Lancaster County Solid Waste Management Authority

Years Ended December 31, 2015 and 2014

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Lancaster County Solid Waste Management Authority

Lancaster, Pennsylvania

Years Ended December 31, 2015 and 2014

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Lancaster County Solid Waste Management Authority

Financial Statements with Supplementary Information

Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lancaster County Solid Waste Management Authority
Lancaster, Pennsylvania

We have audited the accompanying comparative financial statements of **Lancaster County Solid Waste Management Authority**, which comprise the statements of net position as of December 31, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **Lancaster County Solid Waste Management Authority** as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other postemployment benefits information on pages 3 through 9 and 44, respectively, 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.

Trout, Ebersole & Groff, LLP

March 7, 2016
Lancaster, Pennsylvania

TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

Management of the **Lancaster County Solid Waste Management Authority** (the Authority), issues the following narrative and analysis to assist the reader in understanding financial activities of the Authority for the fiscal year ended December 31, 2015.

Overview of the Financial Statements

Although the Authority is a governmental entity, the Authority engages primarily in business-type activities. The Authority's basic financial statements consist of two components: 1) enterprise fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Enterprise Fund Financial Statements

The enterprise fund statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

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

The statements of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. The basic enterprise fund financial statements can be found on pages 10 through 14 of this report.

Notes to financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15 through 43 of this report.

SUMMARY

In 2015, the Authority continued to invest in capital assets to further enhance the efficiency of the entire waste disposal system and to reduce the long term cost structure of waste processing. The Susquehanna Resource Management Complex (SRMC) continued to be a focus with the completion of a new Transfer, Maintenance and Administration (TMA) building that increased waste handling efficiency and substantially improved customer service, safety, and satisfaction. Investments were also made to SRMC's waste-to-energy processing facility and site infrastructure to improve output and reduce costs.

Other investments included the purchase of property contiguous to the Authority's Waste-to-Energy (WTE) plant in Bainbridge PA, which may present future business opportunities. New transfer trailers were purchased to replace existing trailers under the Authority's scheduled equipment replacement cycle. The new trailers have increased average payload and reduced transportation and labor costs.

The Authority retired all debt associated with the 2005 Transfer Station Renovation note and the 2006 Resource Recovery System Revenue Bonds in 2015. Only debt associated with SRMC asset purchase in December 2013 remains.

The financial performance exceeded budgeted expectations for the year as operating income improved from 2014. Overall operating revenue totaled $80,691,893 for the year. The balance sheet remains strong with an overall net position of $157,333,692. All capital expenditures were funded with both operating cash and reserve funds specifically designated for capital projects. The Authority received a total of 944,508 tons of waste, including recycling material. This represented a 5.8% increase over 2014.

FINANCIAL REVIEW

The Authority's balance sheet remains strong as assets exceed liabilities by $157,333,692 (net position). Overall assets decreased by $4,947,651 which primarily reflects the release of debt service reserve fund cash to retire the 2005 and 2006 debt as well as the depreciation on assets related to projects completed in 2015. Total debt (current and long-term) was reduced by $9,925,000 to a principal balance of $129,390,000 at December 31, 2015.

A majority of the Authority's net position is comprised of two major components: 1) investment in capital assets (net of associated debt) and 2) investments in board designated investment reserve funds which represent $29,496,083 of the unrestricted net position total. These investment reserves consist of funds that have been set aside for future capital and construction project funding.

Capital expenditure investment was $11,731,371 while asset sales provided $433,500 in proceeds. All Authority capital expenditures were made from operating cash and unrestricted reserve funds.

	Net Position	
	2015	**2014**
Current and Other Assets	78,901,825	82,691,039
Capital Assets	236,888,149	238,046,586
TOTAL ASSETS	**315,789,974**	**320,737,625**
Long-Term Liabilities Outstanding	134,445,662	138,794,832
Landfill Closure and Post-Closure Costs (Current and Long-Term)	11,136,502	10,667,814
Other Liabilities	12,874,118	19,087,874
TOTAL LIABILITIES	**158,456,282**	**168,550,520**
Net Investment 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**

The Authority's net position increased by $5,146,587 during the year. Operating income improved to $7,057,251 compared to 2014's operating income of $6,727,163. Net non-operating expenses of $1,910,664 were recorded in 2015.

Total operating revenues of $80,691,893 increased slightly by $273,209 (.3%) from 2014. Tipping fees and energy sales accounted for 97% of operating revenue. Tipping fee revenue increased by $2,194,940 (3.8%) compared to 2014 on an increase in overall delivered tons into the system. Energy revenue was down $305,323 (1.6%) from 2014 while other operating revenues, consisting mostly of revenue received on the sale of recovered metal from processed waste, was down $1,697,183 (58%) reflecting depressed global market prices throughout the year.

Total operating and support expenses, excluding depreciation, were $60,938,495; down .8% from 2014. Included in operating expenses are provisions for landfill related closure and post-closure care costs recognized under GASB accounting guidelines. The total costs recognized under these guidelines was $592,718 which results from an increase in the actual percentage of area filled at the Frey Farm Landfill (FFLF) during 2015.

FINANCIAL REVIEW (Continued)

Depreciation expense of $12,696,147 was up 3.5% from 2014 reflecting additional assets capitalized and placed into service in 2015.

General and administrative costs were up 4.2% relative to 2014.

Net non-operating expenses were $1,910,664 consisting of interest expense on debt less investment earnings, net gains on asset sales, and other non-operating revenue sources. Investment earnings were $601,975 as compared to 2014 earnings of $1,049,363. This decrease is the result of the impact of adjusting the Authority investments (comprised primarily of US treasury notes, agency/mortgage backed debt, and municipal obligations) to market value at the end of 2015 (relative to the impact of adjusting to a lower market at the end of 2014). Also impacting investment earnings was lower interest income in 2015 (as a result of an early payoff of a note receivable from PPL Renewable Energy, LLC in August of 2014).

Net gain from asset disposals reflect normalized asset sale transactions in 2015 as compared to a net loss in 2014 of $3,139,844 which included one-time write-offs of certain SRMC buildings and a book loss associated with the sale of non-operating property under a prior agreement. Other non-operating revenue of $2,385,293 primarily reflects Pennsylvania State Grant revenue associated with the completion of projects at SRMC for which the grant was provided.

	Change in Net Position	
	2015	**2014**
Revenues:		
Tipping Fees	59,545,228	57,350,288
Energy	18,401,006	18,706,329
Transportation	1,540,205	1,459,430
Other Revenues	1,205,454	2,902,637
TOTAL OPERATING REVENUE	**80,691,893**	**80,418,684**
Expenses:		
Operating Expenses, Excluding Depreciation	49,927,279	50,858,797
Support Expenses, Excluding Depreciation	11,011,216	10,565,541
Depreciation Expense	12,696,147	12,267,183
TOTAL OPERATING and SUPPORT EXPENSES	**73,634,642**	**73,691,521**
Investment Earnings	601,975	1,049,363
Interest Expense	(5,139,214)	(5,591,063)
Gain / (Loss) on Asset Disposals	241,282	(3,139,844)
Other Non-Operating Revenue	2,385,293	1,256,187
TOTAL NON-OPERATING REVENUE (EXPENSE)	**(1,910,664)**	**(6,425,357)**
Increase in Net Position	5,146,587	301,806
Net Position - January 1	152,187,105	151,885,299
NET POSITION - DECEMBER 31	**157,333,692**	**152,187,105**

CAPITAL ASSETS, DEBT ADMINISTRATION, and LONG-TERM OBLIGATIONS

Capital Assets

The Authority invested $11,731,371 in capital assets through various projects, property acquisitions, operating equipment purchases, and other improvements in 2015. The completion of a Transfer, Maintenance and Administration (TMA) building at SRMC, as well as planned upgrades to SRMC's waste-to-energy facility and general improvements to the site's infrastructure, accounted for 56% of the total capital expenditures (CAPEX). Purchases of transportation and other operating equipment represented 21% of CAPEX, the majority of which represented the acquisition of new transfer trailers as part of the Authority's scheduled asset replacement cycle. Property acquisitions accounted for 13% of CAPEX which included the acquisition of contiguous property to the Authority's waste-to-energy plant in Bainbridge PA. The balance of CAPEX was primarily for various improvements.

Proceeds from property and equipment sales were $433,500. Total depreciation expense for 2015 was $12,696,147. A comparison of capital assets as of December 31, 2015 and December 31, 2014, is shown below.

	Capital Assets	
	2015	**2014**
Susquehanna Resource Management Complex (SRMC)	118,814,271	115,023,746
Waste-to-Energy Facility	42,024,254	45,043,636
Landfill Facility	28,549,554	28,652,481
Transfer Station Complex	18,423,606	18,967,414
Support Facilities	7,574,493	7,881,498
Other Real Estate	6,504,269	4,841,387
Equipment	7,822,092	7,173,910
Administrative Building and Equipment	1,355,765	1,299,818
Construction in Progress	5,819,845	9,162,696
TOTAL CAPITAL ASSETS	**236,888,149**	**238,046,586**

Additional information on the Authority's capital assets can be found in Notes 6 and 7 of the financial statements.

Debt Administration and Long-Term Obligations

At December 31, 2015, the Authority had $129,390,000 of outstanding bond principal liability. Principal payments of $9,925,000 were made in 2015 representing the final debt obligations on the 2005 Transfer Station Renovation note and the 2006 Resource Recovery System Revenue Bonds (see Note 12). Approximately $3,000,000 of the principal payments were funded from a pre-existing debt service reserve fund.

The remaining principal balance of $129,390,000 outstanding at December 31, 2015 reflects the debt associated with the acquisition of the SRMC assets on December 23, 2013. The Authority also has obligations to close the Frey Farm Landfill and perform post-closure monitoring for the Creswell and Frey Farm Landfills as well as post-closure monitoring associated with the SRMC ash landfills. The Authority has recorded total related liabilities in the amount of $11,136,502 for these activities.

REVIEW of 2015 BUSINESS

Facilities and Operations

The Authority owns and operates four (4) primary facilities; the Susquehanna Resource Management Complex (SRMC) in Harrisburg PA; the Transfer Station Complex (TSC) in Lancaster PA; the Frey Farm Landfill (FFLF) in Conestoga PA; and the Waste-to-Energy (WTE) facility in Bainbridge PA. The integrated operation of these facilities constitute the entire solid waste processing and disposal system (the System).

