



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Fiscal Year ended December 31, 2013

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# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Schneider Downs & Co., Inc., for the audit period January 1, 2013 through December 31, 2013. 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 black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 12, 2014

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# **Comprehensive Annual Financial Report**

**of the**

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

**for the**

**Fiscal Year ended December 31, 2013**

Issued by the Solid Waste Authority of Central Ohio

Ty D. Marsh - Executive Director

Jeffrey M. Cahill - Assistant Executive Director

Prepared by the Accounting & Finance Department

Carol Ann Phillips – Chief Financial Officer

Tamara D. Foster, CPA – Controller

Patrick W. O'Block – Budget and Management Administrator

————— *SWACO* —————

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2013**

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# **INTRODUCTORY SECTION**



April 30, 2014

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, 2013 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.

Schneider Downs & Co., Inc., Certified Public Accountants, have issued an unqualified opinion on SWACO’s financial statements for the year ended December 31, 2013. The independent auditors’ report is located at the beginning of the Financial Section of the report, Section 2.

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

### **Profile of SWACO**

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

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

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

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

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

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

### **History of SWACO**

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

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

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

### **The Solid Waste Plan**

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

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

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

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

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

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

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

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

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

## **Budgetary Control**

The Board of Trustees adopts an annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (salaries, wages and benefits; contracts, services and supplies; capital outlays; etc.). The Statistical Section provides a budget to actual comparison for the year ending December 31, 2013.

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

## **Local Economy and Economic Outlook**

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

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

## **Long-Term Financial Planning**

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

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

The previously established post-closure fund for care of the closed Model Landfill will cover standard operating and maintenance costs for an estimated two more years. SWACO is

ultimately responsible for the ongoing capital costs of maintaining the landfill cap and the landfill gas collection and control system, as well as the standard operating and maintenance costs. SWACO is currently able to fund these costs into the future through operating revenue generated by operation of the currently active Franklin County Sanitary Landfill whose volumes and revenues are secured by the enactment of flow control within the district.

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

## **Major Initiatives**

### **Landfill Gas to Energy**

SWACO has leased property, and contracted to provide raw landfill gas, to a private entity, Landfill Energy Systems (LES). LES will refine the gas to pipeline quality to sell as "green gas". This is the largest source of landfill renewable gas coming online in 2014 and is projected to produce over 10,000,000 gasoline gallon equivalents per year. By reducing carbon emissions at the source, and producing an extremely clean fuel, this extraction and refinement process has a carbon negative impact on the environment.

### **Morse Road Eco Center**

The Morse Road Transfer Facility was in need of updates beyond renovation, so SWACO partnered with the City of Columbus, who conducts fleet operations from this location, in demolishing the old facility and building the new Morse Road Eco Center. SWACO occupied its portion of the new facility in March of 2013. The new transfer station portion of the site has increased capacity as well as improved loading logistics resulting in higher productivity levels and decreased operating expenses.

### **Georgesville Road Transfer Station Closing**

As a result of financial and logistical review, SWACO management determined that the Georgesville Road transfer station is no longer necessary to service the needs of the district. Due to proximity to the landfill, as well as alternate transfer station sites and their capacity, Georgesville Road transfer station was closed in October of 2013. This eliminates the need for major capital expenditures previously planned for the facility in 2014 through 2016.

## **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, 2012. This was the fifteenth consecutive year SWACO has received this award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

Acknowledgements

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

Sincerely,

A handwritten signature in black ink, appearing to read 'Ty Marsh', written in a cursive style.

Ty Marsh  
Executive Director



# Principal Officials

Board of Trustees  
*(Appointed by or Representing)*

David J. Bush, Chairman  
*Appointed by the Mayor of the City of  
Columbus*

Kenneth N. Wilson, *Vice Chair*  
*Appointed by the Franklin County Board of  
Commissioners*

Marilyn Brown  
*President of the Franklin County Board of  
Commissioners*

Tracie Davies  
*Designee of the Mayor of the City of  
Columbus*

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

William Lotz, Sr.  
*Appointed by the Board of Trustees  
representing the general interest of citizens*

Glenn D. Magee  
*Appointed by the Board of Trustees  
representing Industrial, Commercial, and  
Institutional Waste Generators*

Susan A. Tilgner  
*Designee of the Franklin County Health  
Commissioner*

Vacant  
*Appointed by the Board of Trustees  
representing the public*

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## Staff

Ty D. Marsh, Executive Director  
Jeffrey M. Cahill, Assistant Executive Director  
Carol Ann Phillips, Chief Financial Officer  
Michael C. Mentel, Chief Legal Officer  
Rick A. Dodge, Chief Operating Officer  
Tamara D. Foster, Controller  
Patrick W. O'Block, Budget and Management Administrator



Table of Organization  
Administration

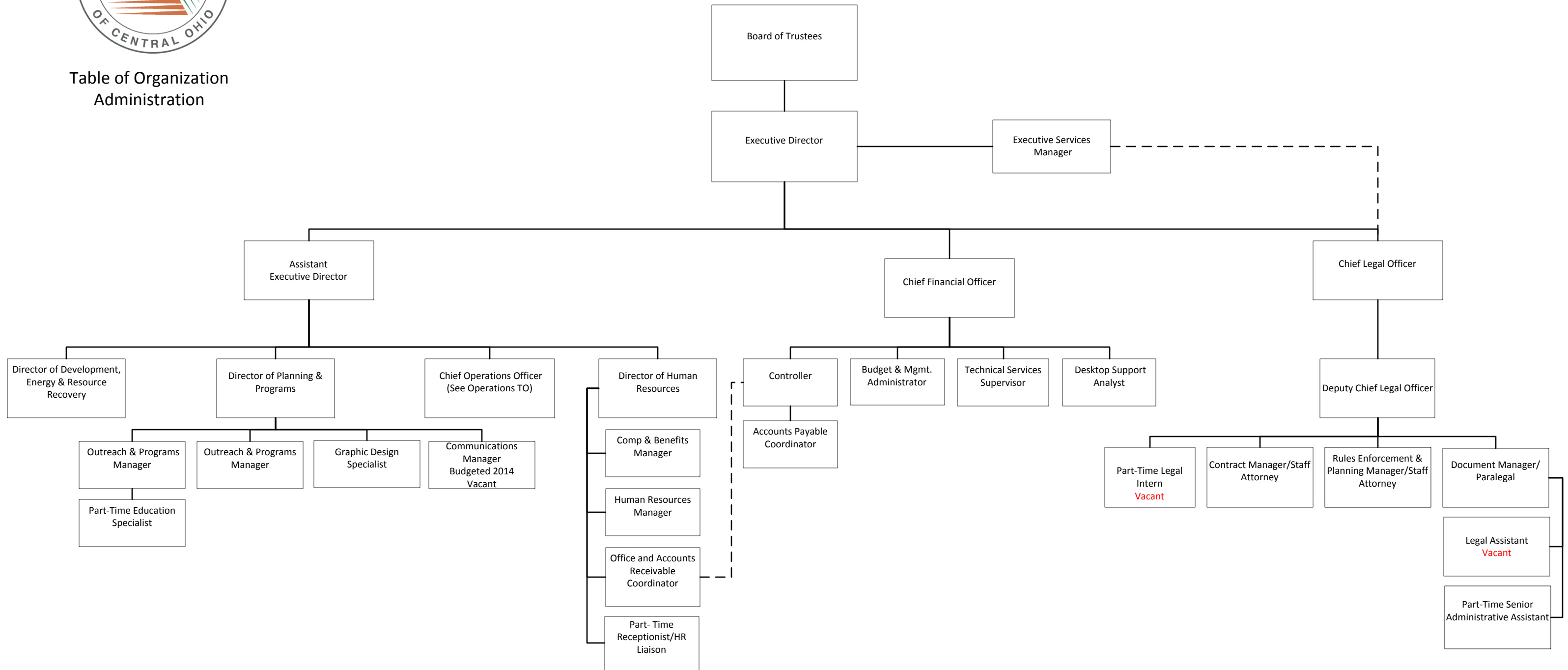
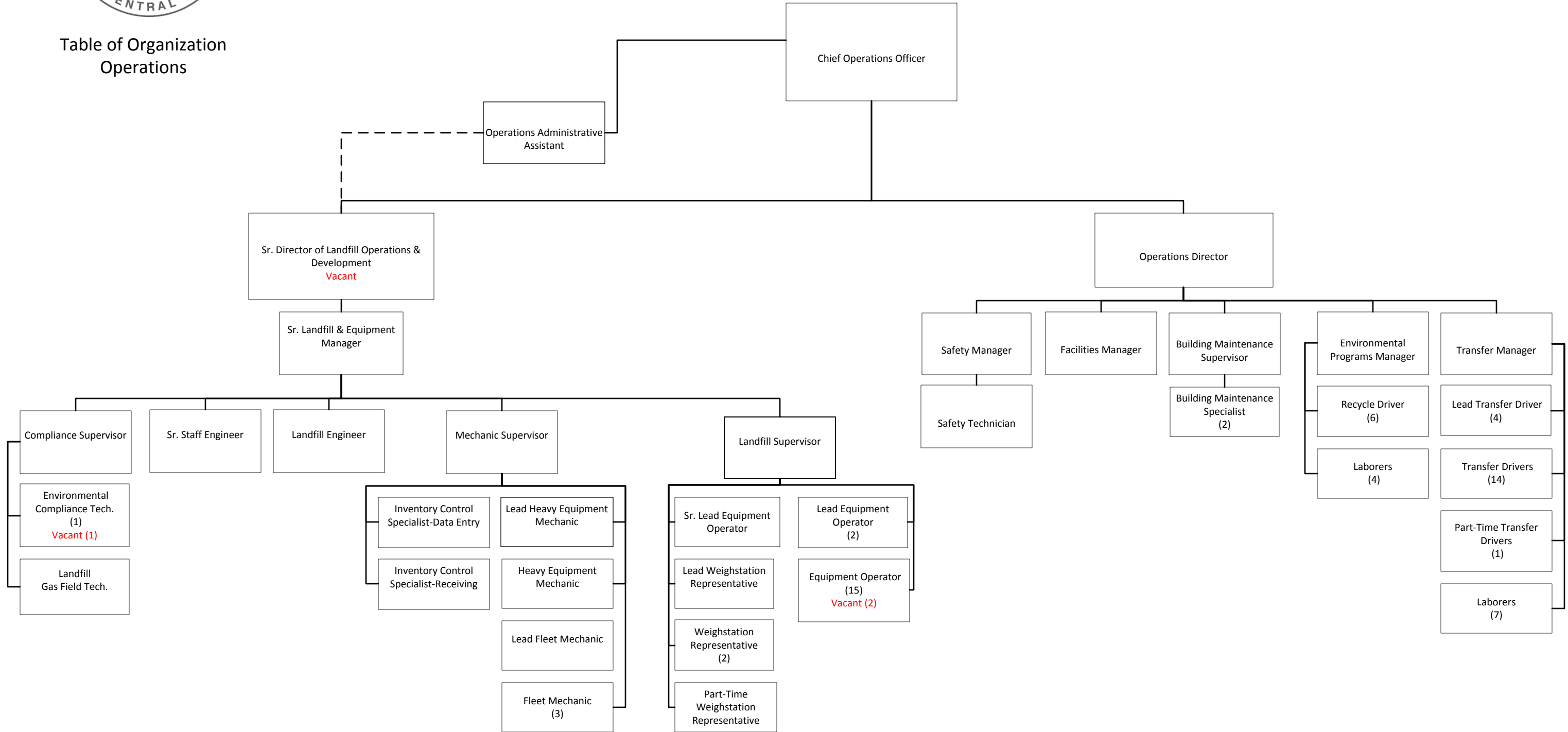
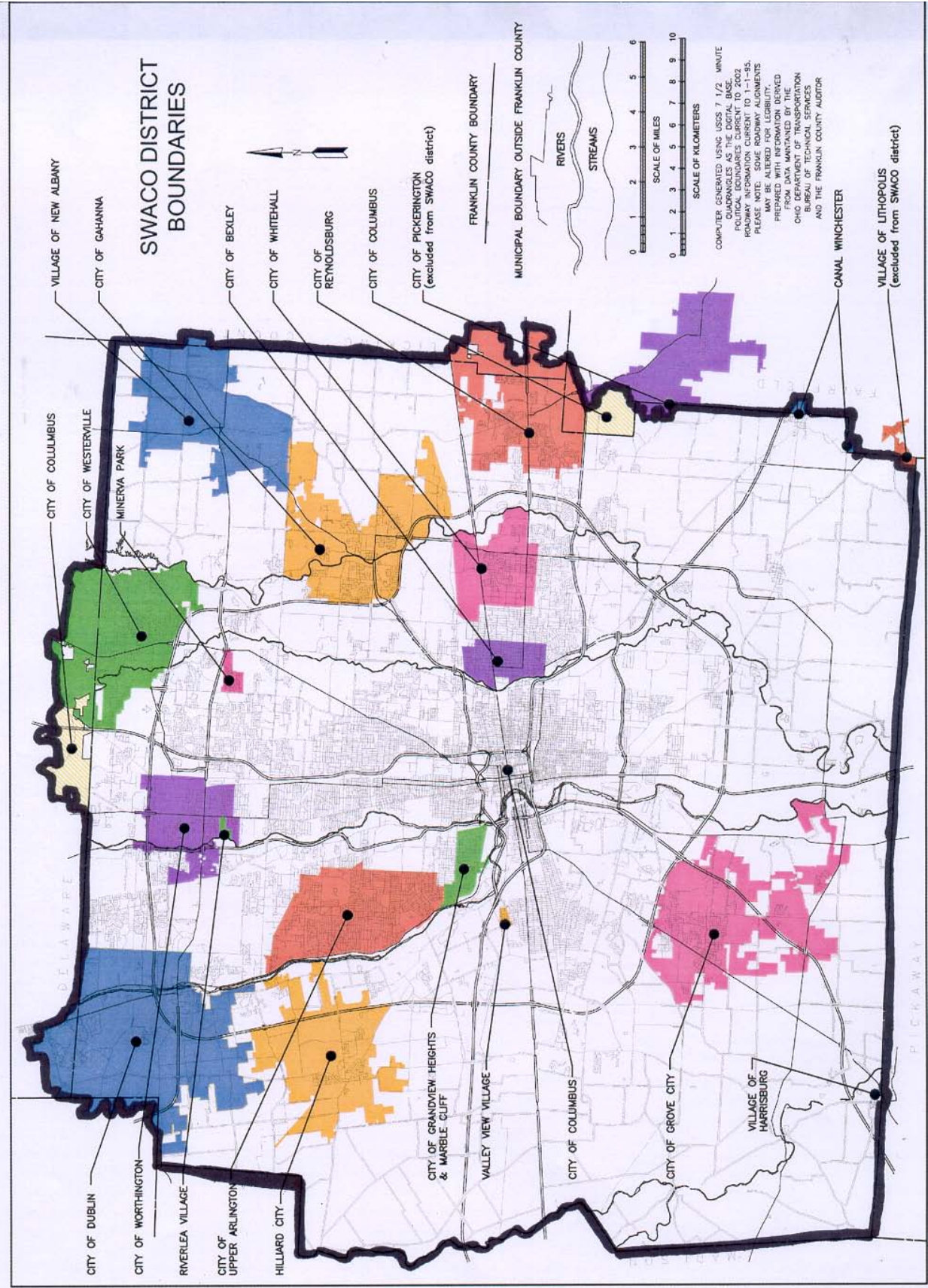




Table of Organization  
Operations







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, 2012**

Executive Director/CEO

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# **FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT

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

To the Audit and Finance Committee and the 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 (SWACO), as of and for the year ended December 31, 2013, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of SWACO, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

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

The introductory section, supplemental schedules, and statistical section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2014, on our consideration of SWACO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

*Schneider Downs & Co., Inc.*

Columbus, Ohio  
May 5, 2014

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") provides an overview of the financial performance of the Solid Waste Authority of Central Ohio (SWACO) and provides an introduction to SWACO's financial statements for the year ended December 31, 2013. 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 related bonds, the fund may be used for any other lawful solid waste management purpose deemed appropriate by the Board of Trustees. Generation Fees in the *Program Fund* are restricted by state statute to certain solid waste reduction, recycling and reuse purposes. Generation fee funds are derived from a \$5.00 fee on tipping and any grant income received.

