



DELAWARE COUNTY SOLID WASTE AUTHORITY
(A Component Unit of Delaware County)
MEDIA, PENNSYLVANIA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

DELAWARE COUNTY SOLID WASTE AUTHORITY
(A Component Unit of Delaware County)
MEDIA, PENNSYLVANIA

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INDEPENDENT AUDITOR'S REPORT

May 2, 2024

To the Board of Directors
Delaware County Solid Waste Authority
Media, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary fund of the Delaware County Solid Waste Authority ("the Authority"), a component unit of Delaware County, as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the business-type activities and fiduciary fund of the Authority as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America,

To the Board of Directors
Delaware County Solid Waste Authority

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

To the Board of Directors
Delaware County Solid Waste Authority

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 and the schedule of changes in the Authority's net pension liability, investment returns, and related ratios and schedule of Authority contributions on pages 30 and 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the schedule of expenses – budget to actual and capital projects fund – budget to actual but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2024, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.


BARBACANE, THORNTON & COMPANY LLP

**DELAWARE COUNTY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

This section presents management's discussion and analysis of the Delaware County Solid Waste Authority's ("the Authority") financial performance during the fiscal years ended on December 31, 2023 and 2022. This information should be read in conjunction with the Authority's financial statements and accompanying notes.

FINANCIAL HIGHLIGHTS AND FUTURE ACTIVITIES / ECONOMIC EVENTS

Throughout 2023, the new executive leadership of the Authority established new goals, budgets and programs while planning for its long-term future needs to fulfill its mission to the communities that it serves. Numerous improvements resulted from these changes including significant enhancements to its financial results and general business outlook. Highlights of the Authority's activities and business results in 2023 include the following:

- The Authority's operating revenue increased during the period by \$6,887,466 (14.5%), to \$54,441,491, primarily due to increased tipping fees in its Delco segment. Operating expenses (not including depreciation/amortization, depletion, interest payments, or post closure costs) increased by \$591,124 (1.50%) to \$39,961,985.
- The Authority disposed of 729,347 tons of waste at the Rolling Hills Landfill, including 446,522 tons of ash (61.2%). Total tons represented an increase of 157,748 tons (+27.5%) from the prior year. The Authority intends to reduce ash intake and increase trash in future years.
- The Authority received 391,926 tons of municipal waste from its Delaware County customers, an increase of 10,133 tons (+2.6%) from the prior year. Approximately 89% of this waste was delivered to the Covanta plant in Chester, Pennsylvania. The remaining 11% of tons were disposed of at the Authority's Rolling Hills Landfill.
- Effective May 1 2022, the Authority and Covanta initiated a 3-year extension to their disposal agreement which also includes two one-year options. The negotiation amended contract language that now allows flexibility (without financial penalty) to address anticipated county municipal waste initiatives throughout the duration of the contract. There is no longer a "put or pay" requirement which had been a long-standing contractual provision since the facility began operation in 1992.
- The Authority hired Public Resource Advisory Group (PRAG), who is a national independent financial advisory company that specializes in governmental clients. PRAG will advise the Authority on the issue of issuing future debt to build new landfill capacity and replace two transfer stations in Delaware County in the next few years.
- Tipping fees in Delaware County were adjusted to \$83/ton for residential waste and \$83/ton for commercial waste, an increase of \$5/ton and \$3/ton respectively.
- Total assets and deferred outflows of resources at year-end were \$55,861,274 and exceeded liabilities and deferred inflows of resources in the amount of \$19,836,987 (i.e., net position).

**DELAWARE COUNTY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

- Total net position increased from 2022 to 2023 in the amount of \$10,074,903, which includes non-cash items such as depreciation/amortization and depletion costs of \$3,052,157, and post closure costs of \$1,526,863. Actual operational costs, without regard to the above, resulted in an operational surplus of \$14,653,923.
- The Authority spent \$4,211,871 in cash to build future capacity at the Rolling Hills Landfill. The new capacity is part of a four-phase build-out that will ultimately provide the Authority with an additional 15 to 20 years of landfill capacity.
- The Authority's improved financial management has also enabled the re-establishment of an account to accumulate the anticipated cost of closure and post-closure expenses related to the Rolling Hills Landfill (see Financial Statement Note 8). The closure/post-closure balance grew from a beginning balance of \$0 at December 31, 2022 to \$1,134,058 at December 31, 2023. Continued contributions of \$125,000 per month to the account will result in decreases to the surety bond premiums over time as well as ensure the financial stewardship necessary to comply with DEP regulations once the landfill has exhausted its capacity.
- The Authority provides a pension plan for its employees. The Plan is funded annually, and its actuarial obligations (net pension liability) are shown on these statements in the amount of \$865,501.
- In 2023, the Authority sunset the Defined Benefit Pension Plan and established a Defined Contribution Retirement Plan for its employees. The contributions to the plan for 2023 were \$9,391.
- Municipal Waste Management Plan ("MWMP") Update: DEP requires that every county in Pennsylvania update its MWMP every 10 years. Delaware County ("the County") initiated this process in 2021 and continued this effort through 2023. The new plan is expected to be completed in 2024 and approved by both the County and the DEP.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Authority is a single enterprise fund and is a component unit of the County of Delaware with the purpose of acquiring, holding, improving, maintaining, operating, and owning solid waste disposal facilities and entering into waste disposal agreements. This financial report consists of three parts: Management's Discussion and Analysis ("MD&A"), the basic financial statements, and supplementary information. This MD&A represents management's analysis of the Authority's financial condition and performance. Summary financial statement data and other management tools were utilized for analysis. These financial statements report information about the Authority using the full accrual accounting methods as utilized by similar businesses in the private sector. These statements offer short and long-term financial information about its activities. Detailed sub-fund information is not presented in the basic financial statements; however, separate accounts are maintained for each program to control and manage revenue and expenses for specific purposes such as landfill operations, solid waste

**DELAWARE COUNTY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

management, and capital projects. Budget to actual expense comparatives are presented as supplementary information.

The *Statement of Net Position* includes all of the Authority's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the liabilities to Authority creditors at year-end. It provides the financial position on a full accrual historical cost basis.

All the current year's revenue and expenses are accounted for in the *Statement of Revenue, Expenses, and Changes in Net Position*. This statement presents the results of the business activities over the course of the fiscal year and how our financial position has changed during that year.

The *Statement of Cash Flows* is prepared on the direct method and is designed to provide information about the Authority's cash receipts and cash disbursements during the period.

The notes to the financial statements provide required disclosures and other information essential to a full understanding of the material data provided in the financial statements. The notes present information about the Authority's accounting policies, significant accounts and activities, obligations, commitments, and subsequent events, if any. As noted above, supplementary information is provided comparing budget to actual expenses for each of the sub-funds.

SUMMARY OF ORGANIZATION AND BUSINESS

The Authority was created pursuant to an ordinance of the County of Delaware and incorporated in 1954 in accordance with the Municipality Authorities Act of 1945, as amended. The Authority is empowered to acquire, hold, improve, maintain, operate, and own solid waste disposal facilities and to enter into waste disposal agreements. The Authority, in concurrence with service agreements with the County of Delaware, is responsible for the operation and maintenance of the Delaware County-owned transfer stations for the purpose of facilitating solid waste disposal in the County.

The Authority does not have taxing power. Operations are funded from revenues derived by the Authority functions including the disposal of solid waste and recycling projects. The Authority, through current operating revenues, has developed a capital projects and equipment fund and periodically transfers surplus funds to the capital fund to be available for continuing capital projects and equipment purchases.

