

Delaware Solid Waste Authority 2010 Annual Report





Jones Crossroads Landfill

Inside

Chairman Of The Board Letter	2
Board Of Directors	3
Chief Executive Officer Letter.....	4
Solid Waste Management Services	5
DSWA Landfills.....	6
DSWA Transfer Stations	9
DSWA Collection Stations.....	12
Landfill Gas-To-Green Power	13
Recycling With DSWA.....	14
Delaware Recycling Center.....	14
Drop-Off Centers.....	16
Single-Stream Curbside Recycling.....	16
Electronic Goods Recycling.....	17
Oil And Oil Filter Recycling	18
Curbside Yard Waste Recycling	19
DSWA Public Education In 2010	20
Household Hazardous Waste Collection	22
Statewide Solid Waste Management Plan	23
Financial Statements	1



Look for this symbol to see how DSWA uses our "Green" opportunities.

From the Chairman of the Board



Richard V. Pryor
Chairman of the Board

The economy continued to dominate the operations of the Delaware Solid Waste Authority in Fiscal Year 2010. We saw: stubborn unemployment highlighted by the shut-down effects of the Chrysler plant in Newark and Valero refinery in Delaware City; huge budget deficits at all levels of state and local government; falling new-home construction; and depressing real estate sales and development both residentially and commercially. With this kind of economic environment well into its third year, not surprisingly, the Authority's overall tonnage decreased by about 6.5% from FY 2009 (which in turn was itself about 18% lower than FY 2008). Once again, this called for a number of additional stringent expenditure reductions while still maintaining the Authority's legislative mandates and contractual obligations.

Notwithstanding these sobering factors, we did move forward with two long-planned major construction projects to expand the Sandtown and Jones Crossroads landfills, ensuring landfill capacity for Kent and Sussex counties' solid waste for at least another 15 years at each location.

FY 2010 also marked the concluding year of the 2005-2010 term of Differential Disposal Fee ("DDF") contracts. Those expiring DDF contracts had *no* tipping fee increases during that term. The declining tonnage and the costs of the Cherry Island Landfill expansion project that marked the final three years of the contract period required us to incorporate substantial new economic terms in our more abbreviated DDF program for FY 2011 through FY 2013. We had to increase the DSWA tipping fee at landfills statewide by as much as 50%, net of allowable rebates, while still remaining relatively competitive with landfills in our surrounding Mid-Atlantic region. Nevertheless, this sharp increase required our executive team and staff to engage our customers in frank, ongoing discussions over the need for new rates and the overall benefits of the new DDF contracts. We are extremely pleased to report that nearly 100% of the previous DDF customers signed the new contracts.

As in the previous few years, our executive management team rose to the occasion by recommending and implementing a number of stringent expenditure reductions while meeting DSWA's contractual obligations and legislative mandates.

In May 2010, representatives of DSWA's Board of Directors and senior management made a presentation to the two principal bond-rating agencies in New York City. The Authority successfully maintained its A2 rating from Moody's despite the gloomy overall economy. Particularly notable, Standard & Poor's *upgraded* our rating from AA to AA+. Both of these assessments reflect a recognition by objective third parties of the Authority's strong and disciplined fiscal management despite an extraordinarily difficult business climate and allowed us to sell at favorable costs \$43 million in bonds in order to fund our new construction projects mainly, but not exclusively, in Kent and Sussex counties.

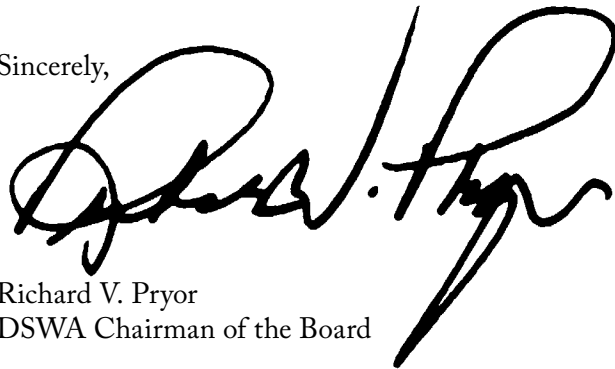
FY 2010 also saw Governor Markell's successful initiative to bring universal recycling to Delaware. DSWA worked with the Governor's office, the state Department of Natural Resources and Environmental Control (DNREC), and several private support groups to see Senate Bill 234 signed into law this past June. Under the new law, effective September 15, 2011, DSWA will no longer provide *curbside* recycling-related services, as these collection services will be assumed by the private sector or, in certain local jurisdictions, be continued by already extant municipal collection programs, such as in the City of Wilmington.

This past year also saw a change in our board of directors. After serving 13 years, William J. DiMondi's term expired, and Governor Markell appointed, with the advice and consent of the state Senate, Gregory V. Moore, P.E., to a three-year term on the Board. It has been a distinct personal pleasure, which is shared by my other colleagues on the Board, to have worked with Bill DiMondi. He was refreshingly tenacious on details concerning

contracts and provided exceptional insight and vision into DSWA's ongoing mission and strategic outlook. While he will be truly missed, we welcome Mr. Moore, Principal Civil Engineer and Dover operations Director for the Becker Morgan Group; Greg's knowledge in construction and business will be particularly valuable to our leadership team.

Finally, on a personal note, we sadly recognize the passing of another distinguished member of the DSWA extended family. On October 10, 2009, Earp F. Jennings, a retired member of the Board, died following a short illness. Earp served on the DSWA Board from 1977 to 1993, including as Chairman from 1991 to 1993. Retired from Hercules Corporation as Chief Engineer after 38 years of service, he brought deep professional insight into the deliberations of this Board, but beyond that, a delightfully challenging yet collegial, almost mentoring, "show me" approach to overall policy development and operations. Having maintained a keen interest in the Authority for the nearly 17 years after his DSWA "retirement," Earp is so very greatly missed by us all.

Sincerely,



Richard V. Pryor
DSWA Chairman of the Board

Board of Directors Serving Us To Serve You

The Delaware Solid Waste Authority's Board of Directors is comprised of Delaware residents from all over the state and different walks of life. Board Members are appointed by the Governor to serve a three year term. The Senate must confirm all members and the Chairman serves at the pleasure of the Governor. Board members serve voluntarily and without pay. Serving on the Board takes a strong commitment given that they serve as a working group and not an advisory group attending meetings, public hearings, workshops and other DSWA events. The Board of Directors sets policies and makes decisions regarding current operations, programs and planning. This group of dedicated individuals is very visible throughout DSWA everyday and they take an active role in not just decision-making, but in the life of the DSWA family. It's not unusual for a Board member to stop by the office of DSWA employees just to say hello and see how they are doing. Working together with DSWA staff, the Board takes pride in serving Delaware.



Ronald G. McCabe
Vice Chairman



Theodore W. Ryan



Tonda L. Parks



Timothy P. Sheldon



Gerard L. Esposito



Gregory V. Moore
P.E.

From the Chief Executive Officer



Pasquale S. Canzano
P.E., BCEE
Chief Executive Officer

I can't help but think that everyone is weary hearing about the state of our economy and its negative effects. It's time to focus on the positive outcomes, which have resulted from our actions and sound business judgment during the past year. Again, I have to credit everyone within DSWA for rising to the occasion by reducing expenditures and meeting budget adjustments as our tonnage and revenues continued to decline. As a result, we maintained all of our services, facilities and programs and in some instances expanded our recycling programs.

This year required DSWA to sell an additional \$43 million in revenue bonds to finance two major landfill expansion projects. The strength of our executive management team's business judgment and fiscal management were put to the test by the bond rating agencies. The result was an upgrade in our bond rating from AA to AA+ by Standard & Poor's while Moody's maintained our A2 rating. DSWA's bonds do not have the faith and credit of the State pledged behind them and are rated on the strength of DSWA and its operations. This translated into attractive low interest

rates on our bonds, which quickly sold this past June. I have to credit not only my executive management team, but also our Board Chairman and other members of our Board who participated in the presentations before the rating agencies.

Integral to DSWA's revenue stream are the contractual agreements with the public and private haulers for delivering their solid waste to our facilities. Prior to the expiration of the agreements this fiscal year, DSWA successfully negotiated new agreements, which will extend for three years beyond June 30, 2010. In addition to assuring a reliable revenue stream for DSWA, the agreements treat the haulers as business customers rather than as regulated businesses. As such, we are both required to meet a standard of good business practice and cost control to remain competitive in the marketplace. Ultimately, the public we serve derives the benefits of cost effective solid waste management services.

I have to credit everyone within DSWA for rising to the occasion by reducing expenditures and meeting budget adjustments as our tonnage and revenues continued to decline.

This legislative year was punctuated with the passage of Delaware's Universal Recycling Law. The Law will require DSWA to stop its curbside recycling program no later than September 15, 2011. However, on a positive note, all public and private haulers will be required to offer curbside recycling services to everyone in the state, representing a new business opportunity for the hauling industry. As a result of DSWA's initiative to provide curbside recycling services to almost 45,000 households over the past five years, we have created a ready market for the industry. Also, I must commend our curbside recycling staff for their outstanding work and achievement in providing first class service to the people of Delaware.

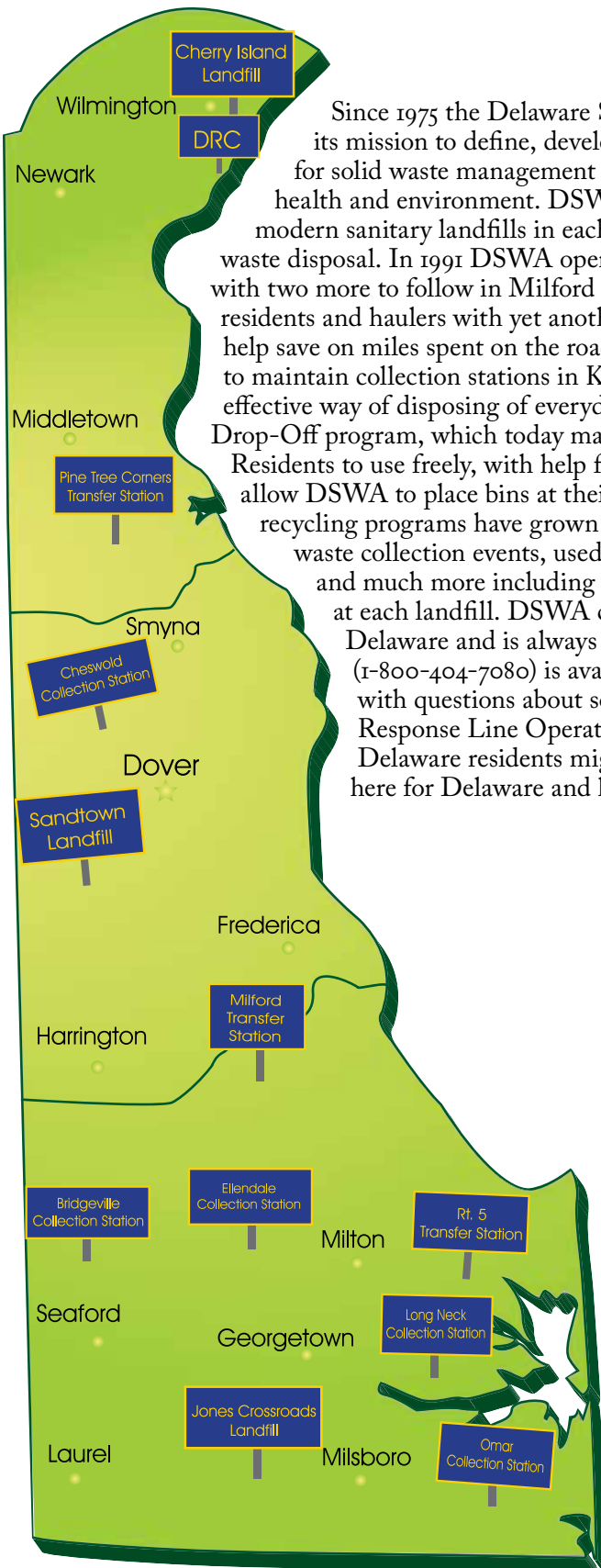
In closing, I must mention the passing of Mr. Earp F. Jennings last fall. Earp was not only a former Board member and Chairman, but also a dear friend. I had the pleasure of seeing him just shortly before his passing and his keen intellect was intact even as he celebrated 92 years of age. I will miss his words of wisdom, good humor and friendship.

