8%) over the prior year.

SWACO's financial position in the Operating Fund increased by approximately \$10.5 million (14.1%) in 2019, increasing SWACO's net position from approximately \$74.6 million in 2018 to a net position of approximately \$85.1 million at the end of 2019.

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SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2019****(unaudited)****Program Fund Net Position**

	2018	2019	Increase (Decrease)
Assets			
Current assets	\$ 6,595,378	\$ 6,560,459	\$ (34,919)
Federal grants receivable	-	106,989	106,989
Capital assets	232,411	510,905	278,494
Total assets	6,827,789	7,178,353	350,564
Deferred outflows of resources			
Deferred outflows of resources: pension	163,744	364,705	200,961
Deferred outflows of resources: OPEB	34,586	58,425	23,839
Total deferred outflows of resources	198,330	423,130	224,800
Liabilities			
Current liabilities	530,749	484,803	(45,946)
Compensated leave	180	2,153	1,973
Net pension liability	637,415	1,162,332	524,917
Net OPEB liability	469,989	586,518	116,529
Total liabilities	1,638,333	2,235,806	597,473
Deferred inflows of resources			
Deferred inflows of resources: pension	191,939	35,062	(156,877)
Deferred inflows of resources: OPEB	65,495	17,501	(47,994)
Total deferred inflows of resources	257,434	52,563	(204,871)
Net position			
Net investment in capital assets	232,411	510,905	278,494
Restricted	4,897,941	4,802,209	(95,732)
Unrestricted	-	-	-
Total net position	\$ 5,130,352	\$ 5,313,114	\$ 182,762

Program Fund Net Position

Total net position at the end of 2019, was approximately \$5.3 million, an increase of approximately \$183,000 (3.6%), from the prior year. Restricted net position (cash and receivables less payables) was approximately \$4.8 million, an decrease of approximately \$96,000 (2.0%). Net position for net investment in capital assets, was approximately \$511,000, a increase of approximately \$278,000 (119.8%).

SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2019****(unaudited)****Program Fund Revenues, Expenses, and Changes in Net Position**

	<u>2018</u>	<u>2019</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Generation fees	\$ 5,984,410	\$ 6,001,925	\$ 17,515
Other	-	1,400	1,400
	<u>5,984,410</u>	<u>6,003,325</u>	<u>18,915</u>
Operating revenues			
Operating expenses:			
Salaries, wages and benefits	1,017,158	1,210,621	193,463
Contracts, services and supplies	3,246,303	3,690,280	443,977
Depreciation and depletion	58,040	92,754	34,714
Interfund charges	237,194	369,781	132,587
	<u>4,558,695</u>	<u>5,363,436</u>	<u>804,741</u>
Operating expenses			
Operating income	<u>1,425,715</u>	<u>639,889</u>	<u>(785,826)</u>
Non-operating revenues (expenses):			
Interest earnings	28,340	93,682	65,342
Grants awarded	(126,367)	(550,809)	(424,442)
Gain (loss) on disposal of assets	15,050	-	(15,050)
	<u>(82,977)</u>	<u>(457,127)</u>	<u>(374,150)</u>
Total non-operating expenses, net			
Change in net position	1,342,738	182,762	(1,159,976)
Total net position– beginning	<u>3,787,614</u>	<u>5,130,352</u>	<u>1,342,738</u>
Total net position – ending	<u>\$ 5,130,352</u>	<u>\$ 5,313,114</u>	<u>\$ 182,762</u>

Program Fund Revenues, Expenses and Changes in Net Position

A comparison of 2018 and 2019 revenues and expenses in the Program Fund is shown above.

Program Fund Operating Revenues

Generation fees increased by approximately \$18,000 (0.3%) in 2019 compared to 2018.

Program Fund Operating Expenses

Program Fund operating expenses collectively increased by approximately \$805,000 (17.7%) in 2019. Salaries, wages, and benefits increased by approximately \$193,000 (19.0%). Contracts, services, and supplies increased by approximately \$444,000 (13.7%). Interfund charges increased by approximately \$133,000 (55.9%).

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

Program Fund Non-Operating Income & Expenses

Non-operating transactions consisted of grant activities and interest earnings. This accounted for a decrease of approximately \$374,000 (450.9%).

Ending net position in the Program Fund increased by approximately \$183,000 (3.6%) from 2018 to 2019.

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 capital assets not being depreciated was approximately \$2.8 million (11.6), primarily due to assets in construction in progress such as the new landfill scalehouse and other landfill cell construction related projects.

The decrease in net capital assets being depreciated or depleted was approximately \$3.1 million (4.3%) in the combined funds due primarily to a decrease in landfill development costs. The following table on the next page compares SWACO's investments in capital assets in the operating and program funds as of the end of 2018 and 2019.

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SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2019
(unaudited)**

	Capital Assets		Increase (Decrease)
Operating Fund	2018	2019	
Capital assets not being depreciated:			
Land and land improvements	\$ 23,906,380	\$ 24,206,806	\$ 300,426
Construction in progress	45,758	2,567,980	2,522,222
Total capital assets, not being depreciated	<u>23,952,138</u>	<u>26,774,786</u>	<u>2,822,648</u>
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	4,330,827	6,778,857	2,448,030
Building and improvements	11,294,382	9,685,399	(1,608,983)
Transfer stations	8,022,575	7,356,087	(666,488)
Sanitary landfill	47,884,382	44,305,528	(3,578,854)
Total capital assets, being depreciated, net	<u>71,532,166</u>	<u>68,125,871</u>	<u>(3,406,295)</u>
Total capital assets, net	<u>95,484,304</u>	<u>94,900,657</u>	<u>(583,647)</u>
Program Fund			
Capital assets not being depreciated:			
Construction in progress	50,190	-	(50,190)
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	-	386,318	386,318
Building and improvements	182,221	124,587	(57,634)
Total capital assets, being depreciated, net	<u>182,221</u>	<u>510,905</u>	<u>328,684</u>
Total capital assets, net	<u>\$ 232,411</u>	<u>\$ 510,905</u>	<u>\$ 278,494</u>

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

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SWACO
Management’s Discussion & Analysis for the Year Ended December 31, 2019
(unaudited)

Debt Administration

SWACO’s outstanding debt as of December 31, 2018 and 2019 is shown in the following table:

	Outstanding Long-Term Debt		Increase
	2018	2019	(Decrease)
General obligation bonds, net	\$ 82,440,942	\$ 77,496,350	\$ (4,944,592)
Total	\$ 82,440,942	\$ 77,496,350	\$ (4,944,592)

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).

Series 2019 Bonds: On December 19, 2019, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Refunding Bonds, Series 2019 (Taxable), in the amount of \$19,575,000. The Series 2019 Bonds were issued for the purposes of paying part of the cost of refunding a portion of the following obligations of SWACO (collectively, the “Refunded Prior Bonds”): \$79,015,000 original principal amount General Obligation (Limited Tax) Solid Waste Facilities Improvement and Refunding Bonds, Series 2012, dated June 1, 2012 (the “Series 2012 Bonds”) and \$9,540,000 original principal amount Taxable Solid Waste Facilities Refunding Bonds, Series 2013B (the “Series 2013 Bonds” and collectively, the “Prior Bonds”), which were issued to finance and refinance the costs of certain facilities constituting solid waste facilities included in the General Facilities Plan of SWACO.

Economic Factors

Similar to other local governments in Ohio, SWACO continues to face economic pressures. Waste receipts at the Franklin County Sanitary Landfill in 2019 increased slightly in comparison to the prior year.

Solid waste tons received at SWACO’s facilities during 2019 were approximately 1,240,446 tons, versus 2018 receipts of 1,227,900 tons. SWACO’s tipping fee rate changed effective April 1, 2017. A change in SWACO's rate was necessary due to the retirement and removal of the restricted seven dollar (\$7.00) per ton fee associated with the former Waste-to-Energy Facility and the addition of a four dollar (\$4.00) per ton fee to, among other things, offset SWACO's increasing cost of operations, maintain fund balance reserve levels, and provide funds to fulfill SWACO's community mission.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2019 (unaudited)

The United States of America and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. SWACO is cognizant of the potential financial impact the pandemic will have on operations and providing services to its residents in its solid waste district. It is not anticipated that budget revisions will occur that may impact the level of services provided; however, it is SWACO's intent to try to minimize any material disruptions so long as SWACO's financial policies remain in place.

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 David Logan (614) 801-6418, or by e-mail at david.logan@swaco.org.

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SWACO
Statement of Net Position – Proprietary Funds
As of December 31, 2019

Assets	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 24,505,361	\$ -	\$ 24,505,361
Restricted cash	-	5,775,850	5,775,850
Investments	42,693,098	-	42,693,098
Accounts receivable, net	3,926,228	507,705	4,433,933
Lease receivable, current portion	51,573	-	51,573
Federal grants receivable, Current portion	71,326	71,326	142,652
Other assets	532,223	205,578	737,801
Total current assets	71,779,809	6,560,459	78,340,268
Non-current assets:			
Restricted: held by trustee for landfill closure/post-closure care:			
Cash and cash equivalents	2,084,650	-	2,084,650
Investments	27,134,538	-	27,134,538
Accrued interest receivable	95,917	-	95,917
Federal grants receivable, Less current portion	106,989	106,989	213,978
Capital assets:			
Sanitary landfill, net of accumulated depletion	44,305,528	-	44,305,528
Buildings and equipment and furnishings, net of accumulated depreciation	23,820,344	510,905	24,331,249
Construction in progress	2,567,980	-	2,567,980
Land and land improvements	24,206,806	-	24,206,806
Lease receivable, less current portion	495,430	-	495,430
Total non-current assets	124,818,182	617,894	125,436,076
Total assets	196,597,991	7,178,353	203,776,344
Deferred outflows of resources:			
Refundings	1,692,685	-	1,692,685
Pension	3,736,931	364,705	4,101,636
OPEB	619,056	58,425	677,481
Total deferred outflows of resources	\$ 6,048,672	\$ 423,130	\$ 6,471,802

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, 2019

Liabilities	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 3,804,901	\$ 424,394	\$ 4,229,295
Accrued wages and benefits	706,757	60,409	767,166
Accrued interest	202,125	-	202,125
Current maturities of bonds and notes payable	5,120,000	-	5,120,000
Other payables	1,140	-	1,140
Total current liabilities	<u>9,834,923</u>	<u>484,803</u>	<u>10,319,726</u>
Non-current liabilities:			
Bonds and notes payable, less current portion, net	72,376,350	-	72,376,350
Landfill closure/post-closure liability	17,438,264	-	17,438,264
Compensated leave	51,547	2,153	53,700
Net pension liability	11,752,466	1,162,332	12,914,798
Net OPEB liability	5,930,346	586,518	6,516,864
Total non-current liabilities	<u>107,548,973</u>	<u>1,751,003</u>	<u>109,299,976</u>
Total liabilities	<u>117,383,896</u>	<u>2,235,806</u>	<u>119,619,702</u>
Deferred inflows of resources:			
Pension	154,317	35,062	189,379
OPEB	16,092	17,501	33,593
Total deferred inflows of resources	<u>170,409</u>	<u>52,563</u>	<u>222,972</u>
Net Position			
Net investment in capital assets:			
Other capital assets, net	18,478,441	510,905	18,989,346
Restricted:			
Other restricted, net	-	4,802,209	4,802,209
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	11,876,841	-	11,876,841
Unrestricted	54,737,076	-	54,737,076
Total net position	<u>\$ 85,092,358</u>	<u>\$ 5,313,114</u>	<u>\$ 90,405,472</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, 2019**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Operating revenues:			
Tipping and disposal fees	\$ 41,665,778	\$ -	\$ 41,665,778
Waste transfer fees	6,197,717	-	6,197,717
Generation fees	-	6,001,925	6,001,925
Interfund charges	369,781	-	369,781
Sale of landfill gas	3,441,039	-	3,441,039
Other	242,029	1,400	243,429
	<u>51,916,344</u>	<u>6,003,325</u>	<u>57,919,669</u>
Total operating revenues			
Operating expenses:			
Salaries, wages and benefits	12,495,547	1,210,621	13,706,168
Contracts, services and supplies	10,256,074	3,690,280	13,946,354
Solid waste fees	5,848,265	-	5,848,265
Depreciation	3,763,277	92,754	3,856,031
Landfill depletion	4,945,554	-	4,945,554
Landfill closing costs	2,980,695	-	2,980,695
Interfund charges	-	369,781	369,781
	<u>40,289,412</u>	<u>5,363,436</u>	<u>45,652,848</u>
Total operating expenses			
Operating income	<u>11,626,932</u>	<u>639,889</u>	<u>12,266,821</u>
Non-operating revenues (expenses):			
Interest expense	(3,326,865)	-	(3,326,865)
Interest earnings	2,552,028	93,682	2,645,710
Grants awarded	(337,949)	(550,809)	(888,758)
Gain on disposal of assets	16,386	-	16,386
	<u>(1,096,400)</u>	<u>(457,127)</u>	<u>(1,553,527)</u>
Total non-operating expenses, net			
Change in net position	10,530,532	182,762	10,713,294
Total net position – beginning	<u>74,561,826</u>	<u>5,130,352</u>	<u>79,692,178</u>
Total net position – ending	<u>\$ 85,092,358</u>	<u>\$ 5,313,114</u>	<u>\$ 90,405,472</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, 2019

