

ANNUAL REPORT 2021

*CHALLENGE
ACCEPTED*



Newark Recycling Center

OUR MISSION

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

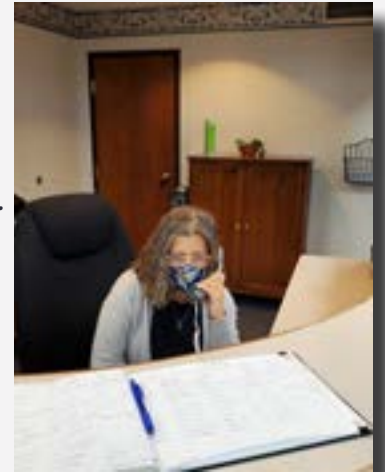
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Providing Uninterrupted Service

Continuing to provide uninterrupted Solid Waste Management services to Delaware businesses and residents was the main priority for DSWA through FY2021 and the COVID-19 Pandemic. Without DSWA's committed staff, who continued to work in the field through this crisis, this would not have been possible.



CHALLENGE

Keeping Customers and Staff Safe & Healthy



Being able to keep operations running depended greatly on new safety measures quickly put into place as COVID-19 numbers began rising. Masks, social distancing and other safety protocols observed by both staff and customers led to smooth operations throughout the year.



Virtual Education Programs



DSWA Education Staff quickly adapted in order to provide virtual field trips and resources for teachers.



ACCEPTED



Staying Connected

Meeting virtually helped keep staff working at home and those in the field stay connected.

MESSAGE

FROM THE CHAIRMAN

As I look back at the performance of our organization during the July 1, 2020-June 30, 2021 Fiscal Year, I am pleased to report a year of many achievements. Not only did your Delaware Solid Waste Authority (DSWA) manage an increasing amount of Delaware's solid waste and recyclable materials, but it was done using the best technology and methods available while operating under conditions imposed by the COVID-19 pandemic.

The pandemic situation began during the end of the last fiscal year. Solid waste and recycling services were classified as essential on a national, state, and local level. Governor John Carney declared a State of Emergency on March 12, 2020, which initially shut down or severely limited the operation of all businesses including commercial, institutional and government-related. Governor Carney's State of Emergency continued all through FY 2021, finally ending on July 13, 2021. As an essential service provider, DSWA was tasked to figure out how to continue operations in a safe manner for its employees and customers. Fortunately, our Management and the Human Resources team developed and implemented procedures based on guidance provided by the Governor's office and the Centers for Disease Control and Prevention, and the Delaware Department of Public Health. The use of Zoom for internal, external, and DSWA Board and Committee meetings became routine and very efficient to conduct business while meeting the State's COVID-19 social distancing requirements. Implementation of these measures during FY 2021 successfully kept all DSWA employees, contractors, and Board members safe during this time.

This past year also saw the enactment of a new law in Delaware banning plastic carryout bags beginning January 1, 2021. Although the bags banned under this law were never part of the single-stream recycling collection program of DSWA, the emphasis on waste reduction and recycling signaled a trend in Delaware and nationally to encourage more proactive programs. DSWA has a long history of leading the way in implementing effective programs for solid waste management and will continue to do so as outlined in our newly adopted ten-year Statewide Solid Waste Management Plan. The plan describes actions that can be taken by DSWA, the State of Delaware, businesses and individuals to reduce the generation of waste, reuse materials, recycle materials and properly dispose of the remainder.

I wish to thank our dedicated staff and Board of Directors who have shown their commitment to all Delawareans to provide uninterrupted essential solid waste management and recycling services under these most challenging conditions. Our organization truly takes pride in our mission and strives to be the best we can be. I'm confident when I say that all Delawareans should also take great pride in their DSWA's performance this year.

A handwritten signature in black ink, reading "Gerard L. Esposito". The signature is fluid and cursive, with a long horizontal line extending from the end.

Gerard L. Esposito, Chairman of the Board

BOARD OF DIRECTORS



Gerard L. Esposito
Chairman of the Board



Timothy P. Sheldon
Vice Chairman



Tonda Parks



Norman D. Griffiths



Michael R. Paraskewich, Jr.



A. Temple Carter III



William "Jack" Riddle

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

I am very happy to report that Fiscal Year 2021 (July 1, 2020-June 30, 2021) saw a substantial increase in our revenues due to increases in solid waste tons received and in recycling sale prices. As a result, we strengthened our financial position as detailed in the Financial Statements of this Annual Report. Delaware Solid Waste Authority (DSWA) provided uninterrupted solid waste disposal and recycling services despite operating under the conditions caused by the COVID-19 pandemic. Several factors contributed to the increase in waste and recyclable tonnage including:

1. Delaware's population continued to grow. The 2020 US Census showed that Delaware's population was 989,948, compared to the 2010 US Census of 897,934.
2. New home construction increased substantially.
3. Businesses saw improvements compared to FY 2020.

To everyone's pleasant surprise, the commodity prices for the sale of recyclables increased substantially. For example:

Commodity	June 2020	June 2021
Mixed Paper	-\$18/ton	\$104/ton
Cardboard	\$103/ton	\$173/ton
Pet Plastic #1	\$179/ton	\$492/ton
HDPE Natural	\$646/ton	\$2,035/ton
HDPE Colored	\$129/ton	\$1,051/ton
Aluminum Cans	\$844/ton	\$1,280/ton
Steel Cans	\$59/ton	\$277/ton

FY 2021 was the fifth 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 \$69.00 / ton at our Landfills and \$77.00 / ton at our Transfer Stations for FY 2021. This compares to \$80.50 /ton at our Landfills and \$84.50 /ton at our Transfer Stations for Fiscal Year 2016.

During FY 2021, DSWA developed a new three (3) year DDF contract (i.e. FY 2022-FY 2024) with a minimal net increase in tipping fees and extends free recycling services. Nearly all existing DDF customers signed up under the new contract by July 1, 2021.

In concert with the new DDF agreement, a new three (3) year recycling processing and building lease agreement beginning on July 1, 2021 with Republic Services was signed. Republic owns and operates recycling processing equipment installed in DSWA buildings at DSWA's Delaware Recycling Center in New Castle, Delaware. Practically all of Delaware's single-stream recyclables are delivered to this facility for processing and then sold to markets as raw material for the manufacture of new products.

DSWA continued its emphasis on maintaining and improving its infrastructure during FY 2021. The following are examples of infrastructure improvement projects that were completed:

1. Renovation of the concrete tip floor in Building 2 at the Pine Tree Corners Transfer Station in Townsend, Delaware
2. Restoration of drainage in the Beaver Dam ditch at the Jones Crossroads Landfill
3. Construction of a noise reduction landscape berm at the Route 5 Transfer Station.

In July 2020, the construction of the Newark Recycling Center was completed and opened for business. This new facility provides a convenient recycling drop off location in the Newark, Delaware area, which is staffed with DSWA personnel to assist customers.

Construction of the following new facilities began in FY 2021:

1. Transfer trailer storage building at the Milford Transfer Station
2. Transfer trailer storage building at the Route 5 Transfer Station
3. New Dover Administration and Education Building
4. DSWA Borrow pit at the Sandtown Landfill

Under Title 7, Chapter 64 of the Delaware Code, DSWA is responsible for developing, adopting and implementing a Statewide Solid Waste Management Plan. DSWA last adopted a Statewide Plan in April 2010 for a ten-year period. A new ten-year plan was drafted in 2020 and was issued for public input. After consideration of all the comments, the new plan was approved by the Board of Directors on February 25, 2021.

All of the accomplishments outlined above and later in this report were made possible by the outstanding performance of our staff, our contractors and vendors. We are thankful for the support of our Board of Directors who provide us with their knowledge and wisdom.

