



**2015
ANNUAL
REPORT**



**MAKING WASTE
A RESOURCE FOR
OUR COMMUNITY**

Lancaster County Solid Waste Management Authority





MISSION STATEMENT

To manage solid waste and recyclable materials in an environmentally safe, reliable, and efficient manner.

PHILOSOPHY



Rethink.



Recover.



Renew.

These three simple, yet impactful words represent LCSWMA's perspective on managing municipal solid waste. More than just trash, we view waste as a resource for making great things happen in our community.

LEADERSHIP

BOARD OF DIRECTORS:

J. Scott Ulrich, Chair
Steve A. Dzurik, Vice Chair
Lester O. Houck, Treasurer

John K. Musser, Secretary
Michael W. Brubaker
Joseph R. Deerin

R. Edward Gordon
Barbara B. Hammel
Karen M. Weibel

EXECUTIVE TEAM:

James D. Warner, Chief Executive Officer
Robert B. Zorbaugh, Chief Operating Officer
Thomas F. Adams, Chief Business Development Officer

Kathryn J. Sandoe, Deputy Chief of Community Relations
Leslie D. Wireback, Deputy Chief of Human Resources
Michelle M. Marsh, Director of Business Solutions

SOLICITOR:

Nikolaus & Hohenadel, LLP

MESSAGE FROM THE BOARD CHAIR AND CEO

Every year, the Lancaster County Solid Waste Management Authority (LCSWMA) serves the community with excellence by providing the essential public service of managing municipal solid waste, and through our efforts to help make the Susquehanna Valley a better place to live, work, and recreate. From managing close to 1 million tons of waste annually, to generating renewable energy for 45,000+ homes and businesses, to fostering miles of trails and open space, to supporting local arts and culture, LCSWMA partners with individuals, companies, organizations, and municipalities to cultivate a bright future for Lancaster and Dauphin Counties. These achievements are possible while still offering years of stable, cost-effective waste disposal services for our customers.

In 2015, LCSWMA expended great effort and resources to advance our core mission, support and engage the community, and ensure a strong, stable future for our organization and the local area. This 2015 Annual Report shares some of those successes. Within the following pages, you'll find a summary of our operational and financial performance.

SIGNIFICANT HIGHLIGHTS FROM LAST YEAR ALSO INCLUDE:

- Management of 944,508 tons of waste, with overall operating revenue totaling \$80,691,893 for the year and an overall net asset position of \$157,333,692.
- Diverting 96.5% of Lancaster County's municipal solid waste from the landfill (43.4% recycling, 53.1% combustion through waste-to-energy, and only 3.5% landfilled).
- Continued investment by LCSWMA in capital assets to further the efficiency of the Integrated System and to reduce the long-term cost structure of waste processing.
- Retirement of debt associated with the Lancaster County system.
- Completion of major operational improvements and revitalization efforts at the Susquehanna Resource Management Complex (SRMC) in Harrisburg, including the construction of a new Transfer/Maintenance/Admin Building.
- Purchase of new (lighter) transfer trailers to increase average payload, thereby reducing transportation and labor costs from the Transfer Station Complex to our waste-to-energy facilities and landfill.
- Excellent environmental performance for all four facilities, with the Frey Farm Landfill again receiving a perfect compliance record from PA-DEP (23 years running) and recertification by the Wildlife Habitat Council of our landfill properties as a *Wildlife at Work* site.

We would like to thank our partners, stakeholders, and the citizens and businesses we serve for your collaboration and support in 2015. Together, we are making waste a resource for our community.



