

2023

ANNUAL REPORT

IN OUR NATURE



Table Of Contents

Mission	2
Message From The Chairman	3
Board of Directors	4
CEO's Review	5
Recycling Diversion Rates In Delaware	6
Statewide Single-Stream Recycling Received	7
Drop-Off Recycling	8
Household Hazardous Waste	9
Electronics Recycling	10
Document Shredding	11
Recovered Resources From Landfills & Transfer Stations	12
Landfill Gas Utilization	13
Financial Statements & Supplemental Information	15

Photo Credits:

Corbin Cullen

Final Focus Photography

Sarah Culler

Stacey Helmer

Gabriella Kendus

Bryn Kolmansberger

V. Nicole Gallagher Burkhardt, P.E., BCEE

Our Mission

DSWA's mission is to define, develop, and implement cost-effective plans and programs for solid waste management, which best serve Delaware and protect our public health and environment.

Here's How We Do It



MODERN LANDFILLS

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



TRANSFER STATIONS

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



COLLECTION STATIONS

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



RECYCLING

We made voluntary recycling a success story in Delaware. DSWA's Recycling Drop-Off Centers can be utilized statewide by all Delaware Residents. To help strengthen recycling efforts in the state, DSWA has established partnerships with recycling companies Republic Services and Revolution Recovery. Republic operates a Materials Recovery Facility (MRF) where household recycling is sorted and baled. Revolution Recovery, processes and bales construction and demolition (C&D) waste.



SPECIAL COLLECTIONS

We're partners in keeping your home and community safe. When you have hazardous household products, old electronic devices, important documents to shred, or used motor oil and oil filters, we provide a safe way of recycling these unwanted items. We work to recycle these materials through safe, convenient collection programs.



EDUCATION & OUTREACH

DSWA's education program strives to educate the Delaware community on best waste management practices and encourages all residents to participate in recycling. The highlight of the education program lies within the Environmental Education Building at the Delaware Recycling Center. This hands-on learning experience enhances their studies about waste in the school setting and promotes environmental stewardship.



LOOKING TOWARD THE FUTURE

DSWA's Statewide Solid Waste Management Plan takes us to the year 2030, providing the framework for actions to be taken by DSWA and other stakeholders in Delaware to maximize recycling and diversion of materials from landfill disposal, and to help advance sustainable materials management practices and minimize greenhouse gas emissions in the State.

MESSAGE FROM THE CHAIRMAN

As I look back upon Fiscal Year 2023 (July 1, 2022 - June 30, 2023), it is my pleasure to report another year of outstanding performance by your Delaware Solid Waste Authority (DSWA). Superior solid waste management and recycling services for the residents and businesses in Delaware continued to be provided by the talented and dedicated staff and all of our contractor partners.

This Annual Report strives to be transparent in its presentation of the costs for the various types of services DSWA provides including our comprehensive recycling, household hazardous waste management and environmentally safe solid waste management systems. In addition, information about our programs and material quantities handled are presented in a visually attractive, easier to understand manner. We hope you find this report to be a very useful source of information about DSWA.

Notable this year was our effort to expand our engagement with the public through the addition of two new staff members in our Public Education and Outreach Group. They have been increasing our exposure on Social Media, attending public events and making presentations at schools.

In 2020 and 2023 Delaware was hit by tornadoes that caused severe damage to specific areas of Delaware that stretched over many miles. This damage included structures, roadways and wooded areas that left behind large amounts of debris that had to be cleaned up. The damage was not severe enough for the State of Delaware to receive Federal money to support clean-up efforts. DSWA stepped in and provided tipping fee relief even though there was no official program yet established. Afterwards, DSWA Board of Directors approved the creation of a new program called "The DSWA Natural Disaster Tipping Fee Program" in May 2023. This program provides \$100,00.00 in tipping fee credits for each County in Delaware. This program is to be used for natural disasters when the State does not receive Federal funding. The tipping fee credits will be allocated by the Governor or their designee. This is a great example of how DSWA proactively helps solve problems encountered by Delaware residents and businesses.

It is with great sadness that I report the loss of our former fellow Director, J. Donald Isaacs. He was instrumental, as the former president pro tempore of the Delaware Senate, in co-sponsoring the legislation that established the DSWA and was appointed to the original Board of Directors in 1975. He served with great distinction in public service for 30 years and as Vice Chairman of the Board and will be truly missed.

I wish to thank all of our Board members and the staff who continue to show their commitment to all Delawareans to provide essential solid waste management and recycling services. Our organization truly believes and 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 that reads "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



A. Temple Carter III



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



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

Fiscal Year 2023 (July 1, 2022 – June 30, 2023) proved to be a challenging and yet fruitful year. As described in the Financial Statements and the Management Discussion and Analysis report, the Delaware Solid Waste Authority (DSWA) continued to be in a strong financial position despite a small general decline in the economic conditions in Delaware, the United States and the global economy.

We all experienced the challenge of a sudden and significant increase in the cost of goods and long delivery times for many of the goods ordered. Concurrently, the sale prices of recyclable materials decreased too. Finally, less materials and goods purchased led to fewer tons of waste generated and received by DSWA for disposal. Despite these and other challenges, we continued to provide uninterrupted solid waste management and comprehensive recycling services and maintain an excellent financial position too.

Our year was full of significant accomplishments with major advancements in our construction and design projects including the major ones listed below :

The following projects had completed construction in FY 2023 :

DSWA Borrow Pit at the Sandtown Landfill

New Leachate Storage Tank at the Sandtown Landfill

The following project continued construction through FY 2023 :

New Dover Administration and Education Building

The following project started construction in FY 2023 :

Sod Farm Construction at the Jones Crossroads Landfill

The following projects began design in FY 2023 :

Landfill Phase VI at the Cherry Island Landfill

Landfill Cell 6 at the Jones Crossroads Landfill

Capping of Area A/B at the Sandtown Landfill

The projects listed above will ensure DSWA's sustainability for several decades to come. Proactive planning and implementation of solid waste management and recycling programs have kept Delaware out of crisis situations and we are a known leader in the United States and the world.

Not only is DSWA a leader in what we do, but we do it at lower costs than most comparable systems. Our unique Discount Disposal Fee (DDF) system is a prime example. FY 2023 was the second year of our newest three year DDF contracts. The gate rate for solid waste delivered to DSWA by customers not under contract was \$85.00/ton. DDF contract customers commit to bring their Delaware generated waste exclusively to DSWA and receive a discount paid semi-annually. The net tipping fee inclusive of the rebate for the second year of the contract was \$71.00/ton at our landfills and \$78.00/ton at our Transfer Stations. These rates are significantly lower than our net rates from seven years ago. In FY 2016 the net rates were \$80.50/ton at our landfills and \$84.50/ton at our Transfer Stations.

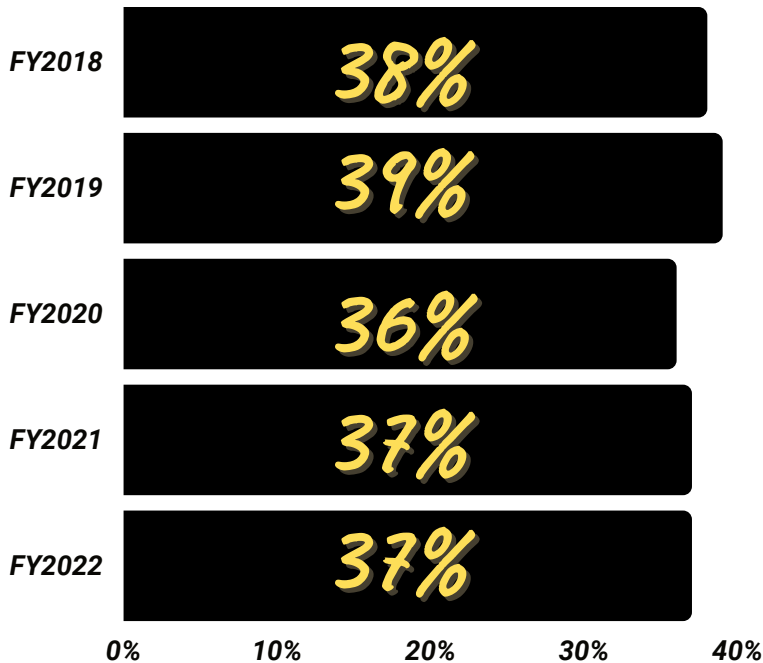
DSWA is proud to provide Delaware residents and businesses the highest quality and convenient solid waste management and recycling services at the best value in our region. I am proud to work with our outstanding staff and appreciate their hard, dedicated work under all conditions. We are also fortunate to have very good partnerships with our contractors and vendors whose expertise and reliability are crucial to our operations. Finally, 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

