

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

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2021



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
IPAReport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the Solid Waste Authority of Central Ohio, Franklin County, prepared by Rea & Associates, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

September 26, 2022

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

Solid Waste Authority of Central Ohio
Franklin County, Ohio

Fiscal Year ended December 31, 2021

Annual Comprehensive Financial Report

of the

Solid Waste Authority of Central Ohio

Franklin County, Ohio

for the

Fiscal Year ended December 31, 2021

Issued by the Solid Waste Authority of Central Ohio

Joseph A. Lombardi - Executive Director

Prepared by the Accounting and Finance Department

Patrick W. O'Block – Accounting and Finance Manager

Andrew C. Ehlenbach – Senior Accountant and Budget Administrator



**Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2021**

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INTRODUCTORY SECTION

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June 28, 2022

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

We are pleased to present SWACO’s Annual Comprehensive Financial Report (“ACFR”) for the fiscal year ended December 31, 2021 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.

Rea & Associates, Inc., Certified Public Accountants, have issued an unmodified opinion on SWACO’s financial statements for the year ended December 31, 2021. 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, 2021.

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

Carbon Emissions

SWACO is committed to make efforts to reduce carbon emissions and successfully completed second year of our carbon emissions management plan. In our second year, SWACO was successful reducing carbon emissions in five key areas: building energy management, landfill gas emission management, facilities waste management, vehicle and equipment fuel management, and district waste reduction programs. The plan is unique to meet the needs and capacities of SWACO. The broader plan created a specific action plan to help implementation by current and future staff. The action plan allows SWACO to create a process to enable cross department working groups to implement different sections of the plan. SWACO's intent is to empower staff to "walk the walk" to reduce carbon emissions. The plan helps us define and defend our goal, build teams, reduce carbon emissions, measure our results, and allows us to communicate our success.

Campus Building Plan

SWACO completed a site and buildings assessment resulting in a phased campus plan. The plan includes demolition and replacement the current operations building(s) to make way for increased landfill footprint to extend landfill life. In 2021, SWACO began design for the first project of the plan to renovate the current fleet maintenance building with addition for operations staff and heavy equipment maintenance.

Economic Development

After completion of a market and supply chain analysis to verify markets for recyclables and potential supplies for recyclables, SWACO continued economic development strategies aimed to increase diversion and demand for recycled products. A major component of the strategy is development a “Green Economy Business Park” on adjacent land owned by SWACO. In 2021, SWACO continued development plans with Grove City.

Enterprise Resource Planning Software (ERP)

After selection of Oracle NetSuite for financial needs and Ceridian Dayforce for payroll and human resource functions, in 2021 SWACO selected an integrator for NetSuite and began implementation phase.

Technology

SWACO initiated, continued or completed a number of technology initiatives in the areas of cyber-security program and training, network redundancy, fiber extensions to facilities, migration to cloud based systems, and security cameras.

Jackson Pike Transfer Station Lighting

In 2021, new LED lights was installed at the Jackson Pike Transfer Facility. The new lighting increased the safety and security of the facility protecting customers and employees.

South Slope 3:1 Slope Filling Operations

After approval of the new Permit-to-Install in 2018, SWACO began filling plans to place waste over previously filled portions of the landfill to the newly permitted slopes. These fills can be challenging and require coordination from the operations, transfer, compliance, and engineering teams. In the summer of 2021, the first portion of the south slope filling operation was completed. This project will continue with the remaining portion of the south slope and the east slope in the next few years.

South Slope Road and Cover Study

In addition to the above 3:1 slope filling, SWACO began a study to address the south slope access road and cover options once the slope is filled to final grade. There were two options to construct the south access road: build a tack-on road or build a road into the waste. The tack-on road was more costly but the road in waste would use some airspace. The results of the study showed the better long-term solution is to build into the waste. Next, once the south and east slopes reach final grade, there is a discussion of which type of cover to install. SWACO is exploring the use of more progressive options like geomembrane caps and geo-solar caps in lieu of the traditional final soil covers. The study is still in progress, but SWACO is excited with the possibility of using best available technology to cover the landfill.

Capital Improvements

Resident Pad and Entrance Road Improvements

SWACO completed construction on an improved resident pad and performed improvements on a portion of the entrance road. The condition of the resident pad was not sufficient to handle the current residential usage and required manpower to continuously service the site. Improvements were necessary to increase disposal capacity. In addition, portions of the entrance road have reached its useful life. The project included full depth replacement and regrading to improve stormwater runoff of over 900 LF of pavement. This project improved traffic flow for the haulers and created a safe drop off site for the residents while streamlining SWACO's operations.

Gas Collection and Control Systems

The 2021 gas collection and control systems ("GCCS") construction project was completed in the third quarter of 2021. This work included the installation of fourteen new wells and the replacement of ten existing wells, among other improvements. Also, the annual gas well water removal project included the installation of 15 new dewatering pumps in various wells around the site. These pumps will facilitate the removal of liquids from the landfill and improve the performance of the wells. Work performed on these projects will improve landfill gas collection, landfill dewatering, and potentially greenhouse gas emissions.

Morse Road Transfer Station Improvements

The Morse Road Transfer Station Improvements Project has two major features of work: improving site environmental compliance and improving operational efficiencies. As the site accepts more waste each year, SWACO needs to increase transfer capacity. SWACO performed a site assessment and began design efforts for the improvements. The design includes regarding the tipping floor, adding a trash compacting bay with loading conveyor, adding an electric crane, and other stormwater improvements. This project requires coordination with the City of Columbus which can add time to the overall project.

Programs Initiatives

The Innovations and Programs Department continued to grow and develop waste reduction and diversion programs and initiatives to service District residents and businesses. The Innovation and Programs Department still experienced some impacts from COVID during 2021, especially related to programs tied to public events and tours. A few department accomplishments during 2021 include:

- SWACO assisted approximately 14 communities with bidding out their waste, recycling, and yard waste collection and processing agreements.
- Implemented our Recycle Right campaign with 40,000 households in eight communities.
- Launched a pilot project with the City of Columbus to provide recycling services to large apartment complexes within the City.
- More than \$215,000 in grant dollars supported recycling and composting programs in partnership with 13 area nonprofits, communities, and government organizations including: City of Columbus, City of Dublin, City of Grandview, City of Grove City, City of Hilliard, City of Westerville, Community Development for All People, COSI, Form 5 Prosthetics,

- Habitat for Humanity, Ohio Dept. of Rehab & Correction - Franklin Medical Ctr., Ohio Health, Ohio Wildlife Center – hospital.
- Provided assistance to 9 school districts with rebidding their recycling and trash collection services.
 - Hosted 71 landfill tours reaching 2,540 people.
 - Diverted over 700,000 pounds of Household Hazardous Waste through collection programs.
 - Two new staff members were hired during 2021, filling vacancies for the Food Waste Program Administrator and Business Program Administrator.

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 annual comprehensive financial report for the fiscal year ended December 31, 2020. This was the twenty-first consecutive year SWACO has received this award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR 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 ACFR 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,



Joseph A. Lombardi
Executive Director

Principal Officials

Board of Trustees
(Appointed by or Representing)

Jennifer Gallagher

*Designee of the Mayor of the City of
Columbus*

Nichole Lemin

*Designee of the Franklin County Health
Commissioner*

Ron Grossman

*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, Vice Chair

*Appointed by the Franklin County Board of
Commissioners*

Kathy Owens

*Appointed by the Mayor of the City of
Columbus*

Honorable Erica Crawley

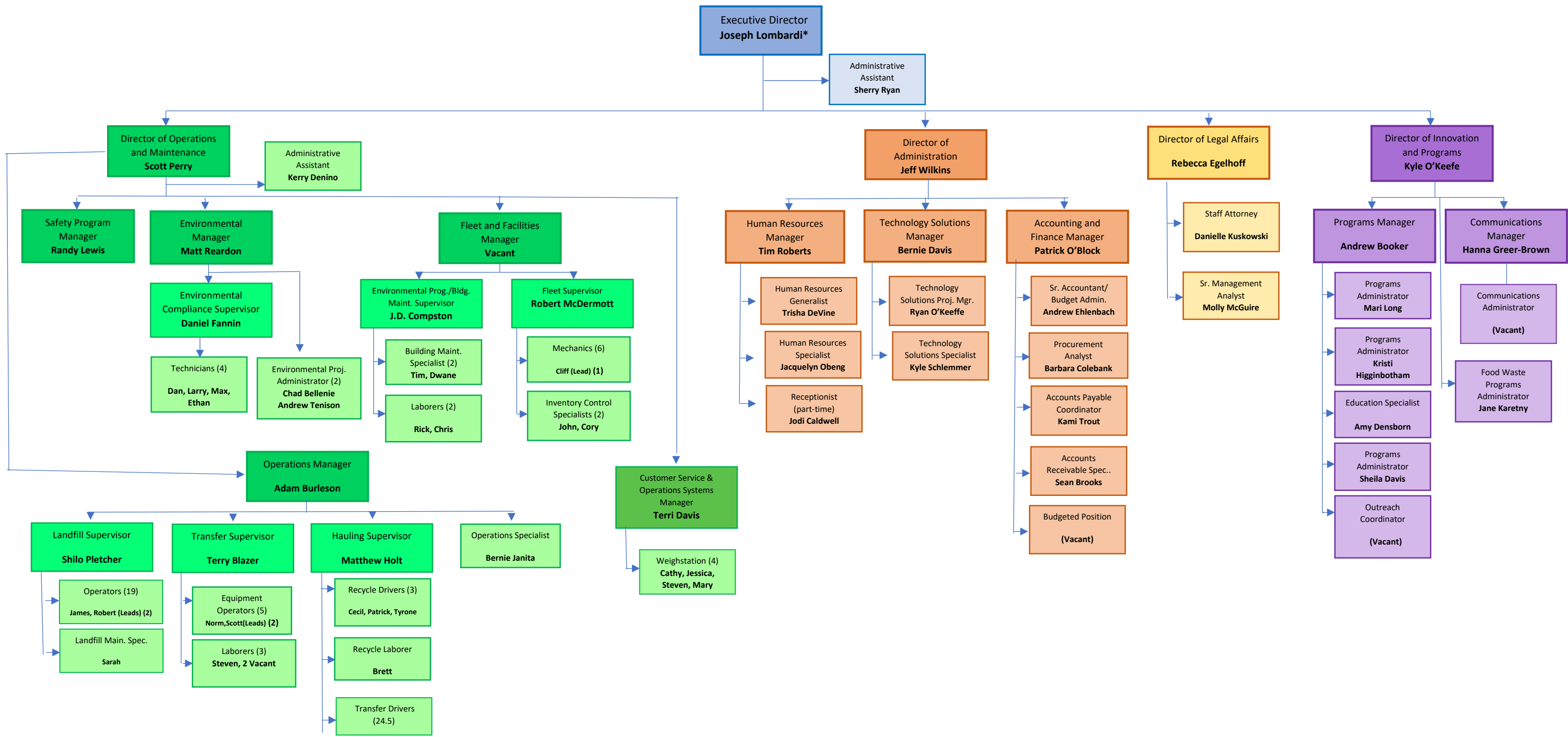
*President of the Franklin County Board of
Commissioners*

Susan Tilgner, Chair

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

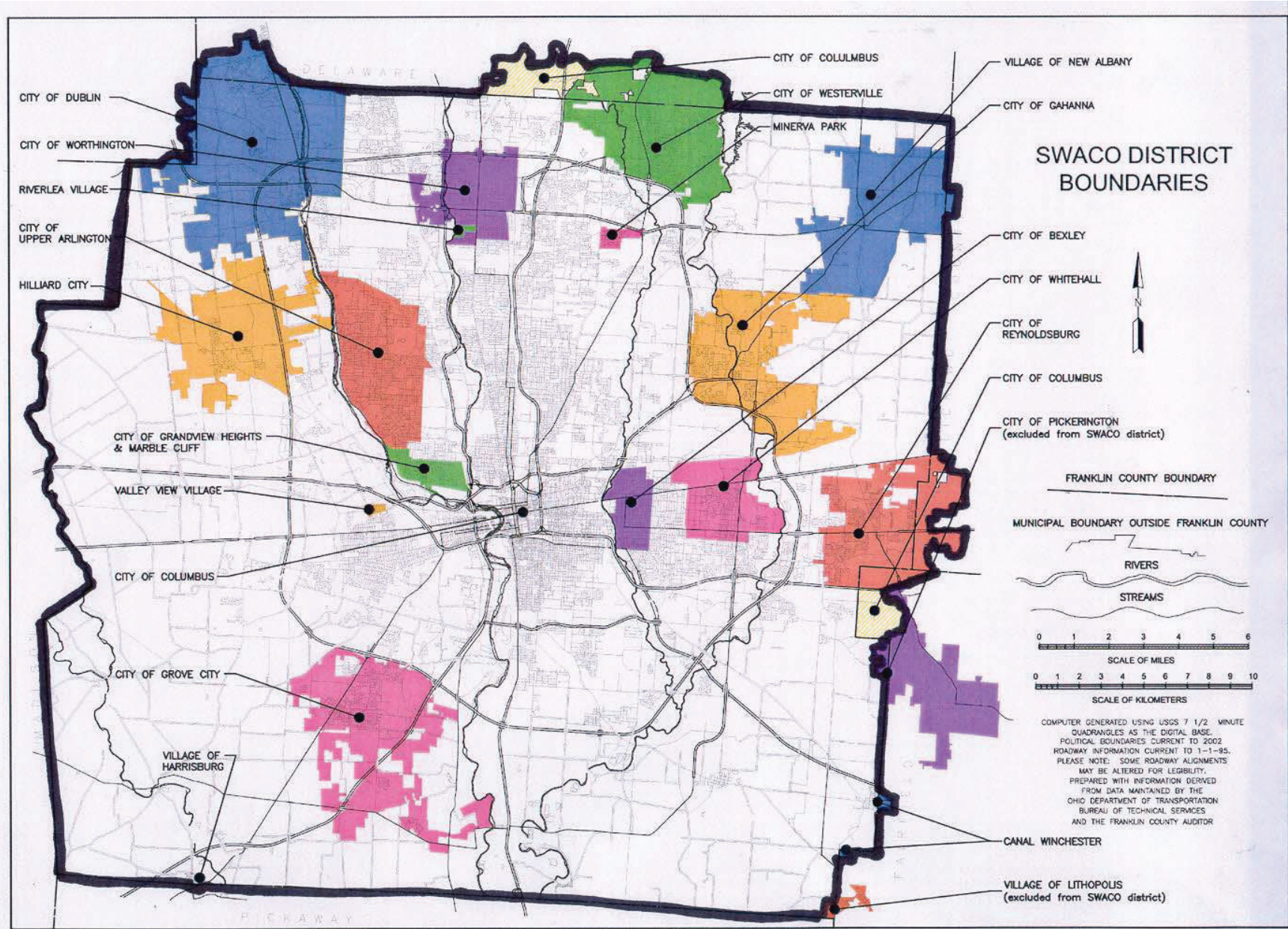
Staff

Jospeh Lombardi, Executive Director
Jeffrey Wilkins, Director of Administration
Scott Perry, Director of Operations and Maintenance
Kyle O'Keefe, Director of Innovation and Programs
Patrick O'Block, Accounting and Finance Manager
Andrew Ehlenbach, Senior Accountant and Budget Administrator



• Joseph Lombardi - Executive Director as of 6/6/2022
 Ty Marsh - Executive Director in 2021 until 3/31/2022







Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Solid Waste Authority of Central Ohio

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2020

Christopher P. Morrill

Executive Director/CEO

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio (SWACO), Franklin County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of SWACO, Franklin County, Ohio, as of December 31, 2021, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SWACO, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SWACO's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SWACO's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SWACO's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022 on our consideration of SWACO's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SWACO's 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.