Richard P. Watson

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



Recycling Diversion Rates in Delaware

YEAR	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Diverted Recyclables (tons)	401,883	405,953	450,499	472,344	499,363	541,234	520,110	442,158	461,230	435,273
Landfilled Municipal Solid Waste (MSW) (tons)	672,761	607,539	623,463	658,788	673,058	675,721	686,919	732,614	730,578	762,893
Total MSW = Diverted Recyclables + Landfilled MSW (tons)	1,074,492	1,013,492	1,073,962	1,131,132	1,172,421	1,216,955	1,207,029	1,174,771	1,191,808	1,198,769
PERCENT DIVERTED RECYCLABLES	37.4%	40.1%	41.9%	41.8%	42.6%	44.5%	43.1%	37.6%	38.7%	36.3%



DSWA Recycling

DROP-OFF CENTER PROGRAM

Item/Source	Tons	Sent To
Motor Oil	407	Heritage-Crystal Clean
Oil Filters	19	Heritage-Crystal Clean
Household Batteries	39	Call2Recycle
Polystyrene Foam	7	Dart Container
Single-Stream	1,431	Republic Services
Total	1,903	



STATEWIDE SINGLE-STREAM RECYCLING RECEIVED

DSWA Drop-off Program & Universal Curbside Recycling Collection

	Total
Total Material Received (tons)	121,866



Landfill Gas Utilization

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. Approximately 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 1,600 cubic feet of LFG per minute. In Sussex County the Southern Solid Waste Management Center (SSWMC) collects approximately 2,000 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.

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	797	885	1,682	404,587	34,580,069	3,055	343,075
CSWMC	729	122	851	352,228	33,276,682	2,940	165,173
SSWMC	685	229	914	325,719	29,728,085	2,626	178,312
Total	2,211	1,236	3,447	1,082,534	97,584,836	8,621	686,560

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



Recovered Resource Quantities Sent To Market By Material FY2021

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	118.99	63.34	106.98	82.52	41.70	85.81	499.34
Non Refrigerant White Goods	272.66	174.31	613.96	378.14	94.93	511.80	2,045.80
Tires	292.34	247.92	404.62	86.39	45.90	37.90	1,115.07
Dry Wall	125.69	68.98	716.04	10.01	41.58	143.47	1,105.77
Propane Bottles	2.88	0.79	3.09	1.80	3.39	1.67	13.62
Mattresses	-	3.27	-	-	-	-	3.27
TOTAL (TONS)	812.56	558.61	1,844.69	558.86	227.50	780.65	4,782.87

Recovered Resource Quantities Used by Material FY 2021

	Cherry Island Landfill	Sandtown Landfill	Jones Crossroads Landfill	Total
Materials (Tons Material Used)				
Alternative Materials Used For Soil Cover				
Clean Earth	482,057.00	-	-	482,057.00
Barrier	44,176.00	-	-	44,176.00
Total	526,233.00	0.00	0.00	526,233.00
Alternative Materials Used For Road Building				
Steel Slag	30,085.00	-	-	30,085.00
Clean Earth Aggregate	10,336.00	-	-	10,336.00
Chipped Yardwaste	-	3,829.00	-	3,829.00
Recycled Asphalt	36,658.00	-	-	36,658.00
Recycled Concrete	-	13,459.00	-	13,459.00
Total	77,079.00	17,288.00	0.00	94,367.00
Alternative Materials Used for Soil Amendment				
Yard Waste	1,884.00	-	403.20	2,287.20
Total	1,884.00	0.00	403.20	2,287.20
TOTALS	605,196.00	17,288.00	403.20	622,887.20

ELECTRONICS RECYCLING

DSWA is able to provide Special Saturday Collection Events as well as weekly collections statewide. 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.

Special Saturday Collections	
Locations (FY 2021)	Pounds Collected
July 2020- St. Anne's School	33,718
July 2020 -Milford Transfer Station	9,987
August 2019-Mt. Pleasant Elementary School	36,952
September 2020-Del Castle High School	17,321
September 2020-Hocker's Store	22,056
October 2020- Wilmington Riverfront	20,461
October 2020- Long Neck	12,095
November 2020- Newark Recycling Center	16,392
March 2021 - Newark Recycling Center	16,560
March 2021 - Fenwick Island	8,339
April 2021 - Blue Hen Corporate Center	8,390
April 2021 - St. Anne's School	16,270
May 2021- North Star Elementary School	29,036
May 2021- Woodbridge Middle School	7,909
May 2021 - Fort Dupont, Delaware City	4,501
June 2021- Mt. Pleasant Elementary School	16,293
Total	276,280



Primary Devices Collected	Number Collected
CPU/Laptops/Servers	9,291
Monitors	1,446
Televisions	32,775
Total Items	43,512



FY 21 Electronic Goods Collection Totals	
Material Collection Point	Pounds Collected
Collection Events	276,280
DSWA Drop-Off Containers	1,759,985
Government Offices Collection	42,544
Non-profits Collections	18,400
School Collection	139,010
Total Pounds	2,236,219

FY 21 ELECTRONICS MONTHLY COST BREAKDOWN		
	POUNDS MARKETING/ PROCESSED	MONTHLY COST
JULY 2020	197,727	\$54,374.93
AUGUST 2020	196,961	\$54,164.28
SEPTEMBER 2020	193,393	\$53,183.08
OCTOBER 2020	184,906	\$50,849.15
NOVEMBER 2020	139,725	\$38,424.38
DECEMBER 2020	168,908	\$46,449.70
JANUARY 2021	167,086	\$45,948.65
FEBRUARY 2021	140,731	\$38,701.03
MARCH 2021	200,049	\$55,013.48
APRIL 2021	213,310	\$40,528.90
MAY 2021	224,520	\$42,658.80
JUNE 2021	208,903	\$39,691.57
TOTAL	2,236,219	\$559,987.95

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 2021)	Pounds Collected
July 2020- St. Anne's School	16,720
July 2020 -Milford Transfer Station	5,000
August 2019-Mt. Pleasant Elementary School	20,560
September 2020-Del Castle High School	13,060
September 2020-Hocker's Store	18,000
October 2020- Wilmington Riverfront	16,040
October 2020- Long Neck	11,000
November 2020- Newark Recycling Center	10,340
March 2021 - Newark Recycling Center	11,140
March 2021 - Fenwick Island	8,200
April 2021 - Blue Hen Corporate Center	7,060
April 2021 - St. Anne's School	12,300
May 2021- North Star Elementary School	15,700
May 2021- Woodbridge Middle School	4,000
May 2021 - Fort Dupont, Delaware City	4,120
June 2021- Mt. Pleasant Elementary School	10,200
TOTALS	183,440



Monthly Facility Document Shredding Events Pounds Collected By Location					
Date (FY 2021)	SSWMC (1st Monday)	Newark (1st Wednesday)	Cheswold Collection (1st Friday)	DRC (1st Saturday)	Total
July 2020	6,000	0*	8,460	13,920	28,380
August 2020	6,200	1,960	10,160	15,760	34,080
September 2020	3,000	10,100	9,540	15,200	37,840
October 2020	8,500	8,500	8,400	15,020	40,420
November 2020	5,000	6,500	8,920	14,740	35,160
December 2020	6,000	5,980	9,280	14,240	35,500
January 2021	6,000	7,020	4,380	13,820	31,220
February 2021	3,000	4,580	9,360	16,820	33,760
March 2021	9,000	8,400	10,080	14,560	42,040
April 2021	6,000	8,280	6,560	12,680	33,520
May 2021	7,300	5,880	8,020	13,460	34,660
June 2021	6,000	7,620	7,800	12,020	33,440
TOTAL POUNDS	72,000	74,820	100,960	172,240	420,020

*The Newark Recycling Centers first Document Shredding Event was not held until August 2020.