J. Scott Ulrich
Board Chair

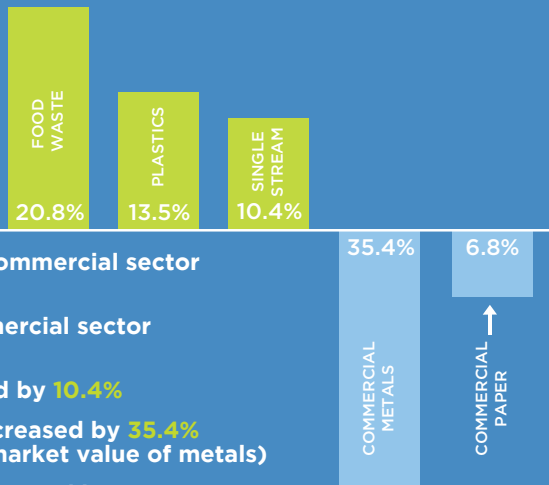


James D. Warner
Chief Executive Officer

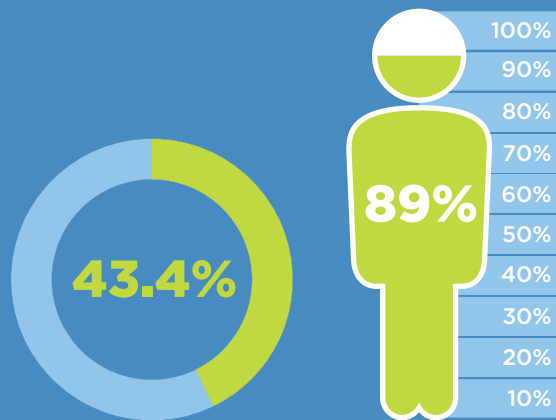
1 RECYCLING PROGRAM SERVING LANCASTER COUNTY

2015 TRENDS

- Food waste recycling from the commercial sector increased by **20.8%**
- Plastics recycling from the commercial sector increased by **13.5%**
- Single stream recycling increased by **10.4%**
- Commercial metals recycling decreased by **35.4%** (resulting from a decline of the market value of metals)
- Commercial paper recycling decreased by **6.8%** (resulting from reduced magazine production and distribution)