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 48,101,574	\$ -	\$ 48,101,574
Generation fees collected	-	5,952,171	5,952,171
Sale of landfill gas	4,260,416	-	4,260,416
Other receipts	242,029	1,400	243,429
Payments to or on behalf of employees for salaries, wages and benefits	(9,870,691)	(992,250)	(10,862,941)
Payments to vendors	(15,883,839)	(3,742,927)	(19,626,766)
Interfund charges	369,781	(369,781)	-
Other expenses	(4,279)	-	(4,279)
	<u>27,214,991</u>	<u>848,613</u>	<u>28,063,604</u>
Net cash provided by operating activities			
	<u>27,214,991</u>	<u>848,613</u>	<u>28,063,604</u>
Cash flows from non-capital financing activities:			
Grants awarded	(444,190)	(922,650)	(1,366,840)
Net cash used in non-capital financing activities	<u>(444,190)</u>	<u>(922,650)</u>	<u>(1,366,840)</u>
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	16,271,914	-	16,271,914
Purchase of investments	(41,255,914)	-	(41,255,914)
Interest received	1,099,536	93,682	1,193,218
Net cash provided by (used in) investing activities	<u>\$ (23,884,464)</u>	<u>\$ 93,682</u>	<u>\$ (23,790,782)</u>

Continued on the following page

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, 2019

	Operating Fund	Program Fund	Total
Cash flows from capital and related financing activities:			
Proceeds from Refunding Bonds	\$ 19,575,000	\$ -	\$ 19,575,000
Discount on Refunding Bonds	(26,644)	-	(26,644)
Issuance Costs on Refunding Bonds	(230,160)	-	(230,160)
Payments to Refunded Bond Escrow Agent	(19,318,196)	-	(19,318,196)
Proceeds from capital debt	804,347	-	804,347
Proceeds from sale of assets	16,386	-	16,386
Cash received from lease transactions	50,911	-	50,911
Landfill, facilities and equipment additions	(8,125,187)	(371,248)	(8,496,435)
Principal paid on bonds and notes payable	(4,760,000)	-	(4,760,000)
Interest paid and cost on debt refunded	(4,168,749)	-	(4,168,749)
Net cash used in capital and related financing activities	<u>(16,182,292)</u>	<u>(371,248)</u>	<u>(16,553,540)</u>
Net increase (decrease) in cash and cash equivalents	(13,295,955)	(351,603)	(13,647,558)
Cash and cash equivalents, beginning of year	<u>37,801,316</u>	<u>6,127,453</u>	<u>43,928,769</u>
Cash and cash equivalents, end of year	<u>24,505,361</u>	<u>5,775,850</u>	<u>30,281,211</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	11,626,932	639,889	12,266,821
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,763,277	92,754	3,856,031
Depletion	4,945,554	-	4,945,554
Landfill closing costs	2,980,695	-	2,980,695
Increase (decrease) in cash resulting from changes in:			
Accounts receivable, net	1,057,456	(49,755)	1,007,701
Accounts payable	228,723	(50,569)	178,154
Accrued wages and benefits	82,411	6,596	89,007
Deferred outflows: pension	(2,015,665)	(200,961)	(2,216,626)
Outflows: OPEB	(215,097)	(23,839)	(238,936)
Net pension liability	5,307,497	524,917	5,832,414
OPEB liability	1,178,240	116,529	1,294,769
Deferred inflows: pension	(1,374,621)	(156,877)	(1,531,498)
Deferred inflows: OPEB	(337,908)	(47,994)	(385,902)
Other assets and liabilities	(12,503)	(2,077)	(14,580)
Net cash provided by operating activities	<u>\$ 27,214,991</u>	<u>\$ 848,613</u>	<u>\$ 28,063,604</u>

Continued on the following page

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, 2019

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

Amortization of premiums on bonds payable during the year totaled \$ 1,015,584.

Bond defeasements net of amortization during the year totaled \$ (799,828).

Non-cash investing activities (Operating Fund):

The net increase in fair value of investments was \$ 91,836.

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

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SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

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). In 2018, SWACO received a new permit-to-install which allowed more airspace for disposal. SWACO estimates that it has sufficient landfill capacity to service the needs of the District for at least 42.4 years based on 2019 receipts.

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 two of the three waste transfer facilities.

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 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. The golf course operation was closed in March 2015 due to declining revenue and excess costs.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

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 30.6% of SWACO’s total operating revenues for the year ended December 31, 2019. The customer accounted for approximately 38.4 of accounts receivable, trade at December 31, 2019.

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

For the Year Ended December 31, 2019

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.

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. The Statement of Cash Flows includes cash and cash equivalents except for restricted cash and cash equivalents held by the trustee for the landfill closure/post-closure care.

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. As of December 31, 2019, 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.

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 discretion to use restricted resources first.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

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. 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. The capitalization threshold for capital assets is \$10,000.

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, 2019.

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 using the effective interest rate method 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 plus deferred outflows of resources and liabilities plus deferred inflows of resources. *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 does 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.

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.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

Deferred Outflows/Inflows of Resources: In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For SWACO, deferred outflows of resources are reported on the statement of net position for pension (explained in Note 8 - Net Pension Liability), OPEB (explained in Note 9 - Defined Benefit OPEB Plans), and debt refundings.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For SWACO, deferred inflows of resources are reported on the statement of net position for pension and OPEB explained in Notes 8 and 9, respectively.

Refundings: The issuance of refunding bonds resulted in a difference between the acquisition cost and the net carrying amount. This difference, reported in the financial statements as a deferred outflow of resources, is being amortized over the life of the bonds. More explanation is included in Note 10 (Debt Management).

Pensions/Other Postemployment Benefits (OPEB): For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

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 July 31, 2020, which is the date that the financial statements were available to be issued.

New Accounting Pronouncements: For the year ended December 31, 2019, SWACO has implemented Governmental Accounting Standards Board (GASB) Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates

The following statement is postponed by 18 months:

- Statement No. 87, Leases

For the year ended December 31, 2019, SWACO has early implemented GASB No. 83, Certain Asset Retirement Obligations, GASB Statement No. 84, Fiduciary Activities, GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, and GASB Statement No. 90, Majority Equity Interests and amendment of GASB Statements No. 14 and No. 61.

GASB Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of SWACO.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. The implementation of GASB Statement No. 84 did not have an effect on the financial statements of SWACO.

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in SWACO's 2019 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of SWACO.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of SWACO.

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: Protection of SWACO's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

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.

During 2019, SWACO invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. SWACO measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Financial information may be obtained by visiting <http://www.tos.ohio.gov/starohio/>.

For 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

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

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

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 these criteria. Investments in U.S. Agencies and the money market funds were rated AAA and AAAM, respectively, by S&P Global Ratings and Aaa by Moody's Investor Services. STAR Ohio was rated AAAM by S&P Global ratings. Negotiable certificates of deposit are fully covered by FDIC. Investments in U.S. government treasury securities are not considered to have credit risk.

SWACO recorded an unrealized gain of approximately \$ 92,000 as of December 31, 2019, which represents the difference between fair value and the cost as of that date. Fair value was determined as described below. The chart below summarizes SWACO's cash and investments at fair value as of December 31, 2019:

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Cash and Investments at December 31, 2019

<u>Operating and Program Funds</u>	Measurement	Maturity in Years	
	Value	Less than 1	1 to 4
Carrying amount of deposits	\$ 10,194,503	\$ 10,194,503	\$ -
Commercial paper	12,810,947	12,810,947	-
Federal agency securities	24,993,975	4,437,149	20,556,826
Negotiable certificates of deposit	4,888,175	1,098,421	3,789,754
Money market mutual funds/sweep acct.	1,132,715	1,132,715	-
Cash on hand	2,100	2,100	-
STAR Ohio	14,275,388	14,275,388	-
STAR Ohio Program Fund	4,672,023	4,672,023	-
STAR PLUS	4,483	4,483	-
	<u>72,974,309</u>	<u>48,627,729</u>	<u>24,346,580</u>
<u>Closure/Post-closure Trust Fund</u>			
Money market mutual funds	2,084,650	2,084,650	-
Federal agency securities	21,739,453	7,639,039	14,100,414
Commercial paper	3,998,453	3,998,453	-
Negotiable certificates of deposit	1,396,632	743,159	653,473
	<u>29,219,188</u>	<u>14,465,300</u>	<u>14,753,888</u>
Total	<u>102,193,497</u>	<u>63,093,029</u>	<u>39,100,468</u>

Reconciliation of Cash and Investments to Statement of Net Position

<u>Per Statement of Net Position</u>	Operating Fund	Program Fund	Total
Cash and cash equivalents	24,505,361	-	24,505,361
Restricted cash	-	5,775,850	5,775,850
Investments	42,693,098	-	42,693,098
Closure/post-closure funds held by trustee:			
Cash and cash equivalents (non-current)	2,084,650	-	2,084,650
Investments (non-current)	27,134,538	-	27,134,538
Total	<u>\$ 96,417,647</u>	<u>\$ 5,775,850</u>	<u>\$ 102,193,497</u>

Concentration of Credit Risk: SWACO will diversify investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 25% of SWACO's total investment portfolio at the time of purchase will be invested in a single security issuer. As of December 31, 2019, investments in the following security types exceeded 5%, but did not exceed the single issuer threshold, for any signal holding, at the total portfolio level: FHLMC 17.23%, FFCB 19.00%, FHLB 6.84%, and FNMA 7.45%.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

SWACO categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies SWACO's recurring fair value measurements as of December 31, 2019. SWACO's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$5,775,850 in the Program Fund were restricted at December 31, 2019, for debt service, capital projects, by State law, or for other purposes.

4. Restricted Assets

Restricted Cash: In the Operating Fund these funds include debt service accounts, and the capital improvements account (bond proceeds). 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.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Restricted Net Position

	Operating Fund	Program Fund	Total
Cash			
Unexpended generation fees	\$ -	\$ 5,775,850	\$ 5,775,850
Total restricted cash	-	5,775,850	5,775,850
Generation fees receivable	-	507,705	507,705
Prepaid expenses	-	12,054	12,054
Other restricted assets	-	371,839	371,839
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	11,876,841	-	11,876,841
Less amounts payable from restricted assets	-	(1,865,239)	(1,865,239)
Other restricted net position	<u>\$ 11,876,841</u>	<u>\$ 4,802,209</u>	<u>\$ 16,679,050</u>

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, called pay-in periods. 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 (twenty-two years as of December 31, 2019).

