

The 2005 Annual Report



The people . . .



the programs . . .



the responsibility.

*"The great aim of education is not knowledge but action."*

Herbert Spencer (1820 - 1903)



## Our Mission

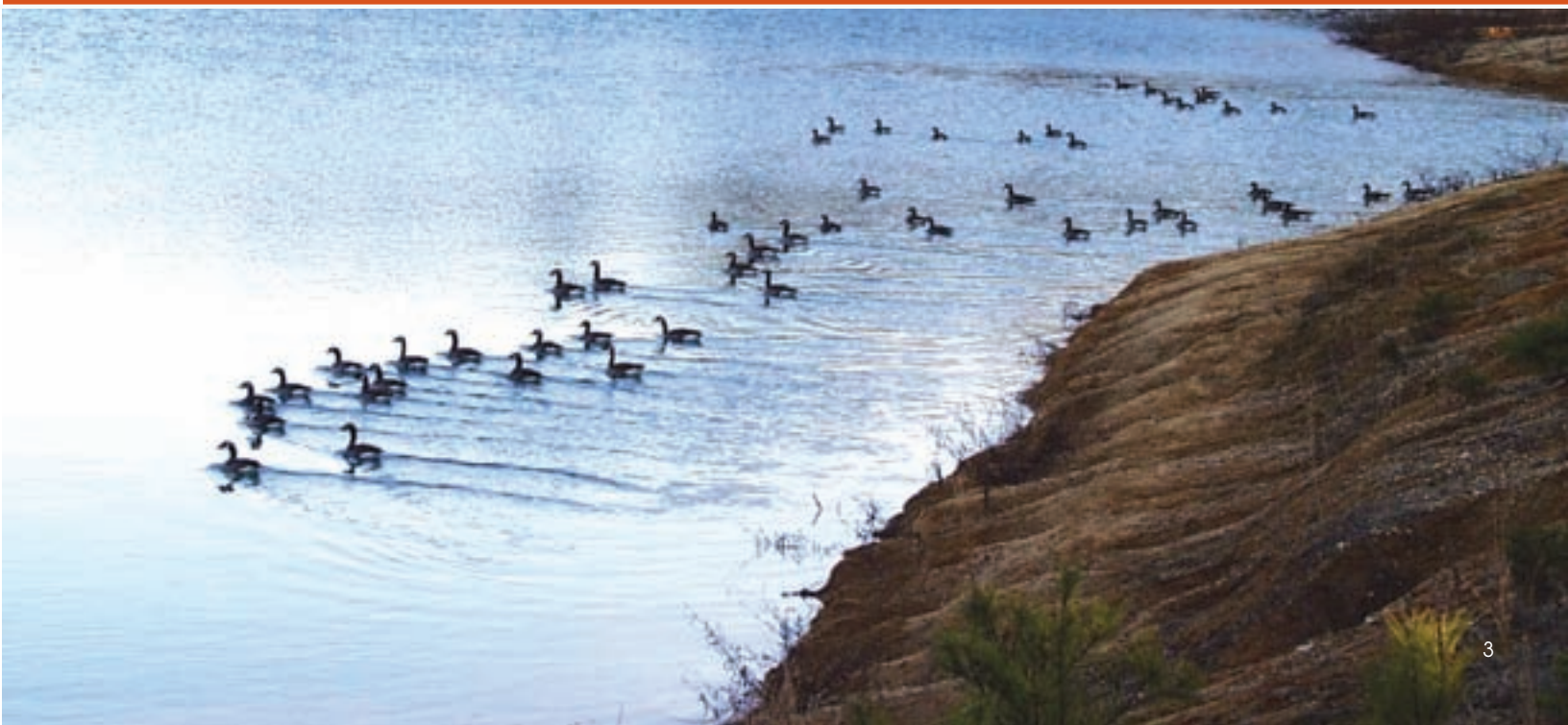
Define, develop, and implement cost-effective plans and programs for solid waste management which best serve Delaware and protect our public health and environment.



## Table of Contents

<a href="#">From the Chairman</a>	4
<a href="#">From the Executive Office</a>	6
<a href="#">DSWA Board Members</a>	7
<a href="#">In Appreciation</a>	8
<a href="#">In Memory</a>	9
<a href="#">Head of the Class</a>	12
<a href="#">Learning Presentations</a>	14
<a href="#">Educational Materials</a>	17
<a href="#">Earth Day Festival</a>	18
<a href="#">Safe Summer Day</a>	20
<a href="#">Junior Achievement</a>	21
<a href="#">Educational Programs</a>	22
<a href="#">Citizens' Response Line</a>	23
<a href="#">Facility Tours</a>	24
<a href="#">Cherry Island</a>	26
<a href="#">Pine Tree Corners</a>	28
<a href="#">Curbside Recycling</a>	30
<a href="#">Environmental Report</a>	32
<a href="#">Recycling Report</a>	36
<a href="#">Financial Report</a>	40

Knowledge is the key to every success we experience—as individuals, as members of our communities, and as citizens of our state and nation. That’s why we at the Delaware Solid Waste Authority have always enthusiastically embraced our role as educators. We understand that what we learn today about responsible handling of solid waste will have a major impact on the quality of Delaware’s natural environment tomorrow.





Richard V. Pryor  
Chairman,  
Board of Directors

Much of the success of Delaware's system of solid waste management can be attributed to vision. Our success began with the vision of the Delaware Legislature in establishing the Delaware Solid Waste Authority in 1975. It has gathered strength under the enlightened and energetic leadership of DSWA's chief executive officer, N.C. Vasuki, and it will continue to guide our state in the future, thanks to DSWA's educational programs. All three of these elements come together in the DSWA annual report for the 2004-05 fiscal year.

## FROM THE CHAIRMAN

Much of the success of Delaware's system of solid waste management can be attributed to vision. Our success began with the vision of the Delaware Legislature in establishing the Delaware Solid Waste Authority in 1975. Guided by a succession of dedicated volunteer boards, this vision has gathered strength under the enlightened and energetic leadership of DSWA's Chief Executive Officer, N.C. Vasuki, and it will continue to guide our state in the future, thanks to DSWA's educational programs.

During the year, we held true to our central vision to define, develop, and implement sustainable, cost-effective plans and programs for solid waste management that protect both our natural environment and the health of Delaware residents. In addition to finishing the year with a positive balance sheet, we also increased our accrued landfill closure and post-closure care reserves by one-third, to \$56.9 million, a move that will help us fulfill current and near-term obligations and ensure long-term fiscal stability into the foreseeable future and beyond.

Financial stewardship and transparency have long been a strength at DSWA. This was recognized in 2005 by the Government Finance Officers Association of the United States and Canada's award to us of the Certificate of Achievement for Excellence in Financial Reporting for our comprehensive annual financial report. Ronald J. Peters, Sr., Chief Financial Officer, accepted the award on behalf of DSWA, and he and his Financial Services Group deserve our particular thanks for meriting this recognition by an organization committed to the highest standards of accurate and transparent public accounting.

Our financial success can also be attributed to a tradition of diligent and probing board members. One such was J. Donald Isaacs. With this report, we are bidding farewell to Don, who retired from the DSWA board this past year after having served in that capacity since its inception. Moreover, as the leader of the Delaware Senate, Don was instrumental in passing the legislation that established DSWA and initiated Delaware's environmentally and fiscally responsible approach to solid waste management. His expertise and advice will be greatly missed.

We also see reflected in the pages of this report the effects of clear vision exercised through the activities of our executive leadership. N.C. Vasuki is recognized worldwide for his knowledge and tireless promotion of environmentally sound solid waste management practices. He is truly the driving force behind Delaware's international recognition for solid waste innovation and steady leadership. This past year, N.C. continued his term as the elected President of the distinguished International Solid Waste Association (ISWA), based in Copenhagen, Denmark. He will complete his term at the ISWA annual meeting in Copenhagen in October 2006.

Finally, it is implicit in our vision to serve Delaware and protect the public health, welfare, and environment that we not only address our state's immediate needs, but that we also prepare future generations to carry on the tradition we have begun and to bring new information and insights to keep ahead of the multiplying challenges society faces in dealing with growing waste and compromised resources in the years ahead. We continued and accelerated support for education through our production and distribution of teaching materials, our technical support for student projects and field trips, and our annual competitive scholarship program to fund students pursuing higher studies in the field of environmental sciences. This educational process involves DSWA Board, management, and entire staff, in becoming both teacher and learner. The challenges of solid waste management require agility, openness to new ideas, rigorous testing and evaluation of these new ideas, and a commitment to search for and defend documented methodologies appropriate to Delaware, whether these be tried-and-true "common-sense" approaches or innovative technologies known to work in other areas. DSWA continually strives to reinvent itself as a compass for sustained environmental stewardship in our state, our nation, and our world, as exemplified by DSWA being honored with our industry's highest award for public education in 2005.

I cannot end this annual letter without reference to the loss of a very dear friend and one of the pioneers in the birth, growth, and development of DSWA these past three decades—June Peacock, Executive Assistant to the Board and CEO. Sadly, after a relatively short but intense battle with cancer, June died this past July. She was the face—even more so, the voice—of DSWA, widely known to the Delaware public and governmental officials, as well as national and international leaders in the field of solid waste and environmental services. In particular, I know my colleagues among the board of directors will miss June's presence and professional service deeply. We all join her loving family of children and grandchildren in mourning her passing.



*N.C. Vasuki*

N.C. Vasuki, P.E., DEE  
Chief Executive Officer



*Pasquale S. Canzano*

Pasquale S. Canzano, P.E., DEE  
Chief Operating Officer

## FROM THE EXECUTIVE OFFICE

The State's burgeoning business climate has resulted in continued population growth and economic activity. Delaware's growth rate is the highest in the Mid-Atlantic region of our nation. That translates into a gross increase in solid waste discards even after diversion of materials for recycling. We have anticipated such growth and our facilities have the capacity to safely accept and dispose the remaining solid waste in our modern landfills. During FY 2005 our revenues increased sufficiently to cover all expenses.

We have held the user fee constant for twelve years but have announced a five percent increase starting in FY 2006. We have increased recycling services to the public and business firms. That will result in more materials diversion to recycling markets.

We have taken measures to improve the entrance facilities of the Cherry Island Landfill to increase efficiency and visual aesthetics. The Pine Tree Corners Transfer Station has been expanded to serve the fast-growing southern New Castle County region. We have also started construction of two more transfer stations in Sussex County—one on Delaware Route 5 and the other just south of Milford.

Our continued success depends on the teamwork of our highly trained staff. We support programs to enhance environmental education in schools, improve public outreach, and encourage children to learn that they must take personal responsibility for the wastes they discard.

In this annual report we have highlighted the award-winning "Trash Can Dan and the Clean Up Kids" and the Junior Achievement Enterprise Village and Financial Park programs. We encourage tours of our facilities by school children, civic groups, foreign visitors, scientists, and engineers.

Our enthusiasm over our accomplishments in FY 2005 has been tempered by the passing of a very special member of our team, Ms. June Peacock, Executive Assistant to the Chief Executive Officer and the Board for 30 years. She represented the heart and soul of the Delaware Solid Waste Authority. All those who came in contact with her miss her presence.

## DSWA BOARD MEMBERS



Richard V. Pryor  
Chairman,  
Board of Directors

Everybody generates trash. But not many of us stop to think about all the impacts of that fact. Where will it be taken for disposal? Should it be recycled? Will there be enough landfill space to continue to safely hold the volume, not just today, but into the future?

Fortunately, for all of us in the First State, a dedicated group of fellow citizens is constantly asking these types of questions and wrestling with the many challenging alternatives they present. These citizens are the members of the all-volunteer DSWA Board of Directors.

DSWA has been fortunate throughout its history to be served by board members who are extraordinarily generous with their time and take their role very seriously. In FY 2005, as in every year, they attended board meetings, committee meetings, workshops, and public hearings. And that's just the beginning.

Wherever they go, DSWA board members are ambassadors for responsible solid waste management. They answer the questions of their fellow citizens, listen to their suggestions, and serve as educators and advocates for solid waste management practices designed to protect and preserve Delaware's quality of life.

Their names may not be remembered by future generations, but their contributions will be felt for many years to come.