Sincerely,

A large, stylized handwritten signature in black ink that reads "Pasquale Canzano". The signature is fluid and cursive, with a long, sweeping underline.

Pasquale S. Canzano P.E., BCEE
Chief Executive Officer

Solid Waste Management and Services



Since 1975 the Delaware Solid Waste Authority (DSWA) has remained true to its mission to define, develop, and implement cost-effective plans and programs for solid waste management which best serve Delaware and protect our public health and environment. DSWA began its commitment to Delaware by building modern sanitary landfills in each county that are still being used today for solid waste disposal. In 1991 DSWA opened its first transfer station in Townsend, Delaware with two more to follow in Milford and Harbeson in 2006. The transfer stations provide residents and haulers with yet another location for disposing of solid waste, which can help save on miles spent on the road, gas emissions, and time. DSWA also continues to maintain collection stations in Kent and Sussex Counties for a convenient and cost effective way of disposing of everyday garbage. In 1990, DSWA began its Recycling Drop-Off program, which today maintains over 180 Drop-Off Centers for Delaware Residents to use freely, with help from local businesses, schools, and churches, who allow DSWA to place bins at their facilities voluntarily. Over the years, DSWA's recycling programs have grown to include electronics recycling, household hazardous waste collection events, used motor oil and oil filters, yard waste recycling, and much more including landfill gas-to-electricity to produce green power at each landfill. DSWA continues its commitment to the residents of Delaware and is always there for assistance. The Citizens' Response Line (1-800-404-7080) is available Monday-Friday from 8am-4:30pm for anyone with questions about solid waste disposal or recycling. Our Citizens' Response Line Operators are happy to assist with questions or problems Delaware residents might have. The Delaware Solid Waste Authority is here for Delaware and here for you!

Solid Waste Management is always within reach. Delaware Solid Waste Authority operates:

- 3 Landfills
- Recycling Center
- 3 Transfer Stations
- 5 Collection Stations
- and 180 Drop-Off Centers



Cherry Island Landfill 1706 E. 12th St., Wilmington, Delaware 19808

6



Operations Technician Joel Haley and Senior Facility Manager Robin Roddy at the landfill working face.

Cherry Island Landfill

At the end of fiscal year 2010 DSWA was nearing completion of the Cherry Island Landfill expansion project, which will provide approximately 12.8 million tons of disposal capacity to the landfill. The project, which began in 2006, includes the installation of a 60-foot high mechanically stabilized earth (MSE) wall that extends nearly 2 miles, making it one of the largest reinforced structures built over soft soils in the United States. In May the Cherry Island Landfill project was selected as the civil engineering project of the year by the American Society of Civil Engineers (ASCE) Delaware Section. DSWA accepted the award along with project construction contractor Severson Environmental and project engineering firm Geosyntec Consultants.



Directional Drilling



Landfill Gas Pipeline Installation



MSE Wall & Storm Water Control Structure



Utilities Installation

Sandtown Landfill 1107 Willow Grove Road (Rt. 10), Felton, Delaware 19943



Facility Manager Jason Munyan at Area F Construction

Sandtown Landfill

DSWA has long been committed to proper solid waste management for Delaware residents, which includes expanding facilities to meet growing needs. In order to increase waste disposal capacity at the Sandtown Landfill, DSWA initiated the design and construction of a new disposal cell, Area F. The Area F footprint will be located adjacent to the active waste disposal operations. Camp, Dresser & McKee, Inc. (CDM) is the Engineer-of-Record for the project. CDM has designed a cell that will be constructed in two phases. Phase 1 consists of 40 acres, and provide approximately 4.4 million tons of disposal capacity in the landfill. Phase 2 will include 19 acres, and provide approximately

3.1 million tons of disposal capacity in the landfill. Construction of Phase 1 for this project began in June 2010 and should be completed in October 2011. American Infrastructure is the construction contractor performing the work.



Area F Construction



Leachate Truck Loading facility



Area A/B Solar System



Area A/B Phytocap

Jones Crossroads Landfill

28560 Landfill Lane, Georgetown, Delaware 19947

8



Facility Manager Jim Vescovi at a groundwater monitoring well. Cell 5 is pictured in the background.

Jones Crossroads Landfill

In order to increase waste disposal capacity at the Jones Crossroads Landfill, DSWA initiated the design and construction of a new disposal area (Cell 5). The Cell 5 footprint will be located adjacent to the active waste disposal operations. Camp Dresser & McKee, Inc. (CDM) is the Engineer-of-Record for the project. Cell 5 will cover approximately 30-acres and is estimated to hold 3.4 million tons of additional capacity in the landfill. Construction began in June 2010 and is expected to be completed October 2011.



Cell 4 Working Face



Placement of Waste Cover Tarp



Drywall Recycling Area



Cell 5 Construction

Landfills

Pine Tree Corners Transfer Station 276 Pine Tree Road, Townsend, Delaware 19734

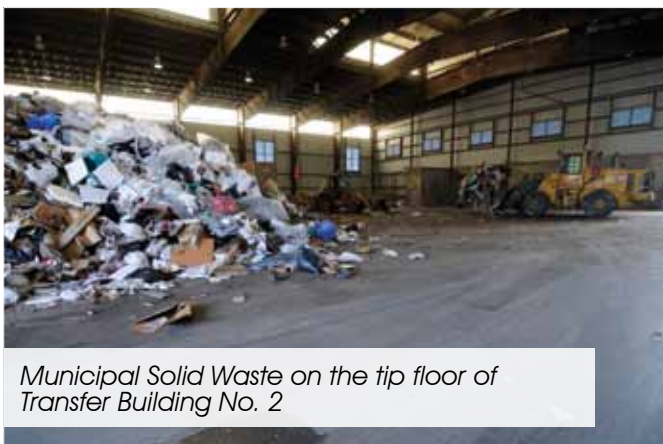


Aerial view of Pine Tree Corners Transfer Station in Townsend Delaware

Pine Tree Corners

Pine Tree Corners Transfer Station was built in Townsend and opened in 1991. This facility is available to public, commercial and residential customers in Southern New Castle County. Customers can bring trash to the Pine Tree Corners Transfer Station instead of driving to one of DSWA's landfills. Vehicles drive into an enclosed building where trash is dumped onto a concrete floor. A wheel loader carefully pushes the trash into a transfer trailer, which takes it to a DSWA landfill. Key features of the transfer station consist of a recycling Drop-Off Center, scale house, two scales, two transfer station buildings, and a trailer storage building. There is a separate transfer building for

residents. In addition, there are designated areas outside to recycle used appliances, tires, and yard waste. During fiscal year 2010 the facility celebrated the acceptance of its 1 millionth ton of waste.



Municipal Solid Waste on the tip floor of Transfer Building No. 2



Transfer Building No. 2 for Commercial Haulers



Small waste loads on tip floor of Transfer Building No. 1



Transfer Building No. 1 for small loads customers

Milford Transfer Station 1170 S. Dupont Hwy., Milford, Delaware 19963



Milford Transfer Station in Milford, Delaware

Milford Transfer Station

The Milford Transfer Station located just outside the city limits of the City of Milford opened on July 1, 2006 for the receipt and transfer of municipal solid waste. Customers can bring trash to the Milford Transfer Station instead of driving to one of DSWA's landfills. Vehicles drive into an enclosed building where trash is dumped onto a concrete floor. A wheel loader carefully pushes the trash into a transfer trailer, which takes it to a DSWA landfill. Key features of the transfer station consist of a recycling Drop-Off Center, scale house, two scales, and transfer station building. There is a separate waste deposit area for residents. In addition, there are designated areas outside to recycle used appliances, tires, and yard waste.

The Milford Transfer Station is also home to DSWA's recycling transfer operations. Recyclable material collected through DSWA's recycling programs as well as other recycling programs in the state is received in the Milford Transfer Station building, loaded into trailers and transferred to a Materials Recovery Facility for processing.



Weighmaster Vikki Collins handling a customer transaction at the scalehouse



Tip floor area for single stream recyclables



Waste unloading area for cars and pickups



Tip floor area for trash

Route 5 Transfer Station 29997 John P. Healy Drive, Harbeson, Delaware 19951

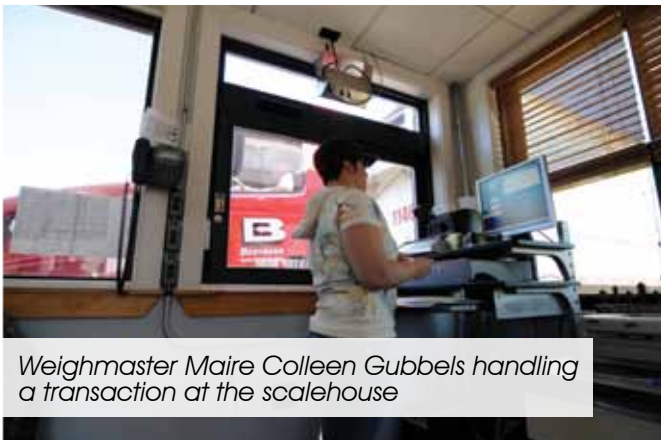


Route 5 Transfer Station in Harbeson, Delaware

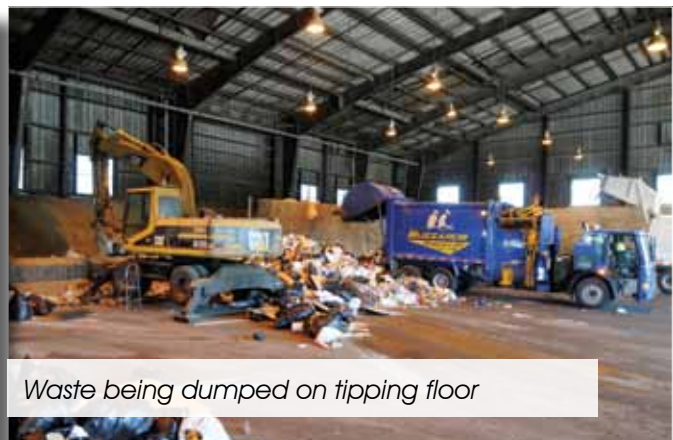
Rt. 5 Transfer Station

The Rt. 5 Transfer Station opened on August 2, 2006 to provide more convenient waste disposal options for residents and waste haulers in Sussex County. Customers can bring trash to the Rt. 5 Transfer Station instead of driving to one of DSWA's landfills. Vehicles drive into an enclosed building where trash is dumped onto a concrete floor. A wheel loader carefully pushes the trash into a transfer trailer, which takes it to a DSWA landfill. Key features of the transfer station consist of a recycling Drop-Off center, scale house, two scales, and a transfer station building. There is a separate waste deposit area for residents. In addition, there are designated areas outside to recycle used appliances, tires, and yard waste.

11



Weighmaster Maire Colleen Gubbels handling a transaction at the scalehouse



Waste being dumped on tipping floor



Receiving area for yard waste to be recycled



Waste unloading area for cars and pickups

Transfer Stations

DSWA's Collection Stations



Long Neck Collection Station attendant Ted Kay handling a transaction with a customer

The Convenience of a Collection Station

DSWA operates four collection stations in Sussex County and one in Kent County. These facilities are available for use by Delaware residents for the disposal of bagged household trash. DSWA's Collection Stations operate on a "pay-as-you-throw" basis, where each bag of garbage disposed of is \$1.00. Customers purchase punch cards through the mail, online, or at the Dover office. Each Collection Station also has a Drop-Off Center for the receipt of recyclables at no charge.



Cheswold Collection Station

54 Fork Branch Road
Cheswold, DE 19936

Hours: Monday and Saturday from 8:30am-3:30pm.

Bridgeville Collection Station

16539 Polk Road
Bridgeville, DE 19933

Hours: Wednesday and Saturday from 8:30am-3:30pm.

Ellendale Collection Station

13870 South Old State Road
Ellendale, DE 19941

Hours: Monday through Saturday from 8:30am-3:30pm.

Longneck Collection Station

28963 Mount Joy Road
Millsboro, DE 19966

Hours: Monday through Saturday from 8:30am-3:30pm.
May through September the collection station expands hours and operates on Sunday from 10am-2pm.

