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Lancaster County Solid Waste Management Authority

Financial Statements and Supplementary Information

December 31, 2023 and 2022

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Lancaster County Solid Waste Management Authority

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Lancaster County Solid Waste Management Authority (the Authority) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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

We did not audit the 2023 and 2022 financial statements of Sustainable Assurance Company, which qualifies as a blended component unit of the Authority, and whose statements reflect total assets of $4,347,498 and $2,084,802, total liabilities of $517,831 and $414,485, and stockholder's equity of $3,829,667 and $1,670,317 as of December 31, 2023 and 2022, respectively, and total revenues of $626,651 and $416,418 for the years ended December 31, 2023 and 2022, respectively. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Sustainable Assurance Company as of December 31, 2023 and 2022, is based solely on the report of the other auditors.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

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 4 to 12 and 61 and 62, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The schedule of condensed revenues, expenses, and changes in net position and concise statements for publication for the years ended December 31, 2023 and 2022 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The condensed revenues, expenses, and changes in net position for the years ended December 31, 2021, 2020, 2019, 2018, and 2017 were audited by other auditors, whose report, dated April 8, 2022, expressed an unmodified opinion on those financial statements.

RKL LLP

April 23, 2024
Lancaster, Pennsylvania

The Management of the Lancaster County Solid Waste Management Authority (the Authority) presents the following narrative and analysis to assist the reader of the financial statements in understanding the financial activities for the fiscal years ended December 31, 2023 and 2022.

Overview of the Financial Statements
Although 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 management's discussion and analysis 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 using accrual basis for accounting, which is the same measurement focus and basis of accounting employed by private-sector business enterprises. The enterprise fund financial statements can be found on pages 13 through 18 of the financial statements.

Statement of Net Position. The statement of net position presents information on the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources, 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.

Statement of Revenues, Expenses, and Changes in Net Position. The statement of revenues, expenses, and changes in net position presents information showing how the Authority's net position changed during the most recent year. These statements provide the reader with information on the Authority's operating revenues and expenses, nonoperating revenues and expenses, and whether the Authority's financial position has improved or deteriorated as a result of each year's operations.

Statement of Cash Flows. The statement of cash flows presents the Authority's change in cash and cash equivalents during the year. This information is useful in determining the Authority's ability to generate sufficient cash to cover operating and debt obligations.

Notes to the Financial Statements. 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 19 through 60 of the financial statements.

SUMMARY

The Authority experienced a softening of total waste volumes in 2023 as compared to the prior year. Total annual tonnage received of 932,674 tons represented a decrease of 8,796 tons (-0.9%) compared to 2022 volumes. Increased tipping fees and shifts in the mix of waste types received offset the adverse effect of lower volumes, generating annual net tipping revenue of $82,733,187, an increase of 12.0% over 2022. The energy line of business faced headwinds early in 2023 due to unseasonably warm weather that lowered wholesale electric prices. An increased market value for renewable energy credits helped offset the negative impact of the cooling electric markets. The Authority concluded the year with a net position improvement of $19,693,253 and a healthy liquidity position with unrestricted cash and investments totaling $61,550,674. The debt capitalization ratio improved from 32% to 29%.

SUMMARY (Continued)

Net capital expenditures (CAPEX) increased by 39.2% in 2023 in comparison to 2022. Net CAPEX investment of $14,164,714 was incurred to support the infrastructure and equipment necessary to operate the Authority's integrated system. CAPEX investments included construction of the second landfill leachate tank, the new Frey Farm Landfill maintenance building, fire suppression upgrades, necessary facility maintenance and improvements, and equipment replacement including a dozer, wheel loader, diesel dump trucks, and CNG truck tractors.

The Authority-owned property insurance captive, Sustainable Assurance Company (the Captive), concluded the third year of operations, posting a net income of $409,350 and retained earnings of $779,667. The Captive, a licensed Vermont insurance company, issued a comprehensive one-year property and terrorism insurance package, effective January 1, 2023 with the Authority named as insured. The Authority initially funded $1,300,000 of formation capital, exceeding the State of Vermont's $250,000 minimum requirement, to offset financial risk retained by the Captive. Since inception, the Authority infused an additional $1,750,000 of capital to offset the expanded single-loss risk retained by the Captive. Further, the Captive is reinsured by a syndicated panel of domestic and foreign carriers maintaining an A.M. Best rating of 'A-' or greater. The Captive improves stability in underwriting, assists in adequate coverage and limits, and improves financial control for the Authority. No claims were submitted or settled with the Captive in 2023.