2015 METRICS



RECYCLING RATE ACHIEVED

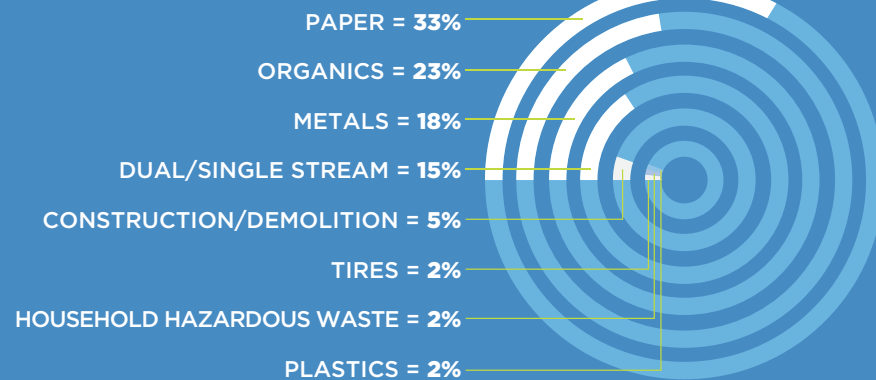
RESIDENTS SERVED

MUNICIPALITIES with CURBSIDE RECYCLING PROGRAMS

44

MUNICIPALITIES with YARD WASTE RECYCLING PROGRAMS

TOTAL TONS OF MATERIAL RECYCLED = 235,019



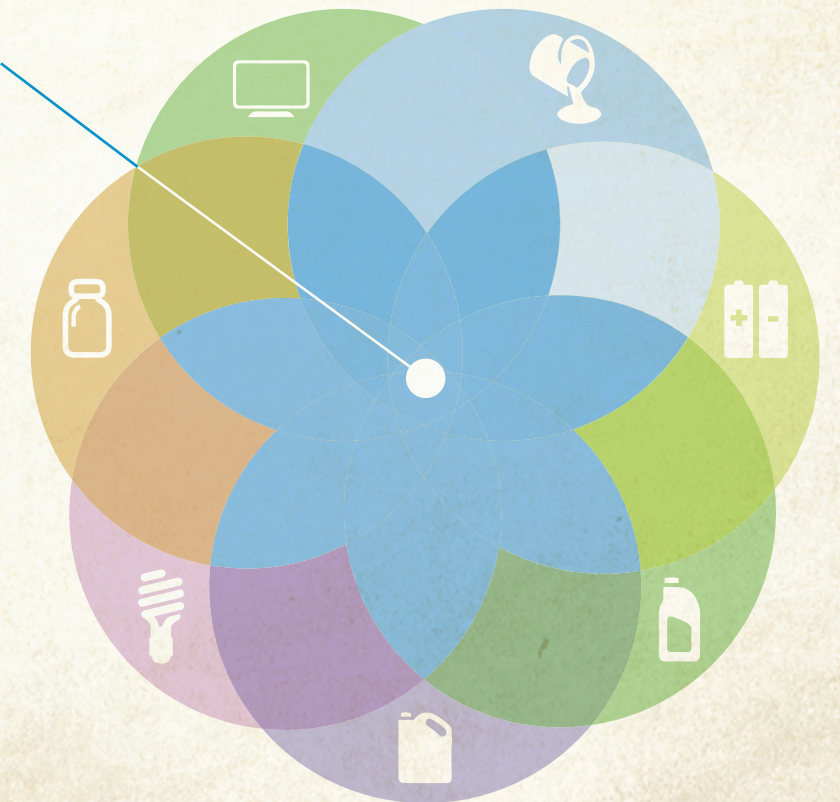
2 HOUSEHOLD HAZARDOUS WASTE FACILITY LANCASTER, PA

NUMBER OF RESIDENT VISITS = 77,685 CUSTOMERS (8% INCREASE)
AVERAGE NUMBER OF DAILY VISITS = 276



TOTAL MATERIAL RECEIVED = 3,690,004 LBS.

- ELECTRONICS = 2,669,219 LBS.
- LATEX PAINT = 362,820 LBS.
- BATTERIES = 151,149 LBS.
- MOTOR OIL = 102,168 LBS.
- FLAMMABLE LIQUIDS = 94,000 LBS.
- FLUORESCENT BULBS = 34,744 LBS.
- OTHER MATERIAL = 245,904 LBS.





3 TRANSFER STATION COMPLEX

LANCASTER, PA

ANNUAL TOTALS:



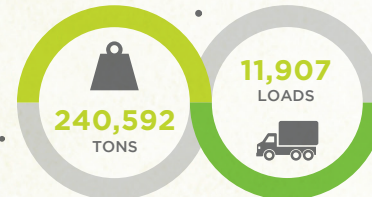
Outbound Transferred TO THE Frey Farm Landfill



REDUCTION IN TRAFFIC TO DISPOSAL FACILITIES ACHIEVED



Outbound Transferred TO THE Recycling Market



Outbound Transferred TO THE Lancaster WTE Facility

AVERAGES:



DAILY CUSTOMER VISITS = 322
MINUTES ON-SITE PER TRIP = 10.5
DAILY TONS DELIVERED = 1,153
TONS PER INBOUND WASTE LOAD = 3.58



TONS PER OUTBOUND WASTE LOAD TO FREY FARM LANDFILL = 19.4
TRAFFIC TRIP REDUCTION BENEFIT TO FREY FARM LANDFILL = 13,999
TONS PER OUTBOUND WASTE LOAD TO LANCASTER WTE FACILITY = 20.2
TRAFFIC TRIP REDUCTION BENEFIT TO LANCASTER WTE FACILITY = 55,382



ANNUAL SOLAR PRODUCTION:



SOLAR KILOWATT HOURS GENERATED = 595,526



SOLAR REVENUE GENERATED = \$26,014

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LANCASTER WASTE-TO-ENERGY FACILITY

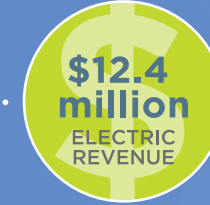
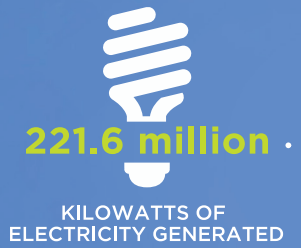
BAINBRIDGE, PA

