



2018
YEAR *in*
REVIEW

BOLD IDEAS
BIG OPPORTUNITIES
BRIGHT FUTURES

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2018 Leadership Reflection



LCSWMA concluded 2018 having achieved incredible records and reaching major milestones, while also overcoming some significant obstacles. It was a year of growth and challenge, but also one of collaboration and support—both within our organization and with our vendor, municipal, business, and community partners.

Throughout the year, we furthered **BOLD IDEAS** with the conceptualization of new strategic projects; had **BIG OPPORTUNITIES** (and challenges) with record tonnage volumes and the advancement of several capital projects; and planned for **BRIGHT FUTURES** with some significant internal changes to our organization and through our investment in the local community.

In total, LCSWMA managed 1,027,485 tons in 2018, which was 4.1% more than 2017. This volume was expertly handled by our talented team, with *no violations* of LCSWMA’s facility operating permits and *no lost-time accidents*.

Last year was also record setting from a financial perspective, with Total Revenue of \$92.3 million. Our Operating Surplus ended at \$18.9 million (\$5 million above budget), which helped to fund our Capital Projects and Investments.

We maintained our high standards for environmental excellence and personal safety, which required diligence, collaboration, and commitment from our dedicated team. Additionally, LCSWMA quickly responded to the worldwide recycling crisis, by revamping the recycling program in Lancaster County.

On behalf of the entire organization, we would like to thank the Lancaster County and Dauphin County communities for your partnership this past year. It’s truly a pleasure serving you, as we work together to transform waste into a resource to benefit us all.



JAMES D. WARNER
2018 Co-CEO



ROBERT B. ZORBAUGH
2018 Co-CEO



STEVE A. DZURIK
2018 Board Chair

VISION:

Rethinking Waste for a Sustainable Future.

MISSION:

Managing Waste as a Resource to Protect and Benefit Our Community.

CORE VALUES:

Stewardship, Safety, Excellence, Innovation, Leadership, Education, Collaboration

2019 Leadership

BOARD of DIRECTORS



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Vice Chair



JOSEPH R. DEERIN
Chair



STEVE A. DZURIK



R. EDWARD GORDON



LESTER O. HOUCK



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GEORGE W. RETTEW, JR.



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Chief Executive Officer



**ALEXANDER HENDERSON III,
ESQUIRE**
General Counsel



THOMAS F. ADAMS
Chief Operating Officer



MICHELLE A. MARSH
Chief Business
Development Officer



KATHRYN J. SANDOE, ED.D.
Chief Commercial Officer



LESLIE D. WIREBACK
Chief Human Resources Officer



DANIEL G. YOUNGS
Chief Financial Officer



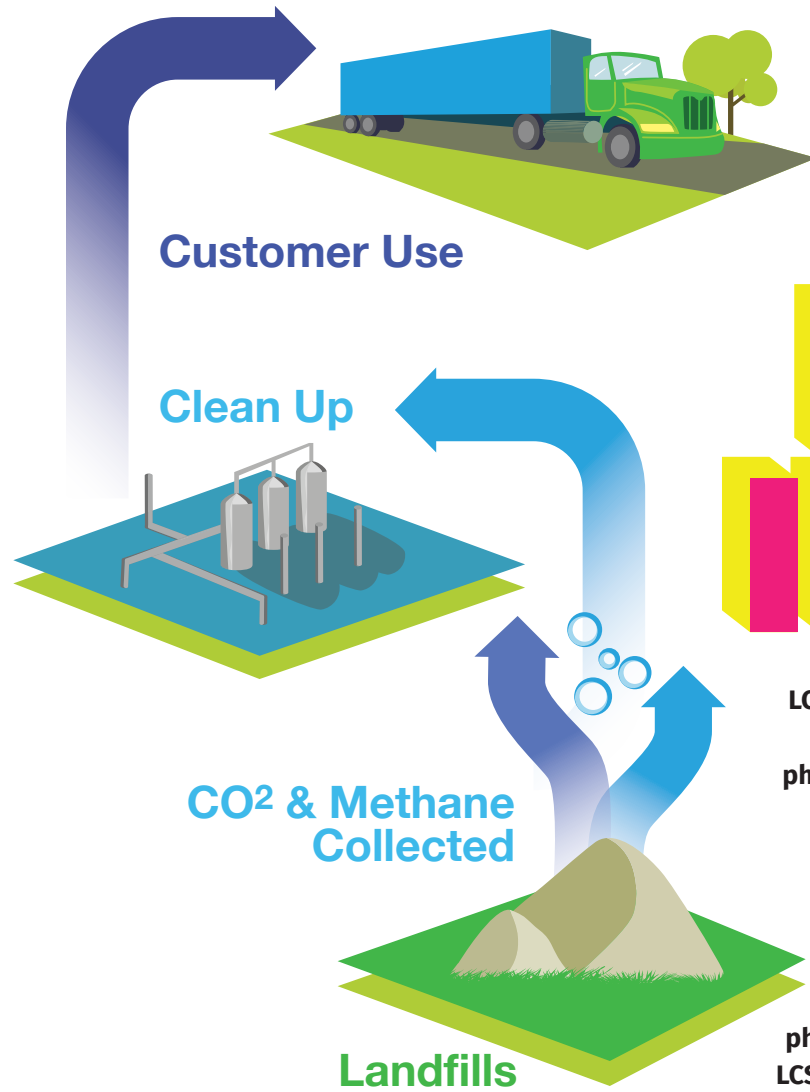
Jim Warner (center), received recognition from Lancaster County Commissioners, Craig Lehman (left) and Josh Parsons (right), for his leadership and service.

HONORING a LEGACY

At the end of the year, we said farewell to our long-time CEO, Jim Warner. Jim started with LCSWMA in 1987 as the first county recycling coordinator in Pennsylvania. He took the reigns as CEO in 1996, and over the next 22 years, Jim led the organization through many crucial and strategic moves to position LCSWMA as an industry leader. Under Jim's direction, LCSWMA grew financially and invested resources in projects and initiatives that helped to fulfill its core mission and enhance the livability of our community. We wish Jim all the best with his retirement and this new season of his life!



RENEWABLE NATURAL GAS (RNG)



BOLD IDEAS

LCSWMA's perspective that **WASTE IS A RESOURCE**, isn't just something virtuous we say—it's a philosophy we live out in all areas of our business.