Ronald G. McCabe  
Vice-Chairman,  
Board of Directors



William J. DiMondi



Suzanne C. Moore



Tonda L. Parks



Theodore W. Ryan



Timothy P. Sheldon

## IN APPRECIATION

### J. DONALD ISAACS DSWA DIRECTOR—1975–2005

DSWA and its board said goodbye in FY 2005 to a long-serving member—J. Donald Isaacs—who had been a director since the Authority’s inception. An agri-businessman by profession, Don had a distinguished career as a state legislator and was a co-sponsor of the legislation that created DSWA in 1975.



He was appointed a DSWA director in October of that year, as a New Castle County representative, and was elected Vice Chairman in January 1991. Born in 1932 in Milford, Don served in the Delaware General Assembly from 1962 to 1976, and during his tenure in the State Senate he served as President Pro-Tem. His General Assembly Committees included Joint Finance, Executive, Agriculture, Education, Public Health, Highway & Buildings, and Investment.

Don also has served on various committees of the Council of State Governments; he was president of the board of the New Castle County Farm Bureau; and he received several national farming awards, including the Robert S. Kerr Award for Top National Young Farmer. He also has been a member of the Solid Waste Association of North America.

DSWA is honored to have had Don serve as director, and his contributions will guide us for generations to come.

## IN MEMORY

Daphne June Peacock  
May 22, 1929–July 10, 2005

An organization, whatever its mission, can only be effective if it consists of quality people. For 30 years, Daphne June Peacock epitomized the quality of the DSWA team.



To most people, June's memory will always be associated with DSWA, but she led a colorful life prior to becoming the Authority's Administrative Assistant to the Chief Executive Officer. Born and raised on a farm in Preston, Md., June eventually moved to Dover with her mother and finished her schooling there. She married a U.S. Air Force pilot and lived in many places, including Japan. She landed in Greenville, Miss., where she worked as a legal secretary.

June returned to Dover to work for state government in the agriculture and highway departments, then moved over to the Water and Air Resources Commission. When the state created the Department of Natural Resources and Environmental control, June became the secretary to a young engineer named N.C. Vasuki in 1973. Soon after, Vasuki was named to lead the newly created DSWA, and June came to the Authority as well, continuing to work with Vasuki for a total of 32 years.

June was the heart and soul of DSWA, much loved by those who came in contact with her. Friends and colleagues from around the world sent condolences upon her passing. In September 2005, Hennigs, Durham, and Richardson presented her with a posthumous Honorary Pathfinder Award of Excellence for her outstanding service to the state and the global solid waste community. In all that she did, June set the standard for professional conduct while placing a high value on the contributions of others.

## IN MEMORY

Robert Tolliver

June 18, 1932–November 17, 2005



Robert “Bob” Tolliver, of Newark, was a special friend of DSWA who contributed much to Delaware’s solid waste management practices. He founded Robert Tolliver Inc., a solid waste company, in 1956, and acquired a deep practical knowledge of the solid waste industry over many decades.

Even after he retired, Bob rarely missed a DSWA Board meeting, and the expertise and insights he shared with the board and staff were greatly appreciated. DSWA Chief Executive Officer N.C. Vasuki considered Bob a valued mentor with a unique perspective of Delaware’s solid waste collection industry and the intricate challenges involving the safety and health of workers.

His dedication to the public good was a true example of how an individual citizen can have a lasting impact on his community and state.

With great respect and appreciation for their contributions, we mark the passing of three members of the DSWA family.

## IN MEMORY

Lou Pisapia



Lou served as DSWA's Safety Coordinator from July 2000 until the time of his passing. He traveled to all DSWA locations, spreading the word on safety and organizing special safety events. He also assisted with the DSWA Drug and Alcohol Program. Lou began as a weighmaster and later became an environmental technician before taking on the role of Safety Coordinator.

Dick Van Es



Dick was a collection station attendant at the DSWA Ellendale Collection Station. He was 70 years old when he started with the Authority in 1993, and he retired in March 2000.

Hiram Godwin



Hiram was a weighmaster at the Central Solid Waste Management Center in Kent County before retiring in 1995. He started with DSWA in January of 1989.

## HEAD OF THE CLASS



DSWA's commitment to education and expanding the solid waste management knowledge base begins with Chief Executive Officer N.C. Vasuki. His reputation as a tireless advocate for responsible solid waste management practices is rooted in Delaware but extends across the nation and around the world.

During his tenure with DSWA, Vasuki has gleaned ideas from many sources to strengthen Delaware's programs and operations, and he has shared Delaware's successes with colleagues in other states and nations. As the author of 60 technical papers and a reference book, he is a major reason that solid waste professionals from many countries visit Delaware to share ideas and best practices.

The Solid Waste Association of North America has recognized Vasuki's contributions with a Professional Achievement Award, one of dozens of awards he has received over the years. He also was elected president of the International Solid Waste Association, and he has served on committees and panels for prominent groups such as the National Research Council and the U.S. Environmental Protection Agency. He also has served as a president of both the Delaware Academy of Science and the Chesapeake Water Pollution Control Association.

Although his reputation is worldwide, Vasuki's greatest satisfaction comes from the success of DSWA's educational efforts right here in Delaware. He has been the driving force behind the Authority's outreach programs, and he has appeared at literally thousands of public forums and visited countless classrooms during his tenure.





## LEARNING PRESENTATIONS

*DSWA's Wendy Pizzadilli, Manager of Information and Education, presents to an average of 1,000 students each week during the school year! In addition to school children, she often presents to student teachers, civic groups, and local residents. To many, she is the voice of DSWA.*

Solid waste management might not sound like a typical elementary or secondary school subject, but the underlying principles of recycling and landfill technology touch on many of the subjects students study every day—from biology and environmental science to chemistry and physics.

Armed with fun and colorful educational materials, DSWA education specialists visit classrooms throughout the state. We work closely with teachers to ensure that our presentations are relevant for their students and fit within the context of their lesson plans. Through our classroom presentations at all levels, we reached an average of 1,000 students every week in FY 2005.

Learning isn't restricted to school students, of course. To reach Delaware residents of all ages with information about responsible solid waste management, we also visited over 100 service organizations and neighborhood groups. These presentations reached more than 30,000 residents during the fiscal year.



Like many teachers across the state, Emma Tucker scheduled a DSWA presentation on recycling for her kindergarten class at Lake Forest North Elementary School.

The class became so enthusiastic about recycling that it started a school-wide white paper recycling program, generating about 2,000 pounds of paper every week, collected by the students.

The program then spread to other schools, and DSWA began picking up white paper for recycling at schools throughout the Lake Forest district.



The initiative taught Lake Forest students many lessons, such as the positive effects of recycling on the environment, as well as the powerful impact that one class of students—and one innovative teacher—can have on the world around them.



“When I was young, my mom would say to me . . . turn off the water if you are not using it. Why, I’d say, and always the answer was the same . . . ‘so my grandchildren will be able to wash their feet.’ It was years before I understood her message, but now as an adult I surely do see what she meant.”

“This world is not ours to keep, but only to borrow and care for until the next generation is ready to take on the task. Part of the job of caring for our world is to teach the children the importance of preserving and reusing our resources. I was so happy when Delaware Solid Waste Authority started its junk paper recycling efforts. I could hardly wait for our school to join in.”

“What a better way to involve my students in preserving our resources. The children see firsthand how much paper we use each week. They now want to use both sides of their paper and don’t want to waste a tree. I know my efforts alone are not enough, but if one or two of my students each year learn to recycle and reuse, I think I have made a difference. So not only will there be water for my grandchildren to wash their feet, but a tree to sit under when they are done. Thank you, Delaware Solid Waste Authority for all you do.”





## EDUCATIONAL MATERIALS

*DSWA's Graphic Designer, Steve Hicks, plays an integral part in the development of the materials DSWA gives to residents and their children. "Hearing from the parents that they see a positive change in their children's environmental awareness tells me we're on the right track." Steve's doctoral research in 2006 will measure the effectiveness of DSWA's outreach towards children.*

Reaching out to every young person in Delaware to promote good stewardship of our natural resources is a challenging job. Because it is impossible for DSWA's limited staff to carry the message personally to every student, we enlist the help of some special friends—Trash Can Dan and the Clean Up Kids.

With well over 8,000 members—roughly half of all children of the appropriate ages in the entire state—the Clean Up Kids program received the Solid Waste Association of North America's prestigious Excellence Award in 2005. In presenting the Gold Award in Public Education, SWANA noted that the campaign "engaged both adults and children throughout Delaware. Teachers, parents, and children fell in love with the program."



The program is just one vehicle used by DSWA for distributing a wide range of educational materials. Through various channels that reach students, parents, and teachers, DSWA provides storybooks, coloring books, activity books, environmental education lesson plans, and even a complete middle school curriculum.

Every year, DSWA creates new educational materials to reach Delaware's children. Besides sending out new information, DSWA holds a poster contest each year to give the children a chance to show what they've learned!

# EARTH DAY FESTIVAL

April 16, 2005

*DSWA's Rachel Springer helped lead the team that organizes the Earth Day Festival each year. Responsible for coordinating with over 30 exhibitors as well as organizing the numerous games, crafts, and environmental activities, Rachel typifies the dedication and hard work that is necessary to create these successful events.*



The Delaware Earth Day Festival sponsored by DSWA continued to grow in FY 2005,

adding new activities and drawing more than 8,000 visitors to the free event at Killens Pond State Park on April 22. One of the new attractions among the 30-plus exhibits was a composting station, where visitors of all ages learned how to turn many types of household waste into a valuable soil supplement for their gardens and lawns.

Also at the 2005 event, participants were able to enter door-prize drawings by completing EcoStations that provided environmental learning challenges for youngsters and their parents. Trash Can Dan's EcoWorld once again offered visitors



DSWA's Earth Day Festival brings together many of the state's agencies and organizations with an environmental message to share. The Delaware Envirothon plays a big part at the festival in showing children (...and more than a few adults!) the many aspects of protecting Delaware's environment and natural resources.



an opportunity to learn about Delaware's soil, forestry, aquatic life, and wildlife.

The combination of learning and fun that characterizes

the Delaware Earth Day Festival has made the event one of the most successful Earth Day celebrations in the region. It is one of the few Mid-Atlantic events officially supported and listed by the U.S. Natural Resources Conservation Service.

RIGHT: Among the activities featured at the Earth Day Festival are rides and games for all ages, interactive Native American performances, environmentally-based presentations, and a great picnic-like atmosphere.



## SAFE SUMMER DAY

June 25, 2005

As the DSWA mascot for more 20 years, Trash Can Dan has become a familiar presence at public gatherings throughout the state. He visits schools nearly 100 times a year, attends the State Fair, and increases awareness of the DSWA mission at educational events.



One example of Trash Can Dan's value in spreading the word about DSWA's role in promoting public health and safety was the 2005 Safe Summer Day held on June 25 at Brecknock Park. Hosted by Kent County Levy Court with support from DSWA and other organizations, the event featured safety professionals who conducted interactive demonstrations and distributed information.

With more than 2,500 people in attendance, Trash Can Dan

promoted safe handling of household hazardous waste and general awareness of the value of proper waste management in preserving the safety of our water supply and other natural resources.



## JUNIOR ACHIEVEMENT



To help students learn about business and the economy, Junior Achievement (JA) of Delaware has created a miniature village and finance park at its offices in Wilmington. There is nothing miniature about the educational value of the learning laboratory.

Recognizing the unique potential of the JA Enterprise Village and Financial Park as a learning tool, DSWA joined with area businesses in supporting the initiative. Students visiting the learning laboratory encounter a huge mural depicting the flow of solid waste in Delaware. In addition, all of the facility's businesses and houses have recycling bins, and a student is assigned to collect recycled items.



DSWA's presence at the JA Enterprise Village and Financial Park, which anticipates hosting some 40,000 students from the region, is one more way the Authority reinforces the importance of effective solid waste management to the overall health and vibrancy of the community.

Frank J. McIntosh, President of Junior Achievement stated: "We were very excited to welcome the Delaware Solid Waste Authority to our Experiential Learning Center. Due to the presence of the Authority, thousands of young people are going to learn first hand about the benefits of recycling. We believe we are developing strong advocates for our environment."



