



2015 ANNUAL REPORT

Delaware Solid Waste Authority



DELAWARE SOLID WASTE AUTHORITY

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BOARD OF DIRECTORS



Ronald G. McCabe
Vice Chairman



Timothy P. Sheldon



Tonda L. Parks



Norman D. Griffiths



Michael R. Paraskewich, Jr., Ph.D, P.E.

The Board of Directors consists of seven members all working towards the mission of the Delaware Solid Waste Authority (DSWA). The Board of Directors takes this mission very seriously and is always looking for ways to improve within the organization. They set policies and make decisions regarding current operations, programs, and planning. All board members are appointed by the Governor and confirmed by the Senate for three-year terms and the Chairman serves at the pleasure of the Governor. Board members serve voluntarily and without pay. All members are Delaware residents and take an active role in their local communities and charity organizations. They are also active within DSWA by attending many DSWA sponsored events. The Board of Directors realizes the importance of these events in getting information about DSWA's facilities and programs out to the public.

CHAIRMAN'S REVIEW

Forty years is a very long time. That's how long the Delaware Solid Waste Authority has been in business successfully managing the First State's solid waste. It was 1975 when a group of visionary leaders developed a plan that resulted in legislation that created one of the first statewide solid waste management organization in the United States. Over the years this entity evolved into the nationally-recognized authority that it has now become.

That evolution did not occur without strong leadership, thoughtful planning, intense resource management, and tough decision-making. The resultant successes occurred through deliberative and conscientious efforts by the Authority's professional staff, Board members, consultants and contractors. I'm proud to say that thanks to this historical experience, Delaware Solid Waste Authority (DSWA) in 2015 is very sound.

That's not to say that this past year didn't have its share of challenges but thanks to the conscientious efforts of the entire staff, the organization carried out all of its responsibilities in a progressive and effective manner. Our CEO Rick Watson and COO Robin Roddy smoothly made the transition from different long-term positions within DSWA and did so by performing as an effective team. Not only did the organization continue to operationally function without skipping a beat, but the leadership team developed and implemented a comprehensive organizational and financial restructuring plan in an efficient yet responsible way for our employees.

The staff and its leadership team successfully carried out their duties in 2015 with the support and direction of DSWA's Board of Directors. The Board has enjoyed the unique talents and experience of its chairman for the past 21 years. The Authority's longest-serving and only 4th Chairman, Richard V. Pryor, tendered his resignation in January 2015 after 25 total years of service. The DSWA and the State of Delaware have been admirably served by Dick's unparalleled leadership skills and his clear vision. Moreover, the Authority's longest-serving Board member Toby Ryan, with over 36 years of service, left the Board in early 2015 as well. Toby's institutional memory and passionate affinity for DSWA will be sorely missed. And in June, Board member Greg Moore resigned from the Board due to his relocation to Maryland. His technical expertise as a Professional Engineer and as a business owner/manager added great value to our Board's deliberations over the years.

So, what happens when 3 of 7 Board members all leave within the first 6 months of the year? It would appear DSWA would suffer through a transitional period where a loss of direction might occur. Instead, your DSWA Board went through a fairly seamless shift when 3 replacements were nominated by Governor Markell and approved by the Delaware Senate. I was honored to be selected as the next Chairman of this Board of Directors in January. After serving as a Board member for the past 8 years, this should allow for a smooth progression of focus and direction. During the same nomination and approval process, Norm Griffiths was welcomed as a new Board member. Norm has many years of corporate law experience with the DuPont Company as well as experience as a Wilmington City Councilman. He has already become a great addition to this Authority. Shortly thereafter, Michael Paraskewich, Jr. became a new Board member, after being acknowledged by members of the Senate for his extraordinary expertise, skill, and credentials. Besides being a registered Delaware Professional Engineer, Mike becomes the first person to hold a PhD to ever serve on your board of Directors.

So, as my esteemed predecessor Dick Pryor predicted in the 2014 Reports' Annual Chairman's' letter, the year 2015 did prove to demonstrate "even more - and difficult - accomplishments that should go far toward sustaining our Mission in the years just ahead." As you read the CEO's letter and the rest of this report, you will see how prescient he was. I couldn't have said it better.



Sincerely,

A handwritten signature in black ink that reads "Gerard L. Esposito". The signature is fluid and cursive.

Gerard L. Esposito, Chairman of the Board

In January 2015, Governor Jack Markell appointed and the Delaware State Senate confirmed Mr. Esposito as Chairman of the Board of the Delaware Solid Waste Authority. Mr. Esposito joined the DSWA Board of Directors in 2008 and he also currently serves as President of Tidewater Utilities, Inc. He began his career in 1976 as an Environmental Planner with the Coastal Sussex Environmental Protection Agency Water Quality Program. In 1978, he joined the Delaware Department of Natural Resources and Environmental Control where he held positions of increasing responsibility advancing to Deputy Director and then the Director of Delaware's Division of Water Resources, assuming administrative responsibility over all of the State's water pollution, water supply, water quality, wetlands, and environmental laboratory programs. Mr. Esposito joined Tidewater Utilities, Inc. in 1998 as Executive Vice President, and was elected President in 2002. He received his Bachelor of Science degree with High Honors from Rutgers University in Environmental Science and his Master of Science degree from the University of Delaware in Resource Economics. Mr. Esposito's community and civic involvement includes serving as Board member of 12 other non-profit and governmental organizations, including the Port of Wilmington's Diamond State Port Corporation, Better Business Bureau of Delaware, and Junior Achievement Delaware.

BOARD OF DIRECTORS CHANGES



Richard V. Pryor

In January 2015, after 25 years of service and 21 years as Chairman of the Board, Mr. Richard V. Pryor announced his resignation from the DSWA Board of Directors. Mr. Pryor's passion and commitment at the helm of DSWA's Board helped see the Authority through many changes and challenges over the years. Through his professional skilled leadership, DSWA established itself as an innovative and pragmatic organization that implemented sound environmentally responsible solutions to solid waste management in Delaware. In recognition of this service, Mr. Pryor was awarded the Order of the First State by Governor Jack Markell. The award is the highest honor for meritorious service granted by the governor.



Theodore (Toby) Ryan

In March 2015, it was announced that long-time Board member Theodore (Toby) Ryan would not be extending his term as part of the Board. Mr. Ryan had been a member of the DSWA Board since January 1979. Mr. Ryan had a strong commitment and passion for service to the Delaware Solid Waste Authority. During that 36-year period, he attended nearly all Board and Committee meetings. In addition he served as Chairman of the Citizen's Affairs Committee since 2005. Mr. Ryan was also awarded the Order of the First State by Governor Jack Markell. In the early 1990's he was very instrumental in the construction of the Pine Tree Corners Transfer Station, which helped to provide convenient waste disposal and recycling options for southern New Castle County.



Gregory V. Moore P.E.

In June 2015, after 5 years of service as a member of the Board of Directors, Gregory V. Moore P.E. announced his resignation. As Vice President of the Becker Morgan Group, Mr. Moore's engineering and business knowledge helped in a tremendous way to guide many of the decisions the Board had to make during his tenure.



Norman D. Griffiths

Mr. Norman D. Griffiths was nominated and accepted the open position on the Board of Directors in February 2015. Mr. Griffiths had been an attorney in the Legal Department of DuPont since 1983. He recently retired in June 2015. Mr. Griffiths received his Bachelor of Science degree in Criminal Justice from American University in Washington, D.C. in 1980 and his juris doctorate degree from Catholic University Columbus School of Law in 1983. He was elected to the Wilmington City Council in 1992 and served the residents of the Second Council District until 2008. He was elected President of the Wilmington City Council in 2008 and retired from City Council in 2013. He is currently a member of the Board of Trustees of Delaware Technical and Community College and a member of the Board of Directors of Westside Family Healthcare, Inc.



Michael R. Paraskewich, Jr., Ph.D, P.E.

Mr. Michael R. Paraskewich, Jr., Ph.D, P.E. was nominated and accepted an open position on the Board of Directors in April 2015. Mr. Paraskewich comes to DSWA as the current Vice President and Director of Research and Design at The PELSA Company of Newark. He is a Professional Engineer licensed in Delaware, Maryland and Pennsylvania. Mr. Paraskewich received his Bachelors of Civil Engineering from Villanova University in 1995, as well as his Masters of Civil Engineering from Villanova in 1997 and completed his PhD in Geography and Environmental Engineering from Johns Hopkins University in 2008.