Our motto is to **RETHINK** ways to transform waste into a resource, **RECOVER** the most value from the material, and to seek out opportunities to **RENEW** our community.

It takes **BOLD IDEAS** to implement this philosophy in pragmatic ways that make sense for LCSWMA and our community. The projects listed on the next page tangibly demonstrate how we lived out this philosophy last year and will continue for years to come.



Rethink.



Recover.



Renew.

Strategic Project Exploration

RENEWABLE NATURAL GAS

LCSWMA began exploring the possibility of converting our existing landfill gas-to-energy project, located at the Frey Farm Landfill, to a renewable natural gas (RNG) project. RNG is chemically the same as natural gas and is created by decomposition of organic material, like from landfills. This project could strengthen our energy revenues, along with enhancing the environmental benefits associated with expanding alternative fuel used in our truck fleet. Next steps to determine project viability include completing an engineering study, testing an available (unused) distribution line, developing a business plan with our partners, assessing permitting needs, and designing the facility.



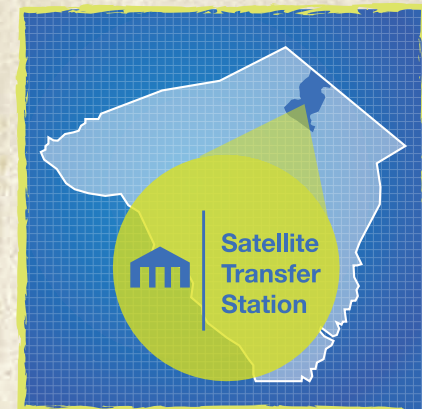
C/D RECYCLING

Over the past several years, construction/ demolition (C/D) waste delivered to LCSWMA has increased significantly, with 35% growth in deliveries in 2018 versus 2017. To increase recycling and divert more of this material from being landfilled, LCSWMA began exploration of a C/D recycling facility at the Frey Farm Landfill. We initiated a waste characterization study to assess components of the C/D waste stream within LCSWMA's system. Next steps to determine project viability include completing an initial facility design, researching recycling markets, developing a business plan, assessing permitting needs, and establishing a potential timeline.



SATELLITE TRANSFER STATION

LCSWMA acquired 12.98 acres of industrial land to potentially develop a satellite Transfer Station in East Cocalico Township to serve the Northeast part of Lancaster County. This initiative has been a long-term goal in the Lancaster County Waste Management Plan and would help alleviate vehicle congestion at LCSWMA's main Transfer Station Complex on Harrisburg Pike. Next steps to determine project viability include completing initial site work (drainage and grading), designing the facility, determining a business plan, assessing permitting needs, and establishing a potential timeline.



Major Project Updates

BAINBRIDGE QUARRY

LCSWMA successfully executed an agreement with the Susquehanna River Basin Commission (SRBC) at the end of last year. The 30-year agreement gives the water rights of the Bainbridge Quarry (which LCSWMA owns) to the SRBC in exchange for payment to LCSWMA of \$2.7 million over 30 years. The Bainbridge Quarry holds approximately 425 million gallons of quality water that the SRBC could use to help replenish the Susquehanna River during drought conditions.




8,000 tons
of metal to be recovered



METALS RECOVERY FACILITY

Inashco completed construction of the 54,000 square foot Metals Recovery Facility (MRF), located at the Frey Farm Landfill. Annually, this project is estimated to recover over 8,000 tons of metal to be recycled, which helps save landfill space. Commissioning of the MRF began in February 2019 and the facility is expected to commence commercial operations in June 2019.



Metals Recovery Facility

FREY FARM LANDFILL VERTICAL EXPANSION

We completed construction of Phase 1 for the Vertical Expansion. Construction activities included: installation of 2,000 square feet of a Mechanically Stabilized Earth (MSE) berm, installation of the new liner system in the expansion area, installation of a new 1 million-gallon leachate storage tank, and construction/modification of the existing leachate collection infrastructure.

LCSWMA also completed a minor permit modification for the Frey Farm Landfill (DEP approved in February 2019), to develop a Visual Landscape Synthesis Plan. The Plan provides that instead of mowed grass, much of the landfill facing the Susquehanna River will be covered with shrubs, small trees, and natural succession. Vegetation of this kind has been planted at two other landfills in Pennsylvania, but the size and scope of this project is the *first of its kind in the state*.