# EDUCATION PROGRAMS

In addition to visiting schools and reaching out through Trash Can Dan and the Clean Up Kids, DSWA operates and supports a variety of education programs that promote learning about DSWA activities and the environment.

The John P. "Pat" Healy Scholarship was awarded in 2005 to Seaford High School senior Jessica J. Morgan. In cooperation with the Delaware Higher Education Commission, DSWA selects a student who is planning to study engineering or environmental sciences.



The DSWA Poster Contest engages children in thinking about recycling, landfills, and other solid, waste management issues. The winner of the 2005 contest was Brian Keszler, a 5th grade student at Red Lion Christian Academy, whose message was "I can help by . . . Recycling Water, Riding My Bike, Composting, and Recycling."



Newspaper in Education is supported by DSWA, which provides annual funding for an educational supplement

on the environment for Delaware's largest daily newspaper, *The News Journal*. The 2005 supplement, which was distributed to hundreds of classrooms, was entitled Save the Earth! You Can Help!

Recycle Delaware at the University of Delaware increased its visibility in FY 2005 with renewed program emphasis designed to encourage students to deposit recyclables in containers situated around the campus.



## CITIZENS' RESPONSE LINE

“Where do I throw away paint cans?”

“How can I sign up for curbside recycling?”

“Where’s the closest RECYCLE DELAWARE center?”

If a question has to do with solid waste management in Delaware, the place to find an answer is the DSWA Citizens' Response Line.

Operators answered an average of more than 1,000 calls a month in FY 2005, a 7 percent increase over the previous year.

Citizens' usage of the Response Line has grown steadily over the years as DSWA's programs have grown. The personalized service gives residents a place to turn for quick answers to questions about any of DSWA's programs and facilities. Attendants are able to answer most questions immediately, while some require additional research.

Got a question, complaint or, suggestion? Call 1-800-404-7080 on weekdays from 8 a.m. to 4:30 p.m.



### Citizens' Response Line Calls FY 2005

Household Hazardous Waste	1,575
General	2,322
Landfills	1,610
Recycling	1,956
Electronic Goods	740
Curbside Recycling Program	3,230
Educational Programs	216
Composting	18
Other	923
<b>Total CRL Calls</b>	<b>12,590</b>



## FACILITY TOURS



Landfill technology has advanced by leaps and bounds in recent decades. What was once a “dump” is now a thoroughly engineered system that protects the environment, maximizes landfill life, and streamlines the flow of trash into landfill facilities.

To help students understand the technology that goes into a modern landfill, DSWA conducts facility tours for school classes and other groups. In FY 2005, more than 500 students toured our landfills.

The tours are conducted by DSWA employees, who are able to explain in understandable terms how modern landfills are built and maintained to protect public health, while providing the state’s businesses and households with a place to dispose of solid waste without harming the environment.





## CHERRY ISLAND

### NORTHERN SOLID WASTE MANAGEMENT CENTER



The transformation of the Northern Solid Waste Management Center, better known as Cherry Island Landfill, was strikingly evident in FY 2005. In both appearance and operation, Cherry Island has undergone vast improvements.

Most visible to the public is the new entrance to the facility, which is far more attractive than the old arrangement and also expedites traffic flow. Electronic “readers” now automatically log in haulers’ trucks that have been fitted with a transponder—not unlike an E-ZPass that commuters use on toll roads. The new entrance also includes a RECYCLE DELAWARE Center and a paved small-load drop-off area.

The improvements got plenty of use in FY 2005. An average of 598 vehicles a day flowed into the facility, bringing 663,800 tons of solid waste.

In the years ahead, DSWA hopes to continue to improve Cherry Island through an expansion project that will both strengthen the structure of the landfill system and add landfill capacity.

RIGHT: The Cherry Island Landfill received a number of improvements in FY 2005:

1. The Cherry Island Landfill’s RECYCLE DELAWARE Center was completely remodeled.
2. A completely restructured small load drop-off area
3. New scales and scale house
4. A new facility management office



1

2

3

4



## PINE TREE CORNERS

Over the last year, several changes were made to the Pine Tree Corners Transfer Station to handle the increasing use of the facility by local residents. A second transfer building was added on the west side of the facility. Transfer Building no. 2 is primarily used by garbage trucks and other self-unloading vehicles. The operation of a second Transfer Building allows the facility to separate large commercial types of vehicles from the smaller vehicles such as cars and pickup trucks. Separating the vehicle types provides for a much safer working facility.

Smaller vehicles, which are generally unloaded by hand, are directed to Building no.1. This building was modified to remove a waste pit/compaction system and to add more tipping floor space for the user. The traffic patterns for this building were changed to reduce the distance users must back up their vehicles.

Both transfer buildings now use open-top aluminum transfer trailers to load and haul the waste. The open-top feature allows for quicker loading of the waste received. Also, aluminum trailers are lighter than the previously used steel trailers. The facility can now haul about 10% more in each trailer, which translates to fewer transfer trailers leaving the facility.

RIGHT: Other new features at the facility include:

- Architectural design to incorporate rural setting
- Indoor temporary storage of full and empty transfer trailers
- The addition of a roof over the scalehouse to shelter the users while on the scales
- Paved recycle areas
- Movement of the HHW collection pad to the front of the facility so that HHW users don't have to wait in line with the users of the waste facility





## CURBSIDE RECYCLING

The key to success in any curbside recycling program is acceptance and participation by residents, community groups, and solid waste haulers alike. That's precisely why DSWA's curbside recycling initiative continued to grow in FY 2005.

In the program's first full year of operation throughout all of New Castle County, more than 2.3 million pounds of recyclable material was collected and diverted from DSWA landfills. The total was 310 percent greater than the volume generated by the curbside program in the previous year, and it was a significant portion of all waste material generated in the state. Under our Partners in Recycling program, many trash haulers began offering discounts to their customers who signed up for curbside recycling. In another growing trend, entire neighborhoods signed up for the program.

The strength of DSWA's recycling efforts are a clear validation of the effectiveness of public outreach to promote responsible solid waste management.



*"I am quite passionate about recycling. I can't stand the "American way" to use something once and throw it away. We accumulate so much trash! I hate the thought that we're filling the earth with our garbage. The landfill is not a pretty site - it is a mountain of trash. How many years can human beings continue this behavior? I think of generations to come and the monumental problem we are creating for them now. Recycling is one way to slow down this process. The "voluntary recycling program" is fine for those of use who care about the massive garbage problem. Curbside recycling makes it even easier. I am so pleased that Delaware finally has this program. So far I have given the program as a gift to five of my best friends. Their responses to me went something like: "Well, now we have no excuse. Thank you!"*  
- Christine Fricke



2005 Environmental Report  
For the Years Ended June 30, 2005 and 2004

**LAND**

Making the most of landfill capacity and promoting recycling helps preserve natural habitat.

Category/Facility	Cherry Island Landfill		Sandtown Landfill		Jones Crossroads Landfill		Pine Tree Corners Transfer Station	
	Tons	(Metric Tons)	Tons	(Metric Tons)	Tons	(Metric Tons)		
<b>SOLID WASTE</b>	663,800	602,067	139,600	126,617	251,800	228,383		
	<i>Cubic Yards</i>	<i>(Cubic Meters)</i>	<i>Cubic Yards</i>	<i>(Cubic Meters)</i>	<i>Cubic Yards</i>	<i>(Cubic Meters)</i>		
<b>CAPACITY USED</b> (@ 1,200 lbs / cubic yard)	1,106,333	845,902	232,667	177,897	419,667	320,877		
	<i>Acres</i>	<i>(Hectares)</i>	<i>Acres</i>	<i>(Hectares)</i>	<i>Acres</i>	<i>(Hectares)</i>	<i>Acres</i>	<i>(Hectares)</i>
<b>LAND AREA</b>								
In Use (Active & Closed)	219	89	101	41	95	38	12	5
Future Use (For Landfilling)	104	42	187	76	130	53	0	0
Buffer	190	77	483	196	347	141	71	29
TOTALS	513	208	771	313	572	232	83	34
	<i>Acres</i>	<i>(Hectares)</i>	<i>Acres</i>	<i>(Hectares)</i>	<i>Acres</i>	<i>(Hectares)</i>	<i>Acres</i>	<i>(Hectares)</i>
<b>TILLABLE LAND USE</b>	0	0	12	65.61	0	0	0	0
<b>Other Land Use</b> (Kent Co. Aeromodeler's Club)	0	0	10	4.05	0	0	0	0
<b>Avg. Vehicles Across Scales</b> (Per Day)	598		244		484		156	

	Cherry Island Landfill			Sandtown Landfill			Jones Crossroads Landfill			Pigeon Point Landfill (Closed)		
	<i>Cubic Yards</i>	<i>Alternative Materials (Tons)</i>	<i>Soil Saved (Tons)</i>	<i>Cubic Yards</i>	<i>Alternative Materials (Tons)</i>	<i>Soil Saved (Tons)</i>	<i>Cubic Yards</i>	<i>Alternative Materials (Tons)</i>	<i>Soil Saved (Tons)</i>	<i>Cubic Yards</i>	<i>Alternative Materials (Tons)</i>	<i>Soil Saved (Tons)</i>
<b>SOIL USED FOR COVER</b>	0		0	53,635		0	68,900		0	0		0
<b>Alternative Materials Used for Soil Avoidance</b>												
Stabilized Sludge										180,131	216,157	270,654
Clean Earth	329,712	365,655	494,568									
Barrier	61,413	46,060	92,120									
Tarps	193,222	N/A	289,833	26,145	N/A	39,218	57,800	N/A	88,400			
Recover Mat	0	0	0	33,932	25,455	50,910	63,900	47,900	97,800			
ReagentM	0	0	0									
TOTALS	584,347	411,715	876,521	60,077	25,455	90,128	121,700	47,900	186,200	180,131	216,157	270,654

2005 Environmental Report  
For the Years Ended June 30, 2005 and 2004

## AIR

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

Category/Facility	Pigeon Point Landfill		Cherry Island Landfill		Sandtown Landfill		Jones Crossroads Landfill	
	<i>Cubic Yards (yd<sup>3</sup>)</i>	<i>(Cubic Meters) (m<sup>3</sup>)</i>	<i>Cubic Yards (yd<sup>3</sup>)</i>	<i>(Cubic Meters) (m<sup>3</sup>)</i>	<i>Cubic Yards (yd<sup>3</sup>)</i>	<i>(Cubic Meters) (m<sup>3</sup>)</i>	<i>Cubic Yards (yd<sup>3</sup>)</i>	<i>(Cubic Meters) (m<sup>3</sup>)</i>
<b>LANDFILL GAS</b>	3.8	2.9	93.1	71.2	23.8	18.2	30.4	23.2
<b>COLLECTED</b>	3.8	2.9	30.5	23.3	23.8	18.2	30.4	23.2
<b>FLARED</b>	0	0	62.6	47.9	0	0	0	0
<b>BENEFICIALLY USED</b>	1.3	1.0	46.2	35.3	10.8	8.3	14.4	11.0
<b>METHANE CONTENT</b>	Barrels		Barrels		Barrels		Barrels	
(barrels of oil equivalency) <b>ENERGY VALUE OF GAS CAPTURED &amp; SOLD</b>	0		143,492		0		0	
(barrels of oil equivalency) <b>ENERGY POTENTIAL OF GAS CAPTURED &amp; FLARED</b>	6,072		69,650		49,753		66,660	

## WATER

Careful monitoring and testing of water resources around our landfills protects the quality of streams and rivers.