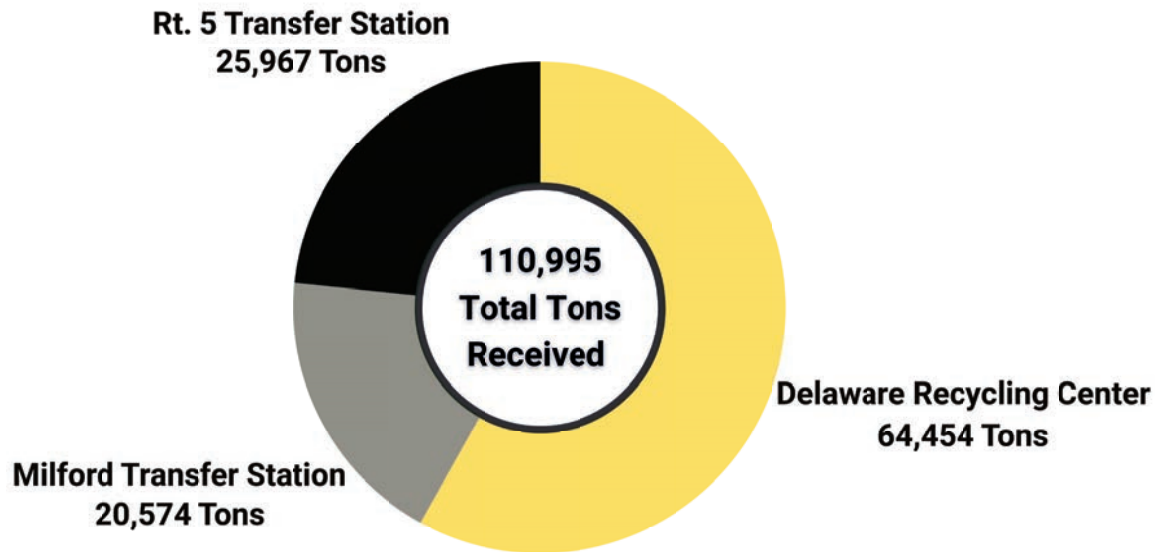


MSW RECYCLING RATE CALCULATION CALENDAR YEAR 2022

Diverted Recyclables	473,519 Tons
Landfilled Municipal Solid Waste (MSW)	794, 883 Tons
Total MSW = Diverted Recyclables + Landfilled MSW	1,268,401 Tons
PERCENT DIVERTED RECYCLABLES	37%

Source: Recycling Public Advisory Council Annual Report

STATEWIDE SINGLE-STREAM RECYCLING RECEIVED



Delaware Recycling Center Scales



Delaware Recycling Center Tipping Floor



*Materials Recovery Facility
Operated By Republic Services*



DROP-OFF RECYCLING

The Delaware Solid Waste Authority provides 13 recycling drop-off locations for Delaware residents at facilities statewide. These sites allow residents to drop off cardboard, single stream recycling, household batteries, oil filters and oil at no cost. In addition, the Newark, Cheswold, Milford and Jones Crossroads locations offer drop off for polystyrene at no cost.



TOTAL COLLECTED: 2,245 TONS



Cheswold Recycling Center



Delaware Recycling Center



Newark Recycling Center



Southern Recycling Center

HOUSEHOLD HAZARDOUS WASTE COLLECTION



443 TONS OF
HOUSEHOLD HAZARDOUS WASTE
COLLECTED

224

HOUSEHOLD HAZARDOUS
WASTE COLLECTION EVENTS

208 WEEKLY COLLECTION EVENTS
16 SPECIAL SATURDAY EVENTS

PROGRAM
COST



1.6 Million



ELECTRONICS RECYCLING



1,184 TONS OF ELECTRONICS RECYCLED

COLLECTION POINTS



Collection Events
73 Tons



Schools
219 Tons



DSWA Recycling Centers
770 Tons



Non-Profits
11 Tons



Goverment
111 Tons

PROGRAM COST



\$418,924

ITEM BREAKDOWN



Printers
4,860 Items



Televisions
15,648 Items



Computers
63,408 Items



DOCUMENT SHREDDING

 **248** TONS OF
DOCUMENTS SHREDDED

PROGRAM COST



\$175,818



**DOCUMENT
SHREDDING EVENTS**



RECOVERED RESOURCES FROM LANDFILLS & TRANSFER STATIONS

Facility Recyclable Quantities Sent to Market by Material

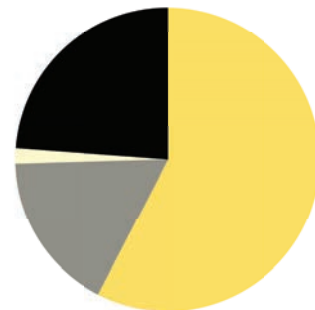


Alternative Materials Used For Road Building

Recycled Concrete
21,496 Tons

Chipped Yard Waste
1,492 Tons

Clean Earth Aggregate
15,332 Tons



Steel Slag
51,969 Tons

Alternative Materials Used For Soil Cover

Barrier
51,379 Tons



Clean Earth
458,591 Tons

Alternative Materials Used for Soil Amendment

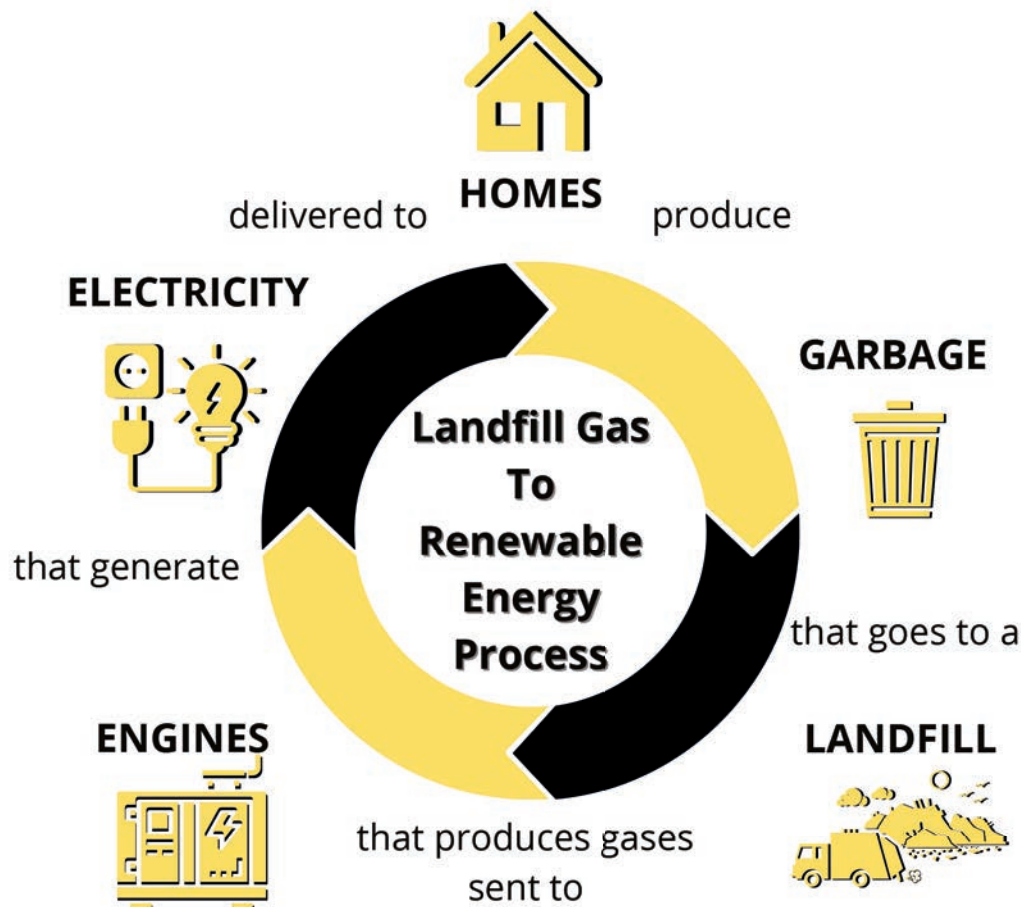


Yard Waste
3,424 Tons

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 two-thirds of the LFG collected is utilized by Cherry Island Renewable Energy, LLC (CIRE) 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 2,000 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.



