



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Solid Waste Authority of Central Ohio
Franklin County, Ohio

Year ended December 31, 2023

Annual Comprehensive Financial Report

of the

Solid Waste Authority of Central Ohio

Franklin County, Ohio

for the

Year ended December 31, 2023

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 – Senior Accounting and Finance Manager
Andrew C. Ehlenbach – Senior Accountant and Budget Administrator



Annual Comprehensive Financial Report
For the Year Ended December 31, 2023

Table of Contents

INTRODUCTORY SECTION

Transmittal Letter..... 1-1
Principal Officials 1-7
Table of Organization 1-8
SWACO District Boundaries 1-9
Government Finance Officers Association Certificate of Achievement 1-10

FINANCIAL SECTION

Independent Auditor’s Report 2-1
Management’s Discussion and Analysis 2-4
Basic Financial Statements:
 Statement of Net Position-Proprietary Funds 2-12
 Statement of Revenues, Expenses and Changes in
 Net Position - Proprietary Funds..... 2-14
 Statement of Cash Flows-Proprietary Funds 2-15
Notes to Financial Statements
 1. Organization..... 2-17
 2. Summary of Significant Accounting Policies..... 2-18
 3. Cash and Investments 2-22
 4. Restricted Assets..... 2-24
 5. Closure/Post-Closure Funds Held by Trustee..... 2-24
 6. Capital Assets..... 2-25
 7. Lease Receivable 2-27
 8. Defined Benefit Pension Plans..... 2-28
 9. Defined Benefit OPEB Plans 2-33
 10. Debt Management 2-39
 11. Landfill Closure and Post-Closure Care Costs..... 2-42
 12. Service Agreements..... 2-43
 13. Commitments and Contingencies..... 2-43
 14. Risks and Uncertainties 2-44
 15. Leases 2-45

Table of Contents (continued)

Required Supplementary Information Schedules:

Schedule of SWACO’s Proportionate Share of Net Pension Liability	2-46
Schedule of SWACO’s Contributions - Pension	2-47
Schedule of SWACO’s Proportionate Share of the Net OPEB Liability ...	2-48
Schedule of SWACO’s Contributions - OPEB.....	2-49
Notes to the Required Supplementary Information	2-50

STATISTICAL SECTION

Introduction to Statistical Section.....	3-1
Schedules of Net Position - All Funds, For Years Ended	
December 31, 2014 through 2023.....	3-2
Schedules of Revenues, Expenses, and Changes in Net Position -	
All Funds, For Years Ended December 31, 2014 through 2023.....	3-4
Schedules of Revenues, Expenses and Changes in Net Position	
2023 Budget to Actual (in thousands)	3-6
Solid Waste Received and Landfilled 2014 – 2023 (in tons)	3-8
Top Ten Customers 2014 – 2023 (tons received).....	3-9
Disposal Rates 1991 - 2023	3-11
Franklin County Sanitary Landfill Airspace Capacity Total	
Permitted, Annual Used, and Permitted Remaining	
2014 - 2023 (cubic yards)	3-12
Generation Fee Tonnage Reported 2014 - 2023	3-13
SWACO Program Activity – Tons Collected 2014 – 2023	3-15
Household Hazardous Waste Collection 2014 – 2023 (in pounds)	3-16
Number of Employees by Function 2014 – 2023	3-17
Series 2013A Solid Waste Facility Improvements and Refunding Bonds	3-18
Series 2013B Solid Waste Facility Improvements and Refunding Bonds	3-19
Series 2016 Solid Waste Facilities Refunding Bonds.....	3-20
Series 2019 Solid Waste Facilities Refunding Bonds.....	3-21
Total and General Obligation Debt Ratios 2014 – 2023.....	3-23
Indirect Debt and Property Tax Limitations, June 17, 2024.....	3-24
Ten Largest Employers 2014 and 2023	
Franklin County, Ohio	3-25
District and Franklin County Demographic Statistics 2014 - 2023	3-26
Average Unemployment Rates 2014 – 2023	3-27
Capital Assets as of December 31, 2023	3-28

Table of Contents (continued)

COMPLIANCE SECTION

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 <i>Government Auditing Standards</i>	4-1
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INTRODUCTORY SECTION

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June 27, 2024

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 year ended December 31, 2023, 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, 2023. The independent auditor's report is located at the beginning of the Financial Section of the report, Section 2.

The Management's 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
- One Member appointed by the Board of Commissioners
- The Mayor of the City of Columbus or his/her designee
- One 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.
- One Member representing commercial, industrial, or institutional generators of solid waste.
- One 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 and 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 OEPA granted SWACO's request to increase its daily capacity from 6,000 to 8,000 tons.

The Solid Waste Plan

SWACO's Solid Waste Plan was originally adopted in 1993. The plan is subject to periodic updates and the last update approved by the OEPA was in November 2017. Updates to the Solid Waste Plan were ratified by the Board of Trustees and were submitted to OEPA, 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 Com-Til and Ohio Mulch Supply, Inc. The composting services are free of charge to all Franklin County 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 645 E. 8th Avenue, in Columbus. 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. 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, 2023.

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 The 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 from Moody’s Investors Service.

Major Initiatives

Campus Building Plan

The Campus Building Plan includes demolition and replacement of the current operations building(s) to make way for increased landfill footprint to extend landfill life. In 2021, SWACO began designing the first project of the plan to renovate the current fleet maintenance building with addition for operations staff and heavy equipment maintenance. Construction began in 2022 and is expected to be completed in 2024. The new construction is expected to be LEED-Certified.

Environmental Resource Center (ERC)

As part of the Campus Building Plan, the existing ERC was to be demolished and relocated. The ERC is the “classroom” from which our landfill tours operate. SWACO purchased trailers to serve as a temporary ERC until a permanent solution is finalized. The ERC became operational in 2023.

Environmental

SWACO participated in The Encouraging Environmental Excellence in Communities (E3C) program by the Ohio Environmental Protection Agency. SWACO was awarded a gold level E3C award which recognizes a community’s exceptional achievements in environmental stewardship.

Capital Improvements

Gas Collection and Control Systems update for 2023 GCCS

The 2023 gas collection and control systems (“GCCS”) construction project was completed in December 2023. This work included the installation of twenty-seven new vertical wells, the replacement of four existing wells, and installation of horizontal collectors, among other improvements.

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 its transfer capacity. This project requires coordination with the City of Columbus which can add time to the overall project. SWACO submitted a design to the City of Columbus and has been since responding to comments. The design includes regrading the tipping floor, adding a trash compacting bay with a loading conveyor, adding an electric crane, and other stormwater improvements. Additionally, an OEPA permit modification will need to be completed prior to construction.

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. A few department accomplishments during 2023 include:

- SWACO implemented its own household hazardous waste collection facility at the Jackson Pike Transfer Station site that opened in November 2023.
- Awarded approximately \$170,000 in grant dollars to support recycling and composting programs in partnership with multiple area municipalities, non-profit organizations, and other community/governmental entities.
- Hosted 129 landfill tours reaching 4,496 people.
- Diverted approximately 677,000 pounds of Household Hazardous Waste through collection programs.

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting

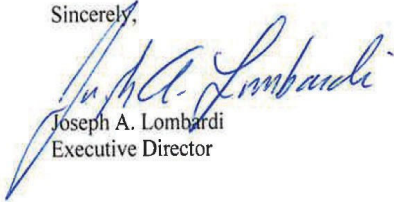
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to SWACO for its annual comprehensive financial report for the fiscal year ended December 31, 2022. This was the twenty-third consecutive year 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 residents 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 have made a significant investment of time to help the organization achieve its goals.

Sincerely,



Joseph A. Lombardi
Executive Director

Sincerely,

Patrick O'Block

Parick O Block
Senior Accounting and Finance Manager

Principal Officials

As of June 27, 2024

Board of Trustees

(Appointed by or Representing)

Vacant

*Designee of the Mayor of the City of
Columbus*

Richard Gibbs

*Designee of the Franklin County Health
Commissioner*

Ron Grossman

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

Randy Sokol

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

Patrick King, Chairman

*Appointed by the Board of Trustees
representing the public*

Kenneth Wilson

*Appointed by the Franklin County Board of
Commissioners*

Kathy Owens

*Appointed by the Mayor of the City of
Columbus*

Honorable Kevin Boyce

*President of the Franklin County Board of
Commissioners*

Susan Tilgner, Madam Vice Chair

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

Staff

Joseph Lombardi, Executive Director
Scott Perry, Assistant Executive Director
Rebecca Egelhoff, Director of Legal Affairs
Theresa Feldmeier, Director of Human Resources
Hanna Greer-Brown, Director of Communications
Patrick O'Block, Senior Accounting and Finance Manager
Andrew Ehlenbach, Senior Accountant and Budget Administrator