Vertical Expansion



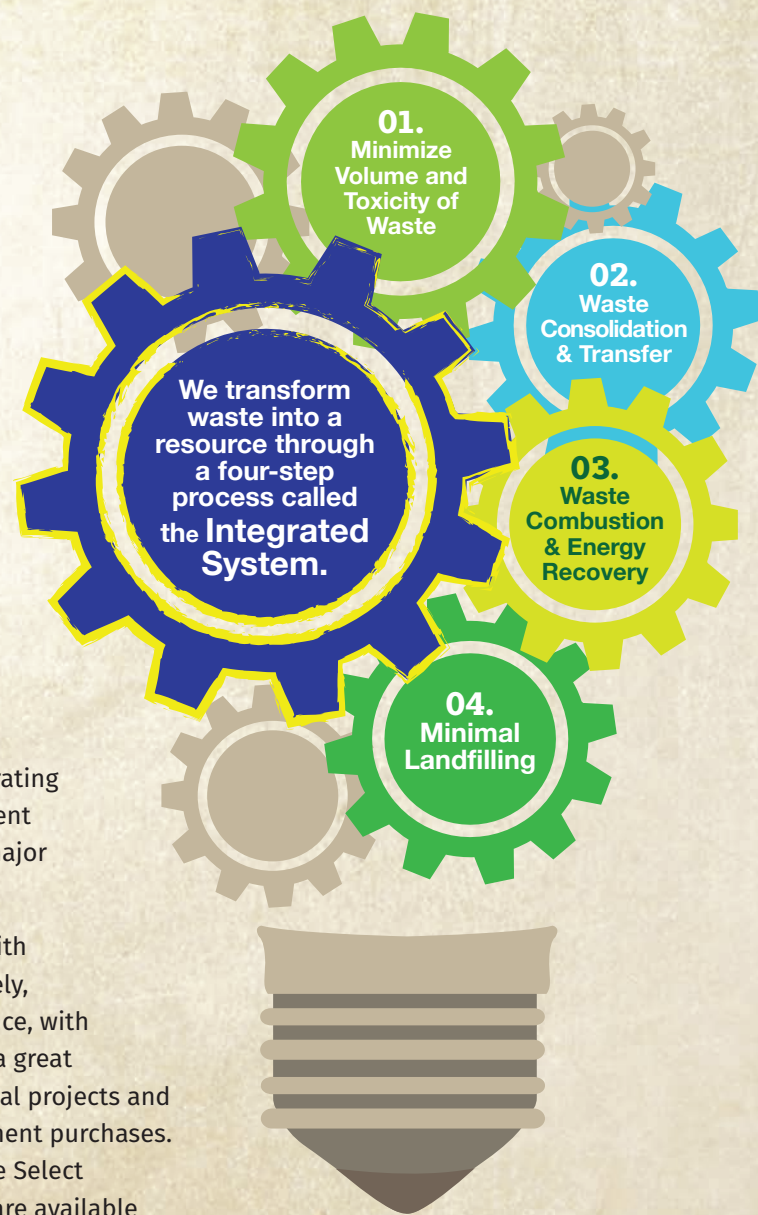
BIG OPPORTUNITIES

With the right perspective, challenges can become opportunities to learn, grow, and become even better than before. This was certainly the case for LCSWMA in 2018 as we turned significant challenges into **BIG OPPORTUNITIES** to implement new efficiencies in our operations, retain and attract new talent, and continue to deliver excellence to our customers and community.

While managing record tons across all sites, LCSWMA faced the challenge of handling those volumes with limited staffing. An increasingly tight labor market stressed LCSWMA's ability to hire skilled laborers, like truck drivers and equipment operators. However, LCSWMA took the opportunity to position itself as a premier employer, and by the end of the year, we were close to 100% staffed.

Through all the operational and staffing challenges, LCSWMA never wavered on its commitment to protect the environment and **maintained another year of environmental excellence**. DEP site inspections were conducted without any violations under the facility operating permits, and LCSWMA's annual Environmental Management System (EMS) audits were completed with no minor or major non-conformances.

Financially, LCSWMA capped an exceptional fiscal year with record-breaking results in revenue and surplus. Ultimately, this led to a healthy year-end unrestricted reserve balance, with unrestricted reserves standing at just over \$35 million—a great milestone, considering we invested \$21.6 million in capital projects and improvements throughout the system, as well as equipment purchases. More detailed financial numbers can be found within the Select Financials section of this report. Our audited financials are available online at www.lcswma.org.

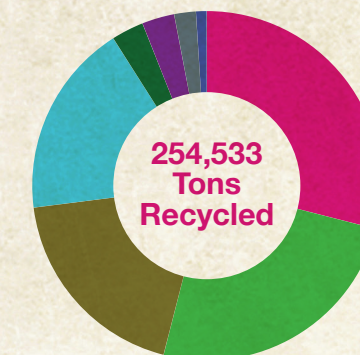


2018 RECYCLING PROGRAM

While working through the recycling crisis last year, LCSWMA continued to support municipalities by fostering a sustainable program. In total, 254,533 tons of materials were recycled from residential, commercial, and institutional sources. Lancaster County achieved a 42% recycling rate, which is well above the national average of 35%.

BREAKDOWN OF TONS RECYCLED:

- Paper = 29%
- Organics = 25%
- Metals = 19%
- Dual/Single Stream = 18%
- Plastics = 3%
- C/D = 3%
- Tires = 2%
- HHW = 1%



RECYCLE RIGHT Lancaster

RECYCLE RIGHT LANCASTER INITIATIVE

Across the nation, curbside recycling is facing a contamination crisis. Contamination is caused when people place materials in the recycling bin that do not belong. Recycling processors have a difficult time sorting out the trash, which contributes to a lower quality material that is sold to market.

For a long time, China was the largest buyer of recycled commodities from the U.S. Because of increasing contamination levels, China made the decision to stop importing much of this material in early 2018. This left the U.S. with an overabundance of recyclable commodities and nowhere for them to go.

In Lancaster County, we believe the solution to the contamination crisis is three-fold: simplicity, consistency, and awareness.

We're simplifying the curbside recycling process by asking people to only place the **"BIG 4"** in their recycling bin, which includes: **1)** corrugated cardboard, **2)** plastic bottles and jugs with necks, **3)** metal food and beverage cans, and **4)** glass bottles and jars. We're making the message consistent by working with municipalities, haulers, schools, and business partners to all follow the same guidelines across Lancaster County. And we're raising awareness through an integrated awareness campaign, so people can learn to recycle right.

BIG 4

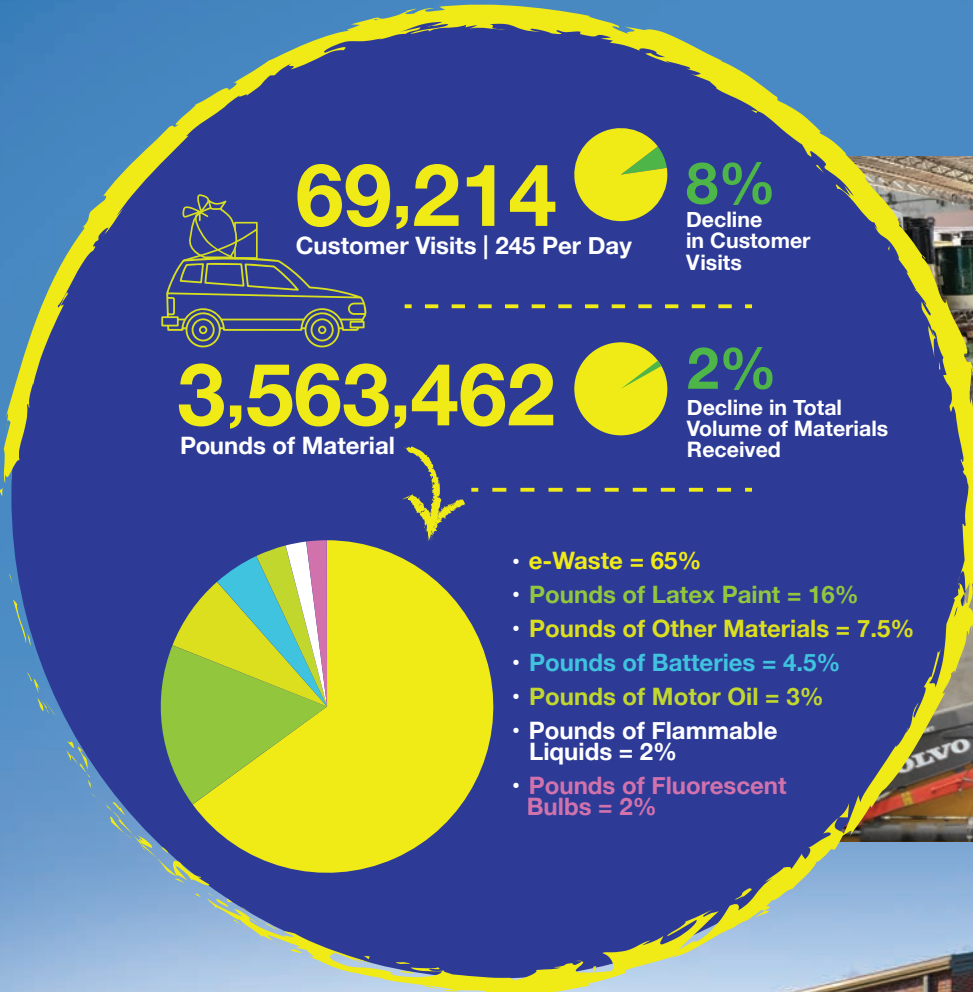
We know this is a huge shift for our community, and change will not come overnight. But if we work together, recycling can be sustainable for the future. Let's Recycle Right Lancaster! To learn more, visit recyclerightlancaster.org