Rea & Associates, Inc.

Rea & Associates, Inc.
Gahanna, Ohio
June 28, 2022

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2021 (unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") provides an overview of the financial performance of the Solid Waste Authority of Central Ohio (SWACO) and provides an introduction to SWACO's financial statements for the year ended December 31, 2021. 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 of resources with the difference between them reported as net position.
- **Statement of Revenues, Expenses and Changes in Net Position** - This statement includes all operating and non-operating revenues and expenses for SWACO and shows the change in SWACO's net position during the most recent year.
- **Statement of Cash Flows** – This statement reports cash and cash equivalent activities for the year. A reconciliation of operating income to net cash provided by operating activities is provided.

Financial Highlights/Overview of 2021

- SWACO's overall net position increased by \$18.0 million, (16.7%), in 2021.
- Operating Fund net position increased by approximately \$17.0 million, (16.7%), in 2021.
- Operating Fund sale of landfill gas increased by approximately \$4.3 million, (98.7%), in 2021 due to price fluctuations and full year production in 2021.
- Operating Fund fees (tipping, disposal, and transfer fees) increased by approximately \$2.6 million (5.4%) from the prior year.

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Management's Discussion & Analysis for the Year Ended December 31, 2021 (unaudited)

- Operating Fund and Program Fund operating expenses – Salaries, wages and benefits overall expense decreased approximately \$6.8 million (52.8%) from the prior year, primarily attributable to GASB 68 and GASB 75 as mentioned on page 2-6. In the Operating Fund operating expenses for salaries, wages and benefits decreased by approximately \$6.2 million (53.1%). Operating expenses for salaries, wages, and benefits in the Program Fund decreased by approximately \$648,000 (50.2%).
- Contracts, services, and supplies expense for the combined funds increased by approximately \$2.6 million (18.7%). The Operating Fund increased by approximately \$1.9 million (18.4%). The Program Fund saw an increase of approximately \$666,000 (19.7%).
- Depletion and closure expense increased by approximately \$6.9 million (194.4%) over prior year. Landfill depletion expense is up approximately \$5.6 million (182.0%) from prior year while closure expense is also up approximately \$1.3 million (272.5%) from prior year. The major change from year over year is associated with the updated unit costs, additional infrastructure costs, and timing of the useful life of the landfill.
- Non-operating revenues and expenses for the Combined Funds net to an expense of approximately \$2.8 million, an overall decrease of approximately \$2.9 Million from 2020, due to decrease in interest earnings.

Combined Net Position

The 2020 and 2021 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 \$18.0 million (16.7%).

Other restricted net position includes approximately \$6.4 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, 2021****(unaudited)**

Net Position			
Operating and Program Funds Combined			
	2020	2021	Increase (Decrease)
Assets			
Current and other assets	\$ 76,859,116	\$ 86,829,626	\$ 9,970,510
Restricted cash and investments	6,680,265	7,749,425	1,069,160
Closure/post-closure funds held by Trustee & accrued int. rec.	30,815,405	31,229,576	414,171
Federal grants receivable	9,501	-	(9,501)
Capital assets	102,420,718	101,546,543	(874,175)
Capital lease receivable (less current portion)	443,186	390,262	(52,924)
Net OPEB Asset	-	935,508	935,508
Total assets	217,228,191	228,680,940	11,452,749
Deferred outflows of resources			
Refundings	1,477,669	1,273,654	(204,015)
Pension	1,661,219	1,414,006	(247,213)
OPEB	1,202,451	715,501	(486,950)
Total deferred outflows of resources	4,341,339	3,403,161	(938,178)
Current liabilities	10,169,689	13,011,772	2,842,083
Bonds and notes payable, less current portion, net	66,160,780	59,797,009	(6,363,771)
Landfill closure/post-closure liability, non-current	17,924,866	19,737,637	1,812,771
Compensated leave	5,915	42,356	36,441
Net pension liability	9,413,207	7,383,773	(2,029,434)
Net OPEB liability	6,900,083	-	(6,900,083)
Total liabilities	110,574,540	99,972,547	(10,601,993)
Deferred inflows of resources: pension	2,003,262	3,226,959	1,223,697
Deferred inflows of resources: OPEB	1,023,607	2,897,345	1,873,738
Total deferred inflows of resources	3,026,869	6,124,304	3,097,435
Net position			
Net investment in capital assets:			
Other capital assets, net	31,879,037	36,983,930	5,104,893
Restricted:			
Other restricted, net	5,221,168	6,442,370	1,221,202
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	12,890,538	11,491,938	(1,398,600)
Unrestricted	57,977,378	71,069,012	13,091,634
Total net position	\$ 107,968,121	\$ 125,987,250	\$ 18,019,129

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Management's Discussion & Analysis for the Year Ended December 31, 2021 (unaudited)

The net pension liability (NPL) is reported by SWACO at December 31, 2021 pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of SWACO's actual financial condition by adding deferred inflows of resources related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows of resources 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.

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Management's Discussion & Analysis for the Year Ended December 31, 2021 (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 of resources.

Combined Revenues, Expenses, and Changes in Net Position

The 2020 and 2021 combined revenue, expenses, and changes in net position of both the Operating and Program Funds are presented and compared below.

	Revenues, Expenses, and Changes in Net Position Operating and Program Funds Combined		
	2020	2021	Increase (Decrease)
Revenues			
Operating revenues	\$ 58,458,389	\$ 65,173,111	\$ 6,714,722
Non-operating revenues	2,586,307	(413,912)	(3,000,219)
Total revenues	<u>61,044,696</u>	<u>64,759,199</u>	<u>3,714,503</u>
Expenses			
Operating expenses	40,957,417	44,335,059	3,377,642
Non-operating expenses	2,524,630	2,405,011	(119,619)
Total expenses	<u>43,482,047</u>	<u>46,740,070</u>	<u>3,258,023</u>
Change in net position	17,562,649	18,019,129	456,480
Total net position – beginning	<u>90,405,472</u>	<u>107,968,121</u>	<u>17,562,649</u>
Total net position – ending	<u>\$ 107,968,121</u>	<u>\$ 125,987,250</u>	<u>\$18,019,129</u>

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2021 (unaudited)

Financial Position of SWACO

As shown in the table on page 2-7, SWACO ended 2021 with a combined net position of approximately \$126.0 million, an improvement of approximately \$18.0 million, (16.7%) from 2020.

Operating Fund Net Position

	2020	2021	Increase (Decrease)
Assets			
Current and other assets	\$ 76,113,028	\$ 86,299,877	\$ 10,186,849
Closure/post-closure funds held by trustee	30,815,405	31,229,576	414,171
Federal grants receivable	9,501	-	(9,501)
Capital assets, net	101,752,033	101,108,858	(643,175)
Capital lease receivable	443,186	390,262	(52,924)
Net OPEB Asset	-	851,312	851,312
Total assets	209,133,153	219,879,885	10,746,732
Deferred outflows of resources			
Refundings	1,477,669	1,273,654	(204,015)
Pension	1,434,712	1,295,708	(139,004)
OPEB	1,049,306	658,594	(390,712)
Total deferred outflows of resources	3,961,687	3,227,956	(733,731)
Liabilities			
Current liabilities	9,515,604	12,189,145	2,673,541
Bonds and notes payable, less current portion, net	66,160,780	59,797,009	(6,363,771)
Landfill closure/post-closure liability	17,924,866	19,737,637	1,812,771
Compensated leave	5,741	37,896	32,155
Net pension liability	8,471,886	6,719,233	(1,752,653)
Net OPEB liability	6,210,075	-	(6,210,075)
Total liabilities	108,288,952	98,480,920	(9,808,032)
Deferred inflows of resources			
Deferred inflows of resources: pension	1,803,588	2,902,360	1,098,772
Deferred inflows of resources: OPEB	924,032	2,617,366	1,693,334
Total deferred inflows of resources	2,727,620	5,519,726	2,792,106
Net position			
Net investment in capital assets:			
Other capital assets, net	31,210,352	36,546,245	5,335,893
Restricted:			
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	12,890,538	11,491,938	(1,398,600)
Unrestricted	57,977,378	71,069,012	13,091,634
Total net position	\$ 102,078,268	\$ 119,107,195	\$ 17,028,927

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2021 (unaudited)

Operating Fund Net Position

Collectively, total assets increased by approximately \$10.7 million (5.1%). The major components to this increase involves current and other assets increasing by approximately \$10.2 million (13.4%), primarily from increase in cash and cash equivalents from operations. Closure/post-closure funds held by trustee increasing by approximately \$414,000 (1.3%), capital assets, net decreasing by approximately \$643,000 (0.6%), and net OPEB asset increasing by approximately \$851,000.

Collectively, total liabilities decreased by approximately \$9.8 million (9.1%). The major components of this decrease include current liabilities increasing by approximately \$2.7 million (28.1%) due to timing of accounts payable at year-end, bonds payable, less current portion, net decreasing by approximately \$6.4 million (9.6%) through debt service payments, while the landfill closure/post-closure liability increased by approximately \$1.8 million (10.1%), and the net pension liability also decreased by approximately \$1.8 million (20.7%). Also, the OPEB liability decreased by approximately \$6.2 million.

Total net position increased by approximately \$17.0 million (16.7%) from 2020 to 2021.

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, 2021, the EPA Trust Fund value was approximately \$31.2 million, and the recorded closure liability was approximately \$19.7 million.

There was an increase in unrestricted net position of approximately \$13.1 million (22.6%).

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SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2021 (unaudited)

Operating Fund Revenues, Expenses and Changes in Net Position

The following table compares 2020 and 2021 revenues, expenses and changes in net position in the Operating Fund.

Operating Fund Revenues, Expenses, and Changes in Net Position

	<u>2020</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Tipping and disposal fees	\$ 40,850,767	\$ 42,771,536	\$ 1,920,769
Waste transfer fees	6,566,035	7,224,786	658,751
Interfund charges	253,016	111,790	(141,226)
Sale of landfill gas	4,347,711	8,637,278	4,289,567
Other	499,085	164,930	(334,155)
Operating revenues	<u>52,516,614</u>	<u>58,910,320</u>	<u>6,393,706</u>
Operating expenses:			
Salaries, wages and benefits	11,641,817	5,456,271	(6,185,546)
Contracts, services and supplies	10,251,500	12,137,293	1,885,793
Solid waste fees	5,759,998	6,029,241	269,243
Depreciation	4,610,119	5,212,372	602,253
Landfill depletion	3,070,325	8,659,747	5,589,422
Landfill closing costs	486,602	1,812,771	1,326,169
Operating expenses	<u>35,820,361</u>	<u>39,307,695</u>	<u>3,487,334</u>
Operating income	<u>16,696,253</u>	<u>19,602,625</u>	<u>2,906,372</u>
Non-operating revenues (expenses):			
Interest expense	(2,212,781)	(2,140,558)	72,223
Interest earnings	2,205,211	(497,828)	(2,703,039)
Grants	-	2,920	2,920
Grants awarded	(50,657)	-	50,657
Gain (loss) on disposal of assets	347,884	61,768	(286,116)
Total non-operating revenues (expenses), net	<u>289,657</u>	<u>(2,573,698)</u>	<u>(2,863,355)</u>
Change in net position	16,985,910	17,028,927	43,017
Total net position – beginning	<u>85,092,358</u>	<u>102,078,268</u>	<u>16,985,910</u>
Total net position – ending	<u>\$ 102,078,268</u>	<u>\$ 119,107,195</u>	<u>\$ 17,028,927</u>

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2021

(unaudited)

Solid waste tons received at SWACO's facilities increased from approximately 1,177,761 tons received during 2020 to approximately 1,230,543 tons received during 2021. Tipping and disposal fees increased by approximately \$1.9 million (4.7%).

Operating Fund sale of landfill gas increased by approximately \$4.3 million (98.7%), in 2021. This was due to a temporary closing of the facility for several months in the prior year.

Operating Fund expenses for salaries, wages and benefits were approximately \$6.2 million (53.1%) lower in 2021 compared to 2020. This is primarily attributed to GASB 68/75 as mentioned on page 2-7.

Contracts, services and supplies expenses increased by approximately \$1.9 million (18.4%) in 2021.

Depletion and closure expense increased by approximately \$6.9 million (194.4%) over prior year. Landfill depletion expense specifically is up approximately \$5.6 million (182.0%) from prior year while closure expense is also up approximately \$1.3 million (272.5%) from prior year. Depletion and closure has a high volatility due to many components that effect the nature of the expense.

Collectively, operating expenses increased by approximately \$3.5 million (9.7%), primarily due to the items discussed above.

Non-operating revenues and expenses net to a expense in 2021 of approximately \$2.6 million. This represents a net decrease of approximately \$2.9 million (988.5%) over the prior year.

SWACO's financial position in the Operating Fund increased by approximately \$17.0 million (16.7%) in 2021, increasing SWACO's net position from approximately \$102.1 million in 2020 to a net position of approximately \$119.1 million at the end of 2021.