Omar Collection Station

33086 Burton Farm Road
Frankford, DE 19945

Hours: Monday through Saturday from 8:30am-3:30pm.
May through September the collection station expands hours and operates on Sunday from 10am-2pm.



Customer placing bagged waste into waste compactor



Customer depositing recyclables at the on-site Recycle Delaware Drop-Off Center

Landfill Gas-To-Green Power

DSWA collects the naturally occurring landfill gas (LFG) at all three of its landfills. At the Cherry Island Landfill the landfill gas is collected and pumped to the Calpine Edgemoor Power Plant, where it is burned with conventional fossil fuels, to help generate green power while using fewer natural resources.

DSWA also collects landfill gas at its Sandtown and Jones Crossroads Landfills. A private energy management company, Ameresco, developed, owns, and operates the two landfill gas-to-electricity power plants at DSWA's Sandtown and Jones Crossroads Landfills. These facilities generate 3MW and 5 MW of electricity respectively. Tons of naturally occurring methane, are now being captured and converted into "green" electricity.



LFG facility at Cherry Island Landfill



LFG facility at Sandtown Landfill - 3 MW



LFG facility at Jones Crossroads Landfill - 5 MW



GE Jenbacher LFG-To-Electricity engines used at Sandtown and Jones Crossroads Landfills

Category/Facility	Cherry Island Landfill	Sandtown Landfill	Jones Crossroads Landfill
Landfill Gas (in million cubic yards)			
Collected	2,556	1,044	1,224
Flared	160	542	619
Beneficially Used	2,396	502	605
Energy Value of LFG in BTUs Captured and Sold (barrels of oil equivalency)	209,746	40,650	48,423

Our landfills use the latest technologies to control odors and turn landfill gas (LFG) into a clean-burning fuel.

Recycling With Delaware Solid Waste Authority



Delaware Solid Waste Authority provides several recycling programs for Delaware residents to make recycling easy, convenient and economical to use. Our programs provide collection services or drop-off opportunities to fit residents' needs. Each DSWA landfill and transfer station also offers drop-off recycling facilities and operates various recycling projects in order to conserve landfill space and also protect the environment. Items like tires, white goods, construction and demolition debris, and yard waste are kept out of the landfills and are recycled. The tables on the following page show the quantities of recyclable materials that are diverted from our landfills.

Delaware Recycling Center 1101 Lambsons Lane, New Castle, DE 19720



Loading single-stream recyclables into a transfer trailer



Electronic goods transfer operations

The Delaware Recycling Center (DRC) receives single-stream recyclables collected from DSWA Recycling Drop-Off Centers, the DSWA Curbside Recycling Program and from public and private haulers. This facility serves as a transfer station for these materials where they are loaded into trailers and hauled to a Materials Recovery Facility (MRF) for processing and sale to recyclable markets. The DRC also receives electronic goods from Drop-Off Centers and loads them into trailers that take the material to Computer Donation Management's recycling facility in Baltimore, Maryland.



Ritchie Stewart

During fiscal year 2010 DSWA said farewell to one of its most hard working and dedicated employees. Ritchie Stewart began working for DSWA in July of 1999 as the Kruncher operator. The Kruncher was used to pull excess oil out of used oil filters and crush them into small cubes so they could be recycled. The steel recycling market no longer requires the oil filters to be crushed, so our Kruncher operation at the DRC has closed down. DSWA made Ritchie a lifetime employee and honored him with a key to the Kruncher, which will not be used after Ritchie's departure. DSWA would like to thank Ritchie for all of his hard work and dedication for many years and wishes him a happy future.

Facility Recyclable Quantities Sent to Market by Material Type (in tons) - FY 2010

Material	Cherry Island Landfill	Sandtown Landfill	Jones Crossroads Landfill	Pine Tree Corners Transfer Station	Milford Transfer Station	Route 5 Transfer Station	Total
Refrigerant White Goods	41	43	52	56	13	34	239
Non Refrigerant White Goods	240	67	349	81	32	169	938
Tires	305	298	348	44	22	21	1,038
Yard Waste	315	739	335	251	363	1,887	3,890
Dry Wall	32	45	648			54	779
Propane Bottles	3	1	3	1	1	1	10
Metal shreds			138				138
Agricultural Plastic			28				28
TOTAL	936	1,193	1,901	433	431	2,166	7,060

Facility Recyclable Quantities Used by Material Type (in tons) - FY 2010

Material	Cherry Island Landfill	Sandtown Landfill	Jones Crossroads Landfill	Pigeon Point Landfill	Total
Alternative Materials Used for soil cover					
Stabilized Sludge				221,807	221,807
Clean Earth	294,925				294,925
Barrier	74,169	32,152			106,321
Recycled C&D			20,152		20,152
<i>sub total</i>	369,094	32,152	20,152	221,807	643,205
Alternative Materials Used for road building					
Steel Slag	79,075				79,075
Recycled Concrete		1,720			1,720
Clean Earth Aggregate	9,354				9,354
<i>sub total</i>	88,429	1,720			90,149
Alternative Materials Used for soil amendment					
DSWA made Compost	900		180		1,080
DSWA Yard Waste Mulch			2,541		2,541
<i>sub total</i>	900		2,721		3,621
TOTAL	458,423	33,872	22,873	221,807	736,975



Recycling Diversion Rates in Delaware

	Residential			Commercial			Total		
Year	2006	2007	2008	2006	2007	2008	2006	2007	2008
Diverted Recyclables (tons)	122,448	233,691	169,605	125,962	143,375	148,427	248,410	377,066	318,032
Landfilled Municipal Solid Waste (MSW) (tons)	419,602	405,495	377,632	403,878	389,490	363,511	823,479	794,984	741,143
Total MSW = Diverted Recyclables + Landfilled MSW (tons)	542,049	639,186	547,237	529,840	532,840	511,938	1,071,889	1,172,050	1,059,175
Percent Diverted Recyclables	22.6%	36.6%	31.0%	23.8%	26.9%	29.0%	23.2%	32.2%	30.0%

Source 2008 RPAC annual report.

Recycling Programs



Drop-Off Center at DSWA's Dover Administrative Office

Drop-Off Centers

In 1990, DSWA began its Recycle Delaware Drop-Off program, which today maintains over 180 Drop-Off Centers for Delaware Residents to use freely to recycle their household items such as newspapers, plastic narrow-neck bottles, cans, junk mail, and brown, green, and clear glass. This program is only possible because of the help from local businesses, schools, and churches, who allow DSWA to place bins at their facilities voluntarily. Thanks to these owners and the residents of Delaware, DSWA was able to collect 22,259 tons of recyclable material from its Drop-Off Centers during fiscal year 2010.



Free Drop-Off Centers serve the general public

Drop-Off Center Recycling Program for FY 2010

Item / Source	Tons
Single-Stream	18,067
Cardboard	3,247
Motor Oil	1,039
Oil Filters	40
Textiles	66
<i>SUB-TOTALS</i>	<i>22,459</i>



DSWA single-stream recyclables curbside carts



Curbside recycling driver Jesse Dale on a collection route

Single-Stream Curbside Recycling

In 2003, DSWA began offering curbside recycling service to residents in New Castle County, Delaware. By 2006 the curbside service was available statewide to all residents of Delaware. DSWA aimed to provide a cost effective and reliable service to its customers. This included growing the program from a multi-stream source separation system to the single-stream process that is used today. Once the single-stream materials are collected by DSWA



Disassembly of electronic goods for recycling



Electronic goods collection container at a DSWA Drop-Off Center

Electronic Goods Recycling

DSWA's Electronic Goods Recycling (EGR) program allows residents to conveniently drop off their unwanted items for free at DSWA facilities statewide. DSWA has provided 24 EGR Drop-Off locations through the state for residents to use. Other non-profit organizations like schools and public agencies are permitted to drop off for free at the Delaware Recycling Center (DRC) or Milford Transfer Station (MTS). Private organizations can bring their electronic goods to the DRC or MTS and pay a fee of \$0.15 per pound for our recycling service.

Electronic Goods Recycling Program for FY 2010

Devices	Number of Units
Monitors	34,248
CPU/Hard Drives	17,746
Printers	14,898
Televisions	19,832
Other	75,490
TOTAL Units	162,214
Total Weight	2,015 tons

they are taken to either the Delaware Recycling Center (DRC) or the Milford Transfer Station (MTS). The recyclable materials are then transferred to trucks and taken to a Materials Recovery Facility (MRF) where the recyclable materials are separated and sent to various markets for sale. It was announced during fiscal year 2010 that a Universal Recycling Law was taking shape and on June 8, 2010, The Governor's Universal Recycling Bill was signed into law. DSWA believes the Universal Recycling Law will significantly increase the amount of recycling participation in Delaware by requiring the municipalities and the private trash haulers to provide curbside recycling service to all of their customers. The new law also requires DSWA to stop offering curbside recycling and yard waste collection services as of September 15, 2011. Into fiscal year 2011 DSWA will make every effort to continue to provide the excellent service that our customers have grown accustomed to receiving.



Curbside Recycling Single-Stream for FY 2010

County	Material	Tonnage
New Castle	Single-Stream	4,288
Kent & Sussex	Single-Stream	7,200
Total Statewide Single-Stream		11,488

In 2003 DSWA began offering curbside recycling service to residents in New Castle County Delaware. By 2006 the curbside service was available statewide to all residents of Delaware.

Recycling Programs continued



Oil & Oil Filter Recycling

Oil Filter Recycling Tonnage for FY 2010

Sources	Quantity (tons)
Drop-Off Centers	40
Businesses	362
<i>Total Oil Filters Statewide</i>	<i>402</i>

DSWA's award winning Oil Filter Recycling Program is the first statewide oil filter collection program in the United States. Before 1996, most of the 1.3 million oil filters sold annually in Delaware ended up in Delaware's landfills. DSWA collects used oil filters from over 400 locations including repair shops, service stations, and Drop-Off Centers statewide and transports them to the Delaware Recycling Center (DRC). Oil filters are then transported to FCC Environmental in Wilmington, Delaware for processing. Used Motor Oil is collected by FCC Environmental from Drop-Off Centers throughout the state for recycling. In FY 2010 277,078 gallons of used motor oil was collected and recycled.



Customer depositing used oil at a Drop-Off-Center



FCC Environmental collecting used oil from a Drop-Off Center



Recycling Technician Brett Campbell picking up oil filters from Lee's Auto Repair in Wilmington, DE





Recycling Curbside Technician
Craig Judd collects a container of
yard waste from a customer



Curbside Yard Waste Recycling

Curbside Yard Waste Tonnage for
Fiscal Year for FY 2010

County	Material	Quantity (tons)
New Castle	Yard Waste	1,329
Kent & Sussex	Yard Waste	87
Total Statewide Yard Waste		1,416

DSWA helps Delaware residents to recycle yard waste
throughout the state.

DSWA's pay-as-you-throw (PAYT) curbside yard waste collection program offers pick-up of yard waste at the curb for Delaware residents. Customers receive a 96-gallon cart on wheels for their yard waste. Collection service is provided every other week year round. In order to have the cart picked up customers purchase \$1.00 yard waste stickers in lots of 10. Each cart has a transparent bag attached to it. When customers are ready for their cart to be picked up they need to place 3 stickers in the bag and place the cart at the curb for service.

Collected yard waste is brought to the Cherry Island Landfill or the Jones Crossroads Landfill where it is shred and screened into a mulch or further processed using a Gore Composting System into a high quality compost.



Recycling Curbside Technician dumps yard
waste into a DSWA yard waste collection truck



Cherry Island yard waste and mulch piles



Compost product



Gore Composting System

DSWA Public Education in 2010



DSWA Education Coordinator, Sarah Burns is available for presentations to school groups, scout groups and other organizations.

DSWA In The Classroom

The Delaware Solid Waste Authority (DSWA), is very proud of our public outreach program and the positive effects it has on Delaware's residents. Through our various programs, we educate citizens on waste management, recycling, landfills, composting, anti-littering, and household hazardous materials. Our goal is to establish a better understanding of these programs mainly through educational materials, presentations, and events. DSWA develops

Our goal is to establish a better understanding of DSWA's programs mainly through educational materials, presentations, and events.

and provides resource materials for Delaware schools, organizations, and residents. Throughout fiscal year 2010 DSWA's Public Information Coordinator visited with over 7,000 students from Delaware schools to provide them with information on landfills, recycling and taking care of the environment. Learning about these topics helps children to gain a better understanding of the world around them and makes them aware of their role as aids to our natural resources. DSWA believes environmental education is crucial to children's education, as it directly affects their future as well as ours.