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

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

#### Financial Highlights of 2013

- SWACO's net position increased by \$8.0 million, 44.0%, in 2013.
- Operating Fund operating income increased \$790,000, 5.5%, in 2013.
- Operating Fund fees –increased by \$666,000. Other revenue was down, primarily due to a settlement payment of approximately \$730,000 for Haughn Road improvements received in 2012.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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- Operating Fund and Program Fund operating expenses – Salaries, wages and benefits overall expense decreased approximately \$181,000 from the prior year. Salaries decreased due to vacant positions. In the Operating Fund operating expenses for salaries, wages and benefits increased slightly by \$80,000, and decreased by approximately \$261,000 in the Program Fund, which is due to vacant positions, primarily in the public relations group. The net of these fluctuations caused the approximately \$181,000 overall decrease from prior year.
- Contracts, services, and supplies increased by approximately \$183,000. The Operating Fund increased by approximately \$431,000, while the Program Fund saw a reduction of approximately \$248,000.
- Depletion and closure expense decreased \$776,000 year over year. A change in the build-out model created a large adjustment in the prior year, and moving forward the amortization expense should be more consistent. Landfill depletion expense specifically is up \$9.3 million from prior year while closure expense is down \$10.1 million from prior year due to the change in the landfill build-out model that changed the timing of expenses incurred in the prior year.
- The approximate \$890,000 increase in non-operating expense was primarily due to an increase in the allowance for doubtful accounts related to the capital lease receivable of \$2.5 million. The increase in the allowance was offset by reduced interest expense and an asset impairment in the prior year.

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## **SWACO**

### **Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)**

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#### **Combined Net Position**

The 2012 and 2013 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 \$8.0 million, 44.0%, (all funds combined).

The lease liability for the Waste-To-Energy Facility (the "WTEF") to the City of Columbus was fully paid at the end of 2011. For additional discussion on the WTEF, see *Financial Position of SWACO* on page 2-8 of the MD&A and Note 11 of the financial statements (Waste-to-Energy Facility Debt).

Significant net position changes from 2012 to 2013 are discussed in further detail, by fund, later in this MD&A.

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**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2013  
(unaudited)**

	<b>Net Position</b>		
	<b>Operating and Program Funds Combined</b>		
	<b>2012</b>	<b>2013</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 19,733,895	\$ 25,221,366	\$ 5,487,471
Restricted cash and investments	35,741,267	25,412,689	(10,328,578)
Closure/post-closure funds held by trustee	21,340,640	21,547,989	207,349
Capital assets	68,192,600	73,094,035	4,901,435
Capital lease receivable (less current portion)	5,443,783	3,326,494	(2,117,289)
<b>Total assets</b>	<b>150,452,185</b>	<b>148,602,573</b>	<b>(1,849,612)</b>
<b>Total deferred outflows of resources</b>	<b>2,533,744</b>	<b>2,423,964</b>	<b>(109,780)</b>
<b>Liabilities</b>			
Current liabilities	19,335,648	14,463,507	(4,872,141)
Bonds payable, less current portion, net	129,706,062	124,428,469	(5,277,593)
Landfill closure/post-closure liability, non current	22,062,950	22,348,796	285,846
ERIP interest payable	99,607	-	(99,607)
<b>Total liabilities</b>	<b>171,204,267</b>	<b>161,240,772</b>	<b>(9,963,495)</b>
<b>Net Position</b>			
Net investment in capital assets:			
Bonds payable related to closed waste-to-energy facility	(28,706,321)	(24,061,658)	4,644,663
Other capital assets, net	(5,286,497)	(8,068,517)	(2,782,020)
Restricted:			
Landfill closure/post closure trust fund, net of accrued liability	(137,174)	(573,315)	(436,141)
Other restricted, net	2,700,587	4,633,358	1,932,771
Unrestricted	13,211,067	17,855,897	4,644,830
<b>Total net position</b>	<b>\$ (18,218,338)</b>	<b>\$ (10,214,235)</b>	<b>\$ 8,004,103</b>

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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

The 2012 and 2013 combined revenue, expenses, and changes in fund net position of both the Operating and Program Funds are presented and compared below.

	<b>Revenues, Expenses, and Changes in Fund Net Position</b>		<b>Increase</b>
	<b>Operating and Program Funds Combined</b>		<b>(Decrease)</b>
Revenues	<b>2012</b>	<b>2013</b>	
Operating revenues	\$ 48,534,947	\$ 48,743,454	\$ 208,507
Non-operating revenues	518,596	275,798	(242,798)
Total revenues	49,053,543	49,019,252	(34,291)
Expenses			
Operating expenses	34,060,124	33,173,076	(887,048)
Non-operating expenses	7,054,894	7,842,073	787,179
Total expenses	41,115,018	41,015,149	(99,869)
Change in net position	7,938,525	8,004,103	65,578
Total net position – beginning	(26,156,863)	(18,218,338)	7,938,525
Total net position – ending	\$ (18,218,338)	\$ (10,214,235)	\$ 8,004,103

#### Financial Position of SWACO

As shown in the table above, SWACO ended 2013 with a combined net deficit of \$10.2 million, an improvement of \$8.0 million or 44.0% from 2012. The deficit is attributed to the WTEF facility. The facility was acquired in 1993, closed in 1994, and subsequently impaired and demolished. Since 1998, when the deficit on the facility reached a peak of \$167.8 million, the assessment of a retired facility fee has enabled SWACO to reduce the cumulative net operating deficit on the facility. This obligation is scheduled to be fully retired no later than 2019.

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## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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

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

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

#### Operating Fund Net Position

A comparison of Operating Fund net position as of the end of 2012 and 2013 is shown in the table on page 2-10.

Collectively, total assets decreased by \$1.9 million (1.3%). Decreases in this category are primarily due to the change in restricted cash and investments, offset by the increase of current and other assets and capital assets. The restricted cash decrease is due to the 2012 bond proceeds being spent on landfill construction and transfer stations. Capital assets increased due to the new Morse Road Eco-Station being put in-service.

Collectively, total liabilities decreased by \$9.8 million (5.8%). Major components for this decrease include a reduction of approximately \$10.0 million in bonds payable consisting of current and long term portions.

Total net position increased by \$7.9 million (40.2%) from 2012 to 2013.



# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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, 2013, the EPA Trust Fund value was \$21.5 million and the recorded closure liability was \$22.1 million, which nets to a deficit of \$600,000.

The increase in unrestricted net position of approximately \$4.6 million (35.2 %) was primarily due to an increase from cash and investments. Other accounts that contributed to this change include the ERIP payable decreasing due to the program ending in 2014.

### Operating Fund Net Position

	2012	2013	Increase (Decrease)
<b>Assets</b>			
Current and other assets	\$ 19,356,894	\$ 24,824,817	\$ 5,467,923
Restricted cash and investments	34,810,405	24,436,146	(10,374,259)
Closure/postclosure funds held by trustee	21,340,640	21,547,989	207,349
Capital assets, net	67,620,768	72,583,270	4,962,502
Capital lease receivable	5,443,783	3,326,494	(2,117,289)
<b>Total assets</b>	<b>148,572,490</b>	<b>146,718,716</b>	<b>(1,853,774)</b>
<b>Total deferred outflows of resources</b>			
	2,533,744	2,423,964	(109,780)
<b>Liabilities</b>			
Current liabilities	18,764,382	14,040,636	(4,723,746)
Bonds payable, less current portion, net	129,706,062	124,428,469	(5,277,593)
Landfill closure/postclosure liability, less current portion	22,062,950	22,348,796	285,846
ERIP payable, less current portion	99,607	-	(99,607)
<b>Total liabilities</b>	<b>170,633,001</b>	<b>160,817,901</b>	<b>(9,815,100)</b>
<b>Net position</b>			
Net investment in capital assets:			
Lease obligation and bonds payable related to closed waste-to-energy facility	(28,706,321)	(24,061,658)	4,644,663
Other capital assets, net	(5,858,329)	(8,579,282)	(2,720,953)
Restricted:			
Landfill closure/postclosure trust fund, net of accrued liability	(137,174)	(573,315)	(436,141)
Other restricted, net	1,963,990	3,683,137	1,719,147
Unrestricted	13,211,067	17,855,897	4,644,830
<b>Total net position</b>	<b>\$ (19,526,767)</b>	<b>\$ (11,675,221)</b>	<b>\$ 7,851,546</b>

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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

The following table compares 2012 and 2013 revenues, expenses and changes in fund net position in the Operating Fund.

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

	<u>2012</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 29,251,191	\$ 29,216,552	\$ (34,639)
Waste transfer fees	4,426,914	4,835,723	408,809
Retired facility and waiver fees	8,842,132	9,133,694	291,562
Other	886,330	375,572	(510,758)
	<u>43,406,567</u>	<u>43,561,541</u>	<u>154,974</u>
Operating revenues			
Operating revenues	43,406,567	43,561,541	154,974
Operating expenses:			
Salaries, wages and benefits	8,739,214	8,819,254	80,040
Contract, services and supplies	7,378,331	7,809,425	431,094
Solid waste fees	4,763,445	4,766,322	2,877
Depreciation	3,695,137	3,698,834	3,697
Landfill depletion	(5,976,432)	3,394,861	9,371,293
Landfill closing costs	10,791,186	643,490	(10,147,696)
Interfund transfers	(239,749)	(616,389)	(376,640)
	<u>29,151,132</u>	<u>28,515,797</u>	<u>(635,335)</u>
Operating expenses			
Operating expenses	29,151,132	28,515,797	(635,335)
Operating income	<u>14,255,435</u>	<u>15,045,744</u>	<u>790,309</u>
Nonoperating revenues (expenses)			
Bad debt expense on loan receivable	-	(2,500,000)	(2,500,000)
Interest expense	(5,700,007)	(4,746,093)	953,914
ERIP interest expense	(71,745)	(32,113)	39,632
Interest earnings	386,029	248,598	(137,431)
Grant revenues	132,567	-	(132,567)
Grants awarded	(15,000)	-	15,000
Gain (loss) on disposal of assets	(236,005)	(164,590)	71,415
Impairment of long-lived assets	(800,000)	-	800,000
	<u>(6,304,161)</u>	<u>(7,194,198)</u>	<u>(890,037)</u>
Total nonoperating expenses, net			
Change in net position	7,951,274	7,851,546	(99,728)
Total net position – beginning	<u>(27,478,041)</u>	<u>(19,526,767)</u>	<u>7,951,274</u>
Total net position – ending	<u>\$ (19,526,767)</u>	<u>\$ (11,675,221)</u>	<u>\$ 7,851,546</u>

## **SWACO**

### **Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)**

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Solid waste receipts to SWACO's facilities during 2013 were 1,020,000 tons, 1.26% under 2012 receipts of 1,033,000 tons. The modest decrease was due to the loss of auto shredder waste volume at the landfill, offset by higher volume accepted at the transfer stations. Due to decreased volume, tipping and disposal fees decreased approximately \$35,000. SWACO's tonnage is based on various rate categories such as the retired facility fees, generations fee, and waste transfer fee. Even though overall tonnage was down from prior year, some fee categories may have increased due to the type of tonnage that SWACO received.

Retired facility and waiver fees increased modestly by approximately \$292,000 (3.3%).

Collectively, operating revenues realized an increase of 0.4%, or approximately \$155,000.

Expenses for salaries, wages and benefits were \$80,000 (1.0%) more in 2013 compared to 2012. This small increase is primarily due to salary and wage adjustments.

Contracts, services and supplies expenses increased by approximately \$431,000 (5.9%) in 2013. The Operating Fund realized this increase due to an increase in real estate taxes related to the reclassification of land that was removed from agricultural use to commercial value, leachate maintenance to the landfill, and aggregates for the operations at the landfill.

Depletion expense increased approximately \$9.3 million in 2013 from the prior year. The increase is primarily due to a change implemented in prior year to the build-out model. The build-out model takes into account the major components of cell construction and common costs and the timing applied to future expenditures, which reduced depletion expense, but increased closure expense in 2012 by approximately the same amount.

Interfund transfers increased by approximately \$377,000, 157.1% more than 2012. Interfund transfers did not net to zero between the Operating Fund and the Program Fund this year due to SWACO capitalizing its internal costs related to the landfill transitional cover.

Collectively, operating expenses decreased by approximately \$635,000 (2.2%). This outcome was primarily related to a decrease in the net of depletion/closing costs of approximately \$776,000.

The net effect of these changes resulted in an increase in operating income of approximately \$790,000 (5.5%) from prior year.

Non-operating revenues and expenses net to an expense in 2013 of \$7.2 million. This represents a net increase of approximately \$890,000 (14.1%) over prior year. The combination of an increase in the allowance for doubtful accounts of \$2.5 million and a reduction of interest expense of approximately \$1 million are the largest contributing factors for this change.

SWACO's financial position in the Operating Fund increased by approximately \$7.8 million in 2013, decreasing SWACO's net deficit from \$19.5 million to \$11.7 (40%), million at the end of 2013.

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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### Program Fund Net Position

Total net position at the end of 2013 was \$1.5 million, a small change from the prior year. Restricted net position (cash and receivables less payables) was \$950,000, an increase of \$214,000 (29.0%). Net position invested in capital assets, net of related debt, was \$511,000, a decrease of \$61,000 (10.7%).

### Program Fund Net Position

	<u>2012</u>	<u>2013</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current assets	\$ 1,307,863	\$ 1,373,092	\$ 65,229
Capital assets	571,832	510,765	(61,067)
<b>Total assets</b>	<u>1,879,695</u>	<u>1,883,857</u>	<u>4,162</u>
<b>Liabilities</b>			
Current liabilities	571,266	422,871	(148,395)
<b>Total liabilities</b>	<u>571,266</u>	<u>422,871</u>	<u>(148,395)</u>
<b>Net position</b>			
Net investment in capital assets	571,832	510,765	(61,067)
Restricted	736,597	950,221	213,624
<b>Total net position</b>	<u>\$ 1,308,429</u>	<u>\$ 1,460,986</u>	<u>\$ 152,557</u>

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

A comparison of 2012 and 2013 revenues and expenses in the Program Fund is shown on page 2-14.

#### Program Fund Operating Revenues

Generation fees increased modestly, \$155,000 (3.2%) in 2013 compared to 2012.

#### Program Fund Operating Expenses

Program Fund operating expenses collectively decreased by approximately \$252,000 (5.1%) in 2013. Salaries, wages, and benefits decreased approximately \$261,000 primarily due to reduced headcount. Contracts, services, and supplies decreased by approximately \$248,000. This decrease consisted of a reduction in contracts related to public information and a decrease in the number of educational and awareness initiatives being done internally.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

#### Non-Operating Income & Expenses

Non-operating transactions primarily consisted of grant activities. Grants awarded and received, representing both pass-through and SWACO grants, increased by approximately \$140,000 (60.3%). Timing of grants in the year they are awarded contributed to this increase.

Ending net position in the Program Fund increased by approximately \$153,000 (11.7%) from 2012 to 2013.

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

	<u>2012</u>	<u>2013</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Generation fees	\$ 4,918,851	\$ 5,074,001	\$ 155,150
Other	209,529	107,912	(101,617)
Operating revenues	<u>5,128,380</u>	<u>5,181,913</u>	<u>53,533</u>
Operating expenses:			
Salaries, wages and benefits	1,392,818	1,131,474	(261,344)
Contracts, services and supplies	3,206,080	2,958,389	(247,691)
Depreciation and depletion	70,345	67,068	(3,277)
Interfund transfers	239,749	500,348	260,599
Operating expenses	<u>4,908,992</u>	<u>4,657,279</u>	<u>(251,713)</u>
Operating income	<u>219,388</u>	<u>524,634</u>	<u>305,246</u>
Nonoperating revenues (expenses):			
Grants awarded	(232,137)	(399,277)	(167,140)
Grants received	-	27,200	27,200
Total nonoperating expenses, net	<u>(232,137)</u>	<u>(372,077)</u>	<u>(139,940)</u>
Change in net position	(12,749)	152,557	165,306
Total net position– beginning	<u>1,321,178</u>	<u>1,308,429</u>	<u>(12,749)</u>
Total net position – ending	<u>\$ 1,308,429</u>	<u>\$ 1,460,986</u>	<u>\$ 152,557</u>

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

### Capital Assets

SWACO's investments in depreciable capital assets include the Sanitary Landfill and related facilities and equipment, two transfer stations, a fleet maintenance facility, a landfill operations facility, the administrative office building and furnishings, and solid waste transfer vehicles and related equipment. Additionally, SWACO owns a 28,000 square foot light manufacturing building which is located at 2512 Jackson Pike which SWACO leases from the City of Columbus. SWACO entered into a capital lease with a recycling company who currently occupies this facility. SWACO also owns land for facilities and buffer area in the vicinity of the landfill. SWACO ran a third transfer station through October 2013, which closed operations due to the facility being outdated and would require future capital costs. The Landfill and other two transfer stations absorbed the tonnages.

The increase in net assets being depreciated or depleted was \$6.1 million in the Operating Fund due primarily to the Morse Road Eco-Station's completion. SWACO also purchased property as buffer and as a potential source of soil for closure activities. The following table compares SWACO's investments in capital assets as of the end of 2012 and 2013.