The required Fund payment due and paid in April 2020 was approximately \$680,000.

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.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

6. Capital Assets

The sanitary landfill and 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 more than \$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, including cell construction, are depleted based on the percentage of total permitted capacity used (approximately 25.6% as of December 31, 2019).

Depletion and closure expense increased by approximately \$23.2 million (151.9%) \$12.5 million (165.9%) from prior year while closure expense is also down approximately \$10.8 million (138.3%) from prior year.

Construction in progress primarily consists various projects throughout SWACO that include an enterprise resource planning system, a new landfill scale house, and other projects.

As of the end of 2019, SWACO estimates total landfill development costs at approximately \$235.6 million, including approximately \$107.2 million expended through 2019 (including construction in progress) and approximately \$128.4 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$60.4 million as of December 31, 2019, leaving an estimate of \$175.2 million in depletion expense over the remaining life of the landfill.

A summary of capital assets at December 31, 2019, is shown on the following page.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Summary of Capital Assets at December 31, 2019

Operating Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 23,906,380	\$ 300,426	\$ -	\$ 24,206,806
Construction in progress	45,758	3,986,316	(1,464,094)	2,567,980
Total capital assets, not being depreciated	23,952,138	4,286,742	(1,464,094)	26,774,786
Capital assets, being depreciated/depleted:				
Equipment and furnishings	28,967,395	4,118,511	(2,894,640)	30,191,266
Building and improvements	20,302,984	-	(180,000)	20,122,984
Transfer stations	15,262,876	-	-	15,262,876
Sanitary landfill	103,374,055	1,366,700	-	104,740,755
Total capital assets, being depreciated/depleted	167,907,310	5,485,211	(3,074,640)	170,317,881
Less accumulated depreciation/depletion for:				
Equipment and furnishing	(24,636,568)	(1,667,807)	2,891,966	(23,412,409)
Building and improvements	(9,008,602)	(1,428,983)	-	(10,437,585)
Transfer stations	(7,240,301)	(666,488)	-	(7,906,789)
Sanitary landfill	(55,489,673)	(4,945,554)	-	(60,435,227)
Total accumulated depreciation/depletion	(96,375,144)	(8,708,832)	2,891,966	(102,192,010)
Total capital assets, being deprec. /depl., net	71,532,166	(3,223,621)	(182,674)	68,125,871
Total capital assets, net	95,484,304	1,063,121	(1,646,768)	94,900,657
Program Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in progress	50,190	15,000	(65,190)	-
Total capital assets not being depreciated	50,190	15,000	(65,190)	-
Capital assets, being depreciated:				
Equipment and furnishings	264,521	421,438	-	685,959
Building and improvements	1,207,209	-	-	1,207,209
Total capital assets, being depreciated	1,471,730	421,438	-	1,893,168
Less accumulated depreciation for:				
Equipment and furnishing	(264,521)	(35,120)	-	(299,641)
Building and improvements	(1,024,988)	(57,634)	-	(1,082,622)
Total accumulated depreciation	(1,289,509)	(92,754)	-	(1,382,263)
Total capital assets, being depreciated, net	182,221	328,684	-	510,905
Total capital assets, net	\$ 232,411	\$ 343,684	\$ (65,190)	\$ 510,905

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

7. Lease Receivable

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, 2019, approximated \$7,400.

Estimated future minimum lease payments receivable, together with the present value of the net minimum lease payments receivable as of December 31, 2019, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 58,344
2021	58,344
2022	58,344
2023	58,344
2024	58,344
2025-2029	291,721
Total minimum lease payments receivable	583,441
Less amount representing interest	36,438
Present value of minimum lease payments	<u>\$ 547,003</u>

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

8. Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability and the net OPEB liability represent SWACO's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits SWACO's obligation for this liability to annually required payments. SWACO cannot control benefit terms or the manner in which pensions/OPEB are financed; however, SWACO does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension liability and net OPEB liability. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in accrued wages and benefits.

The remainder of this note includes the pension disclosures. See Note 9 for the OPEB disclosures.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Plan Description – Ohio Public Employees Retirement System (OPERS)

SWACO participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. SWACO employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

When a benefit recipient has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA will continue to be a three percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at three percent.

Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.00 %
Employee	10.00 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	<u>14.00 %</u>
Employee	<u>10.00 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. SWACO's contractually required contribution was \$938,837 for 2019. Of this amount, \$112,146 is reported as accrued wages and benefits.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. SWACO's proportion of the net pension liability was based on SWACO's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Period	0.047155%
Prior Measurement Period	0.045145%
Change in Proportion	<u>0.002010%</u>
Proportionate Share of the Net	
Pension Liability	\$ 12,914,798
Pension Expense	\$ 3,023,127

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2019, SWACO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net Difference between Projected and Actual	
Earnings on Pension Plan Investments	\$ 1,752,899
Differences between Expected and	
Actual Experience	596
Changes of Assumptions	1,124,260
Changes in Proportionate Share	285,044
SWACO Contributions Subsequent	
to the Measurement Date	<u>938,837</u>
Total Deferred Outflows of Resources	<u>\$ 4,101,636</u>
Deferred Inflows of Resources	
Differences between Expected and	
Actual Experience	\$ 169,579
Changes in Proportionate Share	<u>19,800</u>
Total Deferred Inflows of Resources	<u>\$ 189,379</u>

\$938,837 reported as deferred outflows of resources related to pension resulting from SWACO contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>
2020	\$ 1,321,662
2021	673,916
2022	162,616
2023	<u>815,226</u>
	<u>\$ 2,973,420</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2018, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2018 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Valuation Date	December 31, 2018
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	
Measurement Date	7.20 percent
Prior Measurement Date	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described table.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 2.94 percent for 2018.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.79 %
Domestic Equities	19.00	6.21
Real Estate	10.00	4.90
Private Equity	10.00	10.81
International Equities	20.00	7.83
Other Investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of SWACO’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents SWACO’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what SWACO’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
SWACO's Proportionate Share of the Net Pension Liability	\$ 19,078,913	\$ 12,914,798	\$ 7,792,364

9. Defined Benefit OPEB Plans

See Note 8 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care was not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. SWACO's contractually required contribution was \$0 for 2019.

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Notes to Financial Statements
For the Year Ended December 31, 2019

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. SWACO's proportion of the net OPEB liability was based on SWACO's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.049985%
Prior Measurement Period	0.048089%
Change in Proportion	<u>0.001896%</u>
Proportionate Share of the Net	
OPEB Liability	\$ 6,516,864
OPEB Expense	\$ 669,931

At December 31, 2019, SWACO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net Difference between Projected and Actual	
Earnings on OPEB Plan Investments	\$ 298,759
Differences between Expected and	
Actual Experience	2,206
Changes of Assumptions	210,111
Changes in Proportionate Share	166,405
Total Deferred Outflows of Resources	<u>\$ 677,481</u>
Deferred Inflows of Resources	
Differences between Expected and	
Actual Experience	\$ 17,683
Changes in Proportionate Share	15,910
Total Deferred Inflows of Resources	<u>\$ 33,593</u>

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

\$0 reported as deferred outflows of resources related to OPEB resulting from SWACO contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	OPERS
2020	\$ 312,957
2021	129,147
2022	51,280
2023	150,504
	<u>\$ 643,888</u>

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.96 percent
Prior Measurement Date	3.85 percent
Investment Rate of Return	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.50 percent
Municipal Bond Rate	
Current Measurement Date	3.71 percent
Prior Measurement Date	3.31 percent
Health Care Cost Trend Rate	
Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Prior Measurement Date	7.50 percent, initial, 3.25 percent ultimate in 2028
Actuarial Cost Method	Individual Entry Age Normal

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 5.60 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trusts	6.00	5.98
International Equities	22.00	7.83
Other Investments	17.00	5.57
Total	100.00 %	5.16 %

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of SWACO's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents SWACO's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what SWACO's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
SWACO's Proportionate Share of the Net OPEB Liability	\$ 8,337,498	\$ 6,516,864	\$ 5,068,979

Sensitivity of SWACO's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
SWACO's Proportionate Share of the Net OPEB Liability	\$ 6,264,120	\$ 6,516,864	\$ 6,807,957

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

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, 2019

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2019
Series 2012	\$ 79,015,000	2013 - 2032	1.50% - 5.00%	\$ 9,875,000
Series 2013A	9,375,000	2015 - 2026	1.50% - 4.00%	5,680,000
Series 2013B	9,540,000	2014 - 2032	0.45% - 5.00%	3,400,000
Series 2016	35,360,000	2016 - 2029	3.00% - 5.00%	34,350,000
Series 2019	19,575,000	2019 - 2032	1.75% - 2.75%	19,575,000
Subtotal, general obligation bonds				<u>\$ 72,880,000</u>

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.

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.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2019

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 a third party. 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.

Series 2016 Bonds: On December 20, 2016, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Refunding Bonds, Series 2016, in the amount of \$35,360,000. The proceeds of the bonds were used to: refund \$12,755,000 of the outstanding \$14,665,000 Series 2008 bonds, refund \$3,725,000 of the outstanding \$3,725,000 Series 2010 bonds, and \$19,795,000 of the outstanding \$57,920,000 Series 2012 bonds.

Series 2019 Bonds: On December 19, 2019, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Refunding Bonds, Series 2019 (Taxable), in the amount of \$19,575,000. The Series 2019 Bonds were issued for the purposes of paying part of the cost of refunding a portion of the following obligations of SWACO (collectively, the “Refunded Prior Bonds”): \$79,015,000 original principal amount General Obligation (Limited Tax) Solid Waste Facilities Improvement and Refunding Bonds, Series 2012, dated June 1, 2012 (the “Series 2012 Bonds”) and \$9,540,000 original principal amount Taxable Solid Waste Facilities Refunding Bonds, Series 2013B (the “Series 2013 Bonds” and collectively, the “Prior Bonds”), which were issued to finance and refinance the costs of certain facilities constituting solid waste facilities included in the General Facilities Plan of SWACO.

The Series 2019 refunding reduced the debt service payments over the next 13 years by approximately \$1.3 million and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$1.1 million. The balance of the defeased debt outstanding at December 31, 2019 related to the 2019 refunding is \$18,060,000.

It is anticipated that the debt service on the Series 2012, Series 2013A, Series 2013B, Series 2016, and Series 2019 bonds will be paid from SWACO’s tipping fees or other sources of revenues. However, Series 2012, Series 2013A, Series 2013B, Series 2016, and Series 2019 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), tax revenue note, and promissory note outstanding as of December 31, 2019, categorized by source of payment.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Year ended December 31,	Paid from Tipping Fees	
	Series 2012, 2013A, 2013B, 2016, and 2019	
	Principal	Interest
2020	\$5,120,000	\$2,922,079
2021	5,305,000	2,731,003
2022	5,550,000	2,492,323
2023	5,785,000	2,255,208
2024	6,055,000	1,982,943
2025 – 2029	27,785,000	5,928,820
2030 - 2032	17,280,000	912,130
Total	<u>\$72,880,000</u>	<u>\$19,224,506</u>

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 2019 the maximum millage required in any overlapping jurisdictions was 8.8321 mills, leaving a margin of 1.1679 mills.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

Summary of Debt and Long-Term Obligations

Including the bonds and notes payable, net pension liability, net OPEB liability, and compensated leave balances, long-term liability activity for the year ended December 31, 2019:

Operating and Program Funds	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation notes and bonds payable:					
Series 2012 bonds refunding	\$ 27,985,000	\$ -	\$ (18,110,000)	\$ 9,875,000	\$ 2,735,000
Series 2013A bonds refunding	6,445,000	-	(765,000)	5,680,000	785,000
Series 2013B bonds refunding	6,335,000	-	(2,935,000)	3,400,000	400,000
Series 2016 bonds refunding	35,360,000	-	(1,010,000)	34,350,000	1,045,000
Series 2019 bonds refunding	-	19,575,000	-	19,575,000	155,000
Unamortized bond premiums	6,315,942	69,845	(1,769,437)	4,616,350	-
Total general obligation notes and bonds payable, net	82,440,942	19,644,845	(24,589,437)	77,496,350	5,120,000
Landfill closure and post-closure liability	14,457,569	2,991,254	(10,559)	17,438,264	-
Net pension liability	7,082,384	5,832,414	-	12,914,798	-
Net OPEB liability	5,222,095	1,294,769	-	6,516,864	-
Compensated leave	333,031	40,751	-	373,782	320,082
Total debt and long-term liabilities	\$ 109,536,021	\$ 29,804,033	\$ (24,599,996)	\$ 114,740,058	\$ 5,440,082

11. 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.

