



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

Solid Waste Authority of Central Ohio  
Franklin County, Ohio

Fiscal Year ended December 31, 2018

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OHIO AUDITOR OF STATE  
KEITH FABER



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Columbus, Ohio 43215  
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(800) 282-0370

Board of Trustees  
Solid Waste Management of Central Ohio  
4239 London Groveport Road  
Grove City, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Solid Waste Management of Central Ohio, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2018 through December 31, 2018. 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 Management of Central Ohio is responsible for compliance with these laws and regulations.

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

Keith Faber  
Auditor of State  
Columbus, Ohio

August 5, 2019

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# **Comprehensive Annual Financial Report**

**of the**

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

**Franklin County, Ohio**

**for the**

**Fiscal Year ended December 31, 2018**

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

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

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**Comprehensive Annual Financial Report  
For the Fiscal Year Ended December 31, 2018**

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# **INTRODUCTORY SECTION**

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June 26, 2019

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, 2018 to the SWACO Board of Trustees and those living and doing business within the jurisdiction of SWACO.

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

Kennedy Cottrell Richards, Certified Public Accountants, have issued an unmodified opinion on SWACO’s financial statements for the year ended December 31, 2018. The independent auditors’ report is located at the beginning of the Financial Section of the report, Section 2.

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

## **Profile of SWACO**

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

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

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

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

SWACO's mission is to 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 and a new permit was approved in 2018 giving a total airspace of 97 million cubic yards. In 2011, The Ohio EPA granted SWACO’s request to increase its daily capacity from 6,000 to 8,000 tons.

### **The Solid Waste Plan**

SWACO’s Solid Waste Plan was originally adopted in 1993. The plan is subject to periodic updates and the last update approved by the Ohio EPA was in November 2017. Updates to the Solid Waste Plan were ratified by the Board of Trustees and were submitted to Ohio EPA, which the Solid Waste Management Plan was approved in February 2018.

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

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

SWACO provides free yard waste composting services located at two composting facilities within the district. These facilities are operated by Kurtz Brothers Central Ohio, LLC. and Ohio Mulch Supply, Inc. The composting services are free of charge to all residents and subsidized by SWACO.

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

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

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

SWACO offers free residential recycling within the District through a community-wide drop box program. The City of Columbus started the program and SWACO acquired the program in April 2002, servicing approximately 50 locations. SWACO has grown the program to approximately 178 locations within the District. SWACO provides the drop boxes to the local community and collects and transports the recyclables to a material recovery facility to be sold for reuse.

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

### **Budgetary Control**

The Board of Trustees adopts an annual non-appropriated operating and capital improvements budget resolution. Budgetary control is maintained by the Board at the major account level (salaries, wages and benefits; contracts, services and supplies; capital outlays; etc.). The Statistical Section provides a budget to actual comparison for the year ending December 31, 2018.

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

### **Local Economy and Economic Outlook**

SWACO is located principally within Franklin County, with the City of Columbus as the largest city within the District. Government jobs provide the largest single source of employment within Columbus, due to the presence of city, state, county and federal employers. The area also hosts Ohio State University, Battelle Memorial Institute, the world's largest private not-for-profit research and development foundation, and the headquarters for several major corporations, including five U.S. Fortune 500 organizations. Both the City and the County maintain triple A ratings on their long-term debt from the major rating agencies.

### **Long-Term Financial Planning**

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

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

The previously established post-closure fund for care of the closed Model Landfill has been exhausted. SWACO is ultimately responsible for the ongoing costs of maintaining the landfill cap and the landfill gas collection and control system, as well as the standard operating and maintenance costs. SWACO is currently able to fund these costs into the future through operating revenue generated by operation of the currently active Franklin

County Sanitary Landfill whose volumes and revenues are secured by the enactment of flow control within the district.

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

## **Major Initiatives**

### **Technology Solutions**

SWACO initiated a transition to high speed, public fiber network administered by the City of Grove City. Bandwidth increased by 100x for the similar cost with Time Warner and AT&T. The network is also self-healing system providing reliability. Our intent is to provide the base bandwidth required for future applications and equipment.

### **Enterprise Resource Planning Software**

Due to an accounting system near its useful life and difficulty accessing usable data from SWACO's HR and payroll system, a cross-operational team initiated the search for an Enterprise Resource Planning Software.

### **Scale System**

Due to increasing cost for unplanned software maintenance for our scale system, a cross-operational team initiated the search for a new scale system with less unplanned maintenance costs, more reliability, more flexibility, and more reporting capability.

### **Performance Management**

As part of SWACO's consistent efforts to improve processes we implemented revisions the performance management process. These efforts are intended to align employee's efforts with the direction of SWACO and help retain employee commitment to our organization's mission, principles and strategic goals.

### **Program Fund Reserve Policy**

The purpose of the Program Fund Reserve Policy is to establish parameters and guidance governing the balance of the Program Cash reserve within the Program Fund. These funds are restricted per Ohio Code §3437.57 (G) for revenues levied on the generation of solid waste within SWACO's District via the Generation Fee. The implementation of the Policy demonstrates SWACO's commitment to long-term fiscal sustainability and sound financial planning for programmatic expenses related to SWACO's effort in supporting education, waste reduction and diversion initiatives.

### **Permit to Install**

In March of 2017, SWACO submitted to the Ohio EPA a new permit-to-install for a vertical and lateral expansion of the Franklin County Sanitary Landfill. The Ohio EPA's approval was received in May of 2018, the expansion will increase the remaining life of the landfill to approximately 44 years based on 2018 receipts. The permit approval is important for SWACO and the residents and businesses served by ensuring safe, efficient and long-term disposal options, which in turn aligns with the organization's mission to improve the community's solid waste stream through effective reduction, recycling & disposal.

### **Transform Model Landfill**

In 2017, SWACO retained Arcadis U.S., Inc. to perform a land feasibility study. The purpose of the study was to explore methods to create financial sustainability at Model Landfill since the thirty (30) year post-closure funding is exhausted. The vision from SWACO's executive leadership and the Board of Trustees is to move forward on a solar panel project. The goal is to create a revenue source to help pay for the continual operating cost and have a positive public awareness. In the second quarter of 2019, the project was publicly advertised to move forward with the vision and SWACO's short-term district goals.

### **Programs Initiatives**

2018 was a busy year for Programs at SWACO. A few of the significant accomplishments are as follows:

- Launched 'Recycle Right, Make A Difference' campaign aimed at improving the recycling behaviors within Central Ohio.
- Distributed Recycle Right resources to over 38,000 households in six communities.
- Created the interactive Recycle Right website.
- Hosted over 4,000 individuals on landfill tours.
- Released the seminal report The Economic Impacts of Central Ohio's Recycling, Reuse, and Remanufacturing Industry.
- Launched the Central Ohio Food Waste Initiative.
- Awarded \$8,172 in Event Waste Reduction Grants to three events in Central Ohio.
- Awarded \$133,588 in Community Waste Reduction Grants eleven organizations.
- Collected over 6,000 tons of recyclables through the recycling drop-off program.

- Assisted 13 communities in the bidding and renewal of their recycling, yard waste, and trash collection programs.
- Established the Community Recycling Cart Initiative to help communities purchase large recycling carts.

## **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, 2017. This was the twentieth consecutive year SWACO has received this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

### Acknowledgements

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

Sincerely,



Ty D. Marsh  
Executive Director

# Principal Officials

Board of Trustees  
*(Appointed by or Representing)*

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

Susan Tilgner, *Vice Chair*  
*Designee of the Franklin County Health Commissioner*

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

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

Patrick King  
*Appointed by the Board of Trustees representing the public*

Kenneth Wilson  
*Appointed by the Franklin County Board of Commissioners*

Joe Lombardi  
*Appointed by the Mayor of the City of Columbus*

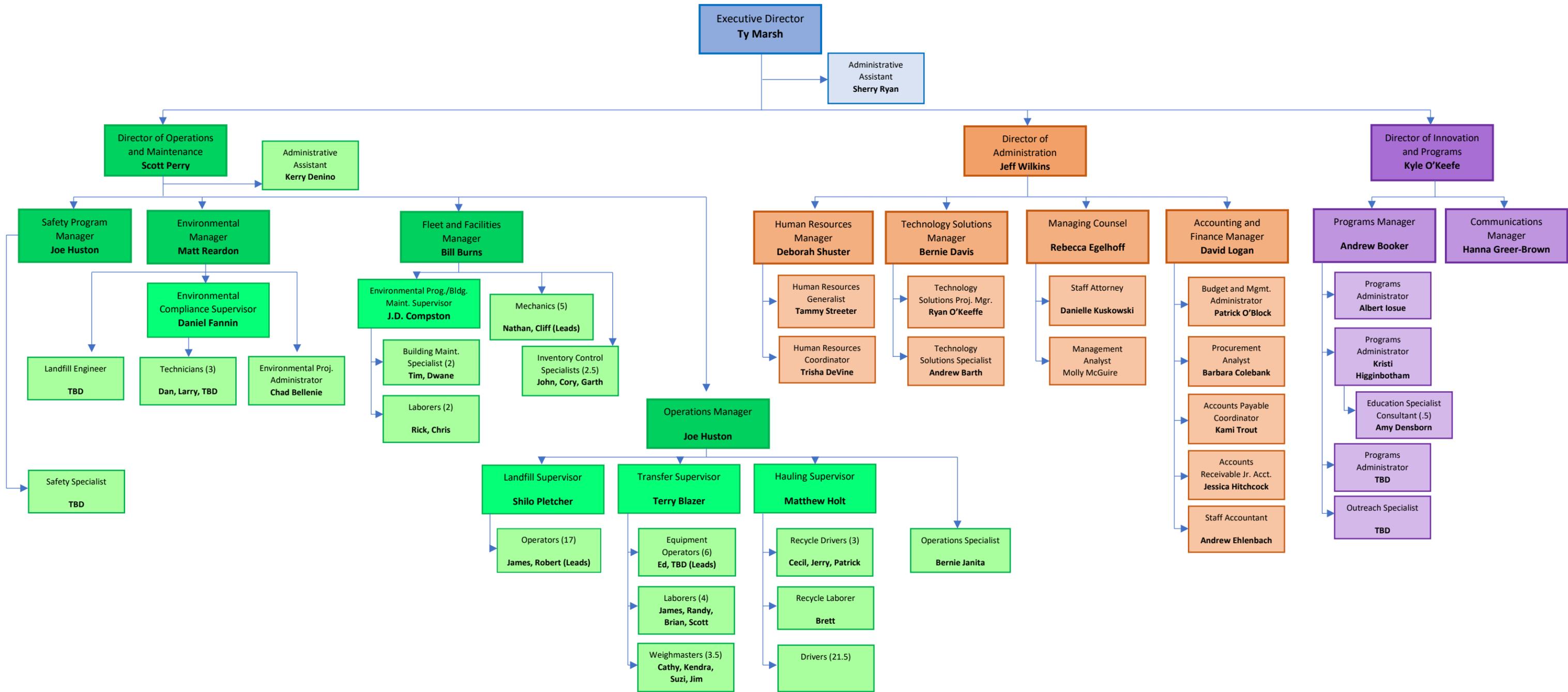
Honorable Marilyn Brown  
*President of the Franklin County Board of Commissioners*

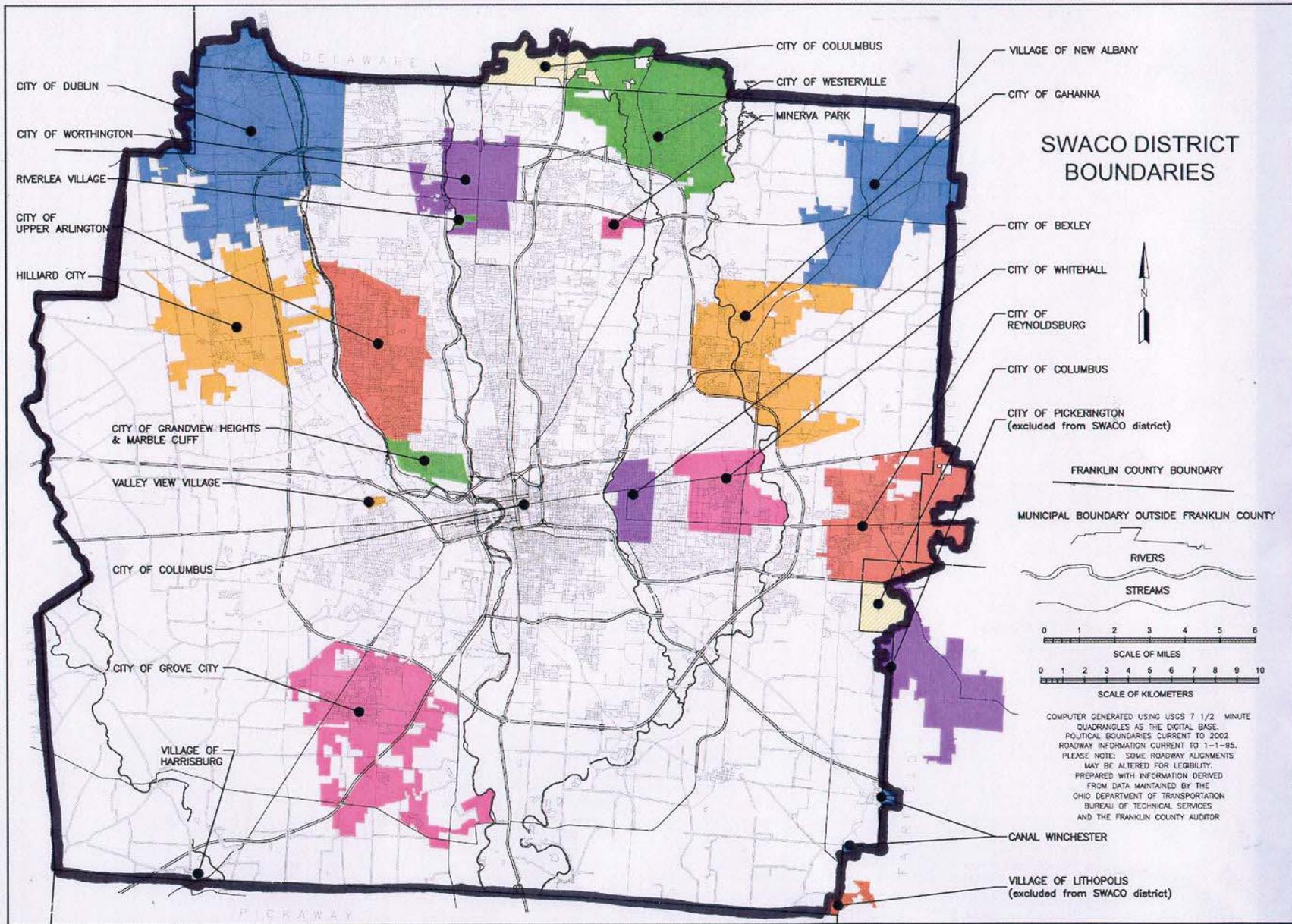
Robert Schmidt  
*Appointed by the Board of Trustees representing the general interest of citizens*

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## Staff

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







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, 2017**

*Christopher P. Morrill*

Executive Director/CEO

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# **FINANCIAL SECTION**

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## INDEPENDENT AUDITOR'S REPORT

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

To the Audit and Finance Committee and Board of Trustees:

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

We have audited the accompanying financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, Ohio (SWACO), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, Ohio, as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during the year ended December 31, 2018, SWACO adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

The supplemental schedules are management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2019, on our consideration of SWACO's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SWACO's internal control over financial reporting and compliance.



Kennedy Cottrell Richards LLC  
June 26, 2019

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2018 (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, 2018. The information contained in this MD&A should be considered in conjunction with information presented in the letter of transmittal, beginning on page 1-1, and SWACO's financial statements and corresponding notes to the financial statements, which follow this section.

#### Overview of the Financial Statements

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

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

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

#### Financial Highlights of 2018

- SWACO's overall net position increased by \$40.7 million, (104.3%), in 2018.
- Operating Fund change in net position increased by approximately \$39.3 million, (111.8%), in 2018.
- Operating Fund sale of landfill gas increased by approximately \$2.1 million, (44.5%), in 2018 due to the opening of a landfill cell.
- Operating Fund fees increased by approximately \$1.9 million, (4.1%) from the prior year. Other revenue was up approximately \$702,000, (462.4%) from the prior year due to a lease payment made.

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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- Operating Fund and Program Fund operating expenses – Salaries, wages and benefits overall expense increased approximately \$336,000 (3.0%) from the prior year. In the Operating Fund operating expenses for salaries, wages and benefits increased by approximately \$473,000 (4.8%). Operating expenses for salaries, wages, and benefits in the Program Fund decreased by approximately \$138,000 (11.9%).
- Contracts, services, and supplies expense for the combined funds increased by approximately \$1.4 million (11.8%). The Operating Fund increased by approximately \$1.3 million (13.7%). The Program Fund saw an increase of approximately \$184,000 (6.0%).
- Depletion and closure expense decreased by approximately \$22.1 million (324.3%) over prior year. Construction and development expenses that were updated in the new build-out plan resulted in an adjustment for the current year. Landfill depletion expense specifically is down approximately \$13.3 million (229.4%) from prior year while closure expense is also down approximately \$8.8 million (867.9%) from prior year based on the new build-out model due to SWACO's permitted airspace increase from the approved permit-to-install ("PTI"). The PTI increased acreage allowed to dispose municipal solid waste and increases the overall life of the Franklin County Sanitary Landfill.
- Non-operating revenues and expenses for the Combined Funds net to an expense of approximately \$1.5 million, an overall increase of approximately \$1.1 million (42.4%) from 2017.
- SWACO implemented GASB 75, which reduced beginning net position as previously reported by approximately \$4.3 million and approximately \$476,000 for the Operating Fund and Program Fund, respectively.