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SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2021****(unaudited)****Program Fund Net Position**

	2020	2021	Increase (Decrease)
Assets			
Current assets	\$ 7,426,353	\$ 8,279,174	\$ 852,821
Capital assets	668,685	437,685	(231,000)
Net OPEB Asset	-	84,196	84,196
Total assets	8,095,038	8,801,055	706,017
Deferred outflows of resources			
Deferred outflows of resources: pension	226,507	118,298	(108,209)
Deferred outflows of resources: OPEB	153,145	56,907	(96,238)
Total deferred outflows of resources	379,652	175,205	(204,447)
Liabilities			
Current liabilities	654,085	822,627	168,542
Compensated leave	174	4,460	4,286
Net pension liability	941,321	664,540	(276,781)
Net OPEB liability	690,008	-	(690,008)
Total liabilities	2,285,588	1,491,627	(793,961)
Deferred inflows of resources			
Deferred inflows of resources: pension	199,674	324,599	124,925
Deferred inflows of resources: OPEB	99,575	279,979	180,404
Total deferred inflows of resources	299,249	604,578	305,329
Net position			
Net investment in capital assets	668,685	437,685	(231,000)
Restricted	5,221,168	6,442,370	1,221,202
Total net position	\$ 5,889,853	6,880,055	990,202

Program Fund Net Position

Total net position at the end of 2021, was approximately \$6.9 million, an increase of approximately \$990,000 (16.8%), from the prior year. Restricted net position (cash and receivables less payables) was approximately \$6.4 million, an increase of approximately \$1.2 million (23.4%). Net position for net investment in capital assets, was approximately \$438,000, a decrease of approximately \$231,000 (34.5%).

SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2021
(unaudited)****Program Fund Revenues, Expenses, and Changes in Net Position**

	<u>2020</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Operating revenues:			
Generation fees	\$ 5,906,798	\$ 6,181,189	\$ 274,391
Other	34,977	81,602	46,625
Operating revenues	<u>5,941,775</u>	<u>6,262,791</u>	<u>321,016</u>
Operating expenses:			
Salaries, wages and benefits	1,290,777	642,986	(647,791)
Contracts, services and supplies	3,375,602	4,041,588	665,986
Depreciation and depletion	217,661	231,000	13,339
Interfund charges	253,016	111,790	(141,226)
Operating expenses	<u>5,137,056</u>	<u>5,027,364</u>	<u>(109,692)</u>
Operating income	<u>804,719</u>	<u>1,235,427</u>	<u>430,708</u>
Non-operating revenues (expenses):			
Interest earnings	33,212	3,848	(29,364)
Grants	-	15,380	15,380
Grants awarded	(261,192)	(264,453)	(3,261)
Total non-operating expenses, net	<u>(227,980)</u>	<u>(245,225)</u>	<u>(17,245)</u>
Change in net position	576,739	990,202	413,463
Total net position— beginning	<u>5,313,114</u>	<u>5,889,853</u>	<u>576,739</u>
Total net position – ending	<u>\$ 5,889,853</u>	<u>\$ 6,880,055</u>	<u>\$ 990,202</u>

A comparison of 2020 and 2021 revenues and expenses in the Program Fund is shown above.

Generation fees increased by approximately \$274,000 (4.6%) in 2021 compared to 2020.

Program Fund operating expenses collectively decreased by approximately \$110,000 (2.1%) in 2021. Salaries, wages, and benefits decreased by approximately \$648,000 (50.2%), primarily caused by the change of estimates related to GASB 68/75. Contracts, services, and supplies increased by approximately \$666,000 (19.7%). Interfund charges decreased by approximately \$141,000 (55.8%).

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2021 (unaudited)

Program Fund Non-Operating Income & Expenses

Non-operating transactions consisted of grant activities and interest earnings. This accounted for an increase of approximately \$17,000 (7.6%).

Ending net position in the Program Fund increased by approximately \$990,000 (16.8%) from 2020 to 2021.

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 \$2.2 million (7.0%), primarily due to the completion of assets previously in construction in progress such as the new landfill scalehouse and other landfill cell construction related projects.

The increase in net capital assets being depreciated or depleted was approximately \$1.3 million (1.8%) in the combined funds due primarily to an increase in landfill development costs and equipment. 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 2020 and 2021.

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SWACO**Management's Discussion & Analysis for the Year Ended December 31, 2021****(unaudited)**

Operating Fund	Capital Assets		Increase
	2020	2021	(Decrease)
Capital assets not being depreciated:			
Land and land improvements	\$ 24,206,806	\$ 24,206,806	\$ -
Construction in progress	6,848,498	4,666,291	(2,182,207)
Total capital assets, not being depreciated	31,055,304	28,873,097	(2,182,207)
Depreciable capital assets, net of accumulated depreciation and depletion:			
Equipment and furnishings	9,802,745	8,400,723	(1,402,022)
Building and improvements	8,355,578	6,926,450	(1,429,128)
Transfer stations	6,708,799	6,068,484	(640,315)
Sanitary landfill	45,829,607	50,840,104	5,010,497
Total capital assets, being depreciated, net	70,696,729	72,235,761	1,539,032
Total capital assets, net	101,752,033	101,108,858	(643,175)
Program Fund			
Depreciable capital assets, net of accumulated depreciation:			
Equipment and furnishings	601,597	428,096	(173,501)
Building and improvements	67,088	9,589	(57,499)
Total capital assets, being depreciated, net	668,685	437,685	(231,000)
Total capital assets, net	\$ 668,685	\$ 437,685	\$ (231,000)

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, 2021 (unaudited)

Debt Administration

SWACO's outstanding debt as of December 31, 2020 and 2021 is shown in the following table:

	Outstanding Long-Term Debt		Increase (Decrease)
	2020	2021	
General obligation bonds, net	<u>\$ 71,465,780</u>	<u>\$ 65,347,009</u>	<u>\$ (6,118,771)</u>
Total	<u>\$ 71,465,780</u>	<u>\$ 65,347,009</u>	<u>\$ (6,118,771)</u>

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

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

Economic Factors

Similar to other local governments in Ohio, SWACO continues to face economic pressures. Waste receipts at the Franklin County Sanitary Landfill in 2021 increased slightly in comparison to the prior year.

Solid waste tons received at SWACO's facilities during 2021 were approximately 1,230,543 tons, versus 2020 receipts of 1,177,761 tons.

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of SWACO. SWACO's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on SWACO's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Request for Information

This financial report is designed to provide a general overview of SWACO's finances and to show accountability for money received by SWACO. For questions or for additional information regarding this report, write to SWACO, 4239 London-Groveport Road, Grove City, Ohio 43123 or contact Patrick O'Block (614) 801-6415, or by e-mail at pat.oblock@swaco.org.

SWACO
Statement of Net Position – Proprietary Funds
As of December 31, 2021

Assets	Business-type Activities – Enterprise Funds		
	Operating Fund	Program Fund	Total
Current assets:			
Cash and cash equivalents	\$35,454,551	\$ -	\$ 35,454,551
Restricted cash	-	7,749,425	7,749,425
Investments	44,767,930	-	44,767,930
Accounts receivable, net	5,635,509	519,941	6,155,450
Lease receivable, current portion	52,924	-	52,924
Other assets	388,963	9,808	398,771
Total current assets	86,299,877	8,279,174	94,579,051
Non-current assets:			
Restricted: held by trustee for landfill closure/post-closure care:			
Cash and cash equivalents	29,766	-	29,766
Investments	31,148,689	-	31,148,689
Accrued interest receivable	51,121	-	51,121
Federal grants receivable, Less current portion	-	-	-
Capital assets:			
Sanitary landfill, net of accumulated depletion	50,840,104	-	50,840,104
Buildings and equipment and furnishings, net of accumulated depreciation	21,395,657	437,685	21,833,342
Construction in progress	4,666,291	-	4,666,291
Land and land improvements	24,206,806	-	24,206,806
Lease receivable, less current portion	390,262	-	390,262
Net OPEB Asset	851,312	84,196	935,508
Total non-current assets	133,580,008	521,881	134,101,889
Total assets	219,879,885	8,801,055	228,680,940
Deferred outflows of resources:			
Refundings	1,273,654	-	1,273,654
Pension	1,295,708	118,298	1,414,006
OPEB	658,594	56,907	715,501
Total deferred outflows of resources	\$ 3,227,956	\$ 175,205	\$ 3,403,161

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, 2021

Liabilities	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Current liabilities:			
Accounts payable	\$ 5,504,973	\$ 690,066	\$ 6,195,039
Accrued wages and benefits	921,216	132,561	1,053,777
Accrued interest	207,694	-	207,694
Current maturities of bonds and notes payable	5,550,000	-	5,550,000
Unearned lease revenue	4,862	-	4,862
Other payables	400	-	400
Total current liabilities	<u>12,189,145</u>	<u>822,627</u>	<u>13,011,772</u>
Non-current liabilities:			
Bonds and notes payable, less current portion, net	59,797,009	-	59,797,009
Landfill closure/post-closure liability	19,737,637	-	19,737,637
Compensated leave	37,896	4,460	42,356
Net pension liability	6,719,233	664,540	7,383,773
Total non-current liabilities	<u>86,291,775</u>	<u>669,000</u>	<u>86,960,775</u>
Total liabilities	<u>98,480,920</u>	<u>1,491,627</u>	<u>99,972,547</u>
Deferred inflows of resources:			
Pension	2,902,360	324,599	3,226,959
OPEB	2,617,366	279,979	2,897,345
Total deferred inflows of resources	<u>5,519,726</u>	<u>604,578</u>	<u>6,124,304</u>
Net Position			
Net investment in capital assets:			
Other capital assets, net	36,546,245	437,685	36,983,930
Restricted:			
Other restricted, net	-	6,442,370	6,442,370
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	11,491,938	-	11,491,938
Unrestricted	71,069,012	-	71,069,012
Total net position	<u>\$ 119,107,195</u>	<u>\$ 6,880,055</u>	<u>\$ 125,987,250</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, 2021**

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Operating revenues:			
Tipping and disposal fees	\$ 42,771,536	\$ -	\$ 42,771,536
Waste transfer fees	7,224,786	-	7,224,786
Generation fees	-	6,181,189	6,181,189
Interfund charges	111,790	-	111,790
Sale of landfill gas	8,637,278	-	8,637,278
Other	164,930	81,602	246,532
	<u>58,910,320</u>	<u>6,262,791</u>	<u>65,173,111</u>
Total operating revenues			
Operating expenses:			
Salaries, wages and benefits	5,456,271	642,986	6,099,257
Contracts, services and supplies	12,137,293	4,041,588	16,178,881
Solid waste fees	6,029,241	-	6,029,241
Depreciation	5,212,372	231,000	5,443,372
Landfill depletion	8,659,747	-	8,659,747
Landfill closing costs	1,812,771	-	1,812,771
Interfund charges	-	111,790	111,790
	<u>39,307,695</u>	<u>5,027,364</u>	<u>44,335,059</u>
Total operating expenses			
Operating income	<u>19,602,625</u>	<u>1,235,427</u>	<u>20,838,052</u>
Non-operating revenues (expenses):			
Interest expense	(2,140,558)	-	(2,140,558)
Interest earnings	(497,828)	3,848	(493,980)
Grants received	2,920	15,380	18,300
Grants awarded	-	(264,453)	(264,453)
Gain on disposal of assets	61,768	-	61,768
	<u>(2,573,698)</u>	<u>(245,225)</u>	<u>(2,818,923)</u>
Total non-operating expenses, net			
Change in net position	17,028,927	990,202	18,019,129
Total net position – beginning	<u>102,078,268</u>	<u>5,889,853</u>	<u>107,968,121</u>
Total net position – ending	<u>\$ 119,107,195</u>	<u>\$ 6,880,055</u>	<u>\$ 125,987,250</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, 2021

	<u>Business-type Activities – Enterprise Funds</u>		
	<u>Operating Fund</u>	<u>Program Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 50,098,036	\$ -	\$ 50,098,036
Generation fees collected	-	6,212,029	6,212,029
Sale of landfill gas	7,800,317	-	7,800,317
Other receipts	164,930	81,602	246,532
Payments to or on behalf of employees for salaries, wages and benefits	(10,813,990)	(1,139,197)	(11,953,187)
Payments to vendors	(15,857,571)	(3,917,951)	(19,775,522)
Interfund charges	111,790	(111,790)	-
Other expenses	-	14	14
Net cash provided by operating activities	<u>31,503,512</u>	<u>1,124,707</u>	<u>32,628,219</u>
Cash flows from non-capital financing activities:			
Grants received	129,372	205,058	334,430
Grants awarded	-	(264,453)	(264,453)
Net cash provided by (used in) non-capital financing activities	<u>129,372</u>	<u>(59,395)</u>	<u>69,977</u>
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	31,293,924	-	31,293,924
Purchase of investments	(33,061,625)	-	(33,061,625)
Interest received	675,132	3,848	678,980
Net cash provided by (used in) investing activities	<u>(\$ 1,092,569)</u>	<u>\$3,848</u>	<u>(\$ 1,088,721)</u>

Continued on the following page

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

SWACO
Statement of Cash Flows – Proprietary Funds
For the Year Ended December 31, 2021

	Operating Fund	Program Fund	Total
Cash flows from capital and related financing activities:			
Proceeds from sale of assets	\$ 175,463	\$ -	\$ 175,463
Cash received from lease transactions	52,244	-	52,244
Landfill, facilities and equipment additions	(13,342,638)	-	(13,342,638)
Principal paid on bonds and notes payable	(5,305,000)	-	(5,305,000)
Interest paid and cost on debt refunded	(2,731,003)	-	(2,731,003)
Net cash (used in) capital and related financing activities	(21,150,934)	-	(21,150,934)
Net increase in cash and cash equivalents	9,389,381	1,069,160	10,458,541
Cash and cash equivalents, beginning of year	26,094,936	6,680,265	32,775,201
Cash and cash equivalents, end of year	35,484,317	7,749,425	43,233,742
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	19,602,625	1,235,427	20,838,052
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	5,212,372	231,000	5,443,372
Depletion	8,659,747	-	8,659,747
Landfill closing costs	1,812,771	-	1,812,771
Increase (decrease) in cash resulting from changes in:			
Accounts receivable, net	(735,247)	30,840	(704,407)
Accounts payable	2,302,020	127,831	2,429,851
Accrued wages and benefits	134,500	44,998	179,498
Deferred outflows: pension	139,004	108,209	247,213
Deferred outflows: OPEB	390,712	96,238	486,950
Net pension liability	(1,752,653)	(276,781)	(2,029,434)
OPEB (asset) liability	(7,061,387)	(774,204)	(7,835,591)
Deferred inflows: pension	1,098,772	124,925	1,223,697
Deferred inflows: OPEB	1,693,334	180,404	1,873,738
Other assets and liabilities	6,942	(4,180)	2,762
Net cash provided by operating activities	\$ 31,503,512	\$ 1,124,707	\$ 32,628,219

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, 2021

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

Amortization of premiums on bonds payable during the year totaled \$ 813,771.

Bond defeasements net of amortization during the year totaled \$ (204,015).