In calculating the annual depletion, SWACO uses the 2017 final closure cost estimate, higher amount when permit-to-install was calculated, for considering closure of the worst case scenario, 283 acres, totals \$34,316,086 with a cost per acre of approximately \$121,215. The annual post-closure cost estimate for the permitted 334-acre site is \$278,833.41 per year, with a total 30-year cost including yearly cap repairs of \$8,705,178. The amount reported as Landfill Closure/Post-closure liability as of December 31, 2019, includes \$17.4 million representing the cumulative amount reported based on the use of 25.7% of the estimated capacity of the landfill, including the original permit and 1997, 2009, and 2018 modifications. SWACO will recognize the remaining estimated cost of closure and post-closure care costs as the remaining estimated capacity is filled. Per SWACO's annual report the landfill has a remaining useful life of approximately 42.4 years.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

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. SWACO no longer carried a Landfill Closure/Post-closure care liability as of December 31, 2016. Future maintenance and repairs such as remediation costs for its gas system will be funded from operating funds.

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. In March 2015, SWACO decided to close its golf course operation resulting in a write-down of the golf course clubhouse, land improvements, and deferred outflows of resources.

In addition to the gas remediation, SWACO has signed an agreement with a third-party to construct a solar park on Model Landfill. During the first three years, SWACO will receive annual rent payments. If the site becomes operational during that time, rent payments will transition to the sale of solar energy based on kilowatt hours.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

12. 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 2019. The future maximum service payments are \$285,000 annually from 2020 through 2025.

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 2019. The future maximum service payments are \$1,200,000 annually from 2020 through 2022.

13. 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
For the Year Ended December 31, 2019

14. 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. There have been no significant changes in insurance coverage since the prior year. 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 at an amount equal to \$50,000 or one (1) year's base salary, whichever is greater as well as short-term disability benefit. These benefits are fully insured by SWACO through third parties.

SWACO purchases property insurance for all buildings and equipment, excluding over-the-road motor vehicles. SWACO maintains \$5.0 million in general liability, public official's 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 package to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,000 employees of Franklin and Pickaway Counties, SWACO and other Central Ohio political subdivisions. There are approximately 14,000 plan subscribers when spouses and dependents and domestic partners are counted. During 2019, these benefits included a self-insured participating provider organization medical plan, a prescription drug program, a mental health and chemical dependency program, dental, vision, and employee assistance program (EAP) 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, 2019 or 2018.

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, 2019. 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 2019 incurred in prior years, but is unable to quantify the monetary value and such claims should not have a material impact on the financial statements.

	<u>2018</u>	<u>2019</u>
Unpaid claims at January 1	\$ 16,504	\$ 3,000
Incurred claims	33,571	37,067
Paid claims	<u>(47,075)</u>	<u>(40,067)</u>
Unpaid claims at December 31	<u>\$ 3,000</u>	<u>\$ -</u>

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2019

15. Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of SWACO. SWACO's investment portfolio and the investments of the pension and other employee benefit plan in which SWACO participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on SWACO's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

SWACO has signed an agreement with a third-party to construct a solar park on Model Landfill. During the first three years, SWACO will receive annual rent payments. If the site becomes operational during that time, rent payments will transition to the sale of solar energy based on kilowatt hours.

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2019

Solid Waste Authority of Central Ohio
Franklin County, Ohio
Required Supplementary Information
Schedule of the SWACO's Proportionate Share of the Net Pension Liability
Last Six Years (1)

	2019	2018	2017	2016	2015	2014
Ohio Public Employees' Retirement System (OPERS)						
SWACO's Proportion of the Net Pension Liability	0.047155%	0.045145%	0.044502%	0.043784%	0.047064%	0.047064%
SWACO's Proportionate Share of the Net Pension Liability	\$ 12,914,798	\$ 7,082,384	\$ 10,105,688	\$ 7,583,941	\$ 5,678,740	\$ 5,548,232
SWACO's Covered Payroll	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125	\$ 5,519,033	\$ 5,874,258	\$ 6,162,485
SWACO's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	202.75%	117.75%	175.41%	137.41%	96.67%	90.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Amounts presented as of SWACO's measurement date, which is the prior fiscal year end.

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2019

Solid Waste Authority of Central Ohio
Franklin County, Ohio
Required Supplementary Information
Schedule of the SWACO's Contributions - Pension
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>							
Contractually Required Contribution	\$ 938,837	\$ 891,782	\$ 781,927	\$ 691,335	\$ 662,284	\$ 704,911	\$ 801,123
Contributions in Relation to the Contractually Required Contribution	<u>(938,837)</u>	<u>(891,782)</u>	<u>(781,927)</u>	<u>(691,335)</u>	<u>(662,284)</u>	<u>(704,911)</u>	<u>(801,123)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
SWACO's Covered Payroll	\$ 6,705,979	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125	\$ 5,519,033	\$ 5,874,258	\$ 6,162,485
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%	13.00%

(n/a) Information prior to 2013 is not available.

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2019

Solid Waste Authority of Central Ohio
Franklin County, Ohio
Required Supplementary Information
Schedule of the SWACO's Proportionate Share of the Net OPEB Liability
Last Six Years (1)

	2019	2018	2017
<i>Ohio Public Employees' Retirement System (OPERS)</i>			
SWACO's Proportion of the Net OPEB Liability	0.049985%	0.048089%	0.047741%
SWACO's Proportionate Share of the Net OPEB Liability	\$ 6,516,864	\$ 5,222,095	\$ 4,822,003
SWACO's Covered Payroll	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125
SWACO's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	102.31%	86.82%	83.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	46.33%	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2019

Solid Waste Authority of Central Ohio
Franklin County, Ohio
Required Supplementary Information
Schedule of the SWACO's Contributions - OPEB
Last Ten Years

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 0	\$ 0	\$ 60,148	\$ 115,223
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>(60,148)</u>	<u>(115,223)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
SWACO's Covered Payroll	\$6,705,979	\$6,369,871	\$6,014,821	\$5,761,125
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	1.00%	2.00%

(n/a) Information prior to 2013 is not available.

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2019

Solid Waste Authority of Central Ohio
Franklin County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2019

Note 1 - Net Pension Liability

Changes in Assumptions – OPERS

For fiscal year 2019, the single discount rate changed from 7.50 percent to 7.20 percent.

Amounts reported in calendar year 2017 reflect an adjustment of the rates of withdrawal, disability, retirement and mortality to more closely reflect actual experience. The expectation of retired life mortality was based on RP-2014 Healthy Annuitant mortality table and RP-2014 Disabled mortality table. The following reductions were also made to the actuarial assumptions:

- Discount rate from 8.00 percent to 7.50 percent
- Wage inflation rate from 3.75 percent to 3.25 percent
- Price inflation from 3.00 percent to 2.50 percent

Note 2 - Net OPEB Liability

Changes in Assumptions - OPERS

For calendar year 2019, the following changes were made to the actuarial assumptions:

- Discount rate from 3.85 percent to 3.96 percent
- Investment rate of return from 6.50 percent to 6.00 percent
- Municipal bond rate from 3.31 percent to 3.71 percent
- Health Care Cost Trend Rate from 7.50 percent to 10.00 percent

For calendar year 2018, the single discount rate changed from 4.23 percent to 3.85 percent.

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STATISTICAL SECTION

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Solid Waste Authority of Central Ohio

Introduction to 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 2019.

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 the tables throughout the statistical section along with tons received (Tables 4 and 5). This section also includes the top ten customer data (Table 5), tons generated (Table 8), and tons recycled (Table 9 and 10). Table 11 shows current and historical SWACO employees by function.

Tables 12 through 16 provide debt service schedules for SWACO's outstanding notes and bonds. Table 17 shows various debt ratios for SWACO. Table 17 includes total debt (notes and bonds) per capita, total 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 paid from the landfill tipping fee. Table 18 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 19 through 21. Table 22 provides information on capital assets.

SWACO
Schedules of Net Position - All Funds
For Years Ended December 31, 2010 through 2019
(in thousands)¹

Assets	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018	2019
Cash and cash equivalents	\$ 5,599	\$ 5,238	\$ 7,152	\$ 14,221	\$ 18,311	\$ 29,496	\$ 22,036	\$ 26,054	\$ 37,801	\$ 24,505
Restricted cash	6,582	25,506	35,741	25,413	17,811	15,907	12,622	9,789	6,127	5,776
Unrestricted and restricted investments	5,055	7,337	6,886	5,877	7,426	7,536	10,695	14,915	18,137	42,694
Accounts receivable, net	3,794	3,640	4,721	4,288	4,611	5,517	5,451	4,222	5,442	4,434
Grants receivable	26	495	357	-	-	-	-	-	-	356
Closure/postclosure funds held by trustee	21,027	21,199	21,341	21,548	22,660	23,647	24,662	25,988	27,670	29,315
Sanitary Landfill, net of accum. deprec./depletion	12,767	16,010	23,925	21,146	28,049	22,739	33,351	29,422	47,884	44,306
Buildings and equipment, net of accum. depreciation	14,679	16,722	16,318	25,138	25,273	22,629	24,732	26,322	23,830	24,331
Construction in progress	3,558	2,606	9,886	8,647	1,848	8,714	609	3,579	96	2,568
Land and land improvements	12,711	13,036	18,064	18,163	18,745	18,745	23,719	23,719	23,907	24,207
Lease receivable	5,518	5,218	5,851	3,640	1,770	747	698	648	598	547
Other assets	23	210	212	522	427	306	465	549	371	737
Total assets	91,339	117,217	150,454	148,603	146,931	155,983	159,040	165,207	191,863	203,776
Deferred outflows of resources:										
Refundings	-	-	2,533	2,424	3,189	1,595	2,795	2,447	1,918	1,693
Pension	-	-	-	-	695	965	2,920	3,964	1,885	4,102
OPEB	-	-	-	-	-	-	-	60	439	677
Total deferred outflows of resources	\$ -	\$ -	\$ 2,533	\$ 2,424	\$ 3,884	\$ 2,560	\$ 5,715	\$ 6,471	\$ 4,242	\$ 6,472

Table 1 (continued)