#### **Combined Net Position**

The 2017 and 2018 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 \$40.7 million (104.3%).

Other restricted includes approximately \$4.9 million pertaining to the Generation Fee, which is used for educational and outreach initiatives.

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**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2018****(unaudited)**

	<b>Net Position</b>		
	<b>Operating and Program Funds Combined</b>		
	<b>Restated 2017</b>	<b>2018</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current and other assets	\$ 45,790,928	\$ 61,801,860	\$ 16,010,932
Restricted cash and investments	9,788,901	6,127,453	(3,661,448)
Closure/post-closure funds held by trustee	25,988,052	27,670,404	1,682,352
Capital assets	83,041,330	95,716,715	12,675,385
Capital lease receivable (less current portion)	597,914	547,004	(50,910)
<b>Total assets</b>	<b>165,207,125</b>	<b>191,863,436</b>	<b>26,656,311</b>
<b>Deferred outflows of resources</b>			
Refundings	2,446,669	1,918,326	(528,343)
Pension	3,964,468	1,885,010	(2,079,458)
OPEB	60,148	438,545	378,397
Total deferred outflows of resources	6,471,285	4,241,881	(2,229,404)
Current liabilities	11,636,124	9,801,460	(1,834,664)
Bonds and notes payable, less current portion, net	83,649,330	77,680,942	(5,968,388)
Landfill closure/post-closure liability, non-current	22,237,474	14,457,569	(7,779,905)
Accrued wages and benefits	26,705	28,317	1,612
Net pension liability	10,105,688	7,082,384	(3,023,304)
Net OPEB liability	4,822,003	5,222,095	400,092
<b>Total liabilities</b>	<b>132,477,324</b>	<b>114,272,767</b>	<b>(18,204,557)</b>
Deferred inflows of resources: pension	201,572	1,720,877	1,519,305
Deferred inflows of resources: OPEB	-	419,495	419,495
Total deferred inflows of resources	201,572	2,140,372	1,938,800
<b>Net position</b>			
Net investment in capital assets:			
Bonds payable related to closed waste-to-energy facility	(4,602,640)	-	4,602,640
Other capital assets, net	(1,834,186)	14,509,902	16,344,088
Restricted:			
Other restricted, net	8,499,375	4,897,941	(3,601,434)
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	3,750,578	13,212,834	9,462,256
Unrestricted	33,186,387	47,071,501	13,885,114
<b>Total net position</b>	<b>\$ 38,999,514</b>	<b>\$ 79,692,178</b>	<b>\$ 40,692,664</b>

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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The net pension liability (NPL) is reported by SWACO at December 31, 2018 pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For 2018, SWACO adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of SWACO's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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

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

As a result of implementing GASB 75, SWACO is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$43,761,369 to \$38,999,514 for business-type activities.

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

The 2017 and 2018 combined revenue, expenses, and changes in net position of both the Operating and Program Funds are presented and compared below.

	<b>Revenues, Expenses, and Changes in Net Position</b>		
	<b>Operating and Program Funds Combined</b>		
	<b>Restated 2017</b>	<b>2018</b>	<b>Increase (Decrease)</b>
Revenues			
Operating revenues	\$ 56,790,954	\$ 61,922,615	\$ 5,131,661
Non-operating revenues	622,112	1,630,326	1,008,214
Total revenues	<u>57,413,066</u>	<u>63,552,941</u>	<u>6,139,875</u>
Expenses			
Operating expenses	39,542,720	19,762,259	(19,780,461)
Non-operating expenses	3,169,749	3,098,018	(71,731)
Total expenses	<u>42,712,469</u>	<u>22,860,277</u>	<u>(19,852,192)</u>
Change in net position	14,700,597	40,692,664	25,992,067
Total net position – beginning	29,060,772	38,999,514	9,938,742
Restatement - OPEB	(4,761,855)	-	4,761,855
Total net position – ending	<u>\$ 38,999,514</u>	<u>\$ 79,692,178</u>	<u>\$40,692,664</u>

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

#### Financial Position of SWACO

As shown in the table on page 2-7, SWACO ended 2018 with a combined net position of approximately \$79.7 million, an improvement of approximately \$40.7 million, (104.3%) from 2017.

The following table shows the continued reduction of the Waste-to-Energy Facility ("WTEF") lease obligation.

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

	Carrying Value of Waste-to- Energy Facility	WTEF Lease Obligation	Bonds Payable	Other Assets and (Liabilities)	Total Net Position
1993	\$ 162,105	\$ 173,253	\$ -	\$ -	\$ (11,148)
1994	36,594	165,372	-	(2,565)	(131,343)
1995	36,594	165,372	-	(3,565)	(132,343)
1996	36,594	165,372	-	(4,097)	(132,875)
1997	6,500	165,372	-	(8,361)	(167,233)
1998	6,433	158,135	-	(16,068)	(167,770)
1999	6,381	140,275	-	(4,150)	(138,044)
2000	6,338	136,553	-	(113)	(130,328)
2001	4,605	126,879	-	(1,734)	(124,008)
2002	1,976	119,480	-	(981)	(118,485)
2003	1,976	108,711	-	(964)	(107,699)
2004	1,121	28,751	56,379	4,837	(79,172)
2005	-	27,356	53,230	15,405	(65,181)
2006	-	15,817	50,029	5,986	(59,860)
2007	-	14,269	46,745	6,520	(54,494)
2008	-	6,225	43,370	556	(49,039)
2009	-	4,099	39,888	313	(43,674)
2010	-	1,889	36,287	280	(37,896)
2011	-	-	32,559	294	(32,265)
2012	-	-	28,706	1,934	(26,772)
2013	-	-	24,062	3,654	(20,408)
2014	-	-	19,441	5,638	(13,803)
2015	-	-	14,606	7,449	(7,157)
2016	-	-	9,671	9,665	(6)
2017	-	-	4,603	4,952	349
2018	\$ -	\$ -	\$ -	\$ -	\$ -

**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2018****(unaudited)****Operating Fund Net Position**

	Restated 2017	2018	Increase (Decrease)
<b>Assets</b>			
Current and other assets	\$ 45,362,383	\$ 61,333,935	\$ 15,971,552
Restricted cash and investments	4,971,750	-	(4,971,750)
Closure/post-closure funds held by trustee	25,988,052	27,670,404	1,682,352
Capital assets, net	82,801,069	95,484,304	12,683,235
Capital lease receivable	597,914	547,004	(50,910)
<b>Total assets</b>	<b>159,721,168</b>	<b>185,035,647</b>	<b>25,314,479</b>
<b>Deferred outflows of resources</b>			
Refundings	2,446,669	1,918,326	(528,343)
Pension	3,561,328	1,721,266	(1,840,062)
OPEB	54,133	403,959	349,826
Total deferred outflows of resources	6,062,130	4,043,551	(2,018,579)
<b>Liabilities</b>			
Current liabilities	11,041,577	9,270,711	(1,770,866)
Bonds and notes payable, less current portion, net	83,649,330	77,680,942	(5,968,388)
Landfill closure/post-closure liability	22,237,474	14,457,569	(7,779,905)
Accrued wages and benefits	26,425	28,137	1,712
Net pension liability	9,095,119	6,444,969	(2,650,150)
Net OPEB liability	4,339,803	4,752,106	412,303
<b>Total liabilities</b>	<b>130,389,728</b>	<b>112,634,434</b>	<b>(17,755,294)</b>
Deferred inflows of resources: pension	181,670	1,528,938	1,347,268
Deferred inflows of resources: OPEB	-	354,000	354,000
Total deferred inflows of resources	181,670	1,882,938	1,701,268
<b>Net position</b>			
Net investment in capital assets:			
Bonds payable related to closed waste-to-energy facility	(4,602,640)	-	4,602,640
Other capital assets, net	(2,074,447)	14,277,491	16,351,938
Restricted:			
Other restricted, net	4,952,022	-	(4,952,022)
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	3,750,578	13,212,834	9,462,256
Unrestricted	33,186,387	47,071,501	13,885,114
<b>Total net position</b>	<b>\$ 35,211,900</b>	<b>\$ 74,561,826</b>	<b>\$ 39,349,926</b>

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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#### Operating Fund Net Position

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

Collectively, total assets increased by approximately \$25.3 million (15.9%). The major components to this increase involves current and other assets increasing by approximately \$16.0 million (35.2%), Closure/post-closure funds held by trustee increasing by approximately \$1.7 million (6.5%) and capital assets, net increasing by approximately \$12.7 million (15.3%), while restricted cash and investments decreased by approximately \$5.0 million (100.0%) due to the final payment for the Waste-to-Energy Facility.

Collectively, total liabilities decreased by approximately \$17.8 million (13.6%). The major components of this decrease include current liabilities decreasing by approximately \$1.8 million (16.0%), bonds payable, less current portion, net decreasing by approximately \$6.0 million (7.1%), while the landfill closure/post-closure liability decreased by approximately \$7.8 million (35.0%) and the net pension liability also decreased by approximately \$2.7 million (29.1%). SWACO also implemented GASB 75 for the OPEB liability which is an increase of approximately \$412,000.

Total net position increased by approximately \$39.3 million (111.8%) from 2017 to 2018.

Other restricted, net that primarily consisted of funds associated with the bond retirement fund designated to pay the debt service for the Waste-to-Energy Facility are now exhausted due to the final debt service payment made in 2018.

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, 2018, the EPA Trust Fund value was approximately \$27.7 million, and the recorded closure liability was approximately \$14.5 million.

There was an increase in unrestricted net position of approximately \$13.9 million (41.8%).

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# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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

The following table compares 2017 and 2018 revenues, expenses and changes in net position in the Operating Fund.

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

	<u>Restated 2017</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 37,360,992	\$ 41,348,604	\$ 3,987,612
Waste transfer fees	6,445,491	6,675,842	230,351
Retired facility and waiver fees	2,329,377	-	(2,329,377)
Interfund charges	158,770	237,194	78,424
Sale of landfill gas	4,721,686	6,822,642	2,100,956
Other	151,846	853,923	702,077
Operating revenues	<u>51,168,162</u>	<u>55,938,205</u>	<u>4,770,043</u>
Operating expenses:			
Salaries, wages and benefits	9,862,312	10,335,614	473,302
Contracts, services and supplies	9,214,196	10,477,703	1,263,507
Solid waste fees	5,494,677	5,800,107	305,430
Depreciation	3,714,889	3,876,643	161,754
Landfill depletion	5,803,136	(7,506,598)	(13,309,734)
Landfill closing costs	1,013,099	(7,779,905)	(8,793,004)
Operating expenses	<u>35,102,309</u>	<u>15,203,564</u>	<u>(19,898,745)</u>
Operating income	<u>16,065,853</u>	<u>40,734,641</u>	<u>24,668,788</u>
Non-operating revenues (expenses):			
Interest expense	(3,032,003)	(2,971,650)	60,353
Interest earnings	600,678	1,369,344	768,666
Gain (loss) on disposal of assets	21,434	217,591	196,157
Total non-operating expenses, net	<u>(2,409,891)</u>	<u>(1,384,715)</u>	<u>1,025,176</u>
Change in net position	13,655,962	39,349,926	25,693,964
Total net position – beginning	25,841,608	35,211,900	9,370,292
Restatement – OPEB	(4,285,670)	-	4,285,670
Total net position – ending	<u>\$ 35,211,900</u>	<u>\$ 74,561,826</u>	<u>\$ 39,349,926</u>

## SWACO

### Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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Solid waste tons received at SWACO's facilities increased slightly from approximately 1,137,300 tons received during 2017 to approximately 1,227,900 tons received during 2018. Tipping and disposal fees increased by approximately \$4.0 million (10.7%).

Retired facility and waiver fees decreased by approximately \$2.3 million (100.0%) due to the rate change effective April 1, 2017 that eliminated the need to collect this fee as adequate funds have been collected, which have paid the debt service related to the Waste-to-Energy Facility. Operating revenues realized an increase of 9.3%, or approximately \$4.8 million.

Operating Fund sale of landfill gas increased by approximately \$2.1 million, (44.5%), in 2018 due to the opening of a landfill cell.

Expenses for salaries, wages and benefits were approximately \$473,000 (4.8%) higher in 2018 compared to 2017. This increase is primarily due to increased headcount and factoring in the new GASB 75 pronouncement related to OPEB.

Contracts, services and supplies expenses increased by approximately \$1.3 million (13.7%) in 2018.

Depletion and closure expense decreased by approximately \$22.1 million (324.3%) over prior year. Construction and development expenses that were updated in the new build-out plan resulted in an adjustment for the current year. Landfill depletion expense specifically is down approximately \$13.3 million (229.4%) from prior year while closure expense is also down approximately \$8.8 million (867.9%) from prior year based on the new build-out model due to SWACO's permitted airspace increase from the approved permit-to-install ("PTI"). The PTI increased acreage allowed to dispose municipal solid waste and increases the overall life of the Franklin County Sanitary Landfill.

Interfund charges increased by approximately \$78,000 (49.4%) in 2018.

Collectively, operating expenses decreased by approximately \$19.9 million (56.7%), primarily due to the items discussed above.

Non-operating revenues and expenses net to an expense in 2018 of approximately \$1.4 million. This represents a net increase of approximately \$1.0 million (42.5%) over the prior year.

SWACO's financial position in the Operating Fund increased by approximately \$39.3 million (111.8%) in 2018, increasing SWACO's net position from approximately \$35.2 million in 2017 to a net position of approximately \$74.6 million at the end of 2018.

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# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

<b>Program Fund Net Position</b>			
	<b>Restated 2017</b>	<b>2018</b>	<b>Increase (Decrease)</b>
<b>Assets</b>			
Current assets	\$ 5,245,696	\$ 6,595,378	\$ 1,349,682
Capital assets	240,261	232,411	(7,850)
<b>Total assets</b>	<b>5,485,957</b>	<b>6,827,789</b>	<b>1,341,832</b>
Deferred outflows of resources: pension	403,140	163,744	(239,396)
Deferred outflows of resources: OPEB	6,015	34,586	28,571
<b>Total deferred outflows of resources</b>	<b>409,155</b>	<b>198,330</b>	<b>(210,825)</b>
<b>Liabilities</b>			
Current liabilities	594,547	530,749	(63,798)
Accrued wages and benefits	280	180	(100)
Net pension liability	1,010,569	637,415	(373,154)
Net OPEB liability	482,200	469,989	(12,211)
<b>Total liabilities</b>	<b>2,087,596</b>	<b>1,638,333</b>	<b>(449,263)</b>
Deferred inflows of resources: pension	19,902	191,939	172,037
Deferred inflows of resources: OPEB	-	65,495	65,495
<b>Total deferred inflows of resources</b>	<b>19,902</b>	<b>257,434</b>	<b>237,532</b>
<b>Net position</b>			
Net investment in capital assets	240,261	232,411	(7,850)
Restricted	3,547,353	4,897,941	1,350,588
<b>Total net position</b>	<b>\$ 3,787,614</b>	<b>\$ 5,130,352</b>	<b>\$ 1,342,738</b>

### Program Fund Net Position

Total net position at the end of 2018, was approximately \$5.1 million, an increase of approximately \$1.3 million, (35.5%), from the prior year. Restricted net position (cash and receivables less payables) was approximately \$4.9 million, an increase of approximately \$1.4 million (38.1%). Net position for net investment in capital assets, was approximately \$232,000, a decrease of approximately \$8,000 (3.3%).

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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

	<u>Restated 2017</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Generation fees	\$ 5,609,783	\$ 5,984,410	\$ 374,627
Other	13,009	-	(13,009)
Operating revenues	<u>5,622,792</u>	<u>5,984,410</u>	<u>361,618</u>
Operating expenses:			
Salaries, wages and benefits	1,154,855	1,017,158	(137,697)
Contracts, services and supplies	3,062,443	3,246,303	183,860
Depreciation and depletion	64,343	58,040	(6,303)
Interfund charges	<u>158,770</u>	<u>237,194</u>	<u>78,424</u>
Operating expenses	<u>4,440,411</u>	<u>4,558,695</u>	<u>118,284</u>
Operating income	<u>1,182,381</u>	<u>1,425,715</u>	<u>243,334</u>
Non-operating revenues (expenses):			
Interest earnings	-	28,340	28,340
Grants awarded	(137,746)	(126,367)	11,379
Gain (loss) on disposal of assets	<u>-</u>	<u>15,050</u>	<u>15,050</u>
Total non-operating expenses, net	<u>(137,746)</u>	<u>(82,977)</u>	<u>54,769</u>
Change in net position	1,044,635	1,342,738	298,103
Total net position— beginning	3,219,164	3,787,614	568,450
Restatement – OPEB	<u>(476,185)</u>	<u>-</u>	<u>476,185</u>
Total net position – ending	<u>\$ 3,787,614</u>	<u>\$ 5,130,352</u>	<u>\$ 1,342,738</u>

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

A comparison of 2017 and 2018 revenues and expenses in the Program Fund is shown above.