**Beginning balance was updated to reflect restricted cash*

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

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SWACO

Notes to Financial Statements

For the Year Ended December 31, 2021

1. Organization

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

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

The Sanitary Landfill was purchased from Franklin County in 1991. The Ohio Environmental Protection Agency (“OEPA”) approved a modification to the original County permit in 1997 increasing disposal capacity by approximately 49 million cubic yards (from 10.7 million cubic yards) and increasing the landfill acreage to 363 acres from approximately 116 acres. The modified permit allowed both vertical and horizontal expansion of the landfill. In 2008, SWACO submitted an application to the OEPA to further modify the permit to change the configuration of the landfill and further increase capacity. The modification was approved by the OEPA in 2009 and added approximately 3.5 million cubic yards of disposal capacity (see Note 5 – Closure/Post-closure Funds Held by Trustee). In 2018, SWACO received a new permit-to-install which allowed more airspace for disposal. SWACO estimates that it has sufficient landfill capacity to service the needs of the District for at least 45.9 years based on 2021 receipts.

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 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 31.1% of SWACO's total operating revenues for the year ended December 31, 2021. The customer accounted for approximately 34.5% of accounts receivable, trade at December 31, 2021.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2021

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.

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.

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.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2021

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. 72, *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, 2021, the allowance for bad debt was zero. Accounts receivable also includes amounts owed by private transfer stations and landfills for solid waste received at the facilities, generated within the boundaries of SWACO and subject to the Generation Fee.

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

Landfill and Property, Plant, and Equipment: SWACO records asset acquisitions at cost and provides for depreciation in amounts adequate to amortize cost over the estimated useful lives of the assets using a straight-line method for financial reporting purposes, except for its landfill, which is depleted using a units-of-production method. The cost of buildings and equipment is depreciated using a straight-line method over their estimated useful lives of 10 to 20 years for buildings and 5 to 10 years for equipment. The capitalization threshold for capital assets is \$10,000.

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

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

Vacation and sick leave: A liability for vacation and sick leave is included in accrued wages and benefits. In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, this liability includes accumulated vacation time and vested sick leave computed using employee wage rates in effect at December 31, 2021.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2021

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.

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.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2021

Implementation of New Accounting Principles: For the year ended December 31, 2021, SWACO has implemented Governmental Accounting Standards Board (GASB) Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of SWACO.

GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. These changes were incorporated in SWACO's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

Subsequent Events: Subsequent events are defined as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or available to be issued. Management has evaluated subsequent events through June 28, 2022, which is the date that the financial statements were available to be issued.

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, 2021

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 2021, 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 2021, 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. 72 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.

The chart on the next page summarizes SWACO's cash and investments at fair value as of December 31, 2021:

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

Cash and Investments at December 31, 2021

<u>Operating and Program Funds</u>	Measurement	Maturity in Years	
	Value	Less than 1	1 to 4
Carrying amount of deposits	\$ 24,001,550	\$ 24,001,550	\$ -
Commercial paper	3,694,323	3,694,323	-
Federal agency securities	27,224,042	450,068	26,773,974
Negotiable certificates of deposit	12,978,450	5,793,820	7,184,630
Municipal Bonds	871,115	-	871,115
Money market mutual funds/sweep acct.	100,009	100,009	-
Cash on hand	600	600	-
STAR Ohio Program Fund	4,709,088	4,709,088	-
Government Insured Deposit Program	14,392,729	14,392,729	-
	<u>87,971,906</u>	<u>53,142,187</u>	<u>34,829,719</u>
<u>Closure/Post-closure Trust Fund</u>			
Money market mutual funds	29,766	29,766	-
Federal agency securities	21,616,789	1,000,710	20,616,079
Commercial paper	2,118,650	2,118,650	-
Negotiable certificates of deposit	6,402,159	2,242,933	4,159,226
Municipal Bonds	1,011,091	-	1,011,091
	<u>31,178,455</u>	<u>5,392,059</u>	<u>25,786,396</u>
Total	<u>\$119,150,361</u>	<u>\$ 58,534,246</u>	<u>\$ 60,616,115</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	\$ 35,454,551	\$ -	\$ 35,454,551
Restricted cash	-	7,749,425	7,749,425
Investments	44,767,930	-	44,767,930
Closure/post-closure funds held by trustee:			
Cash and cash equivalents (non-current)	29,766	-	29,766
Investments (non-current)	31,148,689	-	31,148,689
Total	<u>\$111,400,936</u>	<u>\$ 7,749,425</u>	<u>\$ 119,150,361</u>

Concentration of Credit Risk: SWACO will diversify investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than 25% of SWACO's total investment portfolio at the time of purchase will be invested in a single security issuer. As of December 31, 2021, 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 9.6%, FNMA 10.3%, and FFCB 12.8% .

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

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, 2021.

SWACO's investments measured at fair value are based on Level 2 inputs because they 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.

As further discussed in Note 4 (Restricted Assets), cash in the amount of \$7,749,425 in the Program Fund were restricted at December 31, 2021, for debt service, capital projects, by State law, or for other purposes.

4. Restricted Assets

Restricted Cash: In the Operating Fund these funds include debt service accounts, and the capital improvements account (bond proceeds). In the Program Fund, restricted cash is unexpended Generation Fees collected by SWACO that are restricted by State statute for the purpose of solid waste recycling, reuse, and reduction programs and implementation of SWACO's solid waste plan.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

Restricted Net Position

	Operating Fund	Program Fund	Total
Cash			
Unexpended generation fees	\$ -	\$ 7,749,425	\$ 7,749,425
Total restricted cash	-	7,749,425	7,749,425
Generation fees receivable	-	519,941	519,941
Prepaid expenses	-	5,443	5,443
Other restricted assets	-	4,365	4,365
Closure/post-closure trust fund net of accrued liability – Franklin County Sanitary Landfill	11,491,938	-	11,491,938
Less amounts payable from restricted assets	-	(1,836,804)	(1,836,804)
Other restricted net position	<u>\$ 11,491,938</u>	<u>\$ 6,442,370</u>	<u>\$ 17,934,308</u>

5. Closure/Post-Closure Funds Held by Trustee

In 1995, SWACO established a trust fund (the “Fund”) with U.S. Bank for the benefit of the OEPA under OEPA rules applicable to SWACO requiring the owner or operator of a solid waste facility to provide financial assurance that funds will be available when needed for final closure, post-closure care, and/or corrective measures of the facility when the landfill stops accepting waste (either when at maximum capacity or if closed for other reasons). The amount to be funded for the financial assurance instrument, which is established in the landfill permit, and is subject to change due to inflation or other factors, is based on the maximum exposure of unclosed landfill area allowed in the permit and is calculated differently than SWACO’s Landfill Closure Cost estimate for purposes of GASB Statement No. 18 (see Note 11 – 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 years as of December 31, 2021).

The required Fund payment due and paid in May 2022 was approximately \$831,000.

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.

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Notes to Financial Statements
For the Year Ended December 31, 2021

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 28.2% as of December 31, 2021).

Depletion expense increased by approximately \$5.6 million (182.0%) while closure expense is also up approximately \$1.3 million (272.5%) from prior year.

Construction in progress primarily consists various projects throughout SWACO that include an enterprise resource planning system, landfill site development, and other projects.

As of the end of 2021, SWACO estimates total landfill development costs at approximately \$256.4 million, including approximately \$127.0 million expended through 2021 (including construction in progress) and approximately \$129.4 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$72.2 million as of December 31, 2021, leaving an estimate of \$184.2 million in depletion expense over the remaining life of the landfill.

A summary of capital assets at December 31, 2021, is shown on the following page.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

Summary of Capital Assets at December 31, 2021

Operating Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 24,206,806	\$ -	\$ -	\$ 24,206,806
Construction in progress	6,848,498	11,561,879	(13,744,086)	4,666,291
Total capital assets, not being depreciated	31,055,304	11,561,879	(13,744,086)	28,873,097
Capital assets, being depreciated/depleted:				
Equipment and furnishings	29,906,387	1,854,601	(966,230)	30,794,758
Building and improvements	20,239,135	-	-	20,239,135
Transfer stations	15,234,810	-	-	15,234,810
Sanitary landfill	109,335,159	13,670,244	-	123,005,403
Total capital assets, being depreciated/depleted	174,715,491	15,524,845	(966,230)	189,274,106
Less accumulated depreciation/depletion for:				
Equipment and furnishing	(20,103,642)	(3,142,929)	852,536	(22,394,035)
Building and improvements	(11,883,557)	(1,429,128)	-	(13,312,685)
Transfer stations	(8,526,011)	(640,315)	-	(9,166,326)
Sanitary landfill	(63,505,552)	(8,659,747)	-	(72,165,299)
Total accumulated depreciation/depletion	(104,018,762)	(13,872,119)	852,536	(117,038,345)
Total capital assets, being deprec. /depl., net	70,696,729	1,652,726	(113,694)	72,235,761
Total capital assets, net	101,752,033	13,214,605	(13,857,780)	101,108,858
Program Fund	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Equipment and furnishings	1,036,401	-	(45,136)	991,265
Building and improvements	1,207,209	-	-	1,207,209
Total capital assets, being depreciated	2,243,610	-	(45,136)	2,198,474
Less accumulated depreciation for:				
Equipment and furnishing	(434,804)	(173,501)	45,136	(563,169)
Building and improvements	(1,140,121)	(57,499)	-	(1,197,620)
Total accumulated depreciation	(1,574,925)	(231,000)	45,136	(1,760,789)
Total capital assets, being depreciated, net	668,685	(231,000)	-	437,685
Total capital assets, net	\$ 668,685	\$ (231,000)	\$ -	\$ 437,685

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

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, 2021, approximated \$6,100.

Estimated future minimum lease payments receivable, together with the present value of the net minimum lease payments receivable as of December 31, 2021, are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$58,344
2023	58,344
2024	58,344
2025	58,344
2026	58,344
2027-2029	<u>175,032</u>
Total minimum lease payments receivable	466,752
Less amount representing interest	<u>23,566</u>
Present value of minimum lease payments	<u><u>\$ 443,186</u></u>

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Notes to Financial Statements
For the Year Ended December 31, 2021

8. Defined Benefit Pension Plan

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension liability and the net OPEB liability (asset) represent the SWACO's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) 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 the SWACO's obligation for this liability to annually required payments. The SWACO cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the SWACO does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

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

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Notes to Financial Statements For the Year Ended December 31, 2021

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

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Notes to Financial Statements
For the Year Ended December 31, 2021

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the original base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the COLA is 3 percent. For those retiring on or after January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index (CPI), capped at 3 percent.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	<u>State and Local</u>
2021 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2021 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The SWACO's contractually required contribution was \$1,043,397 for 2021. Of this amount, \$142,961 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The 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:

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Period	0.049864%
Prior Measurement Period	0.047624%
Change in Proportion	<u>0.002240%</u>
Proportionate Share of the Net	
Pension Liability	\$ 7,383,773
Pension Expense	\$ 484,873

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, 2021, the SWACO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes in Proportionate Share and	
Differences in Contributions	\$ 370,609
SWACO Contributions Subsequent	
to the Measurement Date	1,043,397
Total Deferred Outflows of Resources	<u>\$ 1,414,006</u>
Deferred Inflows of Resources	
Differences between Expected and	
Actual Experience	\$ 308,869
Net Difference between Projected and Actual	
Earnings on Pension Plan Investments	2,877,979
Changes in Proportionate Share and	
Differences in Contributions	40,111
Total Deferred Inflows of Resources	<u>\$ 3,226,959</u>

\$1,043,397 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Notes to Financial Statements
For the Year Ended December 31, 2021

Year Ending December 31:	OPERS
2022	\$ (988,272)
2023	(302,402)
2024	(1,173,163)
2025	(392,513)
Total	<u>\$ (2,856,350)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (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, 2020, 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, 2020 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 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: 0.50 percent Simple through 2021, then 2.15 percent Simple

In October 2020, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from 1.4 percent simple through 2020 then 2.15 simple to 0.5 percent simple through 2021 then 2.15 percent simple.

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Notes to Financial Statements
For the Year Ended December 31, 2021

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 allocation of investment assets with 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 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.32 %
Domestic Equities	21.00	5.64
Real Estate	10.00	5.39
Private Equity	12.00	10.42
International Equities	23.00	7.36
Other Investments	9.00	4.75
Total	100.00 %	5.43 %

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

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Notes to Financial Statements
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Sensitivity of the SWACO’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the SWACO’s proportionate share of the net pension liability calculated using the discount rate of 7.20 percent and the SWACO’s proportionate share of the net pension liability if it were calculated using a discount rate that is one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
SWACO's Proportionate Share of the Net Pension Liability	\$ 14,084,585	\$ 7,383,773	\$ 1,812,058

Changes between Measurement Date and Report Date During 2021, the OPERS Board lowered the investment rate of return from 7.2 percent to 6.9 percent along with certain other changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

9. Defined Benefit OPEB Plan

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

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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree’s years of service and age when they first enrolled in OPERS coverage.

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For the Year Ended December 31, 2021

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses. These changes are reflected in the December 31, 2020, measurement date health care valuation.

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report 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 allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2021 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The SWACO's contractually required contribution was \$0 for 2021.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The SWACO's proportion of the net OPEB liability (asset) was based on the SWACO's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability (Asset):	
Current Measurement Period	0.052510%
Prior Measurement Period	0.049955%
Change in Proportion	<u>0.002555%</u>
Proportionate Share of the Net	
OPEB Liability (Asset)	\$ (935,508)
OPEB Expense	\$ (5,474,903)

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Notes to Financial Statements
For the Year Ended December 31, 2021

At December 31, 2021, the SWACO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes of Assumptions	\$ 459,907
Changes in Proportionate Share and Differences in Contributions	255,594
Total Deferred Outflows of Resources	<u>\$ 715,501</u>
Deferred Inflows of Resources	
Differences between Expected and Actual Experience	\$ 844,292
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	498,264
Changes of Assumptions	1,515,803
Changes in Proportionate Share	38,986
Total Deferred Inflows of Resources	<u>\$ 2,897,345</u>

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>
2022	\$ (1,119,266)
2023	(787,340)
2024	(216,527)
2025	(58,711)
	<u>\$ (2,181,844)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) 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, 2019, rolled forward to the measurement date of December 31, 2020. 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:

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

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	6.00 percent
Prior Measurement Date	3.16 percent
Investment Rate of Return:	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.00 percent
Prior Measurement Date	2.75 percent
Health Care Cost Trend Rate:	
Current Measurement Date	8.5 percent, initial, 3.50 percent, ultimate in 2035
Prior Measurement Date	10.5 percent, initial, 3.50 percent, ultimate in 2030
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. Postretirement 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. Postretirement 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 allocation of investment assets within 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 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. Best estimates of arithmetic rates of return were provided by OPERS investment consultant.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other Investments	9.00	4.02
Total	100.00 %	4.43 %

Discount Rate A single discount rate of 6.00 percent was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.00 percent (Fidelity Index’s “20-Year Municipal GO AA Index”). 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 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the SWACO’s Proportionate Share of the Net OPEB Liability (Asset) to Changes in the Discount Rate The following table presents the SWACO’s proportionate share of the net OPEB liability (asset) calculated using the single discount rate of 6.00 percent and the SWACO’s proportionate share of the net OPEB liability (asset) if it were calculated using a discount rate that is one percent lower (5.00 percent) or one percent higher (7.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
SWACO’s Proportionate Share of the Net OPEB (Asset)	\$ (232,619)	\$ (935,508)	\$ (1,513,338)

Sensitivity of the SWACO’s Proportionate Share of the Net OPEB Liability (Asset) 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 (asset). The following table presents the net OPEB liability (asset) calculated using the assumed trend rates, and the expected net OPEB liability (asset) 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 2021 is 8.50 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

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

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 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
SWACO's Proportionate Share of the Net OPEB (Asset)	\$ (958,308)	\$ (935,508)	\$ (909,998)

Changes between Measurement Date and Report Date During 2021, the OPERS Board made various changes to assumptions for the actuarial valuation as of December 31, 2021. The effects of these changes are unknown.