Operational Highlights

HOUSEHOLD HAZARDOUS WASTE (HHW) FACILITY

For a second consecutive year, HHW saw a slight decline in customer visits (-8%) and total volume of materials delivered (-2%). We have seen a trend of lighter, thinner TVs and computer monitors delivered to the facility. However, participation remains strong, as 69,214 customers dropped off material at the facility (an average of 245 visitors each day). The facility collected 3,563,462 pounds of material for proper disposal or recycling.



TRANSFER STATION COMPLEX (TSC)

The TSC realized record volumes and transactions, with 396,724 tons delivered to the facility (+4.1% over prior year) through 117,844 transactions (+13% over prior year). LCSWMA staff safely and efficiently transferred 369,967 tons through 17,607 trips to either the Lancaster Waste-to-Energy Facility, Susquehanna Resource Management Complex, or Frey Farm Landfill for final processing and disposal, which translates to an 85% reduction of vehicle traffic to end disposal facilities.



Average Tons Per Inbound Customer Load



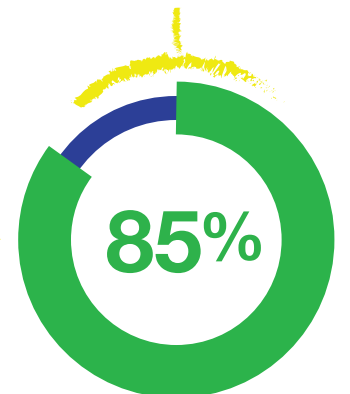
Average Daily MSW Customer Visits

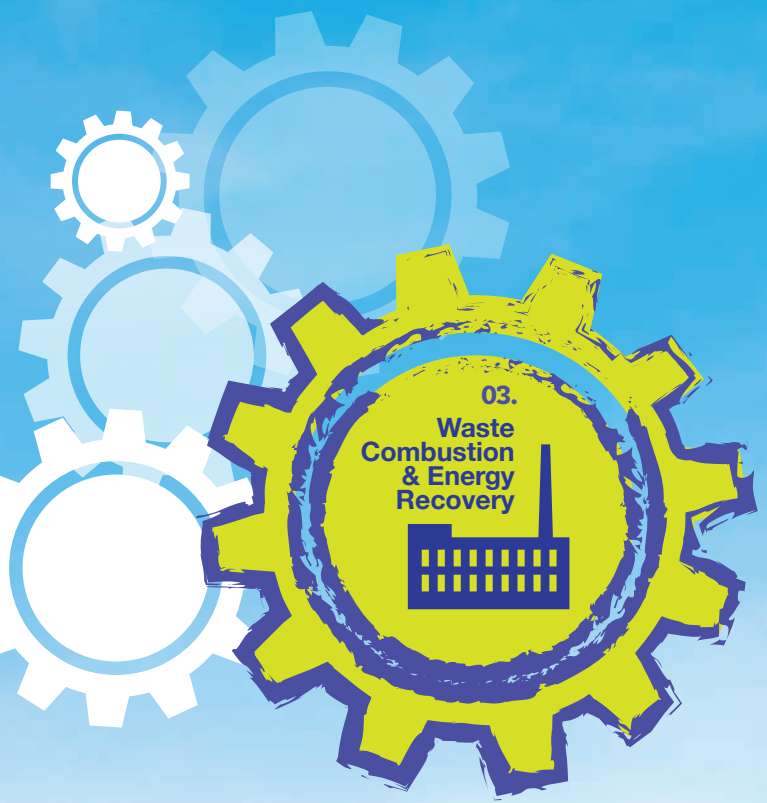


Average Tons Received Daily



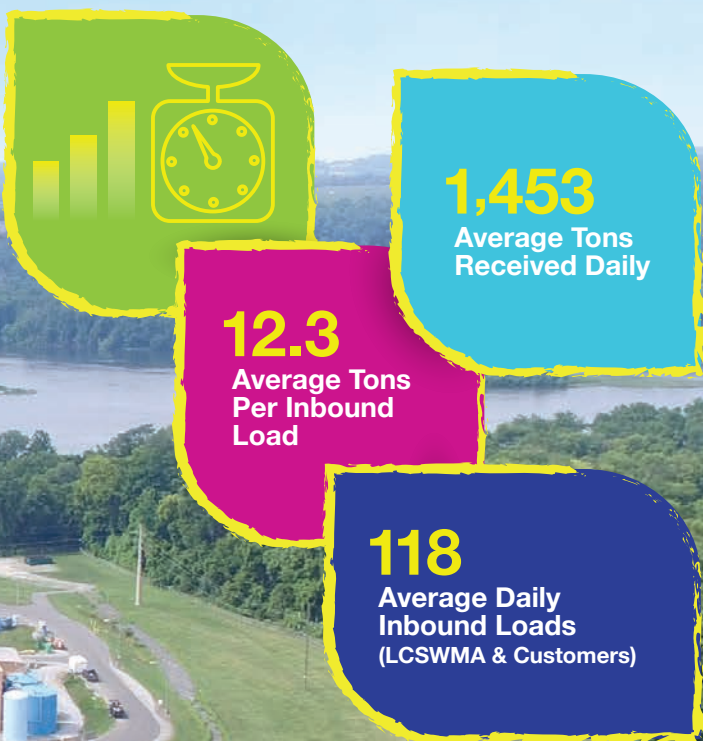
Traffic Reduction to Disposal Facilities