ANNUAL TOTALS:



91,945

Tons of Ash Produced AND USED AS Daily Landfill Cover



Ferrous Material Recovered AND Recycled



Non-Ferrous Material Recovered AND Recycled



AVERAGES:

- Daily Tons Delivered = 1,443
- Daily Inbound Loads = 110
- Tons per Inbound Load = 13.1
- Kilowatt Hours per Ton Processed = 550



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SUSQUEHANNA RESOURCE MANAGEMENT COMPLEX

HARRISBURG, PA

ANNUAL TOTALS:

Tons of Waste Processed = **283,752**



Inbound Loads = **42,281**

Kilowatts of Electricity Generated = **115.4 million**



Electric Revenue = **\$5.1 million**

Tons of Ash Produced & Used as Daily Landfill Cover = **8,265**



Tons of Ferrous Metal Recovered & Recycled = **8,265**



Revenue from Recycled Ferrous Metal = **\$398,606**



AVERAGES:



Daily Tons Delivered = **1,053**

Daily Inbound Loads = **157**

Tons per Inbound Load = **6.7**

Kilowatt Hours per Ton Processed = **408**



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FREY FARM LANDFILL

CONESTOGA, PA

ANNUAL LANDFILL GAS PRODUCTION:

Landfill Gas Kilowatt Hours Generated = **14,731,722**

Landfill Gas Revenue = **\$45,041**



ANNUAL TOTALS:

Tons of Waste Received = **406,951**



Inbound Loads = **35,854**



ANNUAL WIND ENERGY PRODUCTION:

Wind Energy Kilowatt Hours Generated = **6,184,496**

Wind Energy Revenue = **\$66,949**



AVERAGES:

Daily Tons Delivered = **1,446**

Daily Inbound Loads = **127**

Tons Per Inbound Load = **11.35**

Minutes on Site = **19**

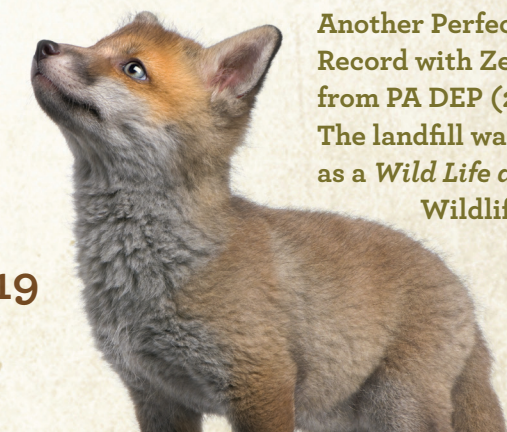


Remaining Volume **21%** (2016-2018)

Volume Utilized for the Year **3.54%**

Annual Density Achieved **2,143** (lbs./cubic yard)

Anticipated Year Full = **2019**



Another Perfect Environmental Record with Zero Violations from PA DEP (23 Years Running). The landfill was also recertified as a *Wild Life at Work* site by the Wildlife Habitat Council.