FY 21 Document Shredding Collection Totals	
Material Collection Point	Pounds Collected
Saturday Collection Events	183,440
Monthly Facility Shredding Events	420,020
TOTAL Pounds	603,460
TOTAL Cost	\$164,785.85

Household Hazardous Waste Collection

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



Special Saturday Household Hazardous Waste Events	
Locations (FY 2021)	Pounds Collected
July 2020- St. Anne's School	16,907
July 2020 -Milford Transfer Station	7,355
August 2019-Mt. Pleasant Elementary School	32,469
September 2020-Del Castle High School	16,314
September 2020-Hocker's Store	21,157
October 2020- Wilmington Riverfront	34,371
October 2020- Long Neck	14,415
November 2020- Newark Recycling Center	20,180
March 2021 - Newark Recycling Center	16,350
March 2021 - Fenwick Island	8,822
April 2021 - Blue Hen Corporate Center	14,799
April 2021 - St. Anne's School	10,792
May 2021- North Star Elementary School	26,675
May 2021- Woodbridge Middle School	9,965
May 2021 - Fort Dupont, Delaware City	8,256
June 2021- Mt. Pleasant Elementary School	17,596
TOTALS	276,423

Household Hazardous Waste Weekly Collection Program Breakdown

SOUTHERN RECYCLING CENTER		
MONTH	POUNDS COLLECTED	HHW COSTS
July 2020	17,341	\$30,691.30
August 2020	13,430	\$30,460.12
September 2020	13,286	\$22,871.90
October 2020	15,956	\$28,210.80
November 2020	17,090	\$31,332.60
December 2020	16,759	\$24,888.87
January 2021	9,766	\$24,111.87
February 2021	6,085	\$17,387.50
March 2021	13,610	\$32,117.10
April 2021	9,517	\$24,535.20
May 2021	8,255	\$28,902.55
June 2021	19,453	\$37,502.67
TOTALS	160,548	\$333,012.48

NEWARK RECYCLING CENTER		
MONTH	POUNDS COLLECTED	HHW COSTS
July 2020	4,586	\$14,781.30
August 2020	12,927	\$28,745.11
September 2020	22,907	\$41,318.45
October 2020	12,674	\$24,312.00
November 2020	11,674	\$22,283.55
December 2020	15,043	\$28,118.20
January 2021	9,606	\$23,542.56
February 2021	4,990	\$20,945.83
March 2021	10,159	\$30,701.50
April 2021	14,503	\$33,147.46
May 2021	19,529	\$29,059.75
June 2021	17,412	\$9,861.56
TOTALS	156,010	\$284,533.72

CHESWOLD COLLECTION STATION		
MONTH	POUNDS COLLECTED	HHW COSTS
July 2020	15,106	\$30,368.50
August 2020	13,611	\$25,976.56
September 2020	14,433	\$30,136.30
October 2020	13,818	\$32,482.75
November 2020	15,726	\$27,368.05
December 2020	10,669	\$22,444.30
January 2021	5,748	\$20,630.55
February 2021	5,504	\$15,853.00
March 2021	5,951	\$20,760.10
April 2021	11,273	\$31,914.20
May 2021	13,156	\$28,241.25
June 2021	9,746	\$27,024.75
TOTALS	134,741	\$313,200.31

DELAWARE RECYCLING CENTER		
MONTH	POUNDS COLLECTED	HHW COSTS
July 2020	41,656	\$45,301.25
August 2020	35,479	\$53,394.00
September 2020	29,435	\$46,217.55
October 2020	31,999	\$50,383.50
November 2020	24,078	\$42,495.00
December 2020	24,651	\$36,003.00
January 2021	18,182	\$40,844.25
February 2021	9,639	\$28,177.25
March 2021	16,902	\$35,913.75
April 2021	17,984	\$39,343.50
May 2021	20,593	\$41,004.55
June 2021	20,673	\$38,411.30
TOTALS	291,271	\$497,488.90

OVERALL TOTALS FOR HHW PROGRAM FY 2021	
Material Collection Point	Pounds Collected
Saturday Collection Events	276,423
Weekly Facility Events	742,570
TOTAL Pounds	1,018,993
TOTAL Cost	\$1,795,340.12

Delaware Solid Waste Authority

Financial Statements and
Supplemental Information

Years Ended June 30, 2021 and 2020



WIPFLI

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, 2021 and 2020, 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, 2021 and 2020, 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. The 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 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 schedule of operating revenues and expenses is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of operating revenues and expenses is the responsibility of management and was 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.

A handwritten signature in black ink that reads "Wipfli LLP".

Wipfli LLP

Radnor, Pennsylvania
October 28, 2021

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, 2021 and 2020. 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 are 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 41 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 \$224.8 million and \$220.3 million at the close of fiscal years 2021 and 2020, respectively. This represents an increase of approximately \$4.5 million (2.0%) in net position in 2021 over the previous year.
- Total incoming tonnage in fiscal year 2021 increased by approximately 42,000 tons resulting in a 4.4% increase in revenue-generating tons compared to fiscal year 2020.

- Total operating revenue increased by approximately \$6.9 million or 9.7% more than fiscal year 2020. By comparison, the prior year was a \$1.1 million or a 1.6% decrease from fiscal year 2019. An increase in revenue generating tonnage of 4.4% was a significant cause of the overall operating revenue increase. The erosion of the recycling market going into fiscal year 2021 turned much more beneficial during the course of the year resulting in almost \$2.4 million of recycling related operating revenue compared to the prior year total of \$338,000. Net user fees reported in this item are net of the Differential Disposal Fee Programs rebates of approximately \$8.15 million in 2021 and \$8.14 million in 2020 (see Note 8).
- Total operating expenses for 2021 (prior to depreciation and closure costs) increased by approximately \$4.0 million or 8.3% from the previous year. Significant factors for this increase were tonnage related disposal / handling costs with increased incoming tonnage, significant insurance premium increases due to adverse market conditions, and a year-end pension expense increase related to DSWA's portion of the plan administered by the State of Delaware. This 2021 pension adjustment was a net \$5.1 million expense compared to approximately \$1.45 million in 2020.
- Operating income for 2021 was approximately \$4.5 million versus the prior year operating income of \$4.3 million. While revenue generating tonnage revenue and recycling related revenue helped increase operating revenue, this was largely offset by increases in several operating expenses as noted above along with an increase of \$2.2 million in closure and post closure care costs compared to the prior year.
- 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 2021 by \$4,504,224 and also increased by \$8,392,752 for 2020. A condensed summary of DSWA's net position for the two years being reported is presented below:

	Net Position	
	2021	2020
Current and Other Assets	\$ 188,849,358	\$ 166,453,960
Capital Assets	176,687,849	183,799,040
Deferred Outflow of Resources	1,537,138	1,482,804
Total Assets and Deferred Outflow of Resources	367,074,345	351,735,804
Current Liabilities	16,862,961	13,512,670
Long-Term Obligations	119,070,374	112,193,913
Deferred Inflow of Resources	6,350,927	5,743,362
Total Liabilities and Deferred Inflow of Resources	142,284,262	131,449,945
Net Position:		
Invested in Capital Assets	174,592,237	177,688,690
Unrestricted	49,732,442	42,141,531
Restricted	465,404	455,638
Total Net Position	\$ 224,790,083	\$ 220,285,859

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, 2021 and 2020 is presented below:

	Change in Net Position	
	2021	2020
Operating Revenues		
Net User Fees: Solid Waste	\$ 74,028,405	\$ 69,353,519
L/F Gas Marketing Income	1,377,904	1,272,105
Marketing Income (Expense) Recyclables	1,030,863	(826,269)
Other Income	1,425,995	1,164,801
Total Operating Revenues	77,863,167	70,964,156
Operating Expenses		
Salaries and Related Costs	15,849,922	11,905,593
Contractual Services	32,283,984	31,885,415
Depreciation	14,161,882	13,746,521
Landfill Closure	6,591,302	4,367,689
Other Expenses	4,431,650	4,761,414
Total Operating Expenses	73,318,740	66,666,632
Operating Income	4,544,427	4,297,524
Net Nonoperating Revenue / (Expense)	(40,203)	4,095,228
Increase in Net Position	4,504,224	8,392,752
Net Position - Beginning of Year	220,285,859	211,893,107
Net Position - End of Year	\$ 224,790,083	\$ 220,285,859

Capital Asset Activity

The following provides a summary of the significant changes in capital assets for the year ended June 30, 2021 and a description of the major items affecting the year-end balances (see Note 4 - Capital Assets).