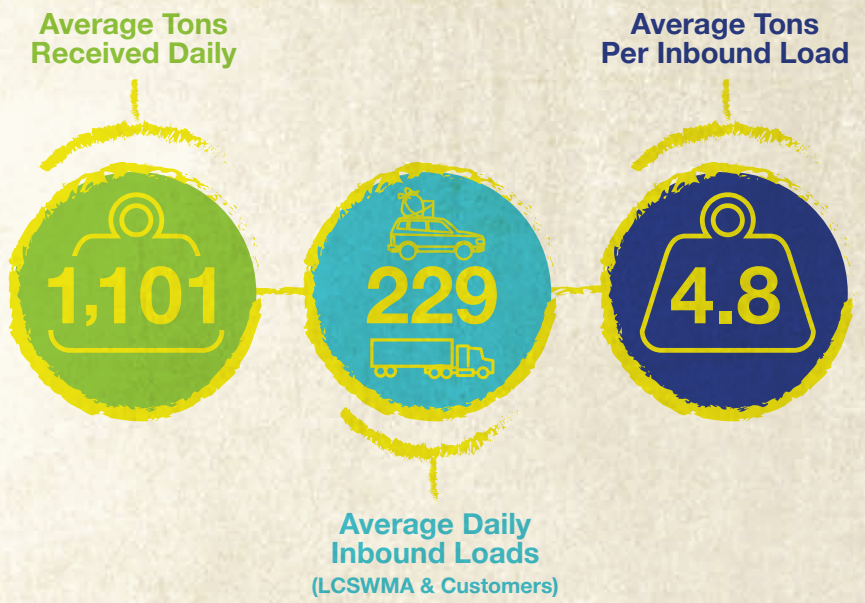
LANCASTER WASTE-TO-ENERGY (WTE) FACILITY

A record of 407,821 tons were processed at the Lancaster WTE Facility, with 89,566 tons of ash produced and 9,729 tons of metal recovered for recycling. LCSWMA would like to thank Covanta, who we contract with to operate and maintain the facility, for their great work last year—as is evident by processing record tons at the facility.



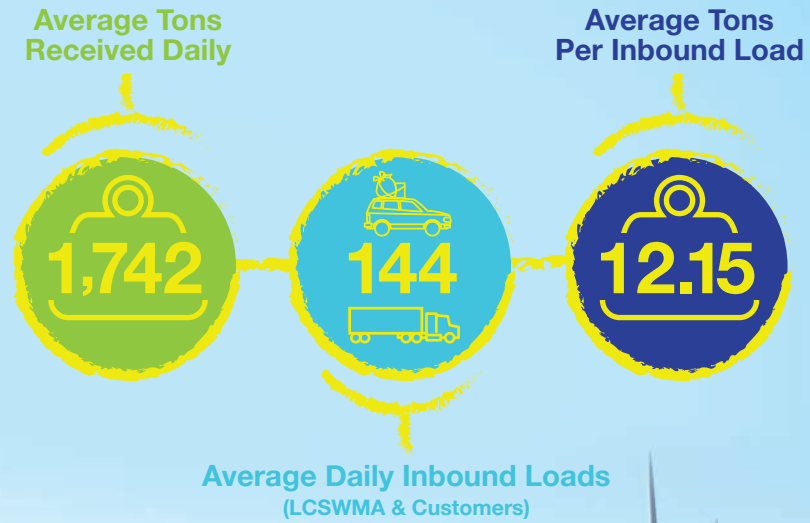
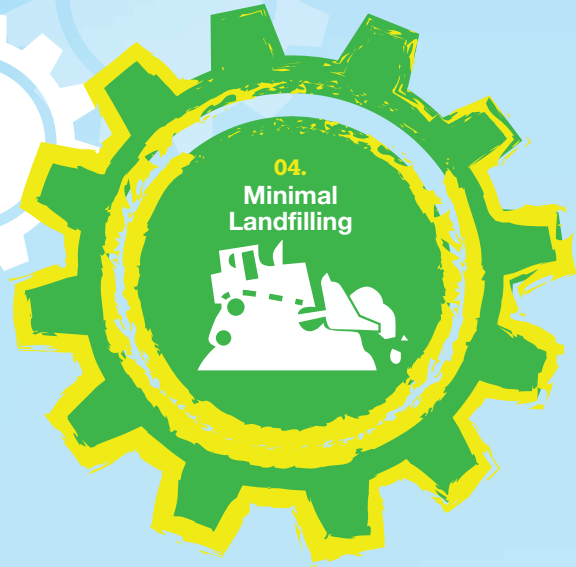
SUSQUEHANNA RESOURCE MANAGEMENT COMPLEX (SRMC)

The SRMC continues to support the Integrated System with waste combustion capacity; however, 2018 proved to be a challenging operational year. LCSWMA and Covanta worked through some legacy technological issues that impacted boiler availability. Improvements were made to help operational performance in the future. In total, the facility processed 269,879 tons, producing 92,184 tons of ash and recovering 3,282 tons of metal for recycling. Our staff worked hard to manage the operational disruptions, while maintaining a high level of customer service.



FREY FARM LANDFILL (FFLF)

As with all the other facilities, waste volumes into the FFLF were elevated for 2018, with a total of 492,300 tons received at the facility. Most importantly, staff managed the volume despite record rainfall and worked around numerous construction projects like the Vertical Expansion, while extending the record to 27 years of zero violations at the site.