	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018	2019
Liabilities										
Accounts payable, deferred revenue, and unearned income	\$ 2,593	\$ 3,506	\$ 4,164	\$ 3,787	\$ 2,360	\$ 5,479	\$ 5,747	\$ 3,167	\$ 4,052	\$ 4,229
Accrued wages and benefits	1,408	1,418	1,525	791	884	697	767	628	731	821
SWACO grants payable	41	39	71	88	32	4	45	11	-	-
ERIP payable	1,097	617	100	-	-	-	-	-	-	-
Accrued interest	903	885	891	790	679	615	221	331	281	202
Bonds and notes payable (Note 10)	108,320	125,197	142,115	133,064	122,532	112,691	99,696	91,174	82,441	77,497
Capital lease obligation (Note 11)	1,889	-	-	-	-	-	-	-	-	-
Landfill closure/postclosure care liability (Note 12)	12,086	11,584	22,228	22,651	23,105	20,411	21,224	22,237	14,458	17,438
Net pension liability	-	-	-	-	5,548	5,679	7,584	10,106	7,083	12,915
Net OPEB liability	-	-	-	-	-	-	-	4,822	5,222	6,517
Other	37	128	111	70	51	-	2	1	5	1
Total liabilities	128,374	143,374	171,205	161,241	155,191	145,576	135,286	132,477	114,273	119,620
Deferred inflows of resources: pension	-	-	-	-	-	100	409	202	1,721	189
Deferred inflows of resources: OPEB	-	-	-	-	-	-	-	-	420	34
Total deferred inflows of resources	-	-	-	-	-	100	409	202	2,141	223
Net position										
Net investment in capital assets:										
WTEF, net of lease obligation and bonds payable	(38,176)	(32,559)	(28,706)	(24,062)	(19,441)	(14,606)	(9,671)	(4,603)	-	-
Other capital assets, net	(17,925)	(16,480)	(5,286)	(8,069)	(14,056)	(17,875)	(5,637)	(1,834)	14,510	18,989
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	9,901	10,512	(137)	(573)	(149)	3,334	3,437	3,751	13,213	11,877
Other restricted, net	777	1,614	2,701	4,633	7,418	9,789	12,556	8,499	4,898	4,802
Unrestricted	8,388	10,756	13,210	17,857	21,852	32,225	28,375	33,186	47,071	54,737
Total net position	\$ (37,035)	\$ (26,157)	\$ (18,218)	\$ (10,214)	\$ (4,376)	\$ 12,867	\$ 29,060	\$ 38,999	\$ 79,692	\$ 90,405

¹ Totals may not add due to rounding.

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-23.

SWACO
Schedules of Revenues, Expenses, and Changes in Net Position - All Funds
For Years Ended December 31, 2010 through 2019
(in thousands)¹

	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018	2019
Revenues:										
Tipping and disposal fees	\$ 21,141	\$ 26,870	\$ 29,251	\$ 29,217	\$ 29,255	\$ 30,302	\$ 30,812	\$ 37,361	\$ 41,349	\$ 41,666
Waste transfer fees	4,441	4,487	4,427	4,836	5,696	5,988	6,432	6,445	6,676	6,198
Retired facility and waiver fees	9,473	9,095	8,842	9,134	9,079	9,451	9,631	2,329	-	-
Generation fees	5,265	5,054	4,919	5,074	5,045	5,258	5,362	5,610	5,984	6,002
Sale of landfill gas	-	-	-	-	676	2,086	2,708	4,722	6,823	3,441
Other	846	435	1,096	482	1,256	784	436	324	1,091	613
Operating revenues	41,166	45,941	48,535	48,743	51,007	53,869	55,381	56,791	61,923	57,920
Expenses:										
Salaries, wages and benefits	9,457	9,281	10,132	9,951	9,460	8,744	9,556	11,017	11,353	13,706
Contracts, services and supplies	10,172	12,102	10,584	10,768	11,373	10,474	11,853	12,276	13,724	13,946
Solid waste fees	4,342	4,929	4,764	4,766	5,012	5,153	5,279	5,495	5,801	5,848
Depreciation and depletion	13,960	5,290	(2,211)	7,161	8,737	10,069	8,198	9,582	(3,572)	8,802
Landfill closing expenses	877	(440)	10,791	643	687	(2,496)	911	1,014	(7,780)	2,981
Other	10	1	-	(116)	-	-	324	159	237	370
Operating expenses	38,818	31,163	34,060	33,173	35,269	31,944	36,121	39,543	19,763	45,653
Operating income	\$ 2,348	\$ 14,778	\$ 14,475	\$ 15,570	\$ 15,738	\$ 21,925	\$ 19,260	\$ 17,248	\$ 42,160	\$ 12,267

Table 2 (continued)

	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018	2019
Non-operating revenues (expenses):										
Interest expense	\$ (4,498)	\$ (4,347)	\$ (5,700)	\$ (4,746)	\$ (3,522)	\$ (3,871)	\$ (3,561)	\$ (3,032)	\$ (2,972)	\$ (3,327)
ERIP interest expense	(128)	(108)	386	(32)	(3)	-	-	-	-	-
Deferred Outflows: Phoenix	-	-	-	-	-	(1,196)	-	-	-	-
Interest earnings	567	417	(72)	249	214	530	608	601	1,398	2,646
Capital contributions received	-	-	-	-	-	1,105	-	-	-	-
Grant revenues	621	495	133	27	-	-	-	-	-	367
Grants awarded	(587)	(369)	(247)	(399)	(147)	(131)	(215)	(137)	(126)	(1,256)
Loss on federal grant	-	-	-	-	-	-	-	-	-	-
Bad debt expense	(127)	-	-	(2,500)	(1,773)	(8)	-	-	-	-
Impairment of long-lived assets	(6,100)	-	(800)	-	-	-	-	-	-	-
Fire loss net of insurance proceeds	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	57	12	(236)	(165)	184	(1,110)	101	21	232	16
Total non-operating expenses	(10,195)	(3,900)	(6,536)	(7,566)	(5,047)	(4,681)	(3,067)	(2,547)	(1,468)	(1,554)
Change in net position	(7,847)	10,878	7,939	8,004	10,691	17,244	16,193	14,701	40,692	10,713
Total net position - beginning	(29,188)	(37,035)	(26,157)	(18,218)	(10,214)	(4,377)	12,867	29,060	38,999	79,691
Change in accounting principle ²	-	-	-	-	(4,853)	-	-	(4,762)	-	-
Total net position - ending	\$ (37,035)	\$ (26,157)	\$ (18,218)	\$ (10,214)	\$ (4,376)	\$ 12,867	\$ 29,060	\$ 38,999	\$ 79,691	\$ 90,404

¹ Totals may not add due to rounding.

² SWACO implemented the provisions of GASB Statement No. 68 in 2015 and as a result of the change in accounting principle, recorded a restatement in 2014 net position. and GASB Statement No. 75 in 2018 and a result of the change in accounting principle, recorded a restatement in 2017 net position.

Source: SWACO

SWACO
Schedule of Revenues, Expenses and Changes in Net Position
2019 Budget to Actual (in thousands)¹

	Operating Fund			Program Fund			All Funds Total			Budget Variance Positive (Negative)
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	
Operating revenues:										
Tipping and disposal fees	\$ 42,661	\$ 42,661	\$ 41,666	\$ -	\$ -	\$ -	\$ 42,661	\$ 42,661	\$ 41,666	\$ (995)
Waste transfer fees	6,904	6,904	6,198	-	-	-	6,904	6,904	6,198	(706)
Generation fees	-	-	-	6,103	6,103	6,002	6,103	6,103	6,002	(101)
Sale of landfill gas	7,200	7,200	3,441	-	-	-	7,200	7,200	3,441	(3,759)
Interfund charges	-	-	370	-	-	-	-	-	370	370
Other	77	77	242	2	2	1	79	79	243	164
Total operating revenues	56,842	56,842	51,917	6,105	6,105	6,003	62,947	62,947	57,920	(5,027)
Operating expenses:										
Salaries, wages and benefits ²	10,091	10,091	12,496	1,223	1,223	1,211	11,314	11,314	13,707	(2,393)
Contracts, services and supplies	12,395	12,395	10,256	4,214	4,214	3,690	16,609	16,609	13,946	2,663
Solid waste fees	6,139	6,139	5,848	-	-	-	6,139	6,139	5,848	291
Depreciation	4,814	4,814	3,763	58	58	93	4,872	4,872	3,856	1,016
Depletion	5,925	5,925	4,946	-	-	-	5,925	5,925	4,946	979
Landfill closing costs	1,037	1,037	2,981	-	-	-	1,037	1,037	2,981	(1,944)
Interfund charges	(132)	(132)		132	132	370	-	-	370	370
Total operating expenses	40,269	40,269	40,290	5,627	5,627	5,364	45,896	45,896	45,654	242
Operating income	\$ 16,573	\$ 16,573	\$ 11,627	\$ 478	\$ 478	\$ 639	\$ 17,051	\$ 17,051	\$ 12,267	\$ (4,784)

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)
Non-operating revenues (expenses):										
Interest expense	\$ (2,545)	\$ (2,545)	\$ (3,327)	\$ -	\$ -	\$ -	\$ (2,545)	\$ (2,545)	\$ (3,327)	\$ (782)
Interest earnings	1,500	1,500	2,552	-	-	94	1,500	1,500	2,646	1,146
Grants awarded	(678)	(678)	(338)	(1,319)	(1,319)	(551)	(1,997)	(1,997)	(889)	1,108
Gain (loss) on disposal of assets	100	100	16	-	-	-	100	100	16	(84)
Total non-operating revenues (expenses)	(1,623)	(1,623)	(1,097)	(1,319)	(1,319)	(457)	(2,942)	(2,942)	(1,554)	1,388
Change in net position	14,950	14,950	10,530	(841)	(841)	182	14,109	14,109	10,713	(3,396)
Total net position - beginning (restated)	-	-	74,562	-	-	5,130	-	-	79,692	79,692
Total net position - ending	<u>\$ 14,950</u>	<u>\$ 14,950</u>	<u>\$ 85,092</u>	<u>\$ (841)</u>	<u>\$ (841)</u>	<u>\$ 5,312</u>	<u>\$ 14,109</u>	<u>\$ 14,109</u>	<u>\$ 90,405</u>	<u>\$ 76,296</u>

¹ Totals may not add due to rounding.

² Note - Salaries, wages and benefits exceeded budget due to GASB 68 Pension Liability Expense and GASB 75 OPEB expense calculation.

Source: SWACO

SWACO
Solid Waste Received and Landfilled 2010 - 2019 (in tons)²

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Solid waste received by SWACO:										
Jackson Pike Transfer Station	153,564	152,681	149,410	163,360	241,938	233,331	263,927	261,643	255,130	236,381
Morse Road Transfer Station	132,727	127,957	126,081	153,507	212,358	245,239	251,196	254,338	278,781	258,607
Georgesville Road Transfer Station	67,133	76,256	76,534	67,680	-	-	-	-	-	-
Subtotal Transfer stations	353,424	356,894	352,025	384,547	454,296	478,570	515,123	515,981	533,911	494,987
Sanitary Landfill	586,422	721,290	682,381	637,150	563,149	590,242	575,679	621,368	694,033	745,449
Total solid waste received by SWACO	939,847	1,078,184	1,034,406	1,021,697	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945	1,240,437
Adjustments ¹	(5,048)	(4,459)	(2,912)	(1,569)	(706)	(5,384)	(6,424)	(5,680)	(6,182)	(7,189)
Solid waste landfilled - Franklin County Sanitary Landfill	934,799	1,073,725	1,031,494	1,020,128	1,016,739	1,063,428	1,084,378	1,131,669	1,221,763	1,233,248

¹ Adjustments - carryover related to end of year inventory at transfer stations and shrinkage due to loss of water or removed from waste stream.

² Totals may not add due to rounding.