Category/Facility	Pigeon Point Landfill		Cherry Island Landfill		Sandtown Landfill		Jones Crossroads Landfill	
	<i>Gallons</i>	<i>Liters</i>	<i>Gallons</i>	<i>Liters</i>	<i>Gallons</i>	<i>Liters</i>	<i>Gallons</i>	<i>Liters</i>
<b>LEACHATE</b> $\times 10^6$								
Collected	49.800	188.493	90.300	341.786	12.700	48.069	7.300	27.631
Recirculated	0	0	0	0	0.7	2.649	0	0
Treated Off-Site	49.800	188.493	90.300	341.786	12.000	45.450	7.300	27.631
<b>PRECIPITATION</b> $\times 10^3$								
Falling on Active & Closed	149.300	565.101	231.600	878.606	135.000	510.975	121.800	461.013
<b>STORM WATER RUNOFF</b> $\times 10^3$								
*(Runoff=Precipitation-Leachate)	99.500	376.608	141.300	534.821	122.300	462.906	114.500	433.382
<b>ENVIRONMENTAL PROTECTION</b>	<i>No. of Units</i>		<i>No. of Units</i>		<i>No. of Units</i>		<i>No. of Units</i>	
<b>MONITORING</b>								
Groundwater, surface water and leachates								
Sampling Points		32		47		80		77
<b>ANALYSIS</b>								
Analysis Per Site	4,189		7,254		12,335		10,461	
<b>RESULTS</b> from leachate storage tanks	Results of groundwater analysis indicate that landfilling and recycling operations have not impacted groundwater quality at any DSWA facility.							

2005 Environmental Report  
For the Years Ended June 30, 2005 and 2004

**LEACHATE GENERATION AND MOVEMENT**

	<i>Pigeon Point Landfill</i>		<i>Cherry Island Landfill</i>		<i>Sandtown Landfill</i>		
	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>	
Collected	58,071,188	219,799,448	104,069,630	393,903,548	8,723,578	33,018,743	
Recirculated	0	0	0	0	1,391,760	5,267,812	
Treated Off-Site	58,071,188	219,799,448	104,069,630	393,903,548	8,207,434	31,065,138	CIL Records
					8,154,510	30,864,820	ST Records

CSWMC records indicate 8.4 loads less to CIL than CIL records indicate they received

**PRECIPITATION AND RUNOFF**

	<i>Pigeon Point Landfill</i>		<i>Cherry Island Landfill</i>		<i>Sandtown Landfill</i>	
	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>
Precipitation	141,996,191	537,455,583	259,143,049	980,856,439	106,678,304	403,777,381
Leachate Collected	58,071,188	219,799,446	104,069,630	393,903,548	8,723,578	33,018,743
Runoff	83,925,003	317,656,137	155,073,419	586,952,891	97,954,726	370,758,638
% Runoff	59.1%		59.8%		91.8%	

**LEACHATE GENERATION AND MOVEMENT**

	<i>Pigeon Point Landfill</i>		<i>Cherry Island Landfill</i>		<i>Sandtown Landfill</i>		
	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>	
$1 \times 10^6$ Collected	58.07	219.80	104.07	393.90	8.72	33.02	
Recirculated	0.00	0.00	0.00	0.00	1.39	5.27	
Treated Off-Site	58.07	219.80	104.07	393.90	8.21	31.07	CIL Records
					8.15	30.86	ST Records

CSWMC records indicate 8.4 loads less to CIL than CIL records indicate they received

**PRECIPITATION AND RUNOFF**

	<i>Pigeon Point Landfill</i>		<i>Cherry Island Landfill</i>		<i>Sandtown Landfill</i>	
	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>	<u>Gallons</u>	<u>Liters</u>
$1 \times 10^6$ Precipitation	142.0	537.5	259.1	980.9	106.7	403.8
Leachate Collected	58.1	219.8	104.1	393.9	8.7	33.0
Runoff	83.9	317.7	155.1	587.0	98.0	370.8
% runoff	59.1%		59.8%		91.8%	

	<u>Number of Units</u>	<u>Number of Units</u>	<u>Number of Units</u>
Sampling Locations	31	45	80
Samples	3,915	6,013	14,330

2005 Environmental Report  
 For the Years Ended June 30, 2005 and 2004

*Jones Crossroads Landfill*

<u>Gallons</u>	<u>Liters</u>
9,136,838	34,582,932
0	0
8,919,689	33,761,023 CIL Records
9,014,180	34,118,671 JC Records

SSWMC records indicate 15 loads more shipped than CIL records received—these are loads to DuPont

*Jones Crossroads Landfill*

<u>Gallons</u>	<u>Liters</u>
96,269,377	364,379,593
9,136,838	34,582,932
87,132,539	329,796,661

90.5%

*Jones Crossroads Landfill*

<u>Gallons</u>	<u>Liters</u>
9.14	34.58
0.00	0.00
8.92	33.76 CIL Records
9.01	34.12 JC Records

SSWMC records indicate 15 loads more shipped than CIL records received - these are loads to DuPont

*Jones Crossroads Landfill*

<u>Gallons</u>	<u>Liters</u>
96.3	364.4
9.1	34.6
87.1	329.8

90.5%

Number of Units

74
11,334



## 2005 Recycling Report

Delaware generated a total of **2,689,089** tons of material to be managed. A total of **1,055,200** tons of materials were disposed of in DSWA landfills. The remaining **1,633,889** tons reported to DSWA, or **61%**, were recycled or reused.

**THE FOLLOWING COMPANIES PURCHASED RECYCLABLE MATERIALS FROM THE IPF IN 2005:**

Company	Tons	Commodity
Bristol Paper Recycling–Millwood, NY	148	Plastic
Canusa Hershman–Baltimore, MD	198	
Cell Mark, Inc.–South Norwalk, CT	21	
Conti Group–Brooklyn, NY	175	
Global Recycling Services–Edison, NJ	20	
PREI/Recycle America–Youngsville, NC	548	
Trex Co - Winchester, VA	86	Plastic Bags
Waste Management–Cherry Hill, NJ	60	Steel Cans
Conti Group–Brooklyn, NY	80	
Canusa Hershman–Baltimore, MD	39	
Cell Mark, Inc.–South Norwalk, CT	234	
Diamond State Recycling–Wilmington, DE	166	Aluminum Cans
Garden State Recycling–Edison, NJ	5,345	Cardboard
Todd Heller Inc.–Northampton, PA	4,192	Glass
CitiSteel, USA–Claymont, DE	299	Oil Filters
Butler Paper Recycling–Suffolk, VA	24	Paper
Canusa Hershman–Baltimore, MD	3,458	
Cell Mark, Inc.–South Norwalk, CT	88	
Creafill Fibers Corp–Chestertown, MD	551	
Garden State Recycling–Edison, NJ	422	
Marcal Paper Mills–Elmwood Park, NJ	3,032	
Waste Management/RAA–Wilmington, DE	8,040	
Computer Donation Management–Baltimore, MD	1,279	Electronic Goods
Dumont Export Corp–Philadelphia, PA	53	Textiles

**DSWA Electronic Goods Recycling Program**

<i>Devices</i>	
Monitors	\$ 21,218
CPU/Hard Drives	17,650
Printers	12,451
Televisions	5,955
Microwaves	843
Other	7,904
<b>TOTAL</b>	<b>\$66,021</b>

**Beneficial Use of Special Waste Materials**

Materials used for cover or construction projects

<i>Item</i>	<i>Tons</i>	<i>Metric Tons</i>
PPL Stabilized		
Sludge	299,832	272,003
Barrier	48,278	43,797
Clean Earth	400,011	362,834
Recover Mat	68,350	62,006
ReagentM	0	0
<b>TOTAL</b>	<b>816,471</b>	<b>740,640</b>

**Total RECYCLE DELAWARE Collection and IPF Processing Costs**

Collection Cost	\$ 3,114,044
Processing Cost	2,194,334
<b>TOTAL COSTS</b>	<b>5,308,378</b>
Less Revenue from Sale of Recyclable Materials	1,514,258
<b>TOTAL COSTS OF PROGRAM AFTER REVENUES</b>	<b>\$3,794,120</b>

## 2005 Recycling Report

### Breakdown of Costs to Collect Materials for Recycling in the RECYCLE DELAWARE, Electronic Goods and Curbside Recycling Programs

<i>Item</i>	<i>RECYCLE DELAWARE</i>	<i>Electronic Goods</i>	<i>Curbside</i>
Employee Costs (wages)	\$333,697	\$ 41,292	382,544
Contractor's Operating Costs (contract DSWA-498)	1,545,666	0	0
Contractual Services (temporary services, insurance, etc.)	296,783	7,009	439,198
Professional Services (legal & auditing services)	130,138	0	3,119
Travel	355	499	930
Utilities	6,042	529	5,028
Supplies & Materials	424,462	3,147	128,552
Depreciation (land, site, equipment, vehicles)	105,773	9,786	90,286
G & A Distribution (overhead, accounting fees)	208,866	0	0
<b>TOTAL RECYCLED OR REUSED</b>	<b>\$ 3,051,782</b>	<b>\$ 62,262</b>	<b>1,049,657</b>

### Breakdown of Costs to Process Materials at the Intermediate Processing Facility (IPF)

<i>Item</i>	<i>RECYCLE DELAWARE</i>	<i>Electronic Goods</i>
Employee Costs (wages)	\$ 456,476	\$ 61,938
Contractual Services (temporary services, insurance, etc.)	498,102	229,952
Professional Services (legal & auditing services)	182,480	0
Travel	1,355	0
Utilities	73,754	892
Supplies & Materials	139,009	6,438
Depreciation (land, site, equipment, vehicles)	229,553	1,087
G & A Distribution (overhead, accounting fees)	313,298	0
Bond Interest	0	0
<b>TOTAL RECYCLED OR REUSED</b>	<b>\$ 1,894,027</b>	<b>\$ 300,307</b>

### Total per Ton Revenues and Cost by Commodities for Material Recycled

<i>Material</i>	<i>Avg. Market Cost per Ton</i>	<i>DSWA Processing Cost per Ton</i>	<i>DSWA Collection Cost per Ton</i>	<i>Net Value per Ton</i>
ONP (newspaper)	\$ 53	\$ 79	\$109	\$(135)
OCC (cardboard)	26	79	172	(225)
Office Paper	111	79		32
Junk Mail	50	79	105	(134)
Clear Glass	20	79	177	(236)
Brown Glass	8	79	193	(264)
Green Glass	0	79	218	(297)
Aluminum	1,227	79	245	903
Steel Cans	145	79	245	(179)
Plastic Bottles	142	79	447	(384)
Plastic Grocery Bags	-	79	71	(150)
Oil Filters	5	79	71	(145)
Textiles	25	n/a	71	(46)
Electronic Goods	-	227	50	(277)
Batteries	-	79	808	(887)

## Definition of Terms

### RECYCLE DELAWARE

DSWA operates a voluntary recycling program for the residents of Delaware. Over 140 RECYCLE DELAWARE centers statewide provide recycling containers for most common household recyclable items. (See chart for a list of accepted items at RD centers.)

#### Curbside Collection

DSWA offers a voluntary curbside recycling collection service to New Castle County and Kent County residents only. This once pilot program continues to grow, and in FY 2005 it reached over 5,500 customers. Customers pay a minimal fee to have recyclables collected curbside once a week. These materials are source separated into color-coded bags, thus keeping recyclables clean from contaminants. (See chart for a list of accepted items.)

#### DSWA Facility

DSWA offers other recycling programs at each of its facilities. Programs offered include yard waste recycling, tire recycling, and white goods (appliance) recycling. These materials are kept separate from garbage and are processed and prepared for markets.

#### Post Office

DSWA continues to work with over 13 United States Post Offices in an effort to divert all Undeliverable Bulk Business Mail (UBBM) from the waste stream. DSWA provides a large roll-off container for each post office, where postal employees deposit all UBBM at the end of the day.

#### Oil Filters

DSWA provides a 55-gallon drum to over 500 service stations throughout Delaware. Each service station deposits all used oil filters into the drums. DSWA employees collect and process all the filters. Once processed, all filters are sent to CitiSteel, where they are made into new steel products.

#### EGR (Electronic Goods Recycling)

DSWA provides a free electronics collection program for all Delaware schools, businesses, and residents. This program collects a range of electronic devices, then recycles or refurbishes over 85% of the material collected.

#### NKS

DSWA partners with NKS Distributors to collect and process all glass bottles collected at various NKS collection points throughout Delaware. On average, DSWA and NKS recycle over 4,500 cases of glass bottles a week.

#### Delaware Businesses

DSWA conducts an annual survey of all Delaware businesses involved in recycling. This survey shows the different materials recycled and identifies the collection method used, thus avoiding double counting of materials reported.