DSWA Sponsors Delaware Envirothon

Once again during fiscal year 2010 DSWA was a proud sponsor of the Delaware Envirothon. The competition was held at Camp Arrowhead in Lewes on Thursday, April 29, 2010. DSWA stepped up its role in this year's competition by participating in training exercises. DSWA Environmental Scientist and former Envirothon participant, Shawn Kauffman, prepared and made a presentation for teams about landfill monitoring. Wendy Pizzadili and Sarah Burns of the Public Information Group served as members of the Envirothon Committee and took on more active positions during this year's competition. This year Wendy was asked to be a judge during the public speaking portion of the competition. After the state level competition, the winning team then moves

on to the National Competition. During the 2010 competition, Wilmington Charter School placed 2nd in the Nation! The Envirothon program is an educational tool, capable of supplementing environmental education both inside and outside the classroom. Led by volunteer advisors, teams work collaboratively to develop their knowledge of ecology and natural resource management and to practice their environmental problem-solving skills in preparation for Envirothon competitions.



Students participate at the Annual Envirothon Competition

Delaware High School student teams work collaboratively to develop their knowledge of ecology and natural resource management and to practice their environmental problem-solving skills.

DSWA's Very Own Earth Day

DSWA's largest event is held each April to celebrate the National Earth Day event. The event which is held annually at Killens Pond State Park in Felton includes Trash Can Dan and his friends, landfill and recycling activities, exhibitors with important environmental information, a petting zoo, pony rides, moon bounces, giant inflatable games, train rides, a Native American program, face painting, food, and much more. Over the years this event has brought thousands of people together to not only explore environmental topics but to enjoy the beauty of one of Delaware's State Parks.

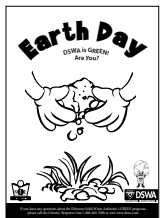


Visitors to the Annual DSWA Earth Day Festival at Killens Pond State Park create bird feeders out of pinecones, peanut butter and birdseed.



Trash Can Dan and friends learn a Native American dance at the DSWA Earth Day Festival at Killens Pond State Park.

21



Newspapers In Education (NIE)

Newspapers in Education (NIE) is an educational supplement through Delaware's largest newspaper, The News Journal and is funded by DSWA. The NIE provides educational information about the environment and is distributed to hundreds of classrooms throughout Delaware.

DSWA In The Public Eye

Once again during fiscal year 2010, DSWA attended the annual Delaware State Fair held in Harrington. During the 10-day event DSWA could be found in the Exhibit Hall talking with residents and handing out information about DSWA facilities and programs. During Healthy Kids Day and Governors Day, Trash Can Dan could also be found roaming the Fair greeting fairgoers.



Trash Can Dan gives a thumbs up when he spots recycling containers at the Delaware State Fair!



DSWA Employees Lynsey Kocenko and Diane Huber talk with visitors to the Delaware State Fair at the DSWA booth in the Exhibit Hall.

Public Education

Household Hazardous Waste Collection

Keeping Household Hazardous Waste Out Of Our Landfills

DSWA provides Household Hazardous Waste (HHW) collection events several times per year for Delaware residents. Household Hazardous Waste can include items such as household cleaners, garden pesticides, oil based paints, nail polish, fluorescent bulbs, or antifreeze. During the events residents of Delaware can bring household hazardous items for free. DSWA also collects used electronics for recycling during each HHW event. Items such as old computers, printers, CD players, microwaves, telephones, and many other electronic goods are also accepted at those events. During fiscal year 2010 DSWA expanded its Household Hazardous Waste schedule to include a special event at the University of Delaware.



Household Hazardous Waste Collection		
HHW Events	Pounds	Vehicle Total
September 2009 (Newark)	52,984	968
October 2009 (Cheswold)	16,012	203
November 2009 (Frawley Stadium)	45,033	927
March 2010 (Frawley Stadium)	34,115	833
April 2010 (Pine Tree Corners Transfer St)	20,387	212
May 2010 (SSWMC)	19,998	212
June 2010 University of Delaware - special event	1,537	0
TOTAL	190,066	3,355

*Each year DSWA has regularly scheduled HHW events throughout the state of Delaware.
These events are free to Delaware residents.*

Statewide Solid Waste Management Plan

On April 22, 2010, the Delaware Solid Waste Authority (DSWA) Board of Directors voted to approve a new Statewide Solid Waste Management Plan (SSWMP). In August of 2009 DSWA executive management made the decision to create a ten-year plan that used zero waste principles to maximize waste diversion from landfills. This decision was largely based on the economic climate of the past four years. The municipal solid waste tonnage totals going to DSWA facilities had sharply and steadily decreased due to the downturn in the economy. DSWA realized the timing was right to develop a plan that could map out many strategies to increase tonnage diversion, and show that DSWA could achieve financial sustainability while still providing quality waste management services to the residents of Delaware.

There was tremendous interest in this project from many stakeholder groups in Delaware. DSWA recognized the importance of working with these stakeholders and others, using their input to develop a plan everyone could support. To help develop the SSWMP, DSWA contracted with DSM Environmental Services, a firm of expert resource economists and environmental scientists located in Vermont.

One of the main features of the plan was the universal curbside recycling model, which is a curbside recycling program that offers parallel collection of trash, and recycling for every household in Delaware that has trash collection services. The SSWMP also includes extended producer responsibility models, organics recovery examples and commercial waste reduction initiatives. Perhaps the most important part of the SSWMP was a section dedicated to the management of DSWA budgets and facilities while experiencing declining tonnages.



To view DSWA's 10 year Solid Waste Management Plan visit our website at www.dswa.com.

DELAWARE SOLID WASTE AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

DELAWARE SOLID WASTE AUTHORITY

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	2 - 7
FINANCIAL STATEMENTS	
Statements of Net Assets	8 - 9
Statements of Revenues and Expenses and Changes in Net Assets	10
Statements of Cash Flows	11 - 12
Notes to Financial Statements	13 - 25
ADDITIONAL INFORMATION	
Schedules of Operating Revenues and Expenses	26



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Delaware Solid Waste Authority
Dover, Delaware

We have audited the accompanying statements of net assets of Delaware Solid Waste Authority as of June 30, 2010 and 2009, and the related statements of revenues and expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the DSWA's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Solid Waste Authority as of June 30, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of operating revenues and expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Management's Discussion and Analysis on pages 2 through 7 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Elko & Associates Ltd

September 1, 2010

Management's Discussion and Analysis

The Management of the Delaware Solid Waste Authority (DSWA) presents the readers of our financial statements the following overview and analysis of the financial activities of the DSWA for the fiscal years ended June 30, 2010 and 2009. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and notes to the financial statements.

The Reporting Entity

The DSWA is a body politic and corporate created in 1975 by an act of the Delaware Legislature and is a public instrumentality and political subdivision of the State of Delaware (the "State"). The DSWA is responsible for implementing solid waste disposal, recycling and resources recovery systems, facilities and services. Revenues generated by DSWA operations, primarily disposal fees, provide for the support of the DSWA and its operations on a self-sustaining basis. The State provides no revenues to the DSWA. In carrying out its mission, the DSWA utilizes private industry in the construction and operation of solid waste disposal and transfer facilities and the operation of various segments of its recycling programs. The DSWA is authorized to issue bonds to finance its activities.

The DSWA is governed by a seven member Board of Directors appointed by the Governor with the advice and consent of the Senate. The Chairman of the Board of Directors is designated by and serves at the pleasure of the Governor.

Budgetary and Accounting Controls

The DSWA adopts an annual operating budget as a financial plan for the year. Actual operating results are monitored on a monthly basis and compared to the adopted budget so that variances can be identified and analyzed. Budgetary compliance is reported to the Board of Directors on a monthly basis. The DSWA's accounting records are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. Current controls provide reasonable assurance that the DSWA's assets are properly recorded and protected and that the financial data may be used with confidence in the preparation of historical reports and projections. Accounting controls, which are reviewed regularly by staff, are maintained by segregation of duties and physical and data security systems in all areas of recordkeeping, billing, cash receipts, disbursements and purchasing authority.

Cash Management

Wilmington Trust Company under an Investment Management Agreement that includes the State of Delaware, Delaware State Housing Authority and the Delaware Transportation Trust manages the DSWA's Operations Cash and Cash Reserves. The majority of funds are invested in United States Government Backed Fixed Income Securities, AA or better Corporate Securities and U.S. Government Sub Agency Securities. A Repurchase Agreement Account is maintained to provide daily liquidity for DSWA's Disbursement Account. Current safekeeping and delivery arrangements are felt by management to provide appropriate security for the DSWA's investments.

Risk Management

The DSWA maintains a comprehensive package of property and liability insurance relevant to its operations. For Worker's Compensation Insurance, the DSWA participates in the State of Delaware's plan. Since, by law, the DSWA can sue and be sued, it purchases Coverage B for Workmen's Compensation on the open market. A safety program including safety regulations, first aid training, and driver safety classes is actively administered and enforced to minimize exposures and manage incidents.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the DSWA's basic financial statements. Since the DSWA is engaged only in business type activities, its basic financial statements are comprised of only two components: 1) Enterprise Fund Financial Statements and 2) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Enterprise Fund Financial Statements are designed to provide readers with a broad overview of the DSWA's finances in a manner similar to a private sector business.

The Statement of Net Assets presents information on the DSWA's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the DSWA is improving or deteriorating.

The Statement of Revenues and Expenses and Changes in Net Assets presents information showing how the DSWA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The basic Enterprise Fund Financial Statements can be found on pages 8 through 12 of this report.

The notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 13 through 25 of this report.

The statement of cash flows presents the change in the DSWA's cash and cash equivalents during the period being reported. This information can assist the user of the report in determining how the DSWA financed its activities and how it met its cash requirements.

Financial Highlights

- The DSWA's assets exceeded its liabilities (net assets) by approximately \$144.6 million and \$142.9 million at the close of fiscal years 2010 and 2009, respectively. This represents an increase of approximately \$1.7 million (1.2%) in net assets in 2010 over the previous year.
- Total operating revenue decreased by approximately \$1.9 million or 3.7% less than the previous year. Net user fees reported in this item are net of the Differential Disposal Fee Program rebates of approximately \$8.3 million in 2010 and \$8.7 million in 2009 (see Note 9).

- Total operating expenses for 2010 decreased by \$3.4 million or 6.3% from the previous year.
- Operating income for 2010 was \$0.8 million versus the prior year operating loss of \$0.6 million.
- Total net nonoperating revenues for 2010 were \$2.6 million compared to \$2.7 million in 2009.
- DSWA issued Revenue Bonds in December 2006 to finance the expansion of the Cherry Island Landfill and provide for the design of future cells at the Sandtown Landfill and the Jones Crossroads Landfill. These bonds were issued for \$95.7 million with final maturity in 2026. In June 2010 an additional bond series was issued to finance the construction of new landfill cells at Sandtown and Jones Crossroads. The issue was split into the 2010 Series "A" Tax Exempt Bonds with a principal of \$24,625,000 maturing in 2018 and the 2010 Series "B" Taxable Build America Bonds with principal of \$18,855,000, maturing in 2022 (see Note 6).

Summary of Net Assets

As noted earlier, net assets may serve over time as a useful indicator of DSWA's financial position. The DSWA's net assets increased during fiscal year 2010 by \$1,751,685, decreased by \$3,326,281 for 2009, and increased by \$814,208 for 2008. A condensed summary of DSWA's net assets for the three years being reported is presented below:

	Net Assets		
	2010	2009	2008
Current and Other Assets	\$ 159,297,372	\$ 129,997,469	\$ 150,435,230
Capital Assets	181,666,463	174,168,257	162,234,014
Total Assets	340,963,835	304,165,726	312,669,244
Current Liabilities	26,050,516	26,000,345	28,500,661
Long-Term Obligations	170,280,415	135,284,161	137,961,082
Total Liabilities	196,330,931	161,284,506	166,461,743
Net Assets:			
Invested in Capital Assets	127,253,577	126,128,200	129,794,850
Unrestricted	16,716,079	16,096,950	15,918,505
Restricted	663,248	656,070	494,146
Total Net Assets	\$ 144,632,904	\$ 142,881,220	\$ 146,207,501

Net assets invested in capital assets represents the DSWA's investment in capital assets (e.g., land, land improvements, buildings and equipment). The DSWA uses these capital assets to provide services to its customers and consequently, these assets are not available for future spending. The DSWA is bound by the provisions of the Indentures under the issuance of the 2006 Series and 2010 Series A & Series B Solid Waste System Revenue Bonds that established various funds administered by the Trustee and certain funds to be administered by DSWA. The unrestricted funds administered by DSWA can be used to fund Capital Improvement Projects and other operating costs. Restricted net assets are limited to outside third-party restrictions and represent the net assets that have been legally identified for specific purposes.