Select Financial Data

Lancaster County Solid Waste Management Authority
STATEMENTS OF NET POSITION

December 31, 2015 and 2014

| | 2015 | 2014 |
|--|-----------------------|-----------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | \$ 7,094,972 | \$ 15,281,044 |
| Investments | 26,607,218 | 22,502,481 |
| Accounts Receivable, net of Provision for Bad Debts of \$10,000 at 2015 and 2014 | 10,397,227 | 9,487,406 |
| Grants Receivable, Current Portion | 815,277 | 446,842 |
| Notes Receivable, Current Portion | 6,074 | 5,808 |
| Interest Receivable | 172,967 | 165,907 |
| Inventory | 16,481 | 14,892 |
| Other Current Assets | 1,022,160 | 793,783 |
| Total Current Assets | 46,132,376 | 48,698,163 |
| RESTRICTED ASSETS | | |
| Investments with Trustee | 9,009,994 | 12,062,297 |
| Interest Receivable | 11 | 2,904 |
| Total Restricted Assets with Trustee | 9,010,005 | 12,065,201 |
| Escrow Deposit | 1,649,684 | 1,459,341 |
| Closure and Post-Closure Care Funds | 19,355,739 | 17,899,967 |
| Total Restricted Assets | 30,015,428 | 31,424,509 |
| OTHER ASSETS | | |
| Grant Receivable, net of Current Portion | 199,166 | -0- |
| Notes Receivable, net of Current Portion | 2,554,855 | 2,560,929 |
| Deferred Charges, net of Amortization of \$213,000 at 2015 and \$205,562 at 2014 | -0- | 7,438 |
| Total Other Assets | 2,754,021 | 2,568,367 |
| REAL ESTATE, FACILITIES, and EQUIPMENT | | |
| Waste-to-Energy Facility | 140,865,811 | 139,817,156 |
| Susquehanna Resource Management Complex | 127,263,397 | 119,069,523 |
| Landfill Facility | 87,251,192 | 86,813,674 |
| Transfer Station Complex | 24,466,339 | 24,233,280 |
| Equipment | 18,894,897 | 18,014,335 |
| Support Facilities | 9,864,476 | 9,837,755 |
| Other Real Estate | 7,295,802 | 5,471,995 |
| Administrative Building and Equipment | 4,107,987 | 3,859,195 |
| | 420,009,901 | 407,116,913 |
| Accumulated Depreciation | (188,941,597) | (178,233,023) |
| Net Depreciable Assets | 231,068,304 | 228,883,890 |
| Construction in Progress | 5,819,845 | 9,162,696 |
| Net Real Estate, Facilities, and Equipment | 236,888,149 | 238,046,586 |
| TOTAL ASSETS | \$ 315,789,974 | \$ 320,737,625 |

Select Financial Data

Lancaster County Solid Waste Management Authority
STATEMENTS OF NET POSITION (CONTINUED)

December 31, 2015 and 2014

| | 2015 | 2014 |
|---|-----------------------|-----------------------|
| LIABILITIES & NET POSITION | | |
| CURRENT LIABILITIES | | |
| Current Portion of Long-Term Debt | \$ 3,925,000 | \$ 9,925,000 |
| Current Portion of Estimated Post-Closure Care Costs | 118,000 | 128,000 |
| Accounts Payable – Trade | 5,015,833 | 5,426,746 |
| Other Current Liabilities | 894,642 | 777,764 |
| Accrued Expenses | 2,762,932 | 2,662,063 |
| Accrued Interest Payable | 275,711 | 296,301 |
| Total Current Liabilities | 12,992,118 | 19,215,874 |
| LONG-TERM LIABILITIES | | |
| Long-Term Debt, net of Current Portion | 131,902,546 | 136,462,683 |
| Estimated Closure and Post-Closure Care Liability, net of Current Portion | 11,018,502 | 10,539,814 |
| Other Long-Term Liabilities | 2,543,116 | 2,332,149 |
| Total Long-Term Liabilities | 145,464,164 | 149,334,646 |
| TOTAL LIABILITIES | 158,456,282 | 168,550,520 |
| NET POSITION | | |
| Net Invested in Capital Assets | 110,070,608 | 103,731,542 |
| Restricted | 8,518,921 | 7,341,494 |
| Unrestricted | 38,744,163 | 41,114,069 |
| TOTAL NET POSITION | \$ 157,333,692 | \$ 152,187,105 |