Item/Source	RECYCLE DELAWARE	Curbside Collection
ONP (newspaper)	11,746	402
OCC (cardboard)	2,366	75
Office Paper		
Junk Mail	1,476	339
Clear Glass	1,181	
Brown Glass	370	
Green Glass	797	
Mixed Glass		327
Aluminum & Steel Cans	665	68
Plastic Bottles	988	45
Plastic Grocery Bags	86	
Plastics		
Polystyrene		
Household Batteries	55	
Motor Oil	1,385	
Oil Filters		
Anti-freeze		
Textiles	46	
Electronic Goods		
Yard Waste		58
Special Waste (landfill applications)		
C&D (asphalt, concrete, wood)		
All Aluminum		
Ferrous		
All Other Non-Ferrous		
White Goods		
Scrap Cars		
Automotive Batteries		
Tires		
Other (vegetable oil, ink, soil, etc.)		
<b>SUB-TOTALS</b>	<b>21,161</b>	<b>1,314</b>

# 2005 Recycling Report

<b>DSWA Facility</b>	<b>Post Office</b>	<b>Oil Filters</b>	<b>EGR</b>	<b>NKS</b>	<b>Delaware Businesses</b>	<b>TOTAL Tons</b>	<b>% of Total</b>
					26	174	0.01%
					7,182	9,623	0.56%
282					1,093	1,375	0.08%
	948				8	2,771	0.17%
						1,181	0.07%
						370	0.02%
						797	0.05%
				1,787	101	2,215	0.14%
					4,716	5,449	10.33%
						1,033	0.06%
						86	0.00%
					29,084	29,084	1.78%
					190	190	0.01%
					-	55	0.00%
					1,212	2,597	0.16%
		483				483	0.03%
					65	65	0.00%
						46	0.00%
			1,309			1,309	0.08%
5,646					37,968	43,672	2.67%
816,471						816,471	49.97%
44,206					197,050	147,469	9.03%
					6,431	4,703	0.28%
					450,660	485,581	29.72%
					4,420	5,110	0.31%
2,927					7,753	10,680	0.65%
					14,202	14,202	0.87%
					1,802	1,802	0.11%
2,122					11,044	13,166	0.81%
					32,130	32,130	1.97%
<b>871,372</b>	<b>948</b>	<b>483</b>	<b>1,309</b>	<b>1,787</b>	<b>807,138</b>	<b>1,633,889</b>	<b>100%</b>

NOVEMBER 30, 2005

The Honorable Chair and Members of the Board of Directors  
of the Delaware Solid Waste Authority:

The Comprehensive Annual Financial Report (CAFR) of the Delaware Solid Waste Authority (DSWA) for the fiscal year ended June 30, 2005, is hereby submitted. This report has been prepared in conformity with the Reporting and Accounting Standards established by the Governmental Accounting Standards Board, the Financial Accounting Standards Board, and with the Accounting and Reporting Standards for Enterprise Funds set out by the Government Finance Officer's Association of the United States and Canada. The DSWA's management is responsible for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures necessary to enable the reader to gain an understanding of the DSWA's financial activities.



This report is organized into three sections. The Introductory Section includes this letter of transmittal and other related items. The Financial Section includes the report of the Independent Auditors, Management's Discussion and Analysis, the General Purpose Financial Statements, and Notes to the financial statements. The Statistical Section contains current and historical data on DSWA's operations and solid waste tonnages.

#### 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 facilities and the operation of various segments of its recycling programs. Users of DSWA facilities are eligible to participate in a Differential Disposal Fee Program that offers special pricing and rebates to anyone that contracts to bring all acceptable solid waste generated and collected in the State to a DSWA facility. 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 are 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 are maintained by segregation of duties and physical and data security systems in all areas of record keeping, billing, cash receipts, disbursements, and purchasing authority. These control systems are reviewed regularly by staff.

## CASH MANAGEMENT

The DSWA's Operations Cash and Cash Reserves are managed by Wilmington Trust Company under an Investment Management Agreement that includes the State of Delaware, Delaware State Housing Authority, and the Delaware Transportation Trust. 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 Workers' Compensation Insurance, the DSWA participates in the State of Delaware's plan. Since by law the DSWA can sue and be sued, it purchases Coverage B for Workmen's Compensation on the open market. A safety program including safety regulations, first-aid training, and driver safety classes is actively administered and enforced to minimize exposures and manage incidents.

## FINANCIAL CONDITION AND OUTLOOK

The DSWA maintains a strong financial position as evidenced by cash reserves and the absence of bonded indebtedness since March of 2003. The State of Delaware has enjoyed the most consistent economic growth in the region. Its population has grown at an average rate of 1.4% annually since 2000. Construction of new housing and other development, especially in Kent and Sussex counties has kept pace with the population growth. These combined events have increased the solid waste stream managed by the DSWA. It is anticipated that this growth rate will continue into the future.

Extended comments on various components of the DSWA's financial condition are contained in Management's Discussion and Analysis, which precedes the financial statements.

## CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Delaware Solid Waste Authority for its comprehensive annual report for the fiscal year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

## ACKNOWLEDGMENTS

At this time I would like to acknowledge the contributions of the staff of the Financial Services Group and our Independent Certified Public Accountants in the preparation of the comprehensive annual financial report. I also want to acknowledge the DSWA's Board of Directors and Senior Management for their support and commitment to make the Delaware Solid Waste Authority a leader in the solid waste industry.

Sincerely,



Ronald J. Peters, Sr.  
Chief Financial Officer

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of Delaware Solid Waste Authority as of June 30, 2005 and 2004, and the related statements of revenues and expenses and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Delaware Solid Waste Authority as of June 30, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Management's Discussion and Analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Elko & Associates Ltd.

August 18, 2005

## 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, 2005 and 2004. We encourage readers to consider the information presented here in conjunction with additional information we have furnished in our letter of transmittal (beginning on page 1-1) and the accompanying financial statements (beginning on page 2-6).

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The basic Enterprise Fund Financial Statements can be found on pages 2-6 through 2-10 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 2-11 through 2-22 of this report.

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

## FINANCIAL HIGHLIGHTS

- The DSWA's assets exceeded its liabilities (net assets) by approximately \$102.7 million and \$100.5 million at the close of fiscal years 2005 and 2004, respectively. This represents an increase of approximately \$2.2 million (2.2%) in 2005 over the previous year.
- Total operating revenue increased by approximately \$2.9 million, or 5.6%, over the previous year. Net user fees reported in this item are net of the Differential Disposal Fee Program rebates of approximately \$10.9 million in 2005 and \$10.5 million in 2004 (see Note 9). Other income includes \$1.6 million from the sale of Marketable Recyclables in 2005 compared to \$1.2 million in 2004.
- Total operating expenses for 2005 increased by \$17.8 million, or 48.9%, over the previous year. The largest increase, \$12.1 million, can be attributed to recognizing the liability for landfill closure and post-closure care costs (see Note 5). The remaining \$5.7 million is the result of expanded recycling programs, increased contractual services, depreciation on current year placed in service property, plant and equipment, and inflation.
- Excess operating revenues over expenses decreased from the prior year by \$14.9 million.
- Non-operating revenues and expenses combined for a net gain of \$2.5 million in excess revenues over expenses compared to 2004.
- The Fiscal Year 2004 included recognition of an impairment loss to the carrying value of assets located at the Delaware Recycling Center. The loss is attributable to the disposal of equipment and demolition of obsolete and unused buildings.

## SUMMARY OF NET ASSETS

As noted earlier, net assets may serve over time as a useful indicator of DSWA's financial position. The DSWA's net assets increased each of the last two years, \$2,162,180 during fiscal year 2005 and \$9,258,743 during fiscal year 2004. A condensed summary of the DSWA's net assets for the two years being reported is presented below:

	Net Assets	
	2005	2004
Current Assets and Other Assets	\$ 94,147,073	\$ 77,762,931
Capital Assets	85,862,097	82,284,983
<b>Total Assets</b>	<b>180,009,170</b>	<b>160,047,914</b>
Current Liabilities	19,910,720	16,396,297
Long-Term Obligations	57,383,574	43,098,921
<b>Total Liabilities</b>	<b>77,294,294</b>	<b>59,495,218</b>
Net Assets:		
Invested in Capital Assets	85,862,097	82,284,983
Unrestricted	16,852,779	18,267,713
<b>Total Net Assets</b>	<b>\$102,714,876</b>	<b>\$100,552,696</b>

Net assets invested in capital assets represents the DSWA's investment in capital assets (e.g., land, land improvements, buildings, and equipment). The DSWA uses these capital assets to provide services to its customers and, consequently, these assets are not available for future spending. The remaining balance of net assets (approximately 16.4% at June 30, 2005) is considered unrestricted. The DSWA is, however, bound by Resolution of its Board of Directors to maintain certain Reserve Funds, Liability Reserve, and Operations Reserve, established in fiscal year 2004 to cover any liabilities it may face and provide additional funding to support its operations. These two reserve funds were established at \$15.0 million and \$25.0 million, respectively. Any remaining unrestricted balance can and has been used by the DSWA to fund Capital Improvement Projects during fiscal year 2005 in lieu of issuing debt. It should be noted here that the DSWA defeased its remaining outstanding bond issue in fiscal year 2003 and has remained debt free through the close of fiscal year 2005.

## SUMMARY OF REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

Summary of revenues and expenses and changes in net assets for the years ended June 30, 2005 and 2004, is presented below:

	Changes in Net Assets	
	2005	2004
Operating Revenues		
User Fees: Solid Waste	\$ 51,863,234	\$ 49,437,052
User Fees: Sludge	203,520	305,280
Marketing Income Recyclables	1,558,363	1,229,492
L/F Gas Marketing Income	196,367	151,089
Other Income	287,262	132,284
<b>Total Operating Revenues</b>	<b>54,108,746</b>	<b>51,255,197</b>
Operating Expenses		
Salaries and Related Costs	6,673,937	5,682,691
Contractual Services	20,093,314	17,598,697
Depreciation	8,297,202	7,154,362
Landfill Closure	14,761,358	2,641,361
Other Expenses	4,303,670	3,260,999
<b>Total Operating Expenses</b>	<b>54,129,481</b>	<b>36,338,110</b>
Excess Operating Revenues Over Expenses	(20,735)	14,917,087
Non-Operating Revenues (Expenses)	2,182,915	(312,384)
Special Items—(Losses)	–	(6,017,873)
Cumulative Effect of Accounting Change	–	671,913
<b>Increase in Net Assets</b>	<b>2,162,180</b>	<b>9,258,743</b>
Net Assets—Beginning of Year	100,552,696	91,293,953
Net Assets—End of Year	<b>\$102,714,876</b>	<b>\$100,552,696</b>

Net assets increased \$2,162,180 and \$9,258,743 during the fiscal years ended June 30, 2005 and 2004, respectively. The decrease between 2004 and 2005 of \$7,096,563 was mainly due to the increase in the accrual for landfill closure and post-closure care costs.

## CAPITAL ASSET ACTIVITY

### Note 4 – Capital Assets

Provides a summary of the changes in capital assets for the year ended June 30, 2005. The following is a description of the major items affecting the year-end balances.

#### 1. Construction in Progress

Increases: Construction of the two (2) Sussex County Transfer Stations. 1) Rt. 5—\$3,540,219, and 2) Milford—\$3,345,796. Construction and renovation of the Pine Tree Corners Transfer Station—\$1,114,420. Landfill Gas Collection System—\$937,629 and landfill design—\$545,940 at the Cherry Island Landfill.

Decreases: Land improvements at the Cherry Island Landfill including new entrance and scales—\$5,684,642. Substantial completion of Pine Tree Corners Transfer Station—\$5,767,050.

#### 2. Depreciable Capital Assets

Increases: Land improvements at the Cherry Island Landfill—\$5,689,915. The Pine Tree Corners Transfer Station buildings—\$6,111,870. Furniture and Equipment, including heavy construction equipment at Rt. 20 landfill—\$762,786. Sorting Line Equipment at the Intermediate Processing Facility—\$156,724. Computer Equipment at various facilities—\$25,020. Replacement and new fleet vehicles—\$274,636.