Summary of Revenues and Expenses and Changes in Net Assets

Summary of revenues and expenses and changes in net assets for the years ended June 30, 2010, 2009, and 2008 is presented below:

	Change in Net Assets		
	2010	2009	2008
Operating Revenues			
Net User Fees: Solid Waste	\$ 44,446,275	\$ 46,685,691	\$ 53,002,965
L/F Gas Marketing Income	3,545,163	3,975,930	3,830,969
Marketing Income Recyclables	2,622,399	2,027,699	4,060,864
Other Income	522,446	384,944	151,772
Total Operating Revenues	51,136,283	53,074,264	61,046,570
Operating Expenses			
Salaries and Related Costs	10,643,804	11,771,157	11,688,180
Contractual Services	25,223,513	23,529,322	26,784,117
Depreciation	8,520,155	9,585,079	8,592,434
Landfill Closure	15,525	1,973,287	1,373,821
Other Expenses	5,904,188	6,792,331	8,757,014
Total Operating Expenses	50,307,185	53,651,176	57,195,566
Operating Income (Loss)	829,098	(576,912)	3,851,004
Net Nonoperating Revenues	2,646,735	2,692,640	1,752,355
Income Before Special Items	3,475,833	2,115,728	5,603,359
Special Items - Impairment Loss	(1,724,149)	(4,492,009)	(4,789,151)
Contract Termination	-	(950,000)	-
Increase (Decrease) in Net Assets	1,751,684	(3,326,281)	814,208
Net Assets - Beginning of Year	142,881,220	146,207,501	145,393,293
Net Assets - End of Year	\$ 144,632,904	\$ 142,881,220	\$ 146,207,501

Capital Asset Activity

The following provides a summary of the significant changes in capital assets for the year ended June 30, 2010 and a description of the major items affecting the year-end balances (see Note 4 - Capital Assets).

1. Construction in Progress

Increases: Jones Crossroads Landfill: Gas System Expansion - \$214,227, Cells I, II, III & IV Capping - \$20,827, Cell 5 - \$957,311
 Cherry Island Landfill expansion - \$12,375,183
 Sandtown Landfill: Area F - \$238,654, Gas System - \$90,122, Area A/B & Area E Capping - \$631,176.
2. Depreciable Capital Assets

Increases: Vehicles - \$64,388, HVAC system at Dover Office - \$97,072, Heavy Construction Equipment and Processing Equipment - \$569,565.

Decreases: Vehicles sold or traded-in - \$857,086; Retirement depreciable assets - Land Improvements - \$1,888,866, Equipment - \$656,605.

Review of Operations

Landfill Operations. During the fiscal year 2010, the Delaware Solid Waste Authority's (DSWA's) three operating landfills managed the safe disposal or recycling of 864,029 tons of waste compared to 922,488 tons during the previous year. Of the total waste received, dry waste, which includes construction and demolition waste, of 113,664 tons was received in fiscal year 2010 as compared to 139,726 tons in the previous year. 20,152 tons of the dry waste received during fiscal year 2010 was recycled into an alternate material used for soil cover at the landfills. In addition, 1,038 tons of tires were recycled as either tire derived fuel or consumer products. A total of 7,511 tons of yard waste was recycled as mulch or compost. Of this total, 3,890 tons were sent to the market and 3,621 tons were used as alternative material for soil amendment at the landfills. The user fee for solid waste and dry waste remained at \$61.50/ton and \$42.00/ton (Kent and Sussex Counties only), respectively, for the fifth consecutive year.

Transfer Stations. During the fiscal year 2010, the DSWA's Pine Tree Corners, Milford and Route 5 Transfer Stations received and transferred 201,261 tons of solid waste. Pine Tree Corners Transfer Station and Milford Transfer Station sent their waste to the Sandtown Landfill for disposal. The Route 5 Transfer Station sent its waste to the Jones Crossroads Landfill for disposal.

Collection Stations. The DSWA's five collection stations located in Kent and Sussex Counties continued to provide disposal services to residents for bagged household waste at the rate of \$1/bag. A total of 53,378 customers disposed 84,368 bags of household waste during fiscal year 2010.

Recycling. During the fiscal year 2010, the DSWA's Drop Off Center Program collected 22,459 tons of recyclables from its 180 sites. The Oil Filter Program marketed 402 tons of oil filters collected statewide. The Electronic Goods Program collected 2,015 tons of electronic goods for recycling. The number of Residential Curbside Collection Program subscribers decreased from 45,662 on July 1, 2009, to 42,242 on June 30, 2010. The Household Hazardous Waste Program conducted seven special collection events in various locations statewide. Over 190,066 pounds of material were collected and recycled or safely disposed.

Major Operational Changes. The downward trend in tonnage deliveries continued into fiscal year 2010 from the 2009 fiscal year (i.e., 6.3% lower than previous year). In response to the related revenue reduction, the following cost cutting and revenue-enhancing changes were made during the 2010 fiscal year:

- The operating budget was adjusted to a level supported by a waste stream of 850,000 tons, rather than the budgeted 900,000 tons.
- The Residential Curbside Collection Program continued to seek increases in fees from contract customers.
- Continued the policy to not accept Construction and Demolition (C&D) waste at any of the DSWA Transfer Stations. Customers must deliver C&D waste directly to DSWA's landfills.
- Several landfill equipment purchases were postponed to future periods.
- A reduction in the total number of employees was affected via a combination of attrition, reorganization of activities and some layoffs.

Implementation of the above-described operational changes had a significant positive impact on operational efficiencies and cost savings/revenue enhancements.

Plans for the Future. During the several years leading up to the current national recession, the State of Delaware was experiencing a consistent economic growth throughout the state. A growth in population, construction of new housing and commercial development had caused a significant increase in the solid waste stream managed by DSWA. From the mid-point of 2007 through June 30, 2010, the impact of the current national recession has resulted in a dramatic reduction in Delaware's solid waste quantities, the primary source of revenue for the DSWA. In response, DSWA began a program to reduce costs and increase revenues. It is anticipated that the solid waste tonnage will not show growth for several years until the national economic situation improves. DSWA has taken, and will continue to take, a conservative approach when developing future budgets.

The DSWA will continue to closely monitor the waste and recyclables it receives to make changes to its operations and fees as necessary to carry out its mission. Several Capital Improvement Projects have been deferred until we experience improved economic times. Nonetheless, the absolutely necessary construction projects will move forward. These include the Cherry Island Landfill expansion, which is scheduled for completion in January 2011, and the Sandtown and Jones Crossroads Landfill expansions, which are both scheduled for completion by the end of calendar year 2011.

This financial report is designed to provide its readers with an overview of the DSWA finances and to show DSWA's accountability for safeguarding the funds it receives and disburses in the course of conducting its business. If you have any questions concerning this report or need additional financial information, please contact:

John J. Lechner
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Dover, DE 19903-0455
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Respectfully submitted,

John J. Lechner

John J. Lechner
Chief Financial Officer

DELAWARE SOLID WASTE AUTHORITY
STATEMENTS OF NET ASSETS

	JUNE 30,	
	2010	2009
ASSETS		
CURRENT ASSETS		
Unrestricted Current Assets:		
Cash and cash equivalents - Note 2	\$ 192,096	\$ 1,165,261
Investments - Note 3	12,135,222	15,247,589
Accounts receivable (net of allowance for doubtful accounts of \$100,000)	4,821,738	5,117,701
Interest receivable	444,947	768,856
Prepayments and miscellaneous receivables	139,860	202,477
Total Unrestricted Current Assets	17,733,863	22,501,884
Restricted Current Assets:		
Investments - Note 3	100,538,201	63,150,815
Total Current Assets	118,272,064	85,652,699
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets:		
Investments - Note 3	10,093,069	7,211,895
Capital Assets - Note 4		
Land	24,743,347	24,233,407
Land improvements	146,600,837	147,145,885
Buildings	41,922,106	41,809,184
Equipment and furniture	18,149,725	18,135,171
Vehicles	4,658,232	5,450,931
Total	236,074,247	236,774,578
Less: Accumulated depreciation	148,094,064	141,029,605
	87,980,183	95,744,973
Construction in progress - Note 4	93,686,280	78,423,284
Total Capital Assets	181,666,463	174,168,257
Other Assets - Note 1		
Bond issuance costs, net of accumulated amortization of \$117,046 and \$70,760, respectively - Note 6	976,330	783,057
Total Other Assets	976,330	783,057
Restricted Noncurrent Assets:		
Investments - Note 3	29,955,909	36,349,818
Total Noncurrent Assets	222,691,771	218,513,027
TOTAL ASSETS	\$ 340,963,835	\$ 304,165,726

The accompanying Notes are an integral part of these statements.

	JUNE 30,	
	2010	2009
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 4,265,454	\$ 5,878,979
Contracts payable, including retainage	3,398,683	3,809,433
Refundable security deposits	75,191	73,191
Accrued compensation	1,177,418	1,307,975
Current portion of bonds payable - Note 6	7,068,087	3,910,256
Current portion of lease payable	-	6,509
Accrual for landfill closure and post closure care costs - Note 5	525,000	442,000
Contract rebate payable - Note 9	8,208,638	8,725,590
Total Current Liabilities	24,718,471	24,153,933
CURRENT LIABILITIES (Payable From Restricted Assets)		
Arbitrage payable - Note 11	1,332,045	1,846,412
NONCURRENT LIABILITIES		
Bonds payable - Note 6	126,374,901	89,879,047
Deferred revenues - Note 7	-	905,514
Accrued landfill closure and post closure care costs - Note 5	43,905,514	44,499,600
Total Noncurrent Liabilities	170,280,415	135,284,161
Total Liabilities	196,330,931	161,284,506
NET ASSETS		
Invested in capital assets, net of related debt and accumulated depreciation	127,253,577	126,128,200
Unrestricted	16,716,079	16,096,950
Restricted	663,248	656,070
Total Net Assets	144,632,904	142,881,220
TOTAL LIABILITIES AND NET ASSETS	\$ 340,963,835	\$ 304,165,726

The accompanying Notes are an integral part of these statements.

DELAWARE SOLID WASTE AUTHORITY
STATEMENTS OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

	FOR THE YEARS ENDED JUNE 30,	
	2010	2009
OPERATING REVENUES		
Net user fees: solid waste	\$ 44,446,275	\$ 46,685,691
Landfill gas	3,545,163	3,975,930
Other income	3,144,845	2,412,643
Total Operating Revenues	51,136,283	53,074,264
OPERATING EXPENSES		
Salaries and related costs	10,643,804	11,771,157
Professional services	1,265,302	1,842,888
Travel	66,526	81,062
Supplies and materials	2,860,939	2,882,707
Utilities	1,711,421	1,985,674
Contractual services	25,223,513	23,529,322
Closure and post closure care of landfills	15,525	1,973,287
Depreciation expense	8,520,155	9,585,079
Total Operating Expenses	50,307,185	53,651,176
OPERATING INCOME (LOSS)	829,098	(576,912)
NONOPERATING REVENUES (EXPENSES)		
Net investment income	3,876,486	4,925,434
Bond interest expense	(1,763,007)	(2,135,746)
Other nonoperating revenue (expenses)	533,256	(97,048)
Net Nonoperating Revenues	2,646,735	2,692,640
INCOME BEFORE SPECIAL ITEMS	3,475,833	2,115,728
SPECIAL ITEMS		
Impairment loss	(1,724,149)	(4,492,009)
Contract termination	-	(950,000)
Total Special Items	(1,724,149)	(5,442,009)
INCREASE (DECREASE) IN NET ASSETS	1,751,684	(3,326,281)
NET ASSETS - BEGINNING OF YEAR	142,881,220	146,207,501
NET ASSETS - END OF YEAR	\$ 144,632,904	\$ 142,881,220

The accompanying Notes are an integral part of these statements.