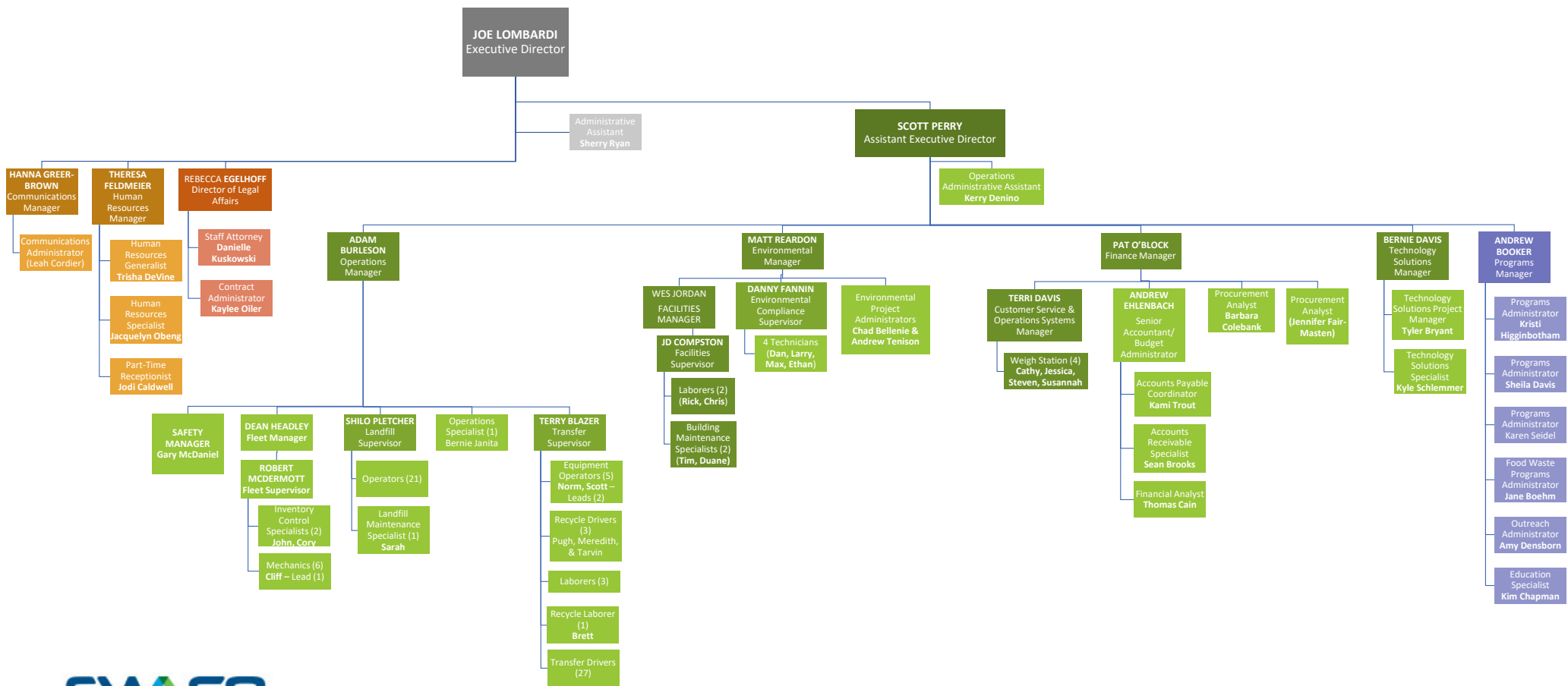
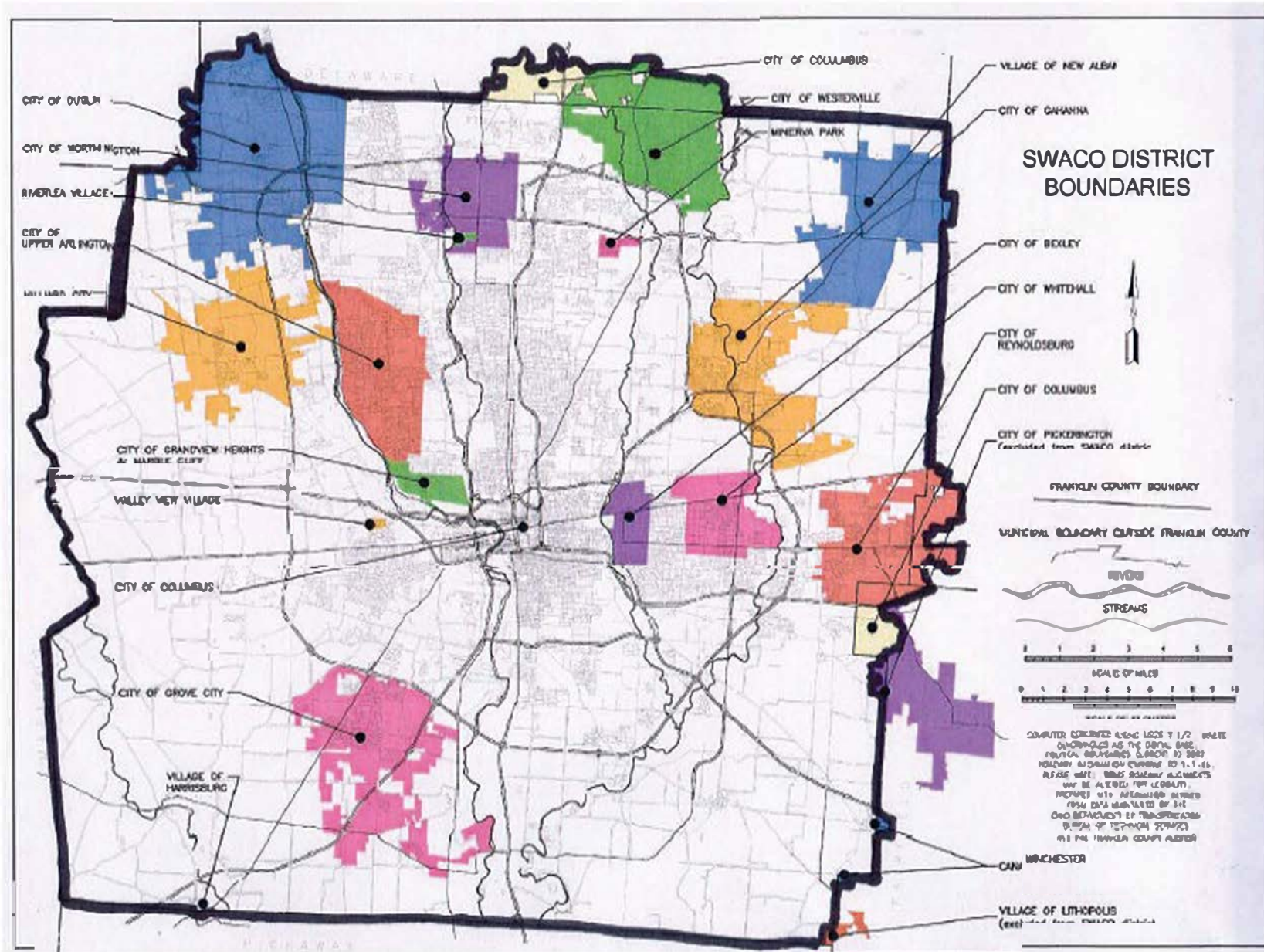


Table of Organization





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, 2022

Christopher P. Morrill

Executive Director/CEO

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, 2023, 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, 2023, and the respective changes in financial position and its 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* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 27, 2024 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.
Dublin, Ohio
June 27, 2024

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (unaudited)

The 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, 2023. 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 lease obligation and related bonds, the fund may be used for any other lawful solid waste management purpose deemed appropriate by the Board of Trustees. Generation Fees in the *Program Fund* are restricted by state statute to certain solid waste reduction, recycling and reuse purposes. Generation fee proceeds are derived from \$5.00 per ton included in the tipping fee, and additional program funds are received from grant income.

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

- **Statement of Net Position** – This statement presents information about all of SWACO's assets, liabilities, and deferred outflows and inflows with the difference between them reported as net position.
- **Statement of Revenues, Expenses and Changes in Net Position** - This statement includes all operating and non-operating revenues and expenses for SWACO and shows the change in SWACO's net position during the most recent year.
- **Statement of Cash Flows** – This statement reports cash and cash equivalent activities for the year. A reconciliation of operating income to net cash provided by operating activities is provided.
- **Notes to the financial statements.** The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.
- **Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning SWACO's funding obligation to provide pension and OPEB benefits to its employees.

Financial Highlights/Overview of 2023

- The assets and deferred outflows of resources for SWACO exceeded its liabilities and deferred inflows of resources at the close of the year ended December 31, 2023 by \$156.1 million (net position. Of SWACO's net position, \$61.8 million is invested in capital assets and is not available for future spending.
- SWACO's total net position increased \$15.3 million during 2023 with the total unrestricted net position being \$71.5 million. The Operating Fund's net position increased by \$14.1 million and the Program Fund net position increased by \$1.2 million.
- Capital assets increased \$17.2 million from SWACO's investment in ongoing capital projects.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (unaudited)

Net position over time, may serve as a useful indicator of a government's financial position. In the case of SWACO, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources at the close of the most recent year. The below table provides a summary of SWACO's net position for 2023 compared to 2022.

Net Position

	Operating and Program Funds Combined		
	2022	2023	Change
Assets			
Current and other assets	\$ 103,464,712	\$ 99,182,135	\$ (4,282,577)
Closure/post-closure funds held by Trustee	30,730,816	33,204,122	2,473,306
Capital assets, net	97,363,923	114,531,727	17,167,804
Lease receivable, less current portion	336,649	948,439	611,790
Net OPEB asset	1,684,597	-	(1,684,597)
Total assets	<u>233,580,697</u>	<u>247,866,423</u>	<u>14,285,726</u>
Deferred outflows of resources			
Refundings	1,081,030	900,267	(180,763)
Pension & OPEB	2,320,555	7,677,051	5,356,496
Total deferred outflows of resources	<u>3,401,585</u>	<u>8,577,318</u>	<u>5,175,733</u>
Liabilities			
Current liabilities	11,917,340	16,451,845	4,534,505
Bonds and notes payable, less current portion	53,300,802	46,622,850	(6,677,952)
Landfill closure/post-closure liability	18,043,003	19,096,642	1,053,639
Compensated leave	69,957	100,698	30,741
Lease payable, less current portion	958,666	876,656	(82,010)
Net pension liability	4,445,646	15,707,032	11,261,386
Net OPEB liability	-	350,291	350,291
Total liabilities	<u>88,735,414</u>	<u>99,206,014</u>	<u>10,470,600</u>
Deferred inflows of resources			
Pension & OPEB	7,147,516	150,057	(6,997,459)
Leases	385,139	1,036,483	651,344
Total deferred inflows of resources	<u>7,532,655</u>	<u>1,186,540</u>	<u>(6,346,115)</u>
Net position			
Net investment in capital assets	38,931,666	61,795,478	22,863,812
Restricted	20,631,357	22,782,085	2,150,728
Unrestricted	81,151,190	71,473,624	(9,677,566)
Total net position	<u>\$ 140,714,213</u>	<u>\$ 156,051,187</u>	<u>\$ 15,336,974</u>

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (unaudited)

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of SWACO's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

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

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (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.

Cash and cash equivalents significantly decreased due to less revenue from sale of landfill gas coupled with paying down long-term through scheduled debt service payments and capital outlay for ongoing projects. Lease receivable and deferred inflows related to leases increased due to SWACO leasing out additional property to a third party. The increase in construction in progress primarily consists of various projects that include construction of operations and maintenance fleet building, which also contributed to the increase in accounts payable.

The fluctuations in accruals related to pension and OPEB were primarily caused by market conditions of investments. OPERS experienced a net loss from investing activity during the most current measurement period while in the prior measurement period, investing activity resulted in a gain. This was the most significant contributing factor to the increase in unfunded liability for OPERS and caused the net OPEB asset to revert to a net OPEB liability. These fluctuations are passed through to SWACO relative to their proportionate share of contributions of all members, which remained relatively constant from prior year.

Other restricted net position includes approximately \$8.7 million pertaining to the Generation Fee, which is used for educational and outreach initiatives. The remaining unrestricted overall net position was \$71.5 million, which may be used to meet SWACO's ongoing obligations for operations.

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SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (unaudited)

Combined Revenues, Expenses, and Changes in Net Position

The 2022 and 2023 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		
	2022	2023	Change
Operating revenues:			
Tipping and disposal fees	\$ 43,114,023	\$ 42,986,254	\$ (127,769)
Waste transfer fees	7,465,270	7,210,943	(254,327)
Generation fees	6,164,989	6,239,460	74,471
Interfund charges	203,583	357,258	153,675
Sale of landfill gas	7,783,942	4,842,292	(2,941,650)
Other	394,280	327,062	(67,218)
<i>Total operating revenues</i>	<u>65,126,087</u>	<u>61,963,269</u>	<u>(3,162,818)</u>
Operating expenses:			
Salaries, wages and benefits	10,144,006	14,664,787	4,520,781
Contracts, services and supplies	18,522,038	18,611,312	89,274
Solid waste fees	6,042,638	6,150,998	108,360
Depreciation/Amortization	5,301,024	5,032,958	(268,066)
Landfill depletion	7,548,010	4,708,534	(2,839,476)
Landfill closing costs	(1,694,634)	1,053,639	2,748,273
Interfund charges	203,583	357,258	153,675
<i>Total Operating Expenses</i>	<u>46,066,665</u>	<u>50,579,486</u>	<u>4,512,821</u>
<i>Operating income (loss)</i>	19,059,422	11,383,783	(7,675,639)
Non-operating revenues (expenses):			
Interest expense	(1,957,397)	(1,802,899)	154,498
Interest earnings	(2,682,158)	5,734,792	8,416,950
Grants received (awarded)	72,530	(112,229)	(184,759)
Gain on sale of assets	234,566	78,418	(156,148)
Lease revenue	-	55,109	55,109
<i>Total non-operating expenses, net</i>	<u>(4,332,459)</u>	<u>3,953,191</u>	<u>8,285,650</u>
<i>Change in net position</i>	14,726,963	15,336,974	610,011
<i>Total net position - beginning</i>	125,987,250	140,714,213	14,726,963
<i>Total net position - ending</i>	<u>\$ 140,714,213</u>	<u>\$ 156,051,187</u>	<u>\$ 15,336,974</u>

Total operating expenses for salaries, wages and benefits increased significantly from the prior year, this was partially attributable to increases in salaries and benefits of SWACO employees but more significantly attributed to pension and OPEB accruals in accordance with GASB 68 and 75 as previously discussed.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (unaudited)

Collectively, depletion and closure expense decreased by approximately \$91,000 over prior year. Landfill depletion expense is down approximately \$2.8 million from prior year while closure expense increased approximately \$2.7 million 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 net to a revenue of approximately \$4.0 million, an overall increase of \$8.3 million from 2022, due to an increase in investment earnings including interest rates and investment returns in 2023 being more favorable compared to 2022.

The following table provides a comparison of net position for SWACO's enterprise funds as of December 31, 2022 and 2023:

	Net Position 12/31/2022	Net Position 12/31/2023	Increase (Decrease)
Operating Fund	\$ 132,387,978	\$ 146,515,849	\$ 14,127,871
Program Fund	8,326,235	9,535,338	1,209,103

Operating Fund

The Operating Fund net position increased \$14.1 million despite a decrease in sale of landfill gas and impact of pension and OPEB accruals. This increase in net position was primarily attributed to the increase in investments earnings and SWACO's investment in ongoing capital projects which added \$21.6 million in assets to construction in progress.

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, 2023, the EPA Trust Fund value was approximately \$33.0 million, and the recorded closure liability was approximately \$19.1 million.

Solid waste tons received at SWACO's facilities decreased from approximately 1,238,031 tons received during 2022 to approximately 1,232,493 tons received during 2023.