SSWMC
2,694



CSWMC
2,690

NUMBER OF HOMES POWERED

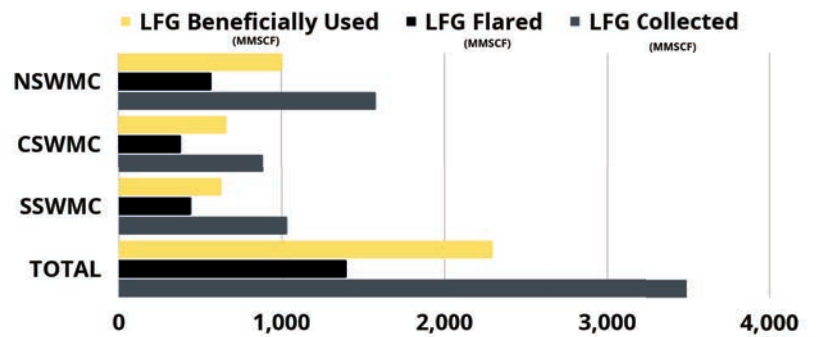
Determined by USEPA 2014 LMOP LFG Energy Benefits Calculator

NSWMC
4,146



GREENHOUSE GASES REDUCED

(MTCO₂E)_c = Metric Tons Of Carbon Dioxide Equivalents Per Year Reduced Thru LFG Collection



MMSCF = One Million Standard Cubic Feet



GE Jenbacher Engine

Delaware Solid Waste Authority

Financial Statements and
Supplemental Information

Years Ended June 30, 2023 and 2022

An abstract, three-dimensional geometric graphic is positioned on the left side of the page. It is composed of several light gray and white triangular and quadrilateral facets that create a sense of depth and movement, resembling a stylized mountain or a modern architectural structure.

WIPFLI

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Delaware Solid Waste Authority (the "DSWA"), which comprise the statements of net position as of June 30, 2023 and 2022, 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.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the DSWA as of June 30, 2023 and 2022, and the changes in financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the DSWA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DSWA's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DSWA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DSWA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

GAAP requires that a management's discussion and analysis to be presented to supplement the 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 is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Radnor, Pennsylvania
October 31, 2023

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, 2023 and 2022. 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 11 through 15 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 16 through 44 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 \$221.2 million and \$234.8 million (as restated) at the close of fiscal years 2023 and 2022, respectively. This represents a decrease of approximately \$13.6 million (5.8%) in net position in 2023 over the previous year.
- Total incoming tonnage in fiscal year 2023 decreased by approximately 34,000 tons resulting in a 3.4% decrease in revenue-generating tons compared to fiscal year 2022.

- Total operating revenue decreased by approximately \$8.1 million or 9.9% less than fiscal year 2022. By comparison, the prior year was a \$4.1 million or a 5.2% increase from fiscal year 2021. While a decrease in revenue generating tonnage of 3.4% was a contributing factor to the overall operating revenue decrease, an erosion of what had been a beneficial recycling market was also a major factor in these operating revenue results. Recycling related operating revenue of a net (\$1.6) million loss for fiscal year 2023 decreased from \$4.8 million of net positive revenue in the prior year. This \$6.4 million negative change accounted for approximately 80% of the year over year reduction in operating revenue. Net user fees reported in this item are net of the Differential Disposal Fee Programs rebates of approximately \$7.44 million in 2023 and \$8.14 million in 2022 (see Note 8).
- Total operating expenses for 2023 (prior to depreciation and closure costs) increased by approximately \$4.7 million or 9.5% from the previous year (as restated). There were significant factors that increased numerous operating expenses including pension costs, post Covid travel costs returning to normal, utility costs, temporary labor costs, methane gas recovery costs, and costs associated with contractor operations and hauling services. The annual year-end pension expense adjustment related to DSWA's portion of the plan administered by the State of Delaware was more than the prior fiscal year. This 2023 pension adjustment was a net \$170,000 additional expense compared to approximately \$600,000 of expense reduction in 2022 (as restated). Excluding the \$770,000 year to year pension benefit comparison, operating expenses would have increased 8.0% otherwise.
- Operating loss for 2023 was approximately (\$17.1) million versus the prior year operating income of \$9.1 million (as restated). Revenue generating tonnage decreases and recycling market challenges were significant factors in reducing the operating revenue. The most significant cause of the change from an operating income to a loss was due to a closure cost expense provision for the year of approximately \$22.3 million due to ongoing price increases that remain in this sector of the economy considered in estimating long term closure and post closure care requirements in the future.
- 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. As of the end of fiscal year 2022, those bonds were fully repaid and all debt related to these bonds have been satisfied.

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 decreased during fiscal year 2023 by \$13,585,395 and increased by \$3,102,698 for 2022 (as restated). A condensed summary of DSWA's net position for the three years being reported is presented below:

	Net Position		
	2023	2022*	2021*
Current and Other Assets	\$ 205,604,882	\$ 196,648,411	\$ 193,420,350
Capital Assets	179,182,389	183,540,735	176,687,849
Deferred Outflow of Resources	10,184,252	11,495,351	8,441,758
Total Assets and Deferred Outflow of Resources	394,971,523	391,684,497	378,549,957
Current Liabilities	11,686,940	12,039,947	16,862,961
Long-Term Obligations	147,769,996	125,964,636	119,070,374
Deferred Inflow of Resources	14,302,567	18,882,499	10,921,919
Total Liabilities and Deferred Inflow of Resources	173,759,503	156,887,082	146,855,254
Net Position:			
Invested in Capital Assets	179,182,389	183,540,735	174,592,237
Unrestricted	42,029,631	51,256,680	56,637,076
Restricted	-	-	465,404
Total Net Position	\$ 221,212,020	\$ 234,797,415	\$ 231,694,717

* As restated, see Note 1

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 was 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. These provisions are no longer in effect as of June 30, 2022. The unrestricted funds administered by DSWA can be used to fund Capital Improvement Projects and other operating costs. Any 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, 2023, 2022 and 2021 is presented below:

	Change in Net Position		
	2023	2022	2021
Operating Revenues		RESTATED	RESTATED
Net User Fees: Solid Waste	\$ 73,826,253	\$ 75,655,483	\$ 74,028,405
L/F Gas Marketing Income	1,565,460	1,455,132	1,377,904
Marketing Income (Expense) Recyclables	(2,601,370)	3,629,604	1,030,863
Other Income	995,942	1,174,668	1,425,995
Total Operating Revenues	73,786,285	81,914,887	77,863,167
Operating Expenses			
Salaries and Related Costs	11,910,408	10,204,028	11,660,707
Contractual Services	36,761,725	33,839,751	32,283,984
Depreciation	14,587,441	14,456,727	14,161,882
Landfill Closure	22,270,913	9,094,110	6,591,302
Other Expenses	5,307,160	5,239,671	4,431,650
Total Operating Expenses	90,837,647	72,834,287	69,129,525
Operating Income	(17,051,362)	9,080,600	8,733,642
Net Nonoperating Revenue / (Expense)	3,465,967	(5,977,902)	(40,203)
Increase in Net Position	(13,585,395)	3,102,698	8,693,439
Net Position - Beginning of Year	234,797,415	231,694,717	223,001,278
Net Position - End of Year	\$ 221,212,020	\$ 234,797,415	\$ 231,694,717

Capital Asset Activity

The following provides a summary of the significant changes in capital assets for the year ended June 30, 2023 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 - \$2,622,381, Public Information exhibits \$97,396, Southern Landfill Sod Farm - \$2,723,555, Dover Info Tech scale interface work - \$43,819, DE Recycle Center front lot improvements - \$67,564, Collection station paving work - \$36,650, Pinetree Transfer Station scale work - \$36,010, Sandtown Landfill design services - \$41,508, Sandtown Landfill leachate tank work - \$292,710, Southern Landfill cell 6 design services - \$427,822, Cherry Island Landfill Phase VI design services - \$145,387, Statewide Solar Study -\$25,150, Southern Landfill tax ditch work - \$79,213, Southern Landfill paving work - \$89,632, Southern Landfill scale automation - \$25,310, Pigeon Point Landfill SCADA upgrades - \$104,847, Central Landfill capping project - \$291,689

2. Depreciable Capital Assets

Increases: Vehicles - \$534,779, Building and Land Improvements - \$285,766, Heavy Construction Equipment and Processing Equipment - \$2,122,187
Decreases: Vehicles & Machinery sold or traded-in - approximately \$1,064,493

Review of Operations

Landfill Operations. During fiscal year 2023, the Delaware Solid Waste Authority's three operating landfills managed the safe disposal or recycling of 985,558 tons of waste compared to 1,019,936 tons during the previous year. Of the total waste received, dry waste, which includes construction and demolition waste, accounted for 183,207 tons in fiscal year 2023 compared to 177,097 tons in the previous fiscal year. During fiscal year 2023, 3,649 tons of tires were recycled. A total of 4,916 tons of yard waste were either recycled as soil amendment or used for road building and 2,844 tons of white goods were collected and recycled in fiscal year 2023. 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 \$14 at the landfills and \$7 at the transfer stations compared to \$15 at the landfills and \$7.50 at the transfer stations in the prior year.