#### Program Fund Operating Revenues

Generation fees increased by approximately \$375,000 (6.7%) in 2018 compared to 2017.

#### Program Fund Operating Expenses

Program Fund operating expenses collectively increased by approximately \$118,000 (2.7%) in 2018. Salaries, wages, and benefits decreased by approximately \$138,000 (11.9%). Contracts, services, and supplies increased by approximately \$184,000 (6.0%). Interfund charges increased by approximately \$78,000 (49.4%).

# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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### Program Fund Non-Operating Income & Expenses

Non-operating transactions consisted of grant activities, interest earnings, and gain on the sale of an asset. This accounted for an increase of approximately \$55,000 (39.8%).

Ending net position in the Program Fund increased by approximately \$1.3 million (35.5%) from 2017 to 2018.

### Capital Assets

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

The decrease in capital assets not being depreciated was approximately \$3.3 million (12.1%), primarily due to construction costs being placed in service which includes cell H5 and the permit-to-install for the expansion of the Franklin County Sanitary Landfill.

The increase in net capital assets being depreciated or depleted was approximately \$16.0 million (28.7%) in the combined funds due primarily to an increase in landfill development costs. The following table on the next page compares SWACO's investments in capital assets in the operating and program funds as of the end of 2017 and 2018.

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**SWACO****Management's Discussion & Analysis for the Year Ended December 31, 2018****(unaudited)**

<b>Operating Fund</b>	<b>Capital Assets</b>		<b>Increase</b>
	<b>2017</b>	<b>2018</b>	<b>(Decrease)</b>
Capital assets not being depreciated:			
Land and land improvements	\$ 23,718,712	\$ 23,906,380	\$ 187,668
Construction in progress	3,579,112	45,758	(3,533,354)
Total capital assets, not being depreciated	27,297,824	23,952,138	(3,345,686)
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	4,783,005	4,330,827	(452,178)
Building and improvements	12,603,707	11,294,382	(1,309,325)
Transfer stations	8,694,502	8,022,575	(671,927)
Sanitary landfill	29,422,031	47,884,382	18,462,351
Total capital assets, being depreciated, net	55,503,245	71,532,166	16,028,921
Total capital assets, net	82,801,069	95,484,304	12,683,235
<b>Program Fund</b>			
Capital assets not being depreciated:			
Construction in progress	-	50,190	50,190
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	-	-	-
Building and improvements	240,261	182,221	(58,040)
Total capital assets, net	\$ 240,261	\$ 232,411	\$ (7,850)

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

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# SWACO

## Management's Discussion & Analysis for the Year Ended December 31, 2018 (unaudited)

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### Debt Administration

SWACO's outstanding debt as of December 31, 2017 and 2018 is shown in the following table:

	Outstanding Long-Term Debt		Increase (Decrease)
	2017	2018	
General obligation bonds, net	\$ 91,174,329	\$ 82,440,942	\$ (8,733,387)
Total	\$ 91,174,329	\$ 82,440,942	\$ (8,733,387)

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

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

### Economic Factors

Similar to other local governments in Ohio, SWACO continues to face economic pressures. Waste receipts at the Franklin County Sanitary Landfill in 2018 increased slightly in comparison to the prior year.

Solid waste tons received at SWACO's facilities during 2018 were approximately 1,227,900 tons, versus 2017 receipts of 1,137,300 tons. SWACO's tipping fee rate changed effective April 1, 2017. A change in SWACO's rate was necessary due to the retirement and removal of the restricted seven dollar (\$7.00) per ton fee associated with the former Waste-to-Energy Facility and the addition of a four dollar (\$4.00) per ton fee to, among other things, offset SWACO's increasing cost of operations, maintain fund balance reserve levels, and provide funds to fulfill SWACO's community mission.

### Request for Information

This financial report is designed to provide a general overview of SWACO's finances and to show accountability for money received by SWACO. For questions or for additional information regarding this report, write to SWACO, 4239 London-Groveport Road, Grove City, Ohio 43123 or contact David Logan (614) 801-6418, or by e-mail at david.logan@swaco.org.

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**SWACO**  
**Statement of Net Position – Proprietary Funds**  
**As of December 31, 2018**

Assets	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$ 37,801,316	\$ -	\$ 37,801,316
Restricted cash	-	6,127,453	6,127,453
Investments	18,137,328	-	18,137,328
Accounts receivable, net	4,983,683	457,950	5,441,633
Lease receivable, current portion	50,911	-	50,911
Other assets	360,697	9,975	370,672
Total current assets	61,333,935	6,595,378	67,929,313
Non-current assets:			
Restricted: held by trustee for landfill closure/post-closure care:			
Cash and cash equivalents	463,336	-	463,336
Investments	27,086,787	-	27,086,787
Accrued interest receivable	120,281	-	120,281
Capital assets:			
Sanitary landfill, net of accumulated depletion	47,884,382	-	47,884,382
Buildings and equipment and furnishings, net of accumulated depreciation	23,647,784	182,221	23,830,005
Construction in progress	45,758	50,190	95,948
Land and land improvements	23,906,380	-	23,906,380
Lease receivable, less current portion	547,004	-	547,004
Total non-current assets	123,701,712	232,411	123,934,123
Total assets	185,035,647	6,827,789	191,863,436
Deferred outflows of resources:			
Refundings	1,918,326	-	1,918,326
Pension	1,721,266	163,744	1,885,010
OPEB	403,959	34,586	438,545
Total deferred outflows of resources	\$ 4,043,551	\$ 198,330	\$ 4,241,881

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, 2018**

<b>Liabilities</b>	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 3,576,823	\$ 474,963	\$ 4,051,786
Accrued wages and benefits	647,757	55,786	703,543
Accrued interest	280,712	-	280,712
Current maturities of bonds and notes payable	4,760,000	-	4,760,000
Other payables	5,419	-	5,419
Total current liabilities	<u>9,270,711</u>	<u>530,749</u>	<u>9,801,460</u>
Non-current liabilities:			
Bonds and notes payable, less current portion, net	77,680,942	-	77,680,942
Landfill closure/post-closure liability	14,457,569	-	14,457,569
Accrued wages and benefits	28,137	180	28,317
Net pension liability	6,444,969	637,415	7,082,384
Net OPEB liability	4,752,106	469,989	5,222,095
Total non-current liabilities	<u>103,363,723</u>	<u>1,107,584</u>	<u>104,471,307</u>
Total liabilities	<u>112,634,434</u>	<u>1,638,333</u>	<u>114,272,767</u>
Deferred inflows of resources:			
Pension	1,528,938	191,939	1,720,877
OPEB	354,000	65,495	419,495
Total deferred inflows of resources	<u>1,882,938</u>	<u>257,434</u>	<u>2,140,372</u>
<b>Net Position</b>			
Net investment in capital assets:			
Other capital assets, net	14,277,491	232,411	14,509,902
Restricted:			
Other restricted, net	-	4,897,941	4,897,941
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	13,212,834	-	13,212,834
Unrestricted	47,071,501	-	47,071,501
Total net position	<u>\$ 74,561,826</u>	<u>\$ 5,130,352</u>	<u>\$ 79,692,178</u>

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

**SWACO****Statement of Revenues, Expenses and Changes in Fund Net Position –  
Proprietary Funds  
For the Year Ended December 31, 2018**

	<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	\$ 41,348,604	\$ -	\$ 41,348,604
Waste transfer fees	6,675,842	-	6,675,842
Generation fees	-	5,984,410	5,984,410
Interfund charges	237,194	-	237,194
Sale of landfill gas	6,822,642	-	6,822,642
Other	853,923	-	853,923
	<hr/>	<hr/>	<hr/>
Total operating revenues	55,938,205	5,984,410	61,922,615
	<hr/>	<hr/>	<hr/>
<b>Operating expenses:</b>			
Salaries, wages and benefits	10,335,614	1,017,158	11,352,772
Contracts, services and supplies	10,477,703	3,246,303	13,724,006
Solid waste fees	5,800,107	-	5,800,107
Depreciation	3,876,643	58,040	3,934,683
Landfill depletion	(7,506,598)	-	(7,506,598)
Landfill closing costs	(7,779,905)	-	(7,779,905)
Interfund charges	-	237,194	237,194
	<hr/>	<hr/>	<hr/>
Total operating expenses	15,203,564	4,558,695	19,762,259
	<hr/>	<hr/>	<hr/>
Operating income	40,734,641	1,425,715	42,160,356
	<hr/>	<hr/>	<hr/>
<b>Non-operating revenues (expenses):</b>			
Interest expense	(2,971,650)	-	(2,971,650)
Interest earnings	1,369,344	28,340	1,397,684
Grants awarded	-	(126,367)	(126,367)
Gain on disposal of assets	217,591	15,050	232,641
	<hr/>	<hr/>	<hr/>
Total non-operating expenses, net	(1,384,715)	(82,977)	(1,467,692)
	<hr/>	<hr/>	<hr/>
Change in net position	39,349,926	1,342,738	40,692,664
	<hr/>	<hr/>	<hr/>
Total net position – beginning	39,497,570	4,263,799	43,761,369
Restatement - OPEB	(4,285,670)	(476,185)	(4,761,855)
Total net position – ending	<u>\$ 74,561,826</u>	<u>\$ 5,130,352</u>	<u>\$ 79,692,178</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, 2018**

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	<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	\$47,343,804	\$ -	\$47,343,804
Generation fees collected	-	5,943,708	5,943,708
Sale of landfill gas	6,324,736	-	6,324,736
Other receipts	853,924	-	853,924
Payments to or on behalf of employees for salaries, wages and benefits	(9,283,393)	(948,163)	(10,231,556)
Payments to vendors	(15,161,535)	(3,304,099)	(18,465,634)
Interfund charges	237,194	(237,194)	-
Other expenses	4,518	-	4,518
	<hr/>	<hr/>	<hr/>
Net cash provided by operating activities	30,319,248	1,454,252	31,773,500
<b>Cash flows from non-capital financing activities:</b>			
Grants awarded	-	(137,150)	(137,150)
Net cash used in non-capital financing activities	<hr/>	<hr/>	<hr/>
	-	(137,150)	(137,150)
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	8,858,449	-	8,858,449
Purchase of investments	(10,486,272)	-	(10,486,272)
Interest received	1,001,744	28,340	1,030,084
Net cash provided by (used in) investing activities	<hr/>	<hr/>	<hr/>
	\$(626,079)	\$28,340	\$(597,739)

**Continued on the following page**

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

**SWACO**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended December 31, 2018**

	Operating Fund	Program Fund	Total
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from sale of assets	\$ 217,591	\$ 15,050	\$ 232,641
Cash received from lease transactions	50,257	-	50,257
Landfill, facilities and equipment additions	(9,053,280)	(50,190)	(9,103,470)
Principal paid on bonds and notes payable	(7,525,000)	-	(7,525,000)
Interest paid and cost on debt refunded	(3,702,376)	-	(3,702,376)
Net cash used in capital and related financing activities	(20,012,808)	(35,140)	(20,047,948)
Net increase (decrease) in cash and cash equivalents	9,680,361	1,310,302	10,990,663
Cash and cash equivalents, beginning of year	28,120,955	4,817,151	32,938,106
Cash and cash equivalents, end of year	37,801,316	6,127,453	43,928,769
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	40,734,641	1,425,715	42,160,356
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and depletion	(3,629,955)	58,040	(3,571,915)
Landfill closing costs	(7,779,905)	-	(7,779,905)
Increase (decrease) in cash resulting from changes in:			
Accounts receivable, net	(1,178,548)	(40,702)	(1,219,250)
Accounts payable	943,501	(59,117)	884,384
Accrued wages and benefits	98,565	6,003	104,568
Deferred outflows: pension	1,840,062	239,396	2,079,458
Outflows: OPEB	(349,826)	(28,571)	(378,397)
Net pension liability	(2,650,150)	(373,154)	(3,023,304)
OPEB liability	412,303	(12,211)	400,092
Deferred inflows: pension	1,347,268	172,037	1,519,305
Deferred inflows: OPEB	354,000	65,495	419,495
Other assets and liabilities	177,292	1,321	178,613
Net cash provided by operating activities	\$ 30,319,248	\$ 1,454,252	\$ 31,773,500

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

Amortization of premiums on bonds payable during the year totaled \$1,208,388.

Bond defeasements net of amortization during the year totaled (\$528,344).

**Non-cash investing activities (Operating Fund):**

The net decrease in fair value of investments was \$161,174.

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

# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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#### 1. Organization

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

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

The Sanitary Landfill was purchased from Franklin County in 1991. The Ohio Environmental Protection Agency (“OEPA”) approved a modification to the original County permit in 1997 increasing disposal capacity by approximately 49 million cubic yards (from 10.7 million cubic yards) and increasing the landfill acreage to 363 acres from approximately 116 acres. The modified permit allowed both vertical and horizontal expansion of the landfill. In 2008, SWACO submitted an application to the OEPA to further modify the permit to change the configuration of the landfill and further increase capacity. The modification was approved by the OEPA in 2009 and added approximately 3.5 million cubic yards of disposal capacity (see Note 5 – Closure/Post-closure Funds Held by Trustee). SWACO estimates that it has sufficient landfill capacity to service the needs of the District for at least 43.7 years based on 2018 receipts. SWACO received its approval for an expansion in 2018, resulting in additional life of the landfill.

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

As part of the purchase of the currently operating landfill, SWACO also acquired the Model Landfill, the County's closed former landfill. The Model Landfill has been closed since 1985, and SWACO assumed ongoing monitoring and closure requirements for the landfill when it was transferred from the County. In 1999, SWACO leased the landfill to a private entity to develop a public golf course on the site in conjunction with a project to remediate the landfill cap. On January 15, 2014, SWACO entered into an asset purchase agreement with Phoenix Golf Links, Ltd. to acquire all their operating assets located at SWACO's closed Model Landfill. The assets were purchased for \$2,375,000 and a related Model Landfill lease agreement was terminated at the same time. The golf course operation was closed in March 2015 due to declining revenue and excess costs.

# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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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 29.9% of SWACO’s total operating revenues for the year ended December 31, 2018. The customer accounted for approximately 31.8% of accounts receivable, trade at December 31, 2018.

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

## 2. Summary of Significant Accounting Policies

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

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

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

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

# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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

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

Within the Operating Fund, SWACO segregates revenues and expenses for Continuing Operations (primarily the Sanitary Landfill and transfer stations) from Discontinued Operations (the WTEF) to allow management to more easily focus on operating results from ongoing operations. Additionally, certain revenues within the Operating Fund are dedicated to the payment of the WTEF lease obligation and related bonds (Note 11 – Waste-to-Energy Facility Debt) and may not be used for other purposes. The separation of the Operating Fund into Continuing and Discontinued Operations is shown in the supplemental schedules beginning on page 2-62.

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

*Cash and cash equivalents:* SWACO considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents. SWACO follows GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, and discloses custodial, credit, and interest rate risks associated with cash and investments. The Statement of Cash Flows includes cash and cash equivalents except for restricted cash and cash equivalents held by the trustee for the landfill closure/post-closure care.

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

*Accounts receivable:* SWACO extends credit to public and private customers of the landfill, transfer stations, and other SWACO facilities and reports amounts owed to SWACO net of any allowance for bad debts. As of December 31, 2018, the allowance for bad debt was zero. Accounts receivable also includes amounts owed by private transfer stations and landfills for solid waste received at the facilities, generated within the boundaries of SWACO and subject to the Generation Fee and Waiver Fee.

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

# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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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. 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.

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, 2018.

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

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

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

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

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

# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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

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

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

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

*Subsequent Events:* Subsequent events are defined as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or available to be issued. Management has evaluated subsequent events through May 30, 2019, which is the date that the financial statements were available to be issued.

*New Accounting Pronouncements:* For the fiscal year ended December 31, 2018, SWACO has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial reporting for Postemployment Benefits other than Pensions*, GASB Statement No. 85, *Omnibus 2017* and GASB Statement No. 86, *Certain Debt Extinguishments*.

GASB Statement No. 75 requires recognition of the entire net postemployment benefits other than pensions (other postemployment benefits or OPEB) liability and a more comprehensive measure of postemployment benefits expense for OPEB provided to the employees of state and local governmental employers through OPEB plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 75 resulted in the inclusion of net OPEB liability and OPEB expense components on the accrual financial statements. See below for the effect on net position as previously reported.

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

	Business-Type Activities		
	Operating	Program	Total
	Fund	Fund	
Net Position, December 31, 2017	\$ 39,497,570	\$ 4,263,799	\$ 43,761,369
Adjustments:			
Net OPEB Liability	(4,339,803)	(482,200)	(4,822,003)
Deferred Outflow-Payments			
Subsequent to Measurement Date	54,133	6,015	60,148
Restated Net Position, December 31, 2017	<u>\$ 35,211,900</u>	<u>\$ 3,787,614</u>	<u>\$ 38,999,514</u>

Other than employer contributions subsequent to the measurement date, SWACO made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

GASB Statement No. 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and other postemployment benefits (OPEB). These changes were incorporated in SWACO’s fiscal year 2018 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 86 addresses the reporting and disclosure requirements of certain debt extinguishments including in-substance defeasance transactions and prepaid insurance associated with debt that is extinguished. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of SWACO.