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, 2021

Issue	Amount Issued	Maturities	Interest Rates	Principal Balance as of December 31, 2021
Series 2012	\$ 79,015,000	2013 - 2032	1.50% - 5.00%	\$ 4,275,000
Series 2013A	9,375,000	2015 - 2026	1.50% - 4.00%	4,085,000
Series 2013B	9,540,000	2014 - 2032	0.45% - 5.00%	2,585,000
Series 2016	35,360,000	2016 - 2029	3.00% - 5.00%	32,215,000
Series 2019	19,575,000	2019 - 2032	1.75% - 2.75%	19,295,000
Subtotal, general obligation bonds				<u>\$ 62,455,000</u>

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

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2021

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.

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

The Series 2019 refunding reduced the debt service payments over the next 13 years by approximately \$1.3 million and obtained an economic gain (difference between the present values of the old and new debt service payments) of approximately \$1.1 million.

It is anticipated that the debt service on the Series 2012, Series 2013A, Series 2013B, Series 2016, and Series 2019 bonds will be paid from SWACO’s tipping fees or other sources of revenues. However, Series 2012, Series 2013A, Series 2013B, Series 2016, and Series 2019 bonds are general obligation bonds secured by a pledge to levy ad valorem property taxes.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

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, 2021, categorized by source of payment.

Year ended December 31 2021,	Paid from Tipping Fees	
	Series 2012, 2013A, 2013B, 2016, and 2019	
	Principal	Interest
2022	\$5,550,000	\$2,492,323
2023	5,785,000	2,255,203
2024	6,055,000	1,982,943
2025	6,340,000	1,699,803
2026	5,075,000	1,399,503
2027 – 2031	28,725,000	3,606,208
2032 - 2032	4,925,000	135,438
Total	<u>\$62,455,000</u>	<u>\$13,571,421</u>

Legal Debt Margins. SWACO’s debt is not subject to direct debt limitations, but its un-voted general obligation debt (debt authorized by SWACO’s Board of Trustees but not by a vote of the electors) is subject to overlapping debt restrictions with other political subdivisions. These limitations apply to each overlapping county, municipal corporation, school district or other issuing authority. Limitations apply to each county total and are not considered cumulatively. Total debt service charges for any one year of all overlapping debt may not exceed ten mills (1%) of the assessed property value within the overlapping jurisdictions. This determination is made by the respective county auditors each time a subdivision proposes to issue un-voted debt. At the time of SWACO’s most recent un-voted debt issue in 2019 the maximum millage required in any overlapping jurisdictions was 8.8321 mills, leaving a margin of 1.1679 mills.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

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, 2021:

Operating and Program Funds	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation notes and bonds payable:					
Series 2012 bonds refunding	\$ 7,140,000	\$ -	\$ (2,865,000)	\$ 4,275,000	\$ 3,010,000
Series 2013A bonds refunding	4,895,000	-	(810,000)	4,085,000	830,000
Series 2013B bonds refunding	3,000,000	-	(415,000)	2,585,000	435,000
Series 2016 bonds refunding	33,305,000	-	(1,090,000)	32,215,000	1,145,000
Series 2019 bonds refunding	19,420,000	-	(125,000)	19,295,000	130,000
Unamortized bond premiums	3,705,780	3,611	(817,382)	2,892,009	-
Total general obligation notes and bonds payable, net	71,465,780	3,611	(6,122,382)	65,347,009	5,550,000
Landfill closure and post-closure liability (Note 11)	17,924,866	1,812,771	-	19,737,637	-
Net pension liability (Note 8)	9,413,207	-	(2,029,434)	7,383,773	-
Net OPEB liability (Note 9)	6,900,083	-	(6,900,083)	-	-
Compensated leave	400,154	88,074	(22,155)	466,073	423,717
Total debt and long-term liabilities	\$ 106,104,090	\$ 1,904,456	\$ (15,074,054)	\$ 92,934,492	\$ 5,973,717

11. Landfill Closure and Post-Closure Care Costs

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

In calculating the annual depletion, SWACO uses the 2021 final closure cost estimate. The amount reported as Landfill Closure/Post-closure liability as of December 31, 2021, includes \$19.7 million representing the cumulative amount reported based on the use of 28.2% 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 46.0 years.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

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

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

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

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

12. Service Agreements

SWACO entered into a modification of a yard waste composting service agreement in November 2009. The agreement was extended through December 31, 2022. Under the modified terms of the agreement, SWACO pays a quarterly service fee (beginning January 1, 2010) of \$71,250 to the service provider to accept and process yard waste delivered by SWACO District constituents. Operating expenses under the service agreement were \$285,000 in 2021. The future maximum service payments are \$285,000 annually from 2022 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 2021. The future maximum service payments are \$1,200,000 annually from 2021 through 2022.

13. Commitments and Contingencies

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

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

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

14. Risks and Uncertainties

SWACO is exposed to various risks of loss related to torts and general liability; theft of, damage to and destruction of assets; natural disasters; errors and omissions; employee health care claims, settlement claims, and injuries to employees. Insurance policies are procured for buildings and contents and certain equipment. In addition, a crime policy is in effect which covers SWACO for employee theft and dishonesty. There have been no significant changes in insurance coverage since the prior year. Settled claims have not exceeded commercial coverage in any of the past three years. SWACO purchases workers' compensation insurance through the State of Ohio to cover all employees. SWACO also provides life insurance to all full-time employees at an amount equal to \$50,000 or one (1) year's base salary, whichever is greater as well as short-term disability benefit. These benefits are fully insured by SWACO through third parties.

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

SWACO provides health care benefits package to its employees under agreement with Franklin County. The County provides multiple health care benefit plans that cover approximately 6,000 employees of Franklin and Pickaway Counties, SWACO and other Central Ohio political subdivisions. There are approximately 14,000 plan subscribers when spouses and dependents and domestic partners are counted. During 2021, 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, 2021 or 2020.

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, 2021. 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 no potential claims at the end of 2021 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>2020</u>	<u>2021</u>
Unpaid claims at January 1	\$ -	\$ -
Incurred claims	13,682	594
Paid claims	<u>(13,682)</u>	<u>(594)</u>
Unpaid claims at December 31	<u>\$ -</u>	<u>\$ -</u>

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2021

15. COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of SWACO. The impact on SWACO's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

SWACO's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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SWACO

Required Supplementary Information

For the Year Ended December 31, 2021

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

	2021	2020	2019	2018	2017	2016	2015	2014
<i>Ohio Public Employees' Retirement System (OPERS)</i>								
SWACO's Proportion of the Net Pension Liability	0.049864%	0.047624%	0.047155%	0.0451451%	0.0445022%	0.0437840%	0.0470640%	0.0470640%
SWACO's Proportionate Share of the Net Pension Liability	\$ 7,383,773	\$ 9,413,207	\$ 12,914,798	\$ 7,082,384	\$ 10,105,688	\$ 7,583,941	\$ 5,678,740	\$ 5,548,232
SWACO's Covered Payroll	\$ 7,011,650	\$ 6,705,979	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125	\$ 5,519,033	\$ 5,874,258	\$ 6,162,485
SWACO's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.31%	140.37%	202.75%	117.75%	175.41%	137.41%	96.67%	90.03%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

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

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

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SWACO

Required Supplementary Information

For the Year Ended December 31, 2021

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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Ohio Public Employees' Retirement System (OPERS)									
Contractually Required Contribution	\$ 1,043,397	\$ 981,631	\$ 938,837	\$ 891,782	\$ 781,927	\$ 691,335	\$ 662,284	\$ 704,911	\$ 801,123
Contributions in Relation to the Contractually Required Contribution	(1,043,397)	(981,631)	(938,837)	(891,782)	(781,927)	(691,335)	(662,284)	(704,911)	(801,123)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SWACO's Covered Payroll	\$ 7,452,836	\$ 7,011,650	\$ 6,705,979	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125	\$ 5,519,033	\$ 5,874,258	\$ 6,162,485
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	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, 2021

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

	2021	2020	2019	2018	2017
<i>Ohio Public Employees' Retirement System (OPERS)</i>					
SWACO's Proportion of the Net OPEB Liability (Asset)	0.052510%	0.049955%	0.049985%	0.0480888%	0.0477410%
SWACO's Proportionate Share of the Net OPEB Liability (Asset)	\$ (935,508)	\$ 6,900,083	\$ 6,516,864	\$ 5,222,095	\$ 4,822,003
SWACO's Covered Payroll	\$ 7,011,650	\$ 6,705,979	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125
SWACO's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-13.34%	102.89%	102.31%	86.82%	83.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	115.57%	47.80%	46.33%	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, 2021

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

	2021	2020	2019	2018	2017	2016
Ohio Public Employees' Retirement System (OPERS)						
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,148	\$ 115,223
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	(60,148)	(115,223)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
SWACO's Covered Payroll (2)	\$ 7,452,836	\$ 7,011,650	\$ 6,705,979	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	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, 2021

Solid Waste Authority of Central Ohio
Franklin County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Discount Rate:

Calendar year 2021	6.90 percent
Calendar year 2020	7.20 percent
Calendar year 2019	7.20 percent
Calendar year 2018	7.50 percent
Calendar year 2017	8.00 percent

Calendar year 2017 reflects 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:

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

Changes in Benefit Terms – OPERS

In October 2019, the OPERS Board adopted a change in COLA for post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

NOTE 2 - NET OPEB LIABILITY

Changes in Assumptions - OPERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

Discount Rate:

Calendar year 2021	6.00 percent
Calendar year 2020	3.16 percent
Calendar year 2019	3.96 percent
Calendar year 2018	3.85 percent
Calendar year 2017	4.23 percent

Municipal Bond Rate:

Calendar year 2021	2.00 percent
Calendar year 2020	2.75 percent
Calendar year 2019	3.71 percent
Calendar year 2018	3.31 percent

SWACO
Required Supplementary Information
For the Year Ended December 31, 2021

Solid Waste Authority of Central Ohio
Franklin County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2021

Health Care Cost Trend Rate:

Calendar year 2021	8.50 percent
Calendar year 2020	10.50 percent
Calendar year 2019	10.00 percent
Calendar year 2018	7.50 percent

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

For calendar year 2021, the cost of living adjustments decreased from 3.00 percent simple to 2.20 percent

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STATISTICAL SECTION

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Solid Waste Authority of Central Ohio

Introduction to Statistical Section

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

Tables 1 and 2 provide ten years of financial information for SWACO. Table 3 is a budget to actual comparison for 2021.

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, 2012 through 2021
(in thousands)¹

Assets	2012	2013	2014	2015	2016	Restated 2017	2018	2019	2020	2021
Cash and cash equivalents	\$ 7,152	\$ 14,221	\$ 18,311	\$ 29,496	\$ 22,036	\$ 26,054	\$ 37,801	\$ 36,532	\$ 37,958	\$ 35,455
Restricted cash	35,741	25,413	17,811	15,907	12,622	9,789	6,127	6,560	1,975	7,749
Unrestricted and restricted investments	6,886	5,877	7,426	7,536	10,695	14,915	18,137	29,882	37,376	44,768
Accounts receivable, net	4,721	4,288	4,611	5,517	5,451	4,222	5,442	4,434	5,451	6,155
Grants receivable	357	-	-	-	-	-	-	71	10	-
Closure/postclosure funds held by trustee	21,341	21,548	22,660	23,647	24,662	25,988	27,670	29,315	30,815	31,179
Sanitary Landfill, net of accum. deprec./depletion	23,925	21,146	28,049	22,739	33,351	29,422	47,884	44,306	45,830	50,840
Buildings and equipment, net of accum. depreciation	16,318	25,138	25,273	22,629	24,732	26,322	23,830	24,331	25,536	21,833
Construction in progress	9,886	8,647	1,848	8,714	609	3,579	96	2,568	6,848	4,666
Land and land improvements	18,064	18,163	18,745	18,745	23,719	23,719	23,907	24,207	24,207	24,207
Lease receivable	5,851	3,640	1,770	747	698	648	598	547	495	443
Net OPEB asset	-	-	-	-	-	-	-	-	-	936
Other assets	212	522	427	306	465	549	371	1,023	727	450
Total assets	150,454	148,603	146,931	155,983	159,040	165,207	191,863	203,776	217,228	228,681
Deferred outflows of resources:										
Refundings	2,533	2,424	3,189	1,595	2,795	2,447	1,918	1,693	1,478	1,274
Pension	-	-	695	965	2,920	3,964	1,885	4,102	1,661	1,414
OPEB	-	-	-	-	-	60	439	677	1,202	716
Total deferred outflows of resources	\$ 2,533	\$ 2,424	\$ 3,884	\$ 2,560	\$ 5,715	\$ 6,471	\$ 4,242	\$ 6,472	\$ 4,341	\$ 3,404

Table 1 (continued)

	2012	2013	2014	2015	2016	2017	Restated 2018	2019	2020	2021
Liabilities										
Accounts payable, deferred revenue, and unearned income	\$ 4,164	\$ 3,787	\$ 2,360	\$ 5,479	\$ 5,747	\$ 3,167	\$ 4,052	\$ 4,229	\$ 3,765	\$ 6,195
Accrued wages and benefits	1,525	791	884	697	767	628	731	821	917	1,096
SWACO grants payable	71	88	32	4	45	11	-	-	-	-
ERIP payable	100	-	-	-	-	-	-	-	-	-
Accrued interest	891	790	679	615	221	331	281	202	188	208
Bonds and notes payable (Note 10)	142,115	133,064	122,532	112,691	99,696	91,174	82,441	77,497	71,466	65,347
Capital lease obligation (Note 11)	-	-	-	-	-	-	-	-	-	-
Landfill closure/postclosure care liability (Note 12)	22,228	22,651	23,105	20,411	21,224	22,237	14,458	17,438	17,925	19,738
Net pension liability	-	-	5,548	5,679	7,584	10,106	7,083	12,915	9,413	7,384
Net OPEB liability	-	-	-	-	-	4,822	5,222	6,517	6,900	-
Other	111	70	51	-	2	1	5	1	-	5
Total liabilities	171,205	161,241	155,191	145,576	135,286	132,477	114,273	119,620	110,574	99,973
Deferred inflows of resources: pension	-	-	-	100	409	202	1,721	189	2,003	3,227
Deferred inflows of resources: OPEB	-	-	-	-	-	-	420	34	1,024	2,897
Total deferred inflows of resources	-	-	-	100	409	202	2,141	223	3,027	6,124
Net position										
Net investment in capital assets:										
WTEF, net of lease obligation and bonds payable	(28,706)	(24,062)	(19,441)	(14,606)	(9,671)	(4,603)	-	-	-	-
Other capital assets, net	(5,286)	(8,069)	(14,056)	(17,875)	(5,637)	(1,834)	14,510	18,989	31,879	36,984
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	(137)	(573)	(149)	3,334	3,437	3,751	13,213	11,877	12,891	11,492
Other restricted, net	2,701	4,633	7,418	9,789	12,556	8,499	4,898	4,802	5,027	6,442
Unrestricted	13,210	17,857	21,852	32,225	28,375	33,186	47,071	54,737	58,171	71,069
Total net position	\$ (18,218)	\$ (10,214)	\$ (4,376)	\$ 12,867	\$ 29,060	\$ 38,999	\$ 79,692	\$ 90,405	\$ 107,968	\$ 125,987

¹ Totals may not add due to rounding.