1. Construction in Progress

Increases: Dover administrative building - \$1,479,345, Route 5 Transfer Station trailer storage building - \$631,592, Milford Transfer Station trailer storage building - \$404,049, Route 5 Transfer Station site improvements (berm) - \$261,772, Northern Recycling Center site improvements - \$320,686, Sandtown Landfill site improvements - \$545,304, Sandtown Landfill design services partial capping Area F Phase I - \$128,648, Southern Landfill beaverdam ditch - \$485,746, Pinetree Transfer Station tipping floor - \$599,325, Sandtown Landfill borrow pit - \$200,213.

2. Depreciable Capital Assets

Increases: Vehicles - \$173,090, Building and Land Improvements - \$147,420, Heavy Construction Equipment and Processing Equipment - \$942,065.

Decreases: Vehicles & Machinery sold or traded-in - approximately \$292,000

Review of Operations

Landfill Operations. During fiscal year 2021, the Delaware Solid Waste Authority's three operating landfills managed the safe disposal or recycling of 990,567 tons of waste compared to 948,472 tons during the previous year. Of the total waste received, dry waste, which includes construction and demolition waste, accounted for 168,704 tons in fiscal year 2021 compared to 147,956 tons in the previous fiscal year. During fiscal year 2021, 1,115 tons of tires were recycled. A total of 6,116 tons of yard waste were either recycled as soil amendment or used for road building and 2,545 tons of white goods were collected and recycled in fiscal year 2021. 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 \$16 at the landfills and \$8 at the transfer stations compared to \$17 at the landfills and \$8.50 at the transfer stations in the prior year.

Transfer Stations. During fiscal year 2021, the DSWA's Pine Tree Corners, Milford and Route 5 Transfer Stations received and transferred a total of 241,572 tons of waste compared to 216,726 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 117,640 customers disposed of 159,998 bags of household waste and 33,049 bags of yard waste during fiscal year 2021.

Recycling. During fiscal year 2021, DSWA's Drop Off Center Program collected 2,783 tons of various recyclables including cardboard, single-stream, batteries, oil filters, oil, electronic goods, and Polystyrene from its 13 sites. The Oil Filter Program recycled 19 tons of oil filters collected statewide. DSWA also recycled 108,430 gallons or 407 tons of motor oil. The Electronic Goods Program collected a grand total of 1,118 tons of electronic goods for recycling from special events, state agencies, schools, non-profit organizations, and DSWA drop off sites. At various locations throughout the state, the Recycling Group conducted a total of 16 special Saturday collection events. These events were for the collection of household hazardous waste, electronic goods, and paper shredding. These special events resumed in fiscal year 2021 after a brief shutdown from March to May 2020 due to the restrictions related to the COVID-19 pandemic.

A total of 138 tons of hazardous materials were collected and either safely disposed or recycled from the 16 special Saturday events. In addition to these special Saturday collection events, four weekly Household Hazardous Waste collections were conducted during fiscal year 2021. The weekly events are conducted at DSWA's Cheswold Collection Center, Delaware Recycling Center, Southern Solid Waste Management Center, and the Newark Recycling Facility. At those four locations a total of 371 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 302 tons of paper were shredded at these events combined. Also, in fiscal year 2021 DSWA's recycling program collected three tons of mattresses that were able to be recycled prior to the program being discontinued.

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 2021, Revolution received 126,039 tons of C&D materials for processing versus fiscal year 2020 tonnage of 138,426 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 2021, ReCom (Republic) received 121,866 tons of recyclable materials for processing versus fiscal year 2020 incoming tonnage of 108,309 tons.

Plans for the Future. During fiscal year 2021 DSWA continued to face the challenges posed by the onset of the COVID-19 pandemic that began in the final quarter of fiscal year 2020. Much like the surrounding economy that continues to attempt to navigate operational goals and pandemic related safety protocols, DSWA has been able to find that balance in its current operations. After experiencing the first drop in revenue generating tonnage in seven years during the prior fiscal year, the Authority experienced a resurgence in fiscal year 2021 with approximately 990,000 tons compared to 948,000 tons in 2020. This continues what has been a steady climb from a low of 675,000 tons in 2012 and 2013. With tonnage at DSWA facilities often mirroring economic and statewide population trends, recent results have contributed to an increased level of optimism with regard to what to expect in the immediate future compared to this time last year. The uncertainty brought on by the pandemic initiated a decisive and proactive response from operations during 2021 that allowed for the increased tonnage to be handled safely and seamlessly. Early results beyond the end of fiscal year 2021 continue to give every indication that tonnage will continue this overall general increase despite the challenging conditions of the last several years. However, site specific and overall tonnage monitoring will continue to take place in order to allow for continued operational adjustments as needed.

Fiscal year 2021 was the final year of a 5-year rebate program that was part of the fee structure. As that rebate term ended, management engaged in an in-depth review of projected internal operating costs, contractual costs, and expected tonnage over the period to cover a new 3-year rebate program term. Taking into account those factors as well as long-term infrastructure investments, this new rebate term was priced in a way to allow for the Authority to remain competitively priced in the region and allow for DSWA to continue its commitment to all aspects of its operations for the community it serves.

After fiscal year 2021, DSWA has only one year of bond related debt obligations that remains from prior landfill expansion projects. These expansions were part of the long-term infrastructure needs that are included in management's capital expenditure plans that involve immediate operational capital needs and landfill capacity project planning many years into the future. The final year of debt payments have been reserved for and will not be burden on operational cash flow in the upcoming year. As DSWA embarks on its ongoing review of future capital

needs, the specifics of any major expansion projects will dictate whether future bond issues will be the chosen course of funding or not.

In recent years, the recycling market has been economically challenging. These conditions persisted into the first half of fiscal year 2021 and were a factor in setting the overall fee structure entering into 2022. The recycling market improved significantly in the latter part of 2021, but with conditions of the last several years and the recent volatility, a conservative outlook for the immediate future remains in place for planning purposes. Regardless of the recycling market conditions, DSWA will always stand by the importance of this service and maintaining its strong private sector partnerships to do so.