**3. Cash and Investments**

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

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

*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.

# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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

During 2018, SWACO invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. SWACO measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. Financial information may be obtained by visiting <http://www.tos.ohio.gov/starohio/>.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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

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

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

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

SWACO recorded an unrealized loss of approximately \$161,000 as of December 31, 2018, which represents the difference between fair value and the cost as of that date. Fair value was determined as described below. The chart below summarizes SWACO's cash and investments at fair value as of December 31, 2018:

**Cash and Investments at December 31, 2018**

<u>Operating and Program Funds</u>	Measurement	Maturity in Years	
	Value	Less than 1	1 to 4
Carrying amount of deposits	\$ 12,373,781	\$12,373,781	\$ -
Commercial paper	5,272,111	5,272,111	-
Federal agency securities	11,144,706	998,160	10,146,546
Negotiable certificates of deposit	1,720,511	398,560	1,321,951
Money market mutual funds/sweep acct.	5,278,491	5,278,491	-
Cash on hand	2,100	2,100	-
STAR Ohio	20,970,799	20,970,799	-
STAR Ohio Program Fund	2,778,341	2,778,341	-
STAR PLUS	2,525,257	2,525,257	-
	<u>62,066,097</u>	<u>50,597,600</u>	<u>11,468,497</u>
<u>Closure/Post-closure Trust Fund</u>			
Money market mutual funds	463,336	463,336	-
Federal agency securities	22,305,349	2,725,728	19,579,621
Commercial paper	2,077,823	2,077,823	-
Negotiable certificates of deposit	2,703,615	1,971,905	731,710
	<u>27,550,123</u>	<u>7,238,792</u>	<u>20,311,331</u>
Total	<u>89,616,220</u>	<u>57,836,392</u>	<u>31,779,828</u>

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

<u>Per Statement of Net Position</u>	Operating Fund	Program Fund	Total
Cash and cash equivalents	37,801,316	-	37,801,316
Restricted cash	-	6,127,453	6,127,453
Investments	18,137,328	-	18,137,328
Closure/post-closure funds held by trustee:			
Cash and cash equivalents (non-current)	463,336	-	463,336
Investments (non-current)	27,086,787	-	27,086,787
Total	<u>\$ 83,488,767</u>	<u>\$ 6,127,453</u>	<u>\$ 89,616,220</u>

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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*Concentration of Credit Risk:* SWACO will diversify investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 25% of SWACO's total investment portfolio at the time of purchase will be invested in a single security issuer. As of December 31, 2018, investments in the following security types exceeded 5%, but did not exceed the single issuer threshold, for any signal holding, at the total portfolio level: FHLMC 22.93%, FFCB 5.26%, and FHLB 5.08%.

SWACO categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies SWACO's recurring fair value measurements as of December 31, 2018. SWACO's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$6,127,453 in the Program Fund were restricted at December 31, 2018, for debt service, capital projects, by State law, or for other purposes.

**4. Restricted Assets**

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

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**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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	<b>Restricted Net Position</b>		
	Operating Fund	Program Fund	Total
Cash			
Unexpended generation fees	\$ -	\$ 6,127,453	\$ 6,127,453
Total restricted cash	-	6,127,453	6,127,453
Generation fees receivable	-	457,950	457,950
Prepaid expenses	-	9,976	9,976
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	13,212,834	-	13,212,834
Less amounts payable from restricted assets	-	(1,697,438)	(1,697,438)
Other restricted net position	\$ 13,212,834	\$ 4,897,941	\$ 18,110,775

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

In 1995, SWACO established a trust fund (the “Fund”) with U.S. Bank for the benefit of the OEPA under OEPA rules applicable to SWACO requiring the owner or operator of a solid waste facility to provide financial assurance that funds will be available when needed for final closure, post-closure care, and/or corrective measures of the facility when the landfill stops accepting waste (either when at maximum capacity or if closed for other reasons). The amount to be funded for the financial assurance instrument, which is established in the landfill permit, and is subject to change due to inflation or other factors, is based on the maximum exposure of unclosed landfill area allowed in the permit and is calculated differently than SWACO’s Landfill Closure Cost estimate for purposes of GASB Statement No. 18 (see Note 12 – Landfill Closure and Post-Closure Care Costs). The amount to be funded for the financial assurance estimate is paid in annual installments, called pay-in periods. Annual payments are made by SWACO and are calculated by dividing the financial assurance requirement less cash and investments in the Fund as of the calculation date by the number of years remaining in the pay-in period (twenty-three years as of December 31, 2018).

The required Fund payment due and paid in April 2019 was approximately \$699,000.

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

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

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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**6. Capital Assets**

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

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

Landfill development costs (land acquisition, engineering, construction and other direct costs associated with the permitting, development, and construction of landfill capacity) are capitalized and depleted based on the percentage of permitted capacity used during the year. Depletion is calculated based on cubic yards of solid waste disposed and placed in the landfill as measured through an annual aerial survey. Costs associated with development of the entire landfill, including cell construction, are depleted based on the percentage of total permitted capacity used (approximately 24.1% as of December 31, 2018).

Depletion and closure expense decreased by approximately \$22.1 million (324.3%) over prior year. Construction and development expenses that were updated in the new build-out plan resulted in an adjustment for the current year. Landfill depletion expense specifically is down approximately \$13.3 million (229.4%) from prior year while closure expense is also down approximately \$8.8 million (867.9%) from prior year based on the new build-out model due to SWACO's permitted airspace increase from the approved permit-to-install ("PTI"). The PTI increased acreage allowed to dispose municipal solid waste and increases the overall life of the Franklin County Sanitary Landfill.

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

As of the end of 2018, SWACO estimates total landfill development costs at approximately \$230.7 million, including approximately \$103.4 million expended through 2018 (including construction in progress) and approximately \$127.3 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$55.5 million as of December 31, 2018, leaving an estimate of \$175.2 million in depletion expense over the remaining life of the landfill.

A summary of capital assets at December 31, 2018, is shown on the following page.

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**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

**Summary of Capital Assets at December 31, 2018**

<b>Operating Fund</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 23,718,712	\$ 187,668	\$ -	\$ 23,906,380
Construction in progress	3,579,112	7,661,030	(11,194,384)	45,758
Total capital assets, not being depreciated	27,297,824	7,848,698	(11,194,384)	23,952,138
Capital assets, being depreciated/depleted:				
Equipment and furnishings	29,618,964	1,222,108	(1,873,677)	28,967,395
Building and improvements	20,081,879	221,105	-	20,302,984
Transfer stations	15,262,876	-	-	15,262,876
Sanitary landfill	92,418,302	10,955,753	-	103,374,055
Total capital assets, being depreciated/depleted	157,382,021	12,398,966	(1,873,677)	167,907,310
Less accumulated depreciation/depletion for:				
Equipment and furnishing	(24,835,959)	(1,674,286)	1,873,677	(24,636,568)
Building and improvements	(7,478,172)	(1,530,430)	-	(9,008,602)
Transfer stations	(6,568,374)	(671,927)	-	(7,240,301)
Sanitary landfill	(62,996,271)	7,506,598	-	(55,489,673)
Total accumulated depreciation/depletion	(101,878,776)	3,629,955	1,873,677	(96,375,144)
Total capital assets, being deprec. /depl., net	55,503,245	16,028,921	-	71,532,166
Total capital assets, net	82,801,069	23,877,619	(11,194,384)	95,484,304
<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	-	50,190	-	50,190
Total capital assets not being depreciated	-	50,190	-	50,190
Capital assets, being depreciated:				
Equipment and furnishings	410,720	-	(146,199)	264,521
Building and improvements	1,210,214	-	(3,005)	1,207,209
Total capital assets, being depreciated	1,620,934	-	(149,204)	1,471,730
Less accumulated depreciation for:				
Equipment and furnishing	(410,720)	-	146,199	(264,521)
Building and improvements	(969,953)	(58,040)	3,005	(1,024,988)
Total accumulated depreciation	(1,380,673)	(58,040)	149,204	(1,289,509)
Total capital assets, being depreciated, net	240,261	(58,040)	-	182,221
Total capital assets, net	\$ 240,261	\$ (7,850)	\$ -	\$ 232,411

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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**7. Lease Receivable**

On January 1, 2012, SWACO leased a building it owns, on property owned by the City of Columbus, to a third party. The term of the lease is eighteen years and the total lease payments due to SWACO over the term of the agreement will be \$1,050,192, remitted in monthly payments of \$4,862. Interest income under the lease for the year ended December 31, 2018, approximated \$8,000.

Estimated future minimum lease payments receivable, together with the present value of the net minimum lease payments receivable as of December 31, 2018, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 58,344
2020	58,344
2021	58,344
2022	58,344
2023	58,344
2024-2028	291,721
2029	58,344
Total minimum lease payments receivable	641,785
Less amount representing interest	43,870
Present value of minimum lease payments	<u><u>\$ 597,915</u></u>

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**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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**8. Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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**For the Year Ended December 31, 2018**

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

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

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

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

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

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

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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

	<u>State and Local</u>
<b>2018 Statutory Maximum Contribution Rates</b>	
Employer	14.00 %
Employee	10.00 %
<b>2018 Actual Contribution Rates</b>	
Employer:	
Pension	14.00 %
Post-Employment Health Care Benefits	0.00 %
Total Employer	<u>14.00 %</u>
Employee	<u>10.00 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. SWACO's contractually required contribution was \$891,782 for 2018. Of this amount, \$102,737 is reported as accrued wages and benefits.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPERS total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. SWACO's proportion of the net pension liability was based on the SWACO's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Period	0.04514505%
Prior Measurement Period	<u>0.04450218%</u>
Change in Proportion	<u>0.00064287%</u>
Proportionate Share of the Net	
Pension Liability	\$ 7,082,384
Pension Expense	\$ 1,467,241

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**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2018, SWACO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
<b>Deferred Outflows of Resources</b>	
Differences between Expected and	
Actual Experience	\$ 7,232
Changes of Assumptions	846,388
Changes in Proportionate Share	139,608
SWACO Contributions Subsequent	
to the Measurement Date	891,782
Total Deferred Outflows of Resources	<u>\$ 1,885,010</u>
<b>Deferred Inflows of Resources</b>	
Differences between Expected and	
Actual Experience	\$ 139,572
Net Difference between Projected and Actual	
Earnings on Pension Plan Investments	1,520,493
Changes in Proportionate Share	60,812
Total Deferred Inflows of Resources	<u>\$ 1,720,877</u>

\$891,782 reported as deferred outflows of resources related to pension resulting from SWACO contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>
2019	\$ 677,809
2020	(112,062)
2021	(668,601)
2022	(624,795)
	<u>\$ (727,649)</u>

***Actuarial Assumptions - OPERS***

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

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**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017 are presented below.

Valuation Date	December 31, 2017
Wage Inflation	3.25 percent
Projected Salary Increases, including wage inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Investment Rate of Return	7.50 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2018, then 2.15 percent Simple

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82 percent for 2017.

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The allocation of investment assets within the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	5.66 %

**Discount Rate** The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of SWACO's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents SWACO's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what SWACO's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
SWACO's Proportionate Share of the Net Pension Liability	\$ 12,576,509	\$ 7,082,384	\$ 2,501,939

# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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#### 9. Defined Benefit OPEB Plans

##### *Net OPEB Liability*

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in accrued wages and benefits.

##### ***Plan Description – Ohio Public Employees Retirement System (OPERS)***

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

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

## **SWACO**

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. SWACO's contractually required contribution was \$0 for 2018.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. SWACO's proportion of the net OPEB liability was based on SWACO's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

**SWACO**  
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	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.04808885%
Prior Measurement Period	<u>0.04774100%</u>
Change in Proportion	<u><u>0.00034785%</u></u>
Proportionate Share of the Net	
OPEB Liability	\$ 5,222,095
OPEB Expense	\$ 441,190

At December 31, 2018, SWACO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
<b>Deferred Outflows of Resources</b>	
Differences between Expected and	
Actual Experience	\$ 4,068
Changes of Assumptions	380,224
Changes in Proportionate Share	<u>54,253</u>
Total Deferred Outflows of Resources	<u><u>\$ 438,545</u></u>
<b>Deferred Inflows of Resources</b>	
Net Difference between Projected and Actual	
Earnings on OPEB Plan Investments	389,011
Changes in Proportionate Share	<u>30,484</u>
Total Deferred Inflows of Resources	<u><u>\$ 419,495</u></u>

No contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>
2019	\$ 97,843
2020	100,218
2021	(81,759)
2022	<u>(97,252)</u>
Total	<u><u>\$ 19,050</u></u>

***Actuarial Assumptions - OPERS***

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

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Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

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The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of SWACO's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents SWACO's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what SWACO's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
SWACO's Proportionate Share of the Net OPEB Liability	\$ 6,937,778	\$ 5,222,095	\$ 3,834,124

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*Sensitivity of SWACO's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate* Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries' project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
SWACO's Proportionate Share of the Net OPEB Liability	\$ 4,996,431	\$ 5,222,095	\$ 5,455,199

**10. Debt Management**

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

**Outstanding Notes and Bonds as of December 31, 2018**

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2018
Series 2012	\$ 79,015,000	2013 - 2032	1.50% - 5.00%	\$27,985,000
Series 2013A	9,375,000	2015 - 2026	1.50% - 4.00%	6,445,000
Series 2013B	9,540,000	2014 - 2032	0.45% - 5.00%	6,335,000
Series 2016	35,360,000	2016 - 2029	3.00% - 5.00%	35,360,000
Subtotal, general obligation bonds				<u>\$ 76,125,000</u>

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# SWACO

## Notes to Financial Statements

### For the Year Ended December 31, 2018

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*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. SWACO made its final debt service payment for these bonds in 2018.

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

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

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

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

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It is anticipated that the debt service on the Series 2008, Series 2012 (except for debt service on the portion pertaining to the retirement of debt for the Waste-to-Energy Facility), Series 2013A, Series 2013B, and Series 2016 bonds will be paid from SWACO's tipping fees or other sources of revenues. However, Series 2008, Series 2012, Series 2013A, Series 2013B, and Series 2016 bonds are general obligation bonds secured by a pledge to levy ad valorem property taxes.

The following table summarizes SWACO's annual debt service requirements to maturity for its general obligation bonds (including general obligation bonds issued by Franklin County on behalf of SWACO), tax revenue note, and promissory note outstanding as of December 31, 2018, categorized by source of payment.

Year ended December 31,	Paid from Tipping Fees		Paid from Retired Facility/Waiver Fees		Total	
	Series 2012, 2013A, 2013B, 2016		Series 2012			
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$4,760,000	\$3,368,540	\$-	\$-	\$4,760,000	\$3,368,540
2020	4,965,000	3,172,560	-	-	4,965,000	3,172,560
2021	5,180,000	2,958,060	-	-	5,180,000	2,958,060
2022	5,420,000	2,721,693	-	-	5,420,000	2,721,693
2023	5,655,000	2,487,113	-	-	5,655,000	2,487,113
2024 – 2028	27,660,000	8,376,875	-	-	27,660,000	8,376,875
2029 - 2032	22,485,000	2,393,350	-	-	22,485,000	2,393,350
Total	\$76,125,000	\$25,478,191	\$-	\$-	\$76,125,000	\$25,478,191

*Legal Debt Margins.* SWACO's debt is not subject to direct debt limitations, but its un-voted general obligation debt (debt authorized by SWACO's Board of Trustees but not by a vote of the electors) is subject to overlapping debt restrictions with other political subdivisions. These limitations apply to each overlapping county, municipal corporation, school district or other issuing authority. Limitations apply to each county total and are not considered cumulatively. Total debt service charges for any one year of all overlapping debt may not exceed ten mills (1%) of the assessed property value within the overlapping jurisdictions. This determination is made by the respective county auditors each time a subdivision proposes to issue un-voted debt. At the time of SWACO's most recent un-voted debt issue in 2016, the maximum millage required in any overlapping jurisdictions was 9.6153 mills, leaving a margin of 0.3847 mills.

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*Summary of Debt and Long-Term Obligations*

Including the bonds and notes payable, net pension liability, net OPEB liability, and compensated leave balances, long-term liability activity for the year ended December 31, 2018:

<b>Operating and Program Funds</b>	<b>Restated 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 2008 bonds refunding	\$ 970,000	\$ -	\$ (970,000)	\$ -	\$ -
Series 2012 bonds refunding	33,135,000	-	(5,150,000)	27,895,000	2,595,000
Series 2013A bonds refunding	7,200,000	-	(755,000)	6,445,000	765,000
Series 2013B bonds refunding	6,985,000	-	(650,000)	6,335,000	390,000
Series 2016 bonds refunding	35,360,000	-	-	35,360,000	1,010,000
Unamortized bond premiums	7,524,329	3,635	(1,212,022)	6,315,942	-
Total general obligation notes and bonds payable, net	91,174,329	3,635	(8,737,022)	82,440,942	4,760,000
Landfill closure and post-closure liability	22,237,474	-	(7,779,905)	14,457,569	-
Net pension liability	10,105,688	-	(3,023,304)	7,082,384	-
Net OPEB liability	4,822,003	400,092	-	5,222,095	-
Compensated leave	286,964	88,164	(42,097)	333,031	304,713
Total debt and long-term liabilities	\$ 128,626,458	\$ 491,891	\$ (19,582,328)	\$ 109,536,021	\$ 5,064,713

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

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

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

## **SWACO**

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#### **For the Year Ended December 31, 2018**

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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.