FINANCIAL ANALYSIS OF THE AUTHORITY

The following comparative condensed financial data serve as indicators of the Authority's financial health or financial position. The Authority's net position, as shown below, increased by \$10,074,903 in 2023 and \$2,929,504 in 2022. Table 1 below shows a comparative of the Authority's net position for the three-year period. The component change in net assets is shown below in Table 2 as a condensed *Statement of Revenue, Expenses, and Changes in Net Assets*. Table 3 provides a comparative of the components of the capital assets for the years 2021, 2022, and 2023.

**DELAWARE COUNTY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**TABLE 1
SUMMARY STATEMENT OF NET POSITION
DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current assets	\$ 20,524,779	\$ 13,301,973	\$ 15,115,738
Non-current assets	34,579,568	30,110,778	25,207,870
Deferred outflows	756,927	1,373,908	222,219
Total Assets and Deferred Outflows of Resources	<u>55,861,274</u>	<u>44,786,659</u>	<u>571,088</u>
Current liabilities	4,764,689	4,254,251	4,203,965
Noncurrent liabilities	31,091,160	30,748,430	29,445,182
Deferred inflows	168,438	21,894	635,188
Total Liabilities and Deferred Inflows of Resources	<u>36,024,287</u>	<u>35,024,575</u>	<u>34,284,335</u>
Net investment in capital assets	29,217,664	24,177,961	17,326,309
Restricted	-	-	1,472,219
Unrestricted (deficit)	(9,380,677)	(14,415,877)	(11,965,948)
Total Net Position	<u>\$ 19,836,987</u>	<u>\$ 9,762,084</u>	<u>\$ 6,832,580</u>

**TABLE 2
SUMMARY STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Commercial waste	\$ 29,412,722	\$ 24,260,768	\$ 21,577,240
Covanta ash disposal	9,469,105	8,554,165	8,535,295
Delco municipal waste disposal	15,091,924	14,171,886	11,238,864
Recycling and other grant revenue	252,439	71,284	99,791
Other revenue	215,301	495,922	584,342
Gain (loss) on sale of capital assets	(69,857)	(32,234)	165,016
Investment income	371,565	50,116	83,792
Total Revenue	<u>54,743,199</u>	<u>47,571,907</u>	<u>42,284,340</u>
Expenses			
Salaries, wages, and employee benefits	2,693,014	2,863,957	2,533,643
Contractual services, maintenance, and supplies	4,304,027	3,964,479	3,078,645
Contract hauling fees	11,309,697	10,890,048	9,582,245
Host fees	6,019,666	4,337,411	4,925,254
Covanta - waste processing	15,635,581	17,437,793	17,522,617
Depreciation and depletion	3,052,157	4,195,739	4,848,795
Post closure costs	1,526,863	799,299	(2,768,953)
Debt service payment	127,291	153,677	168,521
Total Expenses	<u>44,668,296</u>	<u>44,642,403</u>	<u>39,890,767</u>
Change in Net Position	<u>\$ 10,074,903</u>	<u>\$ 2,929,504</u>	<u>\$ 2,393,573</u>

**DELAWARE COUNTY SOLID WASTE AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS – UNAUDITED (CONT'D)
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

**TABLE 3
CHANGES IN CAPITAL ASSETS
YEAR-TO-YEAR COMPARISON
DECEMBER 31,**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
CAPITAL INVESTMENT			
Land	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
Construction-in-progress	-	-	3,135,213
Landfill site	51,135,989	51,135,989	51,135,989
Plant and equipment	119,857,187	113,512,663	101,471,263
Right to use asset	314,604	-	-
Totals	<u>178,307,780</u>	<u>171,648,652</u>	<u>162,742,465</u>
Less: accumulated depreciation/amortization and depletion	<u>(143,986,116)</u>	<u>(141,773,691)</u>	<u>(139,141,156)</u>
	<u>\$ 34,321,664</u>	<u>\$ 29,874,961</u>	<u>\$ 23,601,309</u>

LONG-TERM DEBT

As of December 31, 2023, the Authority had \$5,104,000 in notes outstanding – a decrease of \$593,000 from December 31, 2022.

As of December 31, 2022, the Authority had \$5,697,000 in notes outstanding – a decrease of \$578,000 from December 31, 2021.

As of December 31, 2023, the Authority has entered into a new lease for office space and the lease liability at year end is \$301,576.

Additional information about the Authority's long-term debt can be found in Note 7 of this report.

TO CONTACT AUTHORITY MANAGEMENT AND REQUESTS FOR INFORMATION

The Authority's financial report is intended to provide readers with a general overview of the Authority's financial operations. Questions concerning any of the information provided in this report or additional requests for financial information should be addressed to Brooks Stayer, CEO, Delaware County Solid Waste Authority, 610 E. Baltimore Pike, Media, Pennsylvania, 19063 or by emailing bstayer@dcswa.net.

**DELAWARE COUNTY SOLID WASTE AUTHORITY
STATEMENTS OF NET POSITION
DECEMBER 31, 2023 AND 2022**

	Business-type Activities	
	2023	2022
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets:		
Cash and cash equivalents	\$ 14,555,792	\$ 7,947,995
Investments	21,631	-
Accounts receivable - haulers - net of allowance	5,660,614	4,824,109
Accounts receivable - others	152,802	183,803
Inventory	-	139,093
Prepaid expense	155,571	206,973
Total Current Assets	20,546,410	13,301,973
Noncurrent Assets:		
Environmental restricted cash account	236,273	225,317
Investments	-	10,500
Total Noncurrent Investments	236,273	235,817
Capital Assets:		
Land	7,000,000	7,000,000
Landfill site, net of depletion	1,256,647	1,350,599
Plant and equipment, net of depreciation	25,766,143	21,524,362
Right to use asset, net of amortization	298,874	-
Net Capital Assets	34,321,664	29,874,961
Total Noncurrent Assets	34,557,937	30,110,778
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows relating to pension	756,927	1,373,908
TOTAL DEFERRED OUTFLOWS OF RESOURCES	756,927	1,373,908
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 55,861,274	\$ 44,786,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		
Current Liabilities:		
Accounts payable	\$ 3,786,495	\$ 3,382,164
Accrued expenses	315,937	279,087
Revenue notes payable, current	608,000	593,000
Lease liability, current	54,257	-
Total Current Liabilities	4,764,689	4,254,251
Noncurrent Liabilities and Postclosure:		
Accrued closure and postclosure costs	18,007,340	16,687,450
Due to County of Delaware	7,475,000	7,475,000
Net pension liability	865,501	1,481,980
Revenue notes payable, long-term	4,496,000	5,104,000
Lease liability, long-term	247,319	-
Total Noncurrent Liabilities	31,091,160	30,748,430
Total Liabilities	35,855,849	35,002,681
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows relating to pension	168,438	21,894
TOTAL DEFERRED INFLOWS OF RESOURCES	168,438	21,894
NET POSITION		
Net investment in capital assets	29,217,664	24,177,961
Unrestricted (deficit)	(9,380,677)	(14,415,877)
Total Net Position	19,836,987	9,762,084
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 55,861,274	\$ 44,786,659

The accompanying notes are an integral part of these financial statements.