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

SWACO
Schedules of Revenues, Expenses, and Changes in Net Position - All Funds
For Years Ended December 31, 2012 through 2021
(in thousands)¹

	2012	2013	2014	2015	2016	Restated 2017	2018	2019	2020	2021
Revenues:										
Tipping and disposal fees	\$ 29,251	\$ 29,217	\$ 29,255	\$ 30,302	\$ 30,812	\$ 37,361	\$ 41,349	\$ 41,730	\$ 40,851	\$ 42,772
Waste transfer fees	4,427	4,836	5,696	5,988	6,432	6,445	6,676	6,198	6,566	7,225
Retired facility and waiver fees	8,842	9,134	9,079	9,451	9,631	2,329	-	-	-	-
Generation fees	4,919	5,074	5,045	5,258	5,362	5,610	5,984	6,002	5,907	6,181
Sale of landfill gas	-	-	676	2,086	2,708	4,722	6,823	3,441	4,348	8,637
Other	1,096	482	1,256	784	436	324	1,091	549	786	358
Operating revenues	48,535	48,743	51,007	53,869	55,381	56,791	61,923	57,920	58,458	65,173
Expenses:										
Salaries, wages and benefits	10,132	9,951	9,460	8,744	9,556	11,017	11,353	13,706	12,933	6,099
Contracts, services and supplies	10,584	10,768	11,373	10,474	11,853	12,276	13,724	13,946	13,627	16,179
Solid waste fees	4,764	4,766	5,012	5,153	5,279	5,495	5,801	5,848	5,760	6,029
Depreciation and depletion	(2,211)	7,161	8,737	10,069	8,198	9,582	(3,572)	8,802	7,898	14,103
Landfill closing expenses	10,791	643	687	(2,496)	911	1,014	(7,780)	2,981	487	1,813
Other	-	(116)	-	-	324	159	237	370	252	112
Operating expenses	34,060	33,173	35,269	31,944	36,121	39,543	19,763	45,653	40,957	44,335
Operating income	\$ 14,475	\$ 15,570	\$ 15,738	\$ 21,925	\$ 19,260	\$ 17,248	\$ 42,160	\$ 12,267	\$ 17,501	\$ 20,838

Table 2 (continued)

	2012	2013	2014	2015	2016	Restated 2017	2018	2019	2020	2021
Non-operating revenues (expenses):										
Interest expense	\$ (5,700)	\$ (4,746)	\$ (3,522)	\$ (3,871)	\$ (3,561)	\$ (3,032)	\$ (2,972)	\$ (3,327)	\$ (2,213)	\$ (2,141)
ERIP interest expense	386	(32)	(3)	-	-	-	-	-	-	-
Deferred Outflows: Phoenix	-	-	-	(1,196)	-	-	-	-	-	-
Interest earnings	(72)	249	214	530	608	601	1,398	2,646	2,238	(494)
Capital contributions received	-	-	-	1,105	-	-	-	-	-	-
Grant revenues	133	27	-	-	-	-	-	367	236	18
Grants awarded	(247)	(399)	(147)	(131)	(215)	(137)	(126)	(1,256)	(548)	(264)
Bad debt expense	-	(2,500)	(1,773)	(8)	-	-	-	-	-	-
Impairment of long-lived assets	(800)	-	-	-	-	-	-	-	-	-
Gain (loss) on disposal of assets	(236)	(165)	184	(1,110)	101	21	232	16	348	62
Total non-operating expenses	(6,536)	(7,566)	(5,047)	(4,681)	(3,067)	(2,547)	(1,468)	(1,554)	61	(2,819)
Change in net position	7,939	8,004	10,691	17,244	16,193	14,701	40,692	10,713	17,562	18,019
Total net position - beginning	(26,157)	(18,218)	(10,214)	(4,377)	12,867	29,060	38,999	79,691	90,405	107,967
Change in accounting principle ²	-	-	(4,853)	-	-	(4,762)	-	-	-	-
Total net position - ending	\$ (18,218)	\$ (10,214)	\$ (4,376)	\$ 12,867	\$ 29,060	\$ 38,999	\$ 79,691	\$ 90,404	\$ 107,967	\$ 125,986

¹ Totals may not add due to rounding.

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

Source: SWACO

SWACO
Schedule of Revenues, Expenses and Changes in Net Position
2021 Budget to Actual (in thousands)¹

	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)
Operating revenues:										
Tipping and disposal fees	\$ 42,490	\$ 42,490	\$ 42,772	\$ -	\$ -	\$ -	\$ 42,490	\$ 42,490	\$ 42,772	\$ 282
Waste transfer fees	6,803	6,803	7,225	-	-	-	6,803	6,803	7,225	422
Generation fees	-	-	-	6,078	6,078	6,181	6,078	6,078	6,181	103
Sale of landfill gas	4,539	4,539	8,637	-	-	-	4,539	4,539	8,637	4,098
Interfund charges ³	-	-	112	-	-	-	-	-	112	112
Other ³	-	-	165	-	-	82	-	-	247	247
Total operating revenues	53,832	53,832	58,910	6,078	6,078	6,263	59,910	59,910	65,173	5,263
Operating expenses:										
Salaries, wages and benefits ²	10,794	10,794	5,456	1,353	1,353	643	12,147	12,147	6,099	6,048
Contracts, services and supplies	14,318	14,318	12,137	4,569	4,569	4,042	18,887	18,887	16,179	2,708
Solid waste fees	6,115	6,115	6,029	-	-	-	6,115	6,115	6,029	86
Depreciation ³	-	-	5,212	-	-	231	-	-	5,443	(5,443)
Depletion ³	-	-	8,660	-	-	-	-	-	8,660	(8,660)
Landfill closing costs ³	-	-	1,813	-	-	-	-	-	1,813	(1,813)
Interfund charges ³	-	-	-	-	-	112	-	-	112	112
Total operating expenses	31,228	31,228	39,308	5,922	5,922	5,027	37,149	37,149	44,335	(7,186)
Operating income	\$ 22,604	\$ 22,604	\$ 19,603	\$ 157	\$ 157	\$ 1,235	\$ 22,761	\$ 22,761	\$ 20,839	\$ (1,922)

Table 3 (continued)

	Operating Fund			Program Fund			All Funds Total			
	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Original Budget	Amended Budget	Actual	Budget Variance Positive (Negative)
Non-operating revenues (expenses):										
Interest expense	\$ -	\$ -	\$ (2,141)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,141)	\$ (2,141)
Interest earnings	-	-	(498)	-	-	4	-	-	(494)	(494)
Grants awarded (net)	(413)	(413)	3	(539)	(539)	(249)	(952)	(952)	(246)	706
Gain (loss) on disposal of assets	-	-	62	-	-	-	-	-	62	62
Total non-operating revenues (expenses)	(413)	(413)	(2,574)	(539)	(539)	(245)	(952)	(952)	(2,819)	(1,867)
Change in net position	22,191	22,191	17,029	(382)	(382)	990	21,809	21,809	18,020	(3,789)
Total net position - beginning (restated)	-	-	102,077	-	-	5,889	-	-	107,966	107,966
Total net position - ending	<u>\$ 22,191</u>	<u>\$ 22,191</u>	<u>\$ 119,106</u>	<u>\$ (382)</u>	<u>\$ (382)</u>	<u>\$ 6,879</u>	<u>\$ 21,809</u>	<u>\$ 21,809</u>	<u>\$ 125,986</u>	<u>\$ 104,177</u>

¹ Totals may not add due to rounding.

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

³ Note - items indicated were not budgeted as they are non-cash items.

Source: SWACO

SWACO
Solid Waste Received and Landfilled 2012 - 2021 (in tons)²

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Solid waste received by SWACO:										
Jackson Pike Transfer Station	149,410	163,360	241,938	233,331	263,927	261,643	255,130	236,381	258,653	290,129
Morse Road Transfer Station	126,081	153,507	212,358	245,239	251,196	254,338	278,781	258,607	266,324	288,013
Georgesville Road Transfer Station	76,534	67,680	-	-	-	-	-	-	-	-
Subtotal Transfer stations	352,025	384,547	454,296	478,570	515,123	515,981	533,911	494,987	524,977	578,142
Sanitary Landfill	682,381	637,150	563,149	590,242	575,679	621,368	694,033	745,449	652,784	652,401
Total solid waste received by SWACO	1,034,406	1,021,697	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945	1,240,437	1,177,761	1,230,543
Adjustments ¹	(2,912)	(1,569)	(706)	(5,384)	(6,424)	(5,680)	(6,182)	(7,189)	(6,300)	(10,422)
Solid waste landfilled - Franklin County Sanitary Landfill	1,031,494	1,020,128	1,016,739	1,063,428	1,084,378	1,131,669	1,221,763	1,233,248	1,171,461	1,220,121

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

² Totals may not add due to rounding.

Source: SWACO

SWACO
Top Ten Customers 2012 - 2021
(tons received)^{3,4}

Customer	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
City of Columbus Refuse Collection	303,714	288,222	291,520	304,062	306,795	314,531	321,067	315,860	343,122	335,297
Rumpke Waste/Rumpke Container/Rumpke Transfer	198,115	200,356	199,429	183,801	179,740	192,356	197,379	195,464	196,394	218,236
Republic Waste Systems	176,082	181,551	194,333	208,005	209,926	207,613	207,129	188,562	153,407	163,037
Local Waste Services LLC	100,280	104,554	106,680	118,260	119,146	129,046	144,559	147,378	134,298	141,113
Waste Management of Ohio	128,850	133,553	109,110	104,273	110,139	121,036	125,032	120,614	105,147	98,514
Grass Groomers	*	#	#	#	6,451	19,339	37,097	45,535	42,210	59,899
Capitol Waste & Recycling	8,342	#	25,016	33,551	38,777	37,617	41,253	46,482	44,605	46,834
Columbus Auto Shredding Inc.	25,048	4,892	8,184	23,630	12,902	15,140	37,885	40,672	30,667	25,005
Alpha Waste Services	*	*	*	*	*	#	#	7,277	9,570	10,879
Site Services Group LLC	*	*	*	*	*	*	*	#	#	8,465
City of Columbus Street Engineer	8,584	9,118	9,855	9,438	7,399	7,352	7,168	6,076	4,269	#
Westrock	*	*	*	*	#	#	6,680	#	#	#
City of Upper Arlington	#	6,702	6,964	7,158	#	#	#	#	#	#
City/Southerly Waste Water Plant	#	#	#	4,161	#	#	#	#	#	#
Mars Petcare U.S./Northstar Recycling Comp	6,961	6,288	5,782	#	*	*	*	*	#	*
PSC Metals Inc.	24,479	*	#	*	#	*	*	*	#	*
Total Top Ten Customers	980,454	939,003	956,872	996,337	1,002,615	1,049,044	1,125,250	1,113,920	1,063,689	1,107,279
Total tons received by SWACO ¹	1,034,406	1,021,697	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945	1,240,437	1,177,761	1,230,543
Top Ten customer % of total received	95%	92%	94%	93%	92%	92%	92%	90%	90%	90%
Total tons generated within District ²	1,044,176	1,031,688	1,023,487	1,082,034	1,104,074	1,150,337	1,243,519	1,256,011	1,206,076	1,255,469
Top Ten customer % of total waste disposal	94%	91%	93%	92%	91%	91%	90%	89%	88%	88%

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

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

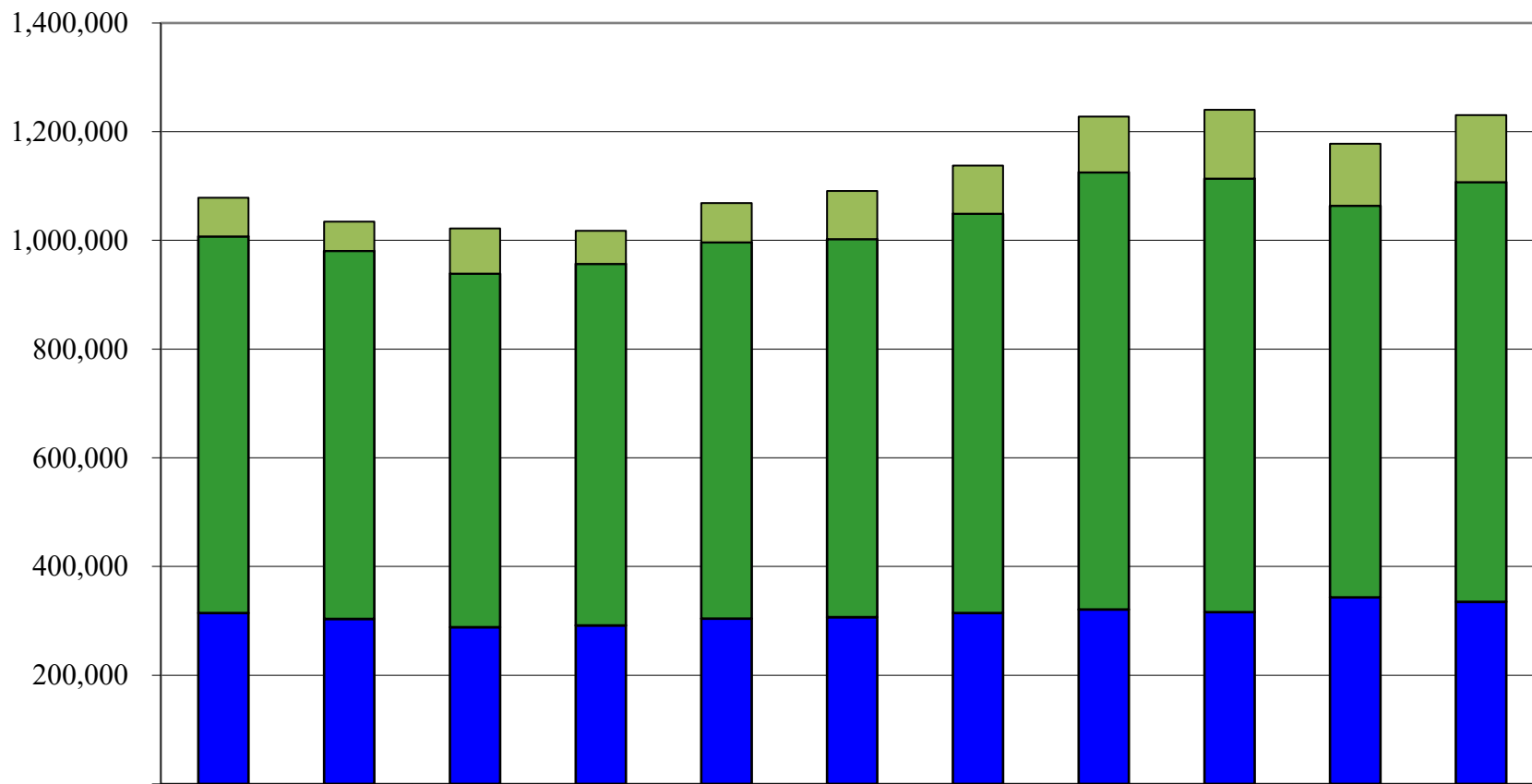
³ Totals may not add due to rounding.