	<b>Capital Assets</b>		<b>Increase (Decrease)</b>
<b>Operating Fund</b>	<b>2012</b>	<b>2013</b>	
Capital assets, not being depreciated:			
Land and land improvements	\$ 18,064,028	\$ 18,162,644	\$ 98,616
Construction in progress	9,885,584	8,641,363	(1,244,221)
Total capital assets, not being depreciated	27,949,612	26,804,007	(1,145,605)
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	7,508,732	6,204,075	(1,304,657)
Building and improvements	7,495,505	7,253,805	(241,700)
Transfer stations	742,419	11,175,466	10,433,047
Sanitary landfill	23,924,500	21,145,917	(2,778,583)
Total capital assets, being depreciated, net	39,671,156	45,779,263	6,108,107
Total capital assets, net	\$ 67,620,768	\$ 72,583,270	\$ 4,962,502
<b>Program Fund</b>			
Capital assets, not being depreciated:			
Construction in progress	\$ -	\$ 6,000	\$ 6,000
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	\$ 41,374	\$ 32,347	\$ (9,027)
Building and improvements	530,458	472,418	(58,040)
Total capital assets, net	\$ 571,832	\$ 510,765	\$ (61,067)

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)

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

#### Debt Administration

SWACO's outstanding debt as of December 31, 2012 and 2013 is shown in the following table:

	Outstanding Long-Term Debt		Increase
	2012	2013	(Decrease)
General obligation bonds, net	\$ 137,413,941	\$ 128,708,665	\$ (8,705,276)
Taxable notes	4,700,905	4,355,528	(345,377)
Total	<u>\$ 142,114,846</u>	<u>\$ 133,064,193</u>	<u>\$ (9,050,653)</u>

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

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

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 unvoted general obligations of SWACO and contain a pledge of the full faith and credit of SWACO for the payment of the principal and interest on the bonds when due.

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

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## **SWACO**

### **Management's Discussion & Analysis for the Year Ended December 31, 2013 (unaudited)**

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

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

#### **Economic Factors**

Similar to other local governments in Ohio, SWACO continues to face economic pressures. Waste receipts at the Franklin County Sanitary Landfill in 2013 were down slightly from the previous year.

In 2010, SWACO 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. Solid waste receipts to SWACO's facilities during 2013 were approximately 1,020,000 tons, 1.26% under 2012 receipts of 1,033,000 tons. Decreased volumes were due to the loss of auto shredder waste volume at the landfill, offset by higher volume accepted at the transfer stations.

#### **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 Carol Ann Phillips at 614.801.6418, or by e-mail at [carolann.phillips@swaco.org](mailto:carolann.phillips@swaco.org).

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**SWACO**  
**Statement of Net Position – Proprietary Funds**  
**As of December 31, 2013**

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Assets	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 14,220,991	-	\$ 14,220,991
Restricted cash	24,436,146	\$ 976,543	25,412,689
Investments	5,876,550	-	5,876,550
Accounts receivable, net of allowance for bad debts	3,891,038	396,549	4,287,587
Lease receivable, current portion	313,770	-	313,770
Other assets	522,468	-	522,468
Total current assets	49,260,963	1,373,092	50,634,055
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	21,547,989	-	21,547,989
Capital assets:			
Sanitary landfill, net of accumulated depletion	21,145,917	-	21,145,917
Buildings and equipment and furnishings, net of accumulated depreciation	24,633,346	504,765	25,138,111
Construction in progress	8,641,363	6,000	8,647,363
Land and land improvements	18,162,644	-	18,162,644
Lease receivable, less current portion	3,326,494	-	3,326,494
Total noncurrent assets	97,457,753	510,765	97,968,518
Total assets	\$ 146,718,716	\$ 1,883,857	\$148,602,573
Deferred outflows of resources	2,423,964	-	2,423,964

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, 2013**

<b>Liabilities</b>	<b>Business-type Activities – Enterprise Funds</b>		
	<b>Operating Fund</b>	<b>Program Fund</b>	<b>Total</b>
Current liabilities:			
Accounts payable	\$ 3,251,201	\$218,117	\$ 3,469,318
SWACO grants payable	-	87,700	87,700
Accrued wages and benefits	699,257	91,455	790,712
Accrued interest	790,276	-	790,276
Current maturities of bonds and notes payable	8,635,724	-	8,635,724
Unearned lease revenue	318,053	-	318,053
Landfill postclosure liability-current portion	301,600	-	301,600
Other payables	44,525	25,599	70,124
<b>Total current liabilities</b>	<b>14,040,636</b>	<b>422,871</b>	<b>14,463,507</b>
Noncurrent liabilities:			
Bonds and notes payable, less current portion, net	124,428,469	-	124,428,469
Landfill closure/postclosure liability	22,348,796	-	22,348,796
<b>Total noncurrent liabilities</b>	<b>146,777,265</b>	<b>-</b>	<b>146,777,265</b>
<b>Total liabilities</b>	<b>160,817,901</b>	<b>422,871</b>	<b>161,240,772</b>
<b>Net Position</b>			
Net investment in capital assets:			
Bonds payable related to closed waste-to-energy facility	(24,061,658)	-	(24,061,658)
Other capital assets, net	(8,579,282)	510,765	(8,068,517)
Restricted:			
Closure/postclosure trust fund net of accrued liability – Sanitary Landfill	(573,315)	-	(573,315)
Other restricted, net	3,683,137	950,221	4,633,358
Unrestricted	17,855,897	-	17,855,897
<b>Total net position</b>	<b>\$ (11,675,221)</b>	<b>\$ 1,460,986</b>	<b>\$ (10,214,235)</b>

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, 2013**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Operating revenues:</b>			
Tipping and disposal fees	\$ 29,216,552	-	\$ 29,216,552
Waste transfer fees	4,835,723	-	4,835,723
Retired facility and waiver fees	9,133,694	-	9,133,694
Generation fees	-	\$ 5,074,001	5,074,001
Other	375,572	107,912	483,484
Operating revenues	<u>43,561,541</u>	<u>5,181,913</u>	<u>48,743,454</u>
<b>Operating expenses:</b>			
Salaries, wages and benefits	8,819,254	1,131,474	9,950,728
Contract, services and supplies	7,809,425	2,958,389	10,767,814
Solid waste fees	4,766,322	-	4,766,322
Depreciation	3,698,834	67,068	3,765,902
Landfill depletion	3,394,861	-	3,394,861
Landfill closing costs	643,490	-	643,490
Interfund charges	(616,389)	500,348	(116,041)
Operating expenses	<u>28,515,797</u>	<u>4,657,279</u>	<u>33,173,076</u>
Operating income	<u>15,045,744</u>	<u>524,634</u>	<u>15,570,378</u>
<b>Nonoperating revenues (expenses):</b>			
Bad debt expense	(2,500,000)	-	(2,500,000)
Interest expense	(4,746,093)	-	(4,746,093)
ERIP interest expense	(32,113)	-	(32,113)
Interest earnings	248,598	-	248,598
Grant revenues	-	27,200	27,200
Grants awarded	-	(399,277)	(399,277)
Loss on disposal of assets	(164,590)	-	(164,590)
Total nonoperating expenses, net	<u>(7,194,198)</u>	<u>(372,077)</u>	<u>(7,566,275)</u>
Change in net position	7,851,546	152,557	8,004,103
Total net position – beginning	<u>(19,526,767)</u>	<u>1,308,429</u>	<u>(18,218,338)</u>
Total net position – ending	<u>\$ (11,675,221)</u>	<u>\$ 1,460,986</u>	<u>\$ (10,214,235)</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, 2013**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 34,533,321	-	\$ 34,533,321
Retired facility fee and waiver fees collected	9,105,358	-	9,105,358
Generation fees collected	-	\$ 5,054,452	5,054,452
Other receipts	375,573	107,912	483,485
Payments to or on behalf of employees for salaries, wages and benefits	(9,612,596)	(1,171,941)	(10,784,537)
Payments to vendors	(13,300,124)	(3,055,902)	(16,356,026)
Model Landfill postclosure costs paid	(221,294)	-	(221,294)
Interfund charges	616,389	(500,348)	116,041
Other payments	(13,761)	-	(13,761)
Net cash provided by operating activities:	<u>21,482,866</u>	<u>434,173</u>	<u>21,917,039</u>
<b>Cash flows from noncapital financing activities:</b>			
Grants received	-	16,785	16,785
Grants awarded	-	(399,277)	(399,277)
Net cash used in noncapital financing activities	<u>-</u>	<u>(382,492)</u>	<u>(382,492)</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	29,795,031	-	29,795,031
Purchase of investments	(28,972,213)	-	(28,972,213)
Interest received	276,319	-	276,319
Net cash provided by investing activities	<u>\$ 1,099,137</u>	<u>-</u>	<u>\$ 1,099,137</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, 2013**

	Operating Fund	Program Fund	Total
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	\$ 23,547,175	-	\$ 23,547,175
Proceeds from sale of assets	92,897	-	92,897
Proceeds from capital lease	321,066	-	321,066
Landfill, facilities and equipment additions and disposals	(12,481,167)	\$ (6,000)	(12,487,167)
Principal paid on bonds and notes payable	(30,448,784)	-	(30,448,784)
Interest paid	(6,917,977)	-	(6,917,977)
Net cash used in capital and related financing activities	<u>(25,886,790)</u>	<u>(6,000)</u>	<u>(25,892,790)</u>
Net decrease in cash and cash equivalents	(3,304,787)	\$ 45,681	(3,259,106)
Cash and cash equivalents, beginning of year	41,961,924	930,862	42,892,786
Cash and cash equivalents, end of year	<u>\$ 38,657,137</u>	<u>\$ 976,543</u>	<u>\$ 39,633,680</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 15,045,744	\$ 524,634	\$ 15,570,378
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and depletion	7,093,695	67,068	7,160,763
Landfill closing costs	643,490	-	643,490
Increase (decrease) in cash resulting from changes in:			
Accounts receivable (net)	452,711	(19,548)	433,163
Accounts payable	(1,166,772)	(97,513)	(1,264,285)
Accrued wages and benefits	(693,735)	(40,468)	(734,203)
ERIP payable	(99,607)	-	(99,607)
Landfill postclosure liability	(221,294)	-	(221,294)
Other assets and liabilities	428,634	-	428,634
Net cash provided by operating activities	<u>\$ 21,482,866</u>	<u>\$ 434,173</u>	<u>\$ 21,917,039</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, 2013**

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

Amortization of premiums on bonds payable of \$2,177,937.

Bond defeasements net of amortization \$109,781.

Change in carrying value of investments resulting in a gain of \$16,115.

Bad debt allowance on loan receivable of \$2,500,000.

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

# SWACO

## Notes to Financial Statements

### As of December 31, 2013

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#### 1. Organization

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

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

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

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

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

# SWACO

## Notes to Financial Statements

### As of December 31, 2013

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SWACO derives its revenue principally from fees levied on the disposal of solid waste. SWACO collects these fees in two ways: 1) tipping fees charged for solid waste disposal and waste transfer services provided at SWACO facilities; and 2) fees assessed on all solid waste generated within the District. These fees are established pursuant to authorization within the Ohio Revised Code (“ORC”) and agreements established with private landfill owners. SWACO had one customer which accounted for approximately 33% of SWACO’s total operating revenues for the year ended December 31, 2013. The customer accounted for approximately 30% of accounts receivable at December 31, 2013.

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenue of SWACO is charges to customers for tipping and disposal fees.



# SWACO

## Notes to Financial Statements

### As of December 31, 2013

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

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

Within the Operating Fund, SWACO segregates revenues and expenses for Continuing Operations (primarily the Sanitary Landfill and transfer stations) from Discontinued Operations (the WTEF) to allow management to more easily focus on operating results from ongoing operations. Additionally, certain revenues within the Operating Fund are dedicated to the payment of the WTEF related bonds (Note 11 – Waste-to-Energy Facility Debt) and may not be used for other purposes. The separation of the Operating Fund into Continuing and Discontinued Operations is shown in the supplemental schedules beginning on page 2-53.

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

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

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

*Accounts receivable:* SWACO extends credit to public and private customers of the landfill, transfer stations, and other SWACO facilities and reports amounts owed to SWACO net of any allowance for bad debts. The allowance for bad debts is calculated by identifying specific accounts that are more than 90 days past due with no payment activity. As of December 31, 2013, the allowance for bad debt was approximately \$7,800. Accounts receivable also includes amounts owed by private transfer stations and landfills for solid waste received at the facilities, generated within the boundaries of SWACO and subject to the Generation Fee and Waiver Fee.

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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

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

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

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

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

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

*Net Position:* Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. *Net investment in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for acquisition, construction or improvements of those assets. Any unspent capital related to debt proceeds do not reduce *Net investment in capital assets, net of related debt*. Net position is reported as restricted when there are external restrictions imposed on their use, either contractually, by debt covenant, or by statute.

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

# SWACO

## Notes to Financial Statements

### As of December 31, 2013

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*New accounting pronouncements:* In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans*. This statement is to improve financial reporting by state and local governmental pension plans. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This statement is effective for financial statements for fiscal years beginning after June 15, 2013. The adoption of this statement is not expected to have an impact on SWACO's financial statements.

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

In January 2013, the GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement established accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. The requirements of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013, and be applied on a prospective basis. We are currently assessing the potential impact of the adoption of this statement on SWACO's financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The provisions of this statement are effective for reporting periods beginning after June 15, 2013. The adoption of this statement is not expected to have an impact on SWACO's financial statements.

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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

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

*Subsequent Events:* Subsequent events are defined as events or transactions that occur after the statement of net position date, but before the financial statements are issued or available to be issued. Management has evaluated subsequent events through May 5, 2014, which is the date that the financial statements were available to be issued.

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**3. Cash and Investments**

SWACO pools its cash and investments except for funds held by a trustee for landfill closure/postclosure care and funds held in escrow.

*Deposits:* Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which SWACO places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation, or other legally constituted authority of any other state or any instrumentality of such county, municipal corporation or other authority.

At December 31, 2013, the carrying amounts of SWACO's deposits were \$38,085,976, while the bank balances were \$38,674,402. Of the bank deposits, \$250,000 was insured by the Federal Deposit Insurance Corporation, and \$38,424,402 was uninsured and collateralized by collateral pools held by the financial institutions and not in the name of SWACO.

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

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

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

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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

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

SWACO reports its investments at fair value in accordance with GASB Statement No. 31. SWACO recorded an unrealized loss of \$55,000 as of December 31, 2013, which represents the difference between fair value and the cost as of that date. Fair value was determined using quoted market prices. The chart on the next page summarizes SWACO's cash and investments at fair market value as of December 31, 2013:

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

**Cash and Investments at December 31, 2013**

<u>Operating and Program Funds</u>	<u>Fair Value</u>	<u>Maturity in Years</u>	
		<u>Less than 1</u>	<u>1 to 3</u>
Carrying amount of deposits	\$ 38,085,976	\$ 38,085,976	-
Federal agency securities	5,876,550	2,311,441	\$ 3,565,109
Money market mutual funds/sweep acct.	1,545,299	1,545,299	-
Cash on hand	2,400	2,400	-
STAR Ohio	5	5	-
	<u>45,510,230</u>	<u>41,945,121</u>	<u>3,565,109</u>
 <u>Closure/Postclosure Trust Fund</u>			
Money market mutual funds	825,450	825,450	-
Federal agency securities	20,722,539	7,468,916	13,253,623
	<u>21,547,989</u>	<u>8,294,366</u>	<u>13,253,623</u>
 Totals	 <u>\$ 67,058,219</u>	 <u>\$ 50,239,487</u>	 <u>\$ 16,818,732</u>

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

<u>Per Statement of Net Position</u>	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 14,220,991	-	\$ 14,220,991
Restricted cash	24,436,146	\$ 976,543	25,412,689
Investments	5,876,550	-	5,876,550
Closure/postclosure funds held by trustee:			
Investments	21,547,989	-	21,547,989
 Totals	 <u>\$ 66,081,676</u>	 <u>\$ 976,543</u>	 <u>\$ 67,058,219</u>

*Concentration of Credit Risk:* SWACO's investment policy limits the amount that may be invested with any one issuer to fifty percent of the total portfolio. As of December 31, 2013, investments in the following issuers exceeded five percent of the portfolio: FNMA Notes (29%), FHLMC Notes (27%), FFCB Notes (19%), FHLB Notes (16%) and Schwab Money Market Fund (5%).

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$24,436,146 in the Operating Fund and \$976,543 in the Program Fund were restricted at December 31, 2013 for debt service, capital projects, by State law, or for other purposes.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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**4. Restricted Assets**

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

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

**Restricted Net Position**

	Operating Fund	Program Fund	Total
Cash			
Capital projects account	\$ 21,200,718	-	\$ 21,200,718
Unexpended grant proceeds		\$ 25,599	25,599
Bond retirement account	2,786,938	-	2,786,938
Unexpended generation fees		950,944	950,944
Unexpended waiver fees	380,991		380,991
Interest earned	67,499	-	67,499
	<u>24,436,146</u>	<u>976,543</u>	<u>25,412,689</u>
Waiver and generation fees receivable	556,167	396,549	952,716
Less bonds payable related to capital projects Account	(21,200,718)	-	(21,200,718)
Less amounts payable from restricted assets	<u>(108,458)</u>	<u>(422,871)</u>	<u>(531,329)</u>
Other restricted net position	<u>\$ 3,683,137</u>	<u>\$ 950,221</u>	<u>\$ 4,633,358</u>



**5. Closure/Postclosure 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, postclosure 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 Postclosure Care Costs). The amount to be funded for the financial assurance estimate is paid in annual installments over a maximum twenty-year pay-in period. Annual payments have been made by SWACO in recent years 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 (three years as of December 31, 2013).