Select Financial Data

Lancaster County Solid Waste Management Authority
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|---|-----------------------|-----------------------|
| OPERATING REVENUES | | |
| Tipping Fees | \$ 59,545,228 | \$ 57,350,288 |
| Energy | 18,401,006 | 18,706,329 |
| Transportation | 1,540,205 | 1,459,430 |
| Other | 1,205,454 | 2,902,637 |
| Total Operating Revenues | 80,691,893 | 80,418,684 |
| OPERATING EXPENSES | | |
| Waste-to-Energy Facility | 23,230,173 | 22,476,602 |
| Susquehanna Resource Management Complex | 18,283,527 | 19,127,931 |
| Depreciation | 12,642,052 | 12,187,390 |
| Landfills | 4,319,801 | 4,016,806 |
| Transfer Station Complex | 3,051,474 | 3,141,323 |
| Closure and Post-Closure Care | 592,718 | 1,709,978 |
| Household Hazardous Waste | 449,586 | 386,158 |
| Total Operating Expenses | 62,569,331 | 63,046,188 |
| SUPPORT EXPENSES | | |
| General and Administrative | 11,011,216 | 10,565,540 |
| Depreciation | 54,095 | 79,793 |
| Total Support Expenses | 11,065,311 | 10,645,333 |
| Total Operating and Support Expenses | 73,634,642 | 73,691,521 |
| OPERATING INCOME | 7,057,251 | 6,727,163 |
| NON-OPERATING REVENUES (EXPENSES) | | |
| Grant Revenues | 2,014,586 | 904,397 |
| Gain (Loss) on Disposal of Assets | 241,282 | (3,139,844) |
| Miscellaneous | 370,707 | 351,790 |
| Interest and Investment Earnings | 601,975 | 1,049,363 |
| Interest Expense | (5,139,214) | (5,591,063) |
| Net Non-Operating Revenues | (1,910,664) | (6,425,357) |
| CHANGES in NET POSITION | 5,146,587 | 301,806 |
| NET POSITION | | |
| Beginning of Year | 152,187,105 | 151,885,299 |
| End of Year | \$ 157,333,692 | \$ 152,187,105 |

Select Financial Data

Lancaster County Solid Waste Management Authority
STATEMENTS OF CASH FLOWS

Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|---|---------------------|----------------------|
| CASH FLOWS from OPERATING ACTIVITIES | | |
| Receipts from Customers and Users | \$ 80,235,657 | \$ 78,124,263 |
| Payments to Suppliers | (54,816,501) | (53,484,241) |
| Payments to Employees | (5,948,349) | (5,704,171) |
| Net Cash Provided by Operating Activities | 19,470,807 | 18,935,851 |
| CASH FLOWS from NON-CAPITAL and RELATED FINANCING ACTIVITIES | | |
| State and Local Grant Income | 1,446,985 | 6,457,555 |
| CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES | | |
| Interest Paid | (5,787,503) | (6,202,511) |
| Principal Payments | (9,925,000) | (12,065,000) |
| Payments for Capital Acquisitions | (11,731,371) | (11,647,141) |
| Proceeds from Sale of Capital Assets | 433,500 | 687,130 |
| Net Cash Used by Capital and Related Financing Activities | (27,010,374) | (29,227,522) |
| CASH FLOWS from INVESTING ACTIVITIES | | |
| Deposits Made for Escrow Funds | (190,343) | (109,341) |
| Principal Payments Received on Notes Receivable | 5,808 | 4,678,675 |
| Sales of Restricted Investments | 55,186,131 | 45,140,345 |
| Purchases of Restricted Investments | (53,762,883) | (45,210,121) |
| Receipts of Interest | 977,884 | 1,103,957 |
| Sales of Unrestricted Investments | 14,340,799 | 12,819,046 |
| Purchases of Unrestricted Investments | (18,650,886) | (8,054,627) |
| Net Cash Provided (Used) by Investing Activities | (2,093,490) | 10,367,934 |
| INCREASE (DECREASE) in CASH and CASH EQUIVALENTS | (8,186,072) | 6,533,818 |
| CASH and CASH EQUIVALENTS | | |
| Beginning | 15,281,044 | 8,747,226 |
| Ending | \$ 7,094,972 | \$ 15,281,044 |