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

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

⁴ Table updated to reflect name changes and updated values.

SWACO Waste Receipts (Tons) 2012 - 2021



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
All others	70,958	53,952	82,694	60,573	72,475	88,187	88,304	102,695	126,517	114,072	123,264
Rest of Top Ten*	692,711	676,740	650,781	665,352	692,276	695,820	734,513	804,183	798,060	720,567	771,982
City of Columbus Refuse Collection*	314,515	303,714	288,222	291,520	304,062	306,795	314,531	321,067	315,860	343,122	335,297

Source: SWACO

*See notes to Table 5.

*Prior year amounts updated.

SWACO
Disposal Rates 1992-2021

Table 6

Effective Date	Franklin County Landfill	Jackson Pike Transfer ²	Morse Road Transfer	Georgesville Rd. Transfer	Alum Creek Transfer	Compost Facilities	Charge Unit
4/1/1993	7.50	7.50	7.50	7.50	7.50	-	Cu. Yard
7/1/1993	13.25	13.00	13.50	13.00	13.00	-	Cu. Yard
6/1/1994 ³	49.00	49.00	49.00	49.00	49.00	-	Ton
9/1/1994	32.00	32.00	32.00	32.00	32.00	-	Ton
11/1/1994 ⁴	37.00	37.00	37.00	37.00	Closed	-	Ton
2/7/1996	33.00	37.00	44.00	40.00	-	-	Ton
3/11/1996	30.00	34.00	41.00	37.00	-	-	Ton
5/8/1996	27.00	31.00	38.00	34.00	-	-	Ton
4/8/1998 ⁵	20.00	30.00	31.00	31.00	-	-	Ton
4/1/1999 ⁶	27.00	37.00	38.00	38.00	-	-	Ton
10/4/1999	27.00	37.00	38.00	38.00	-	6.00 ⁷	Ton
1/1/2005	29.25	40.25	41.25	41.25	-	6.00	Ton
7/1/2005 ⁸	30.75	41.75	42.75	42.75	-	6.00	Ton
1/1/2006	32.25	44.25	45.25	45.25	-	6.00	Ton
1/1/2007	33.50	45.50	46.50	46.50	-	6.00	Ton
1/1/2008	33.50	45.50	46.50	46.50	-	6.00	Ton
1/1/2009	35.50	47.50	48.50	48.50	-	6.00	Ton
8/1/2009 ⁹	36.75	48.75	49.75	49.75	-	6.00 ¹⁰	Ton
1/1/2011 ¹¹	39.75	51.75	52.75	52.75	-	-	Ton
1/1/2012	42.75	54.75	55.75	55.75	-	-	Ton
4/1/2017 ¹²	\$ 39.75	\$ 51.75	\$ 52.75	Closed	\$ -	\$ -	Ton

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

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

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

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

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

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

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

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

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

¹⁰ Compost facility was closed December 2009.

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

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

SWACO
Franklin County Sanitary Landfill Airspace Capacity
Total Permitted, Annual Used, and Permitted Remaining 2012-2021
(cubic yards)

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
2012	51,900,000 ¹	1,010,563	35,958,706
2013	51,900,000 ¹	942,511	35,008,572
2014	51,900,000 ¹	1,109,792	33,898,780
2015	51,900,000 ¹	1,174,004	32,724,776
2016	51,900,000 ¹	1,284,020	31,440,756
2017	51,900,000 ¹	1,411,139	30,029,617
2018	97,000,000	1,285,802	73,666,434 ⁴
2019	97,000,000	1,550,262	72,112,052
2020	97,000,000	1,520,483	71,038,214
2021	97,000,000	1,519,414	69,695,853
	At Maximum Permitted Receipts ²		At 2021 Receipts ³

Remaining landfill life

25.0

45.9

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

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

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

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

Source: SWACO

SWACO
Generation Fee Tonnage Reported 2012 - 2021¹

Facilities	2012	2013	2014	2015	2016 ³	2017 ^{2,3}	2018	2019	2020 ⁴	2021
SWACO	974,001	1,004,807	1,002,940	1,038,319	1,059,238	1,134,798	1,181,437	1,185,564	1,174,179	1,230,543
Republic Waste	6,022	3,812	4,868	4,117	5,491	6,027	4,684	5,704	5,249	2,042
Rumpke Waste	709	235	92	54	22	5	-	-	-	21
Waste Management	3,023	5,740	894	8,583	7,642	6,891	10,517	9,123	2,170	3,634
Other	15	204	188	468	116	64	373	66	43	76
Total⁵	983,770	1,014,798	1,008,982	1,051,541	1,072,509	1,147,786	1,197,011	1,200,456	1,181,641	1,236,317

¹ The Generation Fee is charged on all solid waste generated within SWACO's jurisdiction and disposed in a sanitary landfill located in Ohio. Certain solid waste is exempt from the fee. The current \$5.00 per ton Generation Fee was enacted effective November 1, 1994. An interfund transfer is performed on certain materials to credit the Generation Fee where no funds are collected, yet the waste is subject to the fee.

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

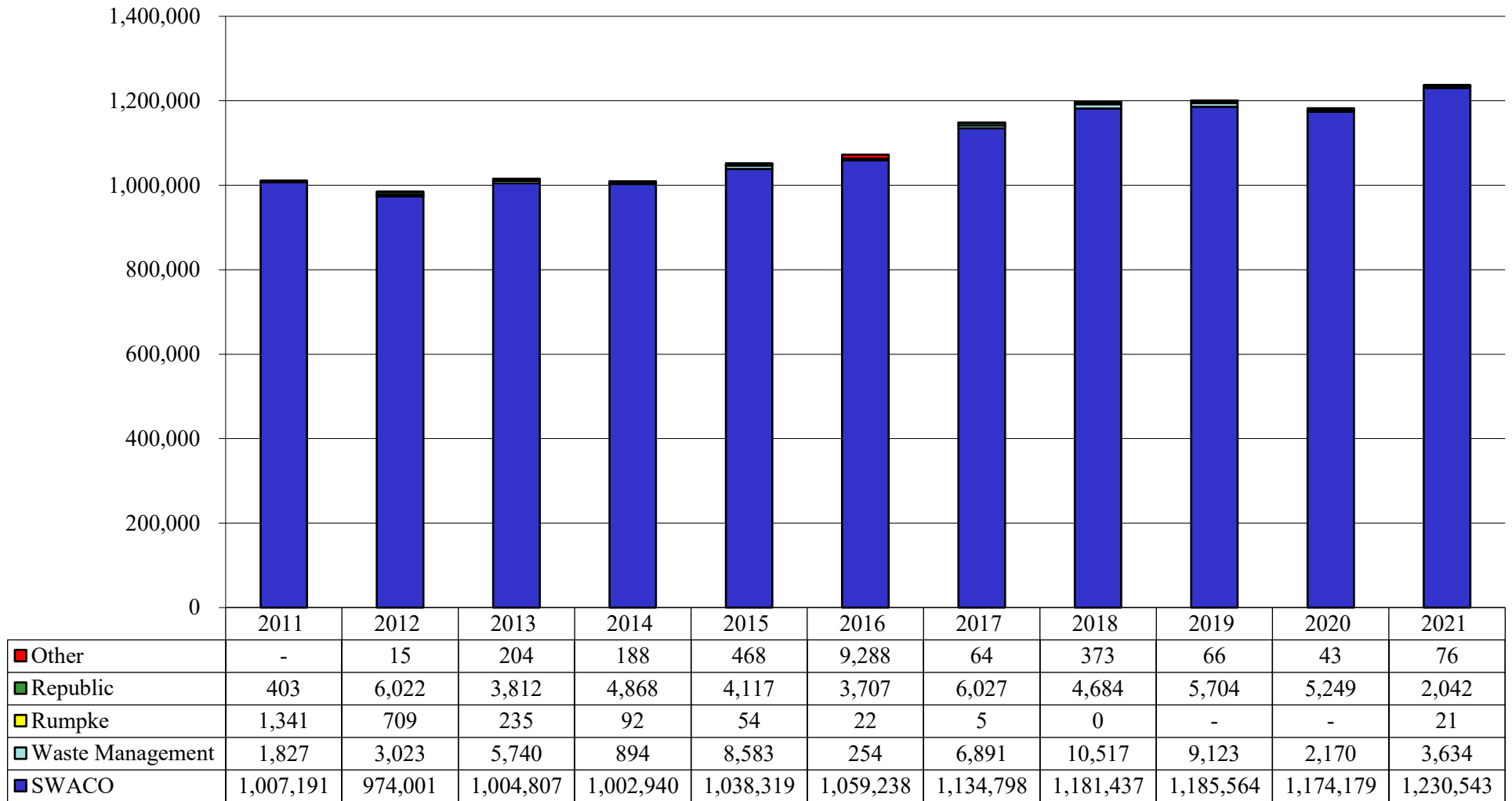
³ Adjusted totals for each facility, total amount for all remains the same.

⁴ Updated tonnage amounts.

⁵ Totals may not add due to rounding.

Generation Fee Tonnage Reported 2012 - 2021

Exhibit 2



Source: SWACO

*See notes to Table 8.

Table 9

SWACO
SWACO Program Activity - Tons Collected 2012-2021

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total tons of waste recycled:										
Yard waste composting	193,147	238,242	204,038	170,960	291,519	334,422	348,282	297,528	268,659	305,741
Drop-off recycling	14,843	10,136	9,524	9,087	8,575	7,088	6,017	5,590	6,008	6,125
Household hazardous waste	162	197	170	383	260	252	194	250	330	353
Tire collection	168	113	94	93	n/a	n/a	n/a	n/a	n/a	n/a
Scrap metal recycling	41	8	89	5	82	46	46	48	n/a	16
Total²	208,360	248,696	213,915	180,528	300,436	341,808	354,538	303,416	274,997	312,234

Tires and White Goods Received 2012- 2021¹

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Tires (each)	18,723	15,688	13,712	12,267	14,388	12,735	8,860	9,496	7,794	4,063
White goods (each)	157	141	115	269	486	412	533	486	647	491

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

² Totals may not add due to rounding.

SWACO
Household Hazardous Waste Collection 2012 - 2021
(in pounds)

Material classification	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Bulked flammables	94,587	129,543	93,729	136,594	95,917	122,770	98,859	119,659	133,644	150,681
Paint	40,963	63,256	70,535	388,821	192,707	92,030	52,275	75,345	133,356	205,976
Aerosol-pesticides	41,422	44,873	34,597	69,603	52,600	70,803	53,220	77,988	100,457	90,843
Used oil /antifreeze	32,137	39,934	38,665	33,598	46,261	31,225	48,644	54,151	62,706	47,835
Putty & adhesives	30,051	38,267	24,167	37,570	35,837	44,795	33,174	40,603	48,544	44,994
Aerosol-flammables	18,418	18,617	14,285	25,152	22,048	26,056	22,789	31,272	19,266	31,682
Household cleaners	13,519	15,295	11,193	16,456	15,673	16,912	16,618	22,070	26,626	19,593
Lead/acid batteries	17,122	12,214	9,443	14,251	19,877	21,330	16,983	21,508	26,561	23,747
Acids/bases	6,965	7,148	13,124	14,231	8,695	11,701	9,543	14,457	19,896	18,030
Fluorescent light bulbs	9,978	7,043	9,026	8,264	7,947	9,579	8,950	9,544	11,993	11,487
Dry cell batteries	8,399	5,326	8,994	11,057	12,216	12,378	9,766	10,175	15,925	7,926
Propane cylinders	2,328	2,077	2,915	3,544	3,013	3,139	2,682	4,475	4,810	3,436
Oxidizers	2,968	1,988	3,310	3,903	3,673	5,023	6,174	7,242	8,291	6,886
NiCad batteries	1,033	1,724	660	508	1,036	1,187	1,230	1,403	2,138	1,687
Lithium batteries	674	1,720	505	348	1,090	1,099	1,387	1,328	3,309	2,853
Reactive lab pack/alum paint	342	799	254	558	1,033	554	741	431	1,832	1,912
Fire extinguishers	355	600	683	827	431	1,157	849	962	1,219	1,378
Elemental mercury	656	257	215	118	75	216	445	367	459	540
Poisons	414	239	1,385	767	239	924	83	857	2,382	205
Cylinders	85	66	821	90	90	296	91	197	262	245
Freon	17	-	252	1	1	242	187	17	138	51
Miscellaneous waste	660	3,987	1,481	383	644	1,419	272	2,717	443	2,048
Asbestos	3	1	-	-	-	2	-	1	-	77
Lab pack A	-	-	-	-	-	-	-	-	-	-
Lab pack B	-	-	-	-	-	-	-	-	-	-
Loosepack fuels	-	-	-	-	-	-	-	2,984	35,605	30,925
Total:	323,096	394,974	340,239	766,644	521,103	474,837	384,962	499,753	659,862	705,037

SWACO
Number of Employees by Function 2012-2021²

Function	2012	2013	2014¹	2015¹	2016¹	2017¹	2018¹	2019¹	2020	2021
Administration	24	23	12.5	17	14	17	18	17.5	15.5	17.5
Operations ³	95	86	83	83.5	85	85.5	85.5	89	89	92
Programs	5	5	2.5	4.5	4.5	5	4	6	6	8
Total	124	114	98	105	103.5	107.5	107.5	112.5	110.5	117.5

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

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

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

Source: SWACO

SWACO
Series 2012 Solid Waste Facility Improvements and Refunding Bonds

Table 12

Year	Principal	Coupon	Interest	Total Debt Service
2022	3,010,000	5.000%	213,750	3,223,750
2023	1,265,000	5.000%	63,250	1,328,250
Total	<u>\$ 4,275,000</u>		<u>\$ 277,000</u>	<u>\$ 4,552,000</u>

Net interest cost (%) 2.750%

Totals may not add due to rounding.