While uncertainty in the overall economic landscape remains, DSWA has reacted since March 2020 in a way that allows the Authority to continue to keep its service and financial structure intact under what has been an unprecedented logistical and economic challenge. 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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Delaware Solid Waste Authority
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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, 2021 and 2020</i>	2021	2020
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Unrestricted Current Assets:		
Cash and cash equivalents - Note 2	\$ 2,175,891	\$ 756,549
Investments - Note 3	4,107,753	5,855,687
Accounts receivable (net of allowance for doubtful accounts of \$48,290 and \$21,386, respectively)	7,455,744	6,718,768
Interest receivable	388,118	470,431
Prepayments and miscellaneous receivables	2,109,302	951,760
Total Unrestricted Current Assets	16,236,808	14,753,195
Restricted Current Assets:		
Investments - Note 3	58,178,485	66,224,926
Total Current Assets	74,415,293	80,978,121
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets:		
Investments - Note 3	21,959,509	20,059,574
Capital Assets - Note 4		
Land	28,406,665	28,025,738
Land improvements	323,595,787	321,958,748
Buildings	53,837,717	52,992,217
Equipment and furniture	21,004,014	20,146,957
Vehicles	3,370,852	3,405,067
Total	430,215,035	426,528,727
Less: Accumulated depreciation	260,106,342	246,236,772
	170,108,693	180,291,955
Construction in progress - Note 4	6,579,156	3,507,085
Total Capital Assets	176,687,849	183,799,040
Restricted Noncurrent Assets:		
Investments - Note 3	92,474,556	65,416,265
Total Noncurrent Assets	291,121,914	269,274,879
DEFERRED OUTFLOW OF RESOURCES		
Related to pensions - Note 7	825,835	770,388
Related to other post employment benefits - Note 7	711,303	712,416
Total Deferred Outflow of Resources	1,537,138	1,482,804
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 367,074,345	\$ 351,735,804

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Net Position

<i>As of June 30, 2021 and 2020</i>	2021	2020
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 6,637,460	\$ 3,768,471
Contracts payable, including retainage	130,630	56,353
Accrued compensation	1,826,959	1,721,463
Current portion of bonds payable - Note 6	4,317,896	4,036,819
Contract rebate payable - Note 8	3,950,016	3,929,564
Total Current Liabilities	16,862,961	13,512,670
NONCURRENT LIABILITIES		
Bonds payable - Note 6	-	4,295,788
Accrued landfill closure and post closure care costs - Note 5	86,627,840	80,036,538
Net pension liability - Note 7	4,200,195	4,637,095
Net other post employment liability - Note 7	28,242,339	23,224,492
Total Noncurrent Liabilities	119,070,374	112,193,913
Total Liabilities	135,933,335	125,706,583
DEFERRED INFLOW OF RESOURCES		
Related to pensions - Note 7	806,660	132,154
Related to other post employment benefits - Note 7	5,544,267	5,611,208
Total Deferred Inflow of Resources	6,350,927	5,743,362
NET POSITION		
Invested in capital assets, net of related debt and accumulated depreciation	174,592,237	177,688,690
Unrestricted	49,732,442	42,141,531
Restricted	465,404	455,638
Total Net Position	224,790,083	220,285,859
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 367,074,345	\$ 351,735,804

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, 2021 and 2020</i>	2021	2020
OPERATING REVENUES		
Net user fees: solid waste	\$ 74,028,405	\$ 69,353,519
Landfill gas	1,377,904	1,272,105
Other income	2,456,858	338,532
Total Operating Revenues	77,863,167	70,964,156
OPERATING EXPENSES		
Salaries and related costs	15,849,922	11,905,593
Professional services	1,477,364	1,504,378
Travel	12,765	92,561
Supplies and materials	2,313,705	2,543,903
Utilities	627,816	620,572
Contractual services	32,283,984	31,885,415
Closure and post closure care of landfills	6,591,302	4,367,689
Depreciation expense	14,161,882	13,746,521
Total Operating Expenses	73,318,740	66,666,632
OPERATING INCOME	4,544,427	4,297,524
NONOPERATING REVENUES (EXPENSES)		
Net investment income	262,352	4,428,730
Bond interest and related expenses	(427,000)	(633,947)
Other nonoperating revenue - net	124,445	300,445
Net Nonoperating Revenues (Expenses)	(40,203)	4,095,228
INCREASE IN NET POSITION	4,504,224	8,392,752
NET POSITION - BEGINNING OF YEAR	220,285,859	211,893,107
NET POSITION - END OF YEAR	\$ 224,790,083	\$ 220,285,859

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Cash Flows

<i>Years Ended June 30, 2021 and 2020</i>	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 72,154,339	\$ 68,365,815
Cash paid to suppliers	(33,772,368)	(37,124,920)
Cash paid to employees	(10,610,248)	(10,100,786)
Landfill gas marketing revenues	1,377,904	1,272,105
Other operating revenues	2,456,858	338,532
Net Cash Provided by Operating Activities	31,606,485	22,750,746
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	1,817,865	3,002,538
Purchases of investments	(415,923,496)	(575,915,937)
Proceeds from sale of investments	395,325,753	560,757,705
Other investing income	37,553	182,046
Net Cash Used in Investing Activities	(18,742,325)	(11,973,648)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for debt service requirements	(4,000,000)	(4,000,000)
Interest paid on bonds	(441,711)	(646,510)
Cash payments for capital assets	(7,050,691)	(7,091,668)
Proceeds from sale of capital assets	47,584	69,501
Net Cash Used in Capital and Related Financing Activities	(11,444,818)	(11,668,677)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,419,342	(891,579)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	756,549	1,648,128
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,175,891	\$ 756,549

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Cash Flows (Continued)

Years Ended June 30, 2021 and 2020

2021

2020

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

OPERATING INCOME	\$ 4,544,427	\$ 4,297,524
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	14,161,882	13,746,521
Provision (Recovery) of doubtful accounts	26,904	(2,351)
Increase in accounts receivable	(763,880)	(863,007)
(Increase) decrease in prepayments and miscellaneous receivables	(1,157,542)	347,540
Increase in deferred outflow of resources	(54,334)	(52,045)
Increase (decrease) in accounts payable	2,868,989	(516,752)
Increase in contracts payable	74,277	38,661
Increase in accrued compensation	105,496	350,350
Increase in accrued closure and post closure care of landfills	6,591,302	4,367,689
Increase (decrease) in contract rebate payable	20,452	(469,886)
Increase (decrease) in net pension liability	(436,900)	727,262
Increase (decrease) in net other post employment liability	5,017,847	(1,222,824)
Increase in deferred inflow of resources	607,565	2,002,064
Total Adjustments	27,062,058	18,453,222
Net Cash Provided by Operating Activities	\$ 31,606,485	\$ 22,750,746

SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

Amortization of premium/discount on bonds	\$ (2,856)	\$ 4,495
Gain on disposition of capital assets	(47,584)	(69,501)
Unrealized loss (gain) on investments	1,625,924	(1,471,257)
Realized gain on sale of investments	(192,032)	(193,641)

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:

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, 2021 and 2020 was \$14,161,882 and \$13,746,521, 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, 2021:

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, 2021 and 2020, accrued vacation and sick leave aggregated \$1,251,030 and \$1,151,182, respectively; this resulted in a net increase of \$99,848, 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 position by the DSWA that is applicable to a future reporting period. Deferred inflows of resources are defined as acquisition of net position 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 the DSWA's reporting period ending June 30, 2022.

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 the DSWA's reporting period ending June 30, 2022. 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://https://regulations.delaware.gov/AdminCode/title1/1200/1201.shtml#TopOfPage>.

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, 2021, 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, 2021, 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, 2021, 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:

		2021	2020
Mutual Funds	AAA	22%	25%
Corporate Obligations	AAA	1%	1%
Corporate Obligations	AA+	33%	5%
Corporate Obligations	AA	3%	4%
Corporate Obligations	AA-	6%	10%
Corporate Obligations	A+	4%	3%
Corporate Obligations	A	7%	7%
Corporate Obligations	A-	5%	4%

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, 2021 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, 2021 and 2020.

The 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, 2021 and 2020 resulted in unrealized gains (losses) of \$(1,625,924) and \$1,471,257, 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 for the years ended June 30, 2021 and 2020 were \$192,032 and \$193,641, respectively.