Program Fund

Total net position increased \$1.2 million from the prior year.

Overall, operating revenues and expenses remained relatively constant when compared to prior year. Non-operating transactions consisted of grant activities, net gain of asset disposal and interest earnings. This accounted for a decrease of approximately \$0.2 million, primarily from a gain on sale of an asset in 2022 and none in 2023 partially offset by an increase in investment earnings.

The increase in net position is primarily attributable to increase in cash and cash equivalents resulting from interest income on outstanding balances and the overall timing of grants and project expenses.

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (unaudited)

Capital Assets

SWACO's investments in 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 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 following table compares SWACO's investments in capital assets in the Operating and Program Funds as of the end of 2022 and 2023.

	Operating Fund			Program Fund		
	2022	2023	Change	2022	2023	Change
<i>Capital assets not being depreciated/depleted/amortized:</i>						
Land and land improvements	\$ 24,206,806	\$ 24,206,806	\$ -	\$ -	\$ -	\$ -
Construction in progress	5,201,434	26,777,899	21,576,465	213,797	-	(213,797)
<i>Capital assets, net of accumulated depreciation, amortization and depletion:</i>						
Equipment and furnishings	7,210,670	7,054,921	(155,749)	168,945	540,931	371,986
Buildings and improvements	5,961,075	4,731,055	(1,230,020)	6	319,802	319,796
Transfer stations	5,414,039	4,842,717	(571,322)	-	-	-
Sanitary landfill	47,944,184	45,101,543	(2,842,641)	-	-	-
Right of use asset (intangible)	1,042,967	956,053	(86,914)	-	-	-
<i>Total capital assets, net</i>	<u>\$ 96,981,175</u>	<u>\$ 113,670,994</u>	<u>\$ 16,689,819</u>	<u>\$ 382,748</u>	<u>\$ 860,733</u>	<u>\$ 477,985</u>

The increase in the Operating Fund's capital asset balance is primarily construction in progress exceeding current year depreciation, deletion and amortization of existing capital assets. Construction in progress is primarily from the construction of the operation and fleet maintenance building.

The Program Fund's construction in progress decreased and depreciable capital assets increased due to completion of the renovations to the Education Resource Center, the HHW Convenience Center and Recycle Right website redesign, which exceeded current year depreciation and disposals.

See Note 6 for additional detail of SWACO's capital asset activity during the year.

Debt Administration

SWACO's outstanding debt as of December 31, 2022 and 2023 is shown in the following table:

	2022	2023	Change
General obligation bonds, net	\$ 59,085,802	\$ 52,677,850	\$ (6,407,952)
Lease payable	1,039,696	958,666	(81,030)
Total	<u>\$ 60,125,498</u>	<u>\$ 53,636,516</u>	<u>\$ (6,488,982)</u>

SWACO

Management's Discussion & Analysis for the Year Ended December 31, 2023 (unaudited)

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 2022 decreased slightly in comparison to the prior year.

Solid waste tons received at SWACO's facilities during 2023 were 1,232,493 tons versus 2022 receipts of 1,238,031 tons.

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 Fund
As of December 31, 2023

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 6,336,756	\$ -	\$ 6,336,756
Restricted cash	-	10,189,419	10,189,419
Investments	76,107,830	-	76,107,830
Accounts receivable, net	4,788,601	464,971	5,253,572
Lease receivable, current portion	94,450	-	94,450
Other assets	1,185,547	14,561	1,200,108
Total current assets	<u>88,513,184</u>	<u>10,668,951</u>	<u>99,182,135</u>
Non-current assets:			
Restricted: held by trustee for landfill closure/post-closure care:			
Cash and cash equivalents	24,849	-	24,849
Investments	33,007,416	-	33,007,416
Accrued interest receivable	171,857	-	171,857
Capital assets:			
Sanitary landfill, net of accumulated depletion	45,101,543	-	45,101,543
Buildings and equipment and furnishings, net of accumulated depreciation	16,628,693	860,733	17,489,426
Construction in progress	26,777,899	-	26,777,899
Land and land improvements	24,206,806	-	24,206,806
Right of use asset	956,053	-	956,053
Lease receivable, less current portion	948,439	-	948,439
Total non-current assets	<u>147,823,555</u>	<u>860,733</u>	<u>148,684,288</u>
Total assets	<u>236,336,739</u>	<u>11,529,684</u>	<u>247,866,423</u>
Deferred outflows of resources			
Refundings	900,267		900,267
Pension	6,038,385	592,083	6,630,468
OPEB	949,403	97,180	1,046,583
Total deferred outflows of resources	<u>\$ 7,888,055</u>	<u>\$ 689,263</u>	<u>\$ 8,577,318</u>

(continued)

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

SWACO
Statement of Net Position – Proprietary Fund
As of December 31, 2023

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Liabilities			
Current liabilities			
Accounts payable	\$ 7,939,740	\$ 1,072,922	\$ 9,012,662
Accrued wages and benefits	1,023,672	111,691	1,135,363
Accrued interest	165,246	-	165,246
Current maturities of bonds and notes payable	6,055,000	-	6,055,000
Lease payable, current portion	82,010	-	82,010
Other payables	1,564	-	1,564
Total current liabilities	<u>15,267,232</u>	<u>1,184,613</u>	<u>16,451,845</u>
Non-current liabilities:			
Bonds and notes payable, less current portion, net	46,622,850	-	46,622,850
Landfill closure/post-closure liability	19,096,642	-	19,096,642
Compensated leave	91,787	8,911	100,698
Net pension liability	14,293,399	1,413,633	15,707,032
Net OPEB liability	318,765	31,526	350,291
Lease payable, less current portion	876,656	-	876,656
Total non-current liabilities	<u>81,300,099</u>	<u>1,454,070</u>	<u>82,754,169</u>
Total liabilities	<u>96,567,331</u>	<u>2,638,683</u>	<u>99,206,014</u>
Deferred inflows of resources:			
Leases	1,036,483	-	1,036,483
Pension	-	34,285	34,285
OPEB	105,131	10,641	115,772
Total deferred inflows of resources	<u>1,141,614</u>	<u>44,926</u>	<u>1,186,540</u>
Net Position			
Net investment in capital assets	60,934,745	860,733	61,795,478
Restricted:			
Solid waste plan	-	8,674,605	8,674,605
Closure/post-closure trust fund net of accrued liability - Franklin County Sanitary Landfill	14,107,480	-	14,107,480
Unrestricted	71,473,624	-	71,473,624
Total Net Position	<u>\$ 146,515,849</u>	<u>\$ 9,535,338</u>	<u>\$ 156,051,187</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, 2023**

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Operating revenues:			
Tipping and disposal fees	\$ 42,986,254	\$ -	\$ 42,986,254
Waste transfer fees	7,210,943	-	7,210,943
Generation fees	-	6,239,460	6,239,460
Interfund charges	357,258	-	357,258
Sale of landfill gas	4,842,292	-	4,842,292
Other	326,287	775	327,062
Total operating revenues	<u>55,723,034</u>	<u>6,240,235</u>	<u>61,963,269</u>
Operating expenses:			
Salaries, wages and benefits	13,378,460	1,286,327	14,664,787
Contracts, services and supplies	15,223,238	3,388,074	18,611,312
Solid waste fees	6,150,998	-	6,150,998
Depreciation	4,800,581	145,463	4,946,044
Landfill depletion	4,708,534	-	4,708,534
Landfill closing costs	1,053,639	-	1,053,639
Interfund charges	-	357,258	357,258
Amortization of Leases	86,914	-	86,914
Total operating expenses	<u>45,402,364</u>	<u>5,177,122</u>	<u>50,579,486</u>
Operating income	<u>10,320,670</u>	<u>1,063,113</u>	<u>11,383,783</u>
Non-operating revenues (expenses):			
Interest expense	(1,802,899)	-	(1,802,899)
Investment income	5,478,325	256,467	5,734,792
Grants awarded	(1,752)	(151,625)	(153,377)
Gain on sale of assets	78,418	-	78,418
Grants received	-	41,148	41,148
Lease revenue	55,109	-	55,109
Total non-operating expenses, net	<u>3,807,201</u>	<u>145,990</u>	<u>3,953,191</u>
Change in net position	14,127,871	1,209,103	15,336,974
Total net position - beginning	132,387,978	8,326,235	140,714,213
Total net position - ending	<u>\$ 146,515,849</u>	<u>\$ 9,535,338</u>	<u>\$ 156,051,187</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, 2023

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 49,884,057	\$ -	\$ 49,884,057
Generation fees collected	-	6,235,551	6,235,551
Sale of landfill gas	5,462,291	-	5,462,291
Other receipts	326,287	775	327,062
Payments to or on behalf of employees for salaries, wages and benefits	(12,393,978)	(1,218,951)	(13,612,929)
Payments to vendors	(18,121,295)	(2,902,592)	(21,023,887)
Interfund charges	357,258	(357,258)	-
<i>Net cash provided by operating activities</i>	<u>25,514,620</u>	<u>1,757,525</u>	<u>27,272,145</u>
Cash flows from non-capital financing activities:			
Grants received	-	41,156	41,156
Grants awarded	(1,752)	(151,625)	(153,377)
<i>Net cash provided by (used in) non-capital financing activities</i>	<u>(1,752)</u>	<u>(110,469)</u>	<u>(112,221)</u>
Cash flows from investing activities:			
Proceeds from sales and maturities of investments	35,591,642	-	35,591,642
Purchase of investments	(38,366,765)	-	(38,366,765)
Interest received	2,482,450	256,467	2,738,917
<i>Net cash provided by (used in) investing activities</i>	<u>(292,673)</u>	<u>256,467</u>	<u>(36,206)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of assets	232,670	-	232,670
Cash received from lease transactions	52,176	-	52,176
Landfill, facilities and equipment additions	(26,285,849)	(623,456)	(26,909,305)
Principal paid on bonds and notes payable	(5,785,000)	-	(5,785,000)
Principal paid on leases	(81,030)	-	(81,030)
Interest paid and cost on debt refunded	(2,267,776)	-	(2,267,776)
<i>Net cash used in capital and related financing activities</i>	<u>(34,134,809)</u>	<u>(623,456)</u>	<u>(34,758,265)</u>
<i>Net increase (decrease) in cash and cash equivalents</i>	(8,914,614)	1,280,067	(7,634,547)
<i>Cash and cash equivalents, beginning of year</i>	15,276,219	8,909,352	24,185,571
<i>Cash and cash equivalents, end of year</i>	<u>\$ 6,361,605</u>	<u>\$ 10,189,419</u>	<u>\$ 16,551,024</u>

(Continued)

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, 2023

	Business-type Activities - Enterprise Funds		
	Operating Fund	Program Fund	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 10,320,670	\$ 1,063,113	\$ 11,383,783
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation/Amortization	4,887,495	145,463	5,032,958
Depletion	4,708,534		4,708,534
Landfill closing costs	1,053,639		1,053,639
Increase (Decrease) in cash resulting from changes in:			
Accounts receivable, net	306,859	(3,909)	302,950
Net OPEB asset	1,516,137	168,460	1,684,597
Accounts payable	3,713,657	492,594	4,206,251
Accrued wages and benefits	114,455	(4,916)	109,539
Deferred outflows: pension	(4,102,475)	(321,339)	(4,423,814)
Deferred Outflows: OPEB	(846,474)	(86,208)	(932,682)
Net pension liability	10,292,318	969,068	11,261,386
Net OPEB liability	318,765	31,526	350,291
Deferred inflows: pension	(4,846,896)	(516,980)	(5,363,876)
Deferred inflows: OPEB	(1,461,348)	(172,235)	(1,633,583)
Other assets	(461,880)	(7,112)	(468,992)
Other liabilities	1,164	-	1,164
Net Cash Provided by (Used For) Operating Activities	\$ 25,514,620	\$ 1,757,525	\$ 27,272,145

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

Amortization of premiums on bonds payable during the year totaled \$622,952.

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

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

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

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 40.4 years based on 2023 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 28.1% of SWACO's total operating revenues for the year ended December 31, 2023. The customer accounted for approximately 27.7% of accounts receivable, trade at December 31, 2023.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

The accompanying financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statements, 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 Statements 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, 2023

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: 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, 2023, 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.