Source: SWACO

SWACO
Top Ten Customers 2010 - 2019
(tons received)^{3,4}

Customer	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
City of Columbus Refuse Collection	307,486	314,515	303,714	288,222	291,520	304,062	306,795	314,531	321,067	315,860
Rumpke Waste/Rumpke Container/Rumpke Transfer	154,524	198,488	198,115	200,356	199,429	183,801	179,740	192,356	197,379	195,464
Republic Waste Systems	154,372	177,749	176,082	181,551	194,333	208,005	209,926	207,613	207,129	188,562
Local Waste Services LLC	78,539	91,895	100,280	104,554	106,680	118,260	119,146	129,046	144,559	147,378
Waste Management of Ohio	162,860	143,063	128,850	133,553	109,110	104,273	110,139	121,036	125,032	120,614
Capitol Waste & Recycling	*	11,673	8,342	#	25,016	33,551	38,777	37,617	41,253	46,482
Grass Groomers	*	*	*	#	#	#	6,451	19,339	37,097	45,535
Columbus Auto Shredding Inc.	*	28,127	25,048	4,892	8,184	23,630	12,902	15,140	37,885	40,672
Alpha Waste Services	*	*	*	*	*	*	*	#	#	7,277
City of Columbus Street Engineer	5,547	#	8,584	9,118	9,855	9,438	7,399	7,352	7,168	6,076
Westrock	*	*	*	*	*	*	#	#	6,680	#
City of Upper Arlington	6,539	6,719	#	6,702	6,964	7,158	#	#	#	#
City/Southerly Waste Water Plant	#	#	#	#	#	4,161	#	#	#	#
Mars Petcare U.S./Northstar Recycling Comp	9,325	8,666	6,961	6,288	5,782	#	*	*	*	*
PSC Metals Inc.	*	26,331	24,479	*	#	*	#	*	*	*
Anheuser-Busch Inc.	7,117	#	#	*	*	*	*	*	*	*
Adept, Inc.	#	#	#	#	#	#	#	#	#	#
Flower Garbage	4,351	*	*	*	*	*	*	*	*	*
Total Top Ten Customers	890,660	1,007,226	980,454	939,003	956,872	996,337	1,002,615	1,049,044	1,125,250	1,113,920
Total tons received by SWACO ¹	939,847	1,078,184	1,034,406	1,021,697	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945	1,240,437
Top Ten customer % of total received	95%	93%	95%	92%	94%	93%	92%	92%	92%	90%
Total tons generated within District ²	1,052,999	1,079,501	1,044,176	1,031,688	1,023,487	1,082,034	1,104,074	1,150,337	1,243,519	1,256,011
Top Ten customer % of total waste disposal	85%	93%	94%	91%	93%	92%	91%	91%	90%	89%

¹ Includes both in-district and out-of-district waste.

² Total solid waste received at SWACO facilities and waste generated within the district that is hauled to an out-of-district facility

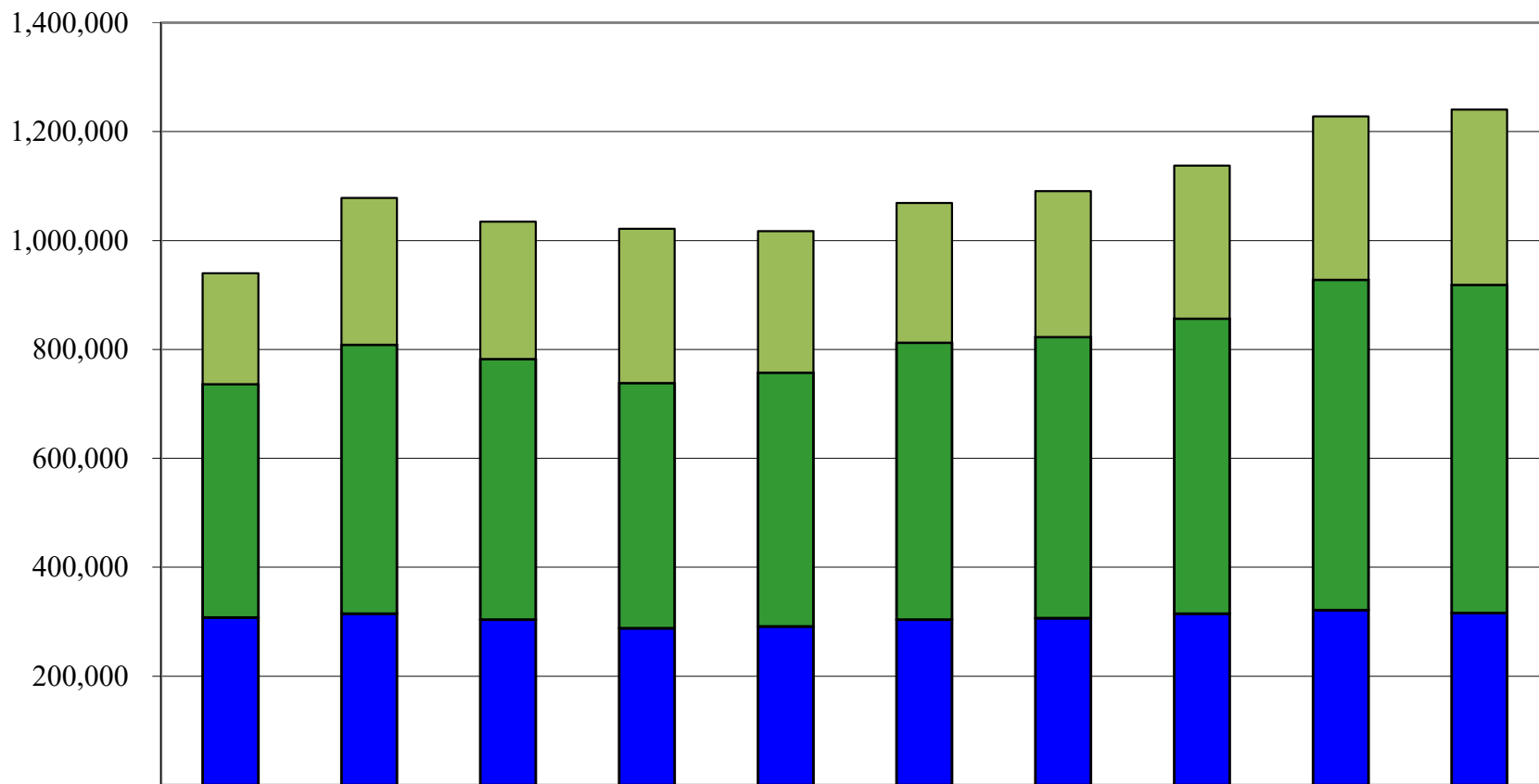
³ Totals may not add due to rounding.

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.

⁴ Table updated to reflect name changes and updated values.

SWACO Waste Receipts (Tons) 2010 - 2019



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
All others	203,710	269,445	252,067	283,050	260,002	256,275	267,927	280,660	300,074	321,981
Rest of Top Ten*	428,651	494,224	478,625	450,425	465,923	508,475	516,080	542,158	606,804	602,595
City of Columbus Refuse Collection*	307,486	314,515	303,714	288,222	291,520	304,062	306,795	314,531	321,067	315,860

Source: SWACO

*See notes to Table 5.

*Prior year amounts updated.

SWACO
Disposal Rates 1991-2019

Table 6

Effective Date	Franklin County Landfill	Jackson Pike Transfer ²	Morse Road Transfer	Georgesville Rd. Transfer	Alum Creek Transfer	Compost Facilities	Charge Unit
2/1/1991 ¹	\$ 4.90	\$ -	\$ -	\$ -	\$ -	\$ -	Cu. Yard
4/1/1991	7.50	-	-	-	-	-	Cu. Yard
4/1/1993	7.50	7.50	7.50	7.50	7.50	-	Cu. Yard
7/1/1993	13.25	13.00	13.50	13.00	13.00	-	Cu. Yard
6/1/1994 ³	49.00	49.00	49.00	49.00	49.00	-	Ton
9/1/1994	32.00	32.00	32.00	32.00	32.00	-	Ton
11/1/1994 ⁴	37.00	37.00	37.00	37.00	Closed	-	Ton
2/7/1996	33.00	37.00	44.00	40.00	-	-	Ton
3/11/1996	30.00	34.00	41.00	37.00	-	-	Ton
5/8/1996	27.00	31.00	38.00	34.00	-	-	Ton
4/8/1998 ⁵	20.00	30.00	31.00	31.00	-	-	Ton
4/1/1999 ⁶	27.00	37.00	38.00	38.00	-	-	Ton
10/4/1999	27.00	37.00	38.00	38.00	-	6.00 ⁷	Ton
1/1/2005	29.25	40.25	41.25	41.25	-	6.00	Ton
7/1/2005 ⁸	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 ⁹	36.75	48.75	49.75	49.75	-	6.00 ¹⁰	Ton
1/1/2011 ¹¹	39.75	51.75	52.75	52.75	-	-	Ton
1/1/2012	42.75	54.75	55.75	55.75	-	-	Ton
4/1/2017 ¹²	\$ 39.75	\$ 51.75	\$ 52.75	Closed	\$ -	\$ -	Ton

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

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

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

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

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

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

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

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

⁹ Rate reflects \$1.25 per ton EPA rate increase.

¹⁰ Compost facility was closed December 2009.

¹¹ 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.

¹² Effective April 1, 2017 the rate reflects an elimination of the \$7.00 Waste-to-Energy Facility, and an additional \$4.00 for a net decrease of \$3.00.

SWACO
Franklin County Sanitary Landfill Airspace Capacity
Total Permitted, Annual Used, and Permitted Remaining 2010-2019
(cubic yards)

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
2010	51,900,000 ¹	1,163,000	38,670,000
2011	51,900,000 ¹	1,263,060	36,961,530
2012	51,900,000 ¹	1,010,563	35,958,706
2013	51,900,000 ¹	942,511	35,008,572
2014	51,900,000 ¹	1,109,792	33,898,780
2015	51,900,000 ¹	1,174,004	32,724,776
2016	51,900,000 ¹	1,284,020	31,440,756
2017	51,900,000 ¹	1,411,139	30,029,617
2018	97,000,000	1,285,802	73,666,434 ⁴
2019	97,000,000	1,550,262	72,112,052

	<u>At Maximum Permitted Receipts²</u>	<u>At 2019 Receipts³</u>
Remaining landfill life	22.9	42.4

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

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

³ Approximately 1,131,669 tons landfilled. Assumes a compaction rate of 1,450 pounds per cubic yard.

⁴ In May of 2018, the Ohio EPA granted SWACO a new Permit to Install (PTI). The new PTI raised the total permitted airspace to 97,000,000.

Source: SWACO

SWACO
Generation Fee Tonnage Reported 2010 - 2019¹

Facilities	2010	2011⁴	2012	2013	2014	2015	2016³	2017^{2,3}	2018	2019
SWACO	936,254	1,007,191	974,001	1,004,807	1,002,940	1,038,319	1,059,238	1,134,798	1,181,437	1,185,564
Republic Waste	64,395	403	6,022	3,812	4,868	4,117	5,491	6,027	4,684	5,704
Rumpke Waste	45,292	1,341	709	235	92	54	22	5	-	-
Waste Management	6,591	1,827	3,023	5,740	894	8,583	7,642	6,891	10,517	9,123
Other	467	-	15	204	188	468	116	64	373	66
Total⁵	1,052,999	1,010,761	983,770	1,014,798	1,008,982	1,051,541	1,072,509	1,147,786	1,197,011	1,200,456

¹ 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 \$5.00 per ton Generation Fee was enacted effective November 1, 1994. An interfund transfer is performed on certain materials to credit the Generation Fee where no funds are collected, yet the waste is subject to the fee.