The required Fund payment due and paid in April 2014 was \$970,268.

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

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

**6. Capital Assets**

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

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

Landfill development costs (land acquisition, engineering, construction and other direct costs associated with the permitting, development, and construction of landfill capacity) are capitalized and depleted based on the percentage of permitted capacity used during the year. Depletion is calculated based on cubic yards of solid waste disposed and placed in the landfill as measured through an annual aerial survey. Costs associated with development of the entire landfill site are depleted based on the percentage of total permitted capacity used (approximately 44.1% as of December 31, 2013). Costs associated with the development and construction of individual expansion cells are depleted based on the percentage of horizontal capacity used (16.3% as of December 31, 2013).

Depletion and closure expense decreased \$776,000 year over year. A change in the build-out model created a large adjustment in the prior year, and moving forward the amortization should be more consistent. Landfill depletion expense specifically is up \$9.3 million from prior year while closure expense is down \$10.1 million from prior year due to a change in the landfill build-out model that changes the timing of expenses incurred.

Construction in progress primarily consists of landfill construction of cell H-3.

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As of the end of 2013, SWACO estimates total landfill development costs at approximately \$162.5 million, including approximately \$70.0 million expended through 2013 (including construction in progress) and approximately \$92.5 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$41.9 million as of December 31, 2013, leaving an estimate of \$120.6 million in depletion expense over the remaining life of the landfill.

A summary of capital assets at December 31, 2013 is shown on the following page.

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**Summary of property, plant and equipment at December 31, 2013**

<b>Operating Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land and land improvements	\$ 18,064,028	\$ 98,616	-	\$ 18,162,644
Construction in progress	9,885,584	11,139,209	\$(12,383,430)	8,641,363
<b>Total capital assets, not being depreciated</b>	<b>27,949,612</b>	<b>11,237,825</b>	<b>(12,383,430)</b>	<b>26,804,007</b>
Capital assets, being depreciated/depleted:				
Equipment and furnishings	25,322,335	1,244,231	(1,183,611)	25,382,955
Building and improvements	10,069,386	448,860	(84,496)	10,433,750
Transfer stations	7,853,851	11,201,354	(4,081,310)	14,973,895
Sanitary landfill	62,478,965	616,278	-	63,095,243
<b>Total capital assets, being depreciated/depleted</b>	<b>105,724,537</b>	<b>13,510,723</b>	<b>(5,349,417)</b>	<b>113,885,843</b>
Less accumulated depreciation/depletion for:				
Equipment and furnishing	(17,813,603)	(2,476,117)	1,110,840	(19,178,880)
Building and improvements	(2,573,881)	(674,365)	68,301	(3,179,945)
Transfer stations	(7,111,432)	(548,352)	3,861,355	(3,798,429)
Sanitary landfill	(38,554,465)	(3,394,861)	-	(41,949,326)
<b>Total accumulated depreciation/depletion</b>	<b>(66,053,381)</b>	<b>(7,093,695)</b>	<b>5,040,496</b>	<b>(68,106,580)</b>
<b>Total capital assets, being deprec./depl., net</b>	<b>39,671,156</b>	<b>6,417,028</b>	<b>(308,921)</b>	<b>45,779,263</b>
<b>Total capital assets, net</b>	<b>\$ 67,620,768</b>	<b>\$ 17,654,853</b>	<b>\$(12,692,351)</b>	<b>\$ 72,583,270</b>
<b>Program Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Construction in progress	-	\$ 6,000	-	\$ 6,000
<b>Total capital assets, not being depreciated</b>	<b>-</b>	<b>6,000</b>	<b>-</b>	<b>6,000</b>
Capital assets, being depreciated:				
Equipment and furnishings	\$ 647,938	-	\$ (20,455)	627,483
Building and improvements	1,210,214	-	-	1,210,214
<b>Total capital assets, being depreciated</b>	<b>1,858,152</b>	<b>-</b>	<b>(20,455)</b>	<b>1,837,697</b>
Less accumulated depreciation for:				
Equipment and furnishing	(606,566)	(9,027)	20,455	(595,138)
Building and improvements	(679,754)	(58,040)	-	(737,794)
<b>Total accumulated depreciation</b>	<b>(1,286,320)</b>	<b>(67,067)</b>	<b>20,455</b>	<b>(1,332,932)</b>
<b>Total capital assets, being depreciated, net</b>	<b>571,832</b>	<b>(67,067)</b>	<b>-</b>	<b>504,765</b>
<b>Total capital assets, net</b>	<b>\$ 571,832</b>	<b>\$ (61,067)</b>	<b>\$ -</b>	<b>\$ 510,765</b>

**7. Capital Leases Receivable**

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

Beginning in January 2010, the lessee of the Facility defaulted, and was unable to pay the monthly rent due under the lease agreement. On June 15, 2010, the lease agreement was amended to provide the lessee with a reduced monthly rental obligation. Under the 2010 amendment, payments were \$25,000 per month (\$300,000 per year), with a balloon payment due on June 15, 2012 of approximately \$5,100,000. In June 2012, the Board authorized an amendment extending the due date of the balloon payment to June 15, 2013. In addition, the monthly payments increased to \$30,000 per month (\$360,000 per year) and the lessee agreed to pay a non-removal fee in the amount of \$300,000 if the principal payment was not made on or before June 15, 2013. The lessee failed to make the June 15, 2013 balloon payment, but continued making \$30,000 monthly payments through the end of 2013. In March 2014, SWACO entered into a forbearance agreement with the lessee. Under the forbearance agreement, monthly payments of \$30,000 will resume on April 15, 2014, with a balloon payment of approximately \$4,700,000 due on December 31, 2015 (including the \$300,000 non-removal fee). Interest income under the lease for the year ended December 31, 2013 approximated \$126,000. In recognition of the diminished financial condition of the lessee, SWACO recorded a \$2,500,000 allowance against the loan receivable in 2013.

Upon payment of the Principal Payment Due as defined in the Payment Schedule, the lessee shall have the option to purchase the Facility from SWACO for \$1. So long as the lessee is in all respects compliant with the terms and conditions of the modified lease agreement, it may, at any time prior to December 31, 2015, pay to SWACO an amount equal to the Principal Payment due without incurring any penalty for the early payment, and shall have the option to purchase the Facility from SWACO for \$1.

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, 2013 approximated \$12,000.

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Estimated future minimum lease payments receivable, together with the present value of the net minimum lease payments receivable as of December 31, 2013 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2014	\$ 323,482
2015	5,089,737
2016	58,344
2017	58,344
2018	58,344
2019-2023	291,720
2024-2028	291,720
2029	58,344
Total minimum lease payments receivable	6,230,035
Less amount representing interest	407,823
Present value of minimum lease payments	<u>\$ 5,822,212</u>

**8. Retirement Commitments**

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

OPERS administers three separate pension plans:

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

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

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

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

*Funding policy.* The ORC provides statutory authority for employee and employer contributions. For 2013, member contribution rates were consistent across all three plans. The 2013 employee contribution rate for members in local government was 10.0%. It is SWACO’s policy to pay 5.0% of the employee contribution for full time employees hired prior to January 1, 2009.

Employees hired after January 1, 2009 contribute the entire 10.0% employee share. The 2013 employer contribution rate for local government employer units was 14.0% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employer units. Active members do not make contributions to the OPEB Plan.

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

	Employee share paid by employees	Employee share paid by SWACO	Employer share paid by SWACO	Total paid by SWACO
2013	\$ 487,994	\$ 189,533	\$ 955,424	\$ 1,144,957
2012	444,425	240,044	965,648	1,205,692
2011	309,168	293,744	865,216	1,158,960
2010	184,127	393,287	815,084	1,208,371

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

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OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The employer contribution allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. Effective January 1, 2014, the portion of employer contributions allocated to healthcare was raised to 2% for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The rates stated above are the actuarially determined contribution requirements to OPERS. SWACO's contributions to OPERS to fund post-employment health care benefits were approximately \$68,000 for 2013.

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

**9. Employee Retirement Incentive Plan**

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

A total of 18 employees elected to retire utilizing the Plan benefit. The total cost of the Plan was approximately \$2,500,000, and will be paid in five annual installments of approximately \$568,000, for total cost with interest of approximately \$2,880,000. Interest expense related to the ERIP in 2013 was \$32,113. In 2014, the final year of the annual installments, SWACO will pay approximately \$108,000 in principal and interest.

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**10. Debt Management**

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

**Outstanding Notes and Bonds as of December 31, 2013**

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2013
Series 2004B	29,670,000	2006-2014	3.50%-5.00%	585,000
Series 2005 refunding	12,320,000	2008-2017	5.00%	5,750,000
Series 2008	19,975,000	2010-2028	4.00%-5.20%	17,245,000
Series 2010	15,590,000	2012-2029	2.00%-5.70%	4,445,000
Series 2012	79,015,000	2013-2032	1.50%-5.00%	71,570,000
Series 2013A	9,375,000	2015-2026	1.50%-4.00%	9,375,000
Series 2013B	9,540,000	2014-2032	0.45%-5.00%	9,540,000
Subtotal, General Obligation Bonds				\$ <u>118,510,000</u>
Taxable Revenue Notes,				
Series 2013	4,170,000	2014-2016	1.30%	4,170,000
Promissory note	261,250	2011-2016	5.00%	185,228
Subtotal, notes payable				\$ <u>4,355,228</u>

*Series 2004A Bonds.* SWACO issued \$57.2 million general obligation bonds in 2004 to refinance a portion of the WTEF lease as discussed in Note 11. Although the bonds are general obligations of SWACO secured by a pledge to levy ad valorem property taxes, SWACO expects to pay debt service on the bonds from Retired Facility Fees and Waiver Fees collected by SWACO (see Note 11). Series 2004A was fully retired in December 2013, Retired Facility Fees and Waiver Fees collected by SWACO will continue to pay the debt service on the portions of Series 2012 and Series 2013B bonds attributable to the refunding of 2004A.

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

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

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

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

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

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

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

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

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

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

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

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

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It is anticipated that the debt service on the Series 2004B, Series 2005 refunding, Series 2008, Series 2012 (except for debt service on the \$24,365,000 portion of the issue which refunded 2004A) and Series 2013 (except for debt service on the \$2,195,000 portion of the issue which refunded the 2004A portion of 2012) bonds will be paid from SWACO's tipping fees or other sources of revenues. However, as is the case with the series 2004A bonds, the Series 2004B, Series 2008, Series 2010, Series 2012 and Series 2013 bonds are general obligation bonds secured by a pledge to levy ad valorem property taxes.

The following table summarizes SWACO's annual debt service requirements to maturity for its general obligation bonds (including general obligation bonds issued by Franklin County on behalf of SWACO) and outstanding as of December 31, 2013 categorized by source of debt service payment.

Year ended December 31,	Paid from Tipping Fees		Paid from Retired Facility/Waiver Fees		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	Series 2004B, 2005 Refunding, 2008, 2010, 2012, 2013A & 2013B		Series 2012 and 2013B			
2014	\$3,750,000	\$4,369,868	\$4,545,000	\$741,634	\$8,295,000	\$5,111,502
2015	3,615,000	4,136,241	4,650,000	648,163	8,265,000	4,784,404
2016	3,750,000	3,991,944	4,765,000	524,305	8,515,000	4,516,249
2017	3,920,000	3,839,574	4,950,000	346,388	8,870,000	4,185,962
2018	2,775,000	3,688,004	4,750,000	225,538	7,525,000	3,913,542
2019-2023	26,145,000	15,677,264	-	-	26,145,000	15,677,264
2024-2028	28,250,000	9,111,085	-	-	28,250,000	9,111,085
2029-2032	22,645,000	2,409,225	-	-	22,645,000	2,409,225
Total	\$94,850,000	\$47,223,205	\$23,660,000	\$2,486,028	\$118,510,000	\$49,709,233

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

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

## SWACO

### Notes to Financial Statements

#### As of December 31, 2013

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

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

*Legal Debt Margins.* SWACO’s debt is not subject to direct debt limitations, but its unvoted general obligation debt (debt authorized by SWACO’s Board of Trustees but not by a vote of the electors) is subject to overlapping debt restrictions with other political subdivisions. These limitations apply to each overlapping county, municipal corporation, school district or other issuing authority. Limitations apply to each county total and are not considered cumulatively. Total debt service charges for any one year of all overlapping debt may not exceed ten mills (1%) of the assessed property value within the overlapping jurisdictions. This determination is made by the respective county auditors each time a subdivision proposes to issue unvoted debt. At the time of SWACO’s most recent unvoted debt issue in 2013, the maximum millage required in any overlapping jurisdictions was 9.0544 mills, leaving a margin of 0.9456 mills.

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

*Summary of Debt and Long-Term Liabilities*

Including the bonds and notes payable, long-term liability activity for the year ended December 31, 2013 was as follow:

<b>Operating and Program Funds</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
General obligation notes and bonds payable					
Series 2004A	\$ 3,895,000	\$ -	\$ (3,895,000)	\$ -	\$ -
Series 2004B	1,495,000	-	(910,000)	585,000	585,000
Series 2005 Refunding	7,000,000	-	(1,250,000)	5,750,000	1,325,000
Series 2008 Bonds	19,165,000	-	(1,920,000)	17,245,000	820,000
Series 2010 Bonds	14,965,000	-	(10,520,000)	4,445,000	720,000
Series 2012 Bonds	79,015,000	-	(7,445,000)	71,570,000	4,185,000
Series 2013A Bonds	-	9,375,000	-	9,375,000	-
Series 2013B Bonds	-	9,540,000	-	9,540,000	660,000
Unamortized bond premiums	11,878,941	491,064	(2,171,340)	10,198,665	-
<b>Total general obligation notes and bonds payable, net</b>	<b>137,413,941</b>	<b>19,406,064</b>	<b>(28,111,340)</b>	<b>128,708,665</b>	<b>8,295,000</b>
Notes payable					
Taxable Revenue Notes, Series 2012	4,470,000	-	(4,470,000)	-	-
Taxable Revenue Notes, Series 2013	-	4,170,000	-	4,170,000	300,000
Promissory note	224,312	-	(38,784)	185,528	40,724
Unamortized note premiums	6,593	-	(6,593)	-	-
<b>Total notes payable</b>	<b>4,700,905</b>	<b>4,170,000</b>	<b>(4,515,377)</b>	<b>4,355,528</b>	<b>340,724</b>
Landfill closure & postclosure liability	22,228,200	422,196	-	22,650,396	301,600
ERIP payable	617,362	-	(517,755)	99,607	99,607
<b>Total debt and long term liabilities</b>	<b>\$ 164,960,408</b>	<b>\$23,998,260</b>	<b>\$ (33,144,472)</b>	<b>\$ 155,814,196</b>	<b>\$ 9,036,931</b>

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

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

## **SWACO**

### **Notes to Financial Statements**

#### **As of December 31, 2013**

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

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

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

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

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

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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

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

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

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

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

On August 7, 2013, SWACO issued General Obligation Taxable Solid Waste Facilities Refunding Bonds, Series 2013B, in the amount of \$9,540,000. A portion of the proceeds were used to refund \$2,125,000 of the outstanding \$23,970,000 Series 2012 bonds which were attributable to the 2004A refunding. The \$7.00 Retired Facility Fee and Waiver Fee will fund the debt service on the 2013B issue attributable to the 2004A portion of the 2012 refunding.

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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**12. Landfill Closure and Postclosure Care Costs**

State and federal laws and regulations require SWACO to place a final cover on its Sanitary Landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although final closure and postclosure 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 Postclosure Care Costs, SWACO reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each Statement of Net Position date.

SWACO's estimate of total current cost of closure and postclosure care is \$50.2 million. This estimate includes final cover and gas collection system costs for the last phase of the landfill construction of \$42.5 million and postclosure maintenance and monitoring costs of \$7.7 million. These amounts are estimated based on the 2013 cost to perform all closure and postclosure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The amount reported as Landfill Closure/Postclosure liability as of December 31, 2013 includes \$22.1 million representing the cumulative amount reported based on the use of 44.1% of the estimated capacity of the landfill, including the original permit and 1997 and 2009 modifications. SWACO will recognize the remaining estimated cost of closure and postclosure care costs of approximately \$28.1 million as the remaining estimated capacity is filled.