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

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

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

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

SWACO
Series 2013A Solid Waste Facility Improvements and Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
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	\$ 4,085,000		\$ 466,200	\$ 4,551,200

Net interest cost (%) 2.731%

Totals may not add due to rounding.

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

Table 14

SWACO
Series 2013B Solid Waste Facility Improvements and Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
2022	435,000	3.800%	107,630	542,630
2023	450,000	4.000%	91,100	541,100
2024	460,000	4.125%	73,100	533,100
2025	485,000	4.250%	54,125	539,125
2026	370,000	4.375%	33,513	403,513
2027	385,000	4.500%	17,325	402,325
Total	\$ 2,585,000		\$ 376,793	\$ 2,961,793

Net interest cost (%) 2.710%

Totals may not add due to rounding.

Note: Series 2019 refunded \$2,545,000 of the outstanding \$79,015,000 Series 2012 bonds in 2013.

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

Table 15

SWACO
Series 2016 Solid Waste Facilities Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
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>\$ 32,215,000</u>		<u>\$ 7,496,750</u>	<u>\$ 39,711,750</u>

Net interest cost (%) 2.966%

Totals may not add due to rounding.

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

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

Table 16

SWACO
Series 2019 Solid Waste Facilities Refunding Bonds

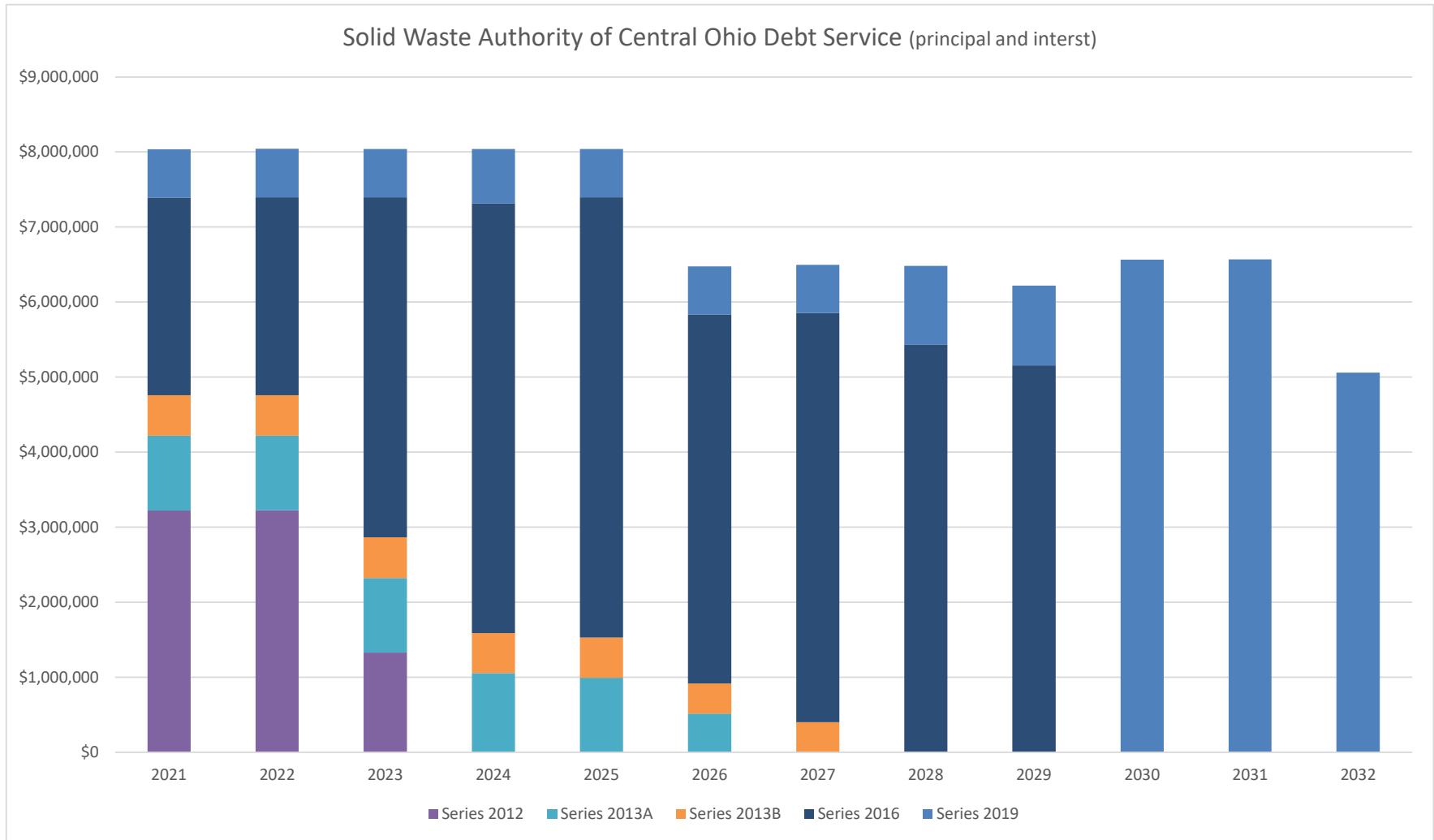
Year	Principal	Coupon	Interest	Total Debt Service
2022	130,000	1.950%	517,693	647,693
2023	130,000	2.050%	515,158	645,158
2024	210,000	2.150%	512,493	722,493
2025	135,000	2.250%	507,978	642,978
2026	135,000	2.350%	504,940	639,940
2027	140,000	2.450%	501,767	641,767
2028	555,000	2.550%	498,338	1,053,338
2029	580,000	2.600%	484,185	1,064,185
2030	6,095,000	2.650%	469,105	6,564,105
2031	6,260,000	2.750%	307,588	6,567,588
2032	4,925,000	2.750%	135,438	5,060,438
Total	<u>\$ 19,295,000</u>		<u>\$ 4,954,680</u>	<u>\$ 24,249,680</u>

Net interest cost (%) 275.000%

Totals may not add due to rounding.

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

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



Source: SWACO

SWACO
Total and General Obligation Debt Ratios 2012 - 2021

Tax Year		Total SWACO Debt ¹ (thousands)	SWACO District Population ²	Total SWACO Debt Per Capita	SWACO General Obligation Debt ³ (thousands) ⁵	District Assessed Property Valuation (AV) ² (thousands) ⁵	SWACO G.O. Debt as a Percent of AV	Annual Debt Service Paid from Tipping Fees (thousands)	Solid Waste Received by SWACO (tons)	Annual Debt Service Paid from Tipping Fees Per Ton Received
2012	2013	139,581	1,215,471	115	134,880	26,121,220	0.52%	8,165	1,034,406	7.89
2013	2014	133,064	1,216,000	109	128,709	27,362,018	0.47%	8,120	1,021,697	7.95
2014	2015	122,533	1,225,500	100	118,518	27,571,041	0.43%	8,295	1,017,445	8.15
2015	2016	112,691	1,235,273	91	109,019	27,907,630	0.39%	8,265	1,068,812	7.73
2016	2017	99,696	1,265,068	79	99,696	28,390,374	0.35%	9,296 ^{4,6}	1,090,802	8.52
2017	2018	91,174	1,293,183	71	91,174	31,617,408	0.29%	5,831 ⁴	1,137,349	5.13
2018	2019	82,441	1,338,776	62	82,441	31,996,365	0.26%	6,256 ⁴	1,227,945	5.09
2019	2020	77,496	1,369,869	57	77,496	N/A	N/A	8,129 ⁴	1,240,437	6.55
2020	2021	71,466	1,385,688	52	71,466	N/A	N/A	8,042	1,177,761	6.83
2021	2022	\$ 65,347	1,384,073	47	\$ 65,347	\$ 38,789,658	0.17%	\$ 8,036	1,230,543	\$ 6.53

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

² See Table 20.

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

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

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

⁶ Annual debt service paid from tipping fees updated.

Source: SWACO

SWACO
Indirect Debt and Property Tax Limitations, June 21, 2022

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 21, 2022.

Overlapping Jurisdictions	Millage required	Unallocated Millage
SWACO, Franklin County, the City of Hilliard, Dublin City School District, Washington Township & Central Ohio JVS	7.8589	2.1411
SWACO, Licking County, the City of Reynoldsburg, Southwest Licking Local School District, Etna Township & Licking County C-TEC	5.0196	4.9804
SWACO, Union County, the City of Dublin, Washington Township, Dublin City School District, & Tolles Career and Tech	7.9801	2.0199
SWACO, Delaware County, the City of Westerville, Westerville City School District, & Olentangy LSD	4.3773	5.6227
SWACO, Fairfield County, Reynoldsburg and Violet Township, Pickerington Local School District & Eastland Career Center ¹	4.9247	5.0753

Source: Auditors for respective counties.

¹Figure reflects value from 2020.

Table 19

SWACO
Ten Largest Employers 2021 and 2012
Franklin County, Ohio

Employer	2021¹			Employer	2012²	
	Principal Business	Number of Employees	% of Total Employment		Number of Employees	% of Total Employment
The Ohio State University	Education	34,416	4.9%	The Ohio State University	27,404	4.7%
State of Ohio	Government	24,889	3.6%	State of Ohio	24,748	4.2%
OhioHealth	Health Care	23,254	3.3%	JP Morgan Chase	19,200	3.3%
JP Morgan Chase & Co.	Finance	18,596	2.7%	OhioHealth	14,025	2.4%
Nationwide	Insurance	13,710	2.0%	Nationwide Mutual Insurance	11,316	1.9%
Nationwide Children's Hospital	Health Care	11,539	1.6%	Kroger Co.	10,031	1.7%
Kroger Co.	Retail	10,854	1.6%	Columbus City School District	9,753	1.7%
Amazon	Retail	8,957	1.3%	City of Columbus	8,455	1.4%
City of Columbus	Government	8,616	1.2%	Mount Carmel Health Systems	7,961	1.4%
Mount Carmel Health Systems	Health Care	8,148	1.2%	Limited Brands Inc.	7,800	1.3%
Subtotal		162,979	23.3%	Subtotal	140,693	24.0%
Total estimated Franklin County employment ³		<u><u>699,900</u></u>	<u><u>100.0%</u></u>	Total estimated Franklin County employment ⁴	<u><u>587,300</u></u>	<u><u>100.0%</u></u>

¹ Business First of Columbus, Book of Lists, 2021 issue for Largest Employers.

² Business First of Columbus, Book of Lists, 2012 issue for Largest Employers.

³ Franklin County, Ohio.

⁴ Franklin County Auditor

Note: This table includes full-time employees only.

Table 20

District and Franklin County Demographic Statistics 2012 - 2021^{1,6}

Tax Year	District Population ²	Total Assessed Value Taxable District Property ³ (in thousands)	Franklin County Only			Total Assessed Value Taxable County Property ⁵ (in thousands)
			Population ^{2,5}	Per Capita Income ^{2,5}	Median Age ⁵	
2012	1,215,471	26,121,220 ⁵	1,174,835	40,981	34	26,124,038
2013	1,216,000	27,362,018 ⁵	1,183,593	41,666	34	26,160,709
2014	1,225,500	27,571,041 ⁵	1,192,653	44,723	34	26,358,683
2015	1,235,273	27,907,630 ⁵	1,202,423	46,104	34	26,642,445
2016	1,265,068	28,390,374 ⁵	1,253,522	48,941	34	27,067,823
2017	1,293,183	31,617,408 ⁵	1,291,981	50,514	34	30,155,157
2018	1,338,776	31,996,365 ⁵	1,318,164	52,315	34	30,506,017
2019	1,369,869	N/A ⁵	1,318,175	52,315	34	\$ 30,506,017
2020	1,385,688	N/A ⁵	1,323,807	\$ 55,294	N/A	N/A
2021	1,384,073	\$ 38,789,657 ⁵	1,321,414	N/A	N/A	N/A

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

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

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

⁴ Ohio Department of Development.

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

⁶ Previous values updated.

Sources: SWACO except as noted above.

Table 21

Average Unemployment Rates 2012 - 2021

Year	Franklin County	State of Ohio	United States
2012	6.1% ²	7.2% ²	8.1% ²
2013	6.2% ²	7.4% ²	7.4% ²
2014	4.8% ¹	5.7% ¹	6.2% ¹
2015	4.0% ³	4.9% ³	5.3% ³
2016	4.0% ³	4.9% ³	4.9% ³
2017	4.0% ³	5.0% ³	4.4% ³
2018	3.7% ³	4.5% ³	3.9% ³
2019	3.2% ⁴	4.1% ⁴	3.7% ⁴
2020	4.9% ²	5.6% ⁴	6.7% ⁴
2021	4.8% ²	4.9% ²	5.3% ²

¹Franklin County Auditor.

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

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

⁴ United States Bureau of Labor Statistics.

SWACO
Capital Assets as of December 31, 2021

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	33
Landfill dozers	5		Transfer trailers	36
Excavator/grader/track loader	6		Front-end loaders	4
Articulated dump trucks	4		Trackhoes	0
Trailer tippers	4		Service vehicles and other	9
Water trucks	2		Material handlers	3
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	22
Drop-box containers	246		Cars and passenger vans	3
			Street sweepers	3
			Large mowers	3
			Cargo trailers	2
			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 Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Solid Waste Authority of Central Ohio (SWACO), Franklin County, Ohio, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements, and have issued our report thereon dated June 28, 2022.

Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Gahanna, Ohio
June 28, 2022

OHIO AUDITOR OF STATE KEITH FABER



SOLID WASTE AUTHORITY OF CENTRAL OHIO

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/29/2022

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

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