CEO'S RETROSPECT

In a year where we had a significant change in our Board of Directors, the transition went smoothly and our business continued to make improvements resulting in another successful year! Several notable accomplishments during Fiscal Year 2015 helped DSWA continue its mission to provide programs and plans that best serve Delaware residents. Some of these accomplishments include:

- The amounts of material recovered and recycled increased substantially from the previous year. Our partners in recycling: single-stream recycling company ReCommunity Delaware LLC, and construction and demolition debris recycling Revolution Recovery Delaware LLC, both saw large increases in the materials they were able to receive and then recycle.
- Based upon the success of the weekly Household Hazardous Waste Collection events at the Delaware Recycling Center in New Castle County and at the Cheswold Collection Station in Kent County, DSWA began weekly Household Hazardous Waste Collection at the Jones Crossroads Landfill in Sussex County.
- A new connection was made from Leachate storage tanks at the Sandtown Landfill to the new pipeline built by Kent County to transport Leachate to their wastewater treatment plant in Frederica, Delaware. Prior to this connection, Leachate was transported by trucks to the treatment plant. Not only does this new connection eliminate truck traffic and the associated Greenhouse Gas Emissions, but it also saves over \$300,000 per year.
- The Public Education and Outreach Program enhanced the DSWA Environmental Education Building with a new interactive single stream recycling exhibit, where students help to separate recyclables on a moving conveyor belt. This helped spur a substantial increase in the number of students visiting this facility in FY 2015 to over 2,200, a 175% increase over FY 2014's 800 students.
- Revenues were good and expenses were reduced in many areas, resulting in a net positive position at the end of this fiscal year, which you can find detailed in this report.

Through the support of our Board of Directors, our dedicated staff and our private business partners we have been very successful in achieving our goals. We will continue to strive for excellence and fulfill our mission.

Richard P. Watson

Richard P. Watson P.E., BCEE | **Chief Executive Officer**



RECYCLING DIVERSION RATES IN DELAWARE

YEAR	2006	2007	2008	2009	2010	2011	2012	2013	2014
Diverted Recyclables (tons)	248,410	377,066	318,032	323,637	359,147	401,883	405,953	450,499	472,344
Landfilled Municipal Solid Waste (MSW) (tons)	823,479	794,984	741,143	668,353	706,368	672,761	607,539	623,463	658,788
Total MSW = Diverted Recyclables + Landfilled MSW (tons)	1,071,889	1,172,050	1,059,175	991,990	1,065,515	1,074,644	1,013,492	1,073,962	1,131,132
PERCENT DIVERTED RECYCLABLES	23.2%	32.2%	30.0%	32.6%	33.7%	37.4%	40.1%	41.9%	41.8%

Source 2014 Recycling Public Advisory Council Annual Report.



Facility Recyclable Quantities Used by Material Type- FY 2015

MATERIAL (TONS material sent to market)	Cherry island Landfill NSWMC	Sandtown Landfill CSWMC	Jones Crossroads Landfill SSWMC	Pine Tree Corners Transfer Station PTCTS	Milford Transfer Station MTS	Route 5 Transfer Station RT5TS	Total TOTAL
Refrigerant White Goods	42	33	32	53	35	37	232
Non Refrigerant White Goods	151	45	272	110	34	160	772
Tires	281	232	296	48	26	19	902
Yard Waste	-	-	33	-	-	-	33
Dry Wall	189	37	529	18	29	63	865
Propane Bottles	1	1	2	1	-	1	6
Metal shreds	-	-	98	-	-	-	98
Matresses	17	34	45	-	-	-	96
TOTALS (TONS)	681	382	1,307	230	124	280	3,004

Alternative Material Used For Soil Cover & Road Building At Landfills

MATERIAL

	Cherry island Landfill NSWMC	Sandtown Landfill CSWMC	Jones Crossroads Landfill SSWMC	Total
ALTERNATIVE MATERIALS USED FOR SOIL COVER				
Clean Earth	305,077	-	-	305,077
Barrier	42,523	-	-	42,553
Recycled C&D	-	-	6,263	6,263
TOTAL (TONS)	347,600	-	6,263	353,893
ALTERNATIVE MATERIALS USED FOR ROAD BUILDING				
Steel Slag	10,803	1,691	-	12,494
Recycled Concrete	5,918	5,095	-	11,013
Clean Earth Aggregate	9,878	-	-	9,878
Chipped yardwaste	-	1,780	-	1,780
ALTERNATIVE MATERIALS USED FOR SOIL AMENDMENT				
DSWA made Compost	1,631	-	596	2,227
Yard Waste	-	-	1,131	1,131
TOTAL (TONS)	1,631	-	1,727	3,358
TOTALS (TONS)	375,830	8,566	7,990	392,416



LANDFILL GAS UTILIZATION

LANDFILL GAS = "GREEN" ELECTRICITY

LFG	Beneficially Used	Flared	Collected	Energy Derived from Beneficially Used Gas			GHG Reduced
	(MMSCF)	(MMSCF)	(MMSCF)	(MMBTU)	(KWH) ^a	(# OF HOMES POWERED) ^b	(MTCO2E) ^c
CIL	728	774	1,502	393,707	33,650,129	2,973	315,934
CSWMC	750	162	912	370,562	32,417,257	2,864	180,867
SSWMC	679	108	786	325,196	28,946,202	2,557	154,101
TOTAL	2,157	1,043	3,200	1,089,765	95,013,588	8,393	650,902

a - estimated value

b - determined by USEPA 2013 LMOP LFG Energy Benefits Calculator

c - metric tons of carbon dioxide equivalents per year reduced thru LFG collection

Landfill gas (LFG) is the natural product of the decomposition that occurs naturally in a landfill. It contains approximately 50% methane, the main component of natural gas. DSWA collects and utilizes the energy capacity of the LFG at all three of our active landfill facilities. In New Castle County the Cherry Island Landfill collects approximately 3,000 cubic feet of LFG per minute. Nearly half of the LFG collected is utilized by Cummins Power Generation to generate power for the Croda Atlas Point Facility. In Kent County the Central Solid Waste Management Center collects approximately 2,000 cubic feet of LFG per minute. In Sussex County the Southern Solid Waste Management Center collects approximately 1,500 cubic feet of LFG per minute. LFG collected at the CSWMC and SSWMC facilities is utilized by Ameresco Delaware Energy, LLC. Ameresco uses engines to generate energy for Delaware homes and businesses. Ameresco has 5 MW of energy generating capacity at each CSWMC and SSWMC facilities.

LFG is a valuable source of green energy for the State of Delaware. Use of LFG to generate energy diverts the use of fossil fuel energy sources including coal, natural gas and oil. The carbon dioxide generated from utilizing LFG is considered "biogenic", which means that it is carbon neutral so it does not contribute to climate change. LFG is a source of green energy that is available at DSWA facilities. DSWA is committed to continued public/private partnerships that will utilize LFG to produce green energy for Delaware.



RECYCLING IN DELAWARE

SINGLE-STREAM RECYCLING FOR FY 2015 TONS RECEIVED

	DELAWARE RECYCLING CENTER	MILFORD TRANSFER STATION	ROUTE 5 TRANSFER STATION	TOTAL
Total Material Received	102,097	16,852	21,831	140,780
Total Transferred To ReCommunity				139,699

ReCommunity, a nationally recognized company, runs a Materials Recovery Facility (MRF) where household recycling is sorted and baled. Revolution Recovery, a Philadelphia-based company, processes and bales construction and demolition (C&D) waste such as wood, drywall, metal, and carpet. All of the sorted and baled material is then sent to different facilities/ markets to be recycled into new products.



Drop-Off Center Recycling Breakdown

ITEM/SOURCE	TONS	SENT TO
Single-Stream	9,575	Recommunity
Motor Oil	636	Crystal Clear
Oil Filters	29	Crystal Clear
Textiles	32	Goodwill
Household Batteries	59	Call 2 Recycle
TOTALS	10,330	

Polystyrene Foam Recycling

MONTH	POUNDS
JULY 2014	1,085
AUG 2014	2,506
SEPT 2014	1,943
OCT 2014	1,856
NOV 2014	1,643
DEC 2014	2,948
JAN 2015	1,790
FEB 2015	1,089
MAR 2015	1,672
APR 2015	2,205
MAY 2015	2,497
JUNE 2015	1,885
TOTAL LBS.	22,939

SINGLE-STREAM RECYCLING includes the following:

- Newspapers/Brown Paper Bags
- Magazines/Catalogs
- Telephone/Soft Cover Books
- Junk Mail/Envelopes (all types)
- Paper
- Paperboard (cereal/tissue boxes)
- Cardboard
- Glass Bottles/Jars (any color)
- Metal Cans (tin/steel/aluminum)



Dart Container Corporation (DART), a leading manufacturer of polystyrene foam foodservice products collects Polystyrene from two drop-center bins in Delaware and recycles the material into new product.