## REVIEW OF OPERATIONS

**Landfill Operations.** During the fiscal year 2005, the DSWA's three operating landfills managed the disposal of 1,118,989 tons of waste compared to 1,059,702 tons during the previous fiscal year. Of the total waste received, 63,802 tons of construction and demolition waste were recycled into an alternate cover material. Also, 1,616 tons of tires were recycled, and 3,494 tons of yard waste were recycled as a mulch or cover material. The user fee for solid waste remained \$58.50/ton for the twelfth consecutive year.

**Transfer Station.** The Pine Tree Corners Transfer Station continued to serve Southern New Castle County while expansion construction continued. When complete, the facility will have a new, larger building for handling commercial customers and a renovated (existing) building for residential and small-load customers.

**Collection Stations.** The DSWA's five collection stations located in Kent and Sussex counties continued to provide disposal services to residents for bagged household waste at the rate of \$1/bag. A total of 55,532 customers disposed 93,304 bags of household waste during fiscal year 2005.

**Recycling.** During the fiscal year, the DSWA's Recycle Delaware Igloo Program collected 19,284 tons of recyclables. The Oil Filter Program marketed 285 tons of filters collected from over 500 locations statewide. The Electronic Goods Program marketed 1,281 tons of electronic goods for recycling. The Intermediate Processing Junk Mail Program marketed 2,967 tons of junk mail for recycling into various paper products. The Intermediate Processing Facility marketed a total of 28,553 tons of recyclable materials. The DSWA's Residential Curbside Collection Program continued to grow with expanded service to all of New Castle County. By the close of the fiscal year, the number of participating households was 3,729.

**Plans for the Future.** DSWA's plans for the future include the construction and operation of two transfer stations in Sussex County. One located off Route 5 in Long Neck will provide service to the resort area and Eastern Sussex County, and one in the City of Milford will service Northern Sussex County and Southern Kent County. Both transfer stations are scheduled to be operational early in calendar 2006. The DSWA is financing these projects through the use of cash reserves. Future plans also call for expanding the capacity of the Cherry Island Landfill. This project will be financed through the issuance of revenue bonds in the amount of \$60.0 million plus issuance costs. It is anticipated the bonds will be issued in the first half of calendar 2006. Expansion of DSWA's Recycling Program includes offering Curbside Collection in Kent County beginning in September 2005. Adding a second sorting line will expand the capacity of the Intermediate Processing Facility.

This financial report is designed to provide its readers with an overview of the DSWA's 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:

Ronald J. Peters, Sr., Chief Financial Officer  
Delaware Solid Waste Authority  
P.O. Box 455, 1128 S. Bradford Street  
Dover, DE 19903-0455  
Telephone: (302) 739-5361

Respectfully submitted,



Ronald J. Peters, Sr.  
Chief Financial Officer

# 2005 Financial Report—Statements of Net Assets

For the Years Ended June 30, 2005 and 2004

## ASSETS

	2005	2004
<b>CURRENT ASSETS</b>		
Cash and cash equivalents—Note 2	\$ 1,963,436	\$ 703,830
Investments—Note 3	85,208,014	70,742,171
Accounts receivable (less reserve for doubtful accounts of \$25,000 and \$110,000)	5,995,920	5,863,101
Prepayments and miscellaneous receivables	979,703	453,829
Total Current Assets	94,147,073	77,762,931
<b>CAPITAL ASSETS—Note 4</b>		
Land	19,981,612	19,981,612
Land improvements	120,787,248	115,022,238
Buildings	31,972,612	25,265,061
Equipment and furniture	8,340,998	7,373,382
Vehicles	1,684,844	1,456,486
Total	182,767,314	169,098,779
Less: Accumulated depreciation	112,906,391	105,122,879
	69,860,923	63,975,900
Construction in progress—Note 4	16,001,174	18,309,083
Total Capital Assets	85,862,097	82,284,983
<b>TOTAL ASSETS</b>	<b>\$180,009,170</b>	<b>\$160,047,914</b>

## LIABILITIES AND NET ASSETS

	2005	2004
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 6,428,158	\$ 3,571,656
Contracts payable, including retainage	1,219,719	1,109,602
Refundable security deposits	57,729	49,529
Accrual for compensated absences	491,767	458,976
Other accrued expenses	333,473	290,056
Accrual for landfill closure and post-closure care costs—Note 5	450,000	465,000
Contract rebate payable—Note 9	10,929,874	10,451,478
Total Current Liabilities	19,910,720	16,396,297
<b>LONG-TERM OBLIGATIONS</b>		
Deferred revenues—Note 7	890,107	886,011
Accrual for landfill closure and post-closure care costs—Note 5	56,493,467	42,212,910
Total Long-Term Obligations	57,383,574	43,098,921
Total Liabilities	77,294,294	59,495,218
<b>NET ASSETS</b>		
Invested in capital assets	85,862,097	82,284,983
Unrestricted	16,852,779	18,267,713
TOTAL NET ASSETS	102,714,876	100,552,696
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$180,009,170</b>	<b>\$160,047,914</b>

The accompanying  
notes are an integral  
part of these statements

2005 Financial Report  
For the Years Ended June 30, 2005 and 2004

**STATEMENTS OF REVENUES AND EXPENSES  
AND CHANGES IN NET ASSETS**

	2005	2004
<b>OPERATING REVENUES</b>		
Net user fees: Solid waste	\$ 52,069,028	\$ 49,742,332
Other income	2,039,718	1,512,865
Total Operating Revenues	54,108,746	51,255,197
<b>OPERATING EXPENSES</b>		
Salaries and related costs	6,673,937	5,682,691
Professional services	1,771,789	1,140,399
Travel	118,786	76,867
Supplies and materials	1,448,597	1,067,720
Utilities	964,498	976,013
Contractual services	20,093,314	17,598,697
Landfill closure and post-closure care costs	14,761,358	2,641,361
Depreciation expense	8,297,202	7,154,362
Total Operating Expenses	54,129,481	36,338,110
EXCESS (DEFICIENCY) OPERATING REVENUES OVER EXPENSES	(20,735)	14,917,087
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Net investment income (loss)	2,402,026	(179,357)
Other non-operating expenses	(219,111)	(133,027)
Total Non-Operating Revenues (Expenses)	2,182,915	(312,384)
EXCESS REVENUES OVER EXPENSES BEFORE SPECIAL ITEMS	2,162,180	14,604,703
<b>SPECIAL ITEMS</b>		
Impairment loss	-	6,017,873
Total Special Items	-	6,017,873
EXCESS REVENUES OVER EXPENSES AFTER SPECIAL ITEMS BEFORE CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE	2,162,180	8,586,830
CUMULATIVE EFFECT OF AN ACCOUNTING CHANGE— Note 1(H) and Note 12	-	671,913
EXCESS REVENUES OVER EXPENSES	2,162,180	9,258,743
<b>NET ASSETS—BEGINNING OF YEAR</b>	100,552,696	91,293,953
<b>NET ASSETS—END OF YEAR</b>	\$102,714,876	\$100,552,696

The accompanying  
notes are an integral  
part of these statements

# 2005 Financial Report

For the Years Ended June 30, 2005 and 2004

## STATEMENTS OF CASH FLOWS

	2005	2004
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 51,901,027	\$ 49,614,576
Cash paid to suppliers and employees	(28,523,895)	(26,235,154)
Other operating revenues	2,039,718	1,512,865
Net Cash Provided by Operating Activities	25,416,850	24,892,287
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest on investments	2,019,850	1,485,620
Increase in investments	(14,175,215)	(18,372,775)
Other investing income	123,787	78,418
Net Cash Used in Investing Activities	(12,031,578)	(16,808,737)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Cash payments for capital assets	(12,150,241)	(8,426,590)
Proceeds from sale of equipment	24,575	418,000
Net Cash Used in Capital and Related Financing Activities	(12,125,666)	(8,008,590)
<b>NET INCREASE IN CASH</b>	1,259,606	74,960
<b>CASH AND CASH EQUIVALENTS—BEGINNING OF YEAR</b>	703,830	628,870
<b>CASH AND CASH EQUIVALENTS—END OF YEAR</b>	\$ 1,963,436	\$ 703,830
RECONCILIATION OF EXCESS OPERATING REVENUES OVER EXPENSES TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
<b>EXCESS (DEFICIENCY) OPERATING REVENUES OVER EXPENSES</b>		
	\$ (20,735)	\$ 14,917,087
Adjustments to reconcile excess operating revenues over expenses to net cash provided by operating activities:		
Depreciation	8,297,202	7,154,362
Increase in accounts receivable	(132,819)	(1,102,298)
Increase in prepayments and miscellaneous receivables	(525,874)	(129,518)
Increase in accounts payable	2,856,502	887,295
(Increase) decrease in refundable security deposits	8,200	(4,300)
Increase in accrual for compensated absences	32,791	46,862
Increase in other accrued expenses	43,417	59,568
Increase in accrual for landfill closure and post-closure care costs	14,265,557	2,041,247
Increase in contract rebate payable	478,396	1,104,284
Increase (decrease) in contracts payable	110,117	(86,378)
Increase in deferred revenue	4,096	4,076
Total Adjustments	25,437,585	9,975,200
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	\$ 25,416,850	\$ 24,892,287

The accompanying notes are an integral part of these statements

# 2005 Financial Report—Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## **NOTE 1—Summary of Significant Accounting Policies**

### **(A) Reporting Entity**

The Delaware Solid Waste Authority (the "Authority") 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 Authority has been designated by the State of Delaware, under this act, as the sole entity, governmental or private, with the responsibility for planning and implementing solid waste, sewage sludge, and resource recovery programs and facilities throughout Delaware in accordance with the Statewide plan for solid waste management.

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

### **(B) Basis of Presentation**

The Authority 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 Authority follows all applicable pronouncements of the Governmental Accounting Standards Board (GASB) and those of the Financial Accounting Standards Board (FASB) issued before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements.

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

### **(C) Cash and Cash Equivalents**

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

For purposes of determining cash equivalents, the Authority 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 roll over into similar investments are considered part of the investment portfolio and are classified as investments.

### **(D) Capital Assets**

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

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

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

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

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

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity. Total depreciation expense for the years ended June 30, 2005 and 2004, was \$8,297,202 and \$7,154,362, respectively.

### **(E) Other Significant Accounting Policies**

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

# 2005 Financial Report—Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## **NOTE 1—Summary of Significant Accounting Policies, continued**

### **(F) Compensated Absences**

Vacation and sick leave pay are recorded as an expense when earned by the Authority's employees. As of June 30, 2005 and 2004, accrued vacation and sick leave aggregated \$491,767 and \$458,976, respectively, and is 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. 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 Authority 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.

### **(G) 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.

### **(H) Impairment of Long-Lived Assets**

The Authority elected to early adopt Statement No. 42 of the Government Accounting Standards Board (GASB), "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries." This statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs. Statement No. 42 is effective for fiscal years beginning after December 15, 2004.

The effect of adopting GASB No. 42 is the recognition of an impairment loss of \$0 and \$6,017,873 for the years ended June 30, 2005 and 2004, respectively (see Note 12).

### **(I) Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets represent capital assets less accumulated depreciation less any outstanding debt related to the acquisition, construction, or improvement of those assets.

### **(J) Closure and Post-Closure Obligations**

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

### **(K) Reclassifications**

Certain of the amounts previously reported in the financial statements for the prior year have been reclassified to conform with the current year classifications.

# 2005 Financial Report—Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## NOTE 2—Cash and Cash Equivalents

At June 30, 2005, the Authority's cash on hand and in banks is categorized as follows:

Petty cash	\$	3,639
Deposits insured by the FDIC and FSLIC or collateralized by various U.S. Treasury and other government agency securities held by the Depository in the Authority's name		1,959,797
Cash on hand and in bank		\$1,963,436

As of June 30, 2005, \$1,759,797 of the Authority's bank balance of \$1,959,797 was exposed to custodial credit risk. The deposits are exposed to custodial credit risk due to the fact that the collateral is in the pledging financial institution's name.

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

## NOTE 3—Investments

In accordance with the Authority's investment policy, investments are limited to U.S. Treasury Obligations, U.S. Government Agency Bonds and Notes, Wilmington U.S. Government Mutual Funds, and AA or better rated Corporate Bonds and Notes. As of June 30, 2005, the authority was in compliance with its investment policy.