Right of Use Assets: SWACO is reporting intangible right to use assets related to technology infrastructure. This intangible asset is being amortized in a systemic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

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, 2023.

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. SWACO applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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 may be reclassified for consistency with current year presentation. These reclassifications would have 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 assets 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 assets 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. The deferred inflows related to leases are explained in Note 7.

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).

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

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.

Implementation of New Accounting Principles: For the year ended December 31, 2023, SWACO has implemented GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of SWACO.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of SWACO.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of SWACO.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of SWACO.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

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.

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 2023, 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 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

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.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

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 investments at fair value as of December 31, 2023:

Investments at December 31, 2023

	Measurement	Maturity in Years	
	Value	Less than 1	1-4
<u>Operating and Program Funds</u>			
STAR Ohio	\$ 8,258,962	\$ 8,258,962	\$ -
STAR Ohio Program Fund	5,046,120	5,046,120	-
Money market mutual funds	202,954	202,954	-
Commercial paper	4,897,610	4,897,610	-
Federal agency securites	65,742,906	9,721,365	56,021,541
Negotiable certificates of deposit	5,467,314	4,286,967	1,180,347
	<u>89,615,866</u>	<u>32,413,978</u>	<u>57,201,888</u>
<u>Closure/Post-closure Trust Fund</u>			
Money market mutual funds	24,849	24,849	-
Commercial paper	765,585	765,585	-
Federal agency securites	29,545,333	4,364,682	25,180,651
Negotiable certificates of deposit	1,686,278	-	1,686,278
Municipal Bonds	1,010,220	1,010,220	-
	<u>33,032,265</u>	<u>6,165,336</u>	<u>26,866,929</u>
Total	<u>\$ 122,648,131</u>	<u>\$ 38,579,314</u>	<u>\$ 84,068,817</u>

Concentration of Credit Risk: SWACO will diversify investments by security type and institution limiting investment in any one non-treasury or non-U.S. Government Agency issuer to twenty-five percent (25%) of the market value of the portfolio. As of December 31, 2023, no single issuer outside of Treasury or U.S. Government Agency securities exceeded the 25% limit .

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, 2023. SWACO’s fair value investments are Level 2 since they are valued using

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

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 \$10,189,419 in the Program Fund was restricted at December 31, 2023, for debt service, capital projects, by State law, or for other purposes.

4. Restricted Assets/Net Position

Operating Fund: Restricted cash in the Operating Fund represents debt service accounts, capital improvement accounts (bond proceeds) and assets held by trustee (Note 5) for landfill closure/post-closure care. Restricted net position represents amounts restricted for landfill closure and post-closure care costs further explained in Note 11.

Program Fund: Restricted cash in the Program Fund 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. Restricted Net Position represents amounts restricted for future support of SWACO's solid waste plan.

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 (nineteen years as of December 31, 2023).

The required Fund payment due and paid in May 2024 was approximately \$1,049,530.

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

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

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

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 31.1% as of December 31, 2023).

As of the end of 2023, SWACO estimates total landfill development costs at approximately \$271.7 million, including approximately \$147.2 million expended through 2023 (including construction in progress) and approximately \$124.5 million estimated future costs to be expended over the remaining life of the landfill. SWACO recognized total accumulated depletion of \$84.4 million as of December 31, 2023 leaving an estimate of \$187.3 million in depletion expense over the remaining life of the landfill.

SWACO reports a right of use asset in accordance with GASB No. 87 for leased technology infrastructure assets.

A summary of capital assets at December 31, 2023, is shown on the following page.

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SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

Summary of Capital Assets at December 31, 2023

Operating Fund	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets, not being depreciated/ depleted/amortized:</i>				
Land	\$ 24,206,806	\$ -	\$ -	\$ 24,206,806
Construction in progress	5,201,434	23,800,223	(2,223,758)	26,777,899
<i>Total capital assets, not being depreciated/depleted/amortized</i>	<u>29,408,240</u>	<u>23,800,223</u>	<u>(2,223,758)</u>	<u>50,984,705</u>
<i>Capital assets, being depreciated/ depleted/amortized:</i>				
Equipment and furnishings	31,172,429	2,832,566	(255,381)	33,749,614
Building and improvements	21,155,934	10,924	(10,500)	21,156,358
Transfer stations	14,676,207	-	-	14,676,207
Sanitary landfill	127,657,493	1,865,893	-	129,523,386
Intangible Right-to-use, fiber network	1,129,881	-	-	1,129,881
<i>Total capital assets, being depreciated/ depleted/amortized</i>	<u>195,791,944</u>	<u>4,709,383</u>	<u>(265,881)</u>	<u>200,235,446</u>
<i>Less accumulated depreciation/ depletion/amortization for:</i>				
Equipment and furnishings	(23,961,759)	(2,988,315)	255,381	(26,694,693)
Building and improvements	(15,194,859)	(1,240,944)	10,500	(16,425,303)
Transfer stations	(9,262,168)	(571,322)	-	(9,833,490)
Sanitary landfill	(79,713,309)	(4,708,534)	-	(84,421,843)
Intangible Right-to-use, fiber network	(86,914)	(86,914)	-	(173,828)
<i>Total accumulated depreciation/ depletion/amortization</i>	<u>(128,219,009)</u>	<u>(9,596,029)</u>	<u>265,881</u>	<u>(137,549,157)</u>
<i>Total capital assets, being depreciated/depleted/amortized, net</i>	<u>67,572,935</u>	<u>(4,886,646)</u>	<u>-</u>	<u>62,686,289</u>
Total capital assets, net	<u><u>\$ 96,981,175</u></u>	<u><u>\$ 18,913,577</u></u>	<u><u>\$ (2,223,758)</u></u>	<u><u>\$ 113,670,994</u></u>

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

Program Fund	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ 213,797	\$ 154,292	\$ (368,089)	\$ -
<i>Total capital assets, not being depreciated</i>	<u>213,797</u>	<u>154,292</u>	<u>(368,089)</u>	<u>-</u>
<i>Capital assets, being depreciated:</i>				
Equipment and furnishings	629,260	517,456	-	1,146,716
Building and improvements	1,149,981	319,796	-	1,469,777
<i>Total capital assets, being depreciated</i>	<u>1,779,241</u>	<u>837,252</u>	<u>-</u>	<u>2,616,493</u>
<i>Less accumulated depreciation for:</i>				
Equipment and furnishings	(460,315)	(145,470)	-	(605,785)
Building and improvements	(1,149,975)	-	-	(1,149,975)
<i>Total accumulated depreciation</i>	<u>(1,610,290)</u>	<u>(145,470)</u>	<u>-</u>	<u>(1,755,760)</u>
<i>Total capital assets, being depreciated</i>	<u>168,951</u>	<u>691,782</u>	<u>-</u>	<u>860,733</u>
<i>Total capital assets, net</i>	<u>\$ 382,748</u>	<u>\$ 846,074</u>	<u>\$ (368,089)</u>	<u>\$ 860,733</u>

7. Lease Receivable

SWACO leases a building it owns, on property owned by the City of Columbus, to a third party. The term of the lease is eighteen years remitted in monthly payments to SWACO. SWACO also subleases property to a third party. After the current five years, the lease contains two more renewal options of five years each with payments remitted annually to SWACO.

SWACO is reporting a lease receivable that represents the discounted future monthly lease payments. The discount is being amortized using the straight-line method. For 2023, SWACO reported lease revenue of \$55,109 and interest revenue of \$6,381.

A summary of future payments to be received is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 94,450	\$ 12,536	\$ 106,986
2025	94,037	12,949	106,986
2026	95,496	11,490	106,986
2027	96,977	10,009	106,986
2028	98,477	8,509	106,986
2029 - 2033	305,134	26,282	331,416
2034 - 2038	258,318	9,893	268,211
	<u>\$ 1,042,889</u>	<u>\$ 91,668</u>	<u>\$ 1,134,557</u>

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

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

The net pension/OPEB liability (asset) represents 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/OPEB 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 SWACO’s obligation for the liability to annually required payments. SWACO cannot control benefit terms or the manner in which pensions/OPEB are financed; however, SWACO does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension 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 pension liabilities within 30 years. If the pension 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 healthcare 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.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – SWACO employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional 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 and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Traditional Plan 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	Traditional Plan 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	Traditional Plan 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 amount of a member’s pension benefit vests upon receipt of the initial benefit payment.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

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

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

	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2023 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. SWACO's contractually required contribution was \$1,168,666 for 2023. Of this amount, \$154,082 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, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. SWACO's proportion of the net pension liability was based on SWACO's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Period	0.053172%
Prior Measurement Period	<u>0.051097%</u>
Change in Proportion	<u>0.002075%</u>
Proportionate Share of the Net	
Pension Liability	\$ 15,707,032
Pension Expense	\$ 2,642,362

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

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 service 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, 2023, SWACO reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net Difference between Projected and Actual	
Earnings on Pension Plan Investments	\$ 4,476,997
Differences between Expected and	
Actual Experience	521,722
Changes of Assumptions	165,934
Changes in Proportionate Share and	
Differences in Contributions	297,149
SWACO Contributions Subsequent	
to the Measurement Date	<u>1,168,666</u>
Total Deferred Outflows of Resources	<u>\$ 6,630,468</u>
Deferred Inflows of Resources	
Changes in Proportionate Share and	
Differences in Contributions	<u>\$ 34,285</u>
Total Deferred Inflows of Resources	<u>\$ 34,285</u>

\$1,168,666 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>
2024	\$ 799,958
2025	1,116,617
2026	1,317,797
2027	<u>2,193,145</u>
Total	<u>\$ 5,427,517</u>

Actuarial Assumptions – OPERS

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

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

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, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

	<u>OPERS Traditional Plan</u>
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.10 percent for 2022.

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 geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of SWACO’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents SWACO’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what SWACO’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
SWACO’s Proportionate Share of the Net Pension Liability	\$ 23,528,610	\$ 15,707,032	\$ 9,200,883

9. Defined Benefit OPEB Plan

Net OPEB Liability

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

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (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. Substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care. Medicare-enrolled retirees may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members. 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.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. SWACO's contractually required contribution was \$0 for 2023.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. SWACO's proportion of the net OPEB liability was based on

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

SWACO's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.055556%
Prior Measurement Period	0.053784%
Change in Proportion	<u>0.001772%</u>
Proportionate Share of the Net	
OPEB Liability	\$ 350,291
OPEB Expense	\$ (531,378)

At December 31, 2023, SWACO reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>
Deferred Outflows of Resources	
Net Difference between Projected and Actual	
Earnings on OPEB Plan Investments	\$ 695,692
Changes of Assumptions	342,138
Changes in Proportionate Share and	
Differences in Contributions	8,753
Total Deferred Outflows of Resources	<u>\$ 1,046,583</u>
Deferred Inflows of Resources	
Differences between Expected and	
Actual Experience	\$ 87,376
Changes of Assumptions	28,153
Changes in Proportionate Share and	
Differences in Contributions	243
Total Deferred Inflows of Resources	<u>\$ 115,772</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>
2024	\$ 122,944
2025	254,852
2026	216,938
2027	336,077
Total	<u>\$ 930,811</u>

Actuarial Assumptions – OPERS

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

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

Projections of health care costs 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, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	December 31, 2022
Wage Inflation	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent
	including wage inflation
Single Discount Rate	5.22 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate	4.05 percent
Health Care Cost Trend Rate	5.50 percent, initial
	3.50 percent, ultimate in 2036
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

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 rates of return are developed for each major asset class.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board’s investment consultant. For each major asset class that is included in the Health Care’s portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00%	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022. 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 4.05 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 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of SWACO’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents SWACO’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what SWACO’s proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
SWACO’s Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,192,232	\$ 350,291	\$ (344,447)

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

Sensitivity of SWACO's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percentage point lower or 1.0 percentage point 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 2023 is 5.50 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 the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed

	1% Decrease	Current Trend Rate	1% Increase
SWACO's Proportionate Share of the Net OPEB Liability	\$ 328,336	\$ 350,291	\$ 375,003

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, 2023

Issue	Amount Issued	Maturities	Interest Rates
Series 2012	\$ 79,015,000	2013— 2032	1.50% - 5.00%
Series 2013A	9,375,000	2015— 2026	1.50% - 4.00%
Series 2013B	9,540,000	2014— 2032	0.45% - 5.00%
Series 2016	35,360,000	2016— 2029	3.00% - 5.00%
Series 2019	19,575,000	2019— 2032	1.75% - 2.75%

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

Series 2013A Bonds. On August 7, 2013, SWACO issued General Obligation (Limited Tax) Solid Waste Facilities Refunding Bonds, Series 2013A, in the amount of \$9,375,000. The proceeds of the bonds were used to refund \$9,815,000 of the outstanding \$13,540,000 Series 2010 Build America Bonds. At the time of issuance, the federal government provided a 35% subsidy on interest payments

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

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, 2023

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, 2023, categorized by source of payment.