In 2015, the System received 944,508 tons of waste which includes refuse, construction and demolition (C&D), residual and recyclable material. This represented a 5.8% increase over 2014. The TSC received 324,214 tons of waste which was then transferred to the WTE facility, FFLF or several privately owned and operated recycling facilities. The WTE received 406,268 tons of waste either delivered directly to the facility or transferred in from the TSC while the FFLF received 237,344 tons of waste either delivered directly to the landfill or transferred in from the TSC or SRMC. There were 296,324 tons of waste received at SRMC. Construction and demolition (C&D) waste received at SRMC was transferred to the FFLF. All sites met the Authority's expectation for availability and overall operating performance.

The WTE facility processed 403,420 tons of waste generating 221.6 M kWh of electricity which the Authority sold to Metropolitan Edison Company at an average price of $.056 /kWh. The SRMC facility processed 283,752 tons of waste generating 115.5 M kWh of electricity, 94% of which was sold under contract to the Commonwealth of Pennsylvania's Department of General Services (DGS) at a rate of $.0428/kWh. Electric not purchased by DGS was sold at market prices to the PJM (Pennsylvania, Jersey, Maryland) grid. In addition to the direct sale of electric, the SRMC facility also realized revenue from the sale of guaranteed electric capacity and renewable energy credits (REC's).

Operating Revenue

The Authority's integrated waste disposal and processing system provided sufficient capacity to take delivery of 944,508 tons of waste material which provides tipping revenue for the system. About 73% of the total waste volume delivered to the Authority was processed at one of the two waste-to-energy facilities generating electric kilowatts to be sold. The revenue from the sale of these kilowatt's, along with other energy related revenue sources such as REC's and capacity assurance, were sold mostly under contract in 2015. The combined revenue from tipping fees earned for the disposal of waste tons and energy related sales account for approximately 97% of operating revenue in 2015.

The Authority earned $59,545,228 in tipping revenue in 2015 (74% of total operating revenue). Refuse and C&D (referred to as municipal solid waste - MSW) comprised 82% of the tipping revenue and 77% of the total tons received. Residual waste streams accounted for 17% of overall system tipping revenue and 21% of the total tons received. Residual waste is received through contracts with the waste generator, waste broker, or waste transporter. Inbound recyclable material received from private haulers accounts for 2% of the total waste tons.

Energy related revenue earned was $18,401,006 in 2015 (23% of all operating revenue). The majority of energy related revenue, about 97%, is derived from the production and sale of electricity at both the WTE and SRMC plants. Capacity assurance revenue is also earned at the SRMC plant. Other energy revenue sources include the sale of REC's from electric production at the SRMC plant. These credits are contracted to pay a fixed price for a maximum amount of megawatts produced monthly. The current contract runs through May 31, 2018 and includes annual increases to the price paid for megawatts produced. In 2015, REC revenue totaled $721,586, (about 3.9% of the total energy revenue). At FFLF, recovery and sale of methane gas converted to electricity as well as electricity generated from wind powered turbines earned $74,884 in revenue.

REVIEW of 2015 BUSINESS (Continued)

Operating Revenue (Continued)

Transportation revenue reflects fees charged to haulers for waste that is delivered to the Authority's TSC (which is then transferred to either the FFLF or WTE sites). Other revenue primarily consists of the sale of metal recovered from the waste stream. Low metal prices throughout 2015 resulted in a significant decline in this revenue source.

BUSINESS OUTLOOK

Approximately 83% of SRMC's operating revenue is covered under existing, long term waste disposal agreements for refuse delivery and an electric purchase contract with the Commonwealth of Pennsylvania's Department of General Services. Refuse and C&D in the Lancaster system is covered under five (5) year agreements with private haulers that deliver waste generated in Lancaster County to the Authority. The current agreement expires at the end of 2017. Electricity produced at the WTE facility is sold pursuant to an electric sales agreement that expires on February 1, 2016. The expiration of this agreement exposes the Authority to market risk in 2016 and beyond as electric will be sold into the PJM grid. Projections for 2016 indicate that electric prices will be substantially less than the fixed contract rate earned in 2015. The Authority has taken steps to mitigate some of this risk by entering into agreements for other energy revenue sources such as REC's and capacity assurance, which are based on WTE megawatt output. In 2015, approximately 76% of the Lancaster System's operating revenue fell under the above-mentioned agreements. With the expiration of the WTE electric sales contract, the amount of revenue associated with specific agreements will cover approximately 58% of operating revenue in 2016.

The remaining portion of the Authority's operating revenue primarily consists of the sale of both ferrous and non-ferrous metal recovered from waste that is delivered for disposal. The sale price of the metal is subject to market forces and thus unpredictable. In 2015, metal prices overall dropped significantly which negatively impacted this revenue source. For 2015, metal revenue represented about 1.4% of the total operating revenues as compared to about 2.9% in 2014. Metal prices are expected to remain at relatively low levels throughout 2016.

In spite of the challenges associated with the expiration of WTE's fixed contract pricing as well as lower metal prices relative to previous years, the Authority has taken the necessary steps to ensure a diverse and steady flow of revenue that will enable the Authority to provide for the capital and operational needs of the System for the future through a sound financial system.

Capital Expenses and Reserve Management

The Authority's capital spending program is funded with free cash flow from operations. Cash derived from operations is invested in various unrestricted investment accounts for the purpose of capital outlays. These investment balances are monitored continuously to ensure payment for planned capital needs throughout the year.

The gross capital budget for 2016 is $5,942,750. The majority of 2016's CAPEX budget (75%) relates to the Authority's continued plan to upgrade SRMC's waste-to-energy facility and also to replace various operating equipment throughout the System. With the 2016 operating plan, it is expected that the Authority will generate free cash flow of between three and four million dollars to add to unrestricted investments which fund current and long-term capital projects.

REQUESTS for INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Communications Manager, **Lancaster County Solid Waste Management Authority**, P.O. Box 4425, Lancaster, PA 17604, or e-mail to info@lcswma.org.

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 (Note 3)	1,022,160	793,783
Total Current Assets	**46,132,376**	**48,698,163**
RESTRICTED ASSETS		
Investments with Trustee (Note 4)	9,009,994	12,062,297
Interest Receivable	11	2,904
Total Restricted Assets with Trustee	9,010,005	12,065,201
Escrow Deposits	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 (Note 5)	2,554,855	2,560,929
Deferred Charges, net of Amortization of $213,000 at 2015 and $205,562 at 2014	-0-	7,438
Total Other Assets	**2,754,021**	**2,568,367**
REAL ESTATE, FACILITIES, and EQUIPMENT (Note 6)		
Waste-to-Energy Facility	140,865,811	139,817,156
Susquehanna Resource Management Complex	127,263,397	119,069,523
Landfill Facility	87,251,192	86,813,674
Transfer Station Complex	24,466,339	24,233,280
Equipment	18,894,897	18,014,335
Support Facilities	9,864,476	9,837,755
Other Real Estate	7,295,802	5,471,995
Administrative Building and Equipment	4,107,987	3,859,195
	420,009,901	407,116,913
Accumulated Depreciation	(188,941,597)	(178,233,023)
Net Depreciable Assets	231,068,304	228,883,890
Construction in Progress (Note 7)	5,819,845	9,162,696
Net Real Estate, Facilities, and Equipment	**236,888,149**	**238,046,586**
TOTAL ASSETS	**$ 315,789,974**	**$ 320,737,625**

See notes to financial statements.

Lancaster County Solid Waste Management Authority

STATEMENTS of NET POSITION
(Continued)
December 31, 2015 and 2014

	2015	2014
LIABILITIES and NET POSITION		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt (Note 12)	$ 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 (Note 9)	894,642	777,764
Accrued Expenses (Note 10)	2,762,932	2,662,063
Accrued Interest Payable (Note 11)	275,711	296,301
Total Current Liabilities	**12,992,118**	**19,215,874**
LONG-TERM LIABILITIES		
Long-Term Debt, net of Current Portion (Note 12)	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 (Note 13)	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 (Note 14)		
Net Investment 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**

See notes to financial statements.

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 Expenses	**(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**

See notes to financial statements.

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**

See notes to financial statements.

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**

See notes to financial statements.

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES

Description of Operations

Lancaster County Solid Waste Management Authority (the "Authority") is a body corporate and politic organized and existing under the Pennsylvania Municipality Authorities Act. The Authority was incorporated on December 14, 1954. The Authority is governed by a Board of Directors comprised of nine members, each of whom is appointed by the Lancaster County Board of County Commissioners.

The Pennsylvania Solid Waste Management Act as amended ("Act 97") and the Pennsylvania Municipal Waste Planning, Recycling and Waste Reduction Act as amended ("Act 101") are comprehensive laws regulating the management of solid waste disposal throughout Pennsylvania. Under Act 97 and Act 101 (collectively, the "Acts"), each county is required to adopt a municipal waste management plan for municipal solid waste ("MSW") generated within its boundaries.

Lancaster County

The Lancaster County Municipal Waste Management Plan 2014, revised and updated the Lancaster County Municipal Waste Management Plan 2010 (the "Lancaster 2010 Plan"), the Lancaster County Municipal Waste Management Plan 1999 (the "Lancaster 1999 Plan"), and the Lancaster County Municipal Waste Management Plan 1990 (the "Lancaster 1990 Plan"). The Lancaster 2014, 2010, 1999, and 1990 Plans (collectively the "Lancaster Plan") were all duly approved by the Lancaster County Commissioners and the Pennsylvania Department of Environmental Protection ("PaDEP") in accordance with the Acts. The Lancaster Plan provides for a comprehensive and integrated system (the "Lancaster System") for management of MSW which is generated in Lancaster County, Pennsylvania. The Lancaster System includes, inter alia, (a) a waste-to-energy facility for combustion of municipal waste and generation of energy, (b) landfill facilities for the disposal of municipal solid waste and ash, (c) a transfer facility, (d) a recycling program, and (e) a household hazardous waste facility.