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

The DSWA's investments are summarized as follows:

	2021		2020	
	Fair Value / Carrying Value	Cost	Fair Value / Carrying Value	Cost
U.S Treasury Obligations	\$ 8,085,218	\$ 7,969,915	\$ 9,775,898	\$ 9,579,936
U.S Government Agency Bonds and Notes	23,050,213	22,972,696	49,949,824	49,755,868
Wilmington U.S. Government Money Market Fund	39,502,106	39,502,106	39,914,751	39,914,751
Time Deposits	1,989,077	1,989,077	4,311,509	4,311,509
Corporate Bonds and Notes	104,093,689	104,516,024	53,604,470	51,700,701
Total Investments	\$ 176,720,303	\$ 176,949,818	\$ 157,556,452	\$ 155,262,765

Delaware Solid Waste Authority

Notes to Financial Statements

Note 3: Investments (Continued)

Investments as of June 30, 2021 mature, or are available, as follows:

	Total	Less than 1 year	1-5 years
U.S Treasury Obligations	\$ 8,085,218	\$ 1,820,607	\$ 6,264,611
U.S Government Agency Bonds and Notes	23,050,213	400,376	22,649,837
Wilmington U.S. Government Money Market Fund	39,502,106	39,502,106	-
Time Deposits	1,989,077	1,989,077	-
Corporate Bonds and Notes	104,093,689	18,574,072	85,519,617
	<u>\$ 176,720,303</u>	<u>\$ 62,286,238</u>	<u>\$ 114,434,065</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, 2021:

	Level 1	Level 2
Investments at fair value		
Debt Securities:		
U.S. Treasury Obligations	\$ 8,085,218	\$ -
Corporate Bonds and Notes	-	104,093,689
U.S. Government Agency Bonds and Notes	-	23,050,213
Total Investments	<u>\$ 8,085,218</u>	<u>\$ 127,143,902</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, 2020:

	Level 1	Level 2
Investments at fair value		
Debt Securities:		
U.S. Treasury Obligations	\$ 9,775,898	\$ -
Corporate Bonds and Notes	-	53,604,470
U.S. Government Agency Bonds and Notes	-	49,949,824
Total Investments	<u>\$ 9,775,898</u>	<u>\$ 103,554,294</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, 2021 is as follows:

	Balance June 30, 2020	Additions	Transfers	Sales / Retirements	Balance June 30, 2021
Capital assets, not being depreciated:					
Construction in progress	\$ 3,507,085	\$ 5,454,226	\$ (2,382,155)	\$ -	\$ 6,579,156
Land	28,025,738	380,927	-	-	28,406,665
Total capital assets, not being depreciated	31,532,823	5,835,153	(2,382,155)	-	34,985,821
Depreciable capital assets:					
Land improvements	321,958,748	265,664	1,371,375	-	323,595,787
Less: accumulated depreciation	(189,462,599)	(10,456,361)	-	-	(199,918,960)
Buildings	52,992,217	-	845,500	-	53,837,717
Less: accumulated depreciation	(37,171,609)	(2,341,164)	-	-	(39,512,773)
Equipment and furniture	20,146,957	776,790	165,280	(85,013)	21,004,014
Less: accumulated depreciation	(17,054,676)	(1,095,657)	-	85,013	(18,065,320)
Vehicles	3,405,067	173,093	-	(207,308)	3,370,852
Less: accumulated depreciation	(2,547,888)	(268,709)	-	207,308	(2,609,289)
Depreciable assets, net of accumulated depreciation	152,266,217	(12,946,344)	2,382,155	-	141,702,028
Capital assets, net	\$ 183,799,040	\$ (7,111,191)	\$ -	\$ -	\$ 176,687,849

Delaware Solid Waste Authority

Notes to Financial Statements

Note 4: Capital Assets (Continued)

A summary of changes in capital assets for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Additions	Transfers	Sales / Retirements	Balance June 30, 2020
Capital assets, not being depreciated:					
Construction in progress	\$ 778,887	\$ 3,596,955	\$ (868,757)	\$ -	\$ 3,507,085
Land	26,444,779	1,580,959	-	-	28,025,738
Total capital assets, not being depreciated	27,223,666	5,177,914	(868,757)	-	31,532,823
Depreciable capital assets:					
Land improvements	321,273,838	116,329	868,757	(300,176)	321,958,748
Less: accumulated depreciation	(179,212,122)	(10,260,238)	-	9,761	(189,462,599)
Buildings	52,744,995	284,747	-	(37,525)	52,992,217
Less: accumulated depreciation	(34,920,505)	(2,288,629)	-	37,525	(37,171,609)
Equipment and furniture	19,930,845	1,328,760	-	(1,112,648)	20,146,957
Less: accumulated depreciation	(17,214,773)	(952,551)	-	1,112,648	(17,054,676)
Vehicles	3,029,678	474,333	-	(98,944)	3,405,067
Less: accumulated depreciation	(2,401,729)	(245,103)	-	98,944	(2,547,888)
Depreciable assets, net of accumulated depreciation	163,230,227	(11,542,352)	868,757	(290,415)	152,266,217
Capital assets, net	\$ 190,453,893	\$ (6,364,438)	\$ -	\$ (290,415)	\$ 183,799,040

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, 2021 is as follows:

	Expected Completion Date	Costs to Date
Location:		
Admin		
New office building	FY 2022	\$ 1,831,056
Route 5		
Trailer storage building	FY 2022	706,132
MTS		
Trailer storage building	FY 2022	485,099
Delaware Recycling Center		
Site improvements	FY 2022	14,700
North Recycling		
New North Recycle center	FY 2022	1,003,772
Landfills:		
Jones Crossroads		
East Feeder ditch	FY 2022	24,410
Clearing and grading	FY 2022	1,779
Gate system	FY 2022	17,788
Scada system	FY 2022	551,024
Cheery Island		
Emergency generator	FY 2022	81,773
Sandtown		
Area F capping	FY 2022	128,648
Borrow pit - new	FY 2022	500,204
Borrow pit - Area F2	FY 2022	1,232,771
Total Construction in Progress		\$ 6,579,156

Delaware Solid Waste Authority

Notes to Financial Statements

Note 5: Landfill Closure and Post Closure Care Costs

On October 9, 1991, the U.S. Environmental Protection Agency (EPA) 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.

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 \$86,627,840 as of June 30, 2021 and \$80,036,538 as of June 30, 2020, 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 \$127,865,013 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and post closure care of \$214,492,853 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, 2021. 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, 2021:

Landfill	Estimated Capacity Used	Cumulative Remaining Life	Accrued Costs	Costs to be Recognized in the Future
Cherry Island	62.43%	18	\$ 51,205,601	\$ 29,202,365
Sandtown	24.37%	45	10,427,146	55,667,480
Jones Crossroads	21.33%	49	24,995,093	42,995,168
Pigeon Point	100.00%	Closed 1985	-	-
Total			\$ 86,627,840	\$ 127,865,013

Delaware Solid Waste Authority

Notes to Financial Statements

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

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

	Total	Cherry Island	Sandtown	Jones Crossroads	Pigeon Point
Balance of accrual, June 30, 2020	\$ 80,036,538	\$ 47,774,901	\$ 9,260,604	\$ 22,984,690	\$ 16,343
Current year expenditures:					
Post closure costs	-	-	-	-	-
Net accrual	80,036,538	47,774,901	9,260,604	22,984,690	16,343
Balance of accrual, June 30, 2021	86,627,840	51,205,601	10,427,146	24,995,093	-
Net closure and post closure costs (recovery) recognized in current year	\$ 6,591,302	\$ 3,430,700	\$ 1,166,542	\$ 2,010,403	\$ (16,343)

Included in the computation of Landfill Closure and Post Closure Care Costs as of June 30, 2021, are closure costs for: (1) Pine Tree Corners Transfer Station of \$17,100 (2) Cheswold Collection Station of \$2,300 (3) Milford Transfer Station of \$17,100 (4) Ellendale, Long Neck, Omar, and Bridgeville Collection Stations, each totaling \$2,300 and (5) Route 5 Transfer Station of \$17,100.

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. This series was previously paid off.