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.

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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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 debt related to the Waste-to-Energy Facility. The \$7.00 Retired Facility Fee and Waiver Fee will fund the debt service on the 2012 issue attributable to the 2004A refunding. In 2018, SWACO made its last debt service payment associated with the Waste-to-Energy Facility.

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

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

SWACO's estimate of total current cost of closure and post-closure care is \$30.4 million. This estimate includes final cover and gas collection system costs for the last phase of the landfill construction. These amounts are estimated based on the 2018 cost to perform all closure and post-closure care. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. The amount reported as Landfill Closure/Post-closure liability as of December 31, 2018, includes \$14.5 million representing the cumulative amount reported based on the use of 24.1% of the estimated capacity of the landfill, including the original permit and 1997, 2009, and 2018 modifications. SWACO will recognize the remaining estimated cost of closure and post-closure care costs as the remaining estimated capacity is filled. Per SWACO's annual report the landfill has a remaining useful life of approximately 43.7 years.

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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SWACO also maintains and monitors the Model Landfill, which has been closed since 1985. The Model Landfill is not subject to the same state and federal laws and regulations as the current operating landfill. In an effort to manage post-closure costs, SWACO leased the closed landfill to a private entity in 1999 to develop a public golf course on the site, and leased the landfill gas collection system and sold the gas rights for the purpose of generating electricity. SWACO no longer carried a Landfill Closure/Post-closure care liability as of December 31, 2016. Future maintenance and repairs such as remediation costs for its gas system will be funded from operating funds.

On January 15, 2014, SWACO entered into an asset purchase agreement with Phoenix Golf Links, Ltd. to acquire all of their operating assets, located at SWACO's closed Model Landfill. The assets were purchased for \$2,375,000 and a related Model Landfill lease agreement was terminated at the same time. In March 2015, SWACO decided to close its golf course operation resulting in a write-down of the golf course clubhouse, land improvements, and deferred outflows of resources.

In addition to the gas remediation, SWACO will explore the potential leasing of the buildings at the site and other possible methods of cost mitigation as well as other potential uses for the land.

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**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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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 2018. The future maximum service payments are \$285,000 annually from 2019 through 2025.

SWACO also entered into a modification of another yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, beginning January 1, 2010, SWACO pays the service provider a per-ton fee for yard waste composting services up to a maximum annual payment of \$1,200,000, to accept and process yard waste delivered by SWACO District constituents. Operating expenses under the service agreement were \$1,200,000 in 2018. The future maximum service payments are \$1,200,000 annually from 2019 through 2022.

**14. Commitments and Contingencies**

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

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

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**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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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. There have been no significant changes in insurance coverage since the prior year. Settled claims have not exceeded commercial coverage in any of the past three years. SWACO purchases workers' compensation insurance through the State of Ohio to cover all employees. SWACO also provides life insurance to all full-time employees at an amount equal to \$50,000 or one (1) year's base salary, whichever is greater as well as short-term disability benefit. These benefits are fully insured by SWACO through third parties.

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

SWACO provides health care benefits package to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 5,990 employees of Franklin and Pickaway Counties, SWACO and other Central Ohio political subdivisions. There are approximately 13,983 plan subscribers when spouses and dependents and domestic partners are counted. During 2018, these benefits included a self-insured participating provider organization medical plan, a prescription drug program, a mental health and chemical dependency program, dental, vision, and employee assistance program (EAP) benefits. The program is administered by third parties who provide claims review and processing. Participating County agencies and other political subdivisions pay their proportionate shares of the premiums and may be charged for their pro-rata share of any reserve deficiency as determined by the plan's independent actuary. SWACO has not been assessed any charges other than its premiums for the years ended December 31, 2018 or 2017.

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, 2018. 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 2018 incurred in prior years, but is unable to quantify the monetary value and such claims should not have a material impact on the financial statements.

	<u>2017</u>	<u>2018</u>
Unpaid claims at January 1	\$ -	\$ 16,504
Incurred claims	248,214	33,571
Paid claims	<u>(231,710)</u>	<u>(47,075)</u>
Unpaid claims at December 31	<u>\$ 16,504</u>	<u>\$ 3,000</u>

**SWACO**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2018**

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**16. Subsequent Events**

SWACO's Board of Trustees adopted a resolution that provided funding to support Resolution 042-18, SWACO's Community Recycling Cart Grant for the communities in Consortium #1. The Community Recycling Cart Grant provides communities in Consortium #1 with a twenty-two dollars and fifty-cent (\$22.50) per cart grant toward the total cost of a recycling cart, which is approximately forty-five dollars (\$45.00) for each household. SWACO also received a reimbursement grant from The Recycling Partnership for seven dollars (\$7.00) per cart. Communities in Consortium #1 are required to reimburse SWACO for the difference in the total cost of approximately fifteen dollars and fifty-two cents (\$15.52) per cart, in six (6) installments over three (3) years, ending in 2021. This Grant aligns with SWACO's mission, to improve the community's solid waste stream through effective reduction, recycling and disposal.

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**SWACO**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2018**

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>					
SWACO's Proportion of the Net Pension Liability	0.0451451%	0.0445022%	0.0437840%	0.0470640%	0.0470640%
SWACO's Proportionate Share of the Net Pension Liability	\$ 7,082,384	\$ 10,105,688	\$ 7,583,941	\$ 5,678,740	\$ 5,548,232
SWACO's Covered Payroll	\$ 6,014,821	\$ 5,761,125	\$ 5,519,033	\$ 5,874,258	\$ 6,162,485
SWACO's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	117.75%	175.41%	137.41%	96.67%	90.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

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

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**SWACO**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2018**

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Solid Waste Authority of Central Ohio  
Franklin County, Ohio  
*Required Supplementary Information*  
*Schedule of SWACO's Contributions - Pension*  
*Last Six Years (1)*

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

(1) Information prior to 2013 is not available.

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**SWACO**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2018**

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

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	2018	2017
<i>Ohio Public Employees' Retirement System (OPERS)</i>		
SWACO's Proportion of the Net OPEB Liability	0.0480888%	0.0477410%
SWACO's Proportionate Share of the Net OPEB Liability	\$ 5,222,095	\$ 4,822,003
SWACO's Covered Payroll	\$ 6,014,821	\$ 5,761,125
SWACO's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	86.82%	83.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.04%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

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

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**SWACO**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2018**

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**Solid Waste Authority of Central Ohio**  
**Franklin County, Ohio**  
*Required Supplementary Information*  
*Schedule of SWACO's Contributions - OPEB*  
*Last Three Years (1)*

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b><i>Ohio Public Employees' Retirement System (OPERS)</i></b>			
Contractually Required Contribution	\$ 0	\$ 60,148	\$ 115,223
Contributions in Relation to the Contractually Required Contribution	0	(60,148)	(115,223)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
SWACO's Covered Payroll (2)	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125
Contributions as a Percentage of Covered Payroll	0.00%	1.00%	2.00%

(1) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(2) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

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**SWACO**  
**Required Supplementary Information**  
**For the Year Ended December 31, 2018**

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**Solid Waste Authority of Central Ohio**  
**Franklin County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Year Ended December 31, 2018*

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**Note 1 - Net Pension Liability**

***Changes in Assumptions – OPERS***

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

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

There were no significant changes in assumptions in 2018.

**Note 2 - Net OPEB Liability**

***Changes in Assumptions - OPERS***

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

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**SWACO****Supplemental Schedule – Operating Fund Statement of Net Position – Proprietary Fund****As of December 31, 2018**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 37,801,316	\$ -	\$ 37,801,316
Investments	18,137,328	-	18,137,328
Accounts receivable, net	4,983,683	-	4,983,683
Lease receivable, current portion	50,911	-	50,911
Other assets	360,697	-	360,697
Total current assets	61,333,935	-	61,333,935
Non-current assets:			
Restricted held by trustee for landfill closure/post-closure care:			
Cash and cash equivalents	463,336	-	463,336
Investments	27,086,787	-	27,086,787
Accrued interest receivable	120,281	-	120,281
Capital assets:			
Sanitary landfill, net of accumulated depletion	47,884,382	-	47,884,382
Buildings and equipment, net of accumulated depreciation	23,647,784	-	23,647,784
Construction in progress	45,758	-	45,758
Land and land improvements	23,906,380	-	23,906,380
Lease receivable, less current portion	547,004	-	547,004
Total non-current assets	123,701,712	-	123,701,712
Total assets	185,035,647	-	185,035,647
Deferred outflows of resources:			
Refundings	1,918,326	-	1,918,326
Pension	1,721,266	-	1,721,266
OPEB	403,959	-	403,959
Total deferred outflows of resources	\$ 4,043,551	\$ -	\$ 4,043,551

Continued on the following page

**SWACO****Supplemental Schedule – Operating Fund Statement of Net Position – Proprietary Fund****As of December 31, 2018**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	\$ 3,576,823	\$ -	\$ 3,576,823
Accrued wages and benefits	647,757	-	647,757
Accrued interest	280,712	-	280,712
Current maturities of bonds and notes payable	4,760,000	-	4,760,000
Other payables	5,419	-	5,419
Total current liabilities	9,270,711	-	9,270,711
Non-current liabilities:			
Bonds and notes payable, less current portion, net	77,680,942	-	77,680,942
Landfill closure/post-closure liability	14,457,569	-	14,457,569
Accrued wages and benefits	28,137	-	28,137
Net pension liability	6,444,969	-	6,444,969
Net OPEB liability	4,752,106	-	4,752,106
Total non-current liabilities	103,363,723	-	103,363,723
Total liabilities	112,634,434	-	112,634,434
Deferred inflows of resources: pension	1,528,938	-	1,528,938
Deferred inflows of resources: OPEB	354,000	-	354,000
Total deferred inflows of resources	1,882,938	-	1,882,938
<b>Net position</b>			
Net investment in capital assets:			
Other capital assets, net	14,277,491	-	14,277,491
Restricted:			
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	13,212,834	-	13,212,834
Unrestricted	47,071,501	-	47,071,501
Total net position	\$ 74,561,826	\$ -	\$ 74,561,826

**SWACO****Supplemental Schedule – Operating Fund Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund  
For the Year Ended December 31, 2018**

	Operating Fund		
	Continuing Operations	Discontinued Operations	Total
<b>Operating revenues:</b>			
Tipping and disposal fees	\$ 41,348,604	\$ -	\$ 41,348,604
Waste transfer fees	6,675,842	-	6,675,842
Interfund charges	237,194	-	237,194
Sale of landfill gas	6,822,642	-	6,822,642
Other	853,923	-	853,923
Operating revenues	<u>55,938,205</u>	<u>-</u>	<u>55,938,205</u>
<b>Operating expenses:</b>			
Salaries, wages and benefits	10,335,614	-	10,335,614
Contracts, services and supplies	10,477,703	-	10,477,703
Solid waste fees	5,800,107	-	5,800,107
Depreciation	3,876,643	-	3,876,643
Landfill depletion	(7,506,598)	-	(7,506,598)
Landfill closing cost	(7,779,905)	-	(7,779,905)
Operating expenses	<u>15,203,564</u>	<u>-</u>	<u>15,203,564</u>
Operating income (loss)	<u>40,734,641</u>	<u>-</u>	<u>40,734,641</u>
<b>Non-operating revenues (expenses):</b>			
Interest expense	(2,622,268)	(349,382)	(2,971,650)
Interest earnings	1,369,344	-	1,369,344
Gain on disposal of assets	217,591	-	217,591
Total non-operating expenses, net	<u>(1,035,333)</u>	<u>(349,382)</u>	<u>(1,384,715)</u>
Change in net position	39,699,308	(349,382)	39,349,926
Total net position – beginning	39,148,188	349,382	39,497,570
Restatement - OPEB	(4,285,670)	-	(4,285,670)
Total net position – ending	<u>\$ 74,561,826</u>	<u>\$ -</u>	<u>\$ 74,561,826</u>

**SWACO****Supplemental Schedule – Operating Fund Statement of Cash Flows – Proprietary Fund  
For the Year Ended December 31, 2018**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Cash flows from operating activities:</b>			
Receipts from customers	\$ 47,343,804	\$ -	\$ 47,343,804
Sale of landfill gas	6,324,736	-	6,324,736
Other receipts	853,924	-	853,924
Payments to or on behalf of employees for salaries, wages and benefits	(9,283,393)	-	(9,283,393)
Payment to vendors	(15,161,535)	-	(15,161,535)
Interfund charges	237,194	-	237,194
Other expenses	4,518	-	4,518
Net cash provided by operating activities	<u>30,319,248</u>	<u>-</u>	<u>30,319,248</u>
<b>Cash flows from investing activities:</b>			
Proceeds from sales and maturities of investments	8,858,449	-	8,858,449
Purchase of investments	(10,486,272)	-	(10,486,272)
Interest received	1,001,744	-	1,001,744
Net cash used in investing activities	<u>(626,079)</u>	<u>-</u>	<u>(626,079)</u>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from sale of assets	217,591	-	217,591
Cash received from lease transactions	50,257	-	50,257
Landfill, plant improvements and equipment additions	(9,053,280)	-	(9,053,280)
Principal paid on bonds and notes payable	(2,790,000)	(4,735,000)	(7,525,000)
Interest paid and cost on debt refunded	(3,465,626)	(236,750)	(3,702,376)
Net cash used in capital and related financing activities	<u>(15,041,058)</u>	<u>(4,971,750)</u>	<u>(20,012,808)</u>
Net increase (decrease) in cash	14,652,111	(4,971,750)	9,680,361
Cash and cash equivalents, beginning of year	<u>23,149,205</u>	<u>4,971,750</u>	<u>28,120,955</u>
Cash and cash equivalents, end of year	<u>\$ 37,801,316</u>	<u>\$ -</u>	<u>\$ 37,801,316</u>

Continued on the following page

**SWACO****Supplemental Schedule – Operating Fund Statement of Cash Flows – Proprietary Fund****For the Year Ended December 31, 2018**

	Operating Fund		Total
	Continuing Operations	Discontinued Operations	
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	\$ 40,734,641	\$ -	\$ 40,734,641
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation and depletion	(3,629,955)	-	(3,629,955)
Landfill closing cost	(7,779,905)	-	(7,779,905)
(Decrease) increase in cash resulting from changes in:			
Accounts receivable, net	(1,178,548)	-	(1,178,548)
Accounts payable	943,501	-	943,501
Accrued wages and benefits	98,565	-	98,565
Deferred outflows: pension	1,840,062	-	1,840,062
Deferred outflows: OPEB	(349,826)	-	(349,826)
Net pension liability	(2,650,150)	-	(2,650,150)
OPEB liability	412,303	-	412,303
Deferred inflows: pension	1,347,268	-	1,347,268
Deferred inflows: OPEB	354,000	-	354,000
Other assets and liabilities	177,292	-	177,292
Net cash provided by operating activities	<u>\$ 30,319,248</u>	<u>\$ -</u>	<u>\$ 30,319,248</u>

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

Amortization of premiums on bonds payable during the year of \$1,050,200 for Continuing Operations and \$158,188 for Discontinued Operations.

Amortization of deferred amounts on refundings during the year totaled (\$237,796) for Continuing Operations and (\$290,548) for Discontinued Operations.

**Non-cash investing activities (Operating Fund):**

The net decrease in fair value of investments was \$161,174.

# **STATISTICAL SECTION**

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## *Solid Waste Authority of Central Ohio*

### Introduction to Statistical Section

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

Tables 1 and 2 provide ten years of financial information for SWACO. Table 3 is a budget to actual comparison for 2018.

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

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

Tables 12 through 16 provide debt service schedules for SWACO's outstanding notes and bonds. Table 17 shows various debt ratios for SWACO. Table 17 includes total debt (notes and bonds) per capita, total obligation debt as a percent of SWACO assessed property valuation (although backed by a pledge to levy ad valorem property taxes, SWACO's general obligation bonds are paid from other sources, see note 10 to the financial statements), and annual debt service per ton paid from the landfill tipping fee. Table 18 shows the statutory debt limit on SWACO's ability to issue debt supported by property taxes. SWACO is not subject to direct debt limits.

Demographic information is presented for SWACO's solid waste district and Franklin County in Tables 19 through 21. Table 22 provides information on capital assets.