DELAWARE SOLID WASTE AUTHORITY
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30,	
	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 43,384,389	\$ 46,169,502
Cash paid to suppliers	(33,685,096)	(33,932,902)
Cash paid to employees	(10,774,361)	(11,492,694)
Landfill gas marketing revenues	3,545,163	3,975,930
Other operating revenues	3,144,845	2,412,643
Net Cash Provided by Operating Activities	5,614,940	7,132,479
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,209,576	4,943,840
(Increase) decrease in investments	(30,271,895)	14,806,036
Other investing expense	(143,071)	(71,883)
Net Cash Provided by (Used in) Investing Activities	(27,205,390)	19,677,993
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from issuance of bonds	43,351,728	-
Payments for debt service requirements	(3,550,000)	(3,763,643)
Interest paid on bonds	(4,322,837)	(4,110,070)
Cash payments for capital assets	(15,746,708)	(19,696,071)
Proceeds from sale of capital assets	885,102	32,000
Net Cash Provided by (Used in) Capital and Related Financing Activities	20,617,285	(27,537,784)
NET DECREASE IN CASH	(973,165)	(727,312)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,165,261	1,892,573
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 192,096	\$ 1,165,261

The accompanying Notes are an integral part of these statements.

DELAWARE SOLID WASTE AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)

**RECONCILIATION OF OPERATING INCOME (LOSS) TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

	FOR THE YEARS ENDED JUNE 30,	
	2010	2009
OPERATING INCOME (LOSS)	\$ 829,098	\$ (576,912)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	8,520,155	9,585,079
Contract termination	-	(950,000)
Decrease in accounts receivable	295,963	617,837
Decrease in prepayments and miscellaneous receivables	62,617	251,384
Decrease in accounts payable	(1,613,525)	(2,494,227)
Increase (decrease) in contracts payable	(410,750)	325,041
Increase in refundable security deposits	2,000	6,262
Increase (decrease) in accrual for compensation	(130,557)	278,463
Decrease in leases	(6,509)	(39,404)
Increase (decrease) in accrued closure and post closure care of landfills	(511,086)	1,520,628
Decrease in contract rebate payable	(516,952)	(1,393,297)
Increase (decrease) in deferred revenue	(905,514)	1,625
Total Adjustments	4,785,842	7,709,391
Net Cash Provided by Operating Activities	\$ 5,614,940	\$ 7,132,479

**SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND
RELATED FINANCING ACTIVITIES**

Amortization of bond issue costs	\$ 46,727	\$ 46,286
Net accretion of premium/discount on bonds	480,873	500,451
(Gain) loss on disposition of capital assets	(662,390)	25,163
Impairment loss	1,724,149	4,492,009
Unrealized gain on investments	505,279	419,100
Realized gain (loss) on sale of investments	(14,890)	163,578
Capitalized interest	2,218,514	1,880,414

The accompanying Notes are an integral part of these statements.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - Summary of Significant Accounting Policies

(A) Reporting Entity

The Delaware Solid Waste Authority (the "DSWA") is a body politic and corporate constituting a public instrumentality of the State of Delaware established and organized in 1975 under Delaware Code, Title 7, Chapter 64.

The DSWA has been designated by the State of Delaware, under this act, as the sole entity, governmental or private, with the responsibility for planning and implementing solid waste and resource recovery programs and facilities throughout Delaware in accordance with the Statewide Plan for Solid Waste Management.

The DSWA is governed by a Board of Directors consisting of seven directors, who are appointed by the Governor with the advice and consent of the Senate.

Currently, the DSWA operates solid waste management facilities in each of Delaware's three counties and it has consolidated the financing and operation of its solid waste disposal facilities into a unitary Statewide system.

(B) Basis of Presentation

The DSWA operates as an enterprise activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recognized when incurred. The DSWA follows all applicable pronouncements of the Governmental Accounting Standards Board (GASB) and those of the Financial Accounting Standards Board (FASB) issued before November 30, 1989 unless these pronouncements conflict with or contradict GASB pronouncements.

The DSWA distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing goods in connection with the DSWA's principal ongoing operations. The principal operating revenues of the DSWA are charges to residents and customers for waste disposal and collection of recyclables and the revenues from the sale of processed recyclable materials. Operating expenses include the cost of waste disposal, recyclable collection and processing services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

(C) Cash and Cash Equivalents

The DSWA's cash and cash equivalents consist of cash on hand and demand deposits.

For purposes of determining cash equivalents, the DSWA has defined its policy concerning the treatment of short-term investments to include investments with a maturity of three months or less when purchased, as cash equivalents if management does not plan to reinvest the proceeds. Short-term investments that management intends to rollover into similar investments are considered part of the investment portfolio and are classified as investments.

(D) Restricted Assets

Restricted assets of the DSWA represent bond proceeds restricted for construction, and other amounts legally required by the DSWA's bond covenants and trust indenture to be set aside for debt service, customer deposits, operations, renewal and replacement and capital improvements. Restricted resources are used first to fund expenses incurred for restricted purposes.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - Summary of Significant Accounting Policies - continued

(E) Capital Assets

Capital assets, which include property, plant and equipment are reported in the financial statements. Capital assets are defined by the DSWA as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are valued at their historical costs.

The costs of normal maintenance and repairs that do not add value to the assets or materially extend the assets' lives, are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Depreciation is computed over the estimated useful lives of the assets using the straight-line method and is charged to operating expenses. The following useful lives are used to compute depreciation:

Land improvements	3 - 20 years
Buildings	5 - 40 years
Equipment and furniture	3 - 20 years
Vehicles	3 - 5 years

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity. Total depreciation expense for the years ended June 30, 2010 and 2009 was \$8,520,155 and \$9,585,079, respectively.

(F) Other Significant Accounting Policies

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

(G) Other Assets

Customer list and bond issuance costs, net of accumulated amortization, are reported in other assets. On an annual basis the customer list is tested for impairment and adjusted to reflect any impairment loss. The DSWA incurred an impairment loss of \$4,492,009 for the year ended June 30, 2009. The 2009 impairment loss resulted in the complete write off of the customer list balance of \$4,492,009.

Bond issuance costs are amortized on a straight-line basis over the term of the bonds.

(H) Compensated Absences

Vacation and sick leave pay are recorded as an expense when earned by the DSWA's employees. As of June 30, 2010 and 2009, accrued vacation and sick leave aggregated \$765,530 and \$806,246, respectively; this resulted in a net decrease of \$40,716 which is reflected in salaries and related costs in the current year. Accrued vacation and sick leave are based on the following criteria.

Employees' unused vacation leave is accumulated to a maximum of two years earned. Upon retirement or termination, employees are paid for all unused accumulated vacation leave at their final rate of pay. The accrued liability is based upon the full amount of accumulated vacation leave.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 - Summary of Significant Accounting Policies - continued

Employees' unused accumulated sick leave can be used up to the total amount accumulated for future sickness. In the event of termination due to lack of work, employees hired after January 1, 1992 will be paid at the rate of one day for every two days accumulated to the maximum of 90 days at their final rate of pay. In the event of death, employees hired after January 1, 1992 will be paid at the rate of one day for each day accumulated to the maximum of 90 days at their final rate of pay. In the event of termination or death, employees hired before January 1, 1992 will be paid for every day accumulated with no limitation, at their final rate of pay. Upon retirement, payment shall be made at the rate of one day per each day of unused sick leave accumulated to the maximum of 90 days for all employees despite their hire date. Upon voluntary termination, the employee will forfeit all accumulated sick leave. The DSWA has consistently accrued sick leave for only those employees for whom retirement is impending. The accrued liability is based upon the sick leave that would be paid upon impending retirement only.

(I) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

(J) Net Assets

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets, less accumulated depreciation and reduced by the net bonds payable (bonds payable less unspent bond proceeds).

Unrestricted net assets represent the net assets available to finance future operations or available to be returned through reduced tip fees or rebates. The Board of Directors of the DSWA may designate unrestricted net assets for special purposes.

Restricted net assets are limited to outside third-party restrictions and represent the net assets that have been legally identified for specific purposes.

(K) Closure and Post Closure Obligations

The DSWA records all estimated closure costs for existing cells as a liability. Upon final closure of the landfill site, the DSWA is then responsible, under current Federal regulations, for maintaining the closed site for the following thirty years.

NOTE 2 - Cash and Cash Equivalents

The DSWA follows the "Statement of Objectives and Guidelines for the Investments of the State of Delaware", of the State's Cash Management Policy Board (the Board). The Board, created by State law, establishes policies for, and the terms, conditions, and other matters relating to, the investment of all money belonging to the State with certain limited exceptions. The State's Cash Management Policy is available on the Internet at:

http://treasurer.delaware.gov/information/documents/CMPBInvestmentGuidelines_2010-05.pdf.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 2 - Cash and Cash Equivalents - continued

Custodial credit risk is the risk that in the event of a bank failure, the DSWA's deposits may not be returned to it. In accordance with the State's Cash Management Policy, the DSWA deposits its funds with financial institutions that comply with the requirements of Delaware Statutes and have been designated as a qualified public depository by the State Treasurer. Under the Statute, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral with a fair value equal to a percentage of the average daily balance of all government deposits in excess of federal deposit insurance. As of June 30, 2010, the DSWA's bank balances were not exposed to custodial credit risk.

NOTE 3 - Investments

In accordance with the DSWA's investment policy, investment purchases were limited to U.S. Government Securities, U.S. Government Agency Securities, Mortgage-Backed Securities and Corporate Debt Instruments with a rating of AA or better at the time of purchase. As of June 30, 2010, the DSWA was in compliance with the investment policy.

Custodial credit risk is defined as the risk that the DSWA may not recover the securities held by another party in the event of a financial failure. The DSWA's investment policy for custodial credit risk requires all investment securities to be held in the DSWA's name by a third-party safekeeping institution. All investments are considered fully insured or collateralized. The following summarizes the credit quality distribution of securities with credit exposure as a percentage of total investments as of June 30, 2010:

Mutual Funds	AAA	1%
Mutual Funds	A+	5%
Corporate Obligations	AA	4%
Corporate Obligations	AA-	4%
Corporate Obligations	A+	3%
Corporate Obligations	A	2%
Corporate Obligations	A1+	42%
Corporate Obligations	A1	15%

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Wilmington U.S. Government Mutual Funds have a weighted average maturity of less than one year, resulting in minimal interest rate risk. The investment in U.S. Treasury Obligations, U.S. Government Agency Bonds and Notes and Corporate Bonds and Notes is subject to interest rate risk as a function of the length of time to maturity. The scheduled maturities of investments at June 30, 2010 are summarized below.

Credit risk is the risk that an issuer will not fulfill its obligations while concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. As indicated above in Note 2, the DSWA follows the "Statement of Objectives and Guidelines for the Investments of the State of Delaware", of the State's Cash Management Policy Board (the Board). The policy addresses credit risk as well as concentration of credit risk by not only limiting allowable investments but also by limiting the maximum amount that may be invested in any one issuer, except for investments in U.S. Government Securities which are not limited. More than 5 percent of the DSWA's investments are in MetLife and Societe Generale corporate bonds and notes. These investments are 5.72% and 6.11%, respectively, of the DSWA's total investments.

Investments are carried at fair value.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 3 - Investments - continued

The net change in the fair value of the DSWA's investments for the years ended June 30, 2010 and 2009 resulted in unrealized gains of \$505,279 and \$419,100 and is included in net investment income. The calculation of the net change in the fair value of investments is independent of the calculation of realized gains and losses. The realized gains and losses are computed as the difference between the proceeds of the sale and the cost of the investments sold. Realized gains and losses of the current period include unrealized amounts from prior periods. Realized gains (losses) for the years ended June 30, 2010 and 2009 were \$(14,890) and \$163,578, respectively.

It is the DSWA's policy generally to hold investments until maturity.