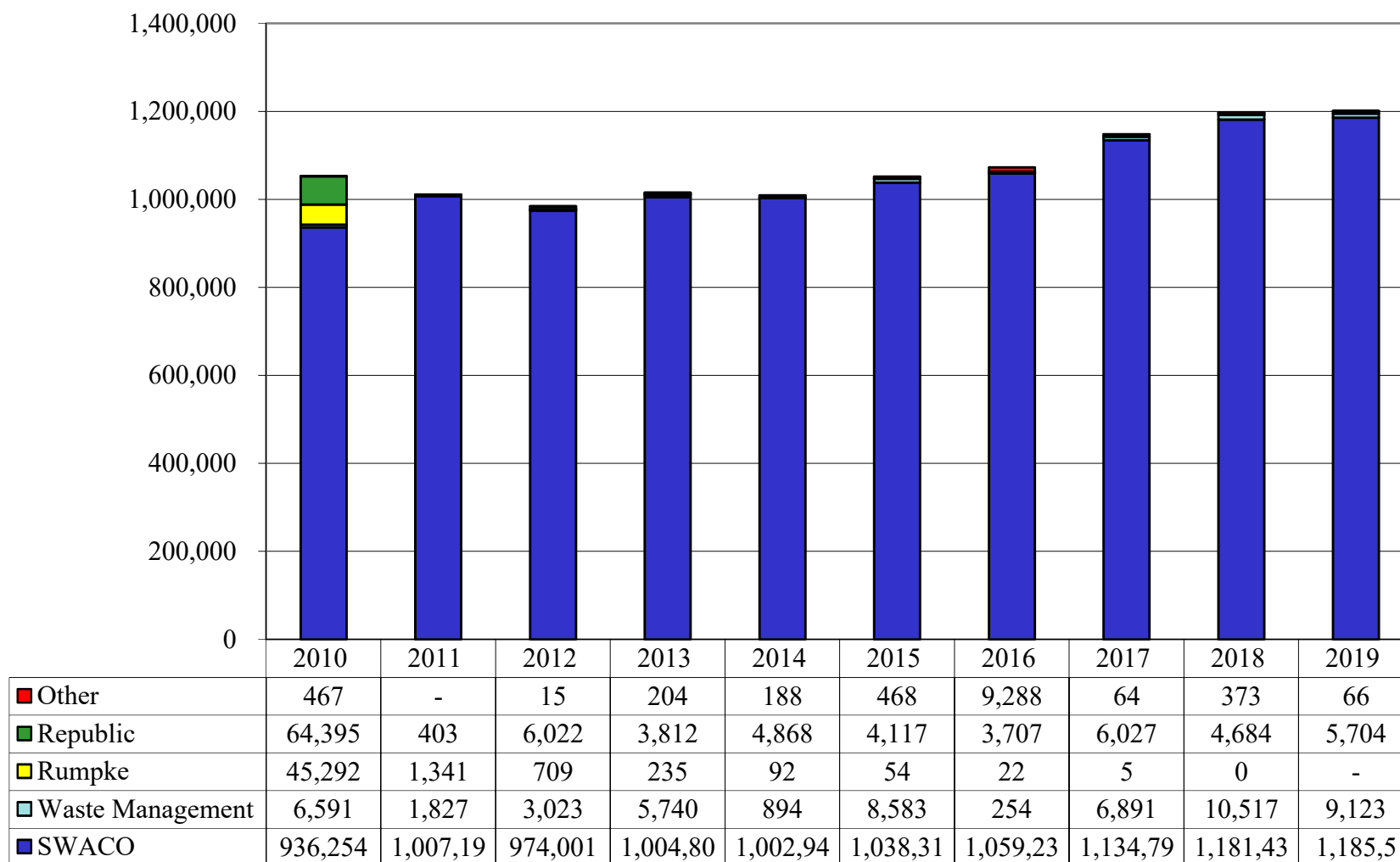
² 2017 includes tonnage from prior periods that did not include Generation Fee revenue, but an allocation was performed to collect the Generation Fee \$5 per ton per an interfund transfer.

³ Adjusted totals for each facility, total amount for all remains the same.

⁴ Updated tonnage amounts.

⁵ Totals may not add due to rounding.

Generation Fee Tonnage Reported 2010 - 2019



Source: SWACO

*See notes to Table 8.

Table 9

SWACO
SWACO Program Activity - Tons Collected 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Total tons of waste recycled:										
Yard waste composting	n/a	n/a	193,147	238,242	204,038	170,960	291,519	334,422	348,282	297,528
Drop-off recycling	15,924	16,444	14,843	10,136	9,524	9,087	8,575	7,088	6,017	5,590
Just-in-Time Recycling	37	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Household hazardous waste	231	122	162	197	170	383	260	252	194	250
E-waste collection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tire collection	139	220	168	113	94	93	n/a	n/a	n/a	n/a
Scrap metal recycling	40	23	41	8	89	5	82	46	46	48
Other recycling	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total²	16,371	16,809	208,360	248,696	213,915	180,528	300,436	341,808	354,538	303,416
Tires and White Goods Received 2010 - 2019¹										
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Tires (each)	16,422	22,219	18,723	15,688	13,712	12,267	14,388	12,735	8,860	9,496
White goods (each)	143	169	157	141	115	269	486	412	533	486

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

² Totals may not add due to rounding.

Source: SWACO

SWACO
Household Hazardous Waste Collection 2010 - 2019
(in pounds)

Material classification	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Bulked flammables	72,096	69,461	94,587	129,543	93,729	136,594	95,917	122,770	98,859	119,659
Paint	219,187	42,007	40,963	63,256	70,535	388,821	192,707	92,030	52,275	75,345
Aerosol-pesticides	32,149	37,625	41,422	44,873	34,597	69,603	52,600	70,803	53,220	77,988
Used oil /antifreeze	35,361	16,896	32,137	39,934	38,665	33,598	46,261	31,225	48,644	54,151
Putty & adhesives	34,807	23,167	30,051	38,267	24,167	37,570	35,837	44,795	33,174	40,603
Aerosol-flammables	14,790	10,676	18,418	18,617	14,285	25,152	22,048	26,056	22,789	31,272
Household cleaners	12,320	10,904	13,519	15,295	11,193	16,456	15,673	16,912	16,618	22,070
Lead/acid batteries	16,067	9,131	17,122	12,214	9,443	14,251	19,877	21,330	16,983	21,508
Acids/bases	7,536	6,614	6,965	7,148	13,124	14,231	8,695	11,701	9,543	14,457
Fluorescent light bulbs	6,101	5,130	9,978	7,043	9,026	8,264	7,947	9,579	8,950	9,544
Dry cell batteries	5,189	6,832	8,399	5,326	8,994	11,057	12,216	12,378	9,766	10,175
Propane cylinders	2,065	1,471	2,328	2,077	2,915	3,544	3,013	3,139	2,682	4,475
Oxidizers	1,689	1,869	2,968	1,988	3,310	3,903	3,673	5,023	6,174	7,242
NiCad batteries	334	1,012	1,033	1,724	660	508	1,036	1,187	1,230	1,403
Lithium batteries	102	136	674	1,720	505	348	1,090	1,099	1,387	1,328
Reactive lab pack/alum paint	142	205	342	799	254	558	1,033	554	741	431
Fire extinguishers	211	112	355	600	683	827	431	1,157	849	962
Elemental mercury	1,138	327	656	257	215	118	75	216	445	367
Poisons	322	476	414	239	1,385	767	239	924	83	857
Cylinders	41	28	85	66	821	90	90	296	91	197
Freon	-	37	17	-	252	1	1	242	187	17
Miscellaneous waste	15,056	28	660	3,987	1,481	383	644	1,419	272	2,717
Asbestos	1	3	3	1	-	-	-	2	-	1
Lab pack A	-	-	-	-	-	-	-	-	-	-
Lab pack B	-	-	-	-	-	-	-	-	-	-
Loosepack fuels	-	-	-	-	-	-	-	-	-	2,984
Total:	476,704	244,147	323,096	394,974	340,239	766,644	521,103	474,837	384,962	499,753

SWACO
Number of Employees by Function 2010-2019²

Function	2010	2011	2012	2013	2014¹	2015¹	2016¹	2017¹	2018¹	2019¹
Administration	20	24	24	23	12.5	17	14	17	18	17.5
Operations ³	90	89	95	86	83	83.5	85	85.5	85.5	89
Programs	6	6	5	5	2.5	4.5	4.5	5	4	6
Total	116	119	124	114	98	105	103.5	107.5	107.5	112.5

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

² Employees working in 2 or more departments are reported in the department in which the highest percentage of their time is worked.

³ Drop Box Recycling is funded by the Program Fund, but is included in Operations.

Source: SWACO

SWACO
Series 2012 Solid Waste Facility Improvements and Refunding Bonds

Table 12

Year	Principal	Coupon	Interest	Total Debt Service
2019	\$ 2,595,000	5.000%	\$ 1,244,850	\$ 3,839,850
2020	2,735,000	5.000%	493,750	3,228,750
2021	2,865,000	5.000%	357,000	3,222,000
2022	3,010,000	5.000%	213,750	3,223,750
2023	1,265,000	5.000%	63,250	1,328,250
Total	<u>\$ 12,470,000</u>		<u>\$ 2,372,600</u>	<u>\$ 14,842,600</u>

Net interest cost (%) 2.750%

Totals may not add due to rounding.

Note: Series 2013B refunded \$7,005,000 of the outstanding \$79,015,000 Series 2012 bonds in 2013.

Note: Series 2016 refunded \$19,795,000 of the outstanding \$57,920,000 Series 2012 bonds in 2016.

Note: Series 2019 refunded \$15,515,000 of the outstanding \$25,390,000 Series 2012 bonds in 2019.

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

SWACO
Series 2013A Solid Waste Facility Improvements and Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
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
Total	\$ 6,445,000		\$ 1,091,700	\$ 7,536,700

Net interest cost (%) 2.731%

Totals may not add due to rounding.

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

Table 15

SWACO
Series 2016 Solid Waste Facilities Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
2019	\$ 1,010,000	4.000%	\$ 1,626,550	\$ 2,636,550
2020	1,045,000	4.000%	1,586,150	2,631,150
2021	1,090,000	5.000%	1,544,350	2,634,350
2022	1,145,000	3.000%	1,489,850	2,634,850
2023	3,075,000	5.000%	1,455,500	4,530,500
2024	4,425,000	5.000%	1,301,750	5,726,750
2025	4,785,000	5.000%	1,080,500	5,865,500
2026	4,075,000	5.000%	841,250	4,916,250
2027	4,815,000	4.000%	637,500	5,452,500
2028	4,985,000	4.000%	444,900	5,429,900
2029	4,910,000	5.000%	245,500	5,155,500
Total	<u>\$ 35,360,000</u>		<u>\$ 12,253,800</u>	<u>\$ 47,613,800</u>

Net interest cost (%) 2.966%

Totals may not add due to rounding.

Note: Series 2016 refunded \$12,755,000 of the outstanding \$14,665,000 Series 2008 bonds, \$3,725,000 of the outstanding \$3,725,000 Series 2010 bonds, and \$19,795,000 of the outstanding \$57,920,000 Series 2012 bonds.