Select Financial Data

Lancaster County Solid Waste Management Authority
STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended December 31, 2015 and 2014

| | 2015 | 2014 |
|--|----------------------|----------------------|
| RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES | | |
| Operating Income | \$ 7,057,251 | \$ 6,727,163 |
| ADJUSTMENTS to RECONCILE OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES | | |
| Depreciation | 12,696,147 | 12,267,183 |
| Miscellaneous Income not in Operating Income on Statements of Revenues, Expenses, and Changes in Net Position Included for Cash Flow | 370,707 | 351,790 |
| (Increase) Decrease in: | | |
| Accounts Receivable | (909,821) | (2,579,541) |
| Inventory and Other Current Assets | (229,966) | (296,794) |
| Increase (Decrease) in: | | |
| Current Liabilities | 17,801 | 766,242 |
| Estimated Closure and Post-Closure Care Costs | 468,688 | 1,699,808 |
| Total Adjustments | 12,413,556 | 12,208,688 |
| Net Cash Provided by Operating Activities | \$ 19,470,807 | \$ 18,935,851 |

Select Financial Data

Lancaster County Solid Waste Management Authority
SCHEDULES OF CONDENSED REVENUES AND EXPENSES

Years Ended December 31, 2015, 2014, 2013, 2012, and 2011

| | 2015 | 2014 | 2013 | 2012 | 2011 |
|--|---------------------|-------------------|---------------------|---------------------|---------------------|
| OPERATING REVENUES | | | | | |
| Tipping Fees | \$ 59,545,228 | \$ 57,350,288 | \$ 36,528,464 | \$ 36,739,546 | \$ 37,913,369 |
| Energy | 18,401,006 | 18,706,329 | 12,366,845 | 12,721,735 | 12,394,865 |
| Transportation and Other | 2,745,659 | 4,362,067 | 3,312,889 | 3,460,722 | 3,430,220 |
| Total Operating Revenues | 80,691,893 | 80,418,684 | 52,208,198 | 52,922,003 | 53,738,454 |
| OPERATING EXPENSES | | | | | |
| Waste-to-Energy Facility | 23,230,173 | 22,476,602 | 21,586,995 | 22,066,779 | 21,595,882 |
| Susq. Resource Mgmt. Complex | 18,283,527 | 19,127,931 | 439,348 | -0- | -0- |
| Depreciation and Amortization | 12,642,052 | 12,187,390 | 7,667,655 | 7,633,557 | 7,944,542 |
| Landfills | 4,319,801 | 4,016,806 | 3,522,988 | 3,548,224 | 3,638,856 |
| Transfer Station Complex | 3,051,474 | 3,141,323 | 3,132,300 | 3,218,345 | 3,101,884 |
| Closure and Post-Closure Care | 592,718 | 1,709,978 | 476,203 | 2,530 | 356,505 |
| Household Hazardous Waste | 449,586 | 386,158 | 341,862 | 290,841 | 280,577 |
| Total Operating Expenses | 62,569,331 | 63,046,188 | 37,167,351 | 36,760,276 | 36,918,246 |
| SUPPORT EXPENSES | | | | | |
| Total Operating and Support Expenses | 73,634,642 | 73,691,521 | 51,176,976 | 46,391,679 | 45,910,191 |
| OPERATING INCOME | 7,057,251 | 6,727,163 | 1,031,222 | 6,530,324 | 7,828,263 |
| INTEREST and INVESTMENT EARNINGS | | | | | |
| | 601,975 | 1,049,363 | 309,060 | 1,196,525 | 2,013,009 |
| INTEREST EXPENSE | | | | | |
| | (5,139,214) | (5,591,063) | (1,538,259) | (1,746,862) | (1,959,294) |
| NET OTHER NON-OPERATING REVENUES (EXPENSES) | | | | | |
| | 2,626,575 | (1,883,657) | 6,782,293 | 585,889 | 351,561 |
| CHANGES in NET POSITION | \$ 5,146,587 | \$ 301,806 | \$ 6,584,316 | \$ 6,565,876 | \$ 8,233,539 |

STAY CONNECTED.



@LCSWMA



LCSWMA

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JOIN THE CONVERSATION.



LCSWMA



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LCSWMAPA

Let's talk trash, recycling, renewable energy, and sustainability.

BE INFORMED.



Visit www.lcswma.org

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