Under the Lancaster Plan, the Authority has been designated as the public agency responsible for (a) designing, developing, financing, constructing, and owning, operating and managing the Lancaster System, (b) conducting continuing municipal waste planning, and (c) implementing the Lancaster Plan. Such implementation is effected, inter alia, through the Lancaster County Municipal Waste Management Ordinance adopted May 31, 1990 (the "Lancaster 1990 Ordinance") and the Municipal Waste Management Agreement between the Authority and the County of Lancaster effective as of October 15, 1990, (the "Municipal Waste Management Agreement"). Neither the Lancaster 1990 Ordinance nor the Municipal Waste Management Agreement may be amended without the Authority's consent. The Lancaster Plan has the force of law and violators are subject to civil and criminal penalties.

The effect of the Lancaster Plan, and the ordinances and agreements which implement the Lancaster Plan, is (a) to delegate to the Authority the County's rights, duties, and obligations for implementation of the Lancaster Plan, (b) to grant to the Authority all powers which are necessary or appropriate to design, develop, finance, construct, own, operate, and manage the Lancaster System, (c) to require delivery to facilities designated by the Authority of substantially all municipal solid waste generated in Lancaster County not source separated or recycled, (d) to require permitting of all municipal waste collectors and haulers, and (e) to authorize the Authority to establish tipping fees to be collected from each person delivering waste to the Lancaster System.

The Authority, which has no taxing power, establishes from time to time solid waste disposal fees at rates based upon prevailing market conditions in amounts which enable the Authority to obtain sufficient waste volume so that its revenues, together with other resources, are sufficient to cover all of the Authority's Lancaster System operating costs, administrative costs, capital costs, and other costs, including debt service. No public utility or other regulatory review of the Authority's rate or fee schedule is required.

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Dauphin County

Until 2014, the Authority had primarily conducted waste disposal operations in the County of Lancaster. With the acquisition of the Susquehanna Resource Management Complex on December 23, 2013, the Authority expanded its operations into adjoining Dauphin County. The Susquehanna Resource Management Complex, formerly known as the Harrisburg Resource Recovery Facility, is located on a parcel situated in Swatara Township and the City of Harrisburg, Dauphin County, Pennsylvania (the "Site"). The Site includes: (a) the Susquehanna Resource Management Facility, which is designed to process 800 tons per day of MSW and produce steam to generate up to 23 megawatts of electricity; (b) an ash landfill containing closed and two active monofill cells; and (c) various other buildings and equipment.

In conjunction with this acquisition of the Susquehanna Resource Management Complex by the Authority, the County of Dauphin delegated to the Authority its duties and obligations to ensure adequate disposal capacity for municipal solid waste generated in Dauphin County, and provided waste flow control regulations that require, with limited exception, all such MSW be delivered to the Susquehanna Resource Management Complex. In May 1991, the Dauphin County Municipal Waste Management Plan was approved by PaDEP, having previously been approved by Dauphin County and the requisite number of municipalities. The Dauphin County 1991 Plan was amended by the Dauphin County 1994, 1995, 1999, and 2003 Non-substantial Plan Revisions (collectively the "Dauphin County Plan"). In 2004, the Dauphin County Plan was revised to make the Susquehanna Resource Management Complex (then known as the Harrisburg Materials and Energy Resource Recovery Facility) the designated facility for all Dauphin County MSW, except for the MSW generated in Swatara Township and Highspire Borough. In 2005, a Substantial Plan Revision provided for disposal of construction and demolition ("C & D") waste in twelve designated landfill facilities. In October 2013, a Nonsubstantial Plan Revision was deemed approved by PaDEP recognizing that, upon closing and acquisition of the Susquehanna Resource Management Complex, the Authority will be the governmental entity responsible for assuring adequate MSW processing and disposal capacity for Dauphin County and as the owner of the designated facility. Dauphin County originally adopted a flow control ordinance in 1991 and the ordinance was amended in 2013 to conform to the Dauphin 2013 Nonsubstantial Plan Revision and the Delegation Agreement.

Unlike the Lancaster Plan, the Dauphin County Plan provides that the Authority has responsibility within Dauphin County solely for the processing and disposal of MSW. In addition to certain agreed rates for MSW generated within Dauphin County, the Authority establishes, from time to time, solid waste disposal fees for out-of-County MSW at rates based upon prevailing market conditions in amounts which enable the Authority to obtain sufficient waste volume so that its revenues, together with other resources, are sufficient to cover all of the Authority's Susquehanna Resource Management Complex operating costs, administrative costs, capital costs, and other costs, including debt service. No public utility or other regulatory review of the Authority's rate or fee schedule is required.

Reporting Entity

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 as amended, *Financial Reporting Entity*, the financial statements of the reporting entity (the Authority) include those of the **Lancaster County Solid Waste Management Authority** and any component units. Consistent with applicable guidance, the criteria used by the entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given situation, the Authority reviews the applicability of the following criteria:

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)
The Authority is financially accountable for:

1. Organizations that make up the legal reporting entity.

2. Legally separate organizations if the Authority appoints a voting majority of the organization's governing body and the Authority is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Authority.

   The Authority is able to impose its will on an organization if the Authority can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

   There is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Authority if the Authority (a) is entitled to the organization's resources, or (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization, or (c) is obligated in some manner for the debt of the organization.

3. Organizations which are fiscally dependent on the Authority and have a financial benefit or burden, as defined above. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes, or set rates or charges, or issue bonded debt without approval by the Authority.

Based on the criteria above, there were no additional entities required to be included in the reporting entity for the current period.

Basis of Accounting
The Lancaster County Solid Waste Management Authority operates as a business-type activity and its accounts are maintained on the accrual basis of accounting. Under this method, revenues are recognized when earned, and expenses are recorded as liabilities when incurred, without regard to receipt or payment of cash. The Authority follows all applicable GASB pronouncements.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first for restricted purposes, then unrestricted resources as they are needed.

Cash and Cash Equivalents
Cash and cash equivalents include amounts in demand and interest-bearing bank deposits, certificates of deposit, as well as unrestricted investments with original maturities of three months or less.

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrestricted Investments
Unrestricted investments are recorded at fair value and are classified as current assets due to their readily marketable nature.

Restricted Assets

Investments with Trustee
Pursuant to the terms of certain bond indentures, certain monies are held by a Trustee. The Authority is in compliance with investment guidelines regarding types of investments permitted. Investments are generally reported at fair market value in accordance with accounting principles generally accepted in the United States of America.

Escrow Deposits
In order to assure timely payment of amounts due to the Authority, the City of Harrisburg has placed funds on deposit with the Authority. In the event that the City of Harrisburg fails to remit tipping fees or shortfall fees, as defined in the municipal waste disposal agreement between the parties, within thirty days of the due date, the Authority is authorized to withdraw such delinquent amounts from the escrow deposit, and the City of Harrisburg is obligated to restore the escrow deposit so withdrawn within thirty days of notice.

The Authority also holds certain deposits in escrow as required pursuant to the electric plant lease for the Susquehanna Resource Management Complex, as discussed in Note 19, and as a condition of participation in a captive insurance program.

Closure and Post-Closure Funds
Certain cash accounts held by the Authority are set aside for landfill closure and post-closure monitoring costs. The accounts are properly classified as restricted assets on the statements of net position. Regulations require the Authority to maintain the restricted accounts for the landfill closure and post-closure monitoring costs.

Inventory
Inventory consists of vehicle parts and accessories stated at the lower of cost, on the first-in-first-out basis, or market.

Real Estate, Facilities, and Equipment - Capital Assets
Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are generally defined by the Authority as assets with an initial, individual cost of more than $1,500 and an estimated useful life in excess of one year. The Authority capitalizes computer equipment with an initial, individual cost of more than $2,500 and an estimated useful life in excess of three years. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities may be included as part of the capitalized value of the assets constructed. No interest was capitalized during the current or previous fiscal year.

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Real Estate, Facilities, and Equipment - Capital Assets (Continued)
Facilities and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and Fixtures	25 to 40 Years
Motor Vehicles	5 to 10 Years
Office Equipment	5 to 10 Years
Operating Equipment	5 to 10 Years
Support Equipment	5 to 10 Years

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity. Total depreciation for all capital assets of the Authority for the years ended December 31, 2015 and 2014, was $12,696,147 and $12,267,183, respectively.

Construction in progress are costs assigned which represent capital improvements uncompleted at year end at various sites. These costs totaled $5,819,845 and $9,162,696 at December 31, 2015 and 2014, respectively.

Other Postemployment Benefits
GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other non-pension benefits. Collectively, these benefits are commonly referred to as other postemployment benefits, or OPEB.

GASB No. 45 generally requires that state and local governmental employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Annual OPEB cost for most employers are based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they become due. The provisions of GASB No. 45 may be applied prospectively and do not require governments to fund their OPEB plans. Employers were permitted to establish OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods.

Use of Estimates
The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to closure and post-closure care costs, depreciation of fixed assets, and the obligation for other postemployment benefits. Accordingly, actual results may differ from estimated amounts.

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

NOTE 1 - SUMMARY of SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards Adopted in 2015

During the current year, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which amends GASB Statement No. 27. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. Adoption of this standard resulted in enhanced disclosures related to pensions.

Pending Changes in Accounting Principles

In March 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application.* The objective of this statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. The provisions of this statement are effective for the Authority's 2016 financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.* The objective of this statement is to improve accounting and financial reporting for state and local governments for postemployment benefits other than pensions (OPEB). The provisions of this statement are effective for the Authority's 2018 financial statements.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this statement is to identify the hierarchy of generally accepted accounting principles (GAAP) in the context of the current governmental financial reporting environment. The provisions of this statement are effective for the Authority's 2016 financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants.* The objective of this statement is to enhance comparability of financial statements among governments by establishing specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. The provisions of this statement are effective for the Authority's 2016 financial statements.

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS

Pennsylvania statutes provide for investment of Authority funds into certain authorized investment types including U.S. Treasury bills, short-term U.S. and Pennsylvania government obligations, insured or collateralized time deposits and certificates of deposit, obligations of the U.S. or Pennsylvania government which are backed by the full faith and credit of the U.S. or Pennsylvania government, and registered mutual funds which invest only in the preceding instruments. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Authority funds for investment purposes.

The deposit and investment policy of the Authority adheres to state statutes and prudent business practice. There were no significant deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Authority.