The DSWA's investments are summarized as follows:

	2010		2009	
	Fair Value/ Carrying Value	Cost	Fair Value/ Carrying Value	Cost
U.S. Treasury Obligations	\$ 5,414,956	\$ 4,864,590	\$ 2,509,970	\$ 2,486,127
U.S. Government Agency Bonds and Notes	29,891,274	29,404,106	31,846,553	31,594,627
Wilmington U.S. Government Mutual Funds	9,563,247	9,563,247	49,818,596	49,818,596
Certificates of Deposit	-	-	1,000,000	1,000,000
Corporate Bonds and Notes	107,852,924	107,954,129	36,784,997	36,629,717
Total Investments	<u>\$ 152,722,401</u>	<u>\$ 151,786,072</u>	<u>\$ 121,960,116</u>	<u>\$ 121,529,067</u>

The investments mature as follows:

	Total	2011	2012	2013	2014-2019
U.S. Treasury Obligations	\$ 5,414,956	\$ 1,793,812	\$ 2,839,097	\$ -	\$ 782,047
U.S. Government Agency Bonds and Notes	29,891,274	7,179,961	4,232,425	4,899,266	13,579,622
Wilmington U.S. Government Mutual Funds	9,563,247	9,563,247	-	-	-
Corporate Bonds and Notes	107,852,924	94,136,402	3,395,773	5,316,494	5,004,255
	<u>\$ 152,722,401</u>	<u>\$ 112,673,422</u>	<u>\$ 10,467,295</u>	<u>\$ 10,215,760</u>	<u>\$ 19,365,924</u>

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2010 is as follows:

	July 1, 2009	Additions	Transfers	Sales/ Retirements	June 30, 2010
Capital assets not being depreciated:					
Construction in progress	\$ 78,423,284	\$ 16,746,012	\$ (1,332,782)	\$ (150,234)	\$ 93,686,280
Land	24,233,407	509,940	-	-	24,743,347
Total capital assets not being depreciated	102,656,691	17,255,952	(1,332,782)	(150,234)	118,429,627
Depreciable capital assets:					
Land improvements	147,145,885	11,036	1,332,782	(1,888,866)	146,600,837
Less: accumulated depreciation	(109,575,717)	(3,783,136)	-	164,718	(113,194,135)
Buildings	41,809,184	112,922	-	-	41,922,106
Less: accumulated depreciation	(18,617,186)	(1,585,099)	-	-	(20,202,285)
Equipment and furniture	18,135,171	671,159	-	(656,605)	18,149,725
Less: accumulated depreciation	(9,441,007)	(2,086,721)	-	600,132	(10,927,596)
Vehicles	5,450,931	64,388	-	(857,087)	4,658,232
Less: accumulated depreciation	(3,395,695)	(1,065,199)	-	690,846	(3,770,048)
Depreciable assets, net of accumulated depreciation	71,511,566	(7,660,650)	1,332,782	(1,946,862)	63,236,836
Capital assets, net	\$ 174,168,257	\$ 9,595,302	\$ -	\$ (2,097,096)	\$ 181,666,463

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 4 - Capital Assets - continued

The status of the DSWA's construction in progress at June 30, 2010 is as follows:

	Expected Completion Date	Costs to Date	
Landfills:			
<u>Cherry Island</u>			
Landfill Expansion Design	Ongoing	\$ 89,395,655	
Office Expansion	On-hold	65,575	
Total			\$ 89,461,230
<u>Sandtown</u>			
Area F	Ongoing	1,420,698	
Landfill Gas System	Ongoing	90,121	
Scalehouse	On-hold	141,657	
Area E Capping	Ongoing	344,992	
Total			1,997,468
<u>Jones Crossroads</u>			
Landfill Gas System	Ongoing	214,227	
Cell III/IV Capping	Ongoing	18,527	
Cell I/II Capping	Ongoing	60,642	
Cell 5	Ongoing	1,934,186	
Total			2,227,582
 Total Construction In Progress			 \$ 93,686,280

NOTE 5 - Landfill Closure and Post Closure Care Costs

On October 9, 1991, the U.S. Environmental Protection Agency issued its rule, "Solid Waste Disposal Facility Criteria". This rule establishes closure requirements, location restrictions, operating criteria, design criteria, groundwater monitoring and corrective action requirements, post closure care requirements and financial assurance requirements for Municipal Solid Waste Landfills. State governments are primarily responsible for establishing state legislation and related permit programs to implement and enforce the EPA rule and have been given flexibility to tailor requirements to accommodate the wide variety of local conditions that exist.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 5 - Landfill Closure and Post Closure Care Costs - continued

In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on the estimated future closure costs that will be incurred near or at the date of closure and the estimated post closure care costs at each site for thirty years after closure. The DSWA reports a portion of these closure and post closure care costs as an operating expense each year based on landfill capacity used during the year. Accrued landfill closure and post closure care costs of \$44,430,514 as of June 30, 2010 and \$44,941,600 as of July 1, 2009, represent the cumulative amount reported based on the estimated percentage of landfill capacity used as of those dates. The DSWA will recognize the remaining estimated cost of closure and post closure care of \$107,365,635 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and post closure care of \$151,796,149 is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfills were acquired as of June 30, 2010. However, the actual cost of closure and post closure care may be higher due to inflation, changes in technology, or in landfill laws and regulations. The following is a summary of selected information related to the DSWA's landfills as of June 30, 2010:

Landfill	Estimated Capacity Used	Cumulative Remaining Life	Accrued Costs	Costs to be Recognized in the Future
Cherry Island	43.95%	32 years	\$ 20,818,370	\$ 18,696,645
Sandtown	19.25%	60 years	6,760,257	45,596,674
Jones Crossroads	14.98%	66 years	13,964,387	43,072,316
Pigeon Point	100.00%	Closed 1985	2,887,500	-
Total			<u>\$ 44,430,514</u>	<u>\$ 107,365,635</u>

During fiscal year 2006, the DSWA received a permit from Delaware Department of Natural Resources and Environmental Control (DNREC) for expanding the Cherry Island Landfill. The permit requires some waste to be disposed at an alternate DSWA facility and prohibits landfilling yard waste at this facility. In addition, the DSWA is allowed to fill bench areas and expand the landfill elevation.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 5 - Landfill Closure and Post Closure Care Costs - continued

A summary of the current year expenditures and accruals is as follows:

	Total	Cherry Island	Sandtown	Jones Crossroads	Pigeon Point
Balance of accrual, July 1, 2009	\$ 44,941,600	\$ 20,243,437	\$ 6,920,682	\$ 14,904,481	\$ 2,873,000
Current year expenditures:					
Closure costs	-	-	-	-	-
Post closure costs	(526,611)	-	-	-	(526,611)
Net accrual	44,414,989	20,243,437	6,920,682	14,904,481	2,346,389
Balance of accrual, June 30, 2010	44,430,514	20,818,370	6,760,257	13,964,387	2,887,500
Net closure and post closure care costs recognized in current year	\$ 15,525	\$ 574,933	\$ (160,425)	\$ (940,094)	\$ 541,111

Included in the computation of Landfill Closure and Post Closure Care Costs as of June 30, 2010, are closure costs for: (1) Pine Tree Corners Transfer Station of \$9,800 (2) Cheswold Collection Station of \$1,800; (3) Milford Transfer Station of \$10,800 (4) Ellendale, Long Neck, Omar, and Bridgeville Collection Stations, each totaling \$1,800 (5) DRC Transfer Station of \$14,000 and (6) Route 5 Transfer Station of \$10,800.

NOTE 6 - Bonds Payable

The proceeds from periodic debt issuances may only be used for the specific purpose for which the money was raised, which is generally to finance expenditures for landfill construction and development. Proceeds from the bond issues are held in trust until such time as the DSWA incurs qualified expenditures. Premium and discounts on bonds payable are amortized over the life of the related debt issues and reported as a component of interest expense.

On December 20, 2006, the DSWA issued \$95,715,000 of tax exempt special revenue bonds secured by the pledged revenues of the DSWA for the purpose of financing the expansion of the DSWA's Cherry Island Landfill and various other projects as described in the DSWA's capital improvement program. The bonds carry interest rates of 3.5% to 5% and mature between June 1, 2008 and June 1, 2026.

On June 23, 2010, the DSWA issued \$43,480,000 of special revenue bonds secured by the pledged revenues of the DSWA for the purpose of financing the expansion of the DSWA's Sandtown and Jones Crossroads Landfills and various other projects as described in the DSWA's capital improvement program. The bonds were delivered in two series:

Tax Exempt Series "A" bonds carry interest rates of 2.0% to 3.5% and mature between June 1, 2011 and June 1, 2018.

Taxable Build America Bonds (BAB's) Series "B" carry interest rates of 4.42% to 5.37% and mature between June 1, 2016 and June 1, 2022. The DSWA will receive an annual subsidy from the IRS of 35% of the interest cost for each year outstanding.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 6 - Bonds Payable - continued

Revenue bonds payable by the DSWA at June 30 are summarized as follows:

	2010	2009
Series 2006	\$ 85,530,000	\$ 89,080,000
Series 2010 "A"	24,625,000	-
Series 2010 "B"	18,855,000	-
Total Principal	129,010,000	89,080,000
Unamortized premium	3,979,902	4,349,047
Accrued interest	453,086	360,256
Total Bond Payable	<u>\$ 133,442,988</u>	<u>\$ 93,789,303</u>

The debt service requirements on the Series 2006 and Series 2010 bonds are as follows:

Year Ending June 30	Principal	Interest	Total
2011	\$ 6,615,000	\$ 5,751,756	\$ 12,366,756
2012	7,025,000	5,634,151	12,659,151
2013	7,295,000	5,363,425	12,658,425
2014	7,600,000	5,056,061	12,656,061
2015	7,910,000	4,749,562	12,659,562
2016-2020	44,315,000	18,686,726	63,001,726
2021-2025	40,755,000	7,572,870	48,327,870
2026	7,495,000	374,750	7,869,750
	<u>\$ 129,010,000</u>	<u>\$ 53,189,301</u>	<u>\$ 182,199,301</u>

The total interest expense incurred on the DSWA bond debt for the years ended June 30, 2010 and 2009 was \$4,415,668 and \$4,470,326, respectively. The total interest capitalized and included in Construction in progress on the Statements of Net Assets for the years ended June 30, 2010 and 2009 was \$2,218,514 and \$1,880,415, respectively.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 7 - Deferred Revenues

On February 1, 1990, the DSWA entered into an agreement with the Delmarva Power Company (Delmarva) which allowed Delmarva to dispose at the DSWA's designated landfill areas up to 72,000 wet tons of fly ash product per year until a total of 1,440,000 wet tons is reached over a period of not less than twenty years and not more than thirty years. In exchange for this right, the DSWA received 37.73 acres of land adjacent to the Cherry Island Landfill. This land was independently appraised at \$864,250 and has been capitalized and included in the DSWA's property, plant and equipment at that value. This agreement was subsequently assigned by Delmarva to Conectiv Delmarva Generation, LLC (Conectiv). Deferred revenue for the future disposal fees of this fly ash was recorded on the books and records of the DSWA equal to the capitalized value of the property received in exchange. The DSWA recognizes income each year based on the actual wet tons actually received, to the maximum of 72,000 tons per year, compared to the total amount of wet tons to be received over the agreed period of time. Neither Delmarva nor Conectiv has disposed of any fly ash at the DSWA's designated landfill since the fiscal year ended June 30, 1993. Accordingly, the DSWA has not recognized revenue since the fiscal year ended June 30, 1993. The balance of deferred disposal fees at June 30, 2009 was \$788,260. As of June 30, 2010, Conectiv terminated this ash agreement due to its pending sale to Calpine Corporation, who did not want to acquire the rights to this agreement; the remaining balance of \$788,260 was recognized as Operating Revenues - Net User Fees.

The DSWA also sells tickets to residents of Kent and Sussex Counties. These tickets are used by the residents when they drop off bags of trash at any one of the collection stations in Sussex County or the Cheswold Transfer Station in Kent County. Income from the sale of tickets had been recognized by the DSWA as the bags of trash were collected. The balance of deferred income from the sale of these tickets at June 30, 2009 was \$117,254. Effective June 30, 2010, revenues will be recognized at the time of the ticket sale. As a result, \$109,791 which would have been recognized as Deferred Revenues at June 30, 2010, was recognized as Operating Revenues – Net User Fees.