**SWACO**  
**Schedules of Net Position - All Funds**  
**For Years Ended December 31, 2009 through 2018**  
**(in thousands)<sup>1</sup>**

<b>Assets</b>	2009	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018
Cash and cash equivalents	\$ 7,349	\$ 5,599	\$ 5,238	\$ 7,152	\$ 14,221	\$ 18,311	\$ 29,496	\$ 22,036	\$ 26,054	\$ 37,801
Restricted cash	1,817	6,582	25,506	35,741	25,413	17,811	15,907	12,622	9,789	6,127
Unrestricted and restricted investments	3,008	5,055	7,337	6,886	5,877	7,426	7,536	10,695	14,915	18,137
Accounts receivable, net	3,036	3,794	3,640	4,721	4,288	4,611	5,517	5,451	4,222	5,442
Grants receivable	-	26	495	357	-	-	-	-	-	-
Closure/postclosure funds held by trustee	20,648	21,027	21,199	21,341	21,548	22,660	23,647	24,662	25,988	27,670
Sanitary Landfill, net of accum. deprec./depletion	18,600	12,767	16,010	23,925	21,146	28,049	22,739	33,351	29,422	47,884
Buildings and equipment, net of accum. depreciation	17,662	14,679	16,722	16,318	25,138	25,273	22,629	24,732	26,322	23,830
Construction in progress	4,341	3,558	2,606	9,886	8,647	1,848	8,714	609	3,579	96
Land and land improvements	12,711	12,711	13,036	18,064	18,163	18,745	18,745	23,719	23,719	23,907
Lease receivable	4,708	5,518	5,218	5,851	3,640	1,770	747	698	648	598
Other assets	53	23	210	212	522	427	306	465	549	371
<b>Total assets</b>	<b>93,934</b>	<b>91,339</b>	<b>117,217</b>	<b>150,454</b>	<b>148,603</b>	<b>146,931</b>	<b>155,983</b>	<b>159,040</b>	<b>165,207</b>	<b>191,863</b>
Deferred outflows of resources:										
Refundings	-	-	-	2,533	2,424	3,189	1,595	2,795	2,447	1,918
Pension	-	-	-	-	-	695	965	2,920	3,964	1,885
OPEB	-	-	-	-	-	-	-	-	60	439
<b>Total deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,533</b>	<b>\$ 2,424</b>	<b>\$ 3,884</b>	<b>\$ 2,560</b>	<b>\$ 5,715</b>	<b>\$ 6,471</b>	<b>\$ 4,242</b>

Table 1 (continued)

	2009	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018
<b>Liabilities</b>										
Accounts payable, deferred revenue, and unearned income	\$ 2,050	\$ 2,593	\$ 3,506	\$ 4,164	\$ 3,787	\$ 2,360	\$ 5,479	\$ 5,747	\$ 3,167	\$ 4,052
Accrued wages and benefits	1,380	1,408	1,418	1,525	791	884	697	767	628	731
SWACO grants payable	34	41	39	71	88	32	4	45	11	0
ERIP payable	1,139	1,097	617	100	-	-	-	-	-	-
Accrued interest	743	903	885	891	790	679	615	221	331	281
Bonds and notes payable (Note 10)	102,263	108,320	125,197	142,115	133,064	122,532	112,691	99,696	91,174	82,441
Capital lease obligation (Note 11)	4,099	1,889	-	-	-	-	-	-	-	-
Landfill closure/postclosure care liability (Note 12)	11,237	12,086	11,584	22,228	22,651	23,105	20,411	21,224	22,237	14,458
Net pension liability	-	-	-	-	-	5,548	5,679	7,584	10,106	7,083
Net OPEB liability	-	-	-	-	-	-	-	-	4,822	5,222
Other	177	37	128	111	70	51	-	2	1	5
<b>Total liabilities</b>	<b>123,122</b>	<b>128,374</b>	<b>143,374</b>	<b>171,205</b>	<b>161,241</b>	<b>155,191</b>	<b>145,576</b>	<b>135,286</b>	<b>132,477</b>	<b>114,273</b>
Deferred inflows of resources: pension	-	-	-	-	-	-	100	409	202	1,721
Deferred inflows of resources: OPEB	-	-	-	-	-	-	-	-	-	420
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100</b>	<b>409</b>	<b>202</b>	<b>2,141</b>
<b>Net position</b>										
Net investment in capital assets:										
WTEF, net of lease obligation and bonds payable	(43,987)	(38,176)	(32,559)	(28,706)	(24,062)	(19,441)	(14,606)	(9,671)	(4,603)	-
Other capital assets, net	(3,609)	(17,925)	(16,480)	(5,286)	(8,069)	(14,056)	(17,875)	(5,637)	(1,834)	14,510
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	10,399	9,901	10,512	(137)	(573)	(149)	3,334	3,437	3,751	13,213
Other restricted, net	514	777	1,614	2,701	4,633	7,418	9,789	12,556	8,499	4,898
Unrestricted	7,496	8,388	10,756	13,210	17,857	21,852	32,225	28,375	33,186	47,071
<b>Total net position</b>	<b>\$ (29,187)</b>	<b>\$ (37,035)</b>	<b>\$ (26,157)</b>	<b>\$ (18,218)</b>	<b>\$ (10,214)</b>	<b>\$ (4,376)</b>	<b>\$ 12,867</b>	<b>\$ 29,060</b>	<b>\$ 38,999</b>	<b>\$ 79,692</b>

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

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

**SWACO**  
**Schedules of Revenues, Expenses, and Changes in Net Position - All Funds**  
**For Years Ended December 31, 2009 through 2018**  
**(in thousands)<sup>1</sup>**

	2009	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018
<b>Revenues:</b>										
Tipping and disposal fees	\$ 18,101	\$ 21,141	\$ 26,870	\$ 29,251	\$ 29,217	\$ 29,255	\$ 30,302	\$ 30,812	\$ 37,361	\$ 41,349
Waste transfer fees	4,403	4,441	4,487	4,427	4,836	5,696	5,988	6,432	6,445	6,676
Retired facility and waiver fees	9,162	9,473	9,095	8,842	9,134	9,079	9,451	9,631	2,329	-
Generation fees	5,090	5,265	5,054	4,919	5,074	5,045	5,258	5,362	5,610	5,984
Sale of landfill gas						676	2,086	2,708	4,722	6,823
Other	563	846	435	1,096	482	1,256	784	112	324	1,091
Operating revenues	37,319	41,166	45,941	48,535	48,743	51,007	53,869	55,057	56,791	61,923
<b>Expenses:</b>										
Salaries, wages and benefits	11,226	9,457	9,281	10,132	9,951	9,460	8,744	9,556	11,017	11,353
Contracts, services and supplies	9,491	10,172	12,102	10,584	10,768	11,373	10,474	11,853	12,276	13,724
Solid waste fees	3,250	4,342	4,929	4,764	4,766	5,012	5,153	5,279	5,495	5,801
Depreciation and depletion	7,428	13,960	5,290	(2,211)	7,161	8,737	10,069	8,198	9,582	(3,572)
Landfill closing expenses	1,100	877	(440)	10,791	643	687	(2,496)	911	1,014	(7,780)
Other	-	10	1	-	(116)	-	1,196	-	159	237
Operating expenses	32,495	38,818	31,163	34,060	33,173	35,269	33,140	35,797	39,543	19,763
Operating income	\$ 4,824	\$ 2,348	\$ 14,778	\$ 14,475	\$ 15,570	\$ 15,738	\$ 20,729	\$ 19,260	\$ 17,248	\$ 42,160

Table 2 (continued)

	2009	2010	2011	2012	2013	2014	2015	2016	Restated 2017	2018
<b>Non-operating revenues (expenses):</b>										
Interest expense	\$ (4,729)	\$ (4,498)	\$ (4,347)	\$ (5,700)	\$ (4,746)	\$ (3,522)	\$ (3,871)	\$ (3,561)	\$ (3,032)	\$ (2,972)
ERIP interest expense	(42)	(128)	(108)	386	(32)	(3)	-	-	-	-
Interest earnings	762	567	417	(72)	249	214	530	608	601	1,398
Capital contributions received							1,105	-	-	-
Grant revenues	307	621	495	133	27	-	-	-	-	-
Grants awarded	(712)	(587)	(369)	(247)	(399)	(147)	(131)	(215)	(137)	(126)
Loss on federal grant	(512)	-	-	-	-	-	-	-	-	-
Bad debt expense		(127)	-	-	(2,500)	(1,773)	(8)	-	-	-
Impairment of long-lived assets	-	(6,100)	-	(800)	-	-	-	-	-	-
Fire loss net of insurance proceeds	-	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	19	57	12	(236)	(165)	184	(1,110)	101	21	232
<b>Total non-operating expenses</b>	<b>(4,908)</b>	<b>(10,195)</b>	<b>(3,900)</b>	<b>(6,536)</b>	<b>(7,566)</b>	<b>(5,047)</b>	<b>(3,485)</b>	<b>(3,067)</b>	<b>(2,547)</b>	<b>(1,468)</b>
Change in net position	(84)	(7,847)	10,878	7,939	8,004	10,691	17,244	16,193	14,701	40,692
Total net position - beginning	(29,104)	(29,188)	(37,035)	(26,157)	(18,218)	(10,214)	(4,377)	12,867	29,060	38,999
Change in accounting principle <sup>2</sup>	-	-	-	-	-	(4,853)	-	-	(4,762)	-
<b>Total net position - ending</b>	<b>\$ (29,188)</b>	<b>\$ (37,035)</b>	<b>\$ (26,157)</b>	<b>\$ (18,218)</b>	<b>\$ (10,214)</b>	<b>\$ (4,376)</b>	<b>\$ 12,867</b>	<b>\$ 29,060</b>	<b>\$ 38,999</b>	<b>\$ 79,691</b>

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

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

Source: SWACO

**SWACO**  
**Schedule of Revenues, Expenses and Changes in Net Position**  
**2018 Budget to Actual (in thousands)<sup>1</sup>**

	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)
<b>Operating revenues:</b>										
Tipping and disposal fees	\$ 38,628	\$ 38,628	\$ 41,349	\$ -	\$ -	\$ -	\$ 38,628	\$ 38,628	\$ 41,349	\$ 2,721
Waste transfer fees	6,384	6,384	6,676	-	-	-	6,384	6,384	6,676	292
Retired facility and waiver fees	-	-	-	-	-	-	-	-	-	-
Generation fees	-	-	-	5,553	5,553	5,984	5,553	5,553	5,984	431
Sale of landfill gas	6,000	6,000	6,822				6,000	6,000	6,822	822
Interfund charges	-	-	237				-	-	237	237
Other	38	38	854	11	11	-	49	49	854	805
<b>Total operating revenues</b>	<b>51,050</b>	<b>51,050</b>	<b>55,938</b>	<b>5,564</b>	<b>5,564</b>	<b>5,984</b>	<b>56,614</b>	<b>56,614</b>	<b>61,922</b>	<b>5,308</b>
<b>Operating expenses:</b>										
Salaries, wages and benefits <sup>2</sup>	9,258	9,258	10,336	1,122	1,122	1,017	10,380	10,380	11,353	(973)
Contracts, services and supplies	12,314	12,314	10,479	4,198	4,198	3,245	16,512	16,512	13,724	2,788
Solid waste fees	5,521	5,521	5,800	-	-	-	5,521	5,521	5,800	(279)
Depreciation and depletion	9,632	9,632	(3,630)	66	66	58	9,698	9,698	(3,572)	13,270
Landfill closing costs	1,132	1,132	(7,780)	-	-	-	1,132	1,132	(7,780)	8,912
Interfund charges	(263)	(263)	-	263	263	237	-	-	237	(237)
<b>Total operating expenses</b>	<b>37,594</b>	<b>37,594</b>	<b>15,205</b>	<b>5,649</b>	<b>5,649</b>	<b>4,557</b>	<b>43,243</b>	<b>43,243</b>	<b>19,762</b>	<b>23,481</b>
<b>Operating income</b>	<b>\$ 13,456</b>	<b>\$ 13,456</b>	<b>\$ 40,733</b>	<b>\$ (85)</b>	<b>\$ (85)</b>	<b>\$ 1,427</b>	<b>\$ 13,371</b>	<b>\$ 13,371</b>	<b>\$ 42,161</b>	<b>\$ 28,790</b>

Table 3 (continued)

	Operating Fund			Program Fund			All Funds Total			
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Budget Variance Positive (Negative)
<b>Non-operating revenues (expenses):</b>										
Interest expense	\$ (2,494)	\$ (2,494)	\$ (2,972)	\$ -	\$ -	\$ -	\$ (2,494)	\$ (2,494)	\$ (2,972)	\$ (478)
Interest earnings	761	761	1,369	-	-	28	761	761	1,397	636
Grants awarded	-	-	-	(385)	(385)	(126)	(385)	(385)	(126)	259
Gain (loss) on disposal of assets	14	14	218	-	-	15	14	14	233	219
<b>Total non-operating revenues (expenses)</b>	<b>(1,719)</b>	<b>(1,719)</b>	<b>(1,385)</b>	<b>(385)</b>	<b>(385)</b>	<b>(83)</b>	<b>(2,104)</b>	<b>(2,104)</b>	<b>(1,468)</b>	<b>636</b>
Change in net position	11,737	11,737	39,348	(470)	(470)	1,344	11,267	11,267	40,693	29,426
Total net position - beginning (restated)	-	-	35,211	-	-	3,788	-	-	38,999	38,999
Total net position - ending	<u>\$ 11,737</u>	<u>\$ 11,737</u>	<u>\$ 74,559</u>	<u>\$ (470)</u>	<u>\$ (470)</u>	<u>\$ 5,132</u>	<u>\$ 11,267</u>	<u>\$ 11,267</u>	<u>\$ 79,692</u>	<u>\$ 68,425</u>

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

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

Source: SWACO

**SWACO**  
**Solid Waste Received and Landfilled 2009 - 2018 (in tons)<sup>2</sup>**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Solid waste received by SWACO:										
Jackson Pike Transfer Station	152,829	153,564	152,681	149,410	163,360	241,938	233,331	263,927	261,643	255,130
Morse Road Transfer Station	123,988	132,727	127,957	126,081	153,507	212,358	245,239	251,196	254,338	278,781
Georgesville Road Transfer Station	73,606	67,133	76,256	76,534	67,680	-	-	-	-	-
Subtotal Transfer stations	350,422	353,424	356,894	352,025	384,547	454,296	478,570	515,123	515,981	533,911
Sanitary Landfill	465,206	586,422	721,290	682,381	637,150	563,149	590,242	575,679	621,368	694,033
Total solid waste received by SWACO	815,628	939,847	1,078,184	1,034,406	1,021,697	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945
Adjustments <sup>1</sup>	(93)	(5,048)	(4,459)	(2,912)	(1,569)	(706)	(5,384)	(6,424)	(5,680)	(6,182)
Solid waste landfilled - Franklin County Sanitary Landfill	815,535	934,799	1,073,725	1,031,494	1,020,128	1,016,739	1,063,428	1,084,378	1,131,669	1,221,763

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

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

Source: SWACO

**SWACO**  
**Top Ten Customers 2009 - 2018**  
**(tons received)<sup>3,4</sup>**

<b>Customer</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
City of Columbus Refuse Collection	312,685	307,486	314,515	303,714	288,222	291,520	304,062	306,795	314,531	321,067
Republic Waste Systems	156,566	154,372	177,749	176,082	181,551	194,333	208,005	209,926	207,613	207,129
Rumpke Waste/Rumpke Container/Rumpke Transfer	155,848	154,524	198,488	198,115	200,356	199,429	183,801	179,740	192,356	197,379
Local Waste Services LLC	78,410	78,539	91,895	100,280	104,554	106,680	118,260	119,146	129,046	144,559
Waste Management of Ohio	36,032	162,860	143,063	128,850	133,553	109,110	104,273	110,139	121,036	125,032
Capitol Waste & Recycling	*	*	11,673	8,342	#	25,016	33,551	38,777	37,617	41,253
Columbus Auto Shredding Inc.	*	*	28,127	25,048	4,892	8,184	23,630	12,902	15,140	37,885
Grass Groomers	*	*	*	*	#	#	#	6,451	19,339	37,097
City of Columbus Street Engineer	6,152	5,547	#	8,584	9,118	9,855	9,438	7,399	7,352	7,168
Westrock	*	*	*	*	*	*	*	#	#	6,680
Kurtz Bros Central Ohio LLC					3,766	#	*	11,340	5,015	*
City of Upper Arlington	6,665	6,539	6,719	#	6,702	6,964	7,158	#	#	#
City/Southerly Waste Water Plant	3,501	#	#	#	#	#	4,161	#	#	#
Mars Petcare U.S./Northstar Recycling Comp	#	9,325	8,666	6,961	6,288	5,782	#	*	*	*
Dist Trans Company, LLC	#	#	#	#	#	#	#	*	*	*
PSC Metals Inc.	*	*	26,331	24,479	*	#	*	#	*	*
Anheuser-Busch Inc.	#	7,117	#	#	*	*	*	*	*	*
Adept, Inc.	2,581	#	#	#	#	#	#	#	#	#
Flower Garbage	7,783	4,351	*	*	*	*	*	*	*	*
<b>Total Top Ten Customers</b>	<b>766,223</b>	<b>890,660</b>	<b>1,007,226</b>	<b>980,454</b>	<b>939,003</b>	<b>956,872</b>	<b>996,337</b>	<b>1,002,615</b>	<b>1,049,044</b>	<b>1,125,250</b>
Total tons received by SWACO <sup>1</sup>	815,628	939,847	1,078,184	1,034,406	1,021,697	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945
Top Ten customer % of total received	94%	95%	93%	95%	92%	94%	93%	92%	92%	92%
Total tons generated within District <sup>2</sup>	1,018,049	1,052,999	1,079,501	1,044,176	1,031,688	1,023,487	1,082,034	1,104,074	1,150,337	1,243,519
Top Ten customer % of total waste disposal	75%	85%	93%	94%	91%	93%	92%	91%	91%	90%