HOUSEHOLD HAZARDOUS WASTE COLLECTION



DSWA operates Household Hazardous Waste (HHW) Saturday Collection Events at different locations throughout the year. In addition, weekly collection is provided in each of Delaware's three counties as shown below. Delaware residents can bring their HHW to us free of charge. Clean Harbors, the leading provider in environmental, energy and industrial services throughout North America, collects Household Hazardous Waste at each DSWA Collection Event

HHW Saturday Collection Events

EVENT (FY 2015)	POUNDS COLLECTED	COST PER EVENT	PARTICIPANTS
July 2014 (St. Anne's School)	8,953	\$9,984	238
August 2014 (Jones Crossroads Landfill)	10,949	\$12,850	186
October 2014 (Frawley Stadium)	22,224	\$24,918	1,247
November 2014 (Mt. Pleasant School)	13,154	\$14,043	663
December 2014 (University of Delaware)	14,635	\$15,354	860
March 2015 (Frawley Stadium)	12,731	\$23,141	920
April 2015 (St. Anne's School)	8,358	\$10,062	405
April 2015 (Blue Hen Corporate Center)	5,125	\$10,053	393
April 2015 (Town of Lewes)	3,876	\$6,410	0
May 2015 (Nylon Capital Shopping Center)	7,950	\$9,894	240
May 2015 (Mount Pleasant Elementary School)	18,065	\$17,432	693
May 2015 (Delaware City)	11,381	\$12,720	287
June 2015 (University of DE Newark)	18,431	\$20,383	697
TOTAL	155,832	\$187,244	6,829

CHESWOLD WEEKLY PROGRAM

MONTH	WEIGHT (LBS.)	LABOR AND DISPOSAL COSTS	PARTICIPANTS
July 2014	7,439	\$10,808	137
August 2014	8,785	\$16,913	188
September 2014	6,316	\$10,795	200
October 2014	7,355	\$13,866	281
November 2014	4,441	\$8,686	186
December 2014	3,292	\$9,581	199
January 2015	4,353	\$10,575	300
February 2015	1,800	\$8,526	145
March 2015	2,222	\$6,018	162
April 2015	6,471	\$10,721	301
May 2015	10,447	\$16,361	316
June 2015	5,586	\$13,194	2,712
TOTAL	68,507	\$136,044	2,712

DELAWARE RECYCLING CENTER WEEKLY PROGRAM

MONTH	WEIGHT (LBS.)	LABOR AND DISPOSAL COSTS	PARTICIPANTS
July 2014	15,139	\$20,109	161
August 2014	9,869	\$16,376	137
September 2014	10,609	\$19,066	271
October 2014	13,352	\$19,834	396
November 2014	6,844	\$13,029	338
December 2014	6,722	\$12,653	421
January 2015	3,235	\$10,156	336
February 2015	5,249	\$13,385	297
March 2015	8,187	\$13,590	335
April 2015	8,612	\$20,958	579
May 2015	12,051	\$17,659	385
June 2015	16,161	\$20,204	658
TOTAL	116,030	\$197,019	4,314

JONES CROSSROADS LANDFILL WEEKLY PROGRAM

MONTH	WEIGHT (LBS.)	LABOR AND DISPOSAL COSTS	PARTICIPANTS
September 2014	4,259	\$9,910	143
October 2014	6,768	\$11,805	165
November 2014	3,095	\$9,089	167
December 2014	2,185	\$8,845	188
January 2015	1,303	\$7,711	145
February 2015	1,722	\$6,881	134
March 2015	3,775	\$11,869	190
April 2015	6,231	\$14,103	249
May 2015	8,946	\$13,835	230
June 2015	15,405	\$19,937	391
TOTAL	53,689	\$113,985	2,002



ELECTRONICS RECYCLING



DSWA provided free electronics recycling collection services for Delaware residents. In addition, free electronics recycling services were provided to governmental offices, non-profits and schools. Recycling electronic goods removes potentially hazardous materials from the waste stream and saves landfill space. ECOvanta, the electronic waste ("e-waste") recycling subsidiary of Covanta Energy Corporation provides collection and recycling services for Electronic goods as shown below.

Electronic Goods Recycling Collection Program*

EVENT (FY 2015)	POUNDS COLLECTED
July 2014 (St. Anne's School)	6,147
August 2014 (Jones Crossroads Landfill)	4,800
September 2014 (Lantana Square)	38,672
September 2014 (Rehoboth Beach)	7,793
October 2014 (Frawley Stadium)	34,539
November 2014 (Mt Pleasant School)	24,789
December 2014 (University of Delaware)	44,043
March 2015 (Frawley Stadium)	34,706
April 2015 (St. Anne's School)	18,296
April 2015 (Lantana Square)	51,964
April 2015 (Blue Hen Corporate Center)	9,547
May 2015 (Nylon Capital Shopping Center)	11,327
May 2015 (Mount Pleasant Elementary School)	20,463
May 2015 (Delaware City)	15,837
June 2015 (University of DE Newark)	28,972
TOTAL	364,399

*Includes Electronics Collected During Weekly Events

ELECTRONICS RECYCLED

DEVICES	NUMBER OF ITEMS
CPU/Laptops/Servers	14,591
Monitors	8,772
Televisions	17,676
Other	211
TOTAL (items)	41,250
WEIGHT (pounds)	2,083,040



ELECTRONIC GOODS COLLECTION LOCATION BREAKDOWN

LOCATION	WEIGHT (LBS.)
Collection Events	364,399
Businesses*	18,027
DSWA Drop-Off Centers**	1,190,794
Government Offices	153,053
Non-Profits	20,101
Schools	336,666
TOTAL POUNDS	2,083,040
TOTAL COST	\$433,668.38

*Business Collections Ended September 30, 2014

**Drop-Off Center Collection Ended September 8, 2014

PAPER SHREDDING & LATEX PAINT COLLECTION

DSWA offers paper shredding at many Saturday Collection Events throughout the year, as well as special collection events for latex paint. DSWA has partnered with GDB International Inc. to provide collection of latex paint at special collection events. GDB is one of the largest recyclers of post-consumer paint. Paint collected by GDB is recycled and then marketed under their own brands, and exported to partners in 64 countries and also used for graffiti abatement programs. Shred One provides document shredding services at DSWA Collection Events.



LATEX PAINT COLLECTION

EVENTS	WEIGHT (POUNDS)	PARTICIPANTS	COST
September 2014	36,600	399	\$15,030
March 2015	22,600	252	\$11,065
TOTALS	59,200	651	\$26,095

PAPER SHREDDING

PAPER SHREDDING EVENTS	WEIGHT
July 2014 - St. Anne's School	6,860
August - SSWMC	9,860
September - Lantana Square	18,840
September - Rehoboth Town Hall	7,580
October - Frawley Stadium	24,060
October - Hocker's Grocery Store	12,980
November - Mt Pleasant School	11,480
December - University of Delaware	23,560
March 2015 - Frawley Stadium	24,200
April - St. Anne's School	12,200
April - Blue Hen Corporate Center	14,460
April - Lantana Square	26,500
May - Nylon Capital Shopping Ctr	4,480
May - Mt Pleasant School	11,420
May - DuPont Barley Mill	9,360
May - Delaware City	9,860
June 2015 - City of Newark	12,650
TOTAL (pounds)	240,340
TOTAL COST	\$24,273.40



DELAWARE SOLID WASTE AUTHORITY
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

DELAWARE SOLID WASTE AUTHORITY

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying statement of net position of Delaware Solid Waste Authority as of June 30, 2015, and the related statements of revenues and expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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, 2015, and the changes in financial position, and cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating revenues and expenses, schedule of proportionate share of the pension liability and schedule of contributions (the "supplemental schedules") are presented for purposes of additional analysis and are not a required part of the financial statements.

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

Prior Period Financial Statements

The financial statements as of June 30, 2014 and for the year then ended, were audited by Elko & Associates Ltd, who merged with Wipfli LLP as of January 1, 2015, and whose report dated September 29, 2014, expressed an unmodified opinion on those statements and stated that, in their opinion the accompanying 2014 supplementary information was fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2014, as a whole.

A handwritten signature in cursive script that reads "Wipfli LLP".

Media, Pennsylvania
November 9, 2015

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, 2015 and 2014. 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 Employers Liability Coverage under an endorsement to its General Liability Policy 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 Position presents information on the DSWA's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 Position presents information showing how the DSWA's net position changed during the most recent fiscal year. All changes in net position 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 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.

The basic Enterprise Fund Financial Statements can be found on pages 9 through 13 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 14 through 31 of this report.

Financial Highlights

- The DSWA's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (net position) by approximately \$188.9 million and \$176.5 million at the close of fiscal years 2015 and 2014, respectively. This represents an increase of approximately \$12.4 million (7.0%) in net position in 2015 over the previous year.
- Total incoming tonnage in fiscal year 2015 increased by slightly over 40,000 tons resulting in a 5.6% increase in revenue generating tons compared to fiscal year 2014.
- Total operating revenue increased by approximately \$4.2 million or 7.0% more than the previous year. By comparison, the year to year increase in the prior year was \$4.7 million or 8.4%. Net user fees reported in this item are net of the Differential Disposal Fee Programs rebates of approximately \$3.44 million in 2015 and \$3.38 million in 2014 (see Note 9).

- Total operating expenses for 2015 decreased by \$10 million or 16.4% from the previous year. The reduction primarily relates to two items. In 2015, management re-forecasted estimated useful lives of landfill cells in relation to expected future tonnage to be landfilled of approximately \$4.2 million. In addition, salaries and related costs decreased by approximately \$3.6 million primarily due to the adoption of the GASB pension statement (see Note 2).
- Operating income for 2015 was \$13.6 million versus the prior year operating loss of \$662,000.
- 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 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 7).

Summary of Net Position

As noted earlier, net position may serve over time as a useful indicator of DSWA's financial position. The DSWA's net position increased during fiscal year 2015 by \$12,391,596, decreased by \$824,052 for 2014. A condensed summary of DSWA's net position for the two years being reported is presented below:

	Net Position	
	2015	2014*
Current and Other Assets	\$ 144,777,853	\$ 129,287,691
Capital Assets	207,895,131	217,217,522
Deferred Outflow of Resources	532,731	519,501
Total Assets and Deferred Outflow of Resources	353,205,715	347,024,714
Current Liabilities	16,872,508	16,576,365
Long-Term Obligations	145,399,132	153,932,796
Deferred Inflow of Resources	2,026,926	-
Total Liabilities and Deferred Inflow of Resources	164,298,566	170,509,161
Net Position:		
Invested in Capital Assets	129,235,621	130,168,538
Unrestricted	58,631,229	45,238,848
Restricted	1,040,299	1,108,167
Total Net Position	\$ 188,907,149	\$ 176,515,553

*As restated see Note 2

Net position 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 position is limited to outside third party restrictions and represents the net position that has been legally identified for specific purposes.

Summary of Revenues and Expenses and Changes in Net Position

Summary of revenues and expenses and changes in net position for the years ended June 30, 2015 and 2014 is presented below:

	Change in Net Position	
	2015	2014*
Operating Revenues		
Net User Fees: Solid Waste	\$ 60,779,172	\$ 56,825,544
L/F Gas Marketing Income	1,290,578	1,137,414
Marketing Income Recyclables	1,272,691	1,232,095
Other Income	1,380,636	1,279,189
Total Operating Revenues	64,723,077	60,474,242
Operating Expenses		
Salaries and Related Costs	8,860,907	12,423,525
Contractual Services	25,368,134	24,703,228
Depreciation	11,448,018	17,337,016
Landfill Closure	1,515,305	2,939,853
Other Expenses	3,917,632	3,732,595
Total Operating Expenses	51,109,996	61,136,217
Operating Income (Loss)	13,613,081	(661,975)
Net Nonoperating Expenses	(1,221,485)	(162,077)
Increase (Decrease) in Net Position	12,391,596	(824,052)
Net Position - Beginning of Year	176,515,553	177,339,605
Net Position - End of Year	\$ 188,907,149	\$ 176,515,553

*As restated, see Note 2

Capital Asset Activity

The following provides a summary of the significant changes in capital assets for the year ended June 30, 2015 and a description of the major items affecting the year-end balances (see Note 5 - Capital Assets).

- Construction in Progress
 - Increases: DRC Entrance Modifications - \$31,618
Cell Capping - \$25,015
Leachate System Modifications - \$36,750
Cherry Island Landfill - Flare Improvements - \$192,362
- Depreciable Capital Assets
 - Increases: Vehicles - \$98,537, Building and Land Improvements - \$40,680, Heavy Construction Equipment and Processing Equipment - \$572,910
 - Decreases: Vehicles sold or traded-in - \$321,709, Retirement depreciable assets - Land Improvements, Buildings, Equipment and furniture - \$645,593.

Review of Operations

Landfill Operations. During the fiscal year 2015, the Delaware Solid Waste Authority's three operating landfills managed the safe disposal or recycling of 773,772 tons of waste compared to 732,960 tons during the previous year. Of the total waste received, dry waste, which includes construction and demolition waste, 71,587 tons were received in fiscal year 2015 compared to 68,447 tons in the previous fiscal year. During fiscal year 2015, 6,263 tons of the dry waste was recycled into an alternate material used for soil cover at the Jones Crossroads Landfill. In addition, 901 tons of tires were recycled as either tire-derived fuel or consumer products. A total of 5,171 tons of yard waste was recycled as mulch or compost or staged for future processing. The user fee for solid waste and dry waste was \$87.00 per ton at the landfills and transfer stations versus \$85.50 per ton for the prior year.

Transfer Stations. During the fiscal year 2015, the DSWA's Pine Tree Corners, Milford and Route 5 Transfer Stations received and transferred 190,968 tons of solid waste. The waste from Pine Tree Corners Transfer Station and Milford Transfer Station was transported to the Sandtown Landfill for disposal. The Route 5 Transfer Station transported 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 and yard waste at the rate of \$1/bag. A total of 79,477 customers disposed of 109,275 bags of household waste and 21,833 bags of yard waste during fiscal year 2015

Recycling. During the fiscal year 2015, the DSWA's Drop-Off Center Program collected 10,330 tons of various recyclables including cardboard, single stream, batteries, textiles, oil filters and oil from its 60 sites. The Oil Filter Program marketed 29 tons of oil filters collected statewide. The oil filters were generated from the drop-off sites. The Electronic Goods Program collected 1,042 tons of electronic goods for recycling. The Recycling Group conducted 19 special collection events for the collection of household hazardous waste, electronic goods, and paper shredding at various locations statewide. From the special collection events 89 tons of hazardous materials and 182 tons of electronic goods were either recycled or safely disposed of along with 120 tons of paper shredded. In addition to the special collection events, three weekly Household Hazardous Waste collection programs were conducted during fiscal year 2015 at our Cheswold Collection Center, Delaware Recycling Center, and Southern Solid Waste Management Center. At those three locations 119 tons of material were collected, which were then either recycled or safely disposed. In fiscal year 2015, a mattress recycling program collected 96 tons of mattresses that were able to be recycled.

In February 2012, DSWA entered into a Service Agreement with Revolution Recovery Delaware, LLC (Revolution) to construct and operate a C&D materials recovery facility at DSWA's Delaware Recycling Center on behalf of DSWA. Revolution is in the business of receiving, processing and reselling recyclable C&D materials that have residual value. During fiscal year 2015, Revolution took in 88,816 tons of C&D materials for processing versus fiscal year 2014 tonnage of 68,229 tons.

Also, in February 2012, DSWA entered into a Service Agreement with ReCommunity Delaware, LLC (ReCom) to construct and operate a material recovery facility (the "MRF") at DSWA's Delaware Recycling Center on behalf of DSWA. ReCom is in the business of receiving, processing and reselling residential and commercial recyclable materials that have residual value. During fiscal year 2015, ReCom received 139,699 tons of recyclable materials for processing versus fiscal year 2014 incoming tonnage of 88,911 tons.

Plans for the Future. After a notable increase in tonnage during fiscal year 2014 from the prior year and a subsequent significant increase in fiscal year 2015, DSWA views this as a solidifying of a base level tonnage it can realistically expect in the immediate future. The downturn of the economy beginning in 2008 resulted in sharp declines of revenue generating tonnage. This abrupt reduction of tonnage would appear to have reached a bottom prior to fiscal year 2014. Although the last two years of increased incoming tonnage continues to build confidence that a floor level has been reached, we are cautiously evaluating the ongoing national economic conditions and continued efforts to maximize recycling.

In a response to reduced tonnage prior to fiscal year 2014, DSWA evaluated and took the necessary actions in fiscal year 2015 to implement cost reductions where possible while maintaining resources adequate to serve the community. As the economic conditions change and the market shifts, DSWA will continue to evaluate cost saving opportunities and review the viability of all available sources of revenue related to the handling of waste and recyclable materials. There will continue to be a reasonably conservative approach in the budgeting process in the near future but with a degree of confidence that the most recent results are indicative of a more positive outlook than taken in prior years.

Despite having experienced an upturn in revenue related to tonnage in fiscal year 2015, DSWA will continue to assess the market conditions that have adversely affected the financial results associated with the processing of recyclable materials. Ongoing efforts are being made to evaluate operations in this area in order to carry out DSWA's mission while doing so in the most cost-effective way possible.

With the more positive outlook compared to recent years, there is now more of a willingness to initiate capital improvement projects that had been deferred awaiting improved economic times. In response to better economic conditions and a proactive approach to cost reductions, DSWA will be taking a less restrictive approach to capital spending in efforts to maintain our ability to service the public as needed. While mandated projects and those that have been deferred in prior years will make up the majority of capital spending, a degree of optimism will allow for additional flexibility in this area if needed.

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:

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Joseph J. Koskey', with a stylized flourish at the end.

Joseph J. Koskey
Chief Financial Officer

STATEMENTS OF NET POSITION

DELAWARE SOLID WASTE AUTHORITY
STATEMENTS OF NET POSITION

	JUNE 30,	
	2015	2014 RESTATED
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Unrestricted Current Assets:		
Cash and cash equivalents - Note 3	\$ 1,119,511	\$ 718,168
Investments - Note 4	1,854,967	83,603
Accounts receivable (net of allowance for doubtful accounts of \$99,636 and \$112,206, respectively)	7,198,535	4,726,244
Interest receivable	295,898	329,748
Prepayments and miscellaneous receivables	<u>1,088,039</u>	<u>840,335</u>
Total Unrestricted Current Assets	11,556,950	6,698,098
Restricted Current Assets:		
Investments - Note 4	<u>81,716,166</u>	<u>64,021,559</u>
Total Current Assets	<u>93,273,116</u>	<u>70,719,657</u>
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets:		
Investments - Note 4	<u>21,175,135</u>	<u>22,265,257</u>
Capital Assets - Note 5		
Land	24,941,548	24,941,548
Land improvements	310,001,213	309,168,889
Buildings	44,574,233	44,247,372
Equipment and furniture	18,608,993	18,647,414
Vehicles	<u>2,699,198</u>	<u>2,922,370</u>
Total	400,825,185	399,927,593
Less: Accumulated depreciation	<u>193,237,000</u>	<u>182,756,287</u>
	207,588,185	217,171,306
Construction in progress - Note 5	<u>306,946</u>	<u>46,216</u>
Total Capital Assets	<u>207,895,131</u>	<u>217,217,522</u>
Restricted Noncurrent Assets:		
Investments - Note 4	<u>30,329,602</u>	<u>36,302,777</u>
Total Noncurrent Assets	<u>259,399,868</u>	<u>275,785,556</u>
DEFERRED OUTFLOW OF RESOURCES		
Related to pensions - Note 8	<u>532,731</u>	<u>519,501</u>
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	<u><u>\$ 353,205,715</u></u>	<u><u>\$ 347,024,714</u></u>

The accompanying Notes are an integral part of these statements.

	JUNE 30,	
	2015	2014
		RESTATED
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 4,001,946	\$ 2,910,420
Contracts payable, including retainage	17,263	42,220
Refundable security deposits	60,491	60,991
Accrued compensation	1,541,210	1,379,328
Current portion of bonds payable - Note 7	7,646,709	8,305,797
Accrued landfill closure and post closure care costs - Note 6	161,500	496,000
Contract rebate payable - Note 9	3,443,389	3,381,609
Total Current Liabilities	16,872,508	16,576,365
NONCURRENT LIABILITIES		
Bonds payable - Note 7	86,999,575	94,590,759
Accrued landfill closure and post closure care costs - Note 6	57,305,626	55,778,611
Net pension liability - Note 8	1,093,931	3,563,426
Total Noncurrent Liabilities	145,399,132	153,932,796
Total Liabilities	162,271,640	170,509,161
DEFERRED INFLOW OF RESOURCES		
Related to pensions - Note 8	2,026,926	-
NET POSITION		
Invested in capital assets, net of related debt and accumulated depreciation	129,235,621	130,168,538
Unrestricted	58,631,229	45,238,848
Restricted	1,040,299	1,108,167
Total Net Position	188,907,149	176,515,553
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 353,205,715	\$ 347,024,714

The accompanying Notes are an integral part of these statements.

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

	FOR THE YEARS ENDED JUNE 30,	
	2015	2014 RESTATED
OPERATING REVENUES		
Net user fees: solid waste	\$ 60,779,172	\$ 56,825,544
Landfill gas	1,290,578	1,137,414
Other income	2,653,327	2,511,284
Total Operating Revenues	64,723,077	60,474,242
OPERATING EXPENSES		
Salaries and related costs - Note 2	8,860,907	12,423,525
Professional services	1,218,820	1,122,244
Travel	93,049	89,567
Supplies and materials	1,725,629	1,738,198
Utilities	880,134	782,586
Contractual services	25,368,134	24,703,228
Closure and post closure care of landfills	1,515,305	2,939,853
Depreciation expense	11,448,018	17,337,016
Total Operating Expenses	51,109,996	61,136,217
OPERATING INCOME (LOSS)	13,613,081	(661,975)
NONOPERATING REVENUES (EXPENSES)		
Net investment income	1,682,552	2,678,088
Bond interest and related expenses	(3,281,540)	(3,438,267)
Other nonoperating revenue - net	377,503	598,102
Net Nonoperating Expenses	(1,221,485)	(162,077)
INCREASE (DECREASE) IN NET POSITION	12,391,596	(824,052)
NET POSITION - BEGINNING OF YEAR	176,515,553	177,339,605
NET POSITION - END OF YEAR	<u>\$ 188,907,149</u>	<u>\$ 176,515,553</u>

The accompanying Notes are an integral part of these statements.

DELAWARE SOLID WASTE AUTHORITY
STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED JUNE 30,	
	2015	2014 RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 58,120,457	\$ 56,737,476
Cash paid to suppliers	(28,541,970)	(30,685,229)
Cash paid to employees	(9,154,841)	(9,248,977)
Landfill gas marketing revenues	1,290,578	1,137,414
Other operating revenues	2,653,327	2,511,284
Net Cash Provided by Operating Activities	24,367,551	20,451,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,275,841	1,690,861
Purchases of investments	(848,714,247)	(2,425,834,642)
Proceeds from sale of investments	836,614,823	2,419,055,380
Other investing income	482,284	765,180
Net Cash Used In Investing Activities	(10,341,299)	(4,323,221)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for debt service requirements	(7,910,000)	(7,600,000)
Interest paid on bonds	(4,749,562)	(5,056,061)
Cash payments for capital assets	(997,876)	(3,267,324)
Proceeds from sale of capital assets	32,529	42,050
Net Cash Used in Capital and Related Financing Activities	(13,624,909)	(15,881,335)
NET INCREASE IN CASH AND CASH EQUIVALENTS	401,343	247,412
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	718,168	470,756
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,119,511</u>	<u>\$ 718,168</u>

The accompanying Notes are an integral part of these statements.

DELAWARE SOLID WASTE AUTHORITY
STATEMENTS OF CASH FLOWS (CONTINUED)

	FOR THE YEARS ENDED JUNE 30,	
	2015	2014 RESTATED
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ 13,613,081	\$ (661,975)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	11,448,018	17,337,016
Provision for doubtful accounts	(12,570)	(155,798)
Increase in accounts receivable	(2,459,721)	(136,388)
(Increase) decrease in prepayments and miscellaneous receivables	(247,704)	342,361
Increase in deferred outflow of resources	(13,230)	(519,501)
Increase (decrease) in accounts payable	1,091,526	(1,659,576)
Decrease in contracts payable	(24,957)	(94,006)
Decrease in refundable security deposits	(500)	(3,500)
Increase in accrued compensation	161,882	130,623
Increase in accrued closure and post closure care of landfills	1,192,515	2,444,029
Increase (decrease) in contract rebate payable	61,780	(134,743)
Increase (decrease) in net pension liability	(2,469,495)	3,563,426
Increase in deferred inflow of resource	2,026,926	-
Total Adjustments	10,754,470	21,113,943
Net Cash Provided by Operating Activities	\$ 24,367,551	\$ 20,451,968
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Net accretion of premium/discount on bonds	\$ 316,184	\$ 376,065
Gain on disposition of capital assets	(32,529)	(42,050)
Unrealized gain on investments	318,397	815,212
Realized loss on sale of investments	(15,152)	(94,918)
Capitalized interest	1,127,751	1,216,191

The accompanying Notes are an integral part of these statements.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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).

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, 2015 AND 2014

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 \$5,000 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, 2015 and 2014 was \$11,448,018 and \$17,337,016, respectively.

(F) Other Significant Accounting Policies

Accounts receivable are reported 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) Compensated Absences

Vacation and sick leave pay are recorded as an expense when earned by the DSWA's employees. As of June 30, 2015 and 2014, accrued vacation and sick leave aggregated \$689,849 and \$806,989, respectively; this resulted in a net decrease of \$117,140 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, 2015 AND 2014

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.

(H) 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.

(I) Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflow of resources. Net position 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 position represents the net position 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 position for special purposes.

Restricted net position is limited to outside third-party restrictions and represents the net position that has been legally identified for specific purposes.

(J) 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.