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Cash and Cash Equivalents - Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The Authority has a formal policy for custodial credit risk. As of December 31, 2015, $5,571,875 of the Authority's bank balance of $12,771,819 was exposed to custodial credit risk as:

Uninsured and Uncollateralized	-0-
Collateralized with Securities Held by the Pledging Financial Institution	-0-
Uninsured and Collateral Held by the Pledging Financial Institution's Trust Department not in the Authority's Name	5,571,875
	5,571,875

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured Amount Above	5,571,875
Plus: Insured Amount	7,199,944
Bank Balance	12,771,819
Deposits in Transit	15,273
Outstanding Checks	(524,779)
Carrying Amount - Bank Balances	12,262,313
Petty Cash	3,400
Money Market Funds	3,386,632
Escrow Deposits in Restricted Assets	(1,649,684)
Certificates of Deposit	(6,907,689)
Total Cash and Cash Equivalents Per Financial Statements	**7,094,972**

Investments

As of December 31, 2015, the Authority had the following investments:

		Investment Maturities (in Years)			
Investment Type	**Fair Value**	**<1**	**1-5**	**6-10**	**10+**
Tax Exempt Municipal Bonds	3,567,797	2,736,000	831,797		
U.S. Agency Securities	15,820,605	725,502	9,019,285	1,101,593	4,974,225
U.S. Treasury Securities	26,071,902	7,891,355	14,825,360	3,355,187	
Money Market Mutual Funds	6,260,274	6,260,274			
	51,720,578	**17,613,131**	**24,676,442**	**4,456,780**	**4,974,225**
Raffles Insurance, Ltd. - Redeemable Preference Share	30,900				
Raffles Insurance, Ltd. - Common Share	100				
Total Investments	**51,751,578**				

Interest Rate Risk

The Authority has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE 2 - CASH and CASH EQUIVALENTS and INVESTMENTS (Continued)

Credit Risk

The Authority has a formal investment policy that limits its investment choices to certain credit ratings. As of December 31, 2015, the Authority's investments were rated as:

	AAA	AA	A	BBB	Not Rated
Tax Exempt Municipal Bonds		2,121,236	875,653	570,938	
U.S. Agency Securities	15,820,575				
U.S. Treasury Securities	26,071,902				
Money Market Mutual Funds	6,260,274				
Other - Raffles Insurance, Ltd.					31,000
	48,152,751	**2,121,236**	**875,653**	**570,938**	**31,000**

Concentration of Credit Risk

The Authority has a formal investment policy that limits the amount it may invest in any one issuer to 30% of total investments. More than 5% of the Authority's investments are in Federal Home Loan Mortgage Corporation obligations, Federal National Mortgage Association Pool, and Wells Fargo Advantage Government Money Market Fund. These investments are 7.8%, 10.0% and 6.5% of total investments, respectively.

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. The Authority has a formal investment policy regarding custodial credit risk. At December 31, 2015 and 2014, none of the Authority's investments were exposed to custodial credit risk.

Reconciliation of Investments to Financial Statements

Total Investments Per Footnotes	51,751,578
Less: Money Market Funds	(3,386,632)
Less: Investments in Escrow Deposits	(299,684)
Add: Certificates of Deposit	6,907,689
Total Investments per Financial Statements	**54,972,951**

The following schedule summarizes investments and their classifications in the statements of net position at December 31, 2015:

	2015
Unrestricted Assets:	
Investments	26,607,218
Restricted Assets:	
Investments with Trustee	9,009,994
Closure and Post-Closure Care Funds	19,355,739
	54,972,951

NOTE 3 - OTHER CURRENT ASSETS

Balances consisted of the following at December 31, 2015 and 2014:

	2015	2014
Prepaid Insurance	859,767	660,842
Other Prepaid Expenses	162,393	132,941
	1,022,160	**793,783**

NOTE 4 - RESTRICTED ASSETS with TRUSTEE

Pursuant to the Amended and Restated Trust Indenture dated March 17, 1998, the following investments were held with the Trustee at December 31, 2015 and 2014:

	2015	2014
Debt Service Reserve Funds	9,009,994	12,062,297

NOTE 5 - NOTES RECEIVABLE

Mortgage Note Receivable
On December 22, 2009, the Authority sold real estate to an individual. In conjunction therewith, the Authority holds a mortgage note receivable in the original principal amount of $470,800. The note was modified December 2014, to reduce the interest rate to 4.5% and reduce the monthly payments to $1,824, commencing January 2015. A balloon payment of the entire principal balance outstanding, originally due December 2011, was extended to December 2019.

Note Receivable from PPL Renewable Energy, LLC (PPLRE)
During 2010, the Authority provided PPLRE with a $4,650,000 improvement loan, in connection with a certain lease agreement.

PPLRE paid the Authority 6% interest on the outstanding balance of the $4,650,000 improvement loan. The loan was repaid in full in 2014.

Note Receivable from MP2 Capital, LLC
During the year ended December 31, 2011, the Authority entered into Solar Power Purchase Agreements and Lease with MP2 Capital, LLC (MP2). Pursuant to the terms of these agreements, MP2 installed a solar project at the Authority's transfer station complex and was granted a leasehold improvement interest thereon. The Authority provided MP2 with partial financing for the project in the form of an improvement loan. The note bears interest at 4.25% until the fifth anniversary of the commercial operation date of the project, and 2% thereafter. Interest only is due in quarterly installments on the note for five years beginning one month after the first quarterly invoice date following the commercial operation date, with principal and interest due thereafter, in equal installments sufficient to amortize the note over 15 years.

NOTE 5 - NOTES RECEIVABLE (Continued)

Note Receivable from MP2 Capital, LLC (Continued)

MP2 pays the Authority rentals totaling $6,042 per quarter. The Authority has committed to purchase all of the solar output of the project during the purchase term, as defined in the agreement. The Authority has the option to purchase the solar project on the fifth anniversary of the commercial operation date, and every two years thereafter, for a predefined value net of the note receivable balance.

Notes receivable balances at December 31, 2015 and 2014, are summarized as follows:

	December 31, 2015		
	Current Portion	Long-Term Portion	Total
Mortgage Note Receivable	6,074	348,118	354,192
Notes Receivable from MP2 Capital, LLC		2,206,737	2,206,737
	6,074	**2,554,855**	**2,560,929**

	December 31, 2014		
	Current Portion	Long-Term Portion	Total
Mortgage Note Receivable	5,808	354,192	360,000
Notes Receivable from MP2 Capital, LLC		2,206,737	2,206,737
	5,808	**2,560,929**	**2,566,737**

NOTE 6 - REAL ESTATE, FACILITIES, and EQUIPMENT - CAPITAL ASSETS

A summary of changes in capital assets for the year follows:

	Balance January 1, 2015	Additions	Deletions/ Transfers	Balance December 31, 2015
Capital Assets not Being Depreciated:				
Land and Improvements	22,086,557	1,075,225	724,903	23,886,685
Construction in Progress	9,162,696	891,571	(4,234,422)	5,819,845
Total Capital Assets not Being Depreciated	**31,249,253**	**1,966,796**	**(3,509,519)**	**29,706,530**
Capital Assets Being Depreciated:				
Waste-to-Energy Facility	137,413,721	22,344		137,436,065
Accumulated Depreciation	(94,773,527)	(4,068,032)		(98,841,559)
Susquehanna Resource Management Complex	119,069,523	6,154,367	2,039,507	127,263,397
Accumulated Depreciation	(4,045,774)	(4,403,352)		(8,449,126)
Landfill Facility	67,464,352	89,581	(425,877)	67,128,056
Accumulated Depreciation	(58,161,191)	(969,658)	429,209	(58,701,640)
Transfer Station Complex	24,209,875	248,590	(15,533)	24,442,932
Accumulated Depreciation	(5,265,867)	(791,638)	14,772	(6,042,733)
Equipment	18,014,335	2,560,063	(1,679,501)	18,894,897
Accumulated Depreciation	(10,840,425)	(1,739,071)	1,506,691	(11,072,805)
Support Facilities	9,837,755	30,721	(4,000)	9,864,476
Accumulated Depreciation	(1,956,257)	(333,726)		(2,289,983)
Other Real Estate	5,244,600	396,491	1,427,315	7,068,406
Accumulated Depreciation	(630,608)	(160,924)		(791,532)
Administrative Building and Equipment	3,776,195	262,418	(13,626)	4,024,987
Accumulated Depreciation	(2,559,374)	(229,747)	36,902	(2,752,219)
Capital Assets Being Depreciated, net	**206,797,333**	**(2,931,573)**	**3,315,859**	**207,181,619**
Capital Assets, net	**238,046,586**	**(964,777)**	**(193,660)**	**236,888,149**

NOTE 7 - CONSTRUCTION in PROGRESS

The Authority has uncompleted projects shown as follows:

Description	Balance January 1, 2015	Cost of Construction	Expense/ Transfer to Capital Assets	Balance December 31, 2015
Landfill Facility	5,500,188	145,825	(724,903)	4,921,110
Transfer Station Complex	9,087		(9,087)	-0-
Administrative Building	23,275		(23,275)	-0-
Susquehanna Resource Management Complex	2,193,938	452,228	(2,040,947)	605,219
Equipment	8,893		(8,893)	-0-
Other Real Estate	1,427,315	293,516	(1,427,315)	293,516
	9,162,696	**891,569**	**(4,234,420)**	**5,819,845**

Construction in progress relates to future landfill development, improvement projects at the Susquehanna Resource Management Complex, and improvement projects to other real estate.

NOTE 8 - OTHER ASSETS, REAL ESTATE PURCHASES, and SALE COMMITMENTS

During April 2002, the Authority entered into (a) an Agreement with Manor Township and (b) a Consent Order to settle certain pending litigation. Pursuant to the Agreement and the Consent Order and in order to protect the value of certain properties in Manor Township, Lancaster County, Pennsylvania, the Authority agreed to purchase, if requested to do so by the owner thereof, forty-seven properties at the fair market value determined without regard to any impact of the Authority's facilities or activities.

To date, the Authority has purchased twenty-two of the forty-seven properties at a cost of $5,004,310. The Authority has resold twelve of the twenty- two properties, net of costs, for $1,621,830. Those twelve properties were purchased by the Authority for $1,802,486. The Authority also made improvements to these properties in the amount of $78,520.