SWACO also maintains and monitors the Model Landfill, which has been closed since 1985. The Model Landfill is not subject to the same state and federal laws and regulations as the current operating landfill. In an effort to manage postclosure costs, SWACO leased the closed landfill to a private entity in 1999 to develop a public golf course on the site, and leased the landfill gas collection system and sold the gas rights for the purpose of generating electricity. The amounts reported as Landfill Closure/Postclosure care liability as of December 31, 2013 includes \$301,600 as a current liability related to monitoring, leachate treatment and gas collection costs and \$227,492 as a noncurrent liability representing the estimated cost of the future maintenance and monitoring costs at the site. SWACO continues to incur remediation costs to the model landfill for its gas system. On January 15, 2014, SWACO entered into an asset purchase agreement with Phoenix Golf Links, Ltd. to acquire all of their operating assets, located at SWACO's closed Model Landfill. The assets were purchased for \$2,375,000 and a related Model Landfill lease agreement was terminated at the same time.



**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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**13. Service Agreements**

SWACO entered into a modification of a yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, SWACO pays a quarterly service fee (beginning January 1, 2010) of \$71,250 to the service provider to accept and process yard waste delivered by SWACO District constituents.

Operating expenses under the service agreement were \$285,000 in 2013. The future maximum service payments are \$285,000 annually from 2014 through 2022.

SWACO also entered into a modification of another yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, beginning January 1, 2010, SWACO pays the service provider a per-ton fee for yard waste composting services up to a maximum annual payment of \$1,200,000, to accept and process yard waste delivered by SWACO District constituents. Operating expenses under the service agreement were \$1,200,000 in 2013. The future maximum service payments are \$1,200,000 annually from 2014 through 2022.

**14. Commitments and Contingencies**

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

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

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**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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**15. Risks and Uncertainties**

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

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

SWACO provides health care benefits to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,006 employees of Franklin, Pickaway and Fairfield Counties, SWACO and other Central Ohio political subdivisions. There are approximately 15,348 plan subscribers when spouses and dependents and domestic partners are counted. During 2013 these benefits included a self-insured participating provider organization medical plan, a prescription drug program, a mental health and chemical dependency program, employee assistant program (EAP) and dental and vision benefits. The program is administered by third parties which 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, 2013 or 2012.

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, 2013. 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 2013 that were incurred in 2013, 2012, and 2011, but is unable to quantify the monetary value.

	<u>2012</u>	<u>2013</u>
Unpaid claims at January 1	\$ 571	\$ -
Incurred claims	9,769	119,344
Paid claims	<u>(10,340)</u>	<u>(119,344)</u>
Unpaid claims at December 31	<u>\$ -</u>	<u>\$ -</u>

**SWACO**  
**Notes to Financial Statements**  
**As of December 31, 2013**

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**16. Subsequent Event**

On January 15, 2014, SWACO entered into an asset purchase agreement with Phoenix Golf Links, Ltd. to acquire all of their operating assets, located at SWACO's closed Model Landfill. The assets were purchased for \$2,375,000 and a related Model Landfill lease agreement was terminated at the same time.

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**SWACO**  
**Supplemental Schedule – Operating Fund Statement of Net Position – Proprietary**  
**Fund**  
**As of December 31, 2013**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 14,220,991	-	\$ 14,220,991
Restricted cash	21,268,218	\$ 3,167,928	24,436,146
Investments	5,876,550	-	5,876,550
Accounts receivable, net	3,334,871	556,167	3,891,038
Lease receivable, current portion	313,770	-	313,770
Other assets	522,468	-	522,468
Total current assets	<u>45,536,868</u>	<u>3,724,095</u>	<u>49,260,963</u>
Noncurrent assets:			
Investments held by trustee for landfill closure/post closure care	21,547,989	-	21,547,989
Capital assets			
Sanitary landfill, net of accumulated depletion	21,145,917	-	21,145,917
Buildings and equipment, net of accumulated depreciation	24,633,346	-	24,633,346
Construction in progress	8,641,363	-	8,641,363
Land and land improvements	18,162,644	-	18,162,644
Lease receivable, less current portion	3,326,494	-	3,326,494
Total noncurrent assets	<u>97,457,753</u>	<u>-</u>	<u>97,457,753</u>
Total assets	<u>142,994,621</u>	<u>3,724,095</u>	<u>146,718,716</u>
Deferred outflows of resources	\$ 1,040,410	\$ 1,383,554	\$ 2,423,964

**Continued on the following page**

The Independent Auditors' report should be read with this schedule.

**SWACO****Supplemental Schedule – Operating Fund Statement of Net Position – Proprietary Fund****As of December 31, 2013**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 3,251,201	-	\$ 3,251,201
Accrued wages and benefits	699,257	-	699,257
Accrued interest	719,910	\$ 70,366	790,276
Current maturities of bonds and notes payable	4,090,724	4,545,000	8,635,724
Unearned lease revenue	318,053	-	318,053
Landfill postclosure liability-current portion	301,600	-	301,600
Other payables	44,525	-	44,525
Total current liabilities	9,425,270	4,615,366	14,040,636
Noncurrent liabilities			
Bonds and notes payable, less current portion, net	103,528,257	20,900,212	124,428,469
Landfill closure/postclosure liability	22,348,796	-	22,348,796
Total noncurrent liabilities	125,877,053	20,900,212	146,777,265
Total liabilities	135,302,323	25,515,578	160,817,901
<b>Net position</b>			
Net investment in capital assets:			
Bonds payable related to closed waste-to-energy facility	-	(24,061,658)	(24,061,658)
Other capital assets, net	(8,579,282)	-	(8,579,282)
Restricted:			
Closure/postclosure trust fund net of accrued liability – Sanitary Landfill	(573,315)	-	(573,315)
Other restricted, net	29,408	3,653,729	3,683,137
Unrestricted	17,855,897	-	17,855,897
Total net position	\$ 8,732,708	\$ (20,407,929)	\$ (11,675,221)

The Independent Auditors' report should be read with this schedule.

**SWACO****Supplemental Schedule – Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  
As of December 31, 2013**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Operating revenues:</b>			
Tipping and disposal fees	\$ 29,216,552	-	\$ 29,216,552
Waste transfer fees	4,835,723	-	4,835,723
Retired facility and waiver fees	2,029,710	\$ 7,103,984	9,133,694
Other	359,372	16,200	375,572
Operating revenues	36,441,357	7,120,184	43,561,541
<b>Operating expenses:</b>			
Salaries, wages and benefits	8,819,254	-	8,819,254
Contract, services and supplies	7,809,362	63	7,809,425
Solid waste fees	4,766,322	-	4,766,322
Depreciation	3,698,834	-	3,698,834
Landfill depletion	3,394,861	-	3,394,861
Landfill closing cost	643,490	-	643,490
Interfund transfers	(616,389)	-	(616,389)
Operating expenses	28,515,734	63	28,515,797
Operating income (loss)	7,925,623	7,120,121	15,045,744
<b>Nonoperating revenues (expenses):</b>			
Bad debt expense	(2,500,000)	-	(2,500,000)
Interest expense	(3,989,782)	(756,311)	(4,746,093)
ERIP interest expense	(32,113)	-	(32,113)
Interest earnings	248,598	-	248,598
Loss on disposal of assets	(164,590)	-	(164,590)
Total nonoperating expenses, net:	(6,437,887)	(756,311)	(7,194,198)
Change in net position	1,487,736	6,363,810	7,851,546
Total net position – beginning	7,244,972	(26,771,739)	(19,526,767)
Total net position – ending	\$ 8,732,708	\$ (20,407,929)	\$ (11,675,221)

The Independent Auditors' report should be read with this schedule.

**SWACO****Supplemental Schedule – Operating Fund Statement of Cash Flows – Proprietary Fund****As of December 31, 2013**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 34,533,321	-	\$ 34,533,321
Retired facility fees and waiver fees collected	2,029,710	\$ 7,075,648	9,105,358
Other receipts	359,373	16,200	375,573
Payments to or on behalf of employees for salaries, wages and benefits	(9,612,596)	-	(9,612,596)
Payment to vendors	(13,300,062)	(62)	(13,300,124)
Landfill post closure cost paid	(221,294)	-	(221,294)
Interfund charges	616,389	-	616,389
Other receipts	(13,761)	-	(13,761)
Net cash provided by operating activities	<u>14,391,080</u>	<u>7,091,786</u>	<u>21,482,866</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	29,795,031	-	29,795,031
Purchase of investments	(28,972,213)	-	(28,972,213)
Interest received	276,319	-	276,319
Net cash (used in) provided by investing activities	<u>1,099,137</u>	<u>-</u>	<u>1,099,137</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from capital debt	20,932,175	2,615,000	23,547,175
Proceeds from the sale of assets	92,897	-	92,897
Proceeds from capital lease	321,066	-	321,066
Landfill, plant improvements and equipment additions	(12,481,167)	-	(12,481,167)
Principal paid on bonds and notes payable	(23,628,784)	(6,820,000)	(30,448,784)
Interest paid	(5,710,738)	(1,207,239)	(6,917,977)
Net cash used in capital and related financing activities	<u>(20,474,551)</u>	<u>(5,412,239)</u>	<u>(25,886,790)</u>
Net increase (decrease) in cash	(4,984,334)	1,679,547	(3,304,787)
Cash and cash equivalents, beginning of year	<u>40,473,542</u>	<u>1,488,382</u>	<u>41,961,924</u>
Cash and cash equivalents, end of year	<u>\$ 35,489,208</u>	<u>\$ 3,167,929</u>	<u>\$ 38,657,137</u>

**Continued on the following page**

The Independent Auditors' report should be read with this schedule.

**SWACO****Supplemental Schedule – Operating Fund Statement of Cash Flows – Proprietary Fund****As of December 31, 2013**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating (loss) income	\$ 7,925,622	\$ 7,120,122	\$ 15,045,744
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and depletion	7,093,695	-	7,093,695
Landfill closing cost	643,490	-	643,490
(Decrease) increase in cash resulting from changes in:			
Accounts receivable (net)	481,047	(28,336)	452,711
Accounts payable	(1,166,772)	-	(1,166,772)
Accrued wages and benefits	(693,735)	-	(693,735)
ERIP payable	(99,607)	-	(99,607)
Landfill postclosure liability	(221,294)	-	(221,294)
Other assets and liabilities	428,634	-	428,634
Net cash provided by operating activities	<u>\$ 14,391,080</u>	<u>\$ 7,091,786</u>	<u>\$ 20,482,866</u>

**Noncash capital and related financing activities:**

Amortization of premiums on bonds payable of \$1,489,124 for Continuing Operations and \$688,813 for Discontinued Operations.

Bond defeasements net of amortization of \$139,370 for Continuing Operations and \$249,151 for Discontinued Operations.

Change in carrying value of investments resulting in a loss of \$16,115 (Continuing Operations).

Bad debt allowance on loan receivable of \$2,500,000 (Continuing Operations).

The Independent Auditors' report should be read with this schedule.



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# **STATISTICAL SECTION**

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

STATISTICAL SECTION

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

Tables 1 and 2 provide ten years of financial information for SWACO. Table 3 is a budget to actual comparison for year 2013.

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

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

Tables 12 through 20 provide debt service schedules for SWACO’s outstanding notes and bonds. Table 21 shows various debt ratios for SWACO. It includes total debt (notes and bonds) per capita, total general obligation debt as a percent of SWACO assessed property valuation (although backed by a pledge to levy ad valorem property taxes, SWACO’s general obligation bonds are paid from other sources, see Note 10 to the financial statements), and annual debt service per ton for bonds paid from the landfill tipping fee. Table 22 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 23 through 25. Table 26 provides information on capital assets.

**SWACO**  
**Schedules of Net Position - All Funds**  
**For Years Ended December 31, 2004 through 2013**  
(in thousands)<sup>1</sup>

<b>ASSETS</b>	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cash and cash equivalents	\$ 7,210	\$ 3,128	\$ 3,558	\$ 4,524	\$ 2,461	\$ 7,349	\$ 5,599	\$ 5,238	\$ 7,152	\$ 14,221
Restricted cash	20,277	5,286	4,668	9,877	2,443	1,817	6,582	25,506	35,741	25,413
Unrestricted and restricted investments	2,001	14,757	9,909	7,917	6,857	3,008	5,055	7,337	6,886	5,877
Accounts receivable, net	3,976	3,010	3,360	3,113	3,329	3,036	3,794	3,640	4,721	4,288
Pollution allowances sales receivable	-	10,015	-	-	-	-	-	-	-	-
Grant receivable	-	-	-	1,980	1,500	-	26	495	357	-
Closure/postclosure funds held by trustee	16,873	17,799	19,218	21,104	23,035	20,648	21,027	21,199	21,341	21,548
Sanitary Landfill, net of accum. deprec./depletion	10,262	20,448	23,441	22,586	13,850	18,600	12,767	16,010	23,925	21,146
Buildings & equipment, net of accum. depreciation	9,905	17,045	15,054	14,133	18,394	17,662	14,679	16,722	16,318	25,138
Construction in progress	9,093	6,577	4,401	10,279	9,107	4,341	3,558	2,606	9,886	8,647
Land and land improvements	9,931	9,931	9,931	11,721	11,721	12,711	12,711	13,036	18,064	18,163
Lease receivable	-	1,559	1,559	4,900	4,878	4,708	5,518	5,218	5,851	3,640
Idle plant facilities - WTEF (Note 11)	1,121	-	-	-	-	-	-	-	-	-
Other assets	357	447	169	349	130	53	23	210	212	522
<b>Total assets</b>	<b>91,006</b>	<b>110,002</b>	<b>95,269</b>	<b>112,484</b>	<b>97,706</b>	<b>93,934</b>	<b>91,339</b>	<b>117,217</b>	<b>150,454</b>	<b>148,603</b>
<b>Total deferred outflows of resources</b>									<b>\$ 2,533</b>	<b>\$ 2,424</b>

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

Continued

Table 1 (continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>LIABILITIES</b>										
Accounts payable, deferred revenue, and unearned income	\$ 4,491	\$ 7,298	\$ 2,312	\$ 4,278	\$ 2,113	\$ 2,050	\$ 2,593	\$ 3,506	\$ 4,164	\$ 3,787
Accrued wages and benefits	856	762	814	750	896	1,380	1,408	1,418	1,525	791
SWACO grants payable	-	-	-	-	-	34	41	39	71	88
ERIP payable	-	-	-	-	-	1,139	1,097	617	100	0
Accrued interest	1,140	980	850	706	520	743	903	885	891	790
Bonds and notes payable (Note 10)	102,274	106,498	103,407	110,564	106,491	102,263	108,320	125,197	142,115	133,064
Capital lease obligation (Note 11)	28,751	27,356	15,817	14,269	6,225	4,099	1,889	-	-	-
Landfill closure/postclosure care liability (Note 12)	16,927	18,124	18,711	19,828	10,150	11,237	12,086	11,584	22,228	22,651
Other	7	232	130	283	413	177	37	128	111	70
<b>Total liabilities</b>	<b>154,445</b>	<b>161,250</b>	<b>142,041</b>	<b>150,680</b>	<b>126,810</b>	<b>123,122</b>	<b>128,374</b>	<b>143,374</b>	<b>171,205</b>	<b>161,241</b>
<b>NET POSITION</b>										
Invested in capital assets, net of related debt:										
WTEF, net of lease obligation & bonds payable	(84,010)	(80,586)	(65,846)	(61,014)	(49,595)	(43,987)	(38,176)	(32,559)	(28,706)	(24,062)
Other capital assets, net	5,195	4,433	2,517	6,680	(1,054)	(3,609)	(17,925)	(16,480)	(5,286)	(8,069)
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	1,974	1,661	1,715	2,325	13,887	10,399	9,901	10,512	(137)	(573)
Other restricted, net	8,621	18,491	7,961	8,252	1,184	514	777	1,614	2,701	4,633
Unrestricted	4,780	4,753	6,881	5,562	6,474	7,496	8,388	10,756	13,210	17,857
<b>Total net position</b>	<b>\$ (63,439)</b>	<b>\$ (51,248)</b>	<b>\$ (46,772)</b>	<b>\$ (38,196)</b>	<b>\$ (29,104)</b>	<b>\$ (29,187)</b>	<b>\$ (37,035)</b>	<b>\$ (26,157)</b>	<b>\$ (18,218)</b>	<b>\$ (10,214)</b>

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-24.