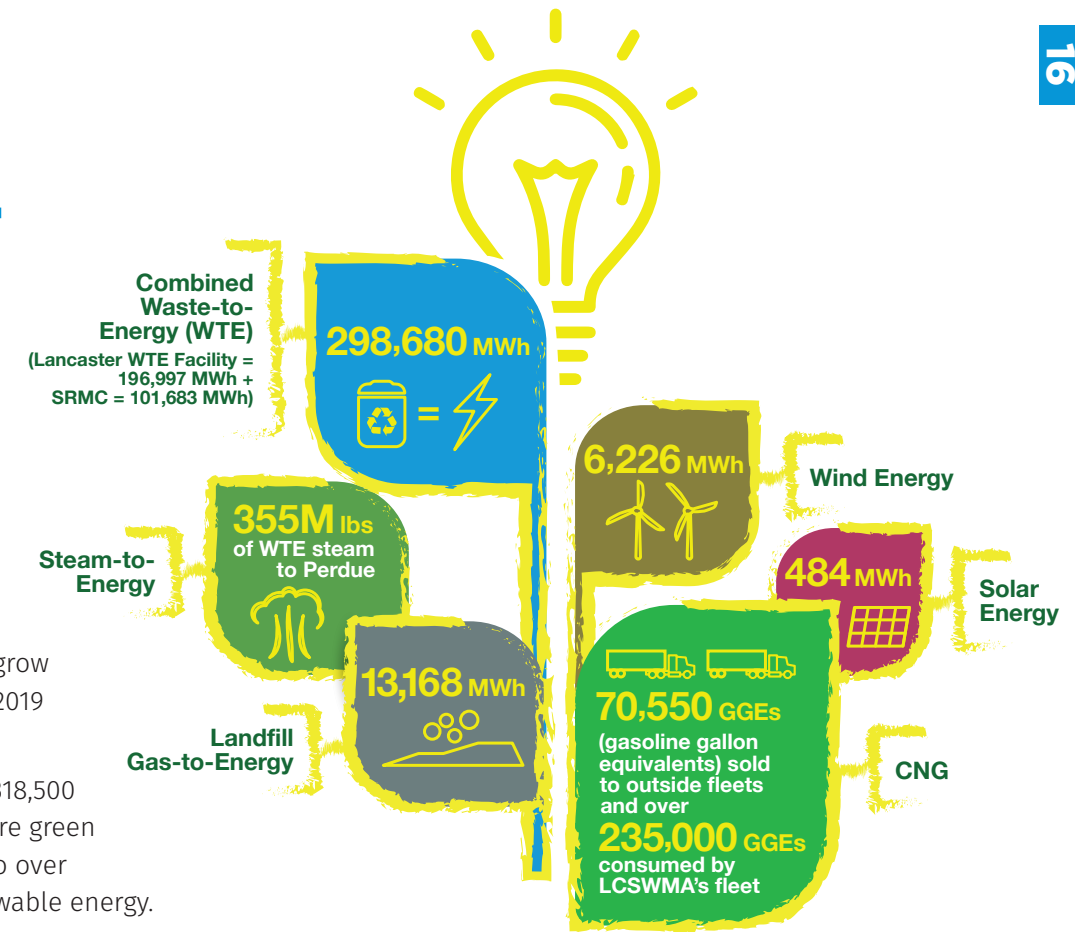


Energy Highlights

RENEWABLE ENERGY

LCSWMA's energy line of business also had a positive year, yielding over \$17.6 million in revenue despite production issues at SRMC. LCSWMA pursued new revenue diversification initiatives, including reactive power and forward sales contracts (hedges) with energy suppliers, which will continue to grow and stabilize energy revenues in 2019 and beyond.

In total, LCSWMA generated over 318,500 MWh of electricity across our entire green energy portfolio, which equates to over 26,500 homes powered with renewable energy.



PERDUE PARTNERSHIP

In cooperation with Covanta, LCSWMA realized the first full year of steam sales to Perdue in 2018. Great efforts were expended by LCSWMA personnel and our partners at Covanta to make sure the integration of our Lancaster WTE Facility ran smoothly and without compromise to our long-standing record of operational excellence.



BRIGHT FUTURES

LCSWMA delivers on its promise to transform waste into a resource, while protecting and benefitting our community, thanks to our dedicated, passionate, and talented staff. It's our people who help shape a bright future for LCSWMA. And it's because they chose a career in waste that LCSWMA can contribute to **BRIGHT FUTURES** for us all.

LCSWMA also continued its commitment to education and raising awareness in the community, along with deepening relationships with key stakeholders and spreading goodwill throughout the areas we serve.

Our People



People.



Purpose.



Pride.

SAFETY

We closed out 2018 with a continued, positive safety streak. Staff drove over 1.25 million miles without an at-fault accident on the road and zero lost-time accidents. We managed 266,393 transactions at our four sites, while keeping our employees and customers safe. Protecting our people, customers, vendors, and community while they are on our sites is a top priority for LCSWMA.

RECRUITING and TRAINING

Recruitment was another top priority last year. Record waste tonnages created a need for increased staffing levels to manage the tons safely and efficiently. A total of 50 positions were filled in 2018, 10 of which were new roles to handle the increased tonnage volumes and complexity of our business. We launched a new recruitment campaign, called **"Power Your Future"** that highlighted the job security and career opportunities of working in the waste industry, and for LCSWMA.



CONTINUOUS IMPROVEMENT

LCSWMA embarked on a journey to implement a 6S Lean Workplace. A 6S Lean Workplace is comprised of the following components: Sort, Set in order, Shine, Standardize, Sustain and Safety. We started with our Operations staff and will continue to expand 6S trainings and applications throughout LCSWMA.

WELLNESS

LCSWMA was awarded the *Platinum Well Workplace Award* in the small business (under 250 employees) category from Lighten Up Lancaster County. LCSWMA offers a robust wellness program that encourages staff to be healthy and happy in all aspects of their lives.

LCSWMA CHAMPIONS

A total of 27 employees, along with their family members and friends, spent a Saturday morning participating in a river clean up along the Conestoga River. The group pulled a total of 82 tires and 1.56 tons of trash from the river.

Additionally, employees held a School Supply Drive to benefit K-8th grade students at the School District of Lancaster. Our staff generously donated over 600 school supplies for students.

Finally, staff participated in the ExtraOrdinary Give. A total of 84 employees contributed \$21,341 to 75 different organizations to show how "Waste Gives Back."