FINANCIAL REVIEW

The Authority concluded 2023 posting an improved net position of $208,875,556, a 10.4% increase over 2022. Current assets of $74,982,796 improved by 36.4% over 2022. The increase in current assets is the result of improved cash performance from operating activities and cash management. Fixed assets, net of depreciation, of $220,999,859 increased by $2,592,472 from 2022. The major driver of this increase in 2023 was lower annual depreciation as the first stage of the vertical expansion at the Frey Farm Landfill was fully depreciated in 2022, coupled with increased capital investment outlay in 2023. Total assets and deferred outflows of resources of $332,144,662 increased in 2023 by $27,919,954 over 2022. Total liabilities and deferred inflows of resources saw an $8,226,701 increase in 2023 over 2022.

The Authority maintained a Standard & Poor's credit rating of 'AA+'.

The majority of the Authority's net position is comprised of two components: 1) investment in capital assets (net of associated debt) and 2) investments in board designated investment reserve funds of which $54,307,185 is designated as unrestricted. These investment reserves consist of funds set aside for future capital construction project funding along with business interruptions and strategic opportunities. Restricted Assets increased by 59.4% due to additional funding of the Captive and an increase in landfill closure bonding due to elevated cost estimates.

FINANCIAL REVIEW (Continued)

A condensed summary of the Authority's net position is presented below as of December 31:

	Net Position ($)		
	2023	**2022**	**2021**
Current and Other Assets	111,144,803	85,817,321	93,069,242
Capital Assets	220,999,859	218,407,387	231,415,127
TOTAL ASSETS, and Deferred Outflows	**332,144,662**	**304,224,708**	**324,484,369**
Current Liabilities and Other Liabilities	16,811,254	8,480,104	15,546,413
Long-Term Liabilities	91,877,759	93,577,733	108,321,987
Landfill Closure and Post-Closure Costs (Current and Long-Term)	14,580,093	12,984,568	12,387,134
TOTAL LIABILITIES, and Deferred Inflows	**123,269,106**	**115,042,405**	**136,255,534**
Net Investment in Capital Assets	134,278,746	131,164,633	133,508,492
Restricted	20,289,625	12,725,944	10,047,725
Unrestricted	54,307,185	45,291,726	44,672,618
TOTAL NET POSITION	**208,875,556**	**189,182,303**	**188,228,835**

Operating revenues of $113,194,270 increased by $8,491,556 (+8.1%) from 2022. Tipping fee revenue, net of hauler rebates was $82,733,187, a 12.0% increase from 2022. The Authority's average gross tip rate per ton improved to $92.89 (+12.1%) providing relief against the impact of lower waste volumes. Energy revenue of $23,026,916 decreased by $1,784,905 (-7.2%) from 2022 due to declining electric wholesale market pricing influenced by unseasonably warm weather and retreating natural gas prices. Wholesale electric rates per megawatt hour decreased by 65% year-over-year from $75.95 in 2022 to $26.56 in 2023. In essence, the wholesale electric market returned to more historic levels in 2023. This year-over-year decrease was preceded by an unprecedented 2022 that saw a $6,300,259 (+34.0%) increase over 2021. 2023 renewable energy credit revenue of $6,188,967 increased 173% over 2022. This helped offset the impact of normalized electric market prices. The Lancaster Waste-To-Energy (WTE) facility and Susquehanna Resource Management Complex (SRMC) experienced generation and boiler availability in line with expectations during 2023.