The Authority owns two residential properties in Manor Township which, pursuant to agreements entered into in December 2000, are occupied by their former owners. Each agreement provides that the Authority will reimburse the former owner for maintenance and repair expenses in the amount of $1,000 per month. The monthly payments will continue if the former owner resides in the property, until January 1, 2025. In the case of any owner who ceases to reside at the property, the agreement provides for a relocation fee (in lieu of the $1,000 per month) in the amount of $250 times the number of months from the date of the owner's vacating the property until January 1, 2025.

NOTE 8 - OTHER ASSETS, REAL ESTATE PURCHASES, and SALE COMMITMENTS (Continued)

In September 2011, the Authority entered into an option agreement to sell real estate to Perdue Grain & Oilseed, LLC (Perdue). In consideration of payments totaling $110,000, the Authority, subject to provisions contained in the agreement, granted to Perdue the right to purchase approximately 57 acres of land adjacent to the Authority's Waste-to-Energy Facility. The option period began on September 20, 2011, and expires March 18, 2016, under an extension. The exercise of the option is subject to certain pre-conditions and approvals. The option, if timely exercised, allows Perdue to acquire the 57 acres for $2,478,000, for which the Authority may provide ten-year financing at 6.0% annual interest.

As part of its recycling programs, the County of Dauphin owns and operates a 15,000 square foot materials collection facility known as the Dauphin County Recycling Center (DCRC), on the Susquehanna Resource Management Complex site. The County of Dauphin owns the building and leases the site upon which it is located from the Authority pursuant to a February 25, 2004 ground lease. The ground lease site is within the Susquehanna Resource Management Complex site and the County of Dauphin is entitled to access to the ground lease site. The ground lease has an initial term of 29 years, with two 10 year extensions, with annual rental of $1.00. The DCRC Building may be used only as a materials collection facility and may not be subleased. The County of Dauphin bears all costs related to the DCRC Building and operations. Upon termination of the ground lease, the DCRC Building becomes the property of the Authority.

NOTE 9 - OTHER CURRENT LIABILITIES

Balances consisted of the following at December 31, 2015 and 2014:

	2015	2014
Prepaid Disposal Fees	741,421	777,764
Other Deposits	153,221	-0-
Total	**894,642**	**777,764**

NOTE 10 - ACCRUED EXPENSES

Balances consisted of the following at December 31, 2015 and 2014:

	2015	2014
Accrued Host Fees	238,233	226,987
Accrued DEP Recycling Fees	690,255	583,972
Accrued County Closure Fee	25,599	23,080
Accrued Haulers Rebate	898,041	856,500
Accrued DGS Fees	-0-	155,674
Accrued Prepaid Rebate	41,640	42,574
Accrued Payroll	423,671	393,219
Payroll Taxes and Pension Plan Accrued and Withheld	71,059	65,106
Miscellaneous Accruals	374,434	314,951
	2,762,932	**2,662,063**

NOTE 11 - ACCRUED INTEREST PAYABLE

Accrued interest payable reflects the liability calculated from the anniversary of debt payment to December 31.

NOTE 12 - LONG-TERM DEBT

Long-term debt at December 31, 2015, is summarized as follows:

$10,000,000 Transfer Station Renovation Note, Series of 2005
On July 15, 2005, the Authority issued a $10,000,000 Transfer Station Renovation Note, Series of 2005 for the design, engineering, construction and installation of, purchase and reimbursement of construction materials and equipment for, and reimbursement of costs and expenses in connection with a transfer station facility to be constructed on property owned by the Authority. The interest rate was at 3.150%. The principal amount was due in various amounts through December 2015. The note was paid in full at December 31, 2015.

$30,620,000 Resource Recovery System Revenue Bonds, Series of 2006
On October 17, 2006, the Authority issued $30,620,000 Resource Recovery System Revenue Bonds, Series of 2006 to (a) advance refund the Authority's Resource Recovery System Revenue Bonds, 1998 Series B, (b) fund a debt service reserve fund, and (c) pay the costs of issuing the Series 2006 Bonds. The bonds were payable in various principal amounts from December 2013 to December 2015, and bore interest at rates from 3.70% to 5.00%. The bonds were paid in full at December 2015.

$105,390,000 Solid Waste Disposal System Revenue Bonds, Series A of 2013
The Solid Waste Disposal System Revenue Bonds, Series A of 2013, were issued to (a) provide funds toward the acquisition of the Susquehanna Resource Management Complex, (b) provide funds for capital improvements at the Susquehanna Resource Management Complex, (c) fund a debt reserve service fund, and (d) pay the costs of issuing the bonds. The bonds are payable in various amounts from 2016 through 2033, and bear fixed rates of interest from 2.50% to 5.25%.

$24,000,000 Guaranteed Authority Bonds (Dauphin County Guaranty) Series B of 2013
The Guaranteed Authority Bonds, Series B of 2013, were issued to provide funds toward the acquisition of the Susquehanna Resource Management Complex. The 2013 Series B Bonds are not secured by the revenues, facilities, or assets of the Authority. The bonds are guaranteed by the County of Dauphin, and under that guaranty, the County of Dauphin has pledged its full faith, credit and taxing power. The bonds mature in 2033, and bear interest at 5.0%. Pursuant to a Cooperation Agreement between the Authority and the County of Dauphin, the Authority is responsible for payment of $240,000 interest per annum on the 2013 Series B Bonds, and the County of Dauphin is responsible for the balance. The Cooperation Agreement may only be enforced by the Authority and, as such, the Authority does not have the obligation to repay Dauphin County should Dauphin County be required to perform under the guaranty.

If, on or before the end of the term of the 2013A Bonds and 2013B Bonds: (a) the County of Dauphin takes all necessary steps to continue legally enforceable waste flow control for an additional ten years with the County of Dauphin tip fees not less than the tip fees in the preceding year (or if the County of Dauphin legally cannot extend waste flow control), then the Authority will, at the Authority's option: (i) repay the unpaid principal of the 2013B Bonds and retain the Susquehanna Resource Management Complex; or (ii) upon the County of Dauphin repayment of the 2013B Bonds, convey the Susquehanna Resource Management Complex to the County of Dauphin; or (b), if the County of Dauphin is legally able to extend waste flow control, but fails to do so, then the County of Dauphin shall repay the unpaid principal of the 2013B Bonds and the Authority shall retain ownership of the Susquehanna Resource Management Complex.

NOTE 12 - LONG-TERM DEBT (Continued)

Long-term debt consists of the following at December 31, 2015:

	2013 A Series	2013 B Series	Total
Principal Amount Due	105,390,000	24,000,000	129,390,000
Less: Current Portion	3,925,000	-0-	3,925,000
Long-Term Principal Due	**101,465,000**	**24,000,000**	**125,465,000**
Original Issue Premiums, Net of Accumulated Amortization			6,437,546
Long-Term Debt, net of Current Portion			**131,902,546**

The following is a summary of the Authority's long-term debt transactions for the year ended December 31, 2015:

Debt Outstanding - January 1, 2015	139,315,000
New Debt Issuance	-0-
Repayments	(9,925,000)
Debt Outstanding - December 31, 2015	**129,390,000**

The annual debt service requirements for all outstanding debt as of December 31, 2015, are as follows:

Year	Principal	Interest	Dauphin County Reimbursement **	Net
2016	3,925,000	6,289,663	(960,000)	9,254,663
2017	4,025,000	6,191,538	(960,000)	9,256,538
2018	4,125,000	6,090,913	(960,000)	9,255,913
2019	4,330,000	5,884,663	(960,000)	9,254,663
2020	4,550,000	5,668,163	(960,000)	9,258,163
2021 - 2025	26,335,000	24,743,475	(4,800,000)	46,278,475
2026 - 2030	33,545,000	17,535,350	(4,800,000)	46,280,350
2030 - 2033	48,555,000	6,093,037	(2,880,000)	51,768,037
	129,390,000	**78,496,802**	**(17,280,000)**	**190,606,802**

** Represents payment from County of Dauphin for interest, in excess of $240,000 per year, on the 2013 Series B Bonds.

All bonds and bank notes, except the 2013 Series B Bonds, are secured by the pledge of all of the Authority's right, title, and interest in the Authority's revenues and by all money and securities (except the rebate fund) held by the Trustee under the Amended and Restated Trust Indenture.

NOTE 13 - OTHER LONG-TERM LIABILITIES

Balances consisted of the following at December 31, 2015 and 2014:

	2015	2014
Net Other Postemployment Benefits (OPEB) Obligation	618,828	530,446
Nonqualified Deferred Compensation Plan Obligation	574,288	451,703
Escrow Liability	1,350,000	1,350,000
	2,543,116	**2,332,149**

NOTE 14 - NET POSITION

Net Investment in Capital Assets - Net investment in capital assets consists of the Authority's capital assets, net of accumulated depreciation, and less the outstanding balance of debt attributable to the acquisition or construction of those assets.

Restricted - Restricted net position is comprised of the following as of December 31, 2015 and 2014:

	2015	2014
Restricted for Landfill Closure and Post-Closure Care Costs	8,219,237	7,232,153
Other	299,684	109,341
	8,518,921	**7,341,494**

Unrestricted - The Authority has established (a) a Construction Reserve Fund for anticipated future projects, (b) a Revenue Reserve Fund pursuant to certain provisions of the Amended and Restated Trust Indenture, and (c) a Capital Projects Reserve Fund for future tangible asset replacements and additions. The balances are reported at the market values of the investments in the funds, are included in unrestricted net position, and are board designated to their defined purpose. For the years ended December 31, 2015 and 2014, the balance of unrestricted net position is as follows:

	2015	2014
Board Designated Unrestricted Net Position:		
Construction/Capital Reserve Fund	21,393,128	24,325,833
Revenue Reserve Fund	8,102,955	8,074,856
Total Board Designated Unrestricted Net Position	**29,496,083**	**32,400,689**
Undesignated Unrestricted Net Position	9,248,080	8,713,380
Total Unrestricted Net Position	**38,744,163**	**41,114,069**

NOTE 15 - GRANTS

The Authority recognizes grant revenues in the period in which all eligibility requirements have been satisfied. These grants may be subject to compliance requirements and audits, and the Authority may be liable for disallowed expenses. Grant revenues were as follows for the years ending December 31, 2015 and 2014:

	2015	2014
Redevelopment Assistance Capital Program Grant for Acquisition and Improvements at the Susquehanna Resource Management Complex	1,587,640	379,001
Grants from PA Department of Environmental Protection	426,946	517,841
Other	-0-	7,555
	2,014,586	**904,397**

NOTE 16 - DEFINED CONTRIBUTION PENSION PLAN

The Authority has a defined contribution money purchase pension plan (MPPP) covering substantially all of its employees. The Authority also has an Internal Revenue Code Section 457 Eligible Deferred Compensation Plan (EDCP). Benefit terms, including contribution requirements, for the MPPP are established and may be amended by the Authority's Board of Directors. The MPPP is administered by an administrative committee. A trustee receives, disburses, and invests plan assets.