Transfer Stations. During fiscal year 2023, the DSWA's Pine Tree Corners, Milford and Route 5 Transfer Stations received and transferred a total of 231,866 tons of waste compared to 241,939 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 110,523 customers disposed of 165,587 bags of household waste and 40,459 bags of yard waste during fiscal year 2023.

Recycling. During fiscal year 2023, DSWA's Drop Off Center Program collected 3,015 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 24 tons of oil filters collected statewide. DSWA also recycled 105,185 gallons or 394 tons of motor oil. The Electronic Goods Program collected a grand total of 1,184 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.

A total of 86 tons of hazardous materials were collected and either safely disposed or recycled from the special Saturday events. In addition to these special Saturday collection events, four weekly Household Hazardous Waste collections were conducted during fiscal year 2023. 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 357 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 248 tons of paper were shredded at these events combined.

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 2023, Revolution received 120,795 tons of C&D materials for processing versus fiscal year 2022 tonnage of 125,318 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 2023, ReCom (Republic) received 110,995 tons of recyclable materials for processing versus fiscal year 2022 incoming tonnage of 109,194 tons.

Plans for the Future. During fiscal year 2023 DSWA experienced a full return to normal operations as COVID-19 pandemic restriction requirements ceased. The early part of the fiscal year experienced significant inflationary pressure on operations that brought about a need to further review operational contracts and make changes as needed to limit the financial impact while also maintaining operational readiness. While the inflation has moderated since early in fiscal year 2023, management will continue to monitor this not only on our direct costs but also on the surrounding economy which could ultimately affect DSWA beyond the direct cost changes. At a time when DSWA has numerous long term project goals over the next several years this will be an added challenge, but a challenge that management has prepared for with past fiscal readiness plans. DSWA has prepared for and is confident in navigating these conditions in the foreseeable future but will be flexible enough to change course if needed.

Fiscal year 2023 experienced a decrease in revenue generating tonnage to approximately 985,000 tons. This decrease of over 3% is only the second time since 2013 that DSWA has experienced a tonnage reduction on a year over year basis. The other instance being just a 1% drop off from 2019 to 2020. While this is partly due to a few very specific and unique reductions that make up the majority of the overall decrease, there has also been a statewide softening of incoming tonnage at most DSWA locations in 2023. While budgeting for 2024 has definitely taken this recent tonnage trend into consideration, we do not expect any immediate and significant downward movement in tonnage as has been experienced in the past when the surrounding economy has faced challenges. Having been through numerous economic cycles in the past, DSWA is well positioned to withstand a potential negative change in tonnage with the operational flexibility to adjust accordingly.

With recent inflationary pressures not seen in decades has come escalating costs and some uncertainty with accurately forecasting where operational costs will go in the immediate future and the potential effect on the overall economic conditions in the region. Those conditions will often affect facility tonnage and the resulting revenue. While a tonnage drop off is noteworthy, only a modest drop off in the midst of this level of inflation gives DSWA a greater assurance that recent planning and organizational adjustments have positioned the Authority well to respond accordingly. With inflationary pressures easing going into fiscal year 2024, DSWA will continue to monitor this closely and prepare contingency actions for its own costs and indirect economic factors that may affect operations. DSWA continues to be in a financial position to withstand inflationary pressures as they currently exist but must remain flexible to protect that financial position.

Early in fiscal year 2024, revenue tonnage appears to be reasonably consistent with the prior year but will need to increase slightly in order to not experience another year of downward movement. Management will be monitoring the tonnage levels at each site in order to allow for timely operational adjustments to protect its financial standing and funding flexibility.

Fiscal year 2023 was the second year of a 3-year rebate program that will be part of the fee structure through fiscal year 2024. This was a change from the previous rebate program period of 5 years that was in place through fiscal year 2021. During the final year of this three-year term in fiscal year 2024, management has initiated a review of internal costs, contractual costs, prevailing economic trends, and any tonnage trending that may require adjustments during the next rebate program period. This analysis will drive the future terms in the rebate program to allow for continued

competitive market pricing, plan for DSWA immediate operational needs and goals, and prepare for long term capitalization investment. Despite high inflationary conditions and some external economic uncertainties, the Authority is confident it will be able to remain competitive in its fee structure for the near future. This consistency in fee structure and regional competitiveness is indicative of the Authority's commitment to serving the community today while planning for its duty to that same community long term.

During fiscal year 2023, management further evaluated the need to adjust the potential closure and post closure care costs for future facility closings when that time arrives. While this will be decades into the future, estimating this liability is required and pre-funding remains a prudent policy that DSWA implements. In the face of unusually high inflationary pressures, this annual adjustment proved to be well beyond what has historically been normal. While this is not a direct cash outlay in today's operations and only an adjustment to the reported liability, management will continue to provide adequate funding today to meet these needs when the time arrives.

The recycling market continues to be an economic challenge to operational results. Fiscal year 2023 market conditions remained in negative territory relative to the prior year and what was anticipated for the year. However, the market did show some minor indications of moving in a more beneficial direction heading into fiscal year 2024. Recent trending has certainly been detrimental to the overall financial condition, but there have also been fiscal years where the market was much more beneficial. While a beneficial market is preferred, DSWA recognizes that its primary objective in this area is to provide these services in partnership with the private sector regardless of market conditions as its responsibility to the community.

Overall, DSWA will continue to evaluate its available resources, short and long-term infrastructure plans, external financial factors, and community needs that arise as it plans for future fee structures and operational decisions. While the recent financial climate has brought about some challenges, the Authority has prepared for these cyclical market periods by securing its financial condition in prior years. Operations will continue to remain flexible to adjust as market conditions change.

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:

Joseph J. Koskey
Chief Financial Officer
Delaware Solid Waste Authority
601 Energy Lane
Dover, DE 19901
Telephone: (302) 739-5361

Respectfully submitted,
Joseph J. Koskey
Joseph J. Koskey
Chief Financial Officer

Delaware Solid Waste Authority

Statements of Net Position

As of June 30, 2023 and 2022	2023	2022
		RESTATED
ASSETS AND DEFERRED OUTFLOW OF RESOURCES		
CURRENT ASSETS		
Unrestricted Current Assets:		
Cash and cash equivalents - Note 2	\$ 2,961,701	\$ 677,214
Investments - Note 3	116,132,021	86,492,606
Accounts receivable (net of allowance for doubtful accounts of \$15,399 and \$35,824, respectively)	7,985,067	8,292,590
Interest receivable	762,763	397,096
Leases receivable - Note 11	354,680	292,679
Prepayments and miscellaneous receivables	1,159,697	1,600,944
Total Unrestricted Current Assets	129,355,929	97,753,129
NONCURRENT ASSETS		
Unrestricted Noncurrent Assets:		
Investments - Note 3	72,656,302	91,185,616
Leases receivable, non-current - Note 11	3,592,651	3,947,331
Capital Assets - Note 5		
Land	29,263,014	29,260,964
Land improvements	325,372,631	324,925,936
Buildings	56,632,352	53,863,497
Equipment and furniture	27,202,446	22,596,825
Vehicles	3,654,288	3,336,567
Total	442,124,731	433,983,789
Less: Accumulated depreciation	287,928,479	274,419,111
	154,196,252	159,564,678
Construction in progress - Note 5	24,795,944	23,976,057
Contract asset - net	190,193	-
Total Capital Assets	179,182,389	183,540,735
Net Pension Asset - Note 7	-	3,762,335
Total Noncurrent Assets	255,431,342	282,436,017
DEFERRED OUTFLOW OF RESOURCES		
Related to pensions - Note 7	2,536,773	2,240,895
Related to other post employment benefits - Note 7	7,647,479	9,254,456
Total Deferred Outflow of Resources	10,184,252	11,495,351
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	\$ 394,971,523	\$ 391,684,497

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Net Position

<i>As of June 30, 2023 and 2022</i>	2023	2022
		RESTATED
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Accounts payable	\$ 5,233,053	\$ 5,216,024
Contracts payable, including retainage	683,479	981,744
Accrued compensation	2,108,488	1,909,961
Contract rebate payable - Note 8	3,624,114	3,932,218
SBITA Contracts payable - ST - Note 4	37,806	-
Total Current Liabilities	11,686,940	12,039,947
NONCURRENT LIABILITIES		
Accrued landfill closure and post closure care costs - Note 6	117,992,863	95,721,950
Net pension liability - Note 7	3,933,635	-
Net other post employment liability - Note 7	25,689,763	30,242,686
SBITA Contracts payable - LT - Note 4	153,735	-
Total Noncurrent Liabilities	147,769,996	125,964,636
Total Liabilities	159,456,936	138,004,583
DEFERRED INFLOW OF RESOURCES		
Related to pensions - Note 7	163,345	7,587,762
Related to other post employment benefits - Note 7	10,191,890	7,054,727
Related to leases - Note 11	3,947,332	4,240,010
Total Deferred Inflow of Resources	14,302,567	18,882,499
NET POSITION		
Invested in capital assets, net of related debt and accumulated depreciation	179,182,389	183,540,735
Unrestricted	42,029,631	51,256,680
Total Net Position	221,212,020	234,797,415
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 394,971,523	\$ 391,684,497