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

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

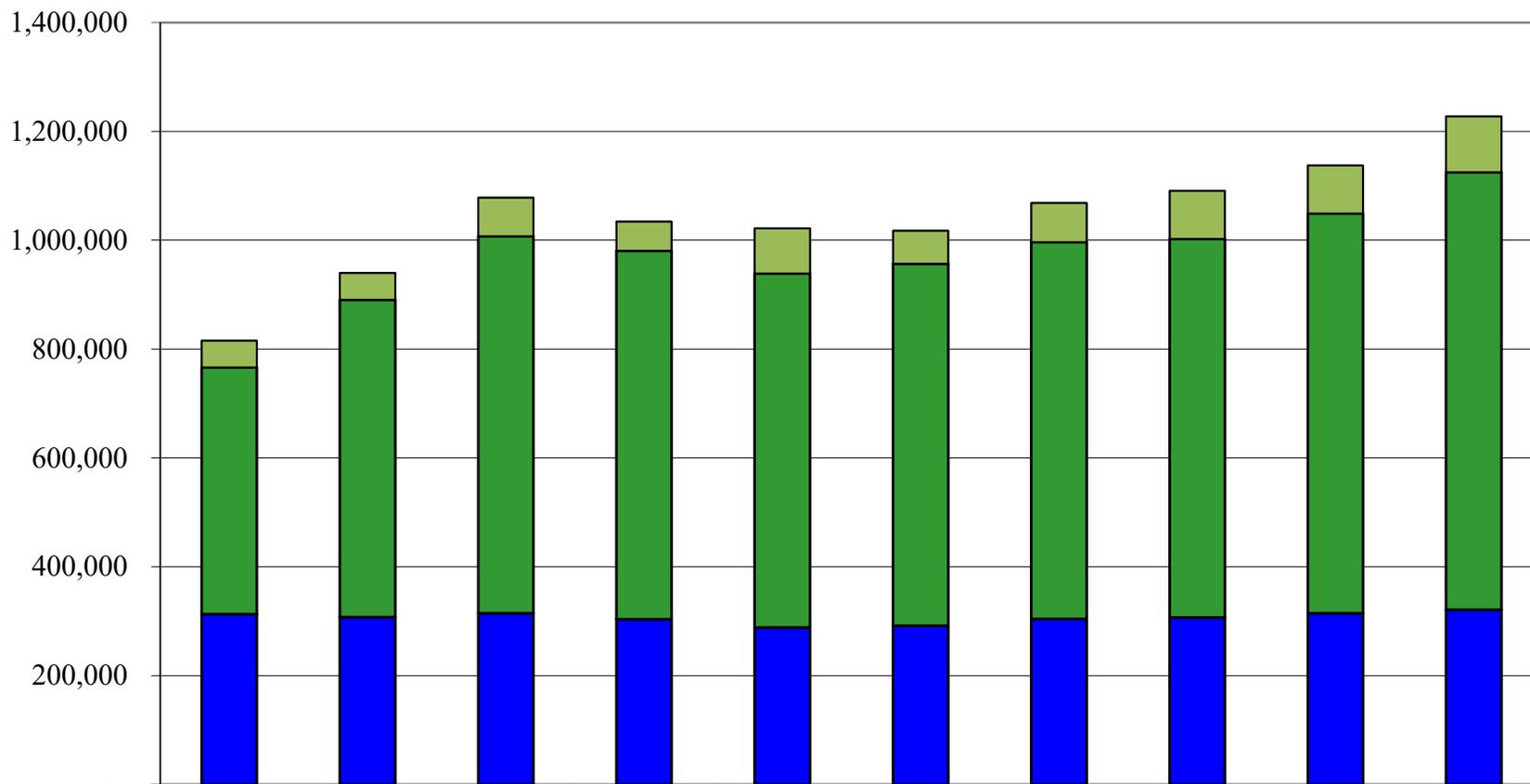
<sup>3</sup> Totals may not add due to rounding.

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

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

<sup>4</sup> Table updated to reflect name changes and updated values.

**SWACO Waste Receipts (Tons) 2009 - 2018**



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
All others	49,405	49,187	70,958	53,952	82,694	60,573	72,475	88,187	88,304	102,695
Rest of Top Ten*	453,539	583,175	692,711	676,740	650,781	665,352	692,276	695,820	734,513	804,183
City of Columbus Refuse Collection*	312,685	307,486	314,515	303,714	288,222	291,520	304,062	306,795	314,531	321,067

Source: SWACO

\*See notes to Table 5.

\*Prior year amounts updated.

**SWACO**  
**Disposal Rates 1991-2018**

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
4/1/2017 <sup>12</sup>	\$ 39.75	\$ 51.75	\$ 52.75	Closed	\$ -	\$ -	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 \$.50/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.

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

**SWACO**  
**Franklin County Sanitary Landfill Airspace Capacity**  
**Total Permitted, Annual Used, and Permitted Remaining 2009-2018**  
**(cubic yards)**

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
2009	51,900,000 <sup>1</sup>	1,053,000	39,179,300
2010	51,900,000 <sup>1</sup>	1,163,000	38,670,000
2011	51,900,000 <sup>1</sup>	1,263,060	36,961,530
2012	51,900,000 <sup>1</sup>	1,010,563	35,958,706
2013	51,900,000 <sup>1</sup>	942,511	35,008,572
2014	51,900,000 <sup>1</sup>	1,109,792	33,898,780
2015	51,900,000 <sup>1</sup>	1,174,004	32,724,776
2016	51,900,000 <sup>1</sup>	1,284,020	31,440,756
2017	51,900,000 <sup>1</sup>	1,411,139	30,029,617
2018	97,000,000	1,285,802	73,666,434 <sup>4</sup>
	<u>At Maximum Permitted Receipts<sup>2</sup></u>		<u>At 2018 Receipts<sup>3</sup></u>
Remaining landfill life	23.3		43.7

<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 1,450 pounds per cubic yard.

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

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

Source: SWACO

**SWACO**  
**Generation Fee Tonnage Reported 2009 - 2018<sup>1</sup>**

<b>Facilities</b>	<b>2009</b>	<b>2010</b>	<b>2011<sup>4</sup></b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016<sup>3</sup></b>	<b>2017<sup>2,3</sup></b>	<b>2018</b>
SWACO	815,628	936,254	1,007,191	974,001	1,004,807	1,002,940	1,038,319	1,059,238	1,134,798	1,181,437
Republic Waste	38,922	64,395	403	6,022	3,812	4,868	4,117	5,491	6,027	4,684
Rumpke Waste	32,594	45,292	1,341	709	235	92	54	22	5	-
Waste Management	130,866	6,591	1,827	3,023	5,740	894	8,583	7,642	6,891	10,517
Other	39	467	-	15	204	188	468	116	64	373
<b>Total<sup>5</sup></b>	<b>1,018,049</b>	<b>1,052,999</b>	<b>1,010,761</b>	<b>983,770</b>	<b>1,014,798</b>	<b>1,008,982</b>	<b>1,051,541</b>	<b>1,072,509</b>	<b>1,147,786</b>	<b>1,197,011</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 \$5.00 per ton Generation Fee was enacted effective November 1, 1994. An interfund transfer is performed on certain materials to credit the Generation Fee where no funds are collected, yet the waste is subject to the fee.

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

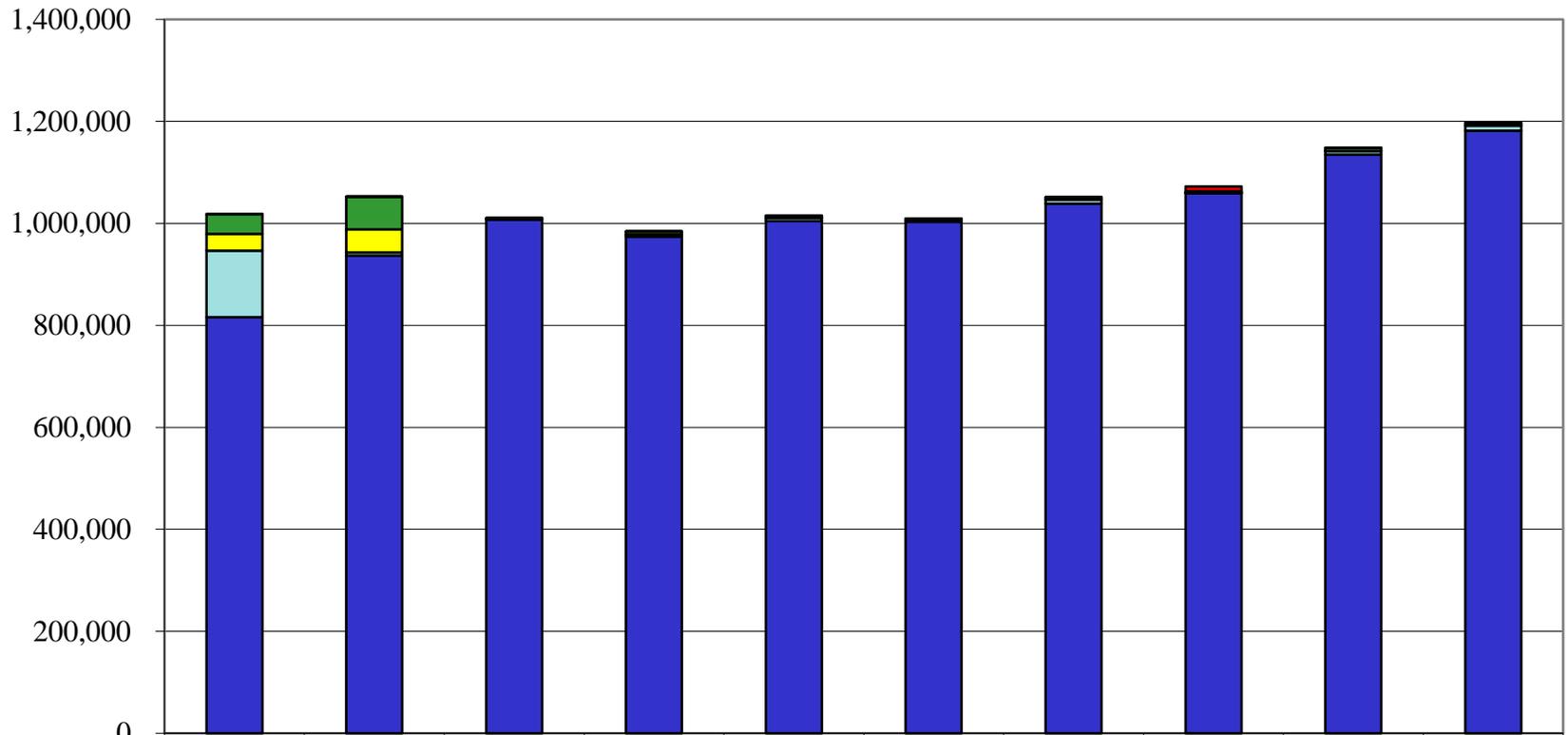
<sup>3</sup> Adjusted totals for each facility, total amount for all remains the same.

<sup>4</sup> Updated tonnage amounts.

<sup>5</sup> Totals may not add due to rounding.

## Generation Fee Tonnage Reported 2009 - 2018

Exhibit 2



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other	39	467	-	15	204	188	468	9,288	64	373
Republic	38,922	64,395	403	6,022	3,812	4,868	4,117	3,707	6,027	4,684
Rumpke	32,594	45,292	1,341	709	235	92	54	22	5	-
Waste Management	130,866	6,591	1,827	3,023	5,740	894	8,583	254	6,891	10,517
SWACO	815,628	936,254	1,007,191	974,001	1,004,807	1,002,940	1,038,319	1,059,238	1,134,798	1,181,437

Source: SWACO

\*See notes to Table 8.

Table 9

**SWACO**  
**SWACO Program Activity - Tons Collected 2009-2018**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Total tons of waste recycled:										
Yard waste composting	78,764	n/a	n/a	193,147	238,242	204,038	170,960	291,519	334,422	348,282
Drop-off recycling	15,126	15,924	16,444	14,843	10,136	9,524	9,087	8,575	7,088	6,017
Just-in-Time Recycling	636	37	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Household hazardous waste	550	231	122	162	197	170	383	260	252	194
E-waste collection	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tire collection	153	139	220	168	113	94	93	n/a	n/a	n/a
Scrap metal recycling	19	40	23	41	8	89	5	82	46	46
Other recycling	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Total<sup>2</sup></b>	<b>95,248</b>	<b>16,371</b>	<b>16,809</b>	<b>208,360</b>	<b>248,696</b>	<b>213,915</b>	<b>180,528</b>	<b>300,436</b>	<b>341,808</b>	<b>354,538</b>

**Tires and White Goods Received 2009- 2018<sup>1</sup>**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Tires (each)	17,625	16,422	22,219	18,723	15,688	13,712	12,267	14,388	12,735	8,860
White goods (each)	290	143	169	157	141	115	269	486	412	533

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

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

Source: SWACO

**SWACO**  
**Household Hazardous Waste Collection 2009 - 2018**  
**(in pounds)**

<b>Material classification</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Bulked flammables	69,494	72,096	69,461	94,587	129,543	93,729	136,594	95,917	122,770	98,859
Paint	750,018	219,187	42,007	40,963	63,256	70,535	388,821	192,707	92,030	52,275
Aerosol-pesticides	61,798	32,149	37,625	41,422	44,873	34,597	69,603	52,600	70,803	53,220
Used oil /antifreeze	57,633	35,361	16,896	32,137	39,934	38,665	33,598	46,261	31,225	48,644
Putty & adhesives	37,351	34,807	23,167	30,051	38,267	24,167	37,570	35,837	44,795	33,174
Aerosol-flammables	19,731	14,790	10,676	18,418	18,617	14,285	25,152	22,048	26,056	22,789
Household cleaners	18,348	12,320	10,904	13,519	15,295	11,193	16,456	15,673	16,912	16,618
Lead/acid batteries	28,194	16,067	9,131	17,122	12,214	9,443	14,251	19,877	21,330	16,983
Acids/bases	13,977	7,536	6,614	6,965	7,148	13,124	14,231	8,695	11,701	9,543
Fluorescent light bulbs	6,700	6,101	5,130	9,978	7,043	9,026	8,264	7,947	9,579	8,950
Dry cell batteries	3,990	5,189	6,832	8,399	5,326	8,994	11,057	12,216	12,378	9,766
Propane cylinders	2,857	2,065	1,471	2,328	2,077	2,915	3,544	3,013	3,139	2,682
Oxidizers	2,476	1,689	1,869	2,968	1,988	3,310	3,903	3,673	5,023	6,174
NiCad batteries	3,649	334	1,012	1,033	1,724	660	508	1,036	1,187	1,230
Lithium batteries	475	102	136	674	1,720	505	348	1,090	1,099	1,387
Reactive lab pack/alum paint	7,213	142	205	342	799	254	558	1,033	554	741
Fire extinguishers	537	211	112	355	600	683	827	431	1,157	849
Elemental mercury	230	1,138	327	656	257	215	118	75	216	445
Poisons	235	322	476	414	239	1,385	767	239	924	83
Cylinders	163	41	28	85	66	821	90	90	296	91
Freon	6	-	37	17	-	252	1	1	242	187
Miscellaneous waste	6,291	15,056	28	660	3,987	1,481	383	644	1,419	272
Asbestos	8	1	3	3	1	-	-	-	2	-
Lab pack A	-	-	-	-	-	-	-	-	-	-
Lab pack B	-	-	-	-	-	-	-	-	-	-
Loosepack fuels	8,968	-	-	-	-	-	-	-	-	-
<b>Total:</b>	<b>1,100,342</b>	<b>476,704</b>	<b>244,147</b>	<b>323,096</b>	<b>394,974</b>	<b>340,239</b>	<b>766,644</b>	<b>521,103</b>	<b>474,837</b>	<b>384,962</b>

**SWACO**  
**Number of Employees by Function 2009-2018<sup>2</sup>**

<b>Function</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014<sup>1</sup></b>	<b>2015<sup>1</sup></b>	<b>2016<sup>1</sup></b>	<b>2017<sup>1</sup></b>	<b>2018<sup>1</sup></b>
Administration	19	20	24	24	23	12.5	17	14	17	18
Operations <sup>3</sup>	89	90	89	95	86	83	83.5	85	85.5	85.5
Programs	6	6	6	5	5	2.5	4.5	4.5	5	4
<b>Total</b>	<b>114</b>	<b>116</b>	<b>119</b>	<b>124</b>	<b>114</b>	<b>98</b>	<b>105</b>	<b>103.5</b>	<b>107.5</b>	<b>107.5</b>

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

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

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

Source: SWACO

Table 12

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

Year	Principal	Coupon	Interest	Total Debt Service
2009	\$ -	-	\$ 715,328	\$ 715,328
2010	5,000	4.000%	964,488	969,488
2011	5,000	4.000%	964,288	969,288
2012	800,000	4.0%/5.0%	964,088	1,764,088
2013	1,920,000	4.000%	912,060	2,832,060
2014	820,000	4.0%/5.0%	843,039	1,663,039
2015	870,000	4.0%/5.0%	805,539	1,675,539
2016	13,645,000	4.000%	766,739	14,411,739
2017	940,000	5.000%	95,500	1,035,500
2018	970,000	5.000%	48,500	1,018,500
Total	\$ 19,975,000		\$ 7,079,568	\$ 27,054,568

Net interest cost (%)                      4.898%      prior to Series 2016 refunding

Totals may not add due to rounding.