Operating and support expenses, excluding depreciation, were $68,187,389 and $7,189,996, respectively. Direct operational costs increased by 2.5% over the previous year. The Covanta Service Fee cost, which makes up a large portion of the Operating expense total, was $31,003,578 in 2023, a 5% increase from 2022. Total Operating Labor costs of $8,093,754 also accounted for a large portion of the Operating expense total and increased 4.8% over the previous year. Support expenses increased by 7.7%, not including depreciation, compared to 2022. Total Support Labor costs of $4,619,781 in 2023 represented a 10.5% increase over the prior year. Depreciation expense of $21,245,933 decreased 9.9% from 2022. The first stage of the Frey Farm Vertical Expansion was fully depreciated in 2022 and the second stage, with far less investment than the first stage, began depreciating mid-year 2022. Included in operating expenses are provisions for landfill related closure and post-closure care costs as well as asset retirement obligations as recognized under Governmental Accounting Standards Board accounting standards. The total costs recognized under these guidelines was $1,653,527 for 2023.

FINANCIAL REVIEW (Continued)

Waste volumes declined 0.9% in 2023; however, adjustments to tipping fees counterbalanced inflationary impacts on the cost of operations and capital investment. Total Operating and Support costs, including depreciation, per ton increased slightly by 0.8% to $103.60 per ton. As a result of targeted rate increases and favorable shifts in the makeup of waste types received, increasing costs were offset by growth in Operating Revenues of 9.1% from $111.21 per ton in 2022 to $121.37 per ton in 2023. The Authority concluded 2023 with Operating Income of $17.77 per ton, an increase of 110.5% compared to 2022, and EBITDA of $42.32 per ton, an increase of 23.7% from 2022.

Net non-operating revenue was $3,122,301. In 2022 and 2021, net non-operating activity resulted in a net expense of $6,992,654 and $3,036,835, respectively. Net non-operating activity includes interest expense on debt, investment earnings, net gain or loss on asset sales, and other non-operating revenue sources. Investment earnings include interest recognized from bank-managed investments, and market value gains (losses) realized on investment assets. 2023 was a year of unprecedent gains for investment earnings due to the cumulative impact of treasury rates. Total investment gain for 2023 was $3,774,408. In stark contrast, 2022 and 2021 investment yields fell short in offsetting unrealized losses in investment value resulting in investment losses. Total investment loss was $1,418,511 in 2022 and $15,867 in 2021. The 2023 investment performance directly contributes to the overall net income for the year.

		Change in Net Position ($)	
	2023	**2022**	**2021**
Revenues:			
Tipping, net	82,733,187	73,856,324	71,173,706
Energy	23,026,916	24,811,821	18,511,562
Transportation	4,146,389	2,040,136	1,544,151
Other Revenues	3,287,778	3,994,433	4,925,863
TOTAL OPERATING REVENUES	**113,194,270**	**104,702,714**	**96,155,282**
Expenses:			
Operating	68,187,389	66,502,387	60,807,028
Support	7,189,996	6,675,162	6,469,387
Depreciation	21,245,933	23,579,043	22,389,404
TOTAL OPERATING AND SUPPORT EXPENSES	**96,623,318**	**96,756,592**	**89,665,819**
OPERATING INCOME	**16,570,952**	**7,946,122**	**6,489,463**
Interest Expense	(1,843,221)	(2,686,489)	(4,013,735)
Investment Earnings	3,774,408	(1,418,511)	(15,867)
Gain (Loss) on Assets	161,960	403,716	465,640
Other Non-Operating Revenue	1,029,154	(3,291,370)	527,127
NET NON-OPERATING REVENUE (EXPENSE)	**3,122,301**	**(6,992,654)**	**(3,036,835)**
SPECIAL ITEM - GSIF CONTRIBUTION			**3,457,754**
CHANGE in NET POSITION	**19,693,253**	**953,468**	**6,910,382**
Net Position - January 1	189,182,303	188,228,835	181,318,453
NET POSITION - DECEMBER 31	**208,875,556**	**189,182,303**	**188,228,835**

Capital Assets

In 2023, the Authority invested $14,358,813 in capital assets through a combination of projects, improvements, and equipment purchases at each facility. Proceeds from property and equipment sales totaled $194,099, resulting in net capital expenditures of $14,164,714. The majority of 2023 CAPEX expenditures encompassed the construction of the new Frey Farm maintenance building, facility fire suppression upgrades, truck tractors, and equipment replacements. The Authority routinely acquires real estate as required by a condition within a landfill settlement agreement and for facility buffer or future opportunity. The Authority purchased 1 parcel for a total investment of $526,623.