The Authority has adopted Statement No. 31 of the Governmental Accounting Standards Board (GASB), "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This standard requires investments to be carried at fair value.

GASB No. 31 has been applied retroactively to investments of prior years. The effect of the change in 2004 was to decrease net investment income by \$1,797,590. The adjustment of \$671,913 included in 2004 revenues over expenses is the cumulative effect of applying the new method retroactively.

The following pro forma amounts show the effect of the retroactive application of the change from reporting investments at amortized cost to fair value.

	Actual	Pro Forma
2004		
Excess revenues over expenses before special items	\$14,604,700	\$14,604,700
Excess revenues over expenses	9,258,743	8,586,827

The net change in the fair value of the Authority's investments as of June 30, 2005, resulted in an unrealized gain of \$556,536 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. 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 and (losses) for the years ended June 30, 2005 and 2004, were \$(265,906) and \$15,286, respectively.

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

The Authority's investments are categorized as follows to give an indication of the level of risk assumed by the Authority: Category 1 includes investments that are insured or registered or for which the securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the brokers' or dealers' trust department or agent in the Authority's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent but not in the Authority's name. The Authority has no investments that would be included in Category 3.

# 2005 Financial Report— Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## **NOTE 3—Investments, continued**

The Authority's investments are summarized as follows:

	2005		2004	
	Fair Value/ Carrying Value	Cost	Fair Value/ Carrying Value	Cost
U.S. Treasury Obligations (Category 1)	\$13,210,964	\$13,313,782	\$ 9,051,408	\$ 9,122,305
U.S. Government Agency Bonds and Notes (Category 1)	31,327,441	31,526,260	24,139,859	24,263,914
Wilmington U.S. Government Mutual Funds (Category 2)	9,656,233	9,656,234	12,181,885	12,181,841
Corporate Bonds and Notes (Category 2)	31,013,376	31,280,876	25,369,019	26,299,785
<b>Total Investments</b>	<b>\$85,208,014</b>	<b>\$85,777,152</b>	<b>\$70,742,171</b>	<b>\$71,867,845</b>

The investments mature as follows:

	Total	2006	2007	2008	2009
U.S. Treasury Obligations	\$13,210,964	\$ 2,068,433	\$ 6,164,586	\$ 4,412,984	\$ 564,961
U.S. Government Agency Bonds and Notes	31,327,441	7,757,067	11,735,563	8,458,677	3,376,134
Wilmington U.S. Government Mutual Funds	9,656,233	9,656,233	-	-	-
Corporate Bonds and Notes	31,013,376	19,003,941	3,585,304	8,424,131	-
	<b>\$85,208,014</b>	<b>\$38,485,674</b>	<b>\$21,485,453</b>	<b>\$21,295,792</b>	<b>\$3,941,095</b>

The Authority does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

## **NOTE 4—Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2005, is as follows:

	June 30, 2004	Increases	Decreases	June 30, 2005
<b>Capital assets not being depreciated:</b>				
Construction in progress	\$18,309,083	\$10,832,813	\$(13,140,722)	\$ 16,001,174
Land	19,981,612	-	-	19,981,612
<b>Total capital assets not being depreciated</b>	<b>38,290,695</b>	<b>10,832,813</b>	<b>(13,140,722)</b>	<b>35,982,786</b>
<b>Depreciable capital assets:</b>				
Land and land improvements	115,022,238	5,765,010	-	120,787,248
Less: accumulated depreciation	(86,763,074)	(6,165,155)	-	(92,928,229)
Buildings	25,265,061	6,707,551	-	31,972,612
Less: accumulated depreciation	(11,968,399)	(6,573,804)	5,418,714	(13,123,489)
Equipment and furniture	7,373,382	1,468,491	(500,875)	8,340,998
Less: accumulated depreciation	(5,621,421)	(266,750)	96,007	(5,792,164)
Vehicles	1,456,486	274,636	(46,278)	1,684,844
Less: accumulated depreciation	(769,985)	(476,541)	184,017	(1,062,509)
Depreciable assets, net of accumulated depreciation	43,994,288	733,438	5,151,585	49,879,311
<b>Capital assets, net</b>	<b>\$82,284,983</b>	<b>\$11,566,251</b>	<b>\$ (7,989,137)</b>	<b>\$ 85,862,097</b>

# 2005 Financial Report—Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## **NOTE 4—Capital Assets, continued**

The status of the Authority's construction in progress at June 30, 2005, is as follows:

	<u>Expected Completion Date</u>	<u>Costs to Date</u>	
<b>Northern Solid Waste Facility</b>			
Site Improvements—Pine Tree	December 2005	\$1,461,479	
Landfill Design	2007	6,010,877	
Preliminary Costs—Land Acquisition	Ongoing	10,580	
Site Improvements—ECF	Ongoing	518	
Mercantile Store	Ongoing	1,133	
Total		7,484,587	\$ 7,484,587
<b>Central Solid Waste Facility</b>			
Area A/B Capping	December 2005	353,824	
Landfill Gas Utilization	December 2005	17,004	
Land Acquisition Costs		39,753	
Dover Transfer Station	2007	318	
Total		410,899	410,899
<b>Southern Solid Waste Facility</b>			
Landfill Gas Utilization	December 2005	17,004	
Resort Transfer Station	December 2005	4,226,126	
Milford Transfer Station	September 2005	3,854,684	
Maintenance Building	Spring 2006	1,469	
Leachate Truck Loading	Ongoing	6,405	
Total		8,105,688	8,105,688
Total Construction In Progress		\$16,001,174	\$16,001,174

## **NOTE 5—Landfill Closure and Post-Closure Care Costs**

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

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 Authority 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, \$56,943,467 as of June 30, 2005, and \$42,677,910 as of June 30, 2004, represent the cumulative amount reported based on the estimated percentage of landfill capacity used as of those dates. The Authority will recognize the remaining estimated cost of closure and post-closure care of \$73,392,004 as the remaining estimated capacity is filled. The estimated total current cost of the landfill closure and post-closure care of \$130,335,471 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, 2005. 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 Authority's landfills as of June 30, 2005:

<u>Landfill</u>	<u>Estimated Capacity Used</u>	<u>Cumulative Remaining Life</u>	<u>Accrued Costs</u>	<u>Costs to be Recognized in the Future</u>
Cherry Island	93.71%	1 year	\$31,960,781	\$ 2,246,139
Central	28.04%	51 years	6,300,836	40,410,165
Southern	34.97%	24 years	13,956,850	30,735,700
Pigeon Point	100.00%	Closed 1985	4,725,000	-
Total			\$56,943,467	\$73,392,004

# 2005 Financial Report—Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## **NOTE 5—Landfill Closure and Post-Closure Care Costs, continued**

The current available remaining capacity of Phase III, IV, and V of the Cherry Island Landfill is 546,350 tons.

The Authority has contracted to design a system to provide a minimum of 12,000,000 tons of capacity in Phase III, IV, and V. This will extend the cumulative remaining life of Cherry Island Landfill an additional twenty (20) years. The current available remaining capacity as noted above is based on current capacity and does not give effect to planned increases.

In August 2000, the Authority acquired access to additional adjacent land from the U.S. Army Corps of Engineers. This, known as Phase VI, VII, and VIII, is projected to add an additional 13,500,000 tons of capacity to the Cherry Island Landfill extending the cumulative remaining life by another twenty-four (24) years. The Authority will have access to this property only after the U.S. Army Corps of Engineers has finished using the site for their dredge spoil disposal activity. It is currently estimated that the Authority will have access to this property in 2010.

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

	<u>Total</u>	<u>Cherry Island</u>	<u>Central</u>	<u>Southern</u>	<u>Pigeon Point</u>
Balance of accrual, June 30, 2004	\$42,677,910	\$21,220,526	\$5,094,094	\$11,893,290	\$4,470,000
Current year expenditures:					
Closure costs	-	-	-	-	-
Post-closure costs	(495,801)	-	-	-	(495,801)
Net accrual	<u>42,182,109</u>	<u>21,220,526</u>	<u>5,094,094</u>	<u>11,893,290</u>	<u>3,974,199</u>
Balance of accrual, June 30, 2005	56,943,467	31,960,781	6,300,836	13,956,850	4,725,000
Net closure and post-closure care costs recognized in current year	<u>\$14,761,358</u>	<u>\$10,740,255</u>	<u>\$1,206,742</u>	<u>\$ 2,063,560</u>	<u>\$ 750,801</u>

Included in the computation of Landfill Closure and Post-Closure Care Costs as of June 30, 2005, are closure costs for: (1) Pine Tree Corner Transfer Station of \$8,450; (2) Cheswold Collection Station of \$2,325; (3) Ellendale, Long Neck, Omar, and Bridgeville Collection Stations, each totaling \$1,650; and (4) Pigeon Point Transfer Station of \$12,511.

## **NOTE 6—Defeased Bonds**

Pursuant to the Governmental Accounting Standards Board Statement No. 7, "Advance Refundings Resulting in Defeasance of Debt," the Authority does not report defeased/refunded bond funds on its statement of net assets.

As of June 30, 2005, the Authority had two outstanding refunded bond issues which were originally reported on its statement of net assets. The payment of principal and interest on these bond issues is the responsibility of the escrow agent, the Wilmington Trust Company. The following is the schedule of refunded bonds outstanding as of June 30, 2005:

<u>Refunded Issue</u>	<u>Date of Issue</u>	<u>Amount Outstanding</u>	<u>Refunding Issue</u>
Landfill Refunding Revenue Bonds Series of 1987	3/1/87	\$ 1,080,000	Solid Waste System Refunding Revenue Bonds Series B of 1990
Solid Waste System Revenue Bond Series of 1995	11/15/95	\$13,705,000	Cash Defeasance

# 2005 Financial Report—Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## **NOTE 7—Deferred Revenues**

On February 1, 1990, the Authority entered into an agreement with the Delmarva Power Company which allowed Delmarva Power Company to dispose at the Authority's designated landfill areas up to 72,000 wet tons of fly ash product per year until a total of 1,440,000 wet tons is reached over a period of not less than twenty years and not more than thirty years. In exchange for this right, the Authority received 37.73 acres of land adjacent to the Cherry Island landfill. This land was independently appraised at \$864,250 and has been capitalized and included in the Authority's property, plant, and equipment at that value. Deferred revenue for the future dumping fees of this fly ash was recorded on the books and records of the Authority equal to the capitalized value of the property received in exchange. The Authority recognizes income each year based on the wet tons actually received, to the maximum of 72,000 tons per year, compared to the total amount of wet tons to be received over the agreed period of time. Delmarva Power Company has not dumped any fly ash at the Authority's designated landfill since the fiscal year ended June 30, 1993. Accordingly, the Authority has not recognized revenue from the dumping of fly ash since the fiscal year ended June 30, 1993. The balance of deferred fly ash income at June 30, 2005 and 2004, was \$788,260.

The Authority also sells tickets to residents of Kent and Sussex counties. These tickets are used by the residents when they drop off bags of trash at any one of the collection stations in Sussex County or the Cheswold Transfer Station in Kent County. Income from the sale of tickets is recognized by the Authority as the bags of trash are collected. The balance of deferred income from the sale of these tickets at June 30, 2005 and 2004, was \$101,847 and \$97,751, respectively.

## **NOTE 8—Pension Plan**

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

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

*Funding Policy:* Plan members are required to contribute 3% of their annual salary which exceeds \$6,000 per calendar year. The Authority is required to contribute at an actuarially determined rate, which was 13.25% and 11.56% of annual covered payroll for the twelve months ended June 30, 2005 and 2004, respectively. The contribution requirements for plan members and participating governments are established by State statute. The Authority's contributions to the System for the years ended June 30, 2005, 2004, and 2003, were \$606,064, \$462,955, and \$351,690, respectively, and were equal to the required contributions for each year.

## **NOTE 9—Contract Rebate Payable**

Since May of 1999, the Authority has offered a Differential Disposal Fee (DDF) Program to users of Authority facilities. The current program, which ended June 30, 2005, offers rebates of \$10.00/ton and \$13.50/ton for all qualifying tons and a \$40.00/ton "at the gate" fee for all dry waste delivered to designated facilities. For the program year ending June 30, 2005, three hundred forty-eight (348) participants received rebates totaling \$10,929,874.