Note: Series 2013B refunded \$1,140,000 of the outstanding \$19,975,000 Series 2008 bonds in 2013.

Note: Series 2016 refunded \$12,755,000 of the outstanding \$14,665,000 Series 2008 bonds in 2016.

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

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

Table 13

Year	Principal	Coupon	Interest	Total Debt Service
2012	\$ -	-	\$ 1,667,338	\$ 1,667,338
2013	7,445,000	3.000%	3,241,068	10,686,068
2014	4,185,000	2.000%	3,025,875	7,210,875
2015	4,665,000	1.5%-4.0%	2,942,175	7,607,175
2016	24,595,000	4.000%	2,864,848	27,459,848
2017	4,990,000	1.5%-4.0%	1,623,789	6,613,789
2018	5,150,000	5.000%	1,502,350	6,652,350
2019	2,595,000	5.000%	1,244,850	3,839,850
2020	2,735,000	5.000%	1,115,100	3,850,100
2021	2,865,000	5.000%	978,350	3,843,350
2022	3,010,000	5.000%	835,100	3,845,100
2023	1,265,000	5.000%	684,600	1,949,600
2024	75,000	5.000%	621,350	696,350
2025	-	5.000%	617,600	617,600
2026	-	5.000%	617,600	617,600
2027	-	5.000%	617,600	617,600
2028	-	5.000%	617,600	617,600
2029	-	5.000%	617,600	617,600
2030	4,950,000	4.000%	617,600	5,567,600
2031	5,145,000	4.000%	419,600	5,564,600
2032	5,345,000	4.000%	213,800	5,558,800
<b>Total</b>	<b>\$ 79,015,000</b>		<b>\$ 26,685,793</b>	<b>\$ 105,700,793</b>

Net interest cost (%) 3.527% prior to Series 2016 refunding

Totals may not add due to rounding.

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

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

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

Table 14

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

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

Net interest cost (%)                      2.731%

Totals may not add due to rounding.

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

Table 15

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

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

Net interest cost (%) 4.279%

Totals may not add due to rounding.

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

Table 16

**SWACO**  
**Series 2016 Solid Waste Facilities Refunding Bonds**

Year	Principal	Coupon	Interest	Total Debt Service
2016	\$ -	0.000%	\$ -	\$ -
2017	-	0.000%	1,540,704	1,540,704
2018	-	0.000%	1,626,550	1,626,550
2019	1,010,000	4.000%	1,626,550	2,636,550
2020	1,045,000	4.000%	1,586,150	2,631,150
2021	1,090,000	5.000%	1,544,350	2,634,350
2022	1,145,000	3.000%	1,489,850	2,634,850
2023	3,075,000	5.000%	1,455,500	4,530,500
2024	4,425,000	5.000%	1,301,750	5,726,750
2025	4,785,000	5.000%	1,080,500	5,865,500
2026	4,075,000	5.000%	841,250	4,916,250
2027	4,815,000	4.000%	637,500	5,452,500
2028	4,985,000	4.000%	444,900	5,429,900
2029	4,910,000	5.000%	245,500	5,155,500
Total	<u>\$ 35,360,000</u>		<u>\$ 15,421,054</u>	<u>\$ 50,781,054</u>

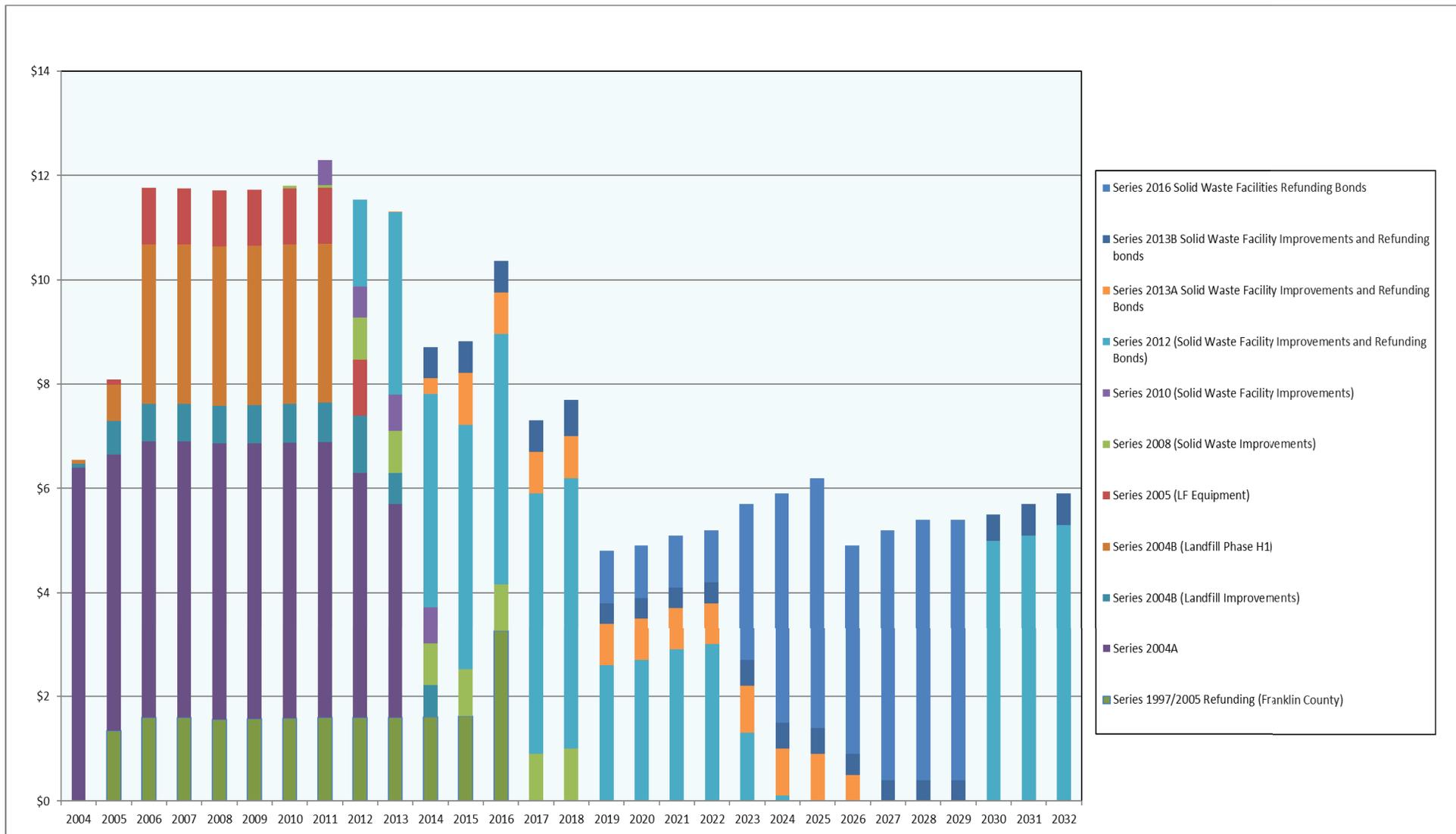
Net interest cost (%)                      2.966%

Totals may not add due to rounding.

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

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

**Solid Waste Authority of Central Ohio Debt Service 2004-2032 (in millions)**



**SWACO**  
**Total and General Obligation Debt Ratios 2009 - 2018**

<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 Per Capita</b>	<b>SWACO General Obligation Debt<sup>3</sup></b> <b>(thousands)<sup>5</sup></b>	<b>District Assessed Property Valuation (AV)<sup>2</sup></b> <b>(thousands)<sup>5</sup></b>	<b>SWACO G.O. Debt as a Percent of AV</b>	<b>Annual Debt Service Paid from Tipping Fees</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>
2009	2010	\$ 106,363	1,201,810	89	\$ 93,265	\$ 28,910,438	0.32%	\$ 7,142	815,628	\$ 8.76
2010	2011	110,209	1,205,163	91	100,129	28,867,111	0.35%	7,921	939,847	8.43
2011	2012	125,197	1,208,818	104	91,114	27,113,105	0.34%	6,863	1,078,184	6.37
2012	2013	139,581	1,215,471	115	134,880	26,121,220	0.52%	8,165	1,034,406	7.89
2013	2014	133,064	1,216,000	109	128,709	27,362,018	0.47%	8,120	1,021,697	7.95
2014	2015	122,533	1,225,500	100	118,518	27,571,041	0.43%	8,295	1,017,445	8.15
2015	2016	112,691	1,235,273	91	109,019	27,907,630	0.39%	8,265	1,068,812	7.73
2016	2017	99,696	1,265,068	79	99,696	28,390,374	0.35%	9,296 <sup>4,6</sup>	1,090,802	8.52
2017	2018	91,174	1,293,183	71	91,174	31,617,408	0.29%	5,831 <sup>4</sup>	1,137,349	5.13
2018	2019	\$ 82,441	1,338,776	62	\$ 82,441	\$ 31,996,365	0.26%	\$ 6,256 <sup>4</sup>	1,227,945	\$ 5.09

<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 20.

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

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

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

<sup>6</sup> Annual debt service paid from tipping fees updated.

Source: SWACO

**SWACO**  
**Indirect Debt and Property Tax Limitations, June 13, 2019**

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 June 13, 2019.

<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 <sup>1</sup>	9.8895	0.1105
SWACO, Licking County, the City of Reynoldsburg, Southwest Licking Local School District, Etna Township & Licking County C-TEC	5.1571	4.8429
SWACO, Union County, the City of Dublin, Washington Township & Dublin City School District	7.1682	2.8318
SWACO, Delaware County, the City of Westerville & Westerville City School District	6.2528	3.7472
SWACO, Fairfield County, City of Columbus, Montgomery Township, Pickerington Local School District & Eastland Career Center	6.4268	3.5732

Source: Auditors for respective counties.

<sup>1</sup>Figure reflects value from 2018. No update available.

Table 19

**SWACO**  
**Ten Largest Employers 2018 and 2009**  
**Franklin County, Ohio**

<b>Employer</b>	<b>Principal Business</b>	<b>2018<sup>1</sup></b>		<b>Employer</b>	<b>2009<sup>2</sup></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	32,111	4.8%	State of Ohio	27,961	4.8%	
OhioHealth	Health Care	26,599	4.0%	The Ohio State University	22,454	3.9%	
Walmart Stores	Retail	26,000	3.9%	JP Morgan Chase	15,800	2.7%	
State of Ohio	Government	24,955	3.8%	Nationwide	11,373	2.0%	
JP Morgan Chase & Co.	Finance	18,701	2.8%	United States Government	10,800	1.9%	
Nationwide	Insurance	13,455	2.0%	OhioHealth	10,400	1.8%	
Nationwide Children's Hospital	Health Care	12,023	1.8%	Columbus Public Schools	8,198	1.4%	
Kroger Co.	Retail	11,206	1.7%	City of Columbus	8,149	1.4%	
City of Columbus	Government	8,873	1.3%	Mount Carmel Health System	5,523	1.0%	
Mount Carmel Health Systems	Health Care	8,708	1.3%	Kroger Co.	5,215	0.9%	
<b>Subtotal</b>		<b>182,631</b>	<b>27.5%</b>	<b>Subtotal</b>	<b>125,873</b>	<b>21.8%</b>	
Total estimated Franklin County employment <sup>3</sup>		<u><u>663,400</u></u>	<u><u>100.0%</u></u>	Total estimated Franklin County employment <sup>3</sup>		<u><u>578,000</u></u>	<u><u>100.0%</u></u>

<sup>1</sup> Business First of Columbus, Book of Lists, 2018 issue for Largest Employers.

<sup>2</sup> Business First of Columbus, Book of Lists, 2009 issue for Largest Employers.

<sup>3</sup> Franklin County, Ohio.

Note: This table includes full-time employees only.

Table 20

**District and Franklin County Demographic Statistics 2009 - 2018<sup>1,6</sup>**

Tax Year	District Population <sup>2</sup>	Total Assessed Value Taxable District Property <sup>3</sup> (in thousands)	Franklin County Only			
			Population <sup>5</sup>	Per Capita Income <sup>5</sup>	Median Age <sup>5</sup>	Total Assessed Value Taxable County Property <sup>5</sup> (in thousands)
2009	1,201,810	28,910,438	1,167,641	41,077	35	28,096,506
2010	1,205,163	28,867,111 <sup>5</sup>	1,173,158	39,473	34	27,984,334
2011	1,208,818	27,113,105 <sup>5</sup>	1,168,018	40,609	33	26,303,009
2012	1,215,471	26,121,220 <sup>5</sup>	1,174,835	40,981	34	26,124,038
2013	1,216,000	27,362,018 <sup>5</sup>	1,183,593	41,666	34	26,160,709
2014	1,225,500	27,571,041 <sup>5</sup>	1,192,653	44,723	34	26,358,683
2015	1,235,273	27,907,630 <sup>5</sup>	1,202,423	46,104	34	26,642,445
2016	1,265,068	28,390,374 <sup>5</sup>	1,253,522	48,941	34	27,067,823
2017	1,293,183	31,617,408 <sup>5</sup>	1,291,981	50,514	34	30,155,157
2018	1,338,776	\$ 31,996,365 <sup>5</sup>	1,318,164	\$ 52,315	34	\$ 30,506,017

<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> Ohio Department of Development.

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

<sup>6</sup> Previous values updated.

Sources: SWACO except as noted above.

Table 21

### Average Unemployment Rates 2009 - 2018

Year	Franklin County	State of Ohio	United States
2009	8.3% <sup>2</sup>	10.2% <sup>2</sup>	9.3% <sup>2</sup>
2010	8.5% <sup>2</sup>	10.1% <sup>2</sup>	9.6% <sup>2</sup>
2011	7.6% <sup>1</sup>	8.8% <sup>1</sup>	8.9% <sup>1</sup>
2012	6.1% <sup>2</sup>	7.2% <sup>2</sup>	8.1% <sup>2</sup>
2013	6.2% <sup>2</sup>	7.4% <sup>2</sup>	7.4% <sup>2</sup>
2014	4.8% <sup>1</sup>	5.7% <sup>1</sup>	6.2% <sup>1</sup>
2015	4.0% <sup>3</sup>	4.9% <sup>3</sup>	5.3% <sup>3</sup>
2016	4.0% <sup>3</sup>	4.9% <sup>3</sup>	4.9% <sup>3</sup>
2017	4.0% <sup>3</sup>	5.0% <sup>3</sup>	4.4% <sup>3</sup>
2018	3.7% <sup>3</sup>	4.5% <sup>3</sup>	3.9% <sup>3</sup>

<sup>1</sup>Franklin County Auditor.

<sup>2</sup> Ohio Department of Job and Family Services, Bureau of Labor Market Information.

<sup>3</sup> City of Columbus, Ohio, Comprehensive Annual Financial Reports.

**SWACO**  
**Capital Assets as of December 31, 2018**

Sanitary Landfill

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

<u>Transfer Stations</u>	<u>Capacity (tons per day)</u>	<u>Year Constructed</u>		
Jackson Pike	1,780	1983		
Morse Road Eco-Station	1,000	2013		
	<u>Square Footage</u>	<u>Year Constructed</u>		
<u>Facilities</u>				
Administrative Office Building	8,500	2002		
Fleet Maintenance Garage	11,120	2000		
Landfill Operations Facility	12,800	2005		
4065 London-Groveport Rd.	4,280	2008		
2512 Jackson Pike	27,500	2008		
<u>Landfill Equipment</u>			<u>Transfer Station Equipment</u>	
Landfill compactors	5		Transfer tractors	29
Landfill dozers	5		Transfer trailers	32
Excavator/grader/track loader	6		Front-end loaders	4
Articulated dump trucks	5		Trackhoes	1
Trailer tippers	5		Service vehicles and other	11
Water trucks	3		Material handlers	2
Other landfill vehicles and equipment	25			
			<u>Other vehicles and equipment</u>	
<u>Recycling Programs</u>			Roll-off trucks	2
Recycled materials front-load trucks	4		Pickup trucks	21
Drop-box containers	249		Cars and passenger vans	4
			Street sweepers	3
			Large mowers	3
			Cargo trailers	4
			Miscellaneous	15

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# **COMPLIANCE SECTION**

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

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

To the Audit and Finance Committee and Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio, Franklin County, (SWACO) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the SWACO's basic financial statements and have issued our report thereon dated June 26, 2019, wherein we noted SWACO adopted the provisions of Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the SWACO's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

***Compliance and Other Matters***

As part of reasonably assuring whether SWACO's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

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

Kennedy Cottrell Richards LLC  
June 26, 2019

# OHIO AUDITOR OF STATE KEITH FABER



**SOLID WASTE AUTHORITY OF CENTRAL OHIO**

**FRANKLIN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 15, 2019**