NOTE 8 - Pension Plan

Plan Description: All full-time or regular part-time employees of the DSWA are required to participate in the Delaware Public Employees' Retirement System (the "System") administered by the Delaware Board of Pension Trustees. The System is a cost-sharing, multiple-employer, defined benefit public employee retirement system that provides retirement, death and disability benefits to plan members and beneficiaries. Pension benefits of the System are established by Delaware Statutes, Chapter 55, Title 29, and may be amended by the Delaware Legislature.

The System issues a publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Office of Pensions, McArdle Building, 860 Silver Lake Blvd., Suite 1, Dover, Delaware 19904-2402, by visiting the web site at www.delawarepensions.com or by calling 1-800-722-7300.

Funding Policy: Plan members are required to contribute 3% of their annual salary which exceeds \$6,000 per calendar year. The DSWA is required to contribute at an actuarially determined rate, which was 15.27% and 15.87% of annual covered payroll for the years ended June 30, 2010 and 2009, respectively. The contribution requirements for plan members and participating governments are established by State statute. The DSWA's contributions to the System for the years ended June 30, 2010, 2009 and 2008 were \$1,082,961, \$1,176,097 and \$1,205,184, respectively, and were equal to the required contributions for each year.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 9 - Contract Rebate Payable

The DSWA offers a Differential Disposal Fee Program to all customers who enter into a contract with the Authority to bring all of their solid waste or dry waste which has been collected in the State of Delaware to the Authority facilities in accordance with the contract. The program began on July 1, 2005 and will run through June 30, 2010. The program offers rebates of \$10.00/ton and \$13.50/ton. The "at the gate fee" for all dry waste delivered to designated facilities is \$42.00/ton. For the program years ended June 30, 2010 and 2009, three hundred and seventy three (373) and three hundred and eighty three (383) participants received rebates totaling \$8,284,963 and \$8,725,590, respectively.

NOTE 10 - Risk Management

The DSWA is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The DSWA purchases commercial insurance in the open market from insurance companies with an A.M. Best rating of A-size VII or higher for all insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 11 - Commitments and Contingencies

Arbitrage: The Tax Reform Act of 1986 requires the DSWA to rebate the earnings on the investment of revenue bond proceeds, in excess of their yield, to the Federal Government. Of the rebate, 90 percent is due and payable five years from the date bonds were issued and at five-year intervals thereafter. The remaining 10 percent is payable 60 days after they are retired. As of June 30, 2010, the DSWA is contingently liable for arbitrage rebate currently computed to total \$1,332,045.

Litigation: The DSWA makes significant estimates in determining the amount of Unreserved Net Assets needed for the protection of the DSWA, the DSWA's assets, employees and bondholders in the event of litigation because of the nature of the DSWA's operations. Although the DSWA has endeavored to estimate an adequate amount for this self-insurance, it is not determinable whether or not the Authority's assets would be sufficient in the event of such litigation.

Contract Commitments: The DSWA has several uncompleted construction contracts for landfill development and improvements to the solid waste system. The construction is being funded primarily from existing renewal and replacement funds. At June 30, 2010, the uncompleted contracts are summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
Cherry Island Landfill	\$ 101,015,702	\$ 83,081,550	\$ 3,365,553	\$ 17,934,152
Sandtown Landfill	14,720,397	1,119,784	-	13,600,613
Jones Crossroads Landfill	18,254,477	996,110	33,130	17,258,367
	<u>\$ 133,990,576</u>	<u>\$ 85,197,444</u>	<u>\$ 3,398,683</u>	<u>\$ 48,793,132</u>

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 11 - Commitments and Contingencies - continued

In addition to the construction contract commitments, the DSWA also has operations contracts for various facilities and programs. The facilities include the Cherry Island and Sandtown Landfills and the Pine Tree, Milford and Route 5 Transfer Stations. The future estimated cost of these commitments as of the year ended June 30, 2010 is \$33,270,633. The DSWA's contracts include termination for convenience clauses which allows the DSWA to cancel the contracts at any time.

The DSWA and the city of Wilmington negotiated a Restated Sludge Agreement that provides for a ten-year period beyond 2003, during which time the City will not be charged service fees for stabilized sludge that is utilized by the DSWA for landfill operations.

Contract Termination: During March 2009, the DSWA exercised its right to terminate the Asset Management Agreement for its landfill gas collection, compression and delivery systems for \$950,000.

NOTE 12 - Impaired Long-Lived Assets

During the fiscal year 2010, certain landfill gas system equipment located at the Cherry Island Landfill was abandoned. The net carrying value of the equipment equaled \$1,724,149 and is reflected as an impairment loss on the Statements of Revenues and Expenses and Changes in Net Assets.

DELAWARE SOLID WASTE AUTHORITY
SCHEDULES OF OPERATING REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	Landfill Operations	Transfer Station Operations	Collection Station Operations	Recycling Operations	Household Hazardous Waste Program	General & Administrative	2010 Total	2009 Total
OPERATING REVENUES								
Net user fees: solid waste	\$ 33,655,232	\$ 10,578,390	\$ 212,653	\$ -	\$ -	\$ -	\$ 44,446,275	\$ 46,685,691
Landfill gas	3,545,163	-	-	-	-	-	3,545,163	3,975,930
Other income	480,208	39,028	-	2,622,399	-	3,210	3,144,845	2,412,643
TOTAL OPERATING REVENUES	37,680,603	10,617,418	212,653	2,622,399	-	3,210	51,136,283	53,074,264
OPERATING EXPENSES:								
SALARIES AND RELATED COSTS	3,540,028	390,118	153,556	2,814,847	8,709	3,736,546	10,643,804	11,771,157
PROFESSIONAL SERVICES								
Legal services	-	-	-	-	-	443,399	443,399	413,372
Auditing services	-	-	-	-	-	71,228	71,228	91,358
Computer services	-	-	-	-	-	1,519	1,519	9,450
Consulting engineer	443,698	760	-	-	-	153,759	598,217	597,354
Other professional services	3,742	10,584	1,500	1,999	-	133,114	150,939	731,354
Total Professional Services	447,440	11,344	1,500	1,999	-	803,019	1,265,302	1,842,888
TRAVEL								
Mileage	328	-	-	-	-	-	328	4,976
Common carrier	815	-	-	318	-	2,378	3,511	12,219
Lodging, meals, parking and tolls	4,043	-	-	3,078	-	7,864	14,985	24,356
Conferences and registrations	2,854	-	-	5	-	6,758	9,617	9,866
Business meetings	3,057	117	64	799	-	34,048	38,085	29,645
Total Travel	11,097	117	64	4,200	-	51,048	66,526	81,062
SUPPLIES AND MATERIALS								
Office and computer supplies	20,179	1,668	811	9,329	-	108,177	140,164	163,584
Maintenance and janitorial supplies	113,949	644	187	3,791	-	5,852	124,423	183,771
Safety supplies	24,775	2,021	-	11,869	-	5,206	43,871	62,571
Publications and subscriptions	71	-	-	214	-	1,833	2,118	6,758
Uniforms	24,209	-	-	47,027	-	9,062	80,298	100,207
Vehicle expense	34,968	-	-	336,160	-	38,959	410,087	491,429
Other supplies	1,279,906	1,123	142	773,858	135	3,451	2,057,615	1,870,039
Weighttickets and supplies	1,259	773	-	331	-	-	2,363	4,348
Total Supplies and Materials	1,498,316	6,229	1,140	1,182,579	135	172,540	2,860,939	2,882,707
UTILITIES								
Electric	783,399	88,363	4,455	8,786	-	27,847	912,850	1,178,149
Water	168	-	-	19,167	-	254	19,589	74,087
Sewage	633,571	-	-	2,615	-	400	636,586	565,519
Fuel oil end gas	15,123	-	-	3,067	-	4,314	22,504	25,305
Telephone	29,364	6,445	2,005	34,599	-	47,479	119,892	142,614
Total Utilities	1,461,625	94,808	6,460	68,234	-	80,294	1,711,421	1,985,674
CONTRACTUAL SERVICES								
Equipment rental and repair	37,280	-	-	23,135	-	26,644	87,059	138,880
Temporary services	50,774	-	-	64,628	-	1,576	116,978	74,551
Membership and dues	4,589	-	-	-	-	14,848	19,437	18,409
Printing	117	-	-	785	-	8,212	9,114	23,942
Advertising	6,307	-	-	9,784	398	9,491	25,980	16,456
Insurance	(3,646)	-	-	(103)	-	649,222	645,473	652,038
Permits and fees	316,023	21,340	14,160	6,925	-	300	358,748	407,170
Leachate hauling and treatment	2,751,176	-	-	-	-	-	2,751,176	1,470,869
Postage and freight	7,218	-	-	4,094	-	33,555	44,867	45,509
Surveying	58,845	-	-	-	-	4,155	63,000	115,212
Public awareness	11,665	209	-	50,218	13,115	143,471	218,678	254,624
Site security	47,882	6,902	2,415	5,279	-	6,652	69,130	62,953
Contractors' operating cost	-	5,721,920	-	1,441,981	238,413	-	7,402,314	7,193,828
Landfill materials	1,679,779	-	-	-	-	-	1,679,779	1,683,768
Contractors' disposal costs	5,693,464	2,315,237	-	-	-	-	8,008,701	7,284,033
Janitorial services and pest control	36,715	2,952	125	37,600	-	29,145	106,537	96,804
Automotive rental and repair	28,175	-	-	200,096	-	33,366	261,637	272,256
Landscaping services	10,109	13,040	9,710	17,399	-	5,528	55,786	48,633
Hauling services	-	-	47,829	-	-	-	47,829	45,612
Methane gas recovery	876,639	-	-	-	-	-	876,639	1,079,406
Other contractual services	207,633	54,910	15,232	125,890	115	266,945	670,725	874,912
C&D processing	26,498	-	-	-	-	-	26,498	69,585
General maintenance and repair	1,021,990	82,791	9,192	295,822	-	267,633	1,677,428	1,599,872
Total Contractual Services	12,869,232	8,219,301	98,663	2,283,533	252,041	1,500,743	25,223,513	23,529,322
CLOSURE AND POST CLOSURE CARE OF LANDFILLS	15,525	-	-	-	-	-	15,525	1,973,287
DEPRECIATION EXPENSE	5,082,281	1,416,692	43,045	1,838,760	8,958	130,419	8,520,155	9,585,079
TOTAL OPERATING EXPENSES	24,925,544	10,138,609	304,428	8,194,152	269,843	6,474,609	50,307,185	53,651,176
MANAGEMENT OPERATIONS DISTRIBUTION	4,188,768	982,521	6,468	1,293,642	-	(6,471,399)	-	-
OPERATING INCOME (LOSS)	\$ 8,566,291	\$ (503,712)	\$ (98,243)	\$ (6,865,395)	\$ (269,843)	\$ -	\$ 829,098	\$ (576,912)

Credits

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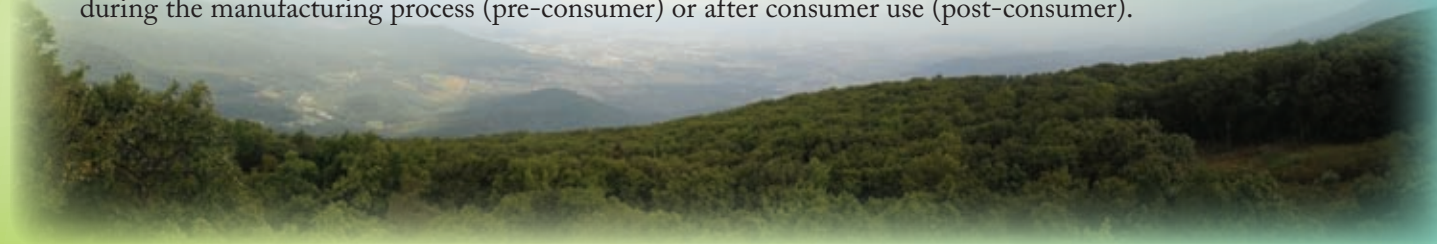
Aerial Photography

Karl Richeson Photography

Land & Mapping Services

We take pride that our annual report is made with recycled fiber.

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Our Mission Statement...

To define, develop, and implement cost-effective plans and programs for solid waste management which best serve Delaware and protect our public health and environment.



Cherry Island Landfill