Benefit Provisions
Normal retirement benefits are paid, commencing at age 62, in the form of a life or joint and survivor annuity, subject to certain minimum balance requirements. Lump sum payments may be paid at the option of the participant.

Vesting
Participants are vested in the employer's contributions in accordance with the following schedule:

Completed Years of Service	Vested Percentage
0 but less than 2	0%
2 but less than 3	25%
3 but less than 4	50%
4 but less than 5	75%
5 or more	100%

Forfeitures are added to the employer base contribution account of each participant who is employed by the Authority on the last day of the plan year, in proportion to compensation during the plan year.

NOTE 16 - DEFINED CONTRIBUTION PENSION PLAN (Continued)

Employer Contributions
The Authority contributes seven percent (7%) of the active participant's pay to the MPPP (base contribution). The Authority also matches a participant's contribution to the EDCP up to five percent (5%) of pay (matching contribution). All Authority contributions are deposited into the MPPP, regardless of the plan to which the participant makes contributions. The total potential Authority contribution is a maximum of twelve percent (12%). The Authority recognized pension expense for the years ended December 31, 2015 and 2014 of $670,574 and $636,712, respectively.

Employee Contributions
Participants may contribute a maximum of eleven percent (11%) of pay to either the MPPP or EDCP or both. Participant contributions are on a post-tax basis to the MPPP and on a pre-tax basis to the EDCP. Employees' elected contributions for the years ended December 31, 2015 and 2014, were $364,704 and $356,289, respectively.

NOTE 17 - POSTEMPLOYMENT HEALTH CARE BENEFITS

Description
The Authority has adopted the provisions of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* In addition to the relevant disclosures within this note related to GASB Statement No. 45, the financial statements reflect a long-term liability of $618,828 and $530,446 at December 31, 2015 and 2014, respectively, in other long-term liabilities for OPEB obligations.

The Authority maintains a single employer defined benefit plan to permit employees who retire at age 62 or later, with twenty or more years of service, to continue group medical coverage to age 65 or until eligible for Medicare, whichever occurs first, by remitting a portion of the monthly cost to the Authority. The retired member must pay a portion of the cost, equal to the active participants' contribution ($806 per year in 2015 and 2014) for retiree coverage, and 100% of the spouse's cost, if applicable. The retiree's portion of the cost is payable in advance on a monthly basis. The Authority pays the remainder of the cost. The plan is governed by the Authority which may amend the benefit provisions and contribution requirements by action of its Board of Directors. The plan does not issue financial statements.

Funding Policy
The Authority has elected to finance costs on a pay-as-you-go basis.

The Authority's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The Authority has elected to amortize its initial unfunded actuarial liability over ten years. The following illustrates the components of the Authority's annual OPEB cost for the year, the amount actually contributed, and changes in the Authority's net OPEB obligation at December 31:

NOTE 17 - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

	2015	2014	2013
Annual Required Contribution	209,238	202,214	198,453
Interest on Net OPEB Obligation	21,218	17,383	15,288
Adjustment to Annual Required Contribution	(62,884)	(51,519)	(45,311)
Annual OPEB Cost	167,572	168,078	168,430
Contributions Made	79,190	72,210	116,060
Increase in Net OPEB Obligation	88,382	95,868	52,370
Net OPEB Obligation - Beginning of Year	530,446	434,578	382,208
Net OPEB Obligation - End of Year	**618,828**	**530,446**	**434,578**

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed, and the net OPEB obligation for 2013, 2014, and 2015, were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation - End of Year
12/31/2013	168,430	69%	434,578
12/31/2014	168,078	43%	530,446
12/31/2015	167,572	47%	618,828

Funding Status and Funding Progress

As of January 1, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits equaled $1,213,332, resulting in an unfunded actuarial accrued liability (UAAL) of $1,213,332. The covered payroll (annual payroll of active employees covered by the plan) equaled $5,469,839, and the ratio of the UAAL to the covered payroll equaled 22.2%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Authority is required to present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. However, because the Authority maintains no plan assets, information relative to plan asset required disclosures is not applicable. Additionally, because 2008 was the year of transition for GASB Statement No. 45, requirements of GASB Statement No. 45 have been implemented prospectively.

NOTE 17 - POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the Authority and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the Authority and plan members to that point. There are no legal or contractual funding limitations that would potentially affect the projection of benefits for financial accounting purposes.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations.

In the actuarial valuation dated January 1, 2015, the unit credit cost method was used. Because the Authority funds its OPEB on a pay-as-you-go basis, the plan has no assets (investments) legally held exclusively for paying the postemployment medical benefits. Actuarial assumptions included an interest rate of 4.0% per annum, healthcare cost trend rates of 10.0% in 2015, 9% for 2016, 8% for 2017, 7% for 2018, 6% for 2019 and 5% thereafter, and the use of the level dollar method amortization method over a 10 year period.

NOTE 18 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority self-insures certain risks, for which commercial insurance is not economically available including pollution occurrence, through the Government Self Insurance Fund, an entity which is separate from the Authority. Each participant in the fund contributes to this entity on a self-assessed basis. Currently, the Authority is the only government entity who has elected to become a participant/member of the Government Self Insurance Fund. Contributions are placed into a trust and managed pursuant to a trustee agreement. The available self-insurance coverage was $3,731,522 and $3,766,728 at December 31, 2015 and 2014, respectively. The agreement for formation of the fund provides that the fund will be self-sustaining through member premiums. Settled claims have not exceeded pool coverage in any of the past three years. During the year ended December 31, 2015, the Authority received reimbursement from the fund for various claims totaling $63,893.

The Authority manages the risks of loss related to workers' compensation, general liability, and fleet operations through participation in a captive insurance program. Under this program, the Authority pays annual premiums to cover expected losses. In the event of adverse loss experience, the Authority may be charged an experience adjustment, and is required to post a letter of credit or provide escrow to secure that commitment. The program also provides for risk-sharing among program participants. As of December 31, 2015, the Authority has not been notified of any experience adjustment or other obligation under the program.

The Authority carries commercial insurance for other risks of loss including fiduciary and director liability, crime and dishonesty, and common forms of property loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in the current or prior two fiscal years.

NOTE 18 - RISK MANAGEMENT (Continued)

Health Insurance
The Authority is a member of the Intergovernmental Insurance Cooperative (IIC) through which it self-insures employee health claims. Claims are administered by a third party. During the years ended December 31, 2015 and 2014, the Authority remitted a contracted monthly amount to IIC, which remitted the funds to the third-party administrator for payment of claims. Under the shared pooling agreement with IIC, if the Authority's claims exceed its contributions during the pool year, no additional payments are due. At the end of the pool's fiscal year, up to 15% of the Authority's excess is allocated to the pool to resolve any deficit of the pool. The Authority was limited in liability for claims to $45,000 individually and $1,083,729 in the aggregate. At December 31, 2015, management is not aware of any additional assessments related to the health plan.

NOTE 19 - COMMITMENTS and CONTINGENCIES

Covanta - Lancaster
The Authority and Covanta Lancaster, Inc. (formerly known as Ogden Martin Systems of Lancaster, Inc.) ("Covanta Lancaster") entered into a design and construction agreement whereby Covanta Lancaster designed, engineered, constructed, and equipped a waste-to-energy facility. The facility achieved acceptance on May 10, 1991.

The Authority and Covanta Lancaster entered into a separate service agreement (the "Service Agreement") whereby Covanta Lancaster is obligated to operate and maintain the waste-to-energy facility for a period of 20 years (with a five-year option) from the "Acceptance Date" (May 10, 1991). The Service Agreement requires that Covanta Lancaster cause the waste-to-energy facility to continually meet certain performance guarantees and specifies various consequences if it does not do so. If the Authority were to default in performance of its obligations under the Service Agreement, such default could cause termination of the Service Agreement and involve other material, adverse consequences. Covanta Energy Corporation (formerly known as Ogden Corporation) guaranteed performance by Covanta Lancaster of its obligations under the Service Agreement.

Effective December 1, 2006, the Authority, with the consent of Covanta Lancaster and the Trustee under the Amended and Restated Trust Indenture dated March 17, 1998, issued an Option Notice and Exercise which exercised the five-year option, thereby extending the term of the Service Agreement until December 31, 2016, and also providing that the Authority maintains the option to extend the Service Agreement for an additional five years after 2016. As part of the assignment and assumption of the Covanta Harrisburg Service Agreement for the Susquehanna Resource Management Complex, the Lancaster Service Agreement was extended so that the termination date of both agreements would be December 31, 2017.

Metropolitan Edison
The Authority and Metropolitan Edison Company entered into an agreement whereby the Authority will sell, and Metropolitan Edison Company is required to purchase, electric energy produced by the Lancaster waste-to-energy facility and not used in the direct operation of the facility. The term of the agreement is for a period of twenty-five years commencing on February 1, 1991. If the Authority were to default in performance of its obligations under the Service Agreement with Covanta Lancaster, Metropolitan Edison Company could terminate the Service Agreement and such default could involve other material, adverse consequences. This agreement expires February 1, 2016.

NOTE 19 - COMMITMENTS and CONTINGENCIES (Continued)

Covanta - Harrisburg

Commensurate with the purchase of the Susquehanna Resource Management Complex, the Authority entered into a management and professional services agreement with Covanta Harrisburg, Inc. for the operation of the facility for the period from December 23, 2013 through December 31, 2017. The agreement requires that Covanta Harrisburg, Inc. cause the facility to continually meet certain performance standards and specifies various consequences if it does not do so. If the Authority were to default in performance of its obligations under the agreement, such default could cause termination of the agreement and involve other material, adverse consequences.