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

Table 16

SWACO
Series 2019 Solid Waste Facilities Refunding Bonds

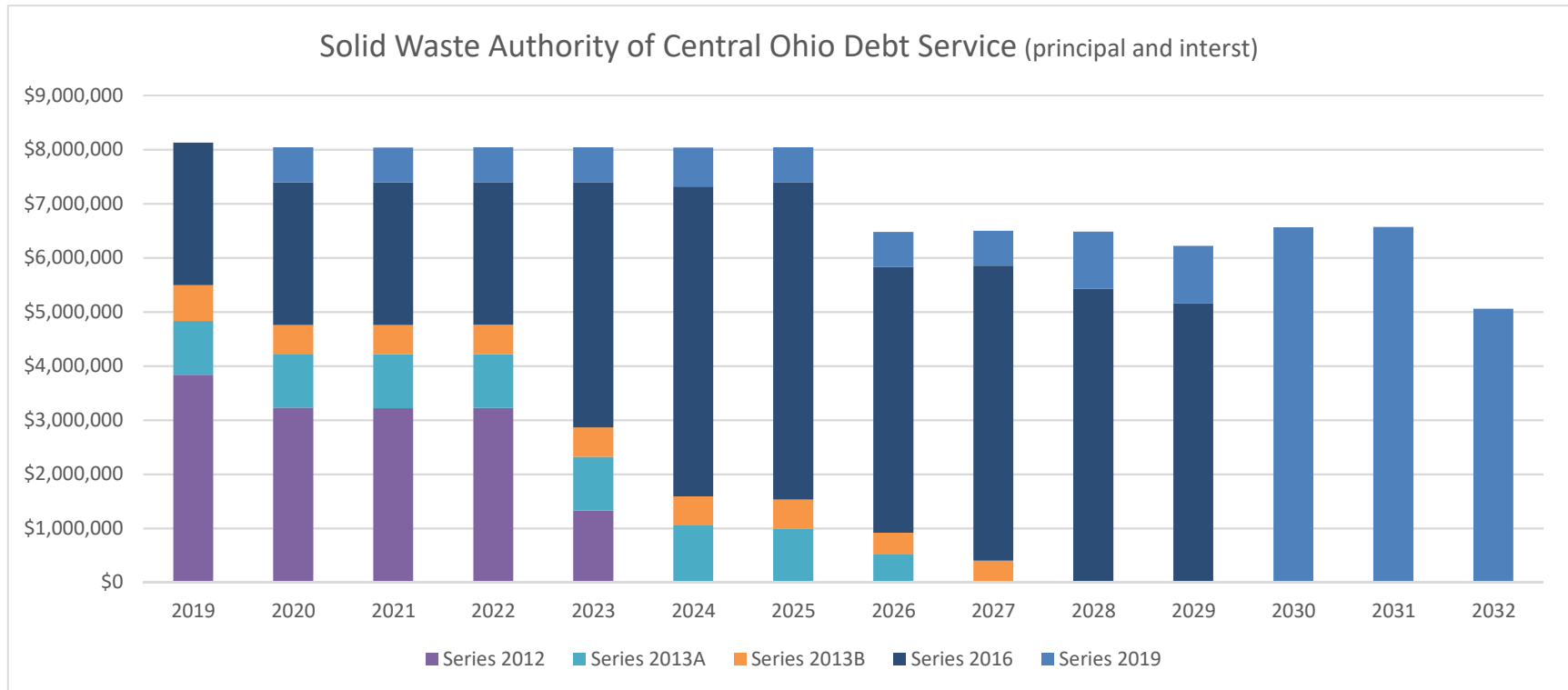
Year	Principal	Coupon	Interest	Total Debt Service
2020	\$ 155,000	1.750%	\$ 496,582	\$ 651,582
2021	125,000	1.850%	520,005	645,005
2022	130,000	1.950%	517,693	647,693
2023	130,000	2.050%	515,158	645,158
2024	210,000	2.150%	512,493	722,493
2025	135,000	2.250%	507,978	642,978
2026	135,000	2.350%	504,940	639,940
2027	140,000	2.450%	501,767	641,767
2028	555,000	2.550%	498,338	1,053,338
2029	580,000	2.600%	484,185	1,064,185
2030	6,095,000	2.650%	469,105	6,564,105
2031	6,260,000	2.750%	307,588	6,567,588
2032	4,925,000	2.750%	135,438	5,060,438
Total	<u>\$ 19,575,000</u>		<u>\$ 5,971,270</u>	<u>\$ 25,546,270</u>

Net interest cost (%) 275.000%

Totals may not add due to rounding.

Note: Series 2019 refunded portions of the Series 2012 and 2013B bonds

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



Source: SWACO

SWACO
Total and General Obligation Debt Ratios 2010 - 2019

Tax Year		Total SWACO Debt¹ (thousands)	SWACO District Population²	Total SWACO Debt Per Capita	SWACO General Obligation Debt³ (thousands)⁵	District Assessed Property Valuation (AV)² (thousands)⁵	SWACO G.O. Debt as a Percent of AV	Annual Debt Service Paid from Tipping Fees (thousands)	Solid Waste Received by SWACO (tons)	Annual Debt Service Paid from Tipping Fees Per Ton Received
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	1,078,184	6.37
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	1,017,445	8.15
2015	2016	112,691	1,235,273	91	109,019	27,907,630	0.39%	8,265	1,068,812	7.73
2016	2017	99,696	1,265,068	79	99,696	28,390,374	0.35%	9,296 ^{4,6}	1,090,802	8.52
2017	2018	91,174	1,293,183	71	91,174	31,617,408	0.29%	5,831 ⁴	1,137,349	5.13
2018	2019	82,441	1,338,776	62	82,441	31,996,365	0.26%	6,256 ⁴	1,227,945	5.09
2019	2020	\$ 77,496	1,369,869	57	\$ 77,496	N/A	N/A	\$ 8,129 ⁴	1,240,437	\$ 6.55

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

² See Table 20.

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

⁴ General obligation bonds principal and interest excluding a portion of Series 2012 bonds (paid from Retired Facility and Waiver Fees).

⁵ Note prior year District Assessed Property Valuation and SWACO General Obligation Debt have been updated.

⁶ Annual debt service paid from tipping fees updated.

Source: SWACO

**SWACO
Indirect Debt and Property Tax Limitations, August 13, 2020**

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 August 13, 2020.

Overlapping Jurisdictions	Millage required	Unallocated Millage
SWACO, Franklin County, the City of Hilliard, Dublin City School District, Washington Township & Central Ohio JVS ¹	9.8895	0.1105
SWACO, Licking County, the City of Reynoldsburg, Southwest Licking Local School District, Etna Township & Licking County C-TEC	7.3576	2.6424
SWACO, Union County, the City of Dublin, Washington Township, Dublin City School District, & Tolles Career and Tech	8.4862	1.5138
SWACO, Delaware County, the City of Westerville & Westerville City School District	5.6922	4.3078
SWACO, Fairfield County, Reynoldsburg and Violet Township, Pickerington Local School District & Eastland Career Center	7.2150	2.7850

Source: Auditors for respective counties.

¹Figure reflects value from 2018. No update available.

SWACO
Ten Largest Employers 2019 and 2010
Franklin County, Ohio

Employer	Principal Business	2019¹		Employer	2010²	
		Number of Employees	% of Total Employment		Number of Employees	% of Total Employment
The Ohio State University	Education	33,335	3.2%	State of Ohio	25,608	4.6%
OhioHealth	Health Care	23,836	2.3%	The Ohio State University	23,093	4.1%
State of Ohio	Government	21,342	2.0%	JP Morgan Chase	16,975	3.0%
JP Morgan Chase & Co.	Finance	18,400	1.7%	Nationwide	11,235	2.0%
Nationwide	Insurance	12,500	1.2%	OhioHealth	7,810	1.4%
Nationwide Children's Hospital	Health Care	10,875	1.0%	Federal Government/US Postal Serv.	7,770	1.4%
Kroger Co.	Retail	10,563	1.0%	City of Columbus	7,739	1.4%
City of Columbus	Government	8,963	0.8%	Columbus City School District	7,095	1.3%
Mount Carmel Health Systems	Health Care	8,776	0.8%	Franklin County	6,321	1.1%
L Brands, Inc.	Retail	8,616	0.8%	Mount Carmel Health System	5,701	1.0%
Subtotal		157,206	14.9%	Subtotal	119,347	21.3%
Total estimated Franklin County employment ³		<u><u>1,054,905</u></u>	<u><u>100.0%</u></u>	Total estimated Franklin County employment ³	<u><u>560,600</u></u>	<u><u>100.0%</u></u>

¹ Business First of Columbus.

² Business First of Columbus, Book of Lists, 2010 issue for Largest Employers.

³ Franklin County, Ohio and Ohio Department of Job and Family Services, Bureau of Labor Market Information (preliminary data that is subject to change).

Note: This table includes full-time employees only.

Table 20

District and Franklin County Demographic Statistics 2010 - 2019^{1,6}

Tax Year	District Population ²	Total Assessed Value Taxable District Property ³ (in thousands)	Franklin County Only			
			Population ⁵	Per Capita Income ⁵	Median Age ⁵	Total Assessed Value Taxable County Property ⁵ (in thousands)
2010	1,205,163	28,867,111 ⁵	1,173,158	39,473	34	27,984,334
2011	1,208,818	27,113,105 ⁵	1,168,018	40,609	33	26,303,009
2012	1,215,471	26,121,220 ⁵	1,174,835	40,981	34	26,124,038
2013	1,216,000	27,362,018 ⁵	1,183,593	41,666	34	26,160,709
2014	1,225,500	27,571,041 ⁵	1,192,653	44,723	34	26,358,683
2015	1,235,273	27,907,630 ⁵	1,202,423	46,104	34	26,642,445
2016	1,265,068	28,390,374 ⁵	1,253,522	48,941	34	27,067,823
2017	1,293,183	31,617,408 ⁵	1,291,981	50,514	34	30,155,157
2018	1,338,776	31,996,365 ⁵	1,318,164	52,315	34	30,506,017
2019	1,369,869	N/A ⁷	1,318,175	N/A	N/A	N/A

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

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

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

⁴ Ohio Department of Development.

⁵ Franklin County Auditor/Woods & Poole Economics, Inc./Mid-Ohio Regional Planning Commission.

⁶ Previous values updated.

⁷ N/A - Information not available.

Sources: SWACO except as noted above.

Table 21

Average Unemployment Rates 2010 - 2019

Year	Franklin County	State of Ohio	United States
2010	8.5% ²	10.1% ²	9.6% ²
2011	7.6% ¹	8.8% ¹	8.9% ¹
2012	6.1% ²	7.2% ²	8.1% ²
2013	6.2% ²	7.4% ²	7.4% ²
2014	4.8% ¹	5.7% ¹	6.2% ¹
2015	4.0% ³	4.9% ³	5.3% ³
2016	4.0% ³	4.9% ³	4.9% ³
2017	4.0% ³	5.0% ³	4.4% ³
2018	3.7% ³	4.5% ³	3.9% ³
2019	3.2% ⁴	4.1% ⁴	3.7% ⁴

¹Franklin County Auditor.

² Ohio Department of Job and Family Services, Bureau of Labor Market Information.

³ City of Columbus, Ohio, Comprehensive Annual Financial Reports.

⁴ United States Bureau of Labor Statistics.

SWACO
Capital Assets as of December 31, 2019

Sanitary Landfill See Note 6 - Capital Assets, page 2-33 and Table 7 in the Statistical Section for additional information on the landfill.

<u>Transfer Stations</u>	<u>Capacity (tons per day)</u>	<u>Year Constructed</u>		
Jackson Pike	1,780	1983		
Morse Road Eco-Station	1,000	2013		
	<u>Square Footage</u>	<u>Year Constructed</u>		
<u>Facilities</u>				
Administrative Office Building	8,500	2002		
Fleet Maintenance Garage	11,120	2000		
Landfill Operations Facility	12,800	2005		
4065 London-Groveport Rd.	4,280	2008		
2512 Jackson Pike	27,500	2008		
<u>Landfill Equipment</u>			<u>Transfer Station Equipment</u>	
Landfill compactors	5		Transfer tractors	34
Landfill dozers	5		Transfer trailers	34
Excavator/grader/track loader	6		Front-end loaders	6
Articulated dump trucks	4		Trackhoes	1
Trailer tippers	4		Service vehicles and other	11
Water trucks	3		Material handlers	3
Other landfill vehicles and equipment	27			
			<u>Other vehicles and equipment</u>	
<u>Recycling Programs</u>			Roll-off trucks	2
Recycled materials front-load trucks	4		Pickup trucks	20
Drop-box containers	249		Cars and passenger vans	4
			Street sweepers	4
			Large mowers	3
			Cargo trailers	7
			Miscellaneous	15

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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, 2019, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements and have issued our report thereon dated August 27, 2020, wherein we noted as discussed in Note 15, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods.

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.

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 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 SWACO's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 report 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
August 27, 2020

OHIO AUDITOR OF STATE KEITH FABER



SOLID WASTE AUTHORITY OF CENTRAL OHIO

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/17/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov