



Annual Report 2019

Who We Are

DSWA's mission is to define, develop, and implement cost-effective plans and programs for solid waste management, which best serve Delaware and protect our public health and environment. DSWA continues to provide Delaware with excellent options for its environmental needs and is looking to Delawareans to share in this commitment to the environment.

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MODERN LANDFILLS - The trash you throw away is safely disposed in one of three DSWA landfills. DSWA's landfills are carefully designed and constructed to protect the groundwater, control odors from decomposing trash, and provide a reliable, efficient means of disposal. DSWA landfills are recognized throughout the world for innovative technology and research.

RECYCLING - To help increase recycling efforts in the state, DSWA has established partnerships with recycling companies Republic Services and Revolution Recovery. Both companies currently have operations at the Delaware Recycling Center (DRC) in New Castle. Revolution Recovery is a Philadelphia based company, that sorts construction and demolition (C&D) waste to recover wood, drywall, metal, cardboard, rubble, plastic and other valuable material. Republic runs a Materials Recovery Facility (MRF) where household recycling is sorted and baled. All of the sorted and baled material from these two facilities is then sent to different facilities/markets to be recycled into new products. Along with these partnerships DSWA continues to provide Recycling Drop-Off off centers statewide which can be utilized by all Delaware Residents.

SPECIAL RECYCLING PROGRAMS - We’re partners in keeping your home and community safe. When you have hazardous household products, old electronic devices, or personal documents to shred, we provide a safe way of recycling these unwanted items. We work to recycle these materials through safe, convenient collection programs.

TRANSFER STATIONS - Trash collectors and residents can bring trash to any of three Transfer Stations eliminating the need to travel further to a DSWA landfill.

COLLECTION STATIONS - Residents of rural areas can toss bagged household trash at one of five DSWA Collection Stations. By paying per bag, you pay only for what you throw away. If you recycle first, you can save even more while helping the environment.

ENERGY FROM TRASH - Methane gas collected from decomposing trash at all three of DSWA landfills is used to generate electricity.

EDUCATION AND OUTREACH - The Delaware Solid Waste Authority is excited to be able to share its Environmental Education Building with teachers, students, scout groups, and other organizations! Education programs focus on how we can save natural resources and protect the environment through recycling and reliable solid waste management practices. One of the biggest goals of the education program is to foster a sense of environmental stewardship among students. The education program combines classroom learning with interactive and hands on activities.

Photo Credits:

Corbin Cullen
Sarah Culler
Stacey Helmer
Brandi Neal



Chairman's Letter

It is with great pleasure that I am able to reflect upon Fiscal Year 2019 as another year of great accomplishments for the Delaware Solid Waste Authority (DSWA). As the international upheaval in recycling markets continued, DSWA was able to respond to extremely negative conditions in a positive way unlike many other organizations and communities across the country.

Many communities in other areas of the United States could not find markets for their recyclable materials or could not afford to pay to get recyclable material to markets that were available. Under those conditions, these communities were forced to suspend collection of some items like glass, or mixed paper, and in extreme cases, all recyclables.

In 2019, the hard facts came to light that recycling program costs cannot be supported only from the revenue of the sale of the materials. The current and long term outlook appears that this will always be the case.

Fortunately, DSWA's Recycling Program has been uniquely set up for success under all market conditions. Due to the great foresight of former Governor Jack Markell and the Delaware Legislature, the enactment of the Universal Recycling Law in 2010 enabled the establishment of a comprehensive single stream recycling collection, processing and marketing system for all Delaware residents and businesses. This made the establishment of our single stream Material Recovery Facility (MRF) sensible and attractive. DSWA then provided land for a site with vacant buildings which could be repurposed for this new MRF. After soliciting proposals, DSWA selected ReCommunity to build and operate a MRF at this site. Their operation began in 2012 until it was sold to Republic Services in 2017. DSWA and ReCommunity purposefully established a transparent and equitable contract for establishing the cost to operate the MRF and, most importantly, to share the risks of up or down markets for the sale of recyclables. When Republic Services acquired ReCommunity in 2017 they inherited this contract and have been a great partner in its administration and performance. DSWA and Delaware have benefited greatly due to Republic's large network of recycling market outlets throughout the world which enable them to always have a place for recovered recyclables to go. This unique arrangement made Delaware's program successful in carrying out recycling where others in the country could not.

In addition, due to a continued strong economy, solid waste tonnage increased and as shown in this Financial Report, that enabled DSWA to support the extra expenses associated with the Delaware Recycling Program.

I am very proud of the DSWA staff's dedication to providing all Delawareans a high level of service at all of our landfills, transfer stations, recycling centers and administrative facilities. I am also thankful for the serious engagement and participation of all members of our very dedicated Board of Directors. As Delawareans, we are all very fortunate to benefit from the accomplishments of this extraordinary organization.

Sincerely,



Gerard L. Esposito, Chairman of the Board



Board of Directors



Timothy P. Sheldon
Vice Chairman



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



Norman D. Griffiths



William "Jack" Riddle



Tonda L. Parks



A. Temple Carter III



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.

CEO's Review

Fiscal Year 2019 (July 1, 2018 -June 30, 2019) proved to be another successful year for the Delaware Solid Waste Authority (DSWA) even during challenging times for the recycling business world. We continued to strengthen our financial position as detailed in the Financial Statements of this Annual Report while we improved our infrastructure and provided outstanding recycling and solid waste management services for all Delawareans.

Fiscal Year 2019 (FY2019) was the third year of our five (5) year Discount Disposal Fee (DDF) contract system which substantially reduced our tipping fees from the previous contract. Tipping fees net of rebate were \$67.00/ton at our Landfills and \$76.00/ton at our Transfer Stations for FY2019. This compares to \$80.50/ton at our Landfill and \$84.50/ton at our Transfer Stations for Fiscal Year 2016.

DSWA takes pride and puts great emphasis on maintaining and improving its infrastructure to optimize its operation, useful life and cost effectiveness. In addition, we try our best to provide a safe environment for our customers, employees and contractors. During FY2019, the following are examples of infrastructure improvement projects that were completed:

1. Rehabilitation of the concrete tip floor at the Milford Transfer Station in Milford, Delaware.
2. Replacement and upgrade of scaffolding at the transfer trailer tarping stations at Milford and Route 5 Transfer Stations.
3. Installation of energy efficient lighting at all three Transfer Stations (Pine Tree Corners, Milford, and Route 5).
4. Relocation (from aboveground to underground) of high voltage electric wires at the Delaware Recycling Center site in New Castle, Delaware.
5. Asphalt road repair at the Southern Solid Waste Management Center (Jones Crossroads Landfill).

Delaware Solid Waste Authority's strong commitment to recycling enabled us to perform extremely well in very difficult market conditions. Despite a lack of overseas markets for some recyclables and even having to pay markets to take glass and mixed paper, DSWA and its partner Republic Services (owner and operator of the Material Recovery Facility (MRF) at DSWA's Delaware Recycling Center in New Castle, Delaware) were able to continuously process and move to market all recyclables received from Delaware generators. We are fortunate to have a recycling industry leader and owner/operator of dozens of MRFs as our partner in Delaware's recycling program. It was through Republic's large network of recycling market outlets that enabled us to weather these severe conditions. In turn, DSWA has done our share of financially supporting this program and helping to educate the public of the importance of recycling the right items to avoid contamination.

As presented on the following pages in this report, it can be seen how substantial and comprehensive Delaware's recycling program continues to be. We are a known national leader in this regard.

Delaware's population continues to increase, the economy was healthy and new home and business construction continued to be strong. These factors contributed to a significant increase of 9% in our revenue tons which included an 11% increase in our construction and demolition waste tonnage from the previous year.

Since our beginnings in 1975, we have been very fortunate to always have a wise and dedicated Board of Directors to lead the way. They have always encouraged and supported our employees' professional development and education benefits. This continues to pay us all great dividends. Our highly qualified and motivated staff has enabled us to be so successful over the years. I would like to thank our current Board of Directors for all their support and also thank our outstanding staff for all their hard work for a job well done.



Richard P. Watson

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

YEAR	2010	2011	2012	2013	2014	2015	2016	2017	2018
Diverted Recyclables (tons)	359,147	401,883	405,953	450,499	472,344	499,363	541,234	520,110	442,158
Landfilled Municipal Solid Waste (MSW) (tons)	706,368	672,761	607,539	623,463	658,788	673,058	675,721	686,919	732,614
Total MSW = Diverted Recyclables + Landfilled MSW (tons)	1,065,515	1,074,492	1,013,492	1,073,962	1,131,132	1,172,421	1,216,955	1,207,029	1,174,771
PERCENT DIVERTED RECYCLABLES	33.7%	37.4%	40.1%	41.9%	41.8%	42.6%	44.5%	43.1%	37.6%

SINGLE-STREAM RECYCLING FOR FY 2019 TONS RECEIVED

	Delaware Recycling Center	Milford Transfer Station	Rt. 5 Transfer Station	Total
Total Material Received (tons)	55,097	17,099	27,652	99,848

DROP-OFF CENTER PROGRAM

Item/Source	Tons	Sent To
Motor Oil	446	Heritage-Crystal Clean
Oil Filters	21	Heritage-Crystal Clean
Household Batteries	58	Call2Recycle
Polystyrene Foam	9	Dart Container
Single-Stream	883	Republic Services
Totals	1,417	

**Single-Stream Drop-Off Center Collection tons is included in total material received*



Landfill Gas Utilization

LFG	Beneficially Used	Flared	Collected	Energy Derived from Beneficially Used Gas			GHG Reduced
	(MMSCF)	(MMSCF)	(MMSCF)	(MMBTU)	(KwH) ^a	(# homes powered) ^b	(MTCO ₂ E) ^c
CIL	911	712	1,623	488,012	41,710,429	3,685	340,279
CSWMC	558	148	706	272,908	25,080,567	2,216	136,267
SSWMC	613	70	683	294,042	26,556,625	2,346	130,887
Total	2,082	930	3,012	1,054,962	93,347,621	8,247	607,433

a - estimated value
b - determined by USEPA 2014 LMOP LFG Energy Benefits Calculator
c - metric tons of carbon dioxide equivalents per year reduced thru LFG collection

Landfill gas (LFG) is a product of the decomposition of waste that occurs naturally in a landfill. It contains approximately 50% methane, which is 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 (CIL) collects approximately 3,000 cubic feet of LFG per minute. More than half of the LFG collected is utilized by Cummins Power Generation to generate power for the Croda Atlas Point Facility and the City of Wilmington’s Wastewater Treatment Plant. In Kent County the Central Solid Waste Management Center (CSWMC) collects approximately 1,300 cubic feet of LFG per minute. In Sussex County the Southern Solid Waste Management Center (SSWMC) collects approximately 1,200 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 electricity for Delaware homes and businesses. Ameresco has 5 MW of energy generating capacity at each facility.

LFG is a valuable source of green energy for the State of Delaware. Use of LFG to generate electricity 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.



Recovered Resource Quantities Sent To Market By Material
FY 2019

Material	Cherry Island Landfill	Sandtown Landfill	Jones Crossroads Landfill	Pine Tree Corners Transfer Station	Milford Transfer Station	Rt. 5 Transfer Station	Total
(TONS) Sent to Market	CIL	CSWMC	SSWMC	PTCTS	MTS	RT 5 TS	TOTAL
Refrigerant White Goods	114.03	57.18	69.33	59.26	35.63	74.57	410.00
Non Refrigerant White Goods	184.55	104.93	493.06	283.73	64.41	355.47	1,486.15
Tires	676.65	399.74	793.11	76.48	30.45	28.13	2,004.56
Dry Wall	146.96	60.67	780.30	0.00	26.00	127.16	1,141.09
Propane Bottles	3.20	1.02	3.05	1.69	3.70	1.03	13.69
Mattresses	60.68	25.81	73.62	-	-	-	160.11
TOTAL (TONS)	1,186.07	649.35	2212.47	421.16	160.19	586.36	5,215.60

Recovered Resource Quantities Used by Material
FY 2019

	Cherry Island Landfill	Sandtown Landfill	Jones Crossroads Landfill	Total
Materials (Tons Material Used)				
Alternative Materials Used For Soil Cover				
Clean Earth	362,321.00	-	-	362,321.00
Barrier	124,357.00	-	-	124,357.00
Total	486,678.00	0.00	0.00	486,678.00
Alternative Materials Used For Road Building				
Steel Slag	46,680.00	-	-	46,680.00
Clean Earth Aggregate	12,612.00	-	-	12,612.00
Chipped Yardwaste	-	1,933.42	-	1,933.42
Recycled Asphalt	55,766.00	-	-	55,766.00
Recycled Concrete	-	4,816.50	-	4,816.50
Total	115,058.00	6,749.92	0.00	121,807.92
Alternative Materials Used for Soil Amendment				
Yard Waste	0.00	-	2,404.00	2,404.00
Total	0.00	0.00	2,404.00	2,404.00
TOTALS	601,736.00	6,749.92	2,404.00	610,889.92

Document Shredding

DSWA offers document shredding at all Saturday Collection Events throughout the year, as well as special monthly events at DSWA facilities.



Special Saturday Document Shredding Events	
Locations (FY 2019)	Pounds Collected
July 2018- St. Anne's School	9,720
July 2018 -Milford Transfer Station	4,280
August 2018-Mt. Pleasant Elementary School	13,640
September 2018-Hocker's Store	8,500
October 2018- Long Neck UMC	7,800
October 2018- Frawley Stadium	27,000
November 2018- University of Delaware	33,000
March 2019 - Fenwick Island	6,700
April 2019 – St. Anne's School	24,750
April 2019 – Mt. Pleasant	37,125
April 2019 – Blue Hen Corporate Center	6,700
May 2019 – North Star Elementary	30,250
June 2019 – Delaware City	27,500
June 2019 – Seaford - Nylon Capital	6,800
TOTALS	243,765

Monthly Facility Document Shredding Events Pounds Collected By Location				
Date (FY 2019)	SSWMC (1st Monday)	DRC (1st Wednesday+Saturday)	Cheswold Collection (1st Friday)	Total
July 2018	5,860	12,076	5,720	23,656
August 2018	6,380	15,640	5,900	27,920
September 2018	1,650	14,460	3,500	19,610
October 2018	3,000	14,250	4,000	21,250
November 2018	3,930	15,100	6,550	25,580
December2018	4,400	19,000	5,200	28,600
January 2019	4,000	11,207	4,600	19,807
February 2019	3,300	26,400	4,000	33,700
March 2019	4,200	30,250	3,800	38,250
April 2019	3,400	31,625	3,700	38,725
May 2019	3,000	25,300	2,300	30,600
June 2019	5,500	28,875	4,000	38,375
TOTAL POUNDS	48,620	244,183	53,270	346,073

FY 19 Document Shredding Collection Totals	
Material Collection Point	Pounds Collected
Saturday Collection Events	243,765
Monthly Facility Shredding Events	346,073
TOTAL	589,838
TOTAL COST	\$98,285.50

Electronics Recycling



Special Saturday Collections	
Locations (FY 2019)	Pounds Collected
July 2018- St. Anne's School	19,418
July 2018 -Milford Transfer Station	12,651
August 2018-Mt. Pleasant Elementary School	20,865
September 2018-Hocker's Store	17,080
October 2018- Long Neck UMC	8,535
October 2018- Frawley Stadium	24,517
November 2018- University of Delaware	39,999
March 2019 - Fenwick Island	13,488
April 2019 – St. Anne's School	27,814
April 2019 – Mt. Pleasant	26,692
April 2019 – Blue Hen Corporate Center	15,803
May 2019 – North Star Elementary	36,268
June 2019 – Delaware City	7,270
June 2019 – Seaford - Nylon Capital	7,856
Total	278,256

Primary Devices Collected	Number Collected
CPU/Laptops/Servers	15,038
Monitors	7,240
Televisions	24,959
Total Items	47,237

DSWA is able to provide Special Saturday Collection Events as well as weekly collections statewide and a monthly collection at the Delaware Recycling Center. These services are provided free of charge to all Delaware Residents.

In addition, free electronics recycling services are provided to governmental offices, non-profits and schools. Recycling electronic goods removes potentially hazardous materials from the waste stream and saves landfill space.

FY 19 Electronic Goods Collection Totals	
Material Collection Point	Pounds Collected
Saturday Collection Events	278,256
Weekly/Monthly Collection	1,518,868
Government Offices Collection	180,416
Non-profits Collections	62,780
School Collection	342,895
TOTAL	2,383,215
TOTAL COST	\$623,153.50

Household Hazardous Waste Collection

Special Saturday Collection Events			
Event (FY 2019)	Pounds Collected	Cost Per Event	Participants
July 2018- St. Anne's School	17,172	\$19,833.00	598
July 2018 -Milford Transfer Station	13,285	\$15,207.00	317
August 2018-Mt. Pleasant Elementary School	25,617	\$21,597.00	776
September 2018-Hocker's Store	14,047	\$12,210.00	643
October 2018- Long Neck UMC	7,584	\$10,629.97	322
October 2018- Frawley Stadium	22,641	\$20,601.00	837
November 2018- University of Delaware	42,805	\$34,059.00	1,126
March 2019 - Fenwick Island	11,067	\$13,843.50	550
April 2019 – St. Anne's School	25,634	\$22,694.50	849
April 2019 – Mt. Pleasant	26,050	\$24,953.00	923
April 2019 – Blue Hen Corporate Center	17,282	\$18,276.00	574
May 2019 – North Star Elementary	34,247	\$42,821.03	1,080
June 2019 – Delaware City	14,205	\$13,302.00	328
June 2019 – Seaford - Nylon Capital	10,056	\$10,516.50	274
TOTAL	281,692	\$280,543.50	9,197



DSWA operates Household Hazardous Waste (HHW) Saturday Collection Events at different locations throughout the year. In addition, weekly and monthly collections are provided in each of Delaware's three counties. Delaware residents can bring their HHW to DSWA free of charge.

Weekly Collection Events		
July 2018-June 2019		
Location	Pounds Collected	Cost
Delaware Recycling Center (Every Wednesday)	178,550	\$269,255.23
Cheswold Collection Station (Every Friday)	118,971	\$213,478.99
Jones Crossroads Landfill (Every Monday)	141,762	\$223,068.34
Total	439,283	\$705,802.56



Monthly Collection Events		
Location	Pounds Collected	Cost
Delaware Recycling Center (1st Saturday)	171,010	\$157,948.50



Total Costs For HHW Program (FY 2019)	
Location	Cost
SPECIAL EVENTS	\$280,543.50
DRC - 1ST SATURDAYS	\$157,948.50
CHESWOLD	\$213,478.99
DRC - WEEKLY	\$269,255.23
SSWMC	\$223,068.34
GRAND TOTAL HHW COSTS	\$1,144,294.56

DELAWARE SOLID WASTE AUTHORITY

Financial Statements and
Supplementary Information

Years Ended June 30, 2019 and 2018



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying statements of net position of Delaware Solid Waste Authority as of June 30, 2019 and 2018, and the related statements of revenues and expenses and changes in net position, and cash flows for the years 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; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2019 and 2018, and the changes in financial position, and cash flows thereof, for the years 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 require that the management's discussion and analysis on pages 3 through 9 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of operating revenues and expenses, schedules of proportionate share of the pension liability, schedules of contributions - pension, schedules of proportionate share of the collective net OPEB liability, and schedules of contributions - OPEB are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information is 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 audits 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. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Radnor, Pennsylvania
September 26, 2019

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, 2019 and 2018. 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 Statements 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 Statements 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 Statements 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 10 through 14 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 15 through 38 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 \$211.9 million and \$195.8 million at the close of fiscal years 2019 and 2018, respectively. This represents an increase of approximately \$16.1 million (8.2%) in net position in 2019 over the previous year.
- Total incoming tonnage in fiscal year 2019 increased by approximately 80,000 tons resulting in a 9.1% increase in revenue-generating tons compared to fiscal year 2018.

- Total operating revenue increased by approximately \$5.0 million or 7.4% more than fiscal year 2018. By comparison, the prior year was \$2.6 million or a 4.0% increase from fiscal year 2017. The continued increase was expected based on tonnage increases but was also partially offset by eroding revenue conditions in the recycling market. Net user fees reported in this item are net of the Differential Disposal Fee Programs rebates of approximately \$9.28 million in 2019 and \$9.33 million in 2018 (see Note 8).
- Total operating expenses for 2019 (prior to depreciation and closure costs) increased by approximately \$3.7 million or 8.5% from the previous year. This increase was largely due to facility supplies and contractual service costs directly related to tonnage handling at DSWA facilities. This tonnage experienced an approximate increase of 9.1%.
- Operating income for 2019 was approximately \$11.1 million versus the prior year operating income of \$9.7 million. Primarily, solid waste tonnage increases and the related operating revenue in excess of increases to tonnage related direct costs resulted in this increase to operating income. This increase was despite significant declines in market driven recycling related activity.
- In June 2010, DSWA issued bonds 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 6).

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 2019 by \$16,095,127 and also increased by \$10,544,314 for 2018. A condensed summary of DSWA’s net position for the two years being reported is presented below:

	Net Position	
	2019	2018
Current and Other Assets	\$ 150,194,398	\$ 133,943,584
Capital Assets	190,453,893	193,943,894
Deferred Outflow of Resources	1,430,759	1,295,191
Total Assets and Deferred Outflow of Resources	342,079,050	329,182,669
Current Liabilities	14,127,354	15,607,268
Long-Term Obligations	112,317,291	114,577,991
Deferred Inflow of Resources	3,741,298	3,199,430
Total Liabilities and Deferred Inflow of Resources	130,185,943	133,384,689
Net Position:		
Invested in Capital Assets	180,286,447	183,336,933
Unrestricted	31,165,423	11,977,117
Restricted	441,237	483,930
Total Net Position	\$ 211,893,107	\$ 195,797,980

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 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

A summary of revenues and expenses and changes in net position for the years ended June 30, 2019 and 2018 is presented below:

	Change in Net Position	
	2019	2018
Operating Revenues		
Net User Fees: Solid Waste	\$ 69,095,439	\$ 63,279,176
L/F Gas Marketing Income	1,355,256	1,322,215
Marketing Income (Expense) Recyclables	(204,109)	566,069
Other Income	1,851,505	1,935,078
Total Operating Revenues	72,098,091	67,102,538
Operating Expenses		
Salaries and Related Costs	10,285,028	10,639,500
Contractual Services	31,443,338	28,675,852
Depreciation	11,931,387	10,036,915
Landfill Closure	2,000,510	4,002,772
Other Expenses	5,366,803	4,084,338
Total Operating Expenses	61,027,066	57,439,377
Operating Income	11,071,025	9,663,161
Net Nonoperating Revenue	5,024,102	881,153
Increase in Net Position	16,095,127	10,544,314
Net Position - Beginning of Year	195,797,980	185,253,666
Net Position - End of Year	\$ 211,893,107	\$ 195,797,980

Capital Asset Activity

The following provides a summary of the significant changes in capital assets for the year ended June 30, 2019 and a description of the major items affecting the year-end balances (see Note 4 - Capital Assets).

1. Construction in Progress (most reclassified to depreciable asset upon completion in 2019)
Increases: Dover administrative building - \$86,501, Central Landfill Scalehouse - \$811,155, Northern recycling site improvements \$207,234, Southern capping \$2,526,696, DRC relocation of aerial electric to underground \$1,433,643, Southern Landfill feeder ditch \$172,926, Milford Transfer Station tipping floor & leachate upgrades \$757,032.
2. Depreciable Capital Assets
Increases: Vehicles - \$319,673, Building and Land Improvements - \$458,281, Heavy Construction Equipment and Processing Equipment - \$1,198,780.
Decreases: Vehicles sold or traded-in - approximately \$79,200 and Heavy Construction Equipment and Processing Equipment sold or traded-in – approximately \$504,000.

Review of Operations

Landfill Operations. During fiscal year 2019, the Delaware Solid Waste Authority’s three operating landfills managed the safe disposal or recycling of 962,916 tons of waste compared to 882,809 tons during the previous year. Of the total waste received, dry waste, which includes construction and demolition waste, accounted for 130,768 tons in fiscal year 2019 compared to 117,838 tons in the previous fiscal year. During fiscal year 2019, 2,005 tons of tires were recycled as either tire-derived fuel or consumer products. A total of 4,337 tons of yard waste were either recycled as soil amendment or used for road building and 1,896 tons of white goods were collected and recycled in fiscal year 2019. The user fee for solid waste was \$85.00 per ton at the landfills and transfer stations. The user fees remained unchanged from the prior year. Solid waste rebates per ton were \$18 at the landfills and \$9 at the transfer stations compared to \$19 at the landfills and \$9.50 at the transfer stations in the prior year.

Transfer Stations. During fiscal year 2019, the DSWA’s Pine Tree Corners, Milford and Route 5 Transfer Stations received and transferred a total of 214,489 tons of waste compared to 196,816 tons during the prior fiscal year. 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 95,998 customers disposed of 132,176 bags of household waste and 27,075 bags of yard waste during fiscal year 2019.

Recycling. During fiscal year 2019, DSWA’s Drop Off Center Program collected 2,134 tons of various recyclables including cardboard, single-stream, batteries, oil filters, oil, electronic goods, and Polystyrene from its 15 sites. The Oil Filter Program recycled 21 tons of oil filters collected statewide. DSWA also recycled 118,920 gallons or 446 tons of motor oil. The Electronic Goods Program collected a grand total of 1,192 tons of electronic goods for recycling from special events, state agencies, schools, non-profit organizations, and DSWA drop off sites. The drop-off sites are located at DSWA’s Delaware Recycling Center, Cheswold Collection Station, and Southern Solid Waste Management Center. At various locations throughout the state the Recycling Group conducted a total of 26 special Saturday collection events. These events were for the collection of household hazardous waste, electronic goods, and paper shredding. These special events include the addition of a once monthly Saturday event held at DSWA’s Delaware Recycling Center.

A total of 226 tons of hazardous materials were collected and either safely disposed or recycled from the special Saturday events. In addition to these special Saturday collection events, three weekly Household Hazardous Waste collections were conducted during fiscal year 2019. The weekly events are conducted at DSWA's Cheswold Collection Center, Delaware Recycling Center, and Southern Solid Waste Management Center. At those three locations a total of 220 tons of hazardous materials were collected and either safely disposed of or recycled. Paper shredding was also conducted at the special Saturday events in addition to monthly events and 295 tons of paper were shredded at these events. Also, in fiscal year 2019 DSWA's recycling program collected 160 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 2019, Revolution received 136,301 tons of C&D materials for processing versus fiscal year 2018 tonnage of 131,071 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. This contract has now been transferred from ReCom to Republic Services with all terms at the time of this transfer remaining in place. Republic is in the business of waste removal as well as receiving, processing and reselling residential and commercial recyclable materials that have residual value. During fiscal year 2019, ReCom (Republic) received 99,846 tons of recyclable materials for processing versus fiscal year 2018 incoming tonnage of 119,979 tons.

Plans for the Future. The DSWA's revenue generating tonnage continued to climb for the sixth consecutive year. Tonnage has increased from a low of 675,000 tons in 2012 and 2013 to the fiscal year 2019 total of 963,000 tons. This equates to an average annual increase in tonnage over this period of just over 7%. As is often the case, tonnage at DSWA facilities tends to increase with a stable and growing economy and becomes more volatile as the overall economy shows signs of slowing or becomes increasingly unstable. Short-term forecasts indicate some upcoming leveling off and general volatility of tonnage totals. While these indicators are not definitive, the reasonable possibility of a downturn will be a factor as future operating needs are analyzed. Flow control, which was implemented in 2017, is a mechanism by which certain waste is mandated to be brought to DSWA facilities instead of a portion of that waste being directed to competing facilities in the region. With this implementation, an aggressive rebate plan built upon more moderate rebate plans from the past was put in place recently.

As DSWA enters into the latter stages of a 5-year rebate program as part of its fee structure, an ongoing review of internal operating costs as well as contractual costs will be part of an overall effort to prepare for future rebate periods. The goal will be to continue to make every effort to offer a competitively priced service to the citizens of Delaware while also planning internally for necessary long-term investments into site infrastructure. Understanding the importance of continuing to offer quality service at reasonable costs for many years into the future, balancing pricing and planning will always be a priority.

Debt obligations from prior landfill expansions will be satisfied no later than June of 2022. These expansions have allowed DSWA to prepare and plan for the requirements needed to serve the communities of Delaware for decades to come. Satisfaction of this debt has been ongoing and will have been finalized over a portion of the same time period rebate programs have been expanded upon. This is reflective of overall efforts that have been in place to control costs under the pressure of increasing tonnage at all facilities.

Recycling market conditions continue to be a significant challenge that the organization is dealing with. These conditions have made it increasingly difficult for recycling to be a self-sustaining segment of our operations in the near term, but overall solid waste tonnage increases have allowed for this area to be subsidized as market conditions are evaluated.

Overall, the expectations are that near term leveling off of tonnage revenue is possible but this will continue to allow DSWA to fund its operating costs, capital investment needs, and satisfy debt obligation from prior expansions. Despite the possible ongoing troubles in the recycling market, DSWA has positioned itself well to continue to improve upon its economic health for the long term while always offering the services necessary for the well-being of the community we serve at a competitive price.

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,

Joseph J. Koskey

Joseph J. Koskey
Chief Financial Officer

Delaware Solid Waste Authority

Statements of Net Position

<i>As of June 30, 2019 and 2018</i>	2019	2018
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Unrestricted Current Assets:		
Cash and cash equivalents - Note 2	\$ 1,648,128	\$ 1,725,122
Investments - Note 3	7,367,180	5,239,605
Accounts receivable (net of allowance for doubtful accounts of \$23,737 and \$27,725, respectively)	5,853,410	6,618,284
Interest receivable	660,238	400,632
Prepayments and miscellaneous receivables	1,299,300	1,159,455
Total Unrestricted Current Assets	16,828,256	15,143,098
Restricted Current Assets:		
Investments - Note 3	57,011,700	54,902,985
Total Current Assets	73,839,956	70,046,083
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets:		
Investments - Note 3	17,617,262	18,706,912
Capital Assets - Note 4		
Land	26,444,779	26,327,056
Land improvements	321,273,838	313,207,869
Buildings	52,744,995	46,252,272
Equipment and furniture	19,930,845	19,149,262
Vehicles	3,029,678	2,876,186
Total	423,424,135	407,812,645
Less: Accumulated depreciation	233,749,129	222,262,534
	189,675,006	185,550,111
Construction in progress - Note 4	778,887	8,393,783
Total Capital Assets	190,453,893	193,943,894
Restricted Noncurrent Assets:		
Investments - Note 3	58,737,180	45,190,589
Total Noncurrent Assets	266,808,335	257,841,395
DEFERRED OUTFLOW OF RESOURCES		
Related to pensions - Note 7	731,139	626,327
Related to other post employment benefits - Note 7	699,620	668,864
Total Deferred Outflow of Resources	1,430,759	1,295,191
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 342,079,050	\$ 329,182,669

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Net Position

<i>As of June 30, 2019 and 2018</i>	2019	2018
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 4,285,223	\$ 5,562,861
Contracts payable, including retainage	17,692	225,159
Accrued compensation	1,371,113	1,150,454
Current portion of bonds payable - Note 6	4,053,876	3,975,048
Contract rebate payable - Note 8	4,399,450	4,693,746
Total Current Liabilities	14,127,354	15,607,268
NONCURRENT LIABILITIES		
Bonds payable - Note 6	8,291,293	12,285,017
Accrued landfill closure and post closure care costs - Note 5	75,668,849	73,668,339
Net pension liability - Note 7	3,909,833	4,133,322
Net other post employment liability - Note 7	24,447,316	24,491,313
Total Noncurrent Liabilities	112,317,291	114,577,991
Total Liabilities	126,444,645	130,185,259
DEFERRED INFLOW OF RESOURCES		
Related to pensions - Note 7	358,363	291,760
Related to other post employment benefits - Note 7	3,382,935	2,907,670
Total Deferred Inflow of Resources	3,741,298	3,199,430
NET POSITION		
Invested in capital assets, net of related debt and accumulated depreciation	180,286,447	183,336,933
Unrestricted	31,165,423	11,977,117
Restricted	441,237	483,930
Total Net Position	211,893,107	195,797,980
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 342,079,050	\$ 329,182,669

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Revenues and Expenses and Changes in Net Position

<i>Years Ended June 30, 2019 and 2018</i>	2019	2018
OPERATING REVENUES		
Net user fees: solid waste	\$ 69,095,439	\$ 63,279,176
Landfill gas	1,355,256	1,322,215
Other income	1,647,396	2,501,147
Total Operating Revenues	72,098,091	67,102,538
OPERATING EXPENSES		
Salaries and related costs	10,285,028	10,639,500
Professional services	1,480,405	1,361,750
Travel	119,621	91,184
Supplies and materials	3,053,424	1,890,098
Utilities	713,353	741,306
Contractual services	31,443,338	28,675,852
Closure and post closure care of landfills	2,000,510	4,002,772
Depreciation expense	11,931,387	10,036,915
Total Operating Expenses	61,027,066	57,439,377
OPERATING INCOME	11,071,025	9,663,161
NONOPERATING REVENUES (EXPENSES)		
Net investment income	4,776,477	609,642
Bond interest and related expenses	(90,897)	(139,600)
Other nonoperating revenue - net	338,522	411,111
Net Nonoperating Revenues	5,024,102	881,153
INCREASE IN NET POSITION	16,095,127	10,544,314
NET POSITION - BEGINNING OF YEAR	195,797,980	185,253,666
NET POSITION - END OF YEAR	\$ 211,893,107	\$ 195,797,980

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Cash Flows

<i>Years Ended June 30, 2019 and 2018</i>	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 69,426,172	\$ 63,553,798
Cash paid to suppliers	(38,295,246)	(31,346,373)
Cash paid to employees	(9,925,555)	(9,579,998)
Landfill gas marketing revenues	1,355,256	1,322,215
Other operating revenues	1,647,396	2,501,147
Net Cash Provided by Operating Activities	24,208,023	26,450,789
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	2,650,859	1,748,503
Purchases of investments	(447,890,256)	(369,673,815)
Proceeds from sale of investments	433,257,026	357,510,507
Other investing income	79,553	253,031
Net Cash Used in Investing Activities	(11,902,818)	(10,161,774)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for debt service requirements	(3,905,000)	(4,655,000)
Interest paid on bonds	(840,589)	(986,057)
Cash payments for capital assets	(7,840,074)	(9,635,904)
Proceeds from sale of capital assets	203,464	96,990
Net Cash Used in Capital and Related Financing Activities	(12,382,199)	(15,179,971)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(76,994)	1,109,044
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,725,122	616,078
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,648,128	\$ 1,725,122

See accompanying notes to financial statements.

Delaware Solid Waste Authority
Statements of Cash Flows (Continued)

<i>Years Ended June 30, 2019 and 2018</i>	2019	2018
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME	\$ 11,071,025	\$ 9,663,161
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	11,931,387	10,036,915
Recovery of doubtful accounts	(3,988)	(65,782)
(Increase) decrease in accounts receivable	768,862	(370,614)
(Increase) decrease in prepayments and miscellaneous receivables	(139,845)	550,664
Increase in deferred outflow of resources	(135,568)	(24,446)
Increase (decrease) in accounts payable	(1,277,638)	1,188,658
Increase (decrease) in contracts payable	(207,467)	225,159
Increase in accrued compensation	220,659	5,052
Increase in accrued closure and post closure care of landfills	2,000,510	4,002,772
Increase (decrease) in contract rebate payable	(294,296)	160,354
Decrease in net pension liability	(223,489)	(149,612)
Decrease in net other post employment liability	(43,997)	(1,559,866)
Increase in deferred inflow of resources	541,868	2,788,374
Total Adjustments	13,136,998	16,787,628
Net Cash Provided by Operating Activities	\$ 24,208,023	\$ 26,450,789
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Amortization of premium/discount on bonds	\$ (6,277)	\$ (14,009)
Gain on disposition of capital assets	(64,982)	(96,990)
Unrealized (gain) loss on investments	(2,183,433)	1,220,898
Realized (gain) loss on sale of investments	123,432	(5,091)
Capitalized interest	739,794	848,343

See accompanying notes to financial statements.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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 of 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.

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.

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.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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:

Table with 2 columns: Asset Type, Useful Life. Rows: 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, 2019 and 2018 was \$11,931,387 and \$10,036,915, respectively.

Accounts Receivable

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.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Investments

Certain investments held by the DSWA are reported at fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Exceptions to fair value measurement included in generally accepted accounting principles in the United States of America allows for certain exceptions to fair value measurement and allows for cost-based measurements. The most significant exception provides that money market investments (commercial paper, banker's acceptances, and U.S. Treasury securities) that have a remaining maturity of one year or less upon acquisition may be reported at amortized cost.

The DSWA has the following recurring fair value measurements as of June 30, 2019:

U.S. Treasury obligations (Level 1) - fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

Corporate and U.S. Government Agency bonds and notes (Level 2) - fair value is estimated as the present value of expected future cash inflows, taking into account (1) the type of security, its terms, and any underlying collateral, (2) the seniority level of the debt security, and (3) quotes received from brokers and pricing services. Significant inputs utilized by brokers and pricing services include the probability of default for debt securities, the estimated prepayment rate, and the projected yield based on estimated future market rates for similar securities.

Compensated Absences

Vacation and sick leave pay are recorded as an expense when earned by the DSWA's employees. As of June 30, 2019 and 2018, accrued vacation and sick leave aggregated \$1,040,311 and \$828,011, respectively; this resulted in a net increase of \$212,300 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

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences (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.

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.

Net Position

Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position invested in capital assets represents 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.

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.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Pension Plan and Other Benefits

The DSWA participates in the Delaware Public Employees' Retirement System ("DPERS"). For purposes of measuring the net pension liability (asset) and net other post employment liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions and other post employment benefits, and related expenses, information about the fiduciary net position of DPERS and additions to/deductions from DPERS's 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.

Deferred outflows of resources are defined as consumption of net assets by the DSWA that is applicable to a future reporting period. Deferred inflows of resources are defined as acquisition of net assets by the DSWA that is applicable to a future reporting period. Deferred outflows increase net position, similar to assets and deferred inflows decrease net position, similar to liabilities.

Recent Accounting Pronouncements

In June 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for reporting periods beginning after December 15, 2019.

In April 2018, Governmental Accounting Standards Board (GASB) issued Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 2: 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, 2019, the DSWA's bank balances were not exposed to custodial credit risk.

Note 3: Investments

In accordance with the DSWA's investment policy, investment purchases 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, 2019, 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, 2019, 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:

		2019	2018
Mutual Funds	AAA	17%	32%
Corporate Obligations	AAA	2%	2%
Corporate Obligations	AA+	6%	3%
Corporate Obligations	AA	6%	4%
Corporate Obligations	AA-	19%	15%
Corporate Obligations	A+	1%	3%
Corporate Obligations	A	5%	3%

Delaware Solid Waste Authority
Notes to Financial Statements

Note 3: Investments (Continued)

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, 2019 are summarized below.

Credit risk is the risk that an issuer will not fulfill its obligations while concentration of credit risk is defined as the risk of loss attributed to the magnitude of an investment in a single issuer. As indicated above in Note 2, the DSWA follows the "Statement of Objectives and Guidelines for the Investments of the State of Delaware" of the State's Cash Management Policy Board (the Board). The policy addresses credit risk as well as concentration of credit risk by not only limiting allowable investments but also by limiting the maximum amount that may be invested in any one issuer, except for investments in U.S. Government Securities which are not limited. 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, 2019 and 2018.

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, 2019 and 2018 resulted in an unrealized gain of \$2,183,433 and an unrealized loss of \$(1,220,898), 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 gains (losses) for the years ended June 30, 2019 and 2018 were \$(123,432) and \$5,091, respectively.

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

The DSWA's investments are summarized as follows:

	2019		2018	
	Fair Value / Carrying Value	Cost	Fair Value / Carrying Value	Cost
U.S Treasury Obligations	\$ 8,809,793	\$ 8,757,388	\$ 10,859,341	\$ 11,008,955
U.S Government Agency Bonds and Notes	49,191,783	49,149,449	30,197,380	30,719,413
Wilmington U.S. Government Money Market Fund	24,237,822	24,237,822	39,655,173	39,655,173
Time Deposits	3,902,422	3,902,422	6,561,353	6,561,353
Corporate Bonds and Notes	54,591,502	53,863,812	36,766,844	37,456,201
Total Investments	\$ 140,733,322	\$ 139,910,893	\$ 124,040,091	\$ 125,401,095

Delaware Solid Waste Authority

Notes to Financial Statements

Note 3: Investments (Continued)

Investments as of June 30, 2019 mature, or are available, as follows:

	Total	Less than 1 year	1-5 years
U.S Treasury Obligations	\$ 8,809,793	\$ 5,434,481	\$ 3,375,312
U.S Government Agency Bonds and Notes	49,191,783	17,374,754	31,817,029
Wilmington U.S. Government Money Market Fund	24,237,822	24,237,822	-
Time Deposits	3,902,422	3,902,422	-
Corporate Bonds and Notes	54,591,502	13,429,401	41,162,101
	<u>\$ 140,733,322</u>	<u>\$ 64,378,880</u>	<u>\$ 76,354,442</u>

The following table sets forth by level, within the fair value hierarchy, the DSWA's financial instruments carried at fair value as of June 30, 2019:

	Level 1	Level 2
Investments at fair value		
Debt Securities:		
U.S. Treasury Obligations	\$ 8,809,793	\$ -
Corporate Bonds and Notes	-	54,591,502
U.S. Government Agency Bonds and Notes	-	49,191,783
Total Investments	<u>\$ 8,809,793</u>	<u>\$ 103,783,285</u>

The following table sets forth by level, within the fair value hierarchy, the DSWA's financial instruments carried at fair value as of June 30, 2018:

	Level 1	Level 2
Investments at fair value		
Debt Securities:		
U.S. Treasury Obligations	\$ 10,859,341	\$ -
Corporate Bonds and Notes	-	36,766,844
U.S. Government Agency Bonds and Notes	-	30,197,380
Total Investments	<u>\$ 10,859,341</u>	<u>\$ 66,964,224</u>

Delaware Solid Waste Authority

Notes to Financial Statements

Note 4: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2019 is as follows:

	Balance June 30, 2018	Additions	Transfers	Sales / Retirements	Balance June 30, 2019
Capital assets, not being depreciated:					
Construction in progress	\$ 8,393,783	\$ 6,137,853	\$ (13,752,749)	\$ -	\$ 778,887
Land	26,327,056	92,355	25,368	-	26,444,779
Total capital assets, not being depreciated	<u>34,720,839</u>	<u>6,230,208</u>	<u>(13,727,381)</u>	<u>-</u>	<u>27,223,666</u>
Depreciable capital assets:					
Land Improvements	313,207,869	626,350	7,439,619	-	321,273,838
Less: accumulated depreciation	(170,350,340)	(8,861,782)	-	-	(179,212,122)
Buildings	46,252,272	204,961	6,287,762	-	52,744,995
Less: accumulated depreciation	(32,921,056)	(1,999,449)	-	-	(34,920,505)
Equipment and Furniture	19,149,266	1,198,776	-	(417,197)	19,930,845
Less: accumulated depreciation	(16,621,441)	(1,010,529)	-	417,197	(17,214,773)
Vehicles	2,876,190	319,669	-	(166,181)	3,029,678
Less: accumulated depreciation	(2,369,705)	(198,205)	-	166,181	(2,401,729)
Depreciable assets, net of accumulated depreciation	<u>159,223,055</u>	<u>(9,720,209)</u>	<u>13,727,381</u>	<u>-</u>	<u>163,230,227</u>
Capital assets, net	<u>\$ 193,943,894</u>	<u>\$ (3,490,001)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,453,893</u>

Delaware Solid Waste Authority

Notes to Financial Statements

Note 4: Capital Assets (Continued)

The status of the DSWA's construction in progress at June 30, 2019 is as follows:

	Expected Completion Date	Costs to Date
Location:		
Admin		
New office building	FY 2022	\$ 86,501
Compost exhibit	FY 2020	10,500
Route 5		
Trailer storage building	FY 2020	34,788
MTS		
Trailer storage building	FY 2020	77,500
North Recycling		
New North Recycle center	FY 2020	207,234
Landfills:		
Jones Crossroads		
Beaverdam ditch	FY 2023	19,710
Feeder ditches	FY 2020	172,926
Electric/gate	FY 2020	21,373
Scale house generator	FY 2020	2,775
Scada system	FY 2020	22,206
Sandtown		
Borrow pit	FY 2020	123,374
Total Construction in Progress		\$ 778,887

Note 5: Landfill Closure and Post Closure Care Costs

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

Delaware Solid Waste Authority

Notes to Financial Statements

Note 5: Landfill Closure and Post Closure Care Costs (Continued)

In addition to operating expenses related to current activities of the landfills, an expense provision and related liability are being recognized based on the estimated future closure costs that will be incurred near or at the date of closure and the estimated post closure care costs at each site for thirty years after closure. The DSWA reports a portion of these closure and post closure care costs as an operating expense each year based on landfill capacity used during the year. Accrued landfill closure and post closure care costs of \$75,668,849 as of June 30, 2019 and \$73,668,339 as of June 30, 2018, 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 \$142,150,461 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and post closure care of \$217,819,310 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, 2019. 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, 2019:

Landfill	Estimated Capacity Used	Cumulative Remaining Life	Accrued Costs	Costs to be Recognized in the Future
Cherry Island	59.86%	19 years	\$ 42,879,121	\$ 26,522,855
Sandtown	22.49%	51 years	9,457,488	57,016,369
Jones Crossroads	16.70%	57 years	23,315,914	58,611,237
Pigeon Point	100.00%	Closed 1985	16,326	-
Total			\$ 75,668,849	\$ 142,150,461

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

	Total	Cherry Island	Sandtown	Jones Crossroads	Pigeon Point
Balance of accrual, June 30, 2018	\$ 73,668,339	\$ 41,612,650	\$ 10,998,585	\$ 21,041,113	\$ 15,991
Current year expenditures:					
Post closure costs	-	-	-	-	-
Net accrual	73,668,339	41,612,650	10,998,585	21,041,113	15,991
Balance of accrual, June 30, 2019	75,668,849	42,879,121	9,457,488	23,315,914	16,326
Net closure and post closure costs recognized in current year	\$ 2,000,510	\$ 1,266,471	\$ (1,541,097)	\$ 2,274,801	\$ 335

Included in the computation of Landfill Closure and Post Closure Care Costs as of June 30, 2019, are closure costs for: (1) Pine Tree Corners Transfer Station of \$16,326 (2) Cheswold Collection Station of \$2,143 (3) Milford Transfer Station of \$16,326 (4) Ellendale, Long Neck, Omar, and Bridgeville Collection Stations, each totaling \$2,143 (5) DRC Transfer Station of \$16,326 and (6) Route 5 Transfer Station of \$16,326.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 6: Bonds Payable

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

On 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.

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

	2019	2018
Series 2010 "B" principal	\$ 12,300,000	\$ 16,205,000
Unamortized (discount)	(8,707)	(14,983)
Accrued interest	53,876	70,048
Total Bonds Payable	\$ 12,345,169	\$ 16,260,065

The debt service requirements on the series 2010 bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 4,000,000	\$ 646,510	\$ 4,646,510
2021	4,000,000	441,710	4,441,710
2022	4,300,000	230,910	4,530,910
	\$ 12,300,000	\$ 1,319,130	\$ 13,619,130

The total interest expense incurred on the DSWA bond debt for the years ended June 30, 2019 and 2018 was \$824,416 and \$973,934, respectively. The total interest capitalized and included in Construction in Progress on the Statements of Net Position for the years ended June 30, 2019 and 2018 was \$739,794 and \$848,343, respectively.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits

Pension Plan:

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 commingled 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 67.7% with 2% reduction, 75% with 3% reduction, or 100% with 6% 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.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Contributions:

Employer - Determined by the Board of Pension Trustees. Employer contributions were 10.42% and 9.58% of earnings for the Plan's fiscal years 2018 and 2017, 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.

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, 2019 and 2018 was as follows:

Plan year		Total pension liability (1)		Plan fiduciary net position (2)		Net pension liability (1) - (2)
2018	\$	31,238,942	\$	27,329,109	\$	3,909,833
2017		28,133,806		24,000,484		4,133,322

The collective total pension liability for the June 30, 2018 and 2017 measurement dates was determined by an actuarial valuation as of June 30, 2018 and 2017, respectively. These actuarial valuations used the following actuarial assumptions:

Investment rate of return/discount rate (a)	7.0%
Projected salary increases (a)	2.5% + Merit
Cost-of-living adjustments	0.0%

(a) Inflation is included at 2.5%

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 2016, with update procedures used to roll forward the total pension liability to June 30, 2018. 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 assumptions are based on the RP-2014 tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2015 mortality improvement scale on a fully generational basis.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

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.

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 as of June 30, 2018 (Plan year) is summarized in the following table:

Asset class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	30.7%
International equity	5.7	13.9
Fixed income	2.0	23.3
Alternative investments	7.8	24.4
Cash and equivalents	-	7.7

Discount rate - The discount rate used to measure the total pension liability for all plans was 7.0%. 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.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

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 (asset), calculated using the discount rate of 7.0%, as well as what the DSWA's 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 (6.0%)	Discount Rate (7.0%)	1% Increase to discount rate (8.0%)
DSWA's proportionate share of the net pension liability for 2019 (based on Plan year 2018)	\$ 7,586,355	\$ 3,909,833	\$ 821,791
DSWA's proportionate share of the net pension liability for 2018 (based on Plan year 2017)	\$ 7,439,840	\$ 4,133,322	\$ 1,329,037

Collective Deferred Outflows of Resources and Deferred Inflows of Resources

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 years ended June 30, 2018 and 2017 is \$222,132 and \$72,862, respectively.

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 7.0% 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 years ended June 30, 2018 and 2017 is \$358,363 and \$291,760, respectively, reported as a deferred inflow of resources.

The annual difference between the projected and actual earnings on investments is amortized over a six-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, 2019 (based on plan year ended June 30, 2018) will be recognized in pension expense as follows:

Year ending June 30:	
2019	\$ 489,959
2020	311,774
2021	(122,394)
2022	(12,992)
2023	41,807
Thereafter	-

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

The amount of \$731,139 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, 2020.

Collective Pension Expense

The components of the DSWA's pension expense for the year ended June 30, 2019 (plan year ended June 30, 2018) are as follows:

Service costs	\$ 596,876
Interest on total pension liability	2,107,078
Member contributions	(194,672)
Administrative expense	17,457
Change in benefit plan	33,382
Projected earnings on plan investments	(1,767,239)
Amortization of investment return differences	38,092
<hr/>	
Pension expense	\$ 830,974

Other Post-Employment Plans:

Plan Description - The State of Delaware's Other Postemployment Benefit (OPEB) Fund Trust (the Plan) is a cost-sharing multiple-employer defined-benefit plan established in Delaware Code. The Plan is administered by the Delaware Public Employees' Retirement System (DPERS). The State of Delaware (the State) is responsible for the policy and management of the OPEB benefits provided to retirees. 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 - Substantially all State employees become eligible for postretirement benefits if they reach retirement age while working for the State. The costs of providing these benefits are shared between the State and the retired employee.

Early Retirement - Age 55 with 15 years of service or any age with 25 years of service

Normal Retirement (hired before January 1, 2012):
Non-General Assembly: Age 62 with 5 years of service, or age 60 with 15 years of service, or any age with 30 years of service.
General Assembly: Age 60 with 5 years of service, or age 55 with 10 years of service

Normal Retirement (hired on or after January 1, 2012): Age 65 with 10 years of service, or age 60 with 20 years of service, or any age with 30 years of service.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Benefits - The Plan provides medical coverage to pensioners and their eligible dependents covered under the Plan. The participant's cost of Plan benefits is variable based on years of service within those pension plan categories. Pensioners who retire after July 1, 2012 and who become eligible for Medicare will pay an additional 5% of the Medicare Supplement offered by the State. The State provided health insurance options through several providers.

Spouse and Survivor Coverage - Both are available under any of the plan options with similar retiree contributions. Surviving spouses are eligible for coverage after the retiree's death.

Retiree Contributions - If hired prior to July 1, 1991, no contributions are required. If hired on or after July 1, 1991 (except disability pension), contributions depend on years of service, as shown on the table below:

Between July 1, 1991 and December 31, 2006		After January 1, 2007	
Years of Service	Percent of Premium Paid by State	Years of Service	Percent of Premium Paid by State
Less than 10	0%	Less than 15	0%
10 - 14	50%	15 - 17.5	50%
15 - 19	75%	17.5 - 19	75%
20 or more	100%	20 or more	100%

Pensioners who retire after July 1, 2012 and who become eligible for Medicare will pay in addition to their percentage above, an additional 5% of the Medicare Supplement offered by the State.

Funding Policy - Participating employers fund the Plan for current retirees on a pay-as-you-go basis along with funding for future benefits at a rate that is approved in the annual budget, but not actuarially determined. By State Statute Chapter 52, Title 29 of the Delaware Code, contribution requirements of plan members and the government are established and may not be amended by the State Legislature. Funds are recorded in the Plan for the payment of retiree healthcare claims, administrative and investment expenses. Administrative costs are financed through investment earnings. State appropriations, other employer contributions, and retiree contributions for healthcare are recorded in the Plan. The funds available are invested under the management of the DPERS Board of Pension Trustees, which acts as the Board of Trustees for the Plan and is responsible for the financial management of the Plan.

Contributions - The contribution rates for the employer and retiree are established annually by the budgeting process of the State. Those rates include an employer contribution based on projected pay-as-you-go financing requirements as a percent of covered payroll, with an additional amount to prefund benefits, which is not actuarially determined. For Plan year 2018 and 2017, the DSWA's contribution totaled \$668,864 and \$703,745, respectively.

Retiree contribution rates are affected by the retiree date of hire, with eligible retirees hired after June 30, 1991 paying a proportionately higher rate if their years of service total less than 20.

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Collective Net OPEB Liability and Actuarial Information

The DSWA's proportionate share of the collective net OPEB liability as of June 30, 2019 and 2018 was as follows:

Plan year	Total OPEB liability (1)	Plan fiduciary net position (2)	Net OPEB liability (1) - (2)
2018	\$ 25,583,831	\$ 1,136,515	\$ 24,447,316
2017	25,545,233	1,053,920	24,491,313

The collective total OPEB liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total OPEB liability to June 30, 2018. This actuarial valuation used the following actuarial assumptions:

	2018	2017
Discount rate	3.87%	3.58%
Projected salary increases	3.25% + Merit	3.25% + Merit
Healthcare cost trend rates	6.8%	7.0%

Mortality rates were based on the sex-distinct RP-2014 Total Dataset Healthy Annuitant Mortality Table, including adjustments for healthy annuitant and disabled annuitant factors for each covered pension plan. Future mortality improvements are projected to 2020.

The total OPEB liabilities are measured based on assumptions pertaining to the interest rates, inflation rates, health costs, and employee demographic behavior in future years. The assumptions used were based on the results of an actuarial experience study conducted in 2016. 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.

The long-term expected rate of return on the OPEB Trust 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 the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the following table:

Asset class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	38.7%
International equity	5.7	19.0
Fixed income	2.0	39.3
Cash and equivalents	-	-

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 3.58% at the beginning of the current measurement period and 3.87% at the end, based on the Bond Buyer GO 20-Bond Municipal Bond Index, an index satisfying the GASB requirement of an index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that employer contributions to the Plan will continue to follow the pay-as-you-go contribution policy. Based on the assumptions of a pay-as-you-go plan, the discount rates used at the June 30, 2018 and 2017 measurement dates are equal to the applicable rate of the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Sensitivity of the Collective Net OPEB Liability to Changes in the Discount Rate - The following presents the DSWA's proportionate share of the collective net OPEB liability, calculated using the discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease to discount rate (2.87% for 2018 and 2.58% for 2017)	Discount Rate (3.87% for 2018 and 3.58% for 2017)	1% Increase to discount rate (4.87% for 2018 and 4.58% for 2017)
DSWA's proportionate share of the net OPEB liability for 2019 (based on Plan year 2018)	\$ 29,094,670	\$ 24,447,316	\$ 20,797,625
DSWA's proportionate share of the net OPEB liability for 2018 (based on Plan year 2017)	\$ 29,369,959	\$ 24,491,313	\$ 20,695,249

Sensitivity of the Collective Net OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the DSWA's proportionate share of the collective net OPEB liability, calculated using healthcare cost trends that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease to discount rate (5.8% for 2018 and 6.0% for 2017)	Discount Rate (6.8% for 2018 and 7.0% for 2017)	1% Increase to discount rate (7.8% for 2018 and 8.0% for 2017)
DSWA's proportionate share of the net OPEB liability for 2019 (based on Plan year 2018)	\$ 20,817,578	\$ 24,447,316	\$ 28,873,032
DSWA's proportionate share of the net OPEB liability for 2018 (based on Plan year 2017)	\$ 20,739,377	\$ 24,491,313	\$ 29,094,177

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Collective Deferred Outflow of Resources and Deferred Inflow Resources

For the year ended June 30, 2019 (Plan year 2018), the DSWA recognized OPEB expense of \$997,736. At June 30, 2019, the DSWA reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	2019		2018	
	Deferred Outflow of Resources	Deferred Inflow of Resources	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual earnings on OPEB investments	\$ -	\$ 61,425	\$ -	\$ 48,494
Change in assumptions	-	3,321,510	-	2,859,176
DSWA contributions subsequent to the measurement date	699,620	-	668,864	-
Total	\$ 699,620	\$ 3,382,935	\$ 668,864	\$ 2,907,670

The components of collective deferred outflows of resources and deferred inflows of resources are amortized into OPEB expense over a six-year closed period beginning the year in which the difference occurs. The DSWA's proportionate share of the cumulative amounts of collective net deferred outflows (inflows) of resources and deferred inflows of resources as of June 30, 2019 (based on Plan year ended June 30, 2018) will be recognized in OPEB expense as follows:

Year ending June 30:	
2020	\$ (797,574)
2021	(797,574)
2022	(797,574)
2023	(785,406)
2024	(204,807)
Thereafter	-

Delaware Solid Waste Authority
Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Collective OPEB Expense

The components of the DSWA's OPEB expense for the year ended June 30, 2019 (plan year ended June 30, 2018) are as follows:

Service cost	\$	912,942
Interest cost		922,387
Contributions		(468)
Administrative expenses		262
Expected return on assets		(39,813)
Difference between projected and actual earnings on plan investments		(18,401)
Change in assumption with regards to factors or other inputs in the measurement of total OPEB liability		(779,173)
OPEB expense	\$	997,736

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 website at www.delawarepensions.com or by calling 1-800-722-7300.

Note 8: 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. Beginning in 2017, the program in place offered rebates of \$20/ton and \$10/ton for deliveries to the landfills and transfer stations, respectively. In 2018 and 2019, the above rebates were reduced to \$19 and \$18/ton for deliveries to landfills and \$9.50 and \$9/ton for deliveries to transfer stations, respectively.

For the program years ended June 30, 2019 and 2018, three hundred and twenty six (326) and three hundred and thirty one (331) participants received rebates totaling \$9,280,050 and \$9,333,147, respectively; operating revenues are reported net of these rebates.

Note 9: 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

Note 10: 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, 2019, 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, 2019, the uncompleted contracts are summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
North Recycle Center	\$ 798,243	\$ 123,101	\$ -	\$ 675,142
Jones Crossroads Landfill	598,555	3,981	-	594,574
Administrative Office	759,500	85,300	-	674,200
Total	\$ 2,156,298	\$ 212,382	\$ -	\$ 1,943,916

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, 2019 approximated \$51,257,000, which relates to contracts expiring through December 2031. The DSWA's contracts include termination for convenience clauses which allows the DSWA to cancel the contracts at any time.

Note 11: 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 \$272,535 for the primary building, \$10,813 for a secondary building, and ground rent of \$264.99 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

Note 11: 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 \$2.65 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 two buildings, and the adjacent surrounding areas, took effect once the MRF was operational. The annual rent for 2019 is set at \$214,012 and is subject to an annual adjustment of 90% of the annual change in CPI.

During fiscal year 2016, DSWA entered into renegotiations with ReCom in order to take into consideration the market conditions that could temporarily affect ReCom’s ability to continue to provide the crucial services related to the processing of recycled goods in the State of Delaware. In doing so, DSWA took on the responsibility of absorbing the hauling costs of these goods from its transfer stations in the southern area of the state as well as offering ReCom some level of reimbursement in the event of significant market downturns. In exchange, DSWA will benefit from a larger revenue sharing percentage as market conditions improve. These renegotiated terms will remain in place through June 2021. In October 2017, Republic Services purchased ReCom and assumed all original and amended terms of DSWA's agreement with ReCom.

Supplementary Information

Delaware Solid Waste Authority

Schedules of Proportionate Share of the Pension Liability

State Employees' Pension Plan (1)

	2019	2018	2017	2016	2015	2014
DSWA's proportion of the net pension liability	0.3027 %	0.2819 %	0.2842 %	0.2988 %	0.2971 %	0.3291 %
DSWA's proportionate share of the net pension liability	\$ 3,909,833	\$ 4,133,322	\$ 4,282,934	\$ 1,987,790	\$ 1,093,931	\$ 3,563,426
DSWA's covered-employee payroll	\$ 6,180,384	\$ 6,010,847	\$ 5,915,614	\$ 5,200,028	\$ 5,468,431	\$ 5,941,607
DSWA's proportionate share of the net pension liability as a percentage of its covered-employee payroll	63.30 %	68.80 %	72.40 %	38.22 %	20.00 %	59.97 %
Plan fiduciary net position as a percentage of the total pension liability	87.50 %	85.30 %	84.11 %	92.67 %	95.80 %	87.23 %

(1) Plan years ended June 30, 2018, 2017, 2016, 2015, 2014, and 2013

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Delaware Solid Waste Authority

Schedules of Operating Revenues and Expenses

<i>Years Ended June 30, 2019 and 2018</i>	Landfill Operations	Transfer Station Operations	Collection Station Operations	Recycling Operations	Household Hazardous Waste Program	General & Administrative	2019 Total	2018 Total
OPERATING REVENUES								
Net user fees: solid waste	\$ 51,993,745	\$16,915,034	\$ 186,660	\$ -	\$ -	\$ -	\$ 69,095,439	\$ 63,279,176
Landfill gas	1,355,256	-	-	-	-	-	1,355,256	1,322,215
Other income (expense)	1,946,229	80,456	-	(379,389)	-	100	1,647,396	2,501,147
TOTAL OPERATING REVENUES	55,295,230	16,995,490	186,660	(379,389)	-	100	72,098,091	67,102,538
OPERATING EXPENSES								
Salaries and related costs	4,349,418	537,925	395,674	976,686	229	4,025,096	10,285,028	10,639,500
Professional services	775,206	15,307	1,500	1,839	-	686,553	1,480,405	1,361,750
Travel	27,732	-	-	3,907	-	87,982	119,621	91,184
Supplies and materials	2,594,495	5,071	2,041	212,949	-	238,868	3,053,424	1,890,098
Utilities	465,478	73,954	8,214	102,637	-	63,070	713,353	741,306
Contractual services	14,970,036	9,968,248	168,003	2,817,804	1,169,164	2,350,083	31,443,338	28,675,852
Closure and post closure care of landfills	2,000,510	-	-	-	-	-	2,000,510	4,002,772
Depreciation expense	9,650,370	1,350,947	22,907	786,094	-	121,069	11,931,387	10,036,915
TOTAL OPERATING EXPENSES	34,833,245	11,951,452	598,339	4,901,916	1,169,393	7,572,721	61,027,066	57,439,377
MANAGEMENT OPERATIONS DISTRIBUTION	5,225,561	1,903,077	-	443,983	-	(7,572,621)	-	-
OPERATING INCOME	\$ 15,236,424	\$ 3,140,961	\$ (411,679)	\$ (5,725,288)	\$ (1,169,393)	\$ -	\$ 11,071,025	\$ 9,663,161

Delaware Solid Waste Authority
Schedules of Contributions - Pension
State Employees' Pension Plan (1)

	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 626,327	\$ 526,179	\$ 519,277	\$ 532,731	\$ 519,501	\$ 528,803
Contributions in relation to the contractually required contribution	(626,327)	(526,179)	(519,277)	(532,731)	(519,501)	(528,803)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DSWA's covered-employee payroll	\$ 6,180,384	\$ 6,010,847	\$ 5,915,614	\$ 5,200,028	\$ 5,468,431	\$ 5,941,607
Contributions as a percentage of covered-employee payroll	10.13 %	8.75 %	8.78 %	10.24 %	9.50 %	8.90 %

(1) Plan years ended June 30, 2018, 2017, 2016, 2015, 2014, and 2013

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

Delaware Solid Waste Authority
Schedules of Proportionate Share of the Collective Net OPEB Liability
State Employees' OPEB Plan (1)

	2019	2018	2017
DSWA's proportion of the collective net OPEB liability	0.2978 %	0.2967 %	0.2868 %
DSWA's proportion of the collective net OPEB liability	\$ 24,447,316	\$ 24,491,313	\$ 26,051,179
DSWA's covered-employee payroll	\$ 6,180,384	\$ 6,010,847	\$ 5,915,614
DSWA's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	396.00 %	407.00 %	440.00 %
Plan fiduciary net position as a percentage of the total OPEB liability	4.40 %	4.10 %	3.30 %

(1) Plan years ended June 30, 2018, 2017, and 2016

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

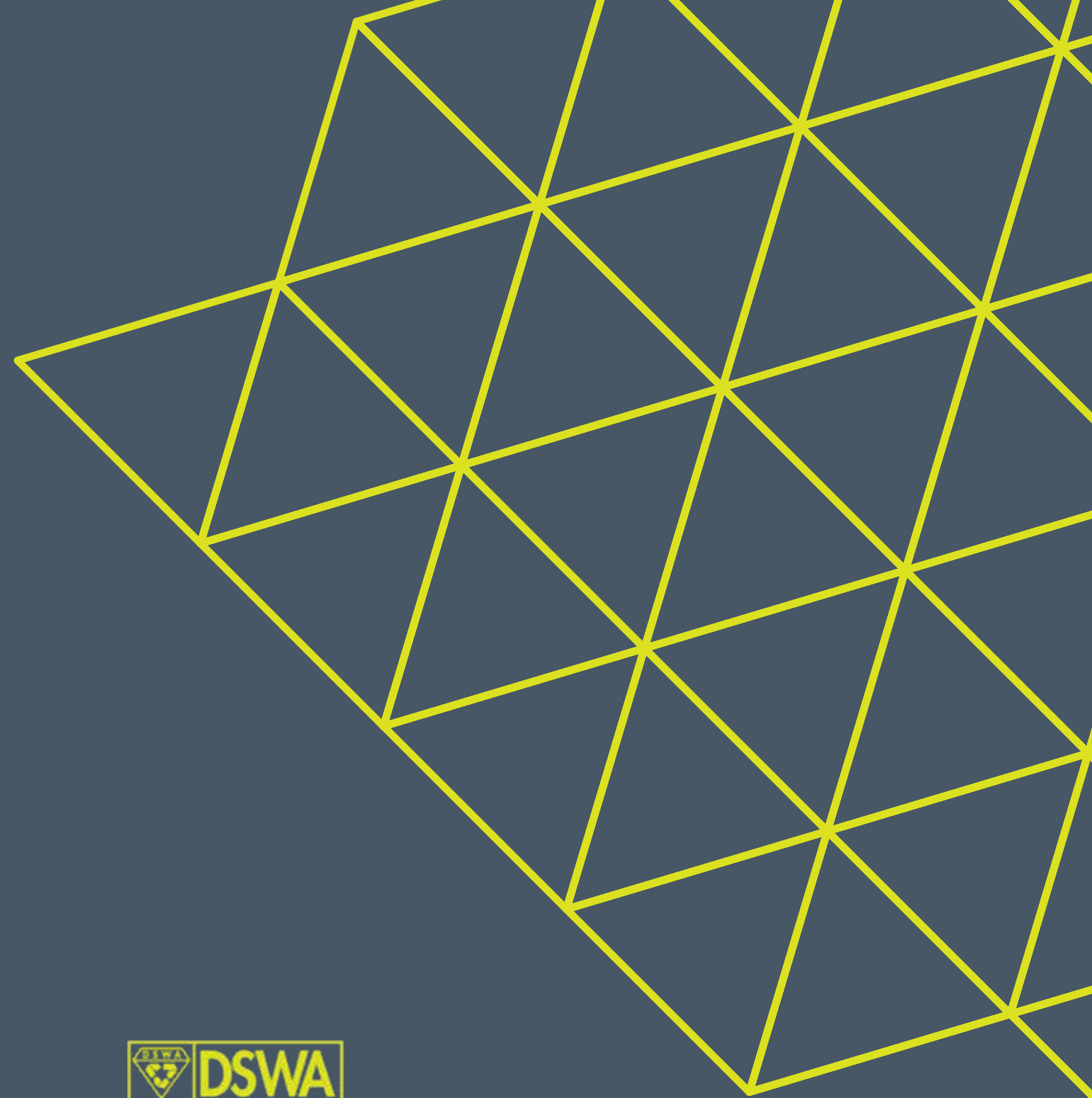
Delaware Solid Waste Authority
Schedules of Contributions - OPEB
State Employees' OPEB Plan (1)

	2019	2018	2017
Contractually required contribution	\$ 668,864	\$ 703,745	\$ 624,195
Contributions in relation to the contractually required contribution	(668,864)	(703,745)	(624,195)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
DSWA's covered-employee payroll	\$ 6,180,384	\$ 6,010,847	\$ 5,915,614
Contributions as a percentage of covered-employee payroll	10.80 %	11.70 %	10.60 %

(1) Plan years ended June 30, 2018, 2017, and 2016

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

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