**SWACO**  
**Schedules of Revenues, Expenses, and Changes in Fund Net Position - All Funds**  
**For Years Ended December 31, 2004 through 2013**  
(in thousands)<sup>1</sup>

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues:</b>										
Tipping and disposal fees	\$ 14,423	\$ 16,754	\$ 18,376	\$ 18,958	\$ 18,650	\$ 18,101	\$ 21,141	\$ 26,870	\$ 29,251	\$ 29,217
Waste transfer fees	4,010	4,448	4,377	4,336	4,537	4,403	4,441	4,487	4,427	4,836
Retired facility and waiver fees	8,113	8,016	7,949	7,892	7,614	9,162	9,473	9,095	8,842	9,134
Generation fees	5,801	5,720	5,716	5,663	5,438	5,090	5,265	5,054	4,919	5,074
Other	128	574	319	617	582	563	846	435	1,096	482
<b>Operating revenues</b>	<b>32,475</b>	<b>35,512</b>	<b>36,737</b>	<b>37,467</b>	<b>36,822</b>	<b>37,319</b>	<b>41,166</b>	<b>45,941</b>	<b>48,535</b>	<b>48,743</b>
<b>Expenses:</b>										
Salaries, wages and benefits	6,127	6,790	7,104	7,351	9,692	11,226	9,457	9,281	10,132	9,951
Contracts, services and supplies	14,406	14,918	10,248	10,566	10,800	9,491	10,172	12,102	10,584	10,768
Solid waste fees	2,192	2,686	3,276	3,236	3,122	3,250	4,342	4,929	4,764	4,766
Depreciation and depletion	2,141	3,612	6,874	5,672	10,334	7,428	13,960	5,290	(2,211)	7,161
Landfill closing expenses	844	1,239	1,365	1,276	(9,630)	1,100	877	(440)	10,791	643
Other	20	2	-	-	-	-	10	1	-	(116)
<b>Operating expenses</b>	<b>25,730</b>	<b>29,247</b>	<b>28,867</b>	<b>28,101</b>	<b>24,318</b>	<b>32,495</b>	<b>38,818</b>	<b>31,163</b>	<b>34,060</b>	<b>33,173</b>
<b>Operating income</b>	<b>6,745</b>	<b>6,265</b>	<b>7,870</b>	<b>9,366</b>	<b>12,504</b>	<b>4,824</b>	<b>2,348</b>	<b>14,778</b>	<b>14,475</b>	<b>15,570</b>

Continued

Table 2 (continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Nonoperating revenues (expenses):										
Interest expense	(4,246)	(5,232)	(5,040)	(5,116)	(4,858)	(4,729)	(4,498)	(4,347)	(5,700)	(4,746)
ERIP interest expense	-	-	-	-	-	(42)	(128)	(108)	386	(32)
Interest earnings	617	1,344	1,962	2,680	2,471	762	567	417	(72)	249
Grant revenues	145	404	240	2,192	379	307	621	495	133	27
Grants awarded	(462)	(636)	(574)	(593)	(498)	(712)	(587)	(369)	(247)	(399)
Loss on federal grant	-	-	-	-	(480)	(512)	-	-	-	-
Bad debt expense	-	-	-	-	-	-	(127)	-	-	(2,500)
Impairment of long-lived assets	-	-	-	-	-	-	(6,100)	-	(800)	-
Fire loss net of insurance proceeds	-	-	-	-	(382)	-	-	-	-	-
Gain (loss) on disposal of assets	(19)	(4)	19	47	(44)	19	57	12	(236)	(165)
<b>Total nonoperating expenses</b>	<b>(3,965)</b>	<b>(4,124)</b>	<b>(3,393)</b>	<b>(790)</b>	<b>(3,412)</b>	<b>(4,908)</b>	<b>(10,195)</b>	<b>(3,900)</b>	<b>(6,536)</b>	<b>(7,566)</b>
Special and extraordinary items										
Gain on forgiveness of debt	19,652	-	-	-	-	-	-	-	-	-
Sale of pollution allowances	3,835	10,051	-	-	-	-	-	-	-	-
Reduction of LF closure liability	-	-	-	-	-	-	-	-	-	-
Impairment loss-WTEF	-	-	-	-	-	-	-	-	-	-
<b>Change in net position</b>	<b>26,267</b>	<b>12,192</b>	<b>4,477</b>	<b>8,576</b>	<b>9,092</b>	<b>(84)</b>	<b>(7,847)</b>	<b>10,878</b>	<b>7,939</b>	<b>8,004</b>
<b>Total net position - beginning</b>	<b>(89,706)</b>	<b>(63,439)</b>	<b>(51,248)</b>	<b>(46,772)</b>	<b>(38,196)</b>	<b>(29,104)</b>	<b>(29,188)</b>	<b>(37,035)</b>	<b>(26,157)</b>	<b>(18,218)</b>
<b>Total net position - ending</b>	<b>\$ (63,439)</b>	<b>\$ (51,248)</b>	<b>\$ (46,772)</b>	<b>\$ (38,196)</b>	<b>\$ (29,104)</b>	<b>\$ (29,188)</b>	<b>\$ (37,035)</b>	<b>\$ (26,157)</b>	<b>\$ (18,218)</b>	<b>\$ (10,214)</b>

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

Source: SWACO

**SWACO**  
**Schedule of Revenues, Expenses and Changes in Fund Net Position**  
**2013 Budget to Actual (in thousands)**

	Operating Fund			Program Fund			All Funds Total			
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Budget Variance Positive (Negative)
<u>Operating revenues:</u>										
Tipping and disposal fees	\$ 29,545	\$ 29,545	\$ 29,217	\$ -	\$ -	\$ -	\$ 29,545	\$ 29,545	\$ 29,217	\$ (328)
Waste transfer fees	4,470	4,470	4,836	-	-	-	4,470	4,470	4,836	366
Retired facility and waiver fees	9,008	9,008	9,134	-	-	-	9,008	9,008	9,134	126
Generation fees	-	-	-	5,013	5,013	5,074	5,013	5,013	5,074	61
Other	105	105	376	224	224	108	329	329	484	155
<b>Total operating revenues</b>	<b>43,128</b>	<b>43,128</b>	<b>43,563</b>	<b>5,237</b>	<b>5,237</b>	<b>5,182</b>	<b>48,365</b>	<b>48,365</b>	<b>48,745</b>	<b>380</b>
<u>Operating expenses:</u>										
Salaries, wages and benefits	9,591	9,591	8,819	1,326	1,326	1,131	10,917	10,917	9,951	966
Contracts, services and supplies	8,423	8,423	7,809	3,231	3,231	2,958	11,654	11,654	10,768	886
Solid waste fees	5,018	5,018	4,766	-	-	-	5,018	5,018	4,766	252
Depreciation and depletion	9,965	9,965	7,094	67	67	67	10,032	10,032	7,163	2,869
Landfill closing costs	957	957	643	-	-	-	957	957	643	314
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Interfund transfers	(249)	(249)	(616)	249	249	500	-	-	(116)	116
<b>Total operating expenses</b>	<b>33,705</b>	<b>33,705</b>	<b>28,515</b>	<b>4,873</b>	<b>4,873</b>	<b>4,656</b>	<b>38,578</b>	<b>38,578</b>	<b>33,175</b>	<b>5,403</b>
<b>Operating income (loss)</b>	<b>9,423</b>	<b>9,423</b>	<b>15,048</b>	<b>364</b>	<b>364</b>	<b>526</b>	<b>9,787</b>	<b>9,787</b>	<b>15,570</b>	<b>5,783</b>

Continued



Table 3 (continued)

	Operating Fund			Program Fund			All Funds Total			
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Budget Variance Positive (Negative)
<u>Nonoperating revenues (expenses)</u>										
Interest expense	\$ (4,952)	\$ (4,952)	\$ (4,746)	\$ -	\$ -	\$ -	\$ (4,952)	\$ (4,952)	\$ (4,746)	\$ 206
Interest earnings	207	207	249	-	-	-	207	207	249	42
Grant revenues	-	-	-	106	106	27	106	106	27	(79)
Grants awarded	-	-	-	(286)	(286)	(399)	(286)	(286)	(399)	(113)
Bad debt expense	-	-	(2,500)	-	-	-	-	-	(2,500)	(2,500)
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-
ERIP interest expense	(32)	(32)	(32)	-	-	-	(32)	(32)	(32)	-
Gain (loss) on disposal of assets	-	-	(165)	-	-	-	-	-	(165)	(165)
Total nonoperating expenses	(4,777)	(4,777)	(7,194)	(180)	(180)	(372)	(4,957)	(4,957)	(7,566)	(2,609)
Change in net position	4,646	4,646	7,854	184	184	154	4,830	4,830	8,004	\$ 3,174
Total net position - beginning	(10,727)	(12,727)	(19,528)	1,924	1,924	1,310	(8,803)	(10,803)	(18,218)	
Total net position - ending	\$ (6,081)	\$ (8,081)	\$ (11,674)	\$ 2,108	\$ 2,108	\$ 1,464	\$ (3,973)	\$ (5,973)	\$ (10,214)	

Totals may not add due to rounding.

Source: SWACO

**SWACO**  
**Solid Waste Received and Landfilled 2004 - 2013 (in tons)**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Solid waste received by SWACO										
Jackson Pike Transfer Station	197,862	179,016	166,372	170,425	164,326	152,829	153,564	152,681	149,410	163,360
Morse Road Transfer Station	122,836	123,684	121,774	119,305	133,156	123,988	132,727	127,957	126,081	153,507
Georgesville Rd Transfer Station	55,643	69,026	63,611	56,927	64,201	73,606	67,133	76,256	76,534	67,680
Subtotal Transfer Stations	376,341	371,727	351,757	346,657	361,683	350,422	353,424	356,894	352,025	384,547
Sanitary Landfill	569,295	551,659	532,247	524,581	483,675	465,206	586,422	721,290	682,381	637,150
Total solid waste received by SWACO	945,636	923,386	884,004	871,238	845,358	816,754	939,847	1,078,184	1,034,406	1,021,697
Removed from waste stream <sup>1</sup>	(234)	(121)	(140)	(280)	(457)	(478)	(195)	(257)	(215)	(124)
Carryover/(shrinkage) <sup>2</sup>	921	(4,046)	(3,986)	(2,245)	(6,163)	385	(4,853)	(4,202)	(2,697)	(1,445)
Total adjustments	687	(4,167)	(4,126)	(2,525)	(6,620)	(93)	(5,048)	(4,459)	(2,912)	(1,569)
Transferred out-of-district <sup>3</sup>	-	(14,057)	-	-	-	-	-	-	-	-
Solid waste landfilled - Franklin County Sanitary Landfill	946,323	905,161	879,878	868,713	838,738	816,661	934,798	1,073,725	1,031,494	1,020,127

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

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

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

Source: SWACO

**SWACO**  
**Top Ten Customers 2004 - 2013**  
**(tons received)**

<b>Customer</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
City of Columbus Division of Sanitation	352,366	342,662	333,710	329,251	324,682	312,685	307,486	314,515	303,714	288,222
Rumpke Waste/Rumpke Container/Rumpke Trf.	145,675	155,802	145,153	157,696	159,279	155,848	154,524	198,488	198,115	200,356
Republic Waste Systems	204,763	205,368	185,991	176,025	162,598	156,566	154,372	177,749	176,082	181,551
Waste Management of Ohio	91,002	74,931	58,652	59,574	43,927	36,032	162,860	143,063	128,850	133,553
Local Waste Services LLC	69,810	78,862	89,854	88,236	85,130	78,410	78,539	91,895	100,280	104,554
City of Columbus Street Engineer	5,839	5,621	7,497	6,671	5,926	6,152	5,547	#	8,584	9,118
City of Upper Arlington	7,741	7,386	7,207	6,886	7,175	6,665	6,539	6,719	#	6,702
Mars Petcare U.S./Northstar Recycling Company	#	#	#	#	#	#	9,325	8,666	6,961	6,288
Columbus Auto Shredding Inc.	*	*	*	*	*	*	*	28,127	25,048	4,892
Dist Trans Company, LLC	#	#	#	#	#	#	#	#	#	3,761
PSC Metals Inc.	*	*	*	*	*	*	*	26,331	24,479	#
Capitol Waste & Recycling	*	*	*	*	*	*	*	11,673	8,342	#
Anheuser-Busch Inc.	#	#	#	#	#	#	7,117	#	#	#
Adept, Inc.	#	2,654	2,415	3,855	3,806	2,581	#	#	#	#
City/Southerly Waste Water Plant	#	#	#	2,843	3,289	3,501	#	#	#	#
City of Grandview Heights	3,585	3,149	3,025	#	#	#	#	#	#	#
Flower Garbage	5,590	#	#	8,861	9,133	7,783	4,351	*	*	*
BFI of Ohio, Inc.	17,656	12,354	8,706	#	*	*	*	*	*	*
<b>Total Top Ten Customers</b>	<b>904,026</b>	<b>888,789</b>	<b>842,210</b>	<b>839,898</b>	<b>804,945</b>	<b>766,223</b>	<b>890,660</b>	<b>1,007,226</b>	<b>980,454</b>	<b>938,998</b>
Total tons received by SWACO <sup>1</sup>	945,636	923,386	884,004	871,238	845,358	816,754	939,847	1,069,618	1,034,406	1,021,697
Top Ten customer % of total received	97%	97%	97%	96%	95%	94%	95%	94%	95%	92%
Total tons generated within District <sup>2</sup>	1,160,226	1,144,048	1,148,471	1,132,663	1,087,688	1,018,049	1,052,999	1,079,501	1,044,176	1,031,688
Top Ten customer % of total waste disposal	79%	78%	73%	74%	74%	75%	85%	93%	94%	91%

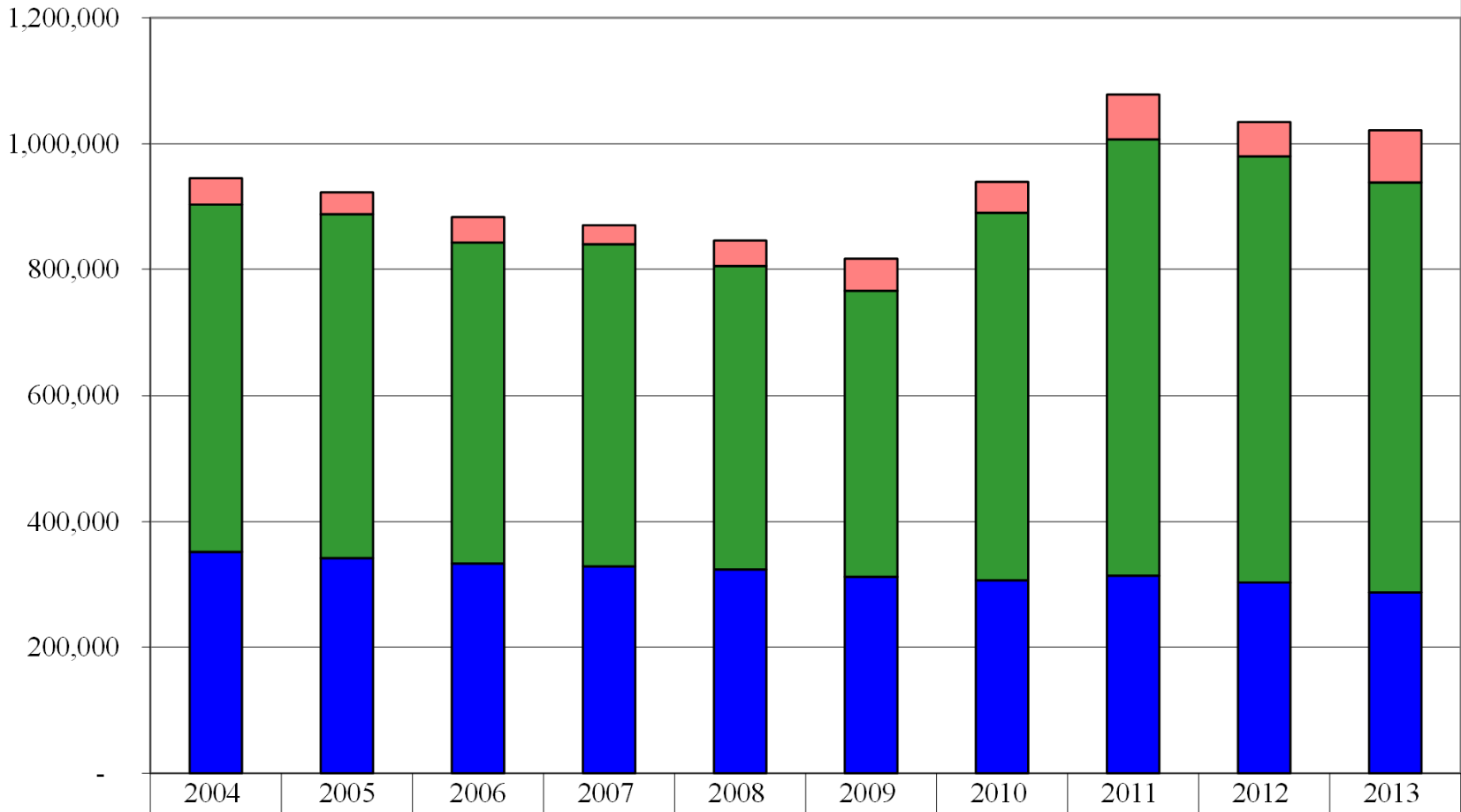
<sup>1</sup> Includes both in-district and out-of-district waste.