Year ended December 31 2023,	Paid from Tipping Fees	
	Series 2012, 2013A, 2013B, 2016, and 2019	
	Principal	Interest
2024	\$6,055,000	\$1,982,943
2025	6,340,000	1,699,803
2026	5,075,000	1,399,503
2027	5,340,000	1,156,593
2028	5,540,000	943,238
2029 – 2032	22,770,000	1,641,850
Total	<u>\$51,120,000</u>	<u>\$8,823,930</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, 2023

Summary of Debt and Long-Term Obligations

Including the bonds and notes payable, net pension liability, net OPEB liability, leases, and compensated leave balances, long-term liability activity for the year ended December 31, 2023:

Operating and Program Funds	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>General obligation bonds payable:</i>					
Series 2012 bonds refunding	\$ 1,265,000	\$ -	\$ (1,265,000)	\$ -	\$ -
Series 2013A bonds refunding	3,255,000	-	(865,000)	2,390,000	960,000
Series 2013B bonds refunding	2,150,000	-	(450,000)	1,700,000	460,000
Series 2016 bonds refunding	31,070,000	-	(3,075,000)	27,995,000	4,425,000
Series 2019 bonds refunding	19,165,000	-	(130,000)	19,035,000	210,000
Unamortized bond premiums	2,180,802	-	(622,952)	1,557,850	-
<i>Total general obligation bonds payable, net</i>	<u>59,085,802</u>	<u>-</u>	<u>(6,407,952)</u>	<u>52,677,850</u>	<u>6,055,000</u>
Landfill closure and post-closure liability (Note 11)	18,043,003	1,053,639	-	19,096,642	-
Net pension liability (Note 8)	4,445,646	11,261,386	-	15,707,032	-
Net OPEB liability (Note 9)	-	350,291	-	350,291	-
Leases (Note 15)	1,039,696	-	(81,030)	958,666	82,010
Compensated leave	507,246	64,855	(12,383)	559,718	459,020
Total debt and long-term liabilities	<u>\$ 83,121,393</u>	<u>\$ 12,730,171</u>	<u>\$ (6,501,365)</u>	<u>\$ 89,350,199</u>	<u>\$ 6,596,030</u>

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 2023 final closure cost estimate. The amount reported as Landfill Closure/Post-closure liability as of December 31, 2023, includes \$19.1 million representing the cumulative amount reported based on the use of 31.1% of the estimated capacity of the landfill, including the original permit and 1997, 2009, and 2018 modifications. SWACO will recognize the remaining estimated cost of closure and post-closure care costs as the remaining estimated capacity is filled. Per SWACO's annual report the landfill has a remaining useful life of approximately 40.4 years.

SWACO

Notes to Financial Statements

For the Year Ended December 31, 2023

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.

12. Service Agreements

SWACO entered into an agreement with a yard waste composting organization, to accept and process yard waste delivered by SWACO District constituents. This agreement was effective January 1, 2023 and extends to 2025. SWACO will disburse funds not to exceed \$950,000 annually.

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.

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

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 6,200 employees of Franklin County, SWACO and other Central Ohio political subdivisions. There are approximately 14,000 plan subscribers when spouses and dependents and domestic partners are counted. During 2023, 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, 2023 or 2022.

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, 2023. 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 2023 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>2022</u>	<u>2023</u>
Unpaid claims at January 1	\$ -	\$ -
Incurred claims	58,923	3,663
Paid claims	<u>(58,923)</u>	<u>(3,663)</u>
Unpaid claims at December 31	<u>\$ -</u>	<u>\$ -</u>

SWACO
Notes to Financial Statements
For the Year Ended December 31, 2023

15. Leases

SWACO signed an agreement to lease technology infrastructure beginning May 3, 2019 through May 3, 2034. Due to the implementation of GASB Statement 87, this lease has met the criteria of a lease thus requiring it to be recorded by SWACO. The future lease payments were discounted based on the interest rate implicit in the lease or using SWACO's incremental borrowing rate. This discount is being amortized over the life of the lease.

A summary of the principal and interest amounts for the remaining lease is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 82,010	\$ 11,590	\$ 93,600
2025	83,001	10,599	93,600
2026	84,005	9,595	93,600
2027	85,020	8,580	93,600
2028	86,048	7,552	93,600
2029 - 2033	446,100	21,900	468,000
2034	92,482	1,118	93,600
	<u>\$ 958,666</u>	<u>\$ 70,934</u>	<u>\$ 1,029,600</u>

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SWACO

Required Supplementary Information

For the Year Ended December 31, 2023

*Schedule of SWACO's Proportionate Share of the Net Pension Liability
Last Ten Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
<i>Ohio Public Employees' Retirement System (OPERS)</i>										
SWACO's Proportion of the Net Pension Liability	0.053172%	0.051097%	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	\$ 15,707,032	\$ 4,445,646	\$ 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	\$ 8,249,671	\$ 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
SWACO's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.40%	59.65%	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	75.74%	92.62%	86.88%	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior year.
See accompanied notes to the required supplementary information

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2023

Schedule of SWACO's Contributions - Pension
Last Ten Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Ohio Public Employees' Retirement System (OPERS)</i>										
Contractually Required Contribution	\$ 1,168,666	\$ 1,154,954	\$ 1,043,397	\$ 981,631	\$ 938,837	\$ 891,782	\$ 781,927	\$ 691,335	\$ 662,284	\$ 704,911
Contributions in Relation to the Contractually Required Contribution	<u>(1,168,666)</u>	<u>(1,154,954)</u>	<u>(1,043,397)</u>	<u>(981,631)</u>	<u>(938,837)</u>	<u>(891,782)</u>	<u>(781,927)</u>	<u>(691,335)</u>	<u>(662,284)</u>	<u>(704,911)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
SWACO's Covered Payroll	\$ 8,347,614	\$ 8,249,671	\$ 7,452,836	\$ 7,011,650	\$ 6,705,979	\$ 6,369,871	\$ 6,014,821	\$ 5,761,125	\$ 5,519,033	\$ 5,874,258
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	13.00%	12.00%	12.00%	12.00%

See accompanied notes to the required supplementary information

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2023

Schedule of SWACO's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Years (1)

	2023	2022	2021	2020	2019	2018	2017
<i>Ohio Public Employees' Retirement System (OPERS)</i>							
SWACO's Proportion of the Net OPEB Liability (Asset)	0.055556%	0.053784%	0.052510%	0.049955%	0.049985%	0.0480888%	0.0477410%
SWACO's Proportionate Share of the Net OPEB Liability (Asset)	\$ 350,291	\$ (1,684,597)	\$ (935,508)	\$ 6,900,083	\$ 6,516,864	\$ 5,222,095	\$ 4,822,003
SWACO's Covered Payroll	\$ 8,249,671	\$ 7,452,836	\$ 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	4.25%	-22.60%	-13.34%	102.89%	102.31%	86.82%	83.70%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	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 year.
See accompanied notes to the required supplementary information

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2023

Schedule of the SWACO's Contributions - OPEB
Last Eight Years (1)

	2023	2022	2021	2020	2019	2018	2017	2016
<i>Ohio Public Employees' Retirement System (OPERS)</i>								
Contractually Required Contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,148	\$ 115,223
Contributions in Relation to the Contractually Required Contribution	0	0	0	0	0	0	(60,148)	(115,223)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
SWACO's Covered Payroll (2)	\$ 8,347,614	\$ 8,249,671	\$ 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%	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.

See accompanied notes to the required supplementary information

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2023

Notes to the Required Supplementary Information

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	<u>2022</u>	<u>2019</u>	<u>2018 and 2017</u>	<u>2016 and prior</u>
Wage Inflation	2.75%	3.25%	2.75%	2.75%
Future Salary Increases, including wage inflation	2.75% to 10.75%	3.25% to 10.75%	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3.00%, simple	3.00%, simple	3.00%, simple	3.00%, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.90%	7.20%	7.50%	8.00%
Actuarial Cost Method	Individual	Individual	Individual	Individual
	Entry Age	Entry Age	Entry Age	Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2022	3.00%, simple through 2022, then 2.05%, simple
2021	0.50%, simple through 2021, then 2.15%, simple
2020	1.40%, simple through 2020, then 2.15%, simple
2017 - 2019	3.00%, simple through 2018, then 2.15%, simple
2016 and prior	3.00%, simple through 2018, then 2.80%, simple 5.50% to 5.00%

Changes in Benefit Terms – OPERS

There were no significant changes in benefit terms.

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SWACO
Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

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

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wage Inflation	2.75%	2.75%	3.25%	3.25%	3.25%	3.25%
Discount Rate	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

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

Changes in Benefit Terms – OPERS

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

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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 2023.

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 15 provide debt service schedules for SWACO's outstanding notes and bonds. Table 16 shows various debt ratios for SWACO. Table 16 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 17 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 18 through 20. Table 21 provides information on capital assets.

SWACO
Schedules of Net Position - All Funds
For Years Ended December 31, 2014 through 2023
(in thousands)¹

Assets	2014	2015	2016	2017	Restated 2018	2019	2020	Restated 2021	2022	2023
Cash and cash equivalents	\$ 18,311	\$ 29,496	\$ 22,036	\$ 26,054	\$ 37,801	\$ 36,532	\$ 37,958	\$ 35,455	\$ 15,259	\$ 6,337
Restricted cash	17,811	15,907	12,622	9,789	6,127	6,560	1,975	7,749	8,909	10,189
Unrestricted and restricted investments	7,426	7,536	10,695	14,915	18,137	29,882	37,376	44,768	72,957	76,108
Accounts receivable, net	4,611	5,517	5,451	4,222	5,442	4,434	5,451	6,155	5,557	5,254
Grants receivable	-	-	-	-	-	71	10	-	-	-
Closure/postclosure funds held by trustee	22,660	23,647	24,662	25,988	27,670	29,315	30,815	31,179	30,643	33,007
Sanitary Landfill, net of accum. deprec./depletion	28,049	22,739	33,351	29,422	47,884	44,306	45,830	50,840	47,944	45,102
Buildings and equipment, net of accum. depreciation	25,273	22,629	24,732	26,322	23,830	24,331	25,536	21,833	18,754	17,489
Construction in progress	1,848	8,714	609	3,579	96	2,568	6,848	4,666	5,415	26,778
Land and land improvements	18,745	18,745	23,719	23,719	23,907	24,207	24,207	24,207	24,207	24,207
Lease receivable	1,770	747	698	648	598	547	495	443	389	1,999
Net OPEB asset	-	-	-	-	-	-	-	936	1,685	-
Other assets	427	306	465	549	371	1,023	727	450	1,862	1,396
Total assets	146,931	155,983	159,040	165,207	191,863	203,776	217,228	228,681	233,581	247,866
Deferred outflows of resources:										
Refundings	3,189	1,595	2,795	2,447	1,918	1,693	1,478	1,274	1,081	900
Pension	695	965	2,920	3,964	1,885	4,102	1,661	1,414	2,207	6,630
OPEB	-	-	-	60	439	677	1,202	716	113	1,047
Total deferred outflows of resources	\$ 3,884	\$ 2,560	\$ 5,715	\$ 6,471	\$ 4,242	\$ 6,472	\$ 4,341	\$ 3,404	\$ 3,401	\$ 8,577