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, 2023 and 2022</i>	2023	2022
		RESTATED
OPERATING REVENUES		
Net user fees: solid waste	\$ 73,826,253	\$ 75,655,483
Landfill gas	1,565,460	1,455,132
Other income (expense) - Note 11	(1,605,428)	4,804,272
Total Operating Revenues	73,786,285	81,914,887
OPERATING EXPENSES		
Salaries and related costs	11,910,408	10,204,028
Professional services	1,627,761	1,893,034
Travel	164,515	62,386
Supplies and materials	2,678,023	2,564,301
Utilities	836,861	719,950
Contractual services	36,761,725	33,839,751
Closure and post closure care of landfills	22,270,913	9,094,110
Depreciation and amortization expense	14,587,441	14,456,727
Total Operating Expenses	90,837,647	72,834,287
OPERATING INCOME (LOSS)	(17,051,362)	9,080,600
NONOPERATING REVENUES (EXPENSES)		
Net investment income (loss)	3,412,605	(5,882,037)
Bond interest and related expenses	-	(213,014)
Other nonoperating revenue - net	53,362	117,149
Net Nonoperating Revenue (Expenses)	3,465,967	(5,977,902)
(DECREASE) INCREASE IN NET POSITION	(13,585,395)	3,102,698
NET POSITION - BEGINNING OF YEAR	234,797,415	231,694,717
NET POSITION - END OF YEAR	\$ 221,212,020	\$ 234,797,415

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Cash Flows

<i>Years Ended June 30, 2023 and 2022</i>	2023	2022
		RESTATED
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 74,266,919	\$ 75,309,197
Cash paid to suppliers	(42,350,823)	(39,649,730)
Cash paid to employees	(11,542,938)	(10,845,240)
Landfill gas marketing revenues	1,565,460	1,455,132
Other operating revenues	(1,605,428)	4,804,272
Net Cash From Operating Activities	20,333,190	31,073,631
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	3,875,968	1,759,016
Purchases of investments	(470,315,073)	(268,742,758)
Proceeds from sale of investments	458,375,419	260,143,785
Other investing income	(49,153)	106,772
Net Cash From Investing Activities	(8,112,839)	(6,733,185)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments for debt service requirements	-	(4,300,000)
Interest paid on bonds	-	(230,910)
Cash payments for capital assets	(10,025,322)	(21,309,613)
Net proceeds from sale of capital assets	89,458	1,400
Net Cash From Capital and Related Financing Activities	(9,935,864)	(25,839,123)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,284,487	(1,498,677)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	677,214	2,175,891
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,961,701	\$ 677,214

See accompanying notes to financial statements.

Delaware Solid Waste Authority

Statements of Cash Flows (Continued)

Years Ended June 30, 2023 and 2022	2023	2022
		RESTATED
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
OPERATING INCOME (LOSS)	\$ (17,051,362)	\$ 9,080,600
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation and amortization	14,587,441	14,456,727
Recovery of doubtful accounts	(20,425)	(12,466)
Change in:		
Accounts receivable	327,948	(824,380)
Prepayments and miscellaneous receivables	441,247	508,358
Leases receivable	292,679	330,982
Contract asset - net	(190,193)	-
Deferred outflow of resources	1,311,099	(3,053,593)
Accounts payable	17,029	(1,421,422)
Contracts payable	(298,265)	851,114
Accrued compensation	198,527	83,002
Accrued closure and post closure care of landfills	22,270,913	9,094,110
Contract rebate payable	(308,104)	(17,798)
SBITAs contracts payable	191,541	-
Net pension asset/liability	7,695,970	(7,962,530)
Net other post employment liability	(4,552,923)	2,000,347
Deferred inflow of resources	(4,579,932)	7,960,580
Total Adjustments	37,384,552	21,993,031
Net Cash Provided by Operating Activities	\$ 20,333,190	\$ 31,073,631
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Amortization of premium on bonds	\$ -	\$ (1,356)
Gain on disposition of capital assets	(89,458)	(1,400)
Unrealized loss on investments	882,154	7,685,323
Realized gain on sale of investments	(52,601)	(44,269)

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)

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.

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, 2023 and 2022 was \$14,587,441 and \$14,456,727, respectively.

Subscription Based Information Technology Arrangements

The DSWA is a party to multiple noncancelable subscription based information technology arrangements (SBITAs). If the contract provides the DSWA the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be or contain a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is also adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

As with leases, the borrowing rate will reference the most recent filing for the Republic Services, a similar organization to DSWA. They list their average borrowing rate in each December's SEC 10-K filing.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements (Continued)

For all underlying classes of assets, the DSWA does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

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.

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, 2023 and 2022:

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.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Leases

The leases receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized using the effective interest method to other income included in the statements of revenue and expenses and changes in net position. See Note 11.

Compensated Absences

Vacation and sick leave pay are recorded as an expense when earned by the DSWA's employees. As of June 30, 2023 and 2022, accrued vacation and sick leave aggregated \$1,513,698 and \$1,401,802, respectively; this resulted in a net increase of \$111,896, 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.

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.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

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.

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.

Recently Adopted Accounting Pronouncement

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, SBITAs. The statement enhances the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The DSWA adopted this guidance for the year ended June 30, 2023. The adoption of this guidance did not affect beginning net position and, accordingly, restatement of beginning July 1, 2021, net position was not necessary.

Delaware Solid Waste Authority

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Recently Adopted Accounting Pronouncement (Continued)

In March 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Public-private and public-public partnerships (PPPs), include a wide variety of arrangements. GASB 94 was issued to establish the definitions for PPPs and availability payment arrangements (APAs) and provide uniform guidance for governments to report assets and liabilities related to PPPs on a consistent basis and disclose important information about PPP transactions. The DSWA adopted this guidance for the year ended June 30, 2023. The adoption of this guidance did not affect beginning net position and, accordingly, restatement of beginning July 1, 2021, net position was not necessary.

New Accounting Pronouncements

In June 2022, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 101, Compensated Absences. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. This guidance is effective for the fiscal year ending June 30, 2024. The guidance is not expected to have a significant effect on the financial statements and related disclosures.

Prior Period Restatement

During 2023, the DSWA identified a financial statement error that caused an understatement of Net Position of \$2,992,541. The error was caused by the understatement of the actuarially determined cash outflows related to the pension and post employment benefits. This error had the following effect on the June 30, 2022 financial statements:

	As reported June 30, 2022	Adjustments	As restated June 30, 2022
DEFERRED OUTFLOW OF RESOURCES			
Related to pensions	\$ 797,905	\$ 1,442,990	\$ 2,240,895
Related to other post employment benefits	800,285	8,454,171	9,254,456
Total Deferred Outflow of Resources	1,598,190	9,897,161	11,495,351
Total net position	224,900,240	9,897,175	234,797,415
Revenues and expenses			
Salaries and related costs	13,196,569	(2,992,541)	10,204,028
Increase in Net Position	\$ 110,157	\$ 2,992,541	\$ 3,102,698

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, 2023 and 2022, 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, 2023, 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, 2023, 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:

		2023	2022
Mutual Funds	AAA	29%	28%
Corporate Obligations	AAA	-%	-%
Corporate Obligations	AA+	26%	27%
Corporate Obligations	AA	1%	2%
Corporate Obligations	AA-	-%	3%
Corporate Obligations	A+	4%	4%
Corporate Obligations	A	7%	9%
Corporate Obligations	A-	-%	5%

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, 2023 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, 2023 and 2022.

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, 2023 and 2022 resulted in unrealized losses of \$882,154 and \$7,685,323, 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, 2023 and 2022 were \$52,601 and \$44,269, respectively.