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

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

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

**SWACO Waste Receipts (Tons) 2004 - 2013**



■										
■ All others	41,610	34,597	41,794	31,340	40,413	50,531	49,186	70,958	53,952	82,699
■ Rest of Top Ten*	551,660	546,127	508,500	510,647	480,263	453,539	583,175	692,711	676,740	650,776
■ City of Columbus*	352,366	342,662	333,710	329,251	324,682	312,685	307,486	314,515	303,714	288,222

Source: SWACO  
 \*See notes to Table 5.

**SWACO**  
**Disposal Rates 1991-2013**

Table 6

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

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

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

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

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

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

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

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

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

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

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

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

**SWACO**  
**Franklin County Sanitary Landfill Airspace Capacity**  
**Total Permitted, Annual Used, and Permitted Remaining 2004-2013**  
**(cubic yards)**

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
2004	48,400,000	956,200	41,996,000
2005	48,400,000	1,439,200	40,556,800
2006	48,400,000	1,435,700	39,121,100
2007	48,400,000	1,196,500	37,924,600
2008	48,400,000	1,192,300	36,732,300
2009	51,900,000 <sup>1</sup>	1,053,000	39,179,300
2010	51,900,000 <sup>1</sup>	1,163,000	38,670,000
2011	51,900,000 <sup>1</sup>	1,263,060	36,961,530
2012	51,900,000 <sup>1</sup>	1,010,563	35,958,706
2013	51,900,000 <sup>1</sup>	942,511	35,008,572
	<u>At Maximum Permitted Receipts<sup>2</sup></u>		<u>At 2013 Receipts<sup>3</sup></u>
Remaining landfill life	11.1		24.9

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

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

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

Source: SWACO

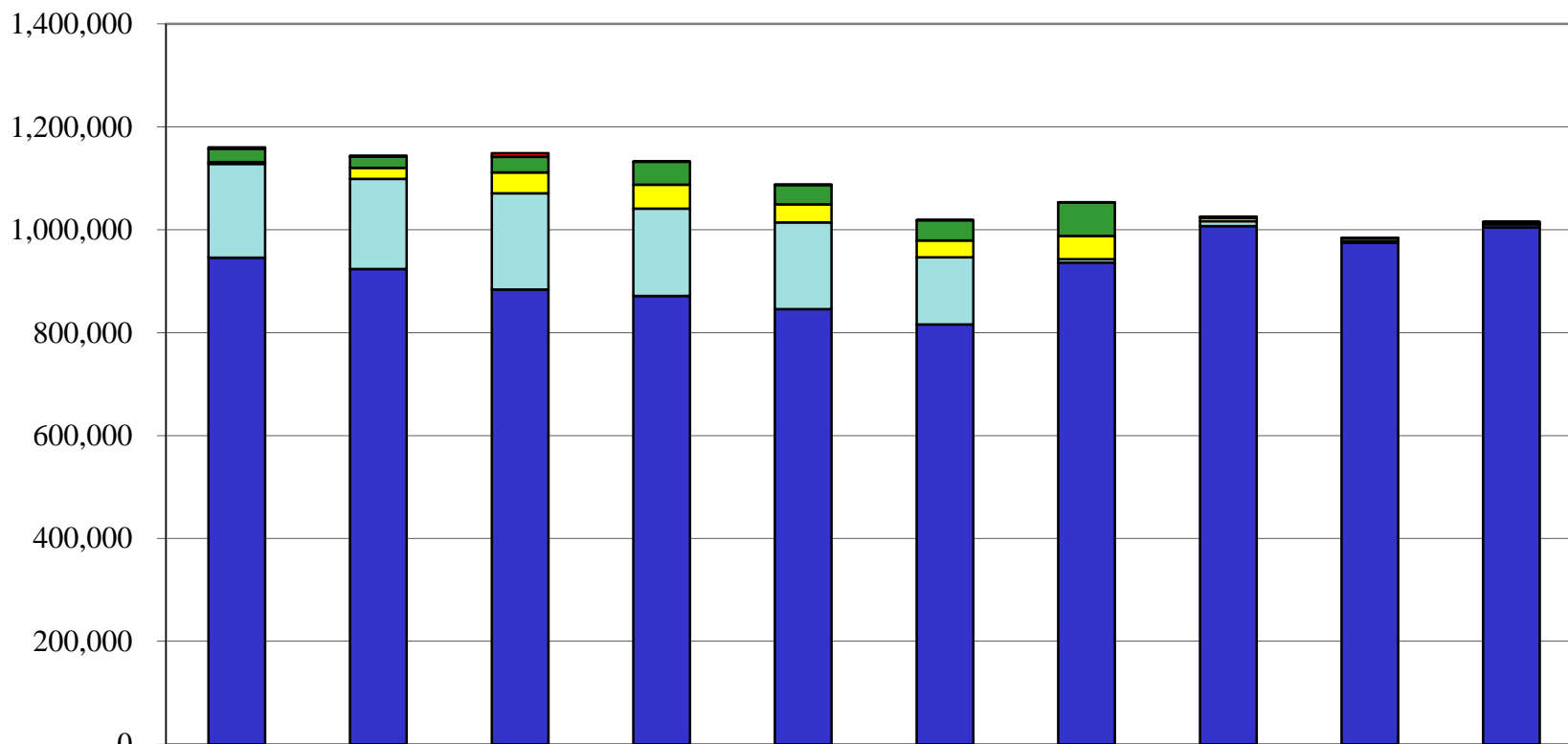
**SWACO**  
**Generation Fee Tonnage Reported 2004 - 2013<sup>1</sup>**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Solid Waste Authority (4 facilities)	945,636	923,386	884,004	871,238	845,358	815,628	936,254	1,007,191	974,001	1,004,807
Republic Waste Services	25,930	21,977	30,665	44,837	37,984	38,922	64,395	2,014	6,022	3,812
Rumpke Waste (4 facilities)	3,184	21,060	40,481	46,477	34,906	32,594	45,292	6,703	709	235
Waste Management (2 facilities)	182,430	175,423	186,472	169,650	168,767	130,866	6,591	9,133	3,023	5,740
Other (14 facilities)	3,046	2,201	6,848	461	673	39	467	2	15	204
<b>Total</b>	<b>1,160,226</b>	<b>1,144,048</b>	<b>1,148,471</b>	<b>1,132,663</b>	<b>1,087,688</b>	<b>1,018,049</b>	<b>1,052,999</b>	<b>1,025,043</b>	<b>983,770</b>	<b>1,014,798</b>

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

Source: SWACO

**Generation Fee Tonnage Reported 2004 - 2013**



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
■ Other (14 facilities)	3,046	2,201	6,848	461	673	39	467	2	15	204
■ Republic	25,930	21,977	30,665	44,837	37,984	38,922	64,395	2,014	6,022	3,812
■ Rumpke (4 facilities)	3,184	21,060	40,481	46,477	34,906	32,594	45,292	6,703	709	235
■ Waste Management (post-merger)	182,430	175,423	186,472	169,650	168,767	130,866	6,591	9,133	3,023	5,740
■ SWACO (4 facilities)	945,636	923,386	884,004	871,238	845,358	815,628	936,254	1,007,191	974,001	1,004,807

Source: SWACO

\*See notes to Table 8.



Table 9

**SWACO**  
**SWACO Program Activity - Tons Collected 2004-2013**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total tons of waste recycled										
Yard waste composting	150,949	145,540	136,768	121,775	148,823	78,764	n/a	n/a	193,147	238,242
Drop-off recycling	7,947	8,700	9,593	10,755	12,999	15,126	15,924	16,444	14,843	10,136
Just-in-Time Recycling	602	626	742	815	774	636	37	n/a	n/a	n/a
Household hazardous waste	424	443	419	626	641	550	231	122	162	197
E-waste collection	196	155	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tire collection	115	132	89	168	187	153	139	220	168	113
Scrap metal recycling	119	71	32	104	246	19	40	23	41	8
Other recycling	0	57	0	0	0	0	0	0	0	0
<b>Total</b>	<b>160,352</b>	<b>155,724</b>	<b>147,643</b>	<b>134,243</b>	<b>163,670</b>	<b>95,248</b>	<b>16,371</b>	<b>16,809</b>	<b>208,360</b>	<b>248,696</b>

**Tires and White Goods Received 2003 - 2012<sup>1</sup>**

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Tires (each)	11,497	12,478	13,043	19,726	28,926	17,625	16,422	22,219	18,723	15,688
White goods (each)	4,527	3,622	2,181	2,292	301	290	143	169	157	141

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

Source: SWACO

**SWACO**  
**Household Hazardous Waste Collection 2004 - 2013**  
**(in pounds)**

Material Classification	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Bulked flammables	31,184	30,504	14,998	22,070	51,488	69,494	72,096	69,461	94,587	129,543
Paint	476,154	528,064	580,111	898,600	901,135	750,018	219,187	42,007	40,963	63,256
Aerosol-pesticides	47,542	45,332	38,815	56,093	63,491	61,798	32,149	37,625	41,422	44,873
Used oil /antifreeze	35,346	33,285	36,994	48,925	65,667	57,633	35,361	16,896	32,137	39,934
Putty & adhesives	-	-	31,135	48,854	35,486	37,351	34,807	23,167	30,051	38,267
Aerosol-flammable	27,202	27,684	17,615	32,716	34,914	19,731	14,790	10,676	18,418	18,617
Household cleaners	-	-	9,632	20,991	23,879	18,348	12,320	10,904	13,519	15,295
Lead/acid batteries	29,389	20,414	14,197	8,074	33,526	28,194	16,067	9,131	17,122	12,214
Acids/bases	18,394	18,975	9,821	14,548	12,734	13,977	7,536	6,614	6,965	7,148
Flourescent light bulbs	489	664	1,057	3,373	6,875	6,700	6,101	5,130	9,978	7,043
Dry cell batteries	-	-	5,209	-	12,246	3,990	5,189	6,832	8,399	5,326
Propane cylinders	35,070	25,015	14,577	20,004	8,028	2,857	2,065	1,471	2,328	2,077
Oxidizers	-	-	2,328	3,466	4,516	2,476	1,689	1,869	2,968	1,988
NiCad batteries	1,074	866	144	46	18	3,649	334	1,012	1,033	1,724
Lithium batteries	248	179	106	19,365	13	475	102	136	674	1,720
Reactive lab pack/alum pain	-	-	816	1,599	1,222	7,213	142	205	342	799
Fire extinguishers	1,872	876	1,039	2,086	794	537	211	112	355	600
Elemental mercury	380	273	220	474	938	230	1,138	327	656	257
Poisons	-	-	534	981	208	235	322	476	414	239
Cylinders	1,114	1,324	764	1,926	756	163	41	28	85	66
Freon	638	608	53	433	-	6	-	37	17	-
Misc. waste	-	421	2,940	207	-	6,291	15,056	28	660	3,987
Asbestos	-	-	45	1,352	90	8	1	3	3	1
Lab pack A	5,369	5,569	-	-	-	-	-	-	-	-
Lab pack B	328	903	1,105	-	-	-	-	-	-	-
Loosepack fuels	137,042	145,733	53,611	44,951	24,174	8,968	-	-	-	-
Total:	848,835	886,689	837,866	1,251,134	1,282,198	1,100,342	476,704	244,147	323,096	394,974

Table 11

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

<b>Function</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Administration	21	20	19	22	21	19	20	24	24	23
Operations	69	79	77	77	88	89	90	89	95	86
Programs	6	6	6	11	11	6	6	6	5	5
<b>Total</b>	<b>96</b>	<b>105</b>	<b>102</b>	<b>110</b>	<b>120</b>	<b>114</b>	<b>116</b>	<b>119</b>	<b>124</b>	<b>114</b>

Source: SWACO



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

Table 13

Year	Principal			Coupon	Interest	Total Debt Service
	SW Facility Improvements	Landfill Phase H1	Total			
2004	\$ -	\$ -	\$ -	-	\$ 149,786	\$ 149,786
2005	-	-	-	-	1,348,075	1,348,075
2006	75,000	2,355,000	2,430,000	4.000%	1,348,075	3,778,075
2007	80,000	2,445,000	2,525,000	5.000%	1,250,875	3,775,875
2008	85,000	2,570,000	2,655,000	5.000%	1,126,425	3,781,425
2009	95,000	2,695,000	2,790,000	3.500%	991,875	3,781,875
2010	110,000	2,790,000	2,900,000	5.000%	894,225	3,794,225
2011	125,000	2,930,000	3,055,000	4.250%	749,225	3,804,225
2012	710,000	-	710,000	4.000%	353,794	1,063,794
2013	570,000	-	570,000	4.000%	53,000	623,000
2014	585,000	-	585,000	4.000%	23,400	608,400
<b>Total</b>	<b>\$ 2,435,000</b>	<b>\$ 15,785,000</b>	<b>\$ 18,220,000</b>		<b>\$ 8,288,755</b>	<b>\$ 26,508,755</b>
Net interest cost (%)				4.188%		

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

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

Year	Original Debt Service (Series 1997)				Refunded Debt Service							Savings
	Principal	Coupon	Interest	Total Debt Service	Non-callable 1997 Bonds		Series 2005 Refunding Bonds			Total Debt Service		
					Principal	Interest	Principal	Coupon	Interest			
2005	\$ 835,000	5.500%	\$ 753,665	\$ 1,588,665	\$ 835,000	\$ 449,570	\$ -	-	\$ 59,889	\$ 1,344,459	\$ 244,206	
2006	880,000	5.500%	707,740	1,587,740	880,000	99,550	-	-	616,000	1,595,550	(7,810)	
2007	930,000	5.500%	659,340	1,589,340	930,000	51,150	-	-	616,000	1,597,150	(7,810)	
2008	980,000	4.500%	608,190	1,588,190	-	-	945,000	5.000%	616,000	1,561,000	27,190	
2009	1,035,000	4.600%	564,090	1,599,090	-	-	1,000,000	5.000%	568,750	1,568,750	30,340	
2010	1,090,000	4.700%	516,480	1,606,480	-	-	1,060,000	5.000%	518,750	1,578,750	27,730	
2011	1,150,000	4.750%	465,250	1,615,250	-	-	1,125,000	5.000%	465,750	1,590,750	24,500	
2012	1,215,000	4.800%	410,625	1,625,625	-	-	1,190,000	5.000%	409,500	1,599,500	26,125	
2013	1,280,000	4.850%	352,305	1,632,305	-	-	1,250,000	5.000%	350,000	1,600,000	32,305	
2014	1,350,000	4.900%	290,225	1,640,225	-	-	1,325,000	5.000%	287,500	1,612,500	27,725	
2015	1,425,000	4.900%	224,075	1,649,075	-	-	1,395,000	5.000%	221,250	1,616,250	32,825	
2016	1,500,000	5.000%	154,250	1,654,250	-	-	1,475,000	5.000%	151,500	1,626,500	27,750	
2017	1,585,000	5.000%	79,250	1,664,250	-	-	1,555,000	5.000%	77,750	1,632,750	31,500	
<b>Total</b>	<b>\$ 15,255,000</b>		<b>\$ 5,785,485</b>	<b>\$ 21,040,485</b>	<b>\$ 2,645,000</b>	<b>\$ 600,270</b>	<b>\$ 12,320,000</b>		<b>\$ 4,958,639</b>	<b>\$ 20,523,909</b>	<b>\$ 516,576</b>	

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

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

Table 15

Year	Principal	Coupon	Interest	Total Debt Service
2009	\$ -	-	\$ 715,328	\$ 715,328
2010	5,000	4.000%	964,488	969,488
2011	5,000	4.000%	964,288	969,288
2012	800,000	4.0%/5.0%	964,088	1,764,088
2013	780,000	4.000%	901,913	1,681,913
2014	820,000	4.0%/5.0%	843,039	1,663,039
2015	870,000	4.0%/5.0%	805,539	1,675,539
2016	890,000	4.000%	766,739	1,656,739
2017	940,000	5.000%	731,139	1,671,139
2018	970,000	5.000%	684,139	1,654,139
2019	1,030,000	4.375%/5.0%	635,639	1,665,639
2020	1,070,000	4.600%	585,326	1,655,326
2021	1,125,000	4.7%/5.0%	536,106	1,661,106
2022	1,175,000	4.8%/5.0%	481,266	1,656,266
2023	1,230,000	4.875%	422,986	1,652,986
2024	1,290,000	5.000%	363,024	1,653,024
2025	1,355,000	5.000%	298,524	1,653,524
2026	1,420,000	5.125%	230,774	1,650,774
2027	1,495,000	5.125%	157,999	1,652,999
2028	1,565,000	5.200%	81,380	1,646,380
<b>Total</b>	<b>\$ 18,835,000</b>		<b>\$ 12,133,723</b>	<b>\$ 30,968,723</b>