(K) Pension Plan

The DSWA participates in the Delaware Public Employees' Retirement System ("DPERS"). For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of DPERS and additions to/deductions from DPERS' fiduciary net position have been determined on the same basis as they are reported by DPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 2 - Prior Period Restatement

For fiscal year June 30, 2015, the DSWA implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions and GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68. GASB 68 provides accounting and financial reporting requirements for governmental entities that provide pensions for their employees through certain pension plans. The Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expenses related to pension plans, as well as expanded disclosures. For defined benefit pension plans, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

The implementation of this pronouncement had the following effect on net position as reported on June 30, 2014:

Net Position June 30, 2014	\$ 179,559,478
Adjustments	
Net pension liability	(3,563,426)
Deferred outflow - payments subsequent to measurement date	<u>519,501</u>
Restated net position June 30, 2014	<u><u>\$ 176,515,553</u></u>

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

NOTE 3 - Cash and Cash Equivalents

The DSWA follows the "Objectives and Guidelines for the Investment of State of Delaware Funds", 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://regulations.delaware.gov/AdminCode/title1/1200/1201.pdf>.

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 who hold public deposits and who do not meet the financial criteria outlined in Section 8.0 of the State of Delaware's Cash Management Policy, 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, 2015, the DSWA's bank balances were not exposed to custodial credit risk.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 4 - Investments

In accordance with the DSWA's investment policy, investment purchases are limited to U.S. Government Securities, U.S. Government Agency Securities, Mortgage-Backed Securities with a rating of AAA and Corporate Debt Instruments, such as commercial paper with a rating of A-1 or better, senior long-term debt with a rating of A or better and corporate bonds and debentures with a rating of AA or better. As of June 30, 2015, the DSWA was in compliance with the investment policy.

Custodial credit risk is the risk that, in the event of a bank failure, the DSWA's investment securities may not be recovered. Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the DSWA, and are held by either the bank or the bank's trust department or agent but not in the DSWA's name. As of June 30, 2015, none of DSWA's investment securities were deemed subject to custodial credit risk.

The following summarizes the credit quality distribution of securities with credit exposure as a percentage of total investments as of June 30:

		<u>2015</u>	<u>2014</u>
Mutual Funds	AAA	9%	6%
Corporate Obligations	AAA	2%	2%
Corporate Obligations	AA+	2%	2%
Corporate Obligations	AA	4%	5%
Corporate Obligations	AA-	6%	8%

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 and Time Deposits is subject to interest rate risk as a function of the length of time to maturity. The scheduled maturities of investments at June 30, 2015 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 3, 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. The DSWA did not have more than 5 percent of its total investments invested in any one company's corporate bonds and notes as of June 30, 2015 and 2014.

DSWA's investments are reported at fair value based on quoted market prices. The net change in the fair value of the DSWA's investments for the years ended June 30, 2015 and 2014 resulted in unrealized gain of \$318,397 and \$815,212, respectively, 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 losses for the years ended June 30, 2015 and 2014 were \$(15,152) and \$(94,918), respectively.

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

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 4 - Investments - continued

The DSWA's investments are summarized as follows:

	2015		2014	
	<u>Fair Value/ Carrying Value</u>	<u>Cost</u>	<u>Fair Value/ Carrying Value</u>	<u>Cost</u>
U.S. Treasury Obligations	\$ 8,464,149	\$ 8,465,316	\$ 8,373,716	\$ 8,465,316
U.S. Government Agency Bonds and Notes	28,911,258	29,184,272	32,057,603	32,609,023
Wilmington U.S. Government Mutual Funds	11,809,793	11,809,793	7,143,502	7,143,502
Time Deposits	66,833,643	66,833,643	53,960,385	53,960,385
Corporate Bonds and Notes	<u>19,057,027</u>	<u>19,191,665</u>	<u>21,137,990</u>	<u>21,222,074</u>
Total Investments	<u>\$ 135,075,870</u>	<u>\$ 135,484,689</u>	<u>\$ 122,673,196</u>	<u>\$ 123,400,300</u>

Investments as of June 30, 2015 mature, or are available, as follows:

	<u>Total</u>	<u>Less than 1 year</u>	<u>1 - 5 years</u>	<u>6 - 10 years</u>	<u>More than 10 years</u>
U.S. Treasury Obligations	\$ 8,464,149	\$ -	\$ 7,712,799	\$ 751,350	\$ -
U.S. Government Agency Bonds and Notes	28,911,258	-	12,498,236	16,413,003	19
Wilmington U.S. Government Mutual Funds	11,809,793	11,809,793	-	-	-
Time Deposits	66,833,643	66,833,643	-	-	-
Corporate Bonds and Notes	<u>19,057,027</u>	<u>4,927,697</u>	<u>9,436,372</u>	<u>4,692,957</u>	<u>1</u>
	<u>\$135,075,870</u>	<u>\$ 83,571,133</u>	<u>\$29,647,407</u>	<u>\$21,857,310</u>	<u>\$ 20</u>

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 5 - Capital Assets

A summary of changes in capital assets for the year ended June 30, 2015 is as follows:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Transfers</u>	<u>Sales/ Retirements</u>	<u>June 30, 2015</u>
Capital assets not being depreciated:					
Construction in progress	\$ 46,216	\$ 1,402,775	\$ (1,142,045)	\$ -	\$ 306,946
Land	<u>24,941,548</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,941,548</u>
Total capital assets not being depreciated	<u>24,987,764</u>	<u>1,402,775</u>	<u>(1,142,045)</u>	<u>-</u>	<u>25,248,494</u>
Depreciable capital assets:					
Land improvements	309,168,889	22,250	836,814	(26,740)	310,001,213
Less: accumulated depreciation	(137,958,287)	(8,219,053)	-	26,740	(146,150,600)
Buildings	44,247,372	28,930	315,952	(18,021)	44,574,233
Less: accumulated depreciation	(26,629,046)	(1,709,035)	-	18,021	(28,320,060)
Equipment and furniture	18,647,414	573,132	(10,721)	(600,832)	18,608,993
Less: accumulated depreciation	(15,668,761)	(1,385,561)	-	600,832	(16,453,490)
Vehicles	2,922,370	98,537	-	(321,709)	2,699,198
Less: accumulated depreciation	<u>(2,500,193)</u>	<u>(134,366)</u>	<u>-</u>	<u>321,709</u>	<u>(2,312,850)</u>
Depreciable assets, net of accumulated depreciation	<u>192,229,758</u>	<u>(10,725,166)</u>	<u>1,142,045</u>	<u>-</u>	<u>182,646,637</u>
Capital assets, net	<u>\$ 217,217,522</u>	<u>\$ (9,322,391)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 207,895,131</u>

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 5 - Capital Assets - continued

The status of the DSWA's construction in progress at June 30, 2015 is as follows:

	<u>Expected Completion Date</u>	<u>Costs to Date</u>
Landfills:		
<u>Cherry Island</u>		
LFG Flare Improvements	FY 2016	\$ 192,362
<u>Sandtown</u>		
Leachate Systems Modifications	FY 2016	45,375
<u>Jones Crossroads</u>		
Landfill Gas System Expansion	FY 2016	37,591
<u>Delaware Recycling Center</u>		
Entrance Modifications	FY 2016	<u>31,618</u>
 Total Construction In Progress		 <u>\$ 306,946</u>

NOTE 6 - 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, 2015 AND 2014

NOTE 6 - 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 \$57,467,126 as of June 30, 2015 and \$56,274,611 as of June 30, 2014, 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 \$113,502,792 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and post closure care of \$170,969,918 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, 2015. 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, 2015:

<u>Landfill</u>	<u>Estimated Capacity Used</u>	<u>Cumulative Remaining Life</u>	<u>Accrued Costs</u>	<u>Costs to be Recognized in the Future</u>
Cherry Island	55.68%	31 years	\$ 34,248,614	\$ 24,750,479
Sandtown	23.61%	93 years	8,204,287	47,166,735
Jones Crossroads	18.27%	133 years	14,836,625	41,585,578
Pigeon Point	100.00%	Closed 1985	<u>177,600</u>	<u>-</u>
Total			<u>\$ 57,467,126</u>	<u>\$ 113,502,792</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, 2015 AND 2014

NOTE 6 - Landfill Closure and Post Closure Care Costs - continued

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

	<u>Total</u>	<u>Cherry Island</u>	<u>Sandtown</u>	<u>Jones Crossroads</u>	<u>Pigeon Point</u>
Balance of accrual, June 30, 2014	\$ 56,274,611	\$ 33,429,040	\$ 7,739,466	\$ 14,346,005	\$ 760,100
Current year expenditures:					
Post closure costs	<u>(322,790)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(322,790)</u>
Net accrual	55,951,821	33,429,040	7,739,466	14,346,005	437,310
Balance of accrual, June 30, 2015	<u>57,467,126</u>	<u>34,248,614</u>	<u>8,204,287</u>	<u>14,836,625</u>	<u>177,600</u>
Net closure and post closure care costs recognized in current year	<u>\$ 1,515,305</u>	<u>\$ 819,574</u>	<u>\$ 464,821</u>	<u>\$ 490,620</u>	<u>\$ (259,710)</u>

Included in the computation of Landfill Closure and Post Closure Care Costs as of June 30, 2015, are closure costs for: (1) Pine Tree Corners Transfer Station of \$16,100 (2) Cheswold Collection Station of \$2,300 (3) Milford Transfer Station of \$16,100 (4) Ellendale, Long Neck, Omar, and Bridgeville Collection Stations, each totaling \$2,300 (5) DRC Transfer Station of \$16,100 and (6) Route 5 Transfer Station of \$16,100.