	2014	2015	2016	2017	Restated 2018	2019	2020	Restated 2021	2022	2023
Liabilities										
Accounts payable, deferred revenue, and unearned income	\$ 2,360	5,479	\$ 5,747	\$ 3,167	\$ 4,052	\$ 4,229	\$ 3,765	\$ 6,195	\$ 3,848	\$ 9,013
Accrued wages and benefits	884	697	767	628	731	821	917	1,096	1,127	1,236
SWACO grants payable	32	4	45	11	-	-	-	-	-	-
ERIP payable	-	-	-	-	-	-	-	-	-	-
Accrued interest	679	615	221	331	281	202	188	208	188	165
Bonds and notes payable (Note 10)	122,532	112,691	99,696	91,174	82,441	77,497	71,466	65,347	60,125	52,678
Lease obligation (Note 11)	-	-	-	-	-	-	-	-	959	959
Landfill closure/postclosure care liability (Note 12)	23,105	20,411	21,224	22,237	14,458	17,438	17,925	19,738	18,043	19,097
Net pension liability	5,548	5,679	7,584	10,106	7,083	12,915	9,413	7,384	4,446	15,707
Net OPEB liability	-	-	-	4,822	5,222	6,517	6,900	-	-	350
Other	51	-	2	1	5	1	-	5	-	-
Total liabilities	155,191	145,576	135,286	132,477	114,273	119,620	110,574	99,973	88,736	99,205
Deferred inflows of resources: pension	-	100	409	202	1,721	189	2,003	3,227	5,398	34
Deferred inflows of resources: OPEB	-	-	-	-	420	34	1,024	2,897	1,749	116
Deferred Lease	-	-	-	-	-	-	-	-	385	1,036
Total deferred inflows of resources	-	100	409	202	2,141	223	3,027	6,124	7,532	1,186
Net position										
Net investment in capital assets:										
WTEF, net of lease obligation and bonds payable	(19,441)	(14,606)	(9,671)	(4,603)	-	-	-	-	-	-
Other capital assets, net	(14,056)	(17,875)	(5,637)	(1,834)	14,510	18,989	31,879	36,984	38,932	61,795
Restricted:										
Closure/postclosure trust fund, net of accrued liability - Sanitary Landfill	(149)	3,334	3,437	3,751	13,213	11,877	12,891	11,492	12,688	14,107
Other restricted, net	7,418	9,789	12,556	8,499	4,898	4,802	5,027	6,442	7,943	8,675
Unrestricted	21,852	32,225	28,375	33,186	47,071	54,737	58,171	71,069	81,151	71,474
Total net position	\$ (4,376)	\$ 12,867	\$ 29,060	\$ 38,999	\$ 79,692	\$ 90,405	\$ 107,968	\$ 125,987	\$ 140,714	\$ 156,051

¹ Totals may not add due to rounding.

Source: SWACO. All references to notes are to the Notes to Financial Statements beginning on page 2-17.

*Prior year amounts updated.

SWACO
Schedules of Revenues, Expenses, and Changes in Net Position - All Funds
For Years Ended December 31, 2014 through 2023
(in thousands)¹

	2014	2015	2016	Restated 2017	2018	2019	2020	2021	2022	2023
Revenues:										
Tipping and disposal fees	\$ 29,255	\$ 30,302	\$ 30,812	\$ 37,361	\$ 41,349	\$ 41,730	\$ 40,851	\$ 42,772	\$ 43,114	42,986
Waste transfer fees	5,696	5,988	6,432	6,445	6,676	6,198	6,566	7,225	7,465	7,211
Retired facility and waiver fees	9,079	9,451	9,631	2,329	-	-	-	-	-	-
Generation fees	5,045	5,258	5,362	5,610	5,984	6,002	5,907	6,181	6,165	6,239
Sale of landfill gas	676	2,086	2,708	4,722	6,823	3,441	4,348	8,637	7,784	4,842
Other	1,256	784	436	324	1,091	549	786	358	598	684
Operating revenues	51,007	53,869	55,381	56,791	61,923	57,920	58,458	65,173	65,126	61,962
Expenses:										
Salaries, wages and benefits	9,460	8,744	9,556	11,017	11,353	13,706	12,933	6,099	10,144	14,665
Contracts, services and supplies	11,373	10,474	11,853	12,276	13,724	13,946	13,627	16,179	18,522	18,611
Solid waste fees	5,012	5,153	5,279	5,495	5,801	5,848	5,760	6,029	6,043	6,151
Depreciation and depletion	8,737	10,069	8,198	9,582	(3,572)	8,802	7,898	14,103	12,849	9,741
Landfill closing expenses	687	(2,496)	911	1,014	(7,780)	2,981	487	1,813	(1,695)	1,054
Other	-	-	324	159	237	370	252	112	204	357
Operating expenses	35,269	31,944	36,121	39,543	19,763	45,653	40,957	44,335	46,067	50,579
Operating income	\$ 15,738	\$ 21,925	\$ 19,260	\$ 17,248	\$ 42,160	\$ 12,267	\$ 17,501	\$ 20,838	\$ 19,059	\$ 11,383

	2014	2015	2016	Restated 2017	2018	2019	2020	2021	2022	2023
Non-operating revenues (expenses):										
Interest expense	\$ (3,522)	\$ (3,871)	\$ (3,561)	\$ (3,032)	\$ (2,972)	\$ (3,327)	\$ (2,213)	\$ (2,141)	\$ (1,957)	\$ (1,803)
ERIP interest expense	(3)	-	-	-	-	-	-	-	-	-
Deferred Outflows: Phoenix	-	(1,196)	-	-	-	-	-	-	-	-
Interest earnings	214	530	608	601	1,398	2,646	2,238	(494)	(2,682)	5,735
Capital contributions received	-	1,105	-	-	-	-	-	-	-	-
Grant revenues	-	-	-	-	-	367	236	18	-	41
Grants awarded	(147)	(131)	(215)	(137)	(126)	(1,256)	(548)	(264)	73	(153)
Bad debt expense	(1,773)	(8)	-	-	-	-	-	-	-	-
Impairment of long-lived assets	-	-	-	-	-	-	-	-	-	-
Lease Revenue	-	-	-	-	-	-	-	-	-	55
Gain (loss) on disposal of assets	184	(1,110)	101	21	232	16	348	62	235	78
Total non-operating expenses	(5,047)	(4,681)	(3,067)	(2,547)	(1,468)	(1,554)	61	(2,819)	(4,331)	3,953
Change in net position	10,691	17,244	16,193	14,701	40,692	10,713	17,562	18,019	14,728	15,336
Total net position - beginning	(10,214)	(4,377)	12,867	29,060	38,999	79,691	90,405	107,967	125,986	140,714
Change in accounting principle ²	(4,853)	-	-	(4,762)	-	-	-	-	-	-
Total net position - ending	\$ (4,376)	\$ 12,867	\$ 29,060	\$ 38,999	\$ 79,691	\$ 90,404	\$ 107,967	\$ 125,986	\$ 140,714	\$ 156,051

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 a result of the change in accounting principle, recoreded a restatement in 2017 net position.

Source: SWACO

SWACO
Schedule of Revenues, Expenses and Changes in Net Position
2023 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	\$ 45,043	\$ 45,043	\$ 42,986	\$ -	\$ -	\$ -	\$ 45,043	\$ 45,043	\$ 42,986	\$ (2,057)
Waste transfer fees	7,903	7,903	7,211	-	-	-	7,903	7,903	7,211	(692)
Generation fees	-	-	-	6,481	6,481	6,240	6,481	6,481	6,240	(241)
Sale of landfill gas	8,217	8,217	4,842	-	-	-	8,217	8,217	4,842	(3,375)
Interfund charges ³	-	-	357	-	-	-	-	-	357	357
Other ³	500	500	377	-	-	1	500	500	378	(122)
Total operating revenues	61,663	61,663	55,773	6,481	6,481	6,241	68,144	68,144	62,014	(6,130)
Operating expenses:										
Salaries, wages and benefits ²	13,089	13,089	13,378	1,524	1,524	1,286	14,613	14,613	14,664	(51)
Contracts, services and supplies	16,279	16,279	15,223	3,588	3,588	3,388	19,867	19,867	18,611	1,256
Solid waste fees	6,523	6,523	6,151	-	-	-	6,523	6,523	6,151	372
Depreciation ³	-	-	4,801	-	-	145	-	-	4,946	(4,946)
Amortization of Leases	-	-	87	-	-	-	-	-	87	(87)
Depletion ³	-	-	4,709	-	-	-	-	-	4,709	(4,709)
Landfill closing costs ³	-	-	1,054	-	-	-	-	-	1,054	(1,054)
Interfund charges ³	-	-	-	-	-	357	-	-	357	357
Total operating expenses	35,891	35,891	45,403	5,112	5,112	5,176	41,003	41,003	50,579	(8,862)
Operating income	\$ 25,772	\$ 25,772	\$ 10,370	\$ 1,369	\$ 1,369	\$ 1,065	\$ 27,141	\$ 27,141	\$ 11,436	\$ (15,705)

	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	\$ -	\$ -	\$ (1,803)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,803)	\$ (1,803)
Interest earnings	-	-	5,478	-	-	256	-	-	5,734	5,734
Grants Recieved	-	-	-	-	-	41	-	-	41	41
Grants awarded	-	-	(2)	410	410	(152)	410	410	(154)	(564)
Gain (loss) on disposal of assets	-	-	78	-	-	-	-	-	78	78
Lease Revenue	-	-	5	-	-	-	-	-	5	5
Total non-operating revenues (expenses)	-	-	3,756	410	410	145	410	410	3,901	3,491
Change in net position	25,772	25,772	14,126	1,779	1,779	1,210	27,551	27,551	15,337	(12,214)
Total net position - beginning (restated)	-	-	132,388	-	-	8,326	-	-	140,714	140,714
Total net position - ending	<u>\$ 25,772</u>	<u>\$ 25,772</u>	<u>\$ 146,514</u>	<u>\$ 1,779</u>	<u>\$ 1,779</u>	<u>\$ 9,536</u>	<u>\$ 27,551</u>	<u>\$ 27,551</u>	<u>\$ 156,051</u>	<u>\$ 128,500</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 2014 - 2023 (in tons)²

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Solid waste received by SWACO:										
Jackson Pike Transfer Station	241,938	233,331	263,927	261,643	255,130	236,381	258,653	290,129	320,503	312,415
Morse Road Transfer Station	212,358	245,239	251,196	254,338	278,781	258,607	266,324	288,013	278,562	266,285
Georgesville Road Transfer Station	-	-	-	-	-	-	-	-	-	-
Subtotal Transfer stations	454,296	478,570	515,123	515,981	533,911	494,987	524,977	578,142	599,065	578,700
Sanitary Landfill	563,149	590,242	575,679	621,368	694,033	745,449	652,784	652,401	639,530	653,793
Total solid waste received by SWACO	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945	1,240,437	1,177,761	1,230,543	1,238,595	1,232,493
Adjustments ¹	(706)	(5,384)	(6,424)	(5,680)	(6,182)	(7,189)	(6,300)	(10,422)	(7,430)	(9,913)
Solid waste landfilled - Franklin County Sanitary Landfill	1,016,739	1,063,428	1,084,378	1,131,669	1,221,763	1,233,248	1,171,461	1,220,121	1,231,165	1,222,580
Tons landfilled per EPA report										

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 2014 - 2023
(tons received)^{3,4}

Customer	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
City of Columbus Refuse Collection	291,520	304,062	306,795	314,531	321,067	315,860	343,122	335,297	312,824	302,850
Rumpke Waste/Rumpke Container/Rumpke Transfer	199,429	183,801	179,740	192,356	197,379	195,464	196,394	218,236	229,449	239,137
Local Waste Services LLC/ Local Waste Transfer	106,680	118,260	119,146	129,046	144,559	147,378	134,298	141,113	156,630	155,470
Republic Waste Systems	194,333	208,005	209,926	207,613	207,129	188,562	153,407	163,037	156,095	148,057
Waste Management of Ohio / Waste Management Transfer	109,110	104,273	110,139	121,036	125,032	120,614	105,147	98,514	86,577	94,574
Boren Bothers	#	#	6,451	19,339	37,097	45,535	42,210	59,899	69,310	86,732
Alpha Waste Services	*	*	*	#	#	7,277	9,570	10,879	13,027	15,321
Consolidated Container Group	*	*	*	*	*	*	*	*	#	7,373
Pride Hauling & Recycling LLC	*	*	*	*	*	#	#	#	#	6,815
City\Street Engineer & Const.	9,855	9,438	7,399	7,352	7,168	6,076	4,269	#	#	6,811
Site Services Group LLC	*	*	*	*	*	#	#	8,465	7,475	#
Capitol Waste & Recycling	25,016	33,551	38,777	37,617	41,253	46,482	44,605	46,834	#	*
Granite Construction Company	#	#	#	#	#	#	#	#	22,106	*
Columbus Auto Shredding Inc.	8,184	23,630	12,902	15,140	37,885	40,672	30,667	25,005	14,092	*
Westrock	*	*	#	#	6,680	#	#	#	#	#
City of Upper Arlington	6,964	7,158	#	#	#	#	#	#	#	#
City/Southerly Waste Water Plant	#	4,161	#	#	#	#	#	#	#	*
Mars Petcare U.S./Northstar Recycling Comp	5,782	#	*	*	*	*	#	*	*	*
Total Top Ten Customers	966,727	1,005,775	1,010,014	1,056,396	1,132,418	1,119,996	1,067,958	1,107,279	1,067,586	1,063,140
Total tons received by SWACO ¹	1,017,445	1,068,812	1,090,802	1,137,349	1,227,945	1,240,437	1,177,761	1,230,543	1,238,595	1,232,493
Top Ten customer % of total received	95%	94%	93%	93%	92%	90%	91%	90%	86%	86%
Total tons generated within District ²	1,023,487	1,082,034	1,104,074	1,150,337	1,243,519	1,256,011	1,206,076	1,255,469	1,252,131	1,267,685
Top Ten customer % of total waste disposal	94%	93%	91%	92%	91%	89%	89%	88%	85%	84%

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.