DELAWARE COUNTY SOLID WASTE AUTHORITY
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	Business-type Activities	
	2023	2022
OPERATING REVENUES:		
Commercial waste	\$ 29,412,722	\$ 24,260,768
Covanta ash disposal	9,469,105	8,554,165
Delco municipal waste disposal	15,091,924	14,171,886
Recycling and other grant revenue	252,439	71,284
Other revenues	215,301	495,922
TOTAL OPERATING REVENUES	54,441,491	47,554,025
OPERATING EXPENSES:		
Salaries, wages, and employee benefits	2,693,014	2,863,957
Contractual services, maintenance, supplies	4,304,027	3,964,479
Contract hauling fees	11,309,697	10,890,048
Host fees	6,019,666	4,337,411
Covanta - waste processing	15,635,581	17,437,793
Depreciation/amortization and depletion expense	3,052,157	4,195,739
Closure and post closure costs (see Note 8)	1,526,863	799,299
TOTAL OPERATING EXPENSES	44,541,005	44,488,726
OPERATING INCOME (LOSS)	9,900,486	3,065,299
NONOPERATING REVENUES (EXPENSES):		
Investment income	371,565	50,116
Interest payments	(127,291)	(153,677)
Gain (loss) on sale of capital assets	(69,857)	(32,234)
TOTAL NONOPERATING REVENUES (EXPENSES)	174,417	(135,795)
CHANGE IN NET POSITION	10,074,903	2,929,504
NET POSITION, BEGINNING OF YEAR	9,762,084	6,832,580
NET POSITION, END OF YEAR	\$ 19,836,987	\$ 9,762,084

The accompanying notes are an integral part of these financial statements.

**DELAWARE COUNTY SOLID WASTE AUTHORITY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	Business-type Activities	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Received from customers	\$ 53,383,548	\$ 46,517,765
Other operating cash receipts	252,439	71,284
Payments to suppliers	(36,881,293)	(36,792,102)
Payments to employees for salaries and benefits	(2,520,074)	(2,575,872)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	14,234,620	7,221,075
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income	371,565	50,116
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	371,565	50,116
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases and construction of capital assets	(7,396,282)	(10,501,626)
Proceeds from the sale of capital assets	142,169	-
Interest paid on revenue notes payable	(127,291)	(153,677)
Principal payments of notes payable and lease liability	(606,028)	(578,000)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(7,987,432)	(11,233,303)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,618,753	(3,962,112)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,173,312	12,135,424
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,792,065	\$ 8,173,312
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ 9,900,486	\$ 3,065,299
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation/amortization and depletion expense	3,052,157	4,195,739
Closure and post closure costs	1,378,616	446,503
Gain on sale of capital assets	(69,857)	(32,234)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable - haulers	(836,505)	(939,218)
(Increase) decrease in accounts receivable - others	204,572	(25,758)
(Increase) decrease in inventory	139,093	9,315
(Increase) decrease in prepaid expenses	51,402	178,058
Increase (decrease) in accounts payable	415,287	35,286
Net pension changes	147,046	288,085
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 14,234,620	\$ 7,221,075
Cash and cash equivalents	\$ 14,555,792	\$ 7,947,995
Environmental restricted cash account	236,273	225,317
	\$ 14,792,065	\$ 8,173,312
NONCASH INVESTING AND FINANCING ACTIVITIES		
Acquisition of asset through lease	\$ 314,604	\$ -

The accompanying notes are an integral part of these financial statements.

**DELAWARE COUNTY SOLID WASTE AUTHORITY
STATEMENTS OF NET POSITION - FIDUCIARY FUND
DECEMBER 31, 2023 AND 2022**

	Employees Pension Plan	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 241,046	\$ 62,182
Investments, at fair value:		
Fixed income funds	2,619,756	2,290,350
Equity funds	2,981,833	2,901,267
International funds	1,269,550	1,024,561
Mutual funds	-	121,238
	-	121,238
TOTAL ASSETS	\$ 7,112,185	\$ 6,399,598
 LIABILITIES AND NET POSITION		
LIABILITIES	\$ -	\$ -
 FIDUCIARY NET POSITION		
Assets held in trust for employee pension benefits	7,112,185	6,399,598
TOTAL LIABILITIES AND NET POSITION	\$ 7,112,185	\$ 6,399,598

The accompanying notes are an integral part of these financial statements.

**DELAWARE COUNTY SOLID WASTE AUTHORITY
STATEMENTS OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEARS END DECEMBER 31, 2023 AND 2022**

	Employees Pension Plan	
	2023	2022
ADDITIONS		
Contributions:		
Participant	\$ 104,343	\$ 97,047
Employer	126,503	120,000
Total Contributions	230,846	217,047
Investment income (loss):		
Interest earnings	97,527	79,046
Dividend income	88,220	80,437
Net appreciation (depreciation) in fair value of investments	784,409	(1,335,899)
Investment expense	(30,040)	(34,751)
Net Investment Income (Loss)	940,116	(1,211,167)
TOTAL ADDITIONS	1,170,962	(994,120)
DEDUCTIONS		
Benefits paid and withdrawals	458,375	398,046
TOTAL DEDUCTIONS	458,375	398,046
CHANGE IN FIDUCIARY NET POSITON	712,587	(1,392,166)
FIDCUIARY NET POSITON, BEGINNING OF YEAR	6,399,598	7,791,764
FIDCUIARY NET POSITON, END OF YEAR	\$ 7,112,185	\$ 6,399,598

The accompanying notes are an integral part of these financial statements.

DELAWARE COUNTY SOLID WASTE AUTHORITY
(A Component Unit of Delaware County)

NOTES TO FINANCIAL STATEMENTS

NOTE 1 THE FINANCIAL REPORTING ENTITY

The Delaware County Solid Waste Authority ("the Authority") was created pursuant to an ordinance of the Board of Commissioners (currently "County Council") of the County of Delaware, Pennsylvania ("the County") and incorporated on April 22, 1954, in accordance with the Municipality Authorities Act of 1945, as amended ("the Act"). The Authority, under the terms of the Act as amended on March 8, 1985, has a term of existence to January 1, 2034. The Act empowers the Authority to acquire, hold, improve, maintain, operate, and own solid waste disposal facilities and to enter into waste disposal agreements. The Authority is not directly subject to federal and state income taxes. The Authority is a component unit of the County because of the significance of its operational and financial relationship with the County.

The Authority, on March 27, 1985, acquired the stock in a corporation that owned and operated a sanitary landfill in Berks County, Pennsylvania, at an acquisition price of \$36,000,000. The acquisition was originally financed by the assignment of a portion of a General Obligation Bond, Series of 1985, of the County of Delaware. The Authority concluded its payments on the bonds to the County in 1992.

The Authority, pursuant to service agreements with the County, assumes the complete operation and maintenance of the County-owned transfer stations for the purpose of facilitating solid waste disposal in the County.

The Delaware County Solid Waste Authority Employees Pension Plan is a separate legal entity; however, it is reported as if it were part of the Authority as it is governed by the Authority, which may amend plan provisions and which is responsible for the management of plan assets. The Delaware County Solid Waste Authority Employees Pension Plan is reported as a fiduciary fund and issues separate financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Authority are described below.

Measurement Focus and Basis of Accounting and Financial Statement Presentation

The term "measurement focus" is used to denote what is being measured and reported in the Authority's operating statement. The Authority is accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether the Authority is better or worse off economically as a result of events and transactions of the period.

DELAWARE COUNTY SOLID WASTE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The term "basis of accounting" is used to determine when a transaction or event is recognized on the Authority's operating statement. The Authority uses the accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

The Authority adheres to the provisions of the *GASB Codification of Governmental Accounting and Financial Reporting Standards* ("the Codification"). The Codification established standards for external financial reporting for all state and local governmental entities.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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 those estimates.