Assignment and Assumption of City of Harrisburg Waste Disposal Agreement

In connection with the acquisition of the Susquehanna Resource Management Complex in 2013, the Authority assumed obligations for disposal and processing of MSW generated in the City of Harrisburg. The agreement between the Authority and the City of Harrisburg is for a term of twenty years, ending in 2033, which term shall extend for a maximum of ten additional years if the County of Dauphin extends waste flow control regulations beyond 2033. The City of Harrisburg shall collect and deliver, or cause to be collected and delivered, all regulated municipal waste, as defined in the agreement, generated within the City of Harrisburg to the Susquehanna Resource Management Complex, and the Authority is obligated during the term to accept, transfer, process or dispose of all such waste. The tipping fee rate charged by the Authority to the City of Harrisburg shall be $190 per ton through 2018, $195 per ton in 2019, and shall be adjusted each year thereafter according to the change in the Consumer Price Index. These fees may be increased to accommodate a change in law. If the City of Harrisburg delivers fewer than 35,000 tons of regulated municipal waste to the Susquehanna Resource Management Complex in any calendar year, the City of Harrisburg must pay to the Authority any shortfall in tipping fees as though 35,000 tons had been delivered. If the City delivers greater than 38,000 tons of regulated municipal waste to the Susquehanna Resource Management Complex, the Authority will pay a rebate to the City of Harrisburg of $100 for each ton delivered in excess of 38,000 tons.

County of Dauphin Cooperation Agreement

In connection with the acquisition of the Susquehanna Resource Management Complex in 2013, the Authority entered into a cooperation agreement with the County of Dauphin. The cooperation agreement sets limits on the per ton tipping fees that the Authority may charge for MSW generated within the County of Dauphin (except for MSW generated in the City of Harrisburg, which fees are set according to the previous paragraph) as follows: 2013 - $77.09; 2014 through 2016 - $80.00; 2017 through 2019 - $85.00; 2020 - $90.00. The limit will be adjusted thereafter for changes in the Consumer Price Index. These limits may also be changed to accommodate a change in law. Should the tipping fees on regulated MSW generated in the County of Dauphin not produce annual revenues in the following amounts, the County of Dauphin is required to pay any shortfall to the Authority: 2014 and 2015 - $10,132,000; 2016 - $10,932,000; 2017 through 2019 - $11,615,250; 2020 - $12,298,500. The minimum annual revenues will be adjusted for changes in the Consumer Price Index each year thereafter.

NOTE 19 - COMMITMENTS and CONTINGENCIES (Continued)

Electric Plant Lease and Related Agreement

Commensurate with the acquisition of the Susquehanna Resource Management Complex in 2013, the Authority entered into an agreement to lease to Columbia Borough, Pennsylvania certain assets of the Susquehanna Resource Management Complex which generate electricity from the steam generated by the mass burn facility (the "Electric Plant") for monthly rental of $65,000. The term of the lease is for twenty years, expiring in 2033, and automatically renews for additional five-year renewal periods unless otherwise terminated. Pursuant to the term of the lease, the Authority retains the obligations to maintain and repair the Electric Plant, and to pay all taxes, assessments, and similar charges related thereto. In connection with the lease, Columbia Borough pays $2.07 per 1,000 pounds of steam output of the mass burn facility, and sells the generated electricity to the Commonwealth of Pennsylvania, Department of General Services (DGS). All payments by DGS for electricity so purchased are deposited by a third party energy manager into an escrow account after deducting management fees.

From the escrow account, the following amounts due under the arrangement and related agreements, in order of priority, are paid: (1) payments due to the electric plant operator; (2) $4,168 per month payable to Columbia Borough; (3) $65,000 per month plant rent payable to the Authority; and (4) $2.07 per 1,000 pounds of steam output of mass burn facility used by the Electric Plant. In the event that amounts deposited to the escrow account are insufficient to provide $50,000 to Columbia Borough in any twelve-month period, the Authority is obligated to pay any shortfall. Amounts due for rent and steam purchases are non-recourse as to Columbia Borough's revenues and assets, except to the extent available in the escrow account. The Authority may terminate this agreement for convenience upon 120 days' notice.

In conjunction with the lease of the Electric Plant, the Authority consented to the provisions of an agreement between Columbia Borough and the DGS for the purchase and sale of approximately 95% of the electricity generated by the Electric Plant, at established prices through 2033. Effective 2024, the Authority may be required to make deposits to a "clawback" account, for the benefit of DGS, in years that the contracted rate for the purchase of electricity exceeds the market rate. The Authority is eligible for credits for years in which the market rate for electricity exceeds the contracted rate, and the Susquehanna Resource Management Complex has produced net income insufficient to provide predetermined debt service coverage.

Landfill Closure and Post-Closure Care Costs

Landfill closure and post-closure costs are recorded following the provisions of Governmental Accounting Standards Board (GASB) Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs*. The standards require that estimated closure and post-closure care costs be recognized as current operating costs although these costs will not actually be incurred until some future operating cycle.

Estimates of the closure and post-closure care costs are on a current value basis and based upon applicable federal, state, and local laws and regulations approved as of December 31, 2015 and 2014. At each reporting date, the liability recognized is based upon capacity utilized to-date at each site.

Closure tasks are carried on throughout the periods the landfill is accepting wastes; post-closure monitoring and maintenance costs are incurred for thirty years after all closure requirements are approved by a regulatory agency and the facility is no longer accepting wastes. At December 31, 2015, the Authority reports two active sites, Frey Farm Landfill and Susquehanna Resource Management Complex Ashfill, and one closed site, Creswell Landfill. Estimated future closure and post-closure care costs of active sites are as follows at December 31:

NOTE 19 - COMMITMENTS and CONTINGENCIES (Continued)

Landfill Closure and Post-Closure Care Costs (Continued)

	2015	2014
Frey Farm Landfill		
Total Estimated Closure and Post-Closure Costs	18,298,136	18,364,136
Capacity Used at December 31	79.0%	75.5%
Closure and Post-Closure Costs Recognized	14,456,950	13,862,262
Closure and Post Closure Costs Paid To-Date	7,145,448	7,145,448
Net Liability	7,311,502	6,716,814
Closure and Post-Closure Costs Remaining to be Recognized	3,841,186	4,501,874
Date that Capacity will be Reached	2019	2019

	2015	2014
Susquehanna Resource Management Complex Ashfill **		
Total Estimated Closure and Post-Closure Costs	3,233,000	3,140,000
Capacity Used at December 31	86.5%	86.5%
Closure and Post-Closure Costs Recognized	3,233,000	3,140,000
Closure and Post Closure Costs Paid To-Date	-0-	-0-
Net Liability	3,233,000	3,140,000
Closure and Post-Closure Costs Remaining to be Recognized	-0-	-0-
Date that Capacity will be Reached	2018	2018

** The Authority does not intend to fill the remaining capacity at the Susquehanna Resource Management Complex Ashfill, and has therefore recognized 100% of total estimated closure and post-closure costs at December 31, 2015 and 2014. However, the Authority has estimated the date capacity will be reached assuming the ashfill is used for transfer of residue from Susquehanna Resource Management Complex operations.

Estimated future post-closure costs of the Authority's closed site is as follows at December 31:

	2015	2014
Creswell Landfill		
Current Portion	118,000	128,000
Long-Term Portion	474,000	683,000
	592,000	811,000

The estimate of future costs is subject to change for inflation, deflation, changes in technology and federal, state, and local regulations.

NOTE 19 - COMMITMENTS and CONTINGENCIES (Continued)

Landfill Closure and Post-Closure Care Costs (Continued)

The components of closure and post-closure care expense (income) in 2015 and 2014 are as follows:

	2015	2014
Closure and Post-Closure Care		
Frey Farm Landfill		
Capacity Used in Current Year	644,508	521,084
Change in Estimate	(49,820)	732,724
	594,688	1,253,808
Susquehanna Resource Management Complex Ashfill		
Change in Estimate	93,000	505,000
Post-Closure Care		
Creswell Landfill		
Difference Between Actual and Estimated Costs - Current Year	(3,970)	10,170
Change in Estimate	(91,000)	(59,000)
	(94,970)	(48,830)
	592,718	**1,709,978**

Closure Collateral Funds and Other Commitments

In accordance with rules and regulations of the Pennsylvania Department of Environmental Protection, the Authority is required to provide Collateral Bonds pledged to the Department of Environmental Protection for estimated future closure and post-closure care costs of its landfills and sites. The Authority has satisfied this obligation through irrevocable standby letters of credit issued by a commercial bank to the Pennsylvania Department of Environmental Protection. The Authority also issues letters of credit related to improvement projects pursuant to local regulations. At December 31, 2015**,** the letters of credit issued totaled $16,722,114 and are secured by deposits of $19,355,739 (such deposits are included in the Authority's restricted assets) that are pledged to the financial institution which issued the letters of credit. At December 31, 2015, the margined value of collateral pledged and letters of credit amounts are as follows:

Sites	
Frey Farm Landfill	9,447,860
Susquehanna Resource Management Complex Ashfill	3,202,264
Creswell Landfill	3,102,764
Waste-to-Energy Facility - Lancaster	498,921
Waste-to-Energy Facility - Dauphin	251,589
Transfer Station	100,537
Liquid Treatment Facility	36,179
Total Closure Collateral	16,640,114
Other	82,000
	16,722,114

NOTE 19 - COMMITMENTS and CONTINGENCIES (Continued)

Other Contingencies

The Authority is an operating entity which, since its formation in December 1954, has provided solid waste landfill disposal services. The Authority's first landfill began operation on October 3, 1955. This landfill was located in Manheim Township, to the west of Lancaster City at property owned by the Lancaster Brick Company. In 1962, the Authority started landfilling at a site south of Lancaster City. This site is now a part of the Lancaster County Park. In 1964, the Authority acquired land at Creswell, Manor Township, and in 1968 began landfilling at the Creswell site. During 1989, the Authority began landfilling at the Frey Farm Landfill, which is adjacent to the Creswell landfill site. The Authority completed landfilling operations (a) at both the Lancaster Brick Company site and the Lancaster County Park site prior to 1970 and (b) at the Creswell site during 1989. The Lancaster Brick Company site, the Lancaster County Park site, and the Creswell site, along with 61 other sites in the County and 2,117 other sites within the Commonwealth of Pennsylvania, have been included on the Comprehensive Environmental Response, Compensation and Liability Information System ("CERCLIS"). CERCLIS is a list of sites identified by or referred to the United States Environmental Protection Agency as being worthy of investigation. The Authority cannot predict whether, and to what extent, it may have any liabilities or responsibilities with respect to any of these sites.