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

The DSWA's investments are summarized as follows:

	2023		2022	
	Fair Value / Carrying Value	Cost	Fair Value / Carrying Value	Cost
U.S. Treasury Obligations	\$ 22,514,796	\$ 22,698,457	\$ 7,188,119	\$ 7,242,056
U.S. Government Agency Bonds and Notes	9,671,256	10,530,825	14,353,771	15,150,645
Wilmington U.S. Government Money Market Fund	48,395,957	48,395,957	44,086,214	44,086,214
Time Deposits	24,039,351	24,039,351	8,568,106	8,568,106
Corporate Bonds and Notes	84,166,963	91,918,292	103,482,012	110,544,130
Total Investments	\$ 188,788,323	\$ 197,582,882	\$ 177,678,222	\$ 185,591,151

Delaware Solid Waste Authority

Notes to Financial Statements

Note 3: Investments (Continued)

Investments as of June 30, 2023 mature, or are available, as follows:

	Total	Less than 1 year	1-5 years
U.S. Treasury Obligations	\$ 22,514,796	\$ 22,514,796	\$ -
U.S. Government Agency Bonds and Notes	9,671,256	7,596,077	2,075,179
Wilmington U.S. Government Money Market Fund	48,395,957	48,395,957	-
Time Deposits	24,039,352	24,039,352	-
Corporate Bonds and Notes	84,166,962	32,271,939	51,895,023
Totals	\$ 188,788,323	\$ 134,818,121	\$ 53,970,202

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, 2023:

	Level 1	Level 2
Investments at fair value		
Debt Securities:		
U.S. Treasury Obligations	\$ 22,514,796	\$ -
Wilmington U.S. Government Money Market Fund	48,395,957	-
Time Deposits	24,039,351	-
Corporate Bonds and Notes	-	84,166,963
U.S. Government Agency Bonds and Notes	-	9,671,256
Total Investments	\$ 94,950,104	\$ 93,838,219

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, 2022:

	Level 1	Level 2
Investments at fair value		
Debt Securities:		
U.S. Treasury Obligations	\$ 7,188,119	\$ -
Wilmington U.S. Government Money Market Fund	44,086,214	-
Time Deposits	8,568,106	-
Corporate Bonds and Notes	-	103,482,012
U.S. Government Agency Bonds and Notes	-	14,353,771
Total Investments	\$ 59,842,439	\$ 117,835,783

Delaware Solid Waste Authority

Notes to Financial Statements

Note 4: SBITAs

DSWA has entered into a noncancelable SBITA with Multiview on March 9, 2023. The agreement matures on the date of March 9, 2028. The related subscription liabilities have been discounted at a 4.4% rate.

The following represent the subscription-based liabilities for DSWA and the liability outstanding at June 30:

	Balance 7/1/2022	Additions	Payments	Balance 6/30/2023	Current Portion of Balance
Multiview Corp. MSA.DSWA.	\$ -	\$ 203,778	\$ (12,237)	\$ 191,541	\$ 37,806
Totals	\$ -	\$ 203,778	\$ (12,237)	\$ 191,541	\$ 37,806

The following represents future minimum contract payments as of June 30, 2023:

	Principal	Interest	Total
2024	\$ 37,806	\$ 7,671	\$ 45,477
2025	39,503	5,974	45,477
2026	41,277	4,200	45,477
2027	43,130	2,347	45,477
2028	29,825	494	30,319
Totals	\$ 191,541	\$ 20,686	\$ 212,227

Delaware Solid Waste Authority

Notes to Financial Statements

Note 5: Capital Assets

A summary of changes in capital assets for the year ended June 30, 2023 is as follows:

	Balance June 30, 2022	Additions	Transfers	Sales / Retirements	Balance June 30, 2023
Capital assets, not being depreciated:					
Construction in progress	\$ 23,976,057	\$ 7,321,141	\$ (6,476,844)	\$ (24,410)	\$ 24,795,944
Land	29,260,964	2,050	-	-	29,263,014
Total capital assets, not being depreciated	53,237,021	7,323,191	(6,476,844)	(24,410)	54,058,958
Depreciable capital assets:					
Land improvements	324,925,936	258,313	188,382	-	325,372,631
Less: accumulated depreciation	(210,571,177)	(10,075,671)	-	-	(220,646,848)
Buildings	53,863,497	27,453	2,741,402	-	56,632,352
Less: accumulated depreciation	(41,828,128)	(2,483,408)	-	-	(44,311,536)
Equipment and furniture	22,596,825	1,905,996	3,547,060	(847,435)	27,202,446
Less: accumulated depreciation	(19,273,540)	(1,744,065)	-	847,435	(20,170,170)
Vehicles	3,336,567	534,779	-	(217,058)	3,654,288
Less: accumulated depreciation	(2,746,266)	(270,717)	-	217,058	(2,799,925)
Depreciable assets, net of accumulated depreciation	130,303,714	(11,847,320)	6,476,844	-	124,933,238
Contract asset					
SBITA agreements	-	203,778	-	-	203,778
Less: Accumulated amortization	-	(13,585)	-	-	(13,585)
Contract assets, net of accumulated amortization	-	190,193	-	-	190,193
Capital assets, net	\$ 183,540,735	\$ (4,333,936)	\$ -	\$ (24,410)	\$ 179,182,389

Delaware Solid Waste Authority

Notes to Financial Statements

Note 5: Capital Assets (Continued)

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

	Balance June 30, 2021	Additions	Transfers	Sales / Retirements	Balance June 30, 2022
Capital assets, not being depreciated:					
Construction in progress	\$ 6,579,156	\$ 18,804,409	\$ (1,407,508)	\$ -	\$ 23,976,057
Land	28,406,665	847,404	6,895	-	29,260,964
Total capital assets, not being depreciated	34,985,821	19,651,813	(1,400,613)	-	53,237,021
Depreciable capital assets:					
Land improvements	323,595,787	373,841	956,308	-	324,925,936
Less: accumulated depreciation	(199,918,950)	(10,652,217)	-	-	(210,571,167)
Buildings	53,837,717	25,780	-	-	53,863,497
Less: accumulated depreciation	(39,512,772)	(2,315,355)	-	-	(41,828,127)
Equipment and furniture	21,004,014	1,148,506	444,305	-	22,596,825
Less: accumulated depreciation	(18,065,326)	(1,208,220)	-	-	(19,273,546)
Vehicles	3,370,852	109,673	-	(143,958)	3,336,567
Less: accumulated depreciation	(2,609,294)	(280,935)	-	143,958	(2,746,271)
Depreciable assets, net of accumulated depreciation	141,702,028	(12,798,927)	1,400,613	-	130,303,714
Capital assets, net	\$ 176,687,849	\$ 6,852,886	\$ -	\$ -	\$ 183,540,735

Delaware Solid Waste Authority

Notes to Financial Statements

Note 5: Capital Assets (Continued)

The status of the DSWA's construction in progress at June 30, 2023 is as follows:

	Expected Completion Date	Costs to Date
Location:		
Admin		
New office building	FY 2024	\$ 12,337,964
Building improvements	FY 2024	53,660
Recycle exhibits	FY 2024	135,534
MTS		
Solar feasibility	FY 2024	3,150
Delaware Recycling Center		
Site improvements	FY 2024	295,437
Solar feasibility	FY 2024	5,500
Pine Tree Corners		
Stormwater design	FY 2024	15,500
Scale replacement	FY 2024	48,815
Solar feasibility	FY 2024	5,500
Manhole work	FY 2024	38,863
Landfills:		
Jones Crossroads		
Sod farm	FY 2024	2,872,590
Land improvements - Ellsworth	FY 2024	7,230
Land improvements - Knoepfel	FY 2024	850
Land improvements - Hall	FY 2024	12,465
Tax ditch realignment	FY 2024	96,308
Scada system	FY 2024	639,962
Land demolition - Darmsteadt	FY 2024	11,730
Third scale automation	FY 2024	44,515
Pole building	FY 2024	8,006
Hudson mitigation	FY 2024	1,800
Scale work	FY 2024	43,819
GIS-computer mapping system	FY 2026	22,044
Cell 6	FY 2027	427,822
Cherry Island		
Manhole project	FY 2023	79,900
Phase VI	FY 2029	145,387
Solar feasibility	FY 2024	5,500

Delaware Solid Waste Authority

Notes to Financial Statements

Note 5: Capital Assets (Continued)

Sandtown		
Area F capping	FY 2024	383,814
Fill dirt - borrow pit	FY 2024	2,740,826
Solar feasibility	FY 2024	5,500
Area F	FY 2024	4,263,509
GIS-computer mapping system	FY2026	22,044
Pigeon Point		
Manhole project	FY 2024	20,400
Total Construction in Progress		\$ 24,795,944

Note 6: 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 \$117,992,863 as of June 30, 2023 and \$95,721,950 as of June 30, 2022, 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 \$156,086,324 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and post closure care of \$274,079,187 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, 2023. 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, 2023:

Landfill	Estimated Capacity Used	Cumulative Remaining Life	Accrued Costs	Costs to be Recognized in the Future
Cherry Island	65.74%	20	\$ 67,764,303	\$ 33,716,558
Sandtown	26.56%	55	15,250,489	71,073,939
Jones Crossroads	23.36%	57	34,978,071	51,295,827
Pigeon Point	100.00%	Closed 1985	-	-
Totals			\$ 117,992,863	\$ 156,086,324

Delaware Solid Waste Authority

Notes to Financial Statements

Note 6: 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
Balance of accrual, June 30, 2022	\$ 95,721,950	\$ 55,767,814	\$ 12,076,652	\$ 27,877,484
Current year expenditures:				
Post closure costs	-	-	-	-
Net accrual	95,721,950	55,767,814	12,076,652	27,877,484
Balance of accrual, June 30, 2023	117,992,863	67,764,303	15,250,489	34,978,071
Net closure and post closure costs (recovery) recognized in current year	\$ 22,270,913	\$ 11,996,489	\$ 3,173,837	\$ 7,100,587

Included in the computation of Landfill Closure and Post Closure Care Costs as of June 30, 2023, are closure costs for: (1) Pine Tree Corners Transfer Station of \$38,000 (2) Cheswold Collection Station of \$5,000 (3) Milford Transfer Station of \$38,000 (4) Ellendale, Long Neck, Omar, and Bridgeville Collection Stations, each totaling \$5,000 and (5) Route 5 Transfer Station of \$38,000.