Cash and Cash Equivalents

Cash deposits consist of demand and time deposits and money market funds with financial institutions and are carried at cost. For purposes of the statement of cash flows, all cash deposits and highly liquid investments with an original maturity of three months or less when acquired are considered to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount the Authority expects to collect (net realizable value) and reported net of an allowance for doubtful accounts.

Investments

Delaware County Solid Waste Authority Employees Pension plan investments are reported at fair value. The Authority's certificate of deposit is reported at cost.

Fair Value Measurements

The Authority measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

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NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Level 2: Observable inputs other than quoted market prices; and

Level 3: Unobservable inputs.

Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items.

Net Position

The Authority's net position represents the excess of assets over liabilities and is categorized as follows:

Net Investment in Capital Assets – Net investment consists of unrestricted capital assets, net of accumulated depreciation/amortization/depletion and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributed to the acquisition, construction, or improvement of those assets.

Restricted – Net positions restricted are representative of the collateral related to the letter of credit obtained for the surety bond. When an expense incurred for restricted purposes for which both restricted and unrestricted net position are available, restricted resources are applied first.

Unrestricted Net Position – Unrestricted net position is the remaining portion of net position and is categorized as designated or undesignated. Designated assets are committed for specific purposes pursuant to Authority policy and/or Board directives.

Revenues and Expenses

Revenues and expenses are distinguished between operating and nonoperating items. Operating revenues generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are defined as all revenue received and related to charges for solid waste disposal.

Operating expenses include the costs associated with expenses paid and related to Authority solid waste disposal functions.

Landfill Site Depletion

The estimated value of the landfill at acquisition is being depleted over the projected life of the landfill. Depletion is charged annually against income in a manner consistent with the physical

DELAWARE COUNTY SOLID WASTE AUTHORITY
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NOTES TO FINANCIAL STATEMENTS

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

usage of the site based upon the site's estimated capacity. The estimated remaining landfill life is a minimum of ten years.

Capital Assets

The Authority defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Right to use assets are defined as leases that span more than one year and in total cost more than \$2,000.

Capital assets of the Authority are recorded at either their actual cost or estimated historical cost. Donated assets are valued at their estimated fair value on the date donated. Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is computed using the straight-line method over estimated asset lives, which range from two to thirty-seven years. Amortization of right to use assets are over the life of the lease.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred inflows and deferred outflows of resources. These separate financial statement elements represent acquisition or use of net position that applies to a future period(s) and so will not be recognized as an inflow or outflow of resources (revenue or expense) until that time. The Authority currently has one item that qualifies for reporting in this category. Certain changes to the net pension liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows and inflows of resources on the statement of net position.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned. At December 31, 2023, the carrying amount of the Authority's deposits was \$14,792,065, and the bank balance was \$16,140,231. Of the bank balance, \$486,273 was covered by federal depository insurance, and \$1,779,860 was collateralized by pooled securities in accordance with the Commonwealth of Pennsylvania Act 72 of 1971 ("Act 72"). The deposits collateralized in accordance with Act 72 were exposed to custodial credit risk because they were uninsured, and the collateral held by the depository's agent was not in the Authority's name. The remaining cash deposits of the Authority in the amount of \$13,874,098 was held with

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NOTES TO FINANCIAL STATEMENTS

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of December 31, 2023, PLGIT was rated as AAAM by a nationally recognized statistical rating agency.

At December 31, 2022, the carrying amount of the Authority's deposits was \$8,173,312, and the bank balance was \$9,446,596. Of the bank balance, \$475,317 was covered by federal depository insurance, and \$8,971,279 was collateralized by pooled securities in accordance with the Commonwealth of Pennsylvania Act 72 of 1971 ("Act 72"). The deposits collateralized in accordance with Act 72 were exposed to custodial credit risk because they were uninsured, and the collateral held by the depository's agent was not in the Authority's name.

Investments

At December 31, 2023, the Authority's investments consisted solely of nonnegotiable certificates of deposits totaling \$21,631.

At December 31, 2022, the Authority's investments consisted solely of nonnegotiable certificates of deposits totaling \$10,500.

See Note 12 for pension deposit and investment disclosures.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of December 31, 2023 and 2022 none of the Authority's investments were subject to custodial credit risk.

NOTE 4 ACCOUNTS RECEIVABLE - HAULERS

The Authority manages the County-owned transfer stations and is responsible for the receipt and transfer of solid waste materials as provided by commercial or private haulers. Beginning in January 1995, it was determined by agreement between the Authority and the County that the fees and permits collected from commercial and municipal government haulers would remain with the Authority and represent income. Fees that were due relative to the receipt of solid waste at December 31, 2023 are represented by receivables in the amount of \$3,928,883 (net of an allowance for doubtful accounts of \$49,683). At December 31, 2022, receivables were \$3,615,987 (net of an allowance for doubtful accounts of \$153,833).

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NOTES TO FINANCIAL STATEMENTS

NOTE 4 ACCOUNTS RECEIVABLE - HAULERS (cont'd)

Commercial and government haulers that deposit waste at the Landfill are charged disposal fees that are reflected in the Authority's income. Receivables representing disposal fees at December 31, 2023 totaled \$1,731,731 (net of an allowance for doubtful accounts of \$40,104). At December 31, 2022 receivables totaled \$1,208,122 (net of an allowance for doubtful accounts of \$109,525).

NOTE 5 RESTRICTED CASH

The Authority has environmental restricted cash account totaling \$236,273 at December 31, 2023 and \$225,317 at December 31, 2022 related to a settlement with the Department of Environmental Protection ("DEP") as described in Note 9.

NOTE 6 CAPITAL ASSETS

Landfill – Depletion

As of December 31, 2023, the Authority has estimated that 31,130,696 cubic yards of capacity are permitted and available for utilization. Approximately 70% of the existing landfill capacity has been utilized to date.

	As of December 31, 2023		
	Cost	Accumulated Depletion	Net Basis
Landfill	\$ 51,135,989	\$ 49,879,342	\$ 1,256,647

As of December 31, 2022, the Authority has estimated that 31,130,696 cubic yards of capacity are permitted and available for utilization. Approximately 65% of the existing landfill capacity has been utilized to date.

	As of December 31, 2022		
	Cost	Accumulated Depletion	Net Basis
Landfill	\$ 51,135,989	\$ 49,785,390	\$ 1,350,599

For the year ended December 31, 2023 and 2022, depletion expense amounted to \$93,952 and \$69,457, respectively. Depletion expense is estimated based on the net basis of the landfill as of the beginning of the year as a percentage of remaining capacity times capacity used in the fiscal year.