Permits and Approvals

In connection with the Authority's obtaining, in June 1986, zoning approval to use as a landfill the property which is currently known as the Authority's Frey Farm Landfill, the Manor Township Zoning Hearing Board included in its decision provisions which provided that the Authority "its successors and assigns shall not (a) expand the Creswell landfill beyond the tract known as the Frey Dairy Farm, (b) construct or operate any other refuse disposal facility within Manor Township, (c) cause any leachate collection or treatment facility to be constructed on any other site within Manor Township, or (d) construct and/or operate (within Manor Township) any facility for the incineration of refuse." The meaning and effect of the Zoning Hearing Board's decision have been clarified by the Agreement with Manor Township and the Consent Order. However, the Authority believes that the June 1986 decision by the Manor Township Zoning Hearing Board, the Agreement and the Consent Order may constitute governmental action which is subject to change in the future. Therefore, there is no assurance that the zoning and governmental approvals which will be in effect in the future will permit the use of the properties for the Authority's purposes or that the Authority will be able to satisfy whatever governmental and other conditions might be applicable to the Authority's use of the properties for the Authority's purposes.

Other Commitments

The Authority has a binding commitment to provide cash donations to the Bainbridge Fire Company during the years 2011 through 2026. The Bainbridge Fire Company provides fire protection services to the Authority's waste-to-energy facility. The amount of the donation is equal to an escalating rate per ton of waste processed at the facility each year. The Authority donated $35,749 and $34,656 to the Bainbridge Fire Company pursuant to this commitment during the years ended December 31, 2015 and 2014, respectively.

The Authority had a binding commitment to provide funding to the Susquehanna Heritage Corporation during the years 2010 through 2019. The Susquehanna Heritage Corporation promotes heritage tourism and economic development in portions of York and Lancaster Counties (the Heritage Area). The Authority operates a landfill and waste-to-energy facility located within the Heritage Area. The amount of funding is variable, determined as $0.10 per revenue ton of waste processed at the facilities. The Authority provided $81,319 and $77,549 to the Susquehanna Heritage Corporation during the years ended December 31, 2015 and 2014, respectively.

NOTE 19 - COMMITMENTS and CONTINGENCIES (Continued)

Litigation

The Authority is party to litigation and claims arising from the normal course of operations. Management anticipates that uninsured losses, if any, will not have a material adverse effect on the Authority's financial position.

On April 30, 2007, in United Haulers Association, Inc. v. Oneida-Herkimer Solid Waste Management Authority ("*Oneida-Herkimer*"), the United States Supreme Court upheld a county flow control ordinance which directed all waste generated within New York's Oneida and Herkimer counties to municipal authority owned facilities. Previously, on May 16, 1994, in C&A Carbone, Inc. v. Town of Clarkstown ("*Carbone*"), the United States Supreme Court determined that a flow control ordinance adopted by the Town of Clarkstown, New York, which directed waste to a privately owned facility discriminated against interstate commerce and was invalid as being in violation of the Commerce Clause of the United States Constitution. Subsequent to the *Carbone* decision, numerous lawsuits were filed in various lower federal and state courts challenging the validity of waste flow control arrangements. *Oneida-Herkimer* held that *Carbone* had not decided the flow control issue as to public facilities. The Authority owns all of the facilities to which waste is directed by flow control, including the transfer station, all landfills and both waste-to-energy facilities. Both waste-to-energy facilities are operated by a private company under contract with the Authority. The Authority's integrated solid waste management and disposal system resembles the public facility waste flow control upheld in *Oneida-Herkimer* more closely than the private facility waste flow control overturned in *Carbone*. The Authority's specific waste flow control system has never been challenged or reviewed by any specific litigation. Dauphin County's designation of the Susquehanna Resource Recovery Facility as Dauphin County's designated processing and disposal facility has not been challenged or reviewed by any specific litigation since it occurred in 2004.

Unconditional Purchase Obligation

In connection with the Solar Power Purchase Agreements and a Lease with MP2 Capital, LLC (MP2) discussed in Note 5, the Authority has committed to purchase the entire energy output produced by the solar project, at prices specified in the agreements, commencing on the commercial operation date of the project and continuing for twenty years. During the year ended December 31, 2015, the Authority purchased $26,014 of energy output of the project. Based upon estimates of the annual production of the projects, and purchase prices ranging from $0.040 to $0.225 per kWh as specified in the agreements, the Authority estimates that its future obligation under these agreements is as follows:

	Purchase Obligation	Termination Fee
2016	26,346	2,395,885
2017	84,894	2,206,737
2018	84,894	2,079,270
2019	84,894	1,949,234
2020	84,894	1,816,579
2021 - 2025	518,146	1,681,250 - 1,112,110
2026 - 2030	635,241	962,586 - 333,746
2031	131,732	168,538
	1,651,041	

NOTE 19 - COMMITMENTS and CONTINGENCIES (Continued)

Unconditional Purchase Obligation (Continued)

Actual results may differ from these estimates if the actual annual energy production of the projects differs from the estimated annual energy production. The Authority may terminate the agreement upon six months' written notice and payment of the termination fee above, net of the unpaid balance of the improvement loans discussed in Note 5. At the end of the fifth year following the commercial operation date, and every two years thereafter, the Authority also has the option to purchase the solar project at prices specified in the agreements, net of the unpaid balance of the improvement loans.

Open Construction Contract Commitments

At December 31, 2015, the Authority has open construction contract commitments totaling $2,500 for various projects at Authority facilities.

NOTE 20 - MAJOR CUSTOMERS

Tipping fee revenues include transactions with major customers (customers whose sales comprise 10% or more of total tipping fees) as follows for the years ended December 31, 2015 and 2014:

	2015		2014	
	Sales	Accounts Receivable	Sales	Accounts Receivable
Customer A	8,464,213	684,186	8,377,816	671,957
Customer B	7,227,216	647,567	7,464,033	613,848

Energy revenues include transactions with a major customer as follows for the years ended December 31, 2015 and 2014:

	2015		2014	
	Sales	Accounts Receivable	Sales	Accounts Receivable
Customer C	12,418,590	2,134,074	11,999,352	2,064,845
Customer D	5,148,840	462,941	6,107,620	393,041

NOTE 21 - RELATED PARTY TRANSACTIONS

The Authority leases a residential property in East Hempfield Township to its Chief Executive Officer pursuant to a lease executed in May 2014. The initial term of the lease is from November 1, 2014 until five years following the termination of employment of the executive with the Authority. Yearly rental under the lease is $24,000. Rental revenue recognized by the Authority in 2015 was $24,000.

The Authority's Chief Executive Officer was a board member of Susquehanna Heritage Corporation (SHC) through December 2015. As discussed in Note 19, the Authority has a binding commitment to provide funding to SHC during the years 2010 through 2019. The Authority provided $81,319 and $77,549 to the Susquehanna Heritage Corporation during the years ended December 31, 2015 and 2014, respectively.

NOTE 22 - RECLASSIFICATIONS

Certain amounts in the prior periods presented have been reclassified to conform to the current year's presentation. These reclassifications have no effect on previously reported changes in total net position. The reclassification increased other restricted net position at December 31, 2014 by $109,341 and decreased unrestricted net position by the same amount.

Lancaster County Solid Waste Management Authority

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE of FUNDING PROGRESS -
OTHER POSTEMPLOYMENT BENEFITS (OPEB) -
POSTRETIREMENT HEALTH CARE BENEFITS PLAN -
Unaudited

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
01/01/2008	-0-	591,742	591,742	0.0%
01/01/2009	-0-	823,979	823,979	0.0%
01/01/2012	-0-	1,167,297	1,167,297	0.0%
01/01/2015	-0-	1,213,332	1,213,332	0.0%

See independent auditors' report.

INDEPENDENT AUDITORS' REPORT on SUPPLEMENTARY INFORMATION

To the Board of Directors
Lancaster County Solid Waste Management Authority
Lancaster, Pennsylvania

We have audited the financial statements of **Lancaster County Solid Waste Management Authority** as of and for the years ended December 31, 2015 and 2014, and our report thereon dated March 7, 2016 which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of **Lancaster County Solid Waste Management Authority** as of and for the years ended December 31, 2013, 2012, and 2011. In our reports dated February 24, 2014, February 23, 2013 and February 28, 2012, respectively, we expressed unqualified opinions on those financial statements. Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The schedules of condensed revenues and expenses on page 46 and the concise statements for publication on page 47 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of these basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 46 and 47 is fairly stated, in all material respects, in relation to the basic financial statements from which they have been derived.

Trout, Ebersole & Groff, LLP

March 7, 2016
Lancaster, Pennsylvania

TROUT, EBERSOLE & GROFF, LLP
Certified Public Accountants

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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	**11,065,311**	**10,645,333**	**14,009,625**	**9,631,403**	**8,991,945**
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**

See independent auditors' report on supplementary information.

Lancaster County Solid Waste Management Authority

Concise Statements for Publication

STATEMENTS of NET POSITION
December 31, 2015 and 2014

	2015	2014
ASSETS		
Current Assets	$ 46,132,376	$ 48,698,163
Restricted Assets	30,015,428	31,424,509
Other Assets	2,754,021	2,568,367
Real Estate, Facilities, and Equipment	236,888,149	238,046,586
TOTAL ASSETS	**315,789,974**	**320,737,625**
LIABILITIES and NET ASSETS		
Current Liabilities	12,992,118	19,215,874
Long-Term Liabilities	145,464,164	149,334,646
TOTAL LIABILITIES	**158,456,282**	**168,550,520**
NET POSITION	**$ 157,333,692**	**$ 152,187,105**

STATEMENTS of REVENUES, EXPENSES, and CHANGES in NET POSITION
Years Ended December 31, 2015 and 2014

	2015	2014
OPERATING REVENUES	**$ 80,691,893**	**$ 80,418,684**
OPERATING and SUPPORT EXPENSES	**73,634,642**	**73,691,521**
OPERATING INCOME	**7,057,251**	**6,727,163**
NET NON-OPERATING REVENUES (EXPENSES)	**(1,910,664)**	**(6,425,357)**
CHANGES in NET POSITION	**$ 5,146,587**	**$ 301,806**

See independent auditors' report on supplementary information.