NOTE 7 - 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, 2015 AND 2014

NOTE 7 - Bonds Payable - continued

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

	<u>2015</u>	<u>2014</u>
Series 2006	\$ 65,405,000	\$ 69,810,000
Series 2010 "A"	8,305,000	11,810,000
Series 2010 "B"	<u>18,855,000</u>	<u>18,855,000</u>
Total Principal	92,565,000	100,475,000
Unamortized premium	1,709,575	2,025,759
Accrued interest	<u>371,709</u>	<u>395,797</u>
Total Bonds Payable	<u><u>\$ 94,646,284</u></u>	<u><u>\$ 102,896,556</u></u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,275,000	\$ 4,460,513	\$ 11,735,513
2017	8,480,000	4,134,557	12,614,557
2018	9,730,000	3,783,558	13,513,558
2019	9,235,000	3,384,338	12,619,338
2020	9,595,000	2,923,760	12,518,760
2021-2024	33,615,000	6,841,120	40,456,120
2025-2026	<u>14,635,000</u>	<u>1,106,500</u>	<u>15,741,500</u>
	<u><u>\$ 92,565,000</u></u>	<u><u>\$ 26,634,346</u></u>	<u><u>\$ 119,199,346</u></u>

The total interest expense incurred on the DSWA bond debt for the years ended June 30, 2015 and 2014 was \$4,725,474 and \$5,030,519, respectively. The total interest capitalized and included in Construction in progress on the Statements of Net Position for the years ended June 30, 2015 and 2014 was \$1,127,751 and \$1,216,191, respectively.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 8 - Pension Plan and Other Benefits

Plan Description – The Delaware Public Employees' Retirement System (DPERS), State Employees' Pension Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan established in the Delaware Code.

The General Assembly is responsible for setting benefits and contributions and amending plan provisions; administrative rules and regulations are adopted and maintained by the Board of Pension Trustees (the Board).

The management of the Plan is the responsibility of the Board. The Board is comprised of five members appointed by the Governor and confirmed by the State Senate, plus two ex officio members. The daily operation is the responsibility of the Office of Pensions. Although most of the assets of the Plan are comingled with other Plans for investment purposes, the Plan's assets may be used only for the payment of benefits to the members of the Plan in accordance with the terms of the Plan.

Eligibility - the Plan covers virtually all full-time or regular part-time employees of the State, including employees of other affiliated entities.

There are two tiers within this plan: 1) Employees hired prior to January 1, 2012 (Pre-2012)
 2) Employees hired on or after January 1, 2012 (Post-2011).

Service Benefits - Final average monthly compensation (employee hired Post-2011 may not include overtime in pension compensation) multiplied by 2.0% and multiplied by years of credited service prior to January 1, 1997, plus final average monthly compensation multiplied by 1.85% and multiplied by years of credited service after December 31, 1996, subject to minimum limitations. For this plan, final average monthly compensation is the monthly average of the highest three periods of 12 consecutive months of compensation.

Vesting - Pre-2012 date of hire: 5 years of credited service. Post-2011 date of hire: 10 years of credited service.

Retirement - Pre-2012 date of hire: Age 62 with 5 years of credited service; age 60 with 15 years of credited service; or after 30 years of credited service at any age. Post-2011 date of hire: age 65 with at least 10 years of credited service; Age 60 with 20 years of credited service; and 30 years of credited service at any age.

Disability Benefits - Pre-2012 date of hire: Same as Service Benefits. Employee must have 5 years of credited service. In lieu of disability pension benefits, over 90% of the members of this plan opted into a Disability Insurance Program offered by the State effective January 1, 2006. Post-2011 date of hire: In the Disability Insurance Program.

Survivor Benefits - If employee is receiving a pension, the eligible survivor receives 50% of pension (or 75% with 3% reduction of benefit); if employee is active with at least 5 years of credited service, eligible survivor receives 75% of the benefit the employee would have received at age 62.

Burial Benefit - \$7,000 per member.

Contributions:

Employer - Determined by the Board of Pension Trustees. Employer contributions were 9.5% and 8.9% of earnings for the Fiscal Year 2014 and 2013, respectively.

Member - Pre-2012 date of hire Member - 3% of earnings in excess of \$6,000 and Post-2011 date of hire Member - 5% of earnings in excess of \$6,000.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 8 - Pension Plan and Other Benefits - continued

PRI Contributions - The Plan's Reporting units make contributions to a PRI fund which accumulates resources to fund ad hoc post-retirement increases granted by the General Assembly. The increases are funded over a 5-year period from the PRI fund. The allocation of the contribution from the PRI Fund to the Pension Trust is a reduction to the net pension liability of each participating employer.

Collective Net Pension Liability and Actuarial Information

The DSWA's proportionate share of the net pension liability as of June 30, 2014 and 2013 were as follows:

Plan Year	Total pension liability (1)	Plan fiduciary net position (2)	Net pension liability (1) - (2)
2014	\$ 26,019,959	\$ 24,926,028	\$ 1,093,931
2013	27,902,737	24,339,311	3,563,426

The collective total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of June 30, 2013, and update procedures were used to roll forward the total pension liability to June 30, 2014. The collective total pension liability for the June 30, 2013 measurement date was determined by an actuarial valuation as of June 30, 2013. These actuarial valuations used the following actuarial assumptions:

Investment rate of return/discount rate (a)	7.2%
Projected salary increases (a)	3.5% to 11.5%
Cost-of-living adjustments	Ad hoc

(a) Inflation is included at 3%

The total pension liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2011. It is likely that future experience will not exactly conform to these assumptions. To the extent that actual experience deviates from these assumptions, the emerging liabilities may be higher or lower than anticipated. The more the experience deviates the larger the impact on future financial statements.

Mortality rates were based on the Sex distinct RP- 2000 combined Mortality Table projected to 2015 using scale AA for Males or Females, as appropriate, for mortality improvement.

Projected benefit payments do not include the effects of projected ad hoc cost-of-living adjustments (ad hoc COLAs) as they are not substantively automatic. The primary considerations relevant to making this determination include the historical pattern of granting the changes and the consistency in the amounts of the changes.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 8 - Pension Plan and Other Benefits - continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the DPERS's current and expected asset allocation is summarized in the following table:

Asset Class	Long-term expected real rate of return
Domestic equity	5.7%
International equity	5.7
Fixed income	2.0
Alternative investments	7.8
Cash and equivalents	-

Discount rate - The discount rate for all plans used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at rates determined by the Board of Pension Trustees, actuarially determined. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate - The following presents the DSWA's proportionate share of the collective net pension liability, calculated using the discount rate of 7.2%, as well as what the DSWAs' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease to discount rate (6.2%)	Discount Rate (7.2%)	1% Increase to discount rate (8.2%)
DSWA's proportionate share of the net pension liability	\$ 4,099,846	\$ 1,093,931	\$ (1,446,607)

Expected and actual experience differences - The difference between expected and actual experience with regard to economic and demographic factors is amortized over the weighted average of the expected remaining service life of active and inactive members which is 6 years. The first year of amortization is recognized as pension expense with the remaining years either a deferred outflow or deferred inflow. The collective amount of the difference between expected and actual experience for fiscal year ended June 30, 2014 is \$0.00. As this is the first year of implementation of GASB Statement No. 68 and rollforward procedures were used to determine the total pension liability at the measurement date, there were no changes between expected and actual experience.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 8 - Pension Plan and Other Benefits - continued

Change in Assumptions - The change in assumptions about future economic or demographic factors or other inputs is amortized over the weighted average of the expected remaining service life of active and inactive members which is 6 years. The first year of amortization is recognized as pension expense with the remaining years either a deferred outflow or deferred inflow. The collective amount of change in assumptions for fiscal year ended June 30, 2014 is \$0.00.

Net difference between projected and actual investment earnings on pension plan investments - The difference between the actual earnings on plan investments compared to the plan's expected rate of return of 7.2% is amortized over a closed period of 5 years. The DSWA's proportionate share of the collective amount of the difference between projected and actual earnings for fiscal year ended June 30, 2014 is \$2,533,657. The first year of amortization, \$506,731 is recognized in pension expense for the year ended June 30, 2015, with the remaining 4 years, \$2,026,926, reported as a deferred inflow of resources.