STATEMENTS of NET POSITION

DECEMBER 31, 2018 AND 2017

ASSETS	2018	Restated 2017
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 8,511,612	\$ 6,394,582
Investments	18,068,589	30,198,138
Accounts Receivable, net of Provision for Bad Debts of \$10,000 at 2018 and 2017	11,627,296	11,042,953
Grants Receivable, Current Portion	109,428	200,000
Notes Receivable, Current Portion	785,565	6,643
Interest Receivable	150,473	172,179
Inventory	19,815	18,271
Prepaid Assets	285,961	240,843
Total Current Assets	39,558,739	48,273,609
RESTRICTED ASSETS		
Investments with Trustee	9,044,524	9,023,653
Interest Receivable	2,279	193
Total Restricted Assets with Trustee	9,046,803	9,023,846
Escrow Deposits	1,607,962	1,683,412
Closure and Post-Closure Care Funds	19,312,998	19,371,296
Total Restricted Assets	29,967,763	30,078,554
OTHER ASSETS		
Notes Receivable, net of Current Portion	8,166,560	335,119
Other Real Estate	2,853,184	45,500
Other – Raffles Insurance, Ltd.	31,000	31,000
Total Other Assets	11,050,744	411,619
REAL ESTATE, FACILITIES, and EQUIPMENT		
Lancaster Waste-to-Energy Facility	148,282,720	147,371,588
Susquehanna Resource Management Complex	136,103,601	132,489,049
Landfill Facility	87,791,203	87,710,723
Transfer Station Complex	26,383,433	26,210,158
Equipment	22,920,677	21,362,839
Support Facilities	9,954,021	9,887,428
Other Real Estate	8,659,216	8,622,951
Administrative Building and Equipment	4,402,867	4,051,048
Muddy Creek Property	1,068,386	-0-
	445,566,124	437,705,784
Accumulated Depreciation	(224,202,451)	(210,879,583)
Net Depreciable Assets	221,363,673	226,826,201
Construction in Progress	21,870,288	12,300,141
Net Real Estate, Facilities, and Equipment	243,233,961	239,126,342
TOTAL ASSETS	323,811,207	317,890,124
DEFERRED OUTFLOWS OF RESOURCES		
Other Postemployment Benefits	1,320,197	1,509,233
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 325,131,404	\$ 319,399,357

(CONTINUED ON FOLLOWING PAGE)

Full audited financials are available at www.lcswma.org, or by calling 717-397-9968.

Our Community

COMMUNITY OUTREACH

LCSWMA hosted 80 tours, offering a safe and enriching learning experience for 2,411 people. We also participated in 45 different outreach activities that directly engaged 6,810 people in Lancaster and Dauphin Counties.

MUNICIPAL SUPPORT

Secured \$1.83 million in grant money for LCSWMA and municipal recycling programs, along with providing over 750 hours of professional services to support municipalities with their collection and recycling programs.

COMMUNITY SUPPORT

Collaborated with over 48 organizations to help improve the livability of Lancaster and Dauphin Counties.

LAND PRESERVATION

Partnered with the Lancaster County Conservancy (LCC) to acquire 119 acres of land in Conoy Township. About 50 acres of river buffer land was resold to the LCC in 2019 for long term protection and preservation of the Northwest Lancaster County River Trail.

INDUSTRY HIGHLIGHT

LCSWMA proudly hosted NAWTEC (North American Waste-to-Energy Conference), which came to Lancaster last spring to showcase LCSWMA's premier Integrated System. NAWTEC is the leading industry technical conference and is a partnership between the Energy Recovery Council and the Solid Waste Association of North America.





STATEMENTS of NET POSITION
(CONTINUED)

DECEMBER 31, 2018 AND 2017

LIABILITIES and NET POSITION	2018	Restated 2017
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 4,330,000	\$ 4,125,000
Current Portion of Estimated Post-Closure Care Costs	150,000	144,000
Accounts Payable – Trade	6,936,119	5,977,559
Prepaid Disposal Fees	1,070,783	988,872
Accrued Expenses	4,430,569	4,286,451
Total Current Liabilities	16,917,471	15,521,882
LONG-TERM LIABILITIES		
Long-Term Debt, net of Current Portion	117,786,264	122,651,450
Estimated Closure and Post-Closure Care Liability, net of Current Portion	10,766,146	9,062,556
Other Long-Term Liabilities	5,647,715	5,242,143
Total Long-Term Liabilities	134,200,125	136,956,149
TOTAL LIABILITIES	151,117,596	152,478,031
DEFERRED INFLOWS OF RESOURCES		
Other Postemployment Benefits	32,880	39,404
TOTAL LIABILITIES and DEFERRED INFLOWS of RESOURCES	151,150,476	152,517,435
NET POSITION		
Net Investment in Capital Assets	130,164,500	121,373,738
Restricted	8,654,814	10,498,152
Unrestricted	35,161,614	35,010,032
TOTAL NET POSITION	\$ 173,980,928	\$ 166,881,922

Full audited financials are available at www.lcswma.org, or by calling 717-397-9968.



**STATEMENTS of REVENUES, EXPENSES and CHANGES
in NET POSITION**

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	Restated 2017
OPERATING REVENUES		
Tipping Fees	\$ 71,592,940	\$ 65,724,017
Energy	17,696,620	14,409,009
Transportation	1,627,387	1,653,075
Other	1,404,205	1,497,921
Total Operating Revenues	92,321,152	83,284,022
OPERATING EXPENSES		
Lancaster Waste-to-Energy Facility	22,112,494	22,723,842
Susquehanna Resource Management Complex	18,824,726	18,630,613
Depreciation	14,492,523	13,609,605
Landfills	5,213,251	4,553,918
Transfer Station Complex	4,933,579	3,765,041
Closure and Post-Closure Care	1,987,153	190,785
Household Hazardous Waste	489,036	502,269
Total Operating Expenses	68,052,762	63,976,073
SUPPORT EXPENSES		
General and Administrative	14,423,485	12,443,227
Depreciation	86,570	53,312
Total Support Expenses	14,510,055	12,496,539
Total Operating and Support Expenses	82,562,817	76,472,612
OPERATING INCOME	9,758,335	6,811,410
NON-OPERATING REVENUES (EXPENSES)		
Grant Revenues	300,071	201,718
Gain (Loss) on Disposal of Assets	70,546	(993,681)
Miscellaneous	470,440	538,377
Bad Debt Expense/Defaulted Note Receivable	-0-	(472,609)
Interest and Investment Earnings	1,086,299	718,542
Interest Expense	(4,586,685)	(4,681,613)
Net Non-Operating Expenses	(2,659,329)	(4,689,266)
CHANGES in NET POSITION Before CAPITAL CONTRIBUTIONS	7,099,006	2,122,144
CAPITAL CONTRIBUTIONS	-0-	6,247,205
CHANGES in NET POSITION	7,099,006	8,369,349
NET POSITION		
Beginning of Year, As Previously Reported	166,881,922	159,974,434
Cumulative Effect of Change in Accounting Principle	-0-	(1,461,861)
Beginning of Year, As Restated	166,881,922	158,512,573
End of Year	\$ 173,980,928	\$ 166,881,922

Full audited financials are available at www.lcswma.org, or by calling 717-397-9968.