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 12.45% and 12.33% of earnings for the Plan's fiscal years 2022 and 2021, 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, 2023 and 2022 was as follows:

Plan year		Total pension liability (1)		Plan fiduciary net position (2)		Net pension (asset) liability (1) - (2)
2022	\$	35,003,624	\$	31,069,989	\$	3,933,635
2021		35,908,927		39,671,262		(3,762,335)

The collective total pension liability for the June 30, 2022 and 2021 measurement dates (Plan year) was determined by an actuarial valuation as of June 30, 2022 and 2021, 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, 2022. 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 Pub-2010 mortality tables with gender adjustments for healthy annuitants and disabled retirees and an adjusted version on MP-2020 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, 2022 (Plan year) is summarized in the following table:

Asset class	Long-term expected real rate of return	Asset allocation
Domestic equity	5.7%	31.8%
International equity	5.7	15.0
Fixed income	2.0	23.6
Alternative investments	7.8	21.5
Cash and equivalents	-	8.1

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 (asset) liability for 2023 (based on Plan year 2022)	\$ 8,215,096	\$ 3,933,635	\$ 643,301
DSWA's proportionate share of the net pension liability for 2022 (based on Plan year 2021)	\$ 445,030	\$ (3,762,335)	\$ (7,304,993)

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. There was no collective amount of difference between expected and actual experience based on the Plan's fiscal year for the year ended June 30, 2022. The collective amount of the difference between expected and actual experience based on the Plan's fiscal year ended June 30, 2021 was \$7,556,420.

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 plan years ended June 30, 2022 and 2021 is \$163,345 and \$7,587,762, 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, 2023 (based on plan year ended June 30, 2022) will be recognized in pension expense as follows:

<u>Plan Year ending June 30:</u>	
2023	\$ 45,718
2024	(101,173)
2025	(7,939)
2026	1,618,588
2027	683

The amount of \$817,551 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, 2024.

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, 2023 and 2022 (plan year ended June 30, 2022 and 2021) are as follows:

June 30,	2023	2022
Service costs	\$ 654,152	\$ 695,538
Interest on total pension liability	2,341,130	2,421,041
Member contributions	(245,656)	(237,727)
Administrative expense	17,426	17,454
Change in benefit plan	663,994	-
Projected earnings on plan investments	(2,552,021)	(2,044,634)
Amortization of investment return differences	-	(1,712,112)
Pension expense (benefit)	\$ 879,025	\$ (860,440)

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 2022 and 2021, the DSWA's contribution totaled \$800,285 and \$711,303, 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, 2023 and 2022 was as follows:

Plan year		Total OPEB liability (1)		Plan fiduciary net position (2)		Net OPEB liability (1) - (2)
2022	\$	27,455,453	\$	1,765,690	\$	25,689,763
2021		32,192,138		1,949,452		30,242,686

The collective total OPEB liability for the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total OPEB liability to June 30, 2022. This actuarial valuation used the following actuarial assumptions:

	2022	2021
Discount rate	3.54%	2.16%
Projected salary increases	3.25% + Merit	3.25% + Merit
Healthcare cost trend rates	5.17%	5.5%

For Plan year 2022 & 2021, mortality rates were based on the sex-distinct employee, healthy annuitant, and disabled annuitant mortality tables derived from the Pub-2021 General Benefit 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. For Plan year 2022 and 2021, the assumptions used were based on the results of an actuarial study performed in 2021 and covering the period July 1, 2015 through 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.

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%	33.9%
International equity	5.7	12.9
Fixed income	2.0	25.5
Alternative investments	7.8	22.1
Cash and equivalents	-	5.6

Discount Rate - The discount rate used to measure the total OPEB liability was 2.16% at the beginning of the current measurement period and 3.54% 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 (2.54% for 2022 and 1.16% for 2021)	Discount Rate (3.54% for 2022 and 2.16% for 2021)	1% Increase to discount rate (4.54% for 2022 and 3.16% for 2021)
DSWA's proportionate share of the net OPEB liability for 2023 (based on Plan year 2022)	\$ 30,285,959	\$ 25,689,763	\$ 22,025,988
DSWA's proportionate share of the net OPEB liability for 2022 (based on Plan year 2021)	\$ 36,125,828	\$ 30,242,686	\$ 25,581,676

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 (4.17% for 2022 and 4.5% for 2021)	Healthcare Trend Rate (5.17% for 2022 and 5.5% for 2021)	1% Increase to healthcare trend rate (6.17% for 2022 and 6.5% for 2021)
DSWA's proportionate share of the net OPEB liability for 2023 (based on Plan year 2022)	\$ 22,061,321	\$ 25,689,763	\$ 29,997,848
DSWA's proportionate share of the net OPEB liability for 2022 (based on Plan year 2021)	\$ 24,730,508	\$ 30,242,686	\$ 37,485,235

Collective Deferred Outflow of Resources and Deferred Inflow Resources

For the year ended June 30, 2023 (Plan year 2022) and 2022 (Plan year 2021), the DSWA recognized OPEB expense of \$800,132 and \$1,588,705, respectively. The DSWA reported deferred outflows of resources and deferred inflows of resources related to the OPEB from the following sources:

	2023		2022	
	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	\$ 59,985	\$ -	\$ -	\$ 349,352
Net difference between expected and actual experience	649,746	3,147,660	725,251	4,161,791
Change in assumptions	3,965,597	5,904,653	5,239,064	991,157
Changes in DSWA's proportionate share	2,131,136	1,139,577	2,489,856	1,552,427
DSWA contributions subsequent to the measurement date	841,015	-	800,285	-
Totals	\$ 7,647,479	\$ 10,191,890	\$ 9,254,456	\$ 7,054,727

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, 2023 (based on Plan year ended June 30, 2022) will be recognized in OPEB expense as follows:

<u>Plan Year ending June 30:</u>		
2023	\$	(494,395)
2024		(291,145)
2025		22,490
2026		(955,152)
2027		(734,681)
Thereafter		(932,543)

Collective OPEB Expense

The components of the DSWA's OPEB expense for the years ended June 30, 2023 and 2022 (Plan year ended June 30, 2022 and 2021) are as follows:

<u>June 30,</u>	<u>2023</u>	<u>2022</u>
Service cost	\$ 1,512,431	\$ 1,398,066
Interest cost	710,667	728,004
Contributions	(400)	(435)
Administrative expenses	409	447
Expected return on assets	(139,877)	(98,853)
Recognition of deferred outflows and inflows of resources:		
Differences between projected and actual earnings on plan investments	(11,650)	(103,197)
Differences between liability gains and losses	(858,029)	(865,469)
Change in assumption with regards to factors or other inputs in the measurement of total OPEB Liability	(413,419)	530,142
<u>OPEB expense</u>	<u>\$ 800,132</u>	<u>\$ 1,588,705</u>

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 2022 and 2023, the above rebates were reduced to \$15 and \$14/ton for deliveries to landfills and \$7.50 and \$7/ton for deliveries to transfer stations, respectively.

For the program years ended June 30, 2023 and 2022, three hundred and ninety-nine (399) and three hundred and fifty-five (355) participants received rebates totaling \$7,441,991 and \$8,135,206, 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

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, 2023, the uncompleted contracts are summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
Central landfill	\$ 17,282,935	\$ 7,229,810	\$ -	\$ 10,053,125
Cherry Island landfill	225,000	75,000	-	150,000
Southern landfill	2,508,814	449,822	-	2,058,992
Totals	\$ 20,016,749	\$ 7,754,632	\$ -	\$ 12,262,117

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, 2023 approximated \$87,847,000, 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 \$312,884 for the primary building, \$12,414 for a secondary building, and ground rent of \$304.22 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 \$2.75 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, which could result in net revenue earned or expense incurred, in any given year. 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, 2023, the monthly rent was \$19,817 and is subject to an annual adjustment of 90% of the annual change in CPI.