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 CAPITAL ASSETS (cont'd)

A summary of changes in the Authority's capital assets is as follows for 2023:

	Balance 01/01/23	Additions	Deletions	Balance 12/31/23
Capital assets not being depreciated/amortized:				
Land	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000
Total capital assets not being depreciated/amortized	<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>7,000,000</u>
Capital assets being depreciated/amortized:				
Plant and equipment	113,512,663	7,396,282	1,051,758	119,857,187
Right to use asset	-	314,604	-	314,604
Accumulated depreciation	(91,988,301)	(2,942,475)	(839,732)	(94,091,044)
Accumulated amortization	-	(15,730)	-	(15,730)
Total capital assets being depreciated/amortized, net	<u>21,524,362</u>	<u>4,752,681</u>	<u>212,026</u>	<u>26,065,017</u>
Capital Assets, Net	<u>\$ 28,524,362</u>	<u>\$ 4,752,681</u>	<u>\$ 212,026</u>	<u>\$ 33,065,017</u>

A summary of changes in the Authority's capital assets is as follows for 2022:

	Balance 01/01/22	Additions	Deletions	Balance 12/31/22
Capital assets not being depreciated:				
Land	\$ 7,000,000	\$ -	\$ -	\$ 7,000,000
Construction-in-progress	3,135,213	-	3,135,213	-
Total capital assets not being depreciated	<u>10,135,213</u>	<u>-</u>	<u>3,135,213</u>	<u>7,000,000</u>
Capital assets being depreciated:				
Plan and equipment	101,471,263	13,636,839	1,595,439	113,512,663
Accumulated depreciation	(89,425,223)	(4,126,282)	(1,563,204)	(91,988,301)
Total capital assets being depreciated, net	<u>12,046,040</u>	<u>9,510,557</u>	<u>32,235</u>	<u>21,524,362</u>
Capital Assets, Net	<u>\$ 22,181,253</u>	<u>\$ 9,510,557</u>	<u>\$ 3,167,448</u>	<u>\$ 28,524,362</u>

NOTE 7 LONG-TERM DEBT

On March 25, 2009, the Authority authorized the issuance of Guaranteed Revenue Notes, 2009 Series ("the 2009 Notes") totaling \$7,200,000. The 2009 Notes were used for certain capital projects consisting of a) the construction of leachate collection and treatment facilities, b) the acquisition of vehicles and equipment, c) the construction of and improvements to the Rolling Hills Landfill, d) the rehabilitation of wells, and e) the payment of the costs of issuance of the 2009 Notes. The 2009 Notes, A through C, were issued over a two-year period.

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NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT (cont'd)

On March 25, 2009, the Delaware Valley Regional Finance Authority issued on behalf of the Authority, Guaranteed Revenues Notes, 2009 A Series ("the 2009 A Notes") in the amount of \$2,400,000, interest and principal payable annually from December 2010 through December 2029, 2009 B Series ("the 2009 B Notes") in the amount of \$2,400,000, interest and principal payable annually from December 2011 through December 2030, and the 2009 C Series ("the 2009 C Notes") in the amount of \$2,400,000, interest and principal payable annually from December 2012 through December 2031. Principal is payable on March 25, and interest is payable monthly at a rate of 3.38% for Series A, 1.28% for Series B, and 3.39% for Series C as per the Notice of Fixed Rate Conversion. The Notes are collateralized by the security interest in the revenue of the Authority.

On March 26, 2012, the Delaware Valley Regional Finance Authority issued on behalf of the Authority, Guaranteed Revenue Notes, 2012 Series ("the 2012 Notes") totaling \$4,000,000, interest and principal payable annually from June 2013 through June 2032. The 2012 Notes were used for certain capital projects consisting of a) the construction of leachate collection and treatment facilities, b) the acquisition of vehicles and equipment, c) the construction of and improvements to the Rolling Hills Landfill, d) the rehabilitation of wells, and e) the payment of the costs of issuance of Notes. Principal is payable annually on June 25 beginning on June 25, 2013. Interest is payable monthly at a rate of 2.485% as per the Notice of Fixed Rate Conversion. The Notes are collateralized by the security interest in the revenue of the Authority.

The Authority's outstanding notes from direct borrowings related to business-type activities that contain various provisions regarding events of default, termination events, and accelerated payment clauses that allow the lender to modify the repayment terms and accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs. As of the date of these financial statements, there were no adverse changes which caused the acceleration of principal due by the Authority for outstanding notes.

A schedule of changes in the long-term liabilities is as follows for 2023:

	Outstanding 01/01/23	Additions	Retirements	Outstanding 12/31/23	Amounts Due in One Year
Revenue notes	\$ 5,697,000	\$ -	\$ 593,000	\$ 5,104,000	\$ 608,000
Due to Delaware County	7,475,000	-	-	7,475,000	-
Net pension liability	1,481,980	-	616,479	865,501	-
Accrued closure and post closure costs	16,687,450	1,319,890	-	18,007,340	-
Lease liability	-	314,604	13,028	301,576	54,257
TOTAL	<u>\$31,341,430</u>	<u>\$ 1,634,494</u>	<u>\$ 1,222,507</u>	<u>\$31,753,417</u>	<u>\$ 662,257</u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 7 LONG-TERM DEBT (cont'd)

A schedule of changes in the long-term liabilities is as follows for 2022:

	Outstanding 01/01/22	Additions	Retirements	Outstanding 12/31/22	Amounts Due in One Year
Revenue notes	\$ 6,275,000	\$ -	\$ 578,000	\$ 5,697,000	\$ 593,000
Due to Delaware County	7,475,000	-	-	7,475,000	-
Net pension liability	-	1,481,980	-	1,481,980	-
Accrued closure and post closure costs	<u>16,273,182</u>	<u>414,268</u>	<u>-</u>	<u>16,687,450</u>	<u>-</u>
TOTAL	<u><u>\$30,023,182</u></u>	<u><u>\$ 1,896,248</u></u>	<u><u>\$ 578,000</u></u>	<u><u>\$31,341,430</u></u>	<u><u>\$ 593,000</u></u>

The notes mature as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 608,000	\$ 122,705
2025	625,000	103,908
2026	641,000	86,791
2027	658,000	70,218
2028	677,000	53,142
2029 - 2032	<u>1,895,000</u>	<u>70,869</u>
Totals	<u><u>\$ 5,104,000</u></u>	<u><u>\$ 507,633</u></u>

Leases Payable

The Authority has entered into lease agreement as a lessee for office space for the administrative office. This lease agreement is being shown as a right to use asset (see Note 6).

Presented below is a summary of minimum lease payments to maturity by years for the lease:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 54,257	\$ 13,028	\$ 67,285
2025	58,959	10,345	69,304
2026	63,909	7,474	71,383
2027	69,160	4,365	73,525
2028	<u>55,291</u>	<u>1,085</u>	<u>56,376</u>
Total	<u><u>\$ 301,576</u></u>	<u><u>\$ 36,297</u></u>	<u><u>\$ 337,873</u></u>

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NOTES TO FINANCIAL STATEMENTS

NOTE 8 CLOSURE AND POST CLOSURE COSTS

Municipal landfill owners and operators are required to incur costs to provide for protection of the environment both during the period of the landfill operation and during the post closure period. These costs are estimated annually, and current cost is adjusted for changes in landfill capacity, operating conditions, and increases or decreases in estimated costs. Closure and post closure costs include equipment installed and facilities constructed near or after the date of acceptance of solid waste, cost of the final capping, and the cost of monitoring and maintaining the area during the post closure period. The Authority has established an account to accumulate the anticipated cost of closure and post closure based on usage of the landfill. An amount is charged annually to operations to recognize the current cost and resultant liability based on landfill capacity used to date.

The estimates of closure and post closure costs were determined taking into account capping, revegetation, maintenance, leachate treatment, water quality monitoring, and gas control. In determining the closure and post closure costs, an inflation rate was utilized at the rate of 5.4%, plus administrative fees of 10% and \$956,623 contingency charge that would anticipate covering unexpected changes in technology, inflation, or applicable laws and regulations.

On October 5, 2022, the Authority obtained a surety bond amounting to \$25,871,604 to cover post closure costs. In 2023 and 2022, the premium paid for the surety bond was \$206,973 and \$258,716, respectively.

Pursuant to the Municipal Waste Planning, Recycling, and Waste Reduction Act of the Commonwealth of Pennsylvania, Act No. 101 of July 28, 198, P.L. 556, the Authority is required to pay to a trust on a quarterly basis \$.25 per ton of weighed waste to be used for remedial measures and emergency actions necessary to prevent or abate adverse effects on the environment subsequent to landfill closure. Any funds remaining in the trust subsequent to the final closure are divided between the host county and host authority.