The Authority has adopted a new Differential Disposal Fee Program that is scheduled to begin on July 1, 2005, and run through June 30, 2010. The rebates of \$10.00/ton and \$15.00/ton remain the same. The "at the gate fee" for all dry waste delivered to designated facilities will increase to \$42.00/ton.

## **NOTE 10—Risk Management**

The Authority 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 Authority 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.

# 2005 Financial Report—Notes to Financial Statements

For the Years Ended June 30, 2005 and 2004

## **NOTE 11—Commitments and Contingencies**

*Arbitrage:* The Authority paid the United States Treasury \$678,769 on June 30, 2002, as a rebate of cumulative positive arbitrage it had earned on the proceeds of the 1995 bonds. As of June 30, 2005, there is a negative cumulative rebate in the amount of \$819,390. If negative arbitrage continues, the Authority will be able to recoup up to \$631,000 upon final arbitrage rebate analysis to be done after the issue is fully redeemed on July 1, 2006.

*Litigation:* A claim has been asserted against the Authority in the sum of \$2,579,227. No litigation has been filed or threatened. The claim arises out of certain work performed, and various subcontractors, on behalf of the Authority and is based in part on various delays due to adverse weather. General counsel is of the opinion that a significant portion of the claim is unfounded and without any legal basis. It is also anticipated that the Authority will respond to the claim by denying it and making a counteroffer, and if the matter cannot be resolved amicably, that the Authority will contest the claim vigorously. General counsel has stated that it is difficult to evaluate the likelihood of the outcome and estimate the amount of potential loss, although they do believe it is very unlikely that the claim will be upheld at the amount stated. The Authority is holding approximately \$751,000 in retainage related to the contract under dispute. The Authority has assessed a counterclaim against the company in the amount of \$466,000.

A second claim has been filed against the Authority in the sum of \$150,000. The complaint alleges a breach of contract. The Authority has responded to the claim and has denied having a contractual obligation with the claimant. The Authority is contesting the claim vigorously. General counsel believes that the Authority will prevail in the litigation.

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

*Grants:* Amounts received from grantor agencies are subject to audit and adjustment by those agencies, principally the Federal Government and the State of Delaware. Any disallowed claims, including amounts already received, might constitute a liability of the Authority for the return of those funds. In the opinion of management, all grant expenditures were in compliance with the terms of the grant agreements and applicable Federal and State laws and regulations.

*Contract Commitments:* The Authority 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, 2005, the uncompleted contracts are summarized as follows:

	Contract Amount	Approved Payments	Retainage Payable	Remaining Contract Commitment
Northern Solid Waste Facility	\$26,574,276	\$17,641,609	\$ 208,632	\$ 8,932,667
Central Solid Waste Facility	884,284	551,876	–	332,408
Southern Solid Waste Facility	28,796,366	17,060,800	821,434	11,735,566
	<u>\$56,254,926</u>	<u>\$35,254,285</u>	<u>\$1,030,066</u>	<u>\$21,000,641</u>

In addition to the construction contract commitments, the Authority also had outstanding purchase commitments for services totaling approximately \$4,545,930 at June 30, 2005.

The Authority and the City of Wilmington negotiated a Restated Sludge Agreement that was approved by resolution of City Council on September 18, 1997. The terms of the Restated Agreement require the City to pay the debt service associated with the Sewage Sludge Processing Module located at the Delaware Reclamation Plant (DRP). The obligation was fulfilled as of June 30, 2003.

For a ten-year period beyond 2003, the City will not be charged service fees for disposal of its processed sewage sludge as well as stabilized sludge that is utilized by the Delaware Solid Waste Authority for landfill operations.

*Environmental Liabilities:* The Authority, in cooperation with other state and local regulatory agencies, maintains an extensive monitoring program for potential environmental contaminants at each of its sites and facilities. These monitoring programs have not identified any contaminants caused by landfill leachate or other operations of the Authority. In the event that any environmental contaminants are identified, the Authority may be financially responsible for the assessment and cleanup costs, as well as potential fines imposed by governmental regulatory agencies.

## **NOTE 12—Impaired Long-Lived Assets**

In 2004, various buildings were demolished and/or abandoned. The net carrying value of the buildings plus demolition costs equaled \$6,017,873 and have been reflected as an impairment loss. [See Note 1(H).]

## 2005 Financial Report—Schedules of Operating Revenues & Expenses

For the Years Ended June 30, 2005 and 2004

	Northern Solid Waste Facility	Central Solid Waste Facility	Southern Solid Waste Facility
<b>OPERATING REVENUE</b>			
Net user fees: Solid waste	\$30,962,546	\$7,895,316	\$13,211,166
Other income	266,361	4,907	12,297
TOTAL OPERATING REVENUE	31,228,907	7,900,223	13,223,463
<b>OPERATING EXPENSES</b>			
<b>SALARIES AND RELATED COSTS</b>			
	574,217	277,265	1,116,147
<b>PROFESSIONAL SERVICES</b>			
Legal services	332,601	3,783	47,416
Auditing services	-	-	-
Computer services	4,598	-	-
Consulting engineer	444,096	-	147,926
Other professional services	105,314	141,399	3,500
Trustee costs	-	-	-
Total Professional Services	886,609	145,182	198,842
<b>TRAVEL</b>			
Mileage	-	-	-
Common carrier	-	-	-
Lodging, meals, parking, and tolls	414	69	548
Conferences and registrations	-	263	150
Business meetings	1,559	167	447
Total Travel	1,973	499	1,145
<b>SUPPLIES AND MATERIALS</b>			
Office and computer supplies	19,335	5,800	11,453
Maintenance and janitorial supplies	2,725	810	115,704
Safety supplies	4,093	1,370	8,584
Publications and subscriptions	496	195	202
Uniforms	180	-	9,982
Vehicle expense	6,085	1,903	178,777
Other supplies	37,979	18,661	39,446
Weigh tickets and supplies	2,860	2,373	4,470
Total Supplies and Materials	73,753	31,112	368,618
<b>UTILITIES</b>			
Electric	88,449	41,611	45,213
Water	45,304	-	-
Sewage	557,455	-	-
Fuel oil and gas	-	-	5,958
Telephone	6,263	6,743	12,891
Total Utilities	\$ 697,471	\$ 48,354	\$ 64,062

# 2005 Financial Report—Schedules of Operating Revenues & Expenses

For the Years Ended June 30, 2005 and 2004

Recycle Delaware Program	Household Hazardous Waste Project	Management Operations	2005 Total	2004 Total
\$ -	\$ -	\$ -	\$52,069,028	\$49,742,332
1,756,153	-	-	2,039,718	1,512,865
1,756,153	-	-	54,108,746	51,255,197
<hr/>				
1,593,765	1,953	3,110,590	6,673,937	5,682,691
<hr/>				
9,086	-	271,164	664,050	403,636
-	-	52,382	52,382	37,696
3,119	-	10,460	18,177	18,542
5,900	-	56,853	654,775	303,252
1,015	-	125,467	376,695	366,284
-	-	5,710	5,710	10,989
19,120	-	522,036	1,771,789	1,140,399
<hr/>				
32	-	3,821	3,853	773
52	-	16,109	16,161	10,866
5,911	-	36,020	42,962	21,491
-	-	19,291	19,704	12,214
1,062	-	32,871	36,106	31,523
7,057	-	108,112	118,786	76,867
<hr/>				
37,073	-	165,641	239,302	191,154
30,287	-	5,736	155,262	228,668
13,764	-	10,844	38,655	33,816
970	-	5,886	7,749	8,063
30,602	-	2,722	43,486	31,483
141,764	-	30,456	358,985	240,707
491,083	600	7,537	595,306	313,612
149	-	-	9,852	20,217
745,692	600	228,822	1,448,597	1,067,720
<hr/>				
46,269	-	21,073	242,615	312,451
5,175	-	278	50,757	14,006
-	-	446	557,901	541,176
1,397	-	4,033	11,388	6,553
40,168	-	35,772	101,837	101,827
\$ 93,009	\$ -	\$ 61,602	\$ 964,498	\$ 976,013

- continued on page 60 -

## 2005 Financial Report—Schedules of Operating Revenues & Expenses

For the Years Ended June 30, 2005 and 2004

	Northern Solid Waste Facility	Central Solid Waste Facility	Southern Solid Waste Facility
<b>CONTRACTUAL SERVICES</b>			
Equipment rental and repair	\$ 1,851	\$ –	\$ 17,203
Temporary services	2,430	–	58,928
Membership and dues	141	141	424
Printing	326	90	164
Advertising	4,131	3,774	8,301
Insurance	80,294	26,758	50,373
Permits and fees	67,005	22,650	36,650
Leachate hauling and treatment	–	489,605	583,220
Postage and freight	960	43	136
Environmental monitoring and analysis	4,867	1,385	–
Surveying	–	2,188	71,550
Public awareness	2,850	70	2,076
Site security	8,800	14,809	21,575
Contractors' operating cost	1,767,691	–	–
Landfill materials	767,903	729,904	846,403
Contractors' disposal costs	3,514,057	1,474,487	7,778
Janitorial services and pest control	3,905	13	10,550
Automotive rental and repair	3,987	748	–
Landscaping services	20,575	11,151	28,797
Hauling services	156,826	6,480	42,425
Methane gas recovery	178,463	323,205	834,082
Other contractual services	431,139	991,017	937,086
General maintenance and repair	325,098	97,863	413,264
Total Contractual Services	7,343,299	4,196,381	3,970,985
<b>LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS</b>	11,491,056	1,206,742	2,063,560
<b>DEPRECIATION EXPENSE</b>	4,718,968	1,123,050	1,837,483
<b>TOTAL OPERATING EXPENSES</b>	25,787,346	7,028,585	9,620,842
<b>MANAGEMENT OPERATIONS DISTRIBUTION*</b>	2,917,852	662,626	1,118,997
<b>EXCESS OPERATING REVENUES OVER EXPENSES</b>	\$ 2,523,709	\$ 209,012	\$ 2,483,624

\*Management operations distribution is allocated to the various facilities and projects based on tons processed.

# 2005 Financial Report—Schedules of Operating Revenues & Expenses

For the Years Ended June 30, 2005 and 2004

Recycle Delaware Program	Household Hazardous Waste Project	Management Operations	2005 Total	2004 Total
\$ 30,213	\$ 450	\$122,205	\$171,922	\$ 209,027
76,926	917	16,024	155,225	168,136
2,272	-	17,766	20,744	9,892
13,629	-	12,041	26,250	29,001
13,835	-	43,627	73,668	46,409
119,139	-	83,112	359,676	321,639
180	-	300	126,785	72,974
-	-	-	1,072,825	1,228,288
3,680	-	24,392	29,211	24,821
-	-	306	6,558	12,432
-	-	22,749	96,487	46,583
406,151	10,495	430,173	851,815	547,538
923	-	14,969	61,076	53,423
2,056,370	117,691	-	3,941,752	3,544,323
-	-	-	2,344,210	2,187,759
-	-	-	4,996,322	4,260,382
23,461	-	27,916	65,845	63,994
36,823	-	29,274	70,832	61,225
16,731	-	8,767	86,021	72,668
-	-	-	205,731	48,363
-	-	7,156	1,342,906	871,332
116,565	944	169,208	2,645,959	2,621,301
498,573	-	6,696	1,341,494	1,097,187
3,415,471	130,497	1,036,681	20,093,314	17,598,697
-	-	-	14,761,358	2,641,361
444,009	9,834	163,858	8,297,202	7,154,362
6,318,123	142,884	5,231,701	54,129,481	
517,164	-	(5,216,639)	-	-
\$(5,079,134)	\$ (142,884)	\$ (15,062)	\$ (20,735)	\$14,917,087

# Notes

# Notes



*"See you at the Fair!"*



1128 South Bradford Street  
P.O. Box 455  
Dover, DE 19903-0455

Phone: 302-739-5361 Fax: 302-739-4287  
CITIZENS' RESPONSE LINE: 1-800-404-7080

[www.dswa.com](http://www.dswa.com)