This service agreement is reflected under Other income on the Statement of Revenues and Expenses.

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.

Future minimum lease payments as of June 30, 2023, are:

	Leases		
	Reduction of receivable and inflow of resources	Interest	Total
2024	\$ 354,680	\$ 149,999	\$ 504,679
2025	325,046	179,633	504,679
2026	380,510	124,169	504,679
2027	360,324	144,355	504,679
2028	408,662	96,017	504,679
Thereafter	2,118,108	287,416	2,405,524
Totals	\$ 3,947,330	\$ 981,589	\$ 4,928,919

Supplemental Information

Delaware Solid Waste Authority

Schedule of Operating Revenues and Expenses

Year Ended June 30, 2023 (with Comparative Totals for 2022)										
	Landfill Operations	Transfer Station Operations	Collection Station Operations	Recycling Operations	Household Hazardous Waste Program		General & Administrative	2023 Total	2022 Total	
OPERATING REVENUES										
Net user fees: solid waste	\$ 55,155,460	\$ 18,546,747	\$ 124,046	\$ -	\$ -	\$ -	\$ -	\$ 73,826,253	\$ 75,655,483	
Landfill gas	1,565,460	-	-	-	-	-	-	1,565,460	1,455,132	
Other income (expense) - Note 11	1,160,009	161,395	-	(2,927,672)	-	-	840	(1,605,428)	4,804,272	
TOTAL OPERATING REVENUES	57,880,929	18,708,142	124,046	(2,927,672)	-	-	840	73,786,285	81,914,887	
OPERATING EXPENSES										
Salaries and related costs	4,991,826	570,640	551,070	1,170,664	-	-	4,626,208	11,910,408	10,204,028	
Professional services	945,811	35,332	1,500	1,250	-	-	643,868	1,627,761	1,893,034	
Travel	24,275	10	-	3,958	-	-	136,272	164,515	62,386	
Supplies and materials	2,234,943	8,492	2,951	227,119	-	-	204,518	2,678,023	2,564,301	
Utilities	617,693	72,715	9,258	57,958	-	-	79,237	836,861	719,950	
Contractual services	14,521,400	11,983,213	212,994	3,914,869	2,175,275	-	3,953,974	36,761,725	33,839,751	
Closure and post closure care of landfills	22,270,913	-	-	-	-	-	-	22,270,913	9,094,110	
Depreciation and amortization expense	11,504,827	1,638,319	8,076	1,332,530	-	-	103,689	14,587,441	14,456,727	
TOTAL OPERATING EXPENSES	57,111,688	14,308,721	785,849	6,708,348	2,175,275	-	9,747,766	90,837,647	72,834,287	
MANAGEMENT OPERATIONS DISTRIBUTION	7,217,599	1,935,739	-	593,588	-	-	(9,746,926)	-	-	
OPERATING INCOME (LOSS)	\$ (6,448,358)	\$ 2,463,682	\$ (661,803)	\$10,229,608)	\$ (2,175,275)	\$ -	\$ (17,051,362)	\$ 9,080,600		

Delaware Solid Waste Authority

Schedules of Proportionate Share of the Pension Liability

State Employees' Pension Plan (1)

	2023	2022	2021	2020	2019
DSWA's proportion of the net pension liability	0.2876 %	0.3087 %	0.2988 %	0.2978 %	0.3027 %
DSWA's proportionate share of the net pension (asset) liability	\$ 3,933,635	\$ (3,762,335)	\$ 4,200,195	\$ 4,637,095	\$ 3,909,833
DSWA's covered payroll	\$ 7,332,299	\$ 6,715,084	\$ 6,697,768	\$ 6,441,373	\$ 6,180,384
DSWA's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	53.70 %	(56.00)%	62.70 %	72.00 %	63.30 %
Plan fiduciary net position as a percentage of the total pension liability	88.80 %	110.50 %	87.30 %	85.40 %	87.50 %
	2018	2017	2016	2015	2014
DSWA's proportion of the net pension liability	0.2819 %	0.2842 %	0.2988 %	0.2971 %	0.3291 %
DSWA's proportionate share of the net pension liability	\$ 4,133,322	\$ 4,282,934	\$ 1,987,790	\$ 1,093,931	\$ 3,563,426
DSWA's covered payroll	\$ 6,010,847	\$ 5,915,614	\$ 5,200,028	\$ 5,468,431	\$ 5,941,607
DSWA's proportionate share of the net pension liability as a percentage of its covered payroll	68.80 %	72.40 %	38.22 %	20.00 %	59.97 %
Plan fiduciary net position as a percentage of the total pension liability	85.30 %	84.11 %	92.67 %	95.80 %	87.23 %

(1) Plan years ended June 30, 2022, 2021, 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 - OPEB

State Employees' OPEB Plan (1)

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 800,285	\$ 711,303	\$ 712,416	\$ 699,620	\$ 688,864
Contributions in relation to the contractually required contribution	(800,285)	(711,303)	(712,416)	(699,620)	(688,864)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
DSWA's covered-employee payroll	\$ 7,332,299	\$ 6,715,084	\$ 6,697,768	\$ 6,441,373	\$ 6,180,384
Contributions as a percentage of covered-employee payroll	10.90 %	10.60 %	10.60 %	10.90 %	10.80 %
	2018	2017			
Contractually required contribution	\$ 703,745	\$ 624,195			
Contributions in relation to the contractually required contribution	(703,745)	(624,195)			
Contribution deficiency (excess)	\$ -	\$ -			
DSWA's covered-employee payroll	\$ 6,010,847	\$ 5,915,614			
Contributions as a percentage of covered-employee payroll	11.70 %	10.60 %			

(1) Plan years ended June 30, 2022, 2021, 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 Proportionate Share of the Collective Net OPEB Liability State Employees' OPEB Plan (1)

	2023	2022	2021	2020	2019
DSWA's proportion of the collective net OPEB liability	0.3030 %	0.2998 %	0.2712 %	0.2913 %	0.2978 %
DSWA's proportion of the collective net OPEB liability	\$ 25,689,763	\$ 30,242,686	\$ 28,242,339	\$ 23,224,492	\$ 24,447,316
DSWA's covered-employee payroll	\$ 7,332,299	\$ 6,715,084	\$ 6,697,768	\$ 6,441,373	\$ 6,180,384
DSWA's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	350.00 %	450.00 %	422.00 %	361.00 %	396.00 %
Plan fiduciary net position as a percentage of the total OPEB liability	6.40 %	6.10 %	4.30 %	4.90 %	4.40 %
	2018	2017			
DSWA's proportion of the collective net OPEB liability	0.2967 %	0.2868 %			
DSWA's proportion of the collective net OPEB liability	\$ 24,491,313	\$ 26,051,179			
DSWA's covered-employee payroll	\$ 6,010,847	\$ 5,915,614			
DSWA's proportionate share of the collective net OPEB liability as a percentage of its covered-employee payroll	407.00 %	440.00 %			
Plan fiduciary net position as a percentage of the total OPEB liability	4.10 %	3.30 %			

(1) Plan years ended June 30, 2022, 2021, 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 - Pension

State Employees' Pension Plan (1)

	2023	2022	2021	2020	2019
Contractually required contribution	\$ 825,662	\$ 831,960	\$ 770,388	\$ 731,139	\$ 626,327
Contributions in relation to the contractually required contribution	(825,662)	(831,960)	(770,388)	(731,139)	(626,327)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
DSWA's covered payroll	\$ 7,332,299	\$ 6,715,084	\$ 6,697,768	\$ 6,441,373	\$ 6,180,384
Contributions as a percentage of covered payroll	11.26 %	12.39 %	11.50 %	11.35 %	10.13 %
	2018	2017	2016	2015	2014
Contractually required contribution	\$ 526,179	\$ 519,277	\$ 532,731	\$ 519,501	\$ 528,803
Contributions in relation to the contractually required contribution	(526,179)	(519,277)	(532,731)	(519,501)	(528,803)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
DSWA's covered payroll	\$ 6,010,847	\$ 5,915,614	\$ 5,200,028	\$ 5,468,431	\$ 5,941,607
Contributions as a percentage of covered payroll	8.75 %	8.78 %	10.24 %	9.50 %	8.90 %

(1) Plan years ended June 30, 2022, 2021, 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
601 Energy Lane
Dover, DE 19901

Phone: 302-739-5361
Citizens' Response Line: 1-800-404-7080

email: info@dswa.com
www.dswa.com