Accrued closure and post closure costs, as reflected on the statement of net position, totaled \$18,007,340 as of December 31, 2023 and \$16,687,450 as of December 31, 2022. Accrued closure and post closure costs are estimated using the DEP's cost requirement to close the landfill as a percentage of landfill capacity used to date. Post closure costs for the year ended December 31, 2023 amounted to \$1,526,863 and \$799,299 for December 31, 2022. The estimated closure and post closure costs total \$25,871,604, comprised of \$6,739,146 of closure costs and \$19,132,458 of post closure costs. At December 31, 2023 and 2022, there remains \$7,864,264 and \$9,184,154, respectively, in closure and post closure costs to be recognized in excess of the Act 101 requirements previously mentioned.

NOTE 9 ENVIRONMENTAL LIABILITY – DEPARTMENT OF ENVIRONMENTAL PROTECTION

In 2013, the Authority entered into a consent agreement with the DEP whereby the Authority agreed to update the leachate treatment facility to accommodate the treatment of the

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NOTES TO FINANCIAL STATEMENTS

NOTE 9 ENVIRONMENTAL LIABILITY – DEPARTMENT OF ENVIRONMENTAL PROTECTION (cont'd)

leachate. As a part of their settlement with the DEP regarding the treatment of leachate, the Authority established a reserve totaling \$500,000 as ordered by the DEP to be used to pay for future environmental projects in the neighborhood. Interest earned on the account has been included in the total reserve balance. In 2023, the Authority did not pay any costs for local environmental projects. The total liability at December 31, 2023 was \$236,273, which was included in accrued expenses on the statement of net position. For the year ended December 31, 2022 the liability was \$225,317.

NOTE 10 DUE TO COUNTY OF DELAWARE

This indebtedness represents funds advanced to the Authority, which were used as a security deposit with the DEP relative to post closure bonding. The advance is non-interest bearing, and there is no formal schedule for repayment. The balance totaled \$7,475,000 at December 31, 2023 and 2022 and is not expected to be repaid in 2024.

NOTE 11 COVANTA DELAWARE VALLEY, LP – REVENUE AND EXPENSE

Effective May 1, 2022, the Authority and Covanta Delaware Valley LP (“Covanta”) entered into an Amended and Restated Service Agreement for a 3-year term, with two one-year term options. Under the revised agreement, the Authority has the right to deliver up to 375,000 tons of waste per year. Unlike previous years, the Authority is under no obligation to deliver any minimum amounts of waste. The Authority is obligated to receive for disposal one ton of ash for each ton of waste they have processed by Covanta on an annual basis. The ash disposal commitment is subject to a 12-month renewal term. For cash management purposes the two parties have agreed that the party owing the net balance shall pay to the order of the other party the statement balance within 30 days. During 2023, the Authority paid to Covanta \$15,635,581 for its County waste processing expenses. Covanta paid to the Authority \$9,469,105 in ash disposal charges. During 2022, the Authority paid to Covanta \$17,437,793 for its County waste processing expenses. Covanta paid to the Authority \$8,554,165 in ash disposal charges.

NOTE 12 PENSION PLAN

Plan Description and Provisions

The Delaware County Solid Waste Authority Employees Pension Plan (“the Plan”) is a single employer defined benefit pension plan controlled by the provisions of the plan document. The Plan is governed by the Authority, which may amend plan provisions and which is responsible for the management of Plan assets. The Authority has delegated the authority to manage certain plan assets to CBIZ InR.

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NOTES TO FINANCIAL STATEMENTS

NOTE 12 PENSION PLAN (cont'd)

The Authority filed Actual Valuation Report Form 203C with the Municipal Pension Reporting Program. The report dated January 1, 2023, was most recently certified by the Authority. This report indicated that the Authority maintains a pension plan to provide pension or retirement benefits for employees. A review of the plan documents as of December 31, 2023 disclosed that plan membership consisted of the following:

Active employees	22
Retirees and beneficiaries currently receiving benefits	18
Vested terminated members	<u>2</u>
Total	<u>42</u>

Under the provisions of the Plan, the retirement date is the first day of the month following the attainment of age 60, or the attainment of age 55 with completion of 20 years of service. The benefit is equal to 2.0% of the average of the three highest consecutive years of the 10 calendar year period immediately preceding annual retirement. Death benefit is equal to the present value of the member's accrued benefit at the date of death. Trustees for the Plan have established an investment account for plan assets. The Authority has selected a retirement committee as administrator for the Plan, although the Authority maintains fiduciary responsibility for plan assets. Employees' contributions to the Plan and the deferred compensation amount are not available for withdrawal by the employees until termination, retirement, or death. There are no provisions in the Plan that allows partial refunds or loans.

Funding Policy and Status

Active plan members are required to contribute 7.0% of their annual covered salary. In addition, the Authority is required to make contributions at an actuarially determined rate in accordance with Pennsylvania Act 205 governing municipal pension plans.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned. At December 31, 2023, the carrying amount of the plan's deposits was \$241,046. None of the Plan's deposits were subject to custodial credit risk.

Investments

As of December 31, 2023, the Plan had the following investments:

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NOTES TO FINANCIAL STATEMENTS

NOTE 12 PENSION PLAN (cont'd)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>
Fixed income mutual funds	\$ 2,619,756	\$ 2,619,756
Equity mutual funds	2,981,833	2,981,833
International equity mutual funds	<u>1,269,550</u>	<u>1,269,550</u>
TOTAL	<u>\$ 6,871,139</u>	<u>\$ 6,871,139</u>

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

Investment Policy

The Plan's policy regarding the allocation of invested assets is established and may be amended by the Pension Board. The investment policy of the Plan is to maximize the total rate of return over the long term, subject to preservation of capital, by diversifying the allocation of capital amount various investments in domestic equity securities, internal equity securities, domestic fixed income instruments, and other asset classes as may be deemed prudent.

The Plan's investment policy establishes that the portfolio may be invested in the following asset classes with the following target asset allocation:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic Equity:	
Large Cap	30%
Mid Cap	7%
Small Cap	5%
International Equity	18%
Interim IG Corp	37%
Cash	3%

Rate of Return

For the year ended December 31, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 14.96%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DELAWARE COUNTY SOLID WASTE AUTHORITY
(A Component Unit of Delaware County)

NOTES TO FINANCIAL STATEMENTS

NOTE 12 PENSION PLAN (cont'd)

Deferred Retirement Option Program (DROP)

The Plan does not provide a Deferred Retirement Option Program.

Net Pension Liability

The components of the net pension liability of the Authority as of December 31, 2023 were as follows:

Total Pension Liability (TPL)	\$ 7,977,686
Plan Fiduciary Net Position	7,112,185
Net Pension Liability	865,501
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.2%

Actuarial Assumptions

An actuarial valuation of the total pension liability is performed biennially. The total pension liability was determined as part of an actuarial valuation at January 1, 2023. Update procedures were used to roll forward to the Plan's fiscal year ending December 31, 2023. This report was based upon the Plan's actuarial assumptions, asset valuation method, and cost method.

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation of 2.47%) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of December 31, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic Equity:	
Large Cap	6.20%
Mid Cap	7.25%
Small Cap	7.25%

DELAWARE COUNTY SOLID WASTE AUTHORITY
(A Component Unit of Delaware County)

NOTES TO FINANCIAL STATEMENTS

NOTE 12 PENSION PLAN (cont'd)

(cont'd)	Long-term Expected Real Rate of Return
<u>Asset Class</u>	
International Equity	6.91%
Fixed Income	3.51%
Real Estate	5.01%
Cash	0.76%

Discount Rate

The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that municipal contribution rates and the member rate. Based on those assumptions, the fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Change in Net Pension Liability

The following table shows the changes in net pension liability recognized over the measurement period.