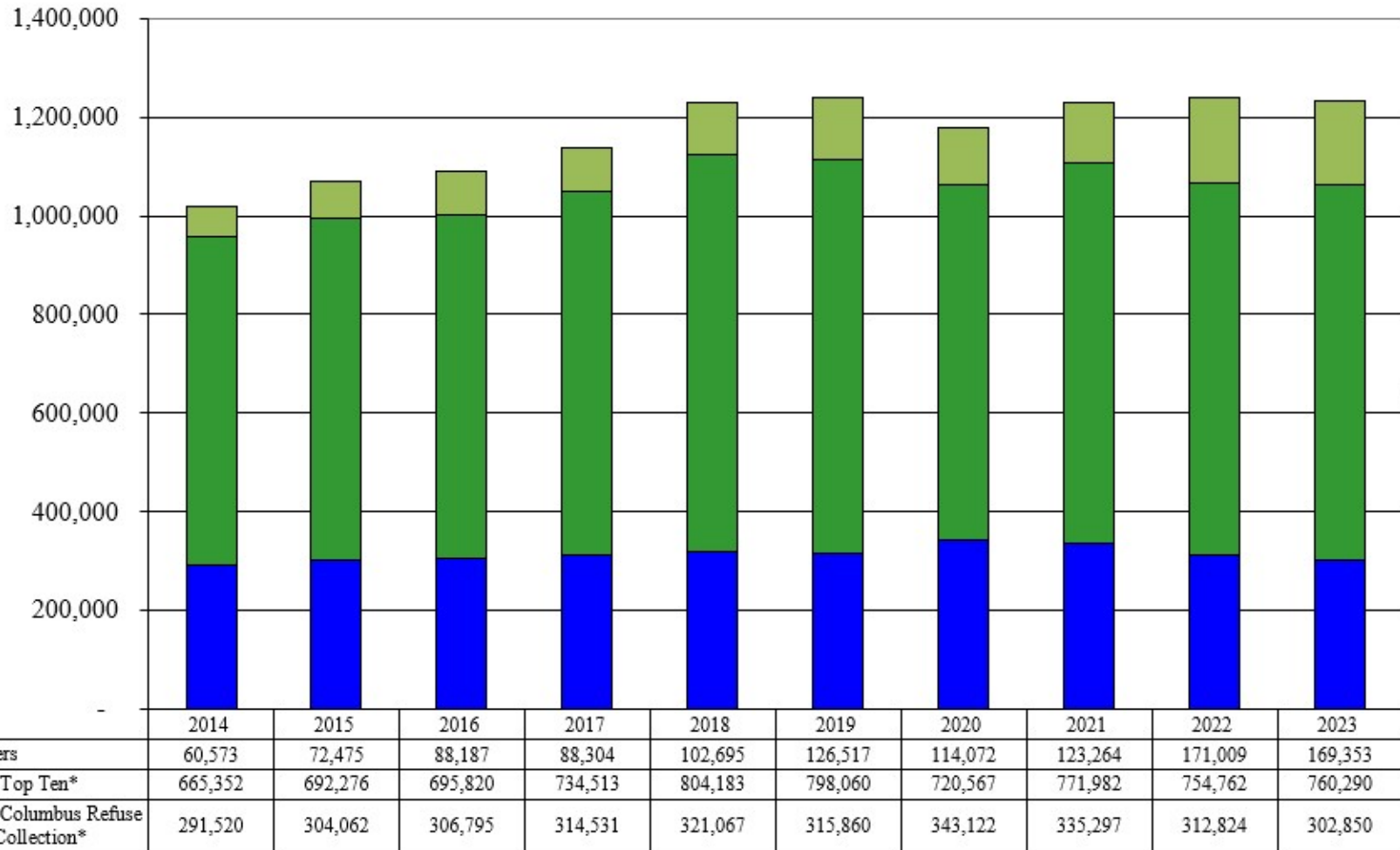
³ Totals may not add due to rounding.

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) 2014 - 2023



Source: SWACO

*See notes to Table 5

SWACO
Disposal Rates 1992-2023

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

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

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

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

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

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

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

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

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

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

¹⁰ Compost facility was closed December 2009.

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

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

**SWACO
Franklin County Sanitary Landfill Airspace Capacity
Total Permitted, Annual Used, and Permitted Remaining 2014-2023
(cubic yards)**

Year	Total Permitted Airspace	Annual Airspace Used	Permitted Airspace Remaining
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 ³
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
2022	97,000,000	1,727,895	68,287,384
2023	97,000,000	1,654,744	66,856,277

At Maximum

Permitted Receipts²⁻

At 2023 Receipts

Remaining landfill life

21.6

40.4

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

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

³ 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 2014 - 2023¹

Facilities	2014	2015	2016³	2017^{2,3}	2018	2019	2020⁴	2021	2022	2023
SWACO	1,002,940	1,038,319	1,059,238	1,134,798	1,181,437	1,185,564	1,174,179	1,230,543	1,238,595	1,232,493
Republic Waste	4,868	4,117	5,491	6,027	4,684	5,704	5,249	2,042	2,395	2,028
Rumpke Waste	92	54	22	5	-	-	-	21	-	-
Waste Management	894	8,583	7,642	6,891	10,517	9,123	2,170	3,634	3,156	32,094
Other	188	468	116	64	373	66	43	76	18	1,259
Total⁵	1,008,982	1,051,541	1,072,509	1,147,786	1,197,011	1,200,456	1,181,641	1,236,317	1,244,164	1,267,875

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.

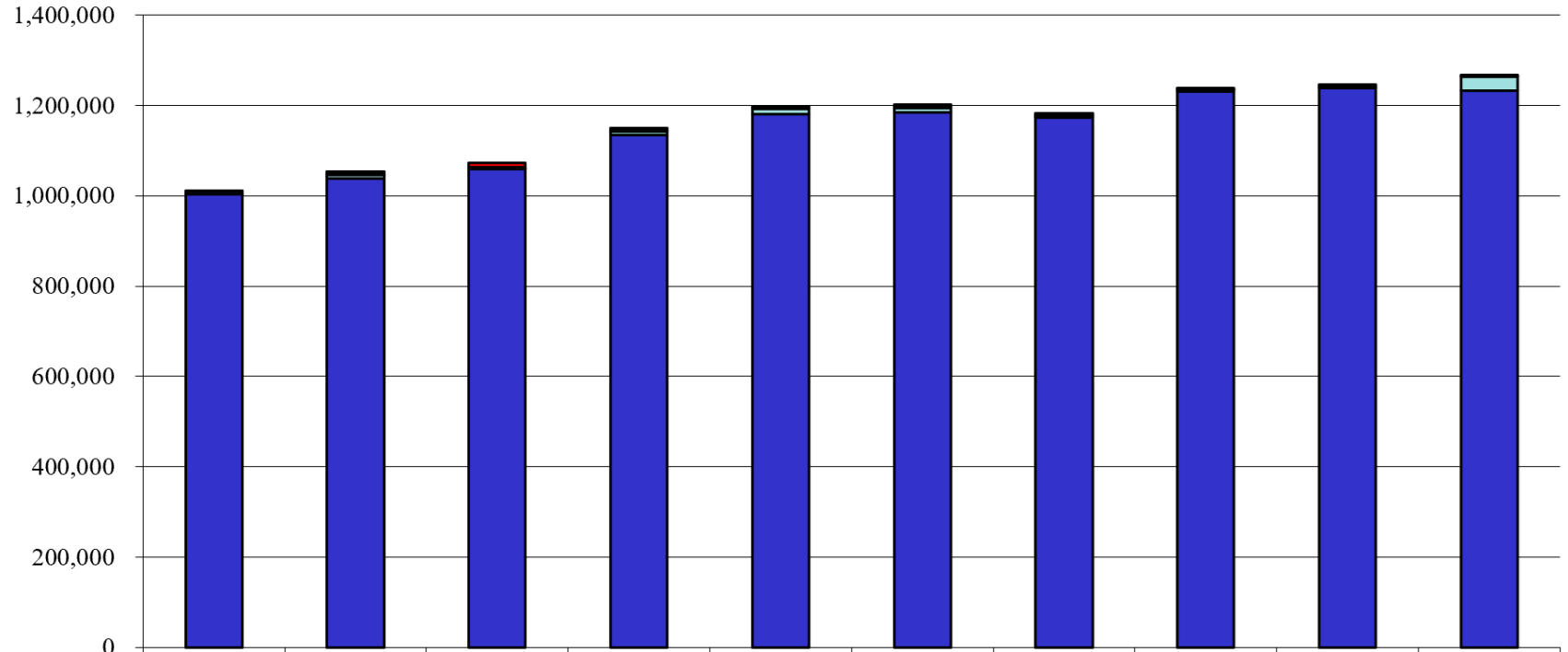
³ Adjusted totals for each facility, total amount for all remains the same.

⁴ Updated tonnage amounts.

⁵ Totals may not add due to rounding.

Source: SWACO

Generation Fee Tonnage Reported 2014 - 2023



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Other	188	468	9,288	64	373	66	43	76	18	1,259
Republic	4,868	4,117	3,707	6,027	4,684	5,704	5,249	2,042	2,395	2,028
Rumpke	92	54	22	5	0	-	-	21	-	-
Waste Management	894	8,583	254	6,891	10,517	9,123	2,170	3,634	3,156	32,094
SWACO	1,002,940	1,038,319	1,059,238	1,134,798	1,181,437	1,185,564	1,174,179	1,230,543	1,238,595	1,232,493

SWACO
SWACO Program Activity - Tons Collected 2014-2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total tons of waste recycled:										
Yard waste composting	204,038	170,960	291,519	334,422	348,282	297,528	268,659	305,741	434,859	435,499
Drop-off recycling	9,524	9,087	8,575	7,088	6,017	5,590	6,008	6,125	5,502	4,473
Household hazardous waste	170	383	260	252	194	250	330	353	334	338
Tire collection	94	93	n/a	n/a	n/a	n/a	n/a	n/a	32	51
Scrap metal recycling	89	5	82	46	46	48	n/a	16	92	42
Total²	213,915	180,528	300,436	341,808	354,538	303,416	274,997	312,234	440,819	440,403

Tires and White Goods Received 2014- 2023¹

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tires (each)	13,712	12,267	14,388	12,735	8,860	9,496	7,794	4,063	6,119	7,689
White goods (each)	115	269	486	412	533	486	647	491	1,110	1,025

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

² Totals may not add due to rounding.