Net interest cost (%) 4.898%

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

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

Table 16

Year	Principal	Coupon	Interest	Total Debt Service
2011	\$ -	-	\$ 483,357	\$ 483,357
2012	625,000	2.000%	471,567	1,096,567
2013	705,000	2.000%	469,153	1,174,153
2014	720,000	2.000%	157,762	877,762
2015	-	3.000%	143,362	143,362
2016	-	3.500%	143,362	143,362
2017	-	4.000%	143,362	143,362
2018	-	4.220%	143,362	143,362
2019	-	4.370%	143,362	143,362
2020	-	4.520%	143,362	143,362
2021	-	4.700%	143,362	143,362
2022	-	4.850%	143,362	143,362
2023	-	5.000%	143,362	143,362
2024	-	5.150%	143,362	143,362
2025	-	5.700%	143,362	143,362
2026	475,000	5.700%	143,362	618,362
2027	1,045,000	5.700%	125,081	1,170,081
2028	1,080,000	5.700%	84,863	1,164,863
2029	1,125,000	5.700%	43,297	1,168,297
<b>Total</b>	<b>\$ 5,775,000</b>		<b>\$ 3,555,422</b>	<b>\$ 9,330,422</b>

Net interest cost (%) 3.335%

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





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

Table 18

Year	Principal	Coupon	Interest	Total Debt Service
2013	\$ -	-	\$ 93,049	\$ 93,049
2014	-	-	293,838	293,838
2015	705,000	3.000%	293,838	998,838
2016	725,000	3.000%	272,688	997,688
2017	745,000	1.500%	250,938	995,938
2018	755,000	1.750%	239,763	994,763
2019	765,000	2.000%	226,550	991,550
2020	785,000	3.000%	211,250	996,250
2021	810,000	3.000%	187,700	997,700
2022	830,000	4.000%	163,400	993,400
2023	865,000	4.000%	130,200	995,200
2024	960,000	4.000%	95,600	1,055,600
2025	935,000	4.000%	57,200	992,200
2026	495,000	4.000%	19,800	514,800
<b>Total</b>	<b>\$ 9,375,000</b>		<b>\$ 2,535,811</b>	<b>\$ 11,910,811</b>

Net interest cost (%) 2.731%

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

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

Table 19

Year	Principal	Coupon	Interest	Total Debt Service
2014	\$ 660,000	0.450%	\$ 411,126	\$ 1,071,126
2015	630,000	0.850%	309,278	939,278
2016	625,000	1.150%	303,923	928,923
2017	640,000	1.800%	296,735	936,735
2018	650,000	2.250%	285,215	935,215
2019	390,000	2.700%	270,590	660,590
2020	400,000	3.100%	260,060	660,060
2021	415,000	3.450%	247,660	662,660
2022	435,000	3.800%	233,343	668,343
2023	450,000	4.000%	216,813	666,813
2024	460,000	4.125%	198,813	658,813
2025	485,000	4.250%	179,838	664,838
2026	370,000	4.375%	159,225	529,225
2027	385,000	4.500%	143,038	528,038
2028	410,000	4.625%	125,713	535,713
2029	440,000	5.000%	106,750	546,750
2030	535,000	5.000%	84,750	619,750
2031	565,000	5.000%	58,000	623,000
2032	595,000	5.000%	29,750	624,750
Total	<u>\$ 9,540,000</u>		<u>\$ 3,920,616</u>	<u>\$ 13,460,616</u>

Net interest cost (%) 4.279%

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

SWACO

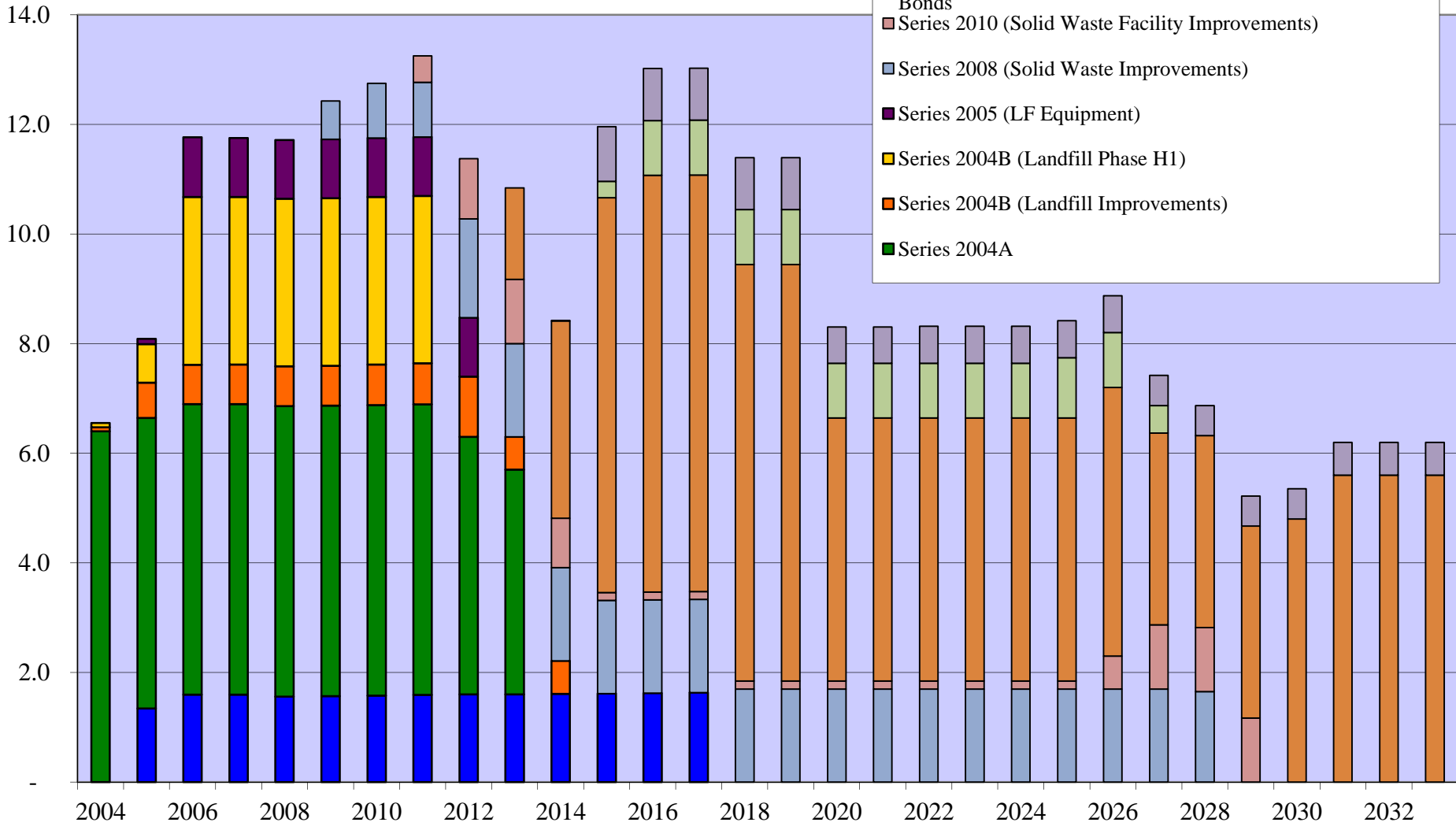
Table 20

Series 2013 Taxable Revenue Notes

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

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

### SWACO Debt Service 2004-2032



\*does not include notes.

**SWACO**  
**Total and General Obligation Debt Ratios 2004 - 2013**

<b>Tax Year</b>		<b>Total SWACO Debt<sup>1</sup></b> <b>(thousands)</b>	<b>SWACO District Population<sup>2</sup></b>	<b>Total SWACO Debt PerCapita</b>	<b>SWACO General Obligation Debt<sup>3</sup></b> <b>(thousands)</b>	<b>District Assessed Property Valuation (AV)<sup>2</sup></b> <b>(thousands)</b>	<b>SWACO G.O. Debt as a Percent of AV</b>	<b>Annual Debt Service Paid from Tipping Fees<sup>4</sup></b> <b>(thousands)</b>	<b>Solid Waste Received by SWACO</b> <b>(tons)</b>	<b>Annual Debt Service Paid from Tipping Fees Per Ton Received</b>
2004	2005	125,725	1,140,000	110	96,974	26,298,304	0.37%	1,578	945,636	1.67
2005	2006	128,553	1,159,000	111	99,639	29,868,345	0.33%	2,693	923,386	2.92
2006	2007	113,924	1,179,700	97	96,548	30,102,825	0.32%	5,680	884,004	6.43
2007	2008	116,970	1,189,600	98	97,810	29,912,050	0.33%	5,822	871,238	6.68
2008	2009	112,716	1,197,200	94	101,613	30,400,811	0.33%	6,186	845,358	7.32
2009	2010	106,363	1,201,810	89	93,265	28,910,438	0.32%	7,142	816,754	8.74
2010	2011	110,209	1,205,200	91	100,129	28,867,111	0.35%	7,921	939,847	8.43
2011	2012	125,197	1,208,800	104	91,114	27,113,105	0.34%	6,863	1,069,618	6.42
2012	2013	139,581	1,215,500	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

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

<sup>2</sup> See Table 24.

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

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

Source: SWACO

**SWACO  
Indirect Debt and Property Tax Limitations, August 7, 2013**

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 7, 2013.

<b>Overlapping Jurisdictions</b>	<b>Millage required</b>	<b>Unallocated Millage</b>
SWACO, Franklin County, the City of Hilliard, Dublin City School District, Washington Township & Central Ohio JVS	9.0544	0.9456
SWACO, Licking County, the City of Reynoldsburg, Southwest Licking Local School District, Etna Township & Licking County C-TEC	5.5308	4.4692
SWACO, Union County, the City of Dublin, Washington Township & Dublin City School District	4.5040	5.4960
SWACO, Delaware County, the City of Westerville & Westerville City School District	7.9842	2.0158
SWACO, Pickaway County, Village of Harrisburg, Darby Township & South-Western City School District	3.3963	6.6037
SWACO, Fairfield County, City of Columbus, Montgomery Township, Pickerington Local School District & Eastland Career Center	8.4089	1.5911

Source: Auditors for respective counties.

**SWACO**  
**Ten Largest Employers 2013 and 2004<sup>1</sup>**  
**Franklin County, Ohio**

<b>Employer</b>	<b>2013</b>			<b>Employer</b>	<b>2004</b>	
	<b>Principal Business</b>	<b>Number of Employees</b>	<b>% of Total Employment</b>		<b>Number of Employees</b>	<b>% of Total Employment</b>
The Ohio State University	Education	27,656	5.0%	State of Ohio	26,037	4.7%
State of Ohio	Government	23,677	4.3%	The Ohio State University	17,361	3.1%
JP Morgan Chase (formerly Bank One)	Finance	19,200	3.4%	United States Government	13,300	2.4%
OhioHealth	Health Care	19,182	3.4%	JP Morgan Chase	12,130	2.2%
Kroger Co.	Retail	17,397	3.1%	Nationwide	11,293	2.0%
Nationwide Mutual Insurance Co.	Finance	11,300	2.0%	OhioHealth	8,398	1.5%
Mount Carmel Health System	Health Care	8,410	1.5%	Columbus Public Schools	8,024	1.4%
City of Columbus	Government	8,385	1.5%	City of Columbus	7,919	1.4%
Columbus City Schools	Education	8,293	1.5%	Limited Brands	7,200	1.3%
Nationwide Children's Hospital	Health Care	7,822	1.4%	Honda of America Manufacturing	6,350	1.1%
<b>Subtotal</b>		<b>151,322</b>	<b>25.7%</b>	<b>Subtotal</b>	<b>118,012</b>	<b>21.2%</b>
Total estimated Franklin County employment <sup>2</sup>		<u><u>587,900</u></u>	<u><u>100.0%</u></u>	Total estimated Franklin County employment <sup>2</sup>	<u><u>556,600</u></u>	<u><u>100.0%</u></u>

<sup>1</sup> Business First, Book of Lists, 2013.

<sup>2</sup> Franklin County Auditor.

Note: This table includes full-time employees only.



Table 24

### District and Franklin County Demographic Statistics 2004 - 2013<sup>1</sup>

Tax Year	District Population <sup>2</sup>	Total Assessed Value Taxable District Property <sup>3</sup> (in thousands)	Franklin County Only			
			Population <sup>2</sup>	Per Capita Income <sup>4</sup>	Median Age <sup>4</sup>	Total Assessed Value Taxable County Property <sup>5</sup> (in thousands)
2004	1,140,000	26,298,304	1,114,159	33,725	33	25,294,765
2005	1,159,000	29,868,345	1,131,895	34,960	34	28,743,005
2006	1,179,700	30,102,825	1,144,820	36,335 <sup>6</sup>	33	28,903,096
2007	1,189,600	29,912,050	1,153,867	39,083 <sup>7</sup>	34 <sup>7</sup>	28,695,371
2008	1,197,200	30,400,811	1,160,300 <sup>7</sup>	40,009 <sup>7</sup>	34 <sup>7</sup>	27,999,978 <sup>7</sup>
2009	1,201,810	28,910,438	1,164,725 <sup>7</sup>	41,077 <sup>7</sup>	35 <sup>7</sup>	28,057,691 <sup>7</sup>
2010	1,205,163	28,867,111 <sup>7</sup>	1,167,641	39,165 <sup>8</sup>	33 <sup>8</sup>	27,984,335 <sup>7</sup>
2011	1,208,818	27,113,105 <sup>7</sup>	1,168,018	40,609 <sup>7</sup>	33 <sup>7</sup>	26,303,009 <sup>7</sup>
2012	1,215,471	26,121,220 <sup>7</sup>	1,195,537	40,981 <sup>7</sup>	34 <sup>7</sup>	26,124,038 <sup>7</sup>
2013	1,216,000	27,362,018 <sup>7</sup>	1,212,263	41,666 <sup>7</sup>	34 <sup>7</sup>	26,160,709 <sup>7</sup>

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

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

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

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

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

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

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

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

Sources: SWACO except as noted above.

Table 25

**Average Unemployment Rates 2004 - 2013<sup>1</sup>**

<b>Year</b>	<b>Franklin County</b>	<b>State of Ohio</b>	<b>United States</b>
2004	4.8%	6.3%	6.5%
2005	4.9%	5.4%	5.0%
2006	4.5% <sup>2</sup>	5.6% <sup>3</sup>	4.5% <sup>3</sup>
2007	4.7% <sup>4</sup>	5.6% <sup>4</sup>	4.6% <sup>4</sup>
2008	5.5% <sup>5</sup>	6.6% <sup>5</sup>	5.8% <sup>5</sup>
2009	8.3% <sup>4</sup>	10.2% <sup>4</sup>	9.3% <sup>4</sup>
2010	8.5% <sup>4</sup>	10.1% <sup>4</sup>	9.6% <sup>4</sup>
2011	7.6% <sup>5</sup>	8.8% <sup>5</sup>	8.9% <sup>5</sup>
2012	6.1% <sup>4</sup>	7.2% <sup>4</sup>	8.1% <sup>4</sup>
2013	6.2% <sup>4</sup>	7.4% <sup>4</sup>	7.4% <sup>4</sup>

<sup>1</sup>2002 - 2005 Ohio Bureau of Employment Services, Division of Research and Statistics.

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

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

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

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

Source: Ohio Department of Job and Family Services

**SWACO**

Table 26

**Capital Assets as of December 31, 2013**

Sanitary Landfill See Note 6 - Capital Assets, page 2-34 and Table 7 in the Statistical Section for additional information on the landfill.

<u>Transfer Stations</u>	<u>Capacity</u> (tons per day)	<u>Year</u> <u>Constructed</u>
Jackson Pike	1,750	1983
Morse Road Eco-Station	1,000	2013

<u>Facilities</u>	<u>Square</u> <u>Footage</u>	<u>Year</u> <u>Constructed</u>
Administrative Office Building	8,500	2002
Fleet Maintenance Garage	11,120	2000
Landfill Operations Facility	12,800	2005
Green Energy Centre	4,280	2008
Former RASTRA Facility	28,000	2009

Landfill Equipment

Landfill compactors	5
Landfill dozers	4
Excavator/grader/track loader	6
Articulated dump trucks	4
Trailer tippers	3
Water trucks	2
Other landfill vehicles and equipment	7

Transfer Station Equipment

Transfer tractors	29
Transfer trailers	28
Front-end loaders	5
Trackhoes	4
Service vehicles and other	2

Other vehicles and equipment

<u>Recycling Programs</u>			
Recycled materials rear-load packer truck	1	Roll-off trucks	2
Recycled materials front-load trucks	5	Pickup trucks	26
Drop-box containers	359	Cars and passenger vans	5
		Street sweepers	3
		Large mowers	7
		Cargo trailers	4

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# **COMPLIANCE SECTION**

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

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

To the Audit and Finance Committee and the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio (SWACO), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements, and have issued our report thereon dated May 5, 2014.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered SWACO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of SWACO's internal control. Accordingly, we do not express an opinion on the effectiveness of SWACO's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether SWACO's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schneider Downs & Co., Inc.*

Columbus, Ohio  
May 5, 2014

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# Dave Yost • Auditor of State

**SOLID WASTE AUTHORITY OF CENTRAL OHIO**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 24, 2014**