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

Delaware Solid Waste Authority

Notes to Financial Statements

Note 6: Bonds Payable (Continued)

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

	2021	2020
Series 2010 "B" principal	\$ 4,300,000	\$ 8,300,000
Unamortized (discount)	(1,356)	(4,212)
Accrued interest	19,252	36,819
Total Bonds Payable	\$ 4,317,896	\$ 8,332,607

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

Year Ending June 30,	Principal	Interest	Total
2022	\$ 4,300,000	\$ 230,190	\$ 4,530,190

The total interest expense incurred on the DSWA bond debt for the years ended June 30, 2021 and 2020 was \$424,144 and \$629,452, respectively.

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).

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

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 (5 of which must be consecutive).

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.

Contributions:

Employer - Determined by the Board of Pension Trustees. Employer contributions were 11.96% and 11.83% of earnings for the Plan's fiscal years 2020 and 2019, 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.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Collective Net Pension Liability and Actuarial Information

The DSWA's proportionate share of the net pension liability as of June 30, 2021 and 2020 was as follows:

Plan year		Total pension liability (1)		Plan fiduciary net position (2)		Net pension liability (1) - (2)
2020	\$	33,001,013	\$	28,800,818	\$	4,200,195
2019		31,786,083		27,148,988		4,637,095

The collective total pension liability for the June 30, 2020 and 2019 measurement dates (Plan year) was determined by an actuarial valuation as of June 30, 2020 and 2019, 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, 2020. 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.

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

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by an asset allocation percentage, which is based on the nature and mix of current and expected plan investments, and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the DPERS's current and expected asset allocation as of June 30, 2020 (Plan year) is summarized in the following table:

Asset class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	28.5%
International equity	5.7	15.2
Fixed income	2.0	28.8
Alternative investments	7.8	23.0
Cash and equivalents	-	4.5

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.

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 2021 (based on Plan year 2020)	\$ 8,064,803	\$ 4,200,195	\$ 943,888
DSWA's proportionate share of the net pension liability for 2020 (based on Plan year 2019)	\$ 8,377,662	\$ 4,637,095	\$ 1,497,517

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

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 based on the Plan's fiscal years ended June 30, 2020 and 2019 is \$742,490 and \$34,042, 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, 2020 and 2019 is \$806,660 and \$132,154, 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, 2021 (based on plan year ended June 30, 2020) will be recognized in pension expense as follows:

<u>Plan Year ending June 30:</u>	
2021	\$ (46,804)
2022	61,189
2023	115,188
2024	(37,421)
2025	59,439
Thereafter	-

The amount of \$825,835 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, 2022.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

Collective Pension Expense

The components of the DSWA's pension expense for the years ended June 30, 2021 and 2020 (plan year ended June 30, 2020 and 2019) are as follows:

June 30,	2021	2020
Service costs	\$ 605,635	\$ 600,529
Interest on total pension liability	2,226,035	2,144,881
Member contributions	(221,611)	(207,343)
Administrative expense	18,092	17,770
Change in benefit plan	-	2,603
Projected earnings on plan investments	(1,871,465)	(1,848,141)
Amortization of investment return differences	371,319	639,353
Pension expense	\$ 1,128,005	\$ 1,349,652

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 post-retirement 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%

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 2020 and 2019, the DSWA's contribution totaled \$712,416 and \$699,620, 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, 2021 and 2020 was as follows:

Plan year		Total OPEB liability (1)		Plan fiduciary net position (2)		Net OPEB liability (1) - (2)
2020	\$	29,501,803	\$	1,259,464	\$	28,242,339
2019		24,419,116		1,194,624		23,224,492

The collective total OPEB liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total OPEB liability to June 30, 2020. This actuarial valuation used the following actuarial assumptions:

	2020	2019
Discount rate	2.21%	3.50%
Projected salary increases	3.25% + Merit	3.25% + Merit
Healthcare cost trend rates	5.6%	6.6%

Mortality rates were based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables derived from the RP-2014 Total Dataset Healthy Annuitant Mortality Table, including adjustment factors. Future mortality improvements are reflected by applying a custom projection scale on a generational basis to adjusted tables from the base year.

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.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

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%	34.0%
International equity	5.7	12.3
Fixed income	2.0	25.6
Alternative investments	7.8	22.4
Cash and equivalents	-	5.7

Discount Rate - The discount rate used to measure the total OPEB liability was 3.50% at the beginning of the current measurement period and 2.21% 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.

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 (1.21% for 2020 and 2.50% for 2019)	Discount Rate (2.21% for 2020 and 3.50% for 2019)	1% Increase to discount rate (3.21% for 2020 and 4.50% for 2019)
DSWA's proportionate share of the net OPEB liability for 2021 (based on Plan year 2020)	\$ 33,848,716	\$ 28,242,339	\$ 23,853,282
DSWA's proportionate share of the net OPEB liability for 2020 (based on Plan year 2019)	\$ 27,527,343	\$ 23,224,492	\$ 19,793,943

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

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 healthcare trend rate (4.6% for 2020 and 5.6% for 2019)	Healthcare Trend Rate (5.6% for 2020 and 6.6% for 2019)	1% Increase to healthcare trend rate (6.6% for 2020 and 7.6% for 2019)
DSWA's proportionate share of the net OPEB liability for 2021 (based on Plan year 2020)	\$ 26,496,755	\$ 28,242,339	\$ 30,892,425
DSWA's proportionate share of the net OPEB liability for 2020 (based on Plan year 2019)	\$ 19,838,885	\$ 23,224,492	\$ 27,245,758

Collective Deferred Outflow of Resources and Deferred Inflow Resources

For the year ended June 30, 2021 (Plan year 2020), the DSWA recognized OPEB expense of \$1,648,093. At June 30, 2021, the DSWA reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	2021		2020	
	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	\$ -	\$ 31,375	\$ -	\$ 21,033
Net difference between expected and actual experience	-	1,941,361	-	2,607,147
Change in assumptions	-	1,606,254	-	2,488,164
Changes in DSWA's proportionate share	-	1,965,277	-	494,864
DSWA contributions subsequent to the measurement date	711,303	-	712,416	-
Total	\$ 711,303	\$ 5,544,267	\$ 712,416	\$ 5,611,208

Delaware Solid Waste Authority

Notes to Financial Statements

Note 7: Pension Plan and Other Benefits (Continued)

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 except for the differences in projected and actual investment returns which are amortized over a five-year period. 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, 2021 (based on Plan year ended June 30, 2020) will be recognized in OPEB expense as follows:

<u>Plan Year ending June 30:</u>		
2021	\$	(374,485)
2022		(363,402)
2023		165,029
2024		346,947
2025		628,014

Collective OPEB Expense

The components of the DSWA's OPEB expense for the years ended June 30, 2021 and 2020 (plan year ended June 30, 2020 and 2019) are as follows:

June 30,	2021	2020
Service cost	\$ 978,343	\$ 882,656
Interest cost	800,322	972,326
Contributions	(431)	(422)
Administrative expenses	564	524
Expected return on assets	(79,180)	(78,861)
Recognition of deferred outflows and inflows of resources:		
Differences between projected and actual earnings on plan investments	(17,766)	(12,733)
Differences between liability gains and losses	(321,277)	(521,220)
Change in assumption with regards to factors or other inputs in the measurement of total		
OPEB Liability	287,518	(536,123)
OPEB expense	\$ 1,648,093	\$ 706,147

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.

Delaware Solid Waste Authority

Notes to Financial Statements

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 2020 and 2021, the above rebates were reduced to \$17 and \$16/ton for deliveries to landfills and \$8.5 and \$8/ton for deliveries to transfer stations, respectively.

For the program years ended June 30, 2021 and 2020, three hundred and fifty-two (352) and three hundred and forty-five (345) participants received rebates totaling \$8,147,751 and \$8,141,485, 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.