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

The components of collective deferred outflows of resources and deferred inflows of resources, other than the difference between the projected and actual earnings on DPERS investments, are amortized into pension expense over a closed period, which reflects the weighted average remaining service life of all plan members, beginning the year in which the deferred amount occurs. The amortization period is six years for deferred amounts arising in 2014, of which there were none.

The annual difference between the projected and actual earnings on investments is amortized over a five-year closed period beginning the year in which the difference occurs. The DSWA's proportionate share of the cumulative amounts of collective deferred inflows of resources reported as of June 30, 2015 (based on plan year ended June 30, 2014) will be recognized in pension expense as follows:

Year ending June 30:	
2016	\$ 506,731
2017	506,731
2018	506,731
2019	506,733

The amount of \$532,731, reported as deferred outflows related to pension, resulting from DSWA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 8 - Pension Plan and Other Benefits - continued

Pension Expense

The components of the DSWA's pension expense for the year ended June 30, 2015 (plan year ended June 30, 2014) are as follows:

Service costs	\$ 564,953
Interest on total pension liability	1,780,057
Member contributions	(142,448)
Administrative expense	15,574
Projected earning on plan investments	(1,554,623)
Amortization of investment return differences	(506,731)
Pension expense	<u>\$ 156,782</u>

Other Post-Employment Plans

In addition to the cost-sharing pension plan, DSWA participates in other post-employment cost-sharing programs administered by DPERS. The DSWA is required to contribute at an actuarially determined rate for the other post-employment plans.

DPERS issues publicly available financial reports for the other post-employment plans. The DSWA's contributions to the other post-employment plans for the years ended June 30, 2015 and 2014 were \$603,784 and \$725,145, respectively.

Additional information for the pension plan and other post-employment plans 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.

NOTE 9 - Contract Rebate Payable

The DSWA offers a Differential Disposal Fee Program to all customers who enter into a contract with the DSWA to bring all of their solid waste or dry waste which has been collected in the State of Delaware to the DSWA facilities in accordance with the contract. The program will run through June 30, 2016. The program offers rebates of \$8.00/ton and \$4.00/ton for deliveries to the landfills or transfer stations, respectively.

For each of the the program years ended June 30, 2015 and 2014, three hundred and twenty-seven (327) participants received rebates totaling \$3,443,389 and \$3,381,609, respectively; operating revenues are reported net of these rebates.

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.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

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, 2015, the DSWA has no contingent liability for arbitrage rebate.

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, 2015, the uncompleted contracts are summarized as follows:

	<u>Contract Amount</u>	<u>Approved Payments</u>	<u>Retainage Payable</u>	<u>Remaining Contract Commitment</u>
Sandtown Landfill	\$ 284,268	\$ -	\$ -	\$ 284,268

In addition to the construction contract commitments, the DSWA also has 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 June 30, 2015 is \$24,135,448, which relates to contracts expiring through May 2018. The DSWA's contracts include termination for convenience clauses which allows the DSWA to cancel the contracts at any time.

NOTE 12 - Service and Lease Agreements

During February 2012, DSWA entered into two service agreements, and related property leases, for the purpose of having constructed two separate Material Recovery Facility (MRF) operations at DSWA's Delaware Recycling Center for the purpose of processing recyclables on behalf of DSWA.

DSWA entered into a service agreement with Revolution Recovery Delaware, LLC (Revolution) to construct and operate a construction and demolition (C&D) MRF on behalf of DSWA. Revolution is in the business of receiving, processing and reselling C&D recyclables that have residual value. Operation of the C&D MRF is the full responsibility of Revolution. The Service Agreement provides for Revolution to pay DSWA a tipping fee per ton on all incoming C&D tonnage. Additionally, Revolution will lease one or more of the buildings, and related land area, at the DRC to utilize as its operational facility. The lease carries an initial one-year term, with nineteen automatic annual renewals. Current rental is set at \$264,565 for the primary building, \$10,493 for a secondary building, and Ground Rent of \$257.24 per thousand square feet of outside storage area, with future annual rents subject to the annual change in CPI.

DELAWARE SOLID WASTE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 12 - Service and Lease Agreements - continued

DSWA entered into a Service Agreement with ReCommunity Delaware, LLC (ReCom) to construct and operate a single-stream and commercial recyclable materials MRF on behalf of DSWA. ReCom is in the business of receiving, processing and reselling residential and commercial recyclable materials that have residual value. Operation of this MRF is the full responsibility of ReCom. During the construction phase of the MRF, ReCom was to pay DSWA a portion of the revenue of the materials handled by ReCom based on a combination of the material type and the current market pricing for recyclable materials. After the MRF was constructed and operational in October 2013, the Service Agreement provides for a current tip fee payment to DSWA of \$2.57 per ton of incoming Residential Recyclable material. Also, ReCom will provide DSWA with a sharing of revenues dependent upon material type and current market conditions, offset by operational processing costs. As part of the agreement, the tip fee and some operational costs used in the revenue sharing calculations became subject to an annual adjustment using 90% of the CPI. Additionally, a twenty-year lease agreement covering 2 buildings, and the adjacent surrounding areas, took effect once the MRF was operational. The annual rent for 2015 is set at \$207,159 and is subject to an annual adjustment of 90% of the annual change in CPI.

ADDITIONAL INFORMATION

DELAWARE SOLID WASTE AUTHORITY
SCHEDULES OF OPERATING REVENUES AND EXPENSES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	Landfill Operations	Transfer Station Operations	Collection Station Operations	Recycling Operations	Household Hazardous Waste Program	General & Administrative	2015 Total	2014 Total
								(RESTATED)
OPERATING REVENUES								
Net user fees: solid waste	\$ 44,605,644	\$ 16,024,970	\$ 148,558	\$ -	\$ -	\$ -	\$ 60,779,172	\$ 56,825,544
Landfill gas	1,290,578	-	-	-	-	-	\$ 1,290,578	1,137,414
Other income	1,475,603	58,969	-	1,116,940	-	1,815	2,653,327	2,511,284
TOTAL OPERATING REVENUES	47,371,825	16,083,939	148,558	1,116,940	-	1,815	64,723,077	60,474,242
OPERATING EXPENSES								
SALARIES AND RELATED COSTS	3,597,004	420,408	179,793	931,189	639	3,731,874	8,860,907	12,423,525
PROFESSIONAL SERVICES	612,001	7,900	1,500	1,750	-	595,669	1,218,820	1,122,244
TRAVEL	20,422	-	72	7,977	-	64,578	93,049	89,567
SUPPLIES AND MATERIALS	1,253,231	5,799	1,848	243,604	479	220,668	1,725,629	1,738,198
UTILITIES	557,354	85,004	7,584	148,001	-	82,191	880,134	782,586
CONTRACTUAL SERVICES	13,118,774	8,234,535	119,872	1,423,929	694,914	1,776,110	25,368,134	24,703,228
CLOSURE AND POST CLOSURE CARE OF LANDFILLS	1,515,305	-	-	-	-	-	1,515,305	2,939,853
DEPRECIATION EXPENSE	9,345,512	1,197,750	7,697	802,108	4,510	90,441	11,448,018	17,337,016
TOTAL OPERATING EXPENSES	30,019,603	9,951,396	318,366	3,558,558	700,542	6,561,531	51,109,996	61,136,217
MANAGEMENT OPERATIONS DISTRIBUTION	4,724,963	1,466,753	-	368,000	-	(6,559,716)	-	-
OPERATING INCOME	\$ 12,627,259	\$ 4,665,790	\$ (169,808)	\$ (2,809,618)	\$ (700,542)	\$ -	\$ 13,613,081	\$ (661,975)

DELAWARE SOLID WASTE AUTHORITY
SCHEDULE OF PROPORTIONATE SHARE OF THE PENSION LIABILITY
STATE EMPLOYEES' PENSION PLAN (1)

	<u>2015</u>	<u>2014</u>
DSWA's proportion of the net pension liability	0.2971 %	0.3291 %
DSWA's proportionate share of the net pension liability	\$ 1,093,931	\$ 3,563,426
DSWA's covered - employee payroll	\$ 5,468,431	\$ 5,941,607
DSWA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	20.00 %	59.97 %
Plan fiduciary net position as a percentage of the total pension liability	95.80 %	87.23 %

(1) Plan years ended June 30, 2014 and 2013

DELAWARE SOLID WASTE AUTHORITY
SCHEDULE OF CONTRIBUTIONS
STATE EMPLOYEES' PENSION PLAN (1)

	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 519,501	\$ 528,803
Contributions in relation to the contractually required contribution	<u>\$ (519,501)</u>	<u>\$ (528,803)</u>
Contribution deficiency (excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
DSWA's covered-employee payroll	\$ 5,468,431	\$ 5,941,607
Contributions as a percentage of covered-employee payroll	9.50 %	8.90 %

(1) Plan years ended June 30, 2014 and 2013

Delaware Solid Waste Authority
www.dswa.com