Source: SWACO

SWACO
Household Hazardous Waste Collection 2014 - 2023
(in pounds)

Material classification	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Bulked flammables	93,729	136,594	95,917	122,770	98,859	119,659	133,644	150,681	135,128	193,621
Paint	70,535	388,821	192,707	92,030	52,275	75,345	133,356	205,976	153,788	148,635
Aerosol-pesticides	34,597	69,603	52,600	70,803	53,220	77,988	100,457	90,843	78,366	82,247
Used oil /antifreeze	38,665	33,598	46,261	31,225	48,644	54,151	62,706	47,835	50,987	44,071
Putty & adhesives	24,167	37,570	35,837	44,795	33,174	40,603	48,544	44,994	58,013	55,131
Aerosol-flammables	14,285	25,152	22,048	26,056	22,789	31,272	19,266	31,682	27,263	29,290
Household cleaners	11,193	16,456	15,673	16,912	16,618	22,070	26,626	19,593	24,858	13,659
Lead/acid batteries	9,443	14,251	19,877	21,330	16,983	21,508	26,561	23,747	20,771	21,773
Acids/bases	13,124	14,231	8,695	11,701	9,543	14,457	19,896	18,030	17,266	16,051
Fluorescent light bulbs	9,026	8,264	7,947	9,579	8,950	9,544	11,993	11,487	12,071	10,689
Dry cell batteries	8,994	11,057	12,216	12,378	9,766	10,175	15,925	7,926	15,846	12,232
Propane cylinders	2,915	3,544	3,013	3,139	2,682	4,475	4,810	3,436	3,959	4,072
Oxidizers	3,310	3,903	3,673	5,023	6,174	7,242	8,291	6,886	10,624	7,770
NiCad batteries	660	508	1,036	1,187	1,230	1,403	2,138	1,687	1,761	1,299
Lithium batteries	505	348	1,090	1,099	1,387	1,328	3,309	2,853	4,402	1,964
Reactive lab pack/alum paint	254	558	1,033	554	741	431	1,832	1,912	11,570	4,570
Fire extinguishers	683	827	431	1,157	849	962	1,219	1,378	1,679	1,768
Elemental mercury	215	118	75	216	445	367	459	540	740	529
Poisons	1,385	767	239	924	83	857	2,382	205	910	924
Cylinders	821	90	90	296	91	197	262	245	-	279
Freon	252	1	1	242	187	17	138	51	65	213
Miscellaneous waste	1,481	383	644	1,419	272	2,717	443	2,048	-	1,888
Asbestos	-	-	-	2	-	1	-	77	49	2
Lab pack A	-	-	-	-	-	-	-	-	-	-
Lab pack B	-	-	-	-	-	-	-	-	-	-
Loosepack fuels	-	-	-	-	-	2,984	35,605	30,925	-	24,304
Total:	340,239	766,644	521,103	474,837	384,962	499,753	659,862	705,037	630,116	676,981

Source: SWACO and Environmental Enterprises, Inc.

SWACO
Number of Employees by Function 2014-2023²

Function	2014¹	2015¹	2016¹	2017¹	2018¹	2019¹	2020	2021	2022	2023
Administration	12.5	17	14	17	18	17.5	15.5	17.5	16.5	21
Operations ³	83	83.5	85	85.5	85.5	89	89	92	95	98
Programs	2.5	4.5	4.5	5	4	6	6	8	8	7
Total	98	105	103.5	107.5	107.5	112.5	110.5	117.5	119.5	126.0

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 2013A Solid Waste Facility Improvements and Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
2024	960,000	4.000%	95,600	1,055,600
2025	935,000	4.000%	57,200	992,200
2026	495,000	4.000%	19,800	514,800
Total	<u>\$ 2,390,000</u>		<u>\$ 172,600</u>	<u>\$ 2,562,600</u>

Net interest cost (%) 2.731%

Totals may not add due to rounding.

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

SWACO
Series 2013B Solid Waste Facility Improvements and Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
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	\$ 1,700,000		\$ 178,063	\$ 1,878,063

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.

SWACO
Series 2016 Solid Waste Facilities Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
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>\$ 27,995,000</u>		<u>\$ 4,551,400</u>	<u>\$ 32,546,400</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.

SWACO
Series 2019 Solid Waste Facilities Refunding Bonds

Year	Principal	Coupon	Interest	Total Debt Service
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	\$ 19,035,000		\$ 3,921,830	\$ 22,956,830

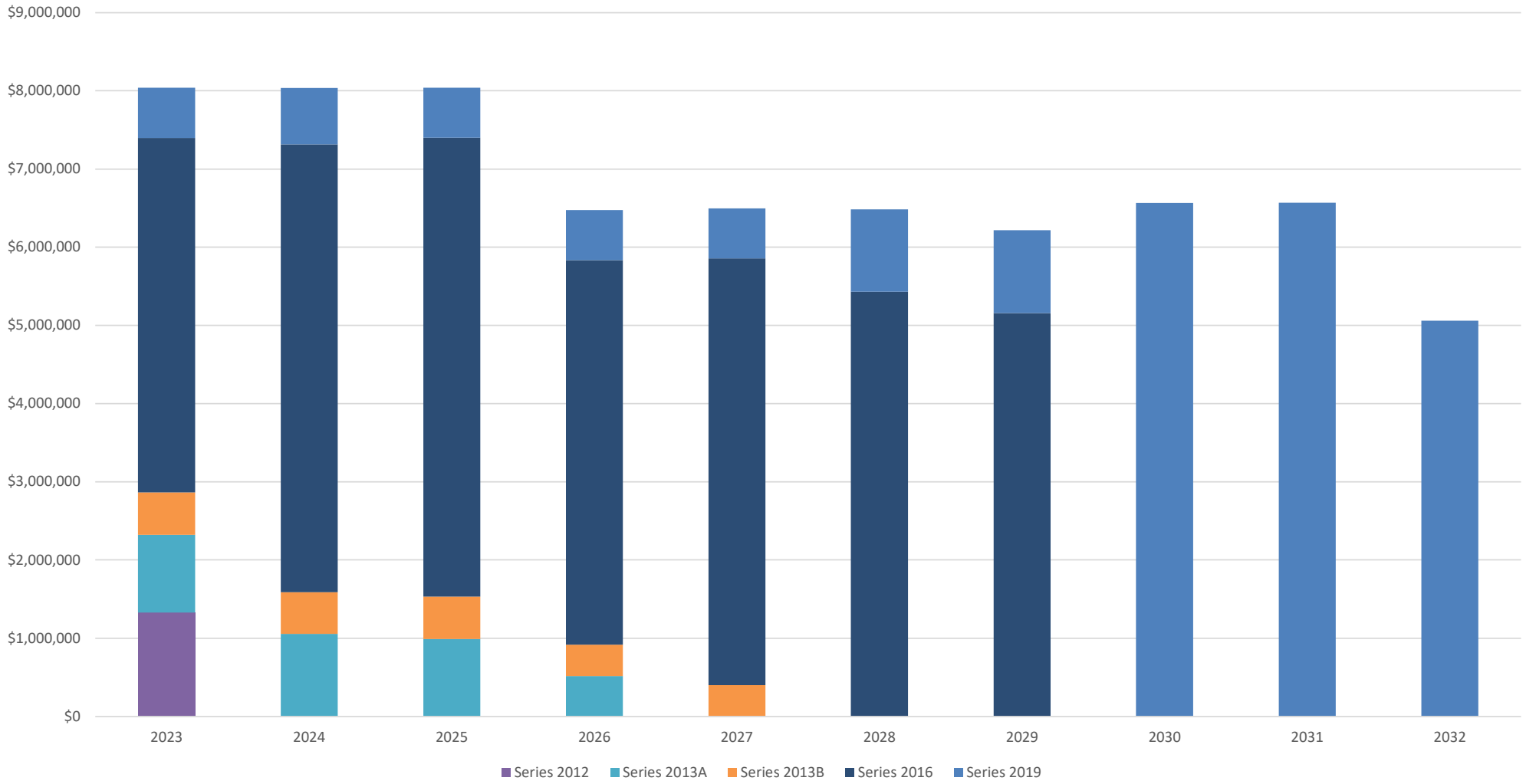
Net interest cost (%) 275.000%

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.

Solid Waste Authority of Central Ohio Debt Service (principal and interest)



Source: SWACO

SWACO
Total and General Obligation Debt Ratios 2014 - 2023

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) ^{2,7} (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
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
2022	2023	56,905	1,382,523	41	56,905	39,472,123	0.14%	8,042	1,238,595	6.49
2023	2024	\$ 52,678	1,383,799	38	\$ 52,678	\$ 53,417,953	0.10%	\$ 8,040	1,232,493	\$ 6.52

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.

⁷ Ohio Municipal Advisory Counsel.

Source: SWACO

SWACO
Indirect Debt and Property Tax Limitations, June 17, 2024

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 17, 2024.

Overlapping Jurisdictions	Millage required	Unallocated Millage
SWACO, Franklin County, the City of Hilliard, Dublin City School District, Washington Township & Central Ohio JVS	8.7078	1.2922
SWACO, Licking County, the City of Reynoldsburg, Southwest Licking Local School District, Etna Township & Licking County C-TEC	3.9039	6.0961
SWACO, Union County, the City of Dublin, Washington Township, Dublin City School District, & Tolles Career and Tech	6.0805	3.9195
SWACO, Delaware County, the City of Westerville, Westerville City School District, & Olentangy LSD	5.4280	4.5720
SWACO, Fairfield County, Reynoldsburg and Violet Township, Pickerington Local School District & Eastland Career Center	3.9150	6.0850

SWACO
Ten Largest Employers 2023 and 2014
Franklin County, Ohio

Employer	2023⁵			Employer	2014⁵	
	Principal Business	Number of Employees	% of Total Employment		Number of Employees	% of Total Employment
The Ohio State University	Education	34,661	4.9%	The Ohio State University	28,710	4.4%
State of Ohio	Government	23,410	3.3%	State of Ohio	23,692	3.6%
Ohio Health	Health Care	21,950	3.1%	JP Morgan Chase	20,475	3.2%
JP Morgan Chase	Finance	18,600	2.6%	OhioHealth	19,652	3.0%
Nationwide Children's Hospital	Health Care	14,242	2.0%	Nationwide Mutual Insurance	12,433	1.9%
Nationwide Mutual Insurance Co.	Insurance	11,000	1.5%	Kroger Co.	11,068	1.7%
Kroger Co.	Retail	10,925	1.5%	Mount Carmel Health Systems	8,362	1.3%
Amazon	Retail	9,262	1.3%	Nationwide Children's Hospital	8,243	1.3%
City of Columbus	Government	8,855	1.2%	Columbus City Schools	8,195	1.3%
Columbus City Schools	Education	8,235	1.2%	Honda North America Inc.	7,900	1.2%
Subtotal		161,140	22.6%	Subtotal	148,730	22.9%
Total estimated Franklin County employment ⁵		<u><u>714,300</u></u>	<u><u>100.0%</u></u>	Total estimated Franklin County employment ⁵	<u><u>649,100</u></u>	<u><u>100.0%</u></u>

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

³ Franklin County, Ohio.

⁴ Franklin County Auditor

⁵City of Columbus ACFR

Note: This table includes full-time employees only.

Table 19

District and Franklin County Demographic Statistics 2014 - 2023^{1,6}

Tax Year	District Population ²	Total Assessed Value Taxable District Property ³ (in thousands)	Franklin County Only			
			Population ^{2,5}	Per Capita Income ^{2,5}	Median Age ⁵	Total Assessed Value Taxable County Property ⁵ (in thousands)
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
2022	1,382,523	39,472,124 ⁵	1,321,820	N/A	N/A	N/A
2023	1,383,799	\$ 53,417,953 ⁵	1,323,807	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.

Average Unemployment Rates 2014 - 2023

Year	Franklin County	State of Ohio	United States
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
2022	3.4% ²	4% ²	3.6% ²
2023	3.2% ³	3.5% ³	3.6% ³

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, 2023

Sanitary Landfill

See Note 6 - Capital Assets, page 2-32 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	37
Landfill dozers	7		Transfer trailers	36
Excavator/grader/track loader	6		Front-end loaders	5
Articulated dump trucks	4		Trackhoes	0
Trailer tippers	4		Service vehicles and other	10
Water trucks	2		Material handlers	3
Other landfill vehicles and equipment	30			
			<u>Other vehicles and equipment</u>	
<u>Recycling Programs</u>			Roll-off trucks	2
Recycled materials front-load trucks	4		Pickup trucks	28
Drop-box containers	246		Cars and passenger vans	3
			Street sweepers	3
			Large mowers	3
			Cargo trailers	2
			Miscellaneous	15

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 (*Government Auditing Standards*), 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, 2023, and the related notes to the financial statements, which collectively comprise SWACO's basic financial statements, and have issued our report thereon dated June 27, 2024.

Report on 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 were not 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.
Dublin, Ohio
June 27, 2024