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, 2021 and 2020, 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, 2021, the uncompleted contracts are summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
Central landfill	\$ 737,000	\$ 122,833	\$ -	\$ 614,167
Cherry Island landfill	197,250	144,650	-	52,600
Southern landfill	620,762	473,037	24,728	122,997
Administrative Office	11,291,626	1,350,020	-	9,941,606
Transfer Stations	2,575,690	1,201,392	45,487	1,328,811
Total	\$ 15,422,328	\$ 3,291,932	\$ 70,215	\$ 12,060,181

Delaware Solid Waste Authority

Notes to Financial Statements

Note 10: Commitments and Contingencies (Continued)

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, 2021 approximated \$33,206,000, 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 Delaware Recycling Center (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 \$285,990 for the primary building, \$11,346 for a secondary building, and ground rent of \$278.06 per thousand square feet of outside storage area, with future annual rents subject to the annual change in CPI.

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 \$2.76 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. As of June 30, 2021, the monthly rent was \$18,312 and is subject to an annual adjustment of 90% of the annual change in CPI.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 11: Service and Lease Agreements (Continued)

In October 2017, Republic Services (Republic) purchased ReCom and assumed all original and amended terms of DSWA's agreement with ReCom. During fiscal year 2021, DSWA entered into additional renegotiations with Republic in order to take into consideration the market conditions that continued to affect Republic's ability to provide the crucial services related to the processing of recycled goods in the State of Delaware. In doing so, DSWA accepted the additional responsibility of reimbursing Republic for additional material processing costs during market conditions that do not allow for these costs to be covered by recyclable material market pricing. Additional proactive material review measures were put into place in order to maximize marketability of incoming recyclables. These measures are intended to benefit product pricing and reduce costs. These renegotiated terms will remain in place through June 2024.

Supplemental Information

Delaware Solid Waste Authority

Schedule of Operating Revenues and Expenses

Year Ended June 30, 2021 (with Comparative Totals for 2020)											
	Landfill Operations	Transfer Station Operations	Collection Station Operations	Recycling Operations	Household Hazardous Waste Program	General & Administrative	2021 Total	2020 Total			
OPERATING REVENUES											
Net user fees: solid waste	\$ 54,341,325	\$ 19,472,900	\$ 214,180	\$ -	\$ -	\$ -	\$ 74,028,405	\$ 69,353,519			
Landfill gas	1,377,904	-	-	-	-	-	1,377,904	1,272,105			
Other income	1,554,636	121,541	-	780,681	-	-	2,456,858	338,532			
TOTAL OPERATING REVENUES											
	57,273,865	19,594,441	214,180	780,681	-	-	77,863,167	70,964,156			
OPERATING EXPENSES											
Salaries and related costs	6,821,941	857,670	602,434	1,612,429	-	5,955,448	15,849,922	11,905,593			
Professional services	802,288	18,323	1,500	2,358	-	652,895	1,477,364	1,504,378			
Travel	3,686	-	-	2,494	-	6,585	12,765	92,561			
Supplies and materials	1,989,333	11,832	2,975	132,941	-	176,624	2,313,705	2,543,903			
Utilities	468,016	48,175	8,181	54,364	-	49,080	627,816	620,572			
Contractual services	12,719,660	10,705,128	196,126	3,330,633	1,573,786	3,758,651	32,283,984	31,885,415			
Closure and post closure care of landfills	6,591,302	-	-	-	-	-	6,591,302	4,367,689			
Depreciation expense	11,401,516	1,496,697	22,953	1,115,716	-	125,000	14,161,882	13,746,521			
TOTAL OPERATING EXPENSES											
	40,797,742	13,137,825	834,169	6,250,935	1,573,786	10,724,283	73,318,740	66,666,632			
MANAGEMENT OPERATIONS DISTRIBUTION											
	7,850,175	2,498,758	-	375,350	-	(10,724,283)	-	-			
OPERATING INCOME											
	\$ 8,625,948	\$ 3,957,858	\$ (619,989)	\$ (5,845,604)	\$ (1,573,786)	\$ -	\$ 4,544,427	\$ 4,297,524			

Delaware Solid Waste Authority

Schedules of Proportionate Share of the Pension Liability

State Employees' Pension Plan (1)

	2021	2020	2019	2018	2017
DSWA's proportion of the net pension liability	0.2988 %	0.2978 %	0.3027 %	0.2819 %	0.2842 %
DSWA's proportionate share of the net pension liability	\$ 4,200,195	\$ 4,637,095	\$ 3,909,833	\$ 4,133,322	\$ 4,282,934
DSWA's covered payroll	\$ 6,697,768	\$ 6,441,373	\$ 6,180,384	\$ 6,010,847	\$ 5,915,614
DSWA's proportionate share of the net pension liability as a percentage of its covered payroll	62.70 %	72.00 %	63.30 %	68.80 %	72.40 %
Plan fiduciary net position as a percentage of the total pension liability	87.30 %	85.40 %	87.50 %	85.30 %	84.11 %
	2016	2015	2014		
DSWA's proportion of the net pension liability	0.2988 %	0.2971 %	0.3291 %		
DSWA's proportionate share of the net pension liability	\$ 1,987,790	\$ 1,093,931	\$ 3,563,426		
DSWA's covered payroll	\$ 5,200,028	\$ 5,468,431	\$ 5,941,607		
DSWA's proportionate share of the net pension liability as a percentage of its covered payroll	38.22 %	20.00 %	59.97 %		
Plan fiduciary net position as a percentage of the total pension liability	92.67 %	95.80 %	87.23 %		

(1) Plan years ended June 30, 2020, 2019, 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 Contributions - Pension

State Employees' Pension Plan (1)

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 770,388	\$ 731,139	\$ 626,327	\$ 526,179	\$ 519,277
Contributions in relation to the contractually required contribution	(770,388)	(731,139)	(626,327)	(526,179)	(519,277)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
DSWA's covered payroll	\$ 6,697,768	\$ 6,441,373	\$ 6,180,384	\$ 6,010,847	\$ 5,915,614
Contributions as a percentage of covered payroll	11.50 %	11.35 %	10.13 %	8.75 %	8.78 %
	2016	2015	2014		
Contractually required contribution	\$ 532,731	\$ 519,501	\$ 528,803		
Contributions in relation to the contractually required contribution	(532,731)	(519,501)	(528,803)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -		
DSWA's covered payroll	\$ 5,200,028	\$ 5,468,431	\$ 5,941,607		
Contributions as a percentage of covered payroll	10.24 %	9.50 %	8.90 %		

(1) Plan years ended June 30, 2020, 2019, 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)

	2021	2020	2019	2018	2017
DSWA's proportion of the collective net OPEB liability	0.2712 %	0.2913 %	0.2978 %	0.2967 %	0.2868 %
DSWA's proportion of the collective net OPEB liability	\$ 28,242,339	\$ 23,224,492	\$ 24,447,316	\$ 24,491,313	\$ 26,051,179
DSWA's covered-employee payroll	\$ 6,697,768	\$ 6,441,373	\$ 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	422.00 %	361.00 %	396.00 %	407.00 %	440.00 %
Plan fiduciary net position as a percentage of the total OPEB liability	4.30 %	4.90 %	4.40 %	4.10 %	3.30 %

(1) Plan years ended June 30, 2020, 2019, 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)

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 712,416	\$ 699,620	\$ 668,864	\$ 703,745	\$ 624,195
Contributions in relation to the contractually required contribution	(712,416)	(699,620)	(668,864)	(703,745)	(624,195)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
DSWA's covered-employee payroll	\$ 6,697,768	\$ 6,441,373	\$ 6,180,384	\$ 6,010,847	\$ 5,915,614
Contributions as a percentage of covered-employee payroll	10.60 %	10.90 %	10.80 %	11.70 %	10.60 %

(1) Plan years ended June 30, 2020, 2019, 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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