STATEMENTS of CASH FLOWS

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	Restated 2017
CASH FLOWS from OPERATING ACTIVITIES		
Receipts from Customers and Users	\$ 92,289,160	\$ 81,672,608
Payments to Suppliers	(58,039,291)	(55,884,109)
Payments to Employees	(6,966,580)	(7,893,332)
Net Cash Provided by Operating Activities	27,283,289	17,895,167
CASH FLOWS from NON-CAPITAL and RELATED FINANCING ACTIVITIES		
State and Local Grant Income	390,643	518,360
CASH FLOWS from CAPITAL and RELATED FINANCING ACTIVITIES		
Interest Paid	(5,121,871)	(5,227,126)
Principal Payments	(4,125,000)	(4,025,000)
Payments for Capital Acquisitions	(21,571,282)	(23,212,737)
Proceeds from Capital Contributions	-0-	6,247,205
Proceeds from Sale of Capital Assets	423,269	760,453
Net Cash Used by Capital and Related Financing Activities	(30,394,884)	(25,457,205)
CASH FLOWS from INVESTING ACTIVITIES		
Deposits Made for Escrow Funds	75,450	(11,360)
Performance Deposit Received	100,000	-0-
Advances on Note Receivable	(8,385,122)	-0-
Principal Payments Received on Note Receivable	6,667	6,356
Sales of Restricted Investments	38,167,048	33,440,042
Purchases of Restricted Investments	(38,298,707)	(33,288,783)
Receipts of Interest	1,092,791	1,010,088
Sales of Unrestricted Investments	14,149,755	11,054,394
Purchases of Unrestricted Investments	(2,069,900)	(8,889,714)
Net Cash Provided (Used) by Investing Activities	4,837,982	3,321,023
INCREASE (DECREASE) in CASH and CASH EQUIVALENTS	2,117,030	(3,722,655)
CASH and CASH EQUIVALENTS		
Beginning	6,394,582	10,117,237
Ending	\$ 8,511,612	\$ 6,394,582

(CONTINUED ON FOLLOWING PAGE)

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STATEMENTS of CASH FLOWS

(CONTINUED)

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	Restated 2017
RECONCILIATION of OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES		
Operating Income	\$ 9,758,335	\$ 6,811,410
ADJUSTMENTS to RECONCILE OPERATING INCOME to NET CASH PROVIDED by OPERATING ACTIVITIES		
Depreciation	14,579,093	13,662,917
Miscellaneous Income not in Operating Income on Statements of Revenues, Expenses, and Changes in Net Position Included for Cash Flow	470,440	538,377
(Increase) Decrease in:		
Accounts Receivable	(584,343)	(2,178,347)
Inventory and Other Current Assets	(46,662)	(37,511)
Increase (Decrease) in:		
Current Liabilities	1,245,138	(38,238)
Estimated Closure and Post-Closure Care Costs	1,709,590	(1,564,213)
Other Postemployment Benefits - Related Changes Other than Periodic OPEB Costs	151,698	700,772
Total Adjustments	17,524,954	11,083,757
Net Cash Provided by Operating Activities	\$ 27,283,289	\$ 17,895,167
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Defaulted Note and Accrued Interest Receivable	-0-	2,237,999
Capacity Reserve Accrual	260,362	-0-
Seizure of Collateral on Defaulted Note Receivable	-0-	1,765,390
Change in Market Value of Investments - Restricted	(169,086)	(133,329)
Change in Market Value of Investments - Unrestricted	(49,694)	(167,526)
Change in Accounts Payable Related to Capital Projects	275,838	210,140
Interest Accrued on Note Receivable	(231,908)	-0-

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SCHEDULES of CONDENSED REVENUES and EXPENSES

YEARS ENDED DECEMBER 31, 2018, 2017, 2016, 2015 AND 2014

	2018	2017	2016	2015	2014
OPERATING REVENUES					
Tipping Fees	\$ 71,592,940	\$ 65,724,017	\$ 61,760,388	\$ 59,545,228	\$ 57,350,288
Energy	17,696,620	14,409,009	14,738,431	18,401,006	18,706,329
Transportation and Other	3,031,592	3,150,996	2,439,187	2,745,659	4,362,067
Total Operating Revenues	92,321,152	83,284,022	78,938,006	80,691,893	80,418,684
OPERATING EXPENSES					
Lancaster Waste-to-Energy Facility	22,112,494	22,723,842	22,476,694	23,230,173	22,476,602
Susq. Resource Mgmt. Complex	18,824,726	18,630,613	18,535,832	18,283,527	19,127,931
Depreciation	14,492,523	13,609,605	13,171,084	12,642,052	12,187,390
Landfills	5,213,251	4,553,918	4,284,513	4,319,801	4,106,198
Transfer Station Complex	4,933,579	3,765,041	3,241,425	3,051,474	3,141,323
Closure and Post-Closure Care	1,987,153	190,785	(234,865)	592,718	1,620,586
Household Hazardous Waste	489,036	502,269	475,214	449,586	386,158
Total Operating Expenses	68,052,762	63,976,073	61,949,897	62,569,331	63,046,188
SUPPORT EXPENSES	14,510,055	12,496,539	11,911,845	11,065,311	10,645,333
Total Operating and Support Expenses	82,562,817	76,472,612	73,861,742	73,634,642	73,691,521
OPERATING INCOME	9,758,335	6,811,410	5,076,264	7,057,251	6,727,163
INTEREST and INVESTMENT EARNINGS	1,086,299	718,542	673,671	601,975	1,049,363
INTEREST EXPENSE	(4,586,685)	(4,681,613)	(4,769,778)	(5,139,214)	(5,591,063)
NET OTHER NON-OPERATING REVENUES (EXPENSES) and CAPITAL CONTRIBUTIONS	841,057	5,521,010	1,660,585	2,626,575	(1,883,657)
CHANGES in NET POSITION	\$ 7,099,006	\$ 8,369,349	\$ 2,640,742	\$ 5,146,587	\$ 301,806

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