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a)-(b)
Balances at December 31, 2022	\$ 7,881,578	\$ 6,399,598	\$ 1,481,980
Service cost	226,991	-	226,991
Interest cost	536,898	-	536,898
Differences between expected and actual experience	(209,406)		(209,406)
Contributions – employer	-	126,503	(126,503)
Contributions – member	-	104,343	(104,343)
Net investment income	-	940,116	(940,116)
Benefit payments	(458,375)	(458,375)	-
Net changes	96,108	712,587	(616,479)
Balances at December 31, 2023	<u>\$ 7,977,686</u>	<u>\$ 7,112,185</u>	<u>\$ 865,501</u>

DELAWARE COUNTY SOLID WASTE AUTHORITY
(A Component Unit of Delaware County)

NOTES TO FINANCIAL STATEMENTS

NOTE 12 PENSION PLAN (cont'd)

Net Pension Liability Sensitivity

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7% as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Plan net pension liability	\$ 1,720,827	\$ 865,501	\$ 140,446

Deferred Outflows and Deferred Inflows of Resources

For the year ended December 31, 2023, the Authority recognized pension expense of \$273,549. At December 31, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between expected and actual experience	\$ -	\$ 168,438
Changes in assumptions	308,001	-
Net difference between projected and actual investment earnings	448,926	-
	\$ 756,927	\$ 168,438

These amounts will be reported as deferred outflows and inflows of resources related to the pension and will be recognized in pension expense as follows:

Year Ending December 31,

2024	\$ 170,598
2025	276,016
2026	332,086
2027	(130,380)
2028	(29,915)
Thereafter	(29,916)
	\$ 588,489

DELAWARE COUNTY SOLID WASTE AUTHORITY
(A Component Unit of Delaware County)

NOTES TO FINANCIAL STATEMENTS

NOTE 13 DEFINED CONTRIBUTION PLAN

In 2023, the Authority sunset the Defined Benefit Pension Plan and established a Defined Contribution Retirement Plan for employees that were hired by the Authority after June 21, 2023. All employees hired before June 21, 2023 remain participants in the Defined Benefit Pension Plan. The Authority contributes 5% of employee gross annual salary and provides an annual matching contribution for any funds contributed by an employee. Contributions for 2023 were 5% of annual salary plus 3% match for employee contributions. The Defined Contribution Plan expense for December 31, 2023 was \$9,391.

NOTE 14 CONCENTRATIONS

The Authority received 27% of its total operating revenue from Covanta Delaware Valley, LP during the year ended December 31, 2023.

The Authority received 18% of its total operating revenue from Covanta Delaware Valley, LP during the year ended December 31, 2022.

NOTE 15 FOLCROFT LANDFILL ANNEX

The Authority is a party to a Landfill Closure Settlement Group, with 14 other parties. In 2006, the Authority entered into an Administrative Settlement Agreement and Order on Consent (Settlement Agreement) between the United States Environmental Protection Agency ("USEPA") and the Folcroft Landfill Steering Committee to properly close and remediate a former landfill that accepted a variety of waste to EPA standards. To date, the Settlement Group has investigated different options regarding the remediation of the site. While the final cost share is unknown at this time, the Authority anticipates final costs for remediation to be presented and paid in the 2024-2025 fiscal year.

NOTE 16 SUBSEQUENT EVENTS

The Authority has evaluated all subsequent events through May 2, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

**DELAWARE COUNTY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN AUTHORITY'S NET PENSION LIABILITY AND RELATED RATIOS**

<u>TOTAL PENSION LIABILITY</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Service cost	\$ 226,991	\$ 181,442	\$ 174,463	\$ 161,428	\$ 153,741	\$ 185,275	\$ 176,452	\$ 151,239	\$ 144,037	\$ 128,743
Interest cost	536,898	528,637	504,581	469,396	443,352	437,526	404,976	383,615	355,173	327,941
Changes of benefit terms	-	-	-	-	-	-	-	-	-	23,975
Difference between expected and actual experience	(209,406)	-	179,554	-	(306,458)	-	(122,856)	-	(81,860)	-
Changes in assumptions	-	-	629,774	-	-	-	143,965	-	87,241	-
Benefit payments	(458,375)	(398,046)	(286,666)	(316,566)	(220,895)	(198,366)	(142,129)	(159,621)	(142,129)	(131,811)
NET CHANGE IN TOTAL PENSION LIABILITY	96,108	312,033	1,201,706	314,258	69,740	424,435	460,408	375,233	362,462	348,848
TOTAL PENSION LIABILITY, BEGINNING OF YEAR	7,881,578	7,569,545	6,367,839	6,053,581	5,983,841	5,559,406	5,098,998	4,723,765	4,361,303	4,012,455
TOTAL PENSION LIABILITY, END OF YEAR	<u>\$ 7,977,686</u>	<u>\$ 7,881,578</u>	<u>\$ 7,569,545</u>	<u>\$ 6,367,839</u>	<u>\$ 6,053,581</u>	<u>\$ 5,983,841</u>	<u>\$ 5,559,406</u>	<u>\$ 5,098,998</u>	<u>\$ 4,723,765</u>	<u>\$ 4,361,303</u>
PLAN FIDUCIARY NET POSITION										
Contributions:										
Employer	\$ 126,503	\$ 120,000	\$ 115,500	\$ 115,500	\$ 115,500	\$ 115,500	\$ 105,000	\$ 95,000	\$ 90,000	\$ 90,000
Member	104,343	97,047	100,660	95,381	96,285	90,502	95,108	100,035	95,787	89,455
Net investment income (loss)	940,116	(1,211,167)	773,592	907,706	1,013,027	(316,071)	704,734	333,462	(45,264)	293,218
Benefit payments	(458,375)	(398,046)	(286,666)	(316,566)	(220,895)	(198,366)	(217,702)	(159,621)	(142,129)	(131,811)
NET CHANGE IN PLAN FIDUCIARY NET POSITION	712,587	(1,392,166)	703,086	802,021	1,003,917	(308,435)	687,140	368,876	(1,606)	340,862
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	6,399,598	7,791,764	7,088,678	6,286,657	5,282,740	5,591,175	4,904,035	4,535,159	4,536,765	4,195,903
PLAN FIDUCIARY NET POSITION, END OF YEAR	<u>\$ 7,112,185</u>	<u>\$ 6,399,598</u>	<u>\$ 7,791,764</u>	<u>\$ 7,088,678</u>	<u>\$ 6,286,657</u>	<u>\$ 5,282,740</u>	<u>\$ 5,591,175</u>	<u>\$ 4,904,035</u>	<u>\$ 4,535,159</u>	<u>\$ 4,536,765</u>
AUTHORITY'S NET PENSION LIABILITY (ASSET)	<u>\$ 865,501</u>	<u>\$ 1,481,980</u>	<u>\$ (222,219)</u>	<u>\$ (720,839)</u>	<u>\$ (233,076)</u>	<u>\$ 701,101</u>	<u>\$ (31,769)</u>	<u>\$ 194,963</u>	<u>\$ 188,606</u>	<u>\$ (175,462)</u>
Plan fiduciary net position as a percentage of total pension liability	89.20%	81.20%	102.94%	111.32%	103.85%	88.28%	100.57%	96.18%	96.01%	104.02%
Covered employee payroll	\$ 1,456,170	\$ 1,351,560	\$ 1,372,683	\$ 1,304,450	\$ 1,291,424	\$ 1,292,216	\$ 1,378,635	\$ 1,449,664	\$ 1,278,718	\$ 1,073,521
Authority's net pension liability as a percentage of covered payroll	59.44%	109.65%	-16.19%	-55.26%	-18.05%	54.26%	-2.30%	13.45%	14.75%	-16.34%
Annual money-weighted rate of return, net of investment expense	14.96%	-15.73%	10.97%	14.56%	19.19%	-5.65%	14.40%	7.34%	-0.99%	7.47%

Notes to Schedule

Cumulative Information: The requirement is to show information for 10 years; however, until a full 10-year trend is compiled, the Plan shall present information for the years for which information is available.

Assumption Changes: In 2015, the mortality assumption was changed from the Blue Collar RP-2000 Table to the Blue Collar RP-2000 Table projected to 2015 using Scale AA. In 2017, the mortality assumption was changed from the Blue Collar RP-2000 Table projected to 2015 to the Blue Collar RP-2000 Table projected to 2017 using Scale AA, and the interest rate was lowered from 8.0% to 7.75% per annum. In 2021, the interest rate assumption was lowered from 7.75% to 7.00% per annum, the salary scale was lowered from 5.00% to 4.00%, and the mortality assumption was changed from the RP-2000 Table projected to 2017 using Scale AA to the PubG-2010 projected 5 years past the 2021 valuation date using MP-2020.

**DELAWARE COUNTY SOLID WASTE AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY CONTRIBUTIONS**

Year	Actuarial Determined Contribution	Contributions from Employer	Contribution Deficiency (Excess)	Covered Employee Payroll	Contributions as a Percentage of Payroll
2014	\$ 86,241	\$ 90,000	\$ (3,759)	\$ 1,073,521	8.38%
2015	55,970	90,000	(34,030)	1,278,718	7.04%
2016	74,957	90,000	(15,043)	1,449,664	6.21%
2017	71,030	105,000	(33,970)	1,378,635	7.62%
2018	88,171	115,500	(27,329)	1,292,216	8.94%
2019	88,118	115,500	(27,382)	1,291,424	8.94%
2020	70,848	115,500	(44,652)	1,304,450	8.85%
2021	75,099	115,500	(40,401)	1,372,683	8.41%
2022	118,208	120,000	(1,792)	1,351,560	8.88%
2023	126,503	126,503	-	1,456,170	8.69%

Notes to Schedule of Employer Contributions

Valuation Date:

Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level dollar
Remaining amortization period	11 years
Asset valuation method	Fair market value
Inflation	2.24%
Salary increases	4.00%
Investment rate of return	7.00%
Retirement age	55
Mortality	PubG-2010 projected 5 years past the valuation date using the most recent MP Scale.

**DELAWARE COUNTY SOLID WASTE AUTHORITY
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENSES - BUDGET TO ACTUAL - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Landfill Operating Fund		Rose Tree Fund		Total Funds	
	Budget	Actual	Budget	Actual	Budget	Actual
Operating Expenses:						
Payroll	\$ 1,850,005	\$ 1,758,280	\$ -	\$ -	\$ 1,850,005	\$ 1,758,280
Payroll - fringe benefits, taxes, and pension	761,700	934,734	-	-	761,700	934,734
Administrative and office expense	56,700	97,070	33,200	75,980	89,900	173,050
Amortization expense	-	-	-	15,730	-	15,730
Utilities	80,250	76,648	36,200	37,468	116,450	114,116
Fuels and oil	475,400	398,566	-	-	475,400	398,566
Recycling	-	-	84,550	211,531	84,550	211,531
Equipment, maintenance, and repairs	306,500	273,145	41,000	26,105	347,500	299,250
Rental equipment	45,500	131,965	-	-	45,500	131,965
Stone supplies	150,000	159,880	-	-	150,000	159,880
Leachate treatment and cleanout	554,000	589,603	-	-	554,000	589,603
Lab testing	94,500	113,389	-	-	94,500	113,389
Hydroseeding	105,000	80,538	-	-	105,000	80,538
Site supplies	72,700	162,904	126,000	147,640	198,700	310,544
Engineering	99,000	207,290	13,400	(2,788)	112,400	204,502
Host fees, inspection fees, closure	5,574,675	5,944,666	-	-	5,574,675	5,944,666
Insurance	250,600	361,095	-	-	250,600	361,095
Professional services	711,000	823,257	-	-	711,000	823,257
Public relations	20,000	15,380	-	-	20,000	15,380
Covanta - waste processing	-	-	15,854,302	15,635,581	15,854,302	15,635,581
Facility maintenance	93,200	102,591	-	-	93,200	102,591
Contract hauling fees	2,415,300	1,607,747	9,664,200	9,701,950	12,079,500	11,309,697
Post closure expense	1,200,000	1,526,863	-	-	1,200,000	1,526,863
CEP-Toad Creek Restoration Pro	-	95,607	-	-	-	95,607
Lease/rent	-	-	-	3,668	-	3,668
Radiation detection	-	-	-	2,315	-	2,315
Total Operating Expenses	<u>14,916,030</u>	<u>15,461,218</u>	<u>25,852,852</u>	<u>25,855,180</u>	<u>40,768,882</u>	<u>41,316,398</u>
Non-Operating Expenses:						
Debt service	-	-	731,400	127,291	731,400	127,291
Total Non-Operating Expenses	<u>14,916,030</u>	<u>15,461,218</u>	<u>26,584,252</u>	<u>25,982,471</u>	<u>41,500,282</u>	<u>41,443,689</u>
Total Expenses	<u>\$ 14,916,030</u>	<u>\$ 15,461,218</u>	<u>\$ 26,584,252</u>	<u>\$ 25,982,471</u>	<u>\$ 41,500,282</u>	<u>\$ 41,443,689</u>

**DELAWARE COUNTY SOLID WASTE AUTHORITY
SUPPLEMENTARY INFORMATION
CAPITAL PROJECTS FUND - BUDGET TO ACTUAL - UNAUDITED
FOR THE YEAR ENDED DECEMBER 31, 2023**

	<u>Budget</u>	<u>Actual</u>
Vehicles	\$ 210,000	\$ 191,873
Construction equipment	555,000	611,374
Pad 107 construction	-	12,298
Consulting capex	700,000	371,049
Road construction	300,000	1,333,341
Maintenance building renovation	120,000	174,429
Equipment - capital repairs	-	112,483
Drone	-	15,472
Transfer station upgrades	-	54,790
Admin building roof	80,000	74,548
HQ office furniture-610 E. Balt	-	62,291
IT networking	-	5,303
Automatic gate	45,000	-
Cameras	20,000	37,767
Litter Fence	50,000	51,288
Southern area expansion	320,000	208,071
Phase 2A Construction	-	872,987
Pad 107 & 2023 Capping	<u>3,800,000</u>	<u>3,395,098</u>
Subtotal	6,200,000	7,584,462
Depreciation expense	-	2,942,475
Depletion expense	<u>-</u>	<u>93,952</u>
Total Capital Projects Fund Expenses	<u>\$ 6,200,000</u>	<u>\$ 10,620,889</u>

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

May 2, 2024

To the Board of Directors
Delaware County Solid Waste Authority
Media, Pennsylvania

We have audited the financial statements of the business-type activities and fiduciary fund of the Delaware County Solid Waste Authority ("the Authority"), a component unit of Delaware County, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Delaware County Solid Waste Authority

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP
BARBACANE, THORNTON & COMPANY LLP