Total depreciation expense, including non-operating depreciation related to rental assets, was $21,245,933. A 3-year comparison of capital assets, net of depreciation, as of December 31, 2023, is shown below.

Capital Assets
($)

	2023	**2022**	**2021**
Land and Improvements	33,199,633	33,199,633	32,945,798
Buildings and Improvements	135,254,029	137,626,802	145,355,416
Site and Improvements	23,823,562	27,730,639	20,091,557
Other Real Estate	6,791,887	6,504,646	7,328,413
Vehicles / Transportation	5,060,767	5,650,658	6,133,156
Equipment	6,502,535	5,185,422	6,028,085
Office Furniture and Equipment	78,927	99,532	53,813
Computer Software and Equipment	407,728	771,589	1,037,425
Construction in Progress	9,880,791	1,638,466	12,441,464
TOTAL CAPITAL ASSETS	**220,999,859**	**218,407,387**	**231,415,127**

Additional information on the Authority's capital assets can be found in Notes 9 and 10 of the financial statements.

Debt Administration and Long-Term Obligations

On June 15, 2022, the Authority issued the Solid Waste Disposal System Revenue Bond, Taxable Series of 2022 (the 2022 Bond) in the amount of $62,985,000 to refund the Series A of 2013 (the 2013A Bonds) bonds and to pay corresponding issuance costs. The 2022 Bond was payable in various amounts from 2022 through 2032 with a fixed rate of interest at 3.32%. Funds consisting of $9,018,472 from a liquidated debt service reserve fund and Authority contributions of $10,753,450, collectively "the Contributions", reduced the 2022 Bond principal requirement. On September 19, 2023, the Authority issued the Solid Waste Disposal System Revenue Bond, Tax-Exempt Series of 2023 (the 2023 Bond) in the amount of $62,985,000 to refund the 2022 Bond. The 2023 Bond is payable in various amounts from 2024 through 2032 and bears a fixed rate of interest at 2.69%.

Debt Administration and Long-Term Obligations (continued)

On December 15, 2023, the 2013A Bonds were fully redeemed using the proceeds from the 2022 Bond and subsequently the 2023 Bond, which were held in a restricted escrow account for that purpose. The advanced refunding reduced future debt service payments of approximately $9,894,000 or a net present value of $8,748,568 over the life of the loan. The Authority has outstanding $62,985,000 in gross principal debt related to the 2023 Bond as of December 31, 2023.

Separate to the 2013A Bonds, the 2022 Bond and the 2023 Bond, the Authority had outstanding the $24,000,000 Guaranteed Authority Bonds, Series B of 2013 (the 2013B Bonds) which, on December 15, 2023, were redeemed and refunded upon issuance of the Guaranteed Authority Bond (Dauphin County Guaranty) Series of 2023 (Dauphin County Guaranteed Bond). The Dauphin County Guaranteed Bond is interest-only for a 10-year term maturing December 15, 2033, and guaranteed by Dauphin County, not the Authority.

The Authority's debt service obligation in 2023 was $2,236,310. Further details on all long-term debt obligations are described in Note 12 of the attached audited financial statements.

Facilities and Operations

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

In 2023, the System received 932,674 tons of waste, which includes refuse, C/D, residual and recyclable material. The total tons received in 2023 was 0.9% less than 2022 as volumes for all waste types fell short of prior year except Residual and Recycling volumes. The TSC received 378,759 tons of waste, which was then transferred to the WTE, FFLF, SRMC or privately owned and operated recycling facilities. WTE received 374,435 tons of waste either delivered directly to the facility or transferred in from the TSC or SRMC, while the FFLF received 256,424 tons of waste and 178,747 tons of ash. There were 269,851 tons of waste directly received at SRMC.

The WTE facility processed 374,492 tons of waste to generate 186,785 megawatts (MW) of electricity and 38,242 MW equivalent of steam for Perdue's soybean processing facility. Total electric revenue generated at the WTE was $7,107,004. Additionally, the WTE facility had direct steam deliveries to Perdue that realized revenues of $3,042,441, 5.4% higher than the prior year. In exchange for an obligation to provide electricity to the PJM grid during periods of need, the WTE facility recognized $748,506 in capacity commitment revenue. WTE's renewable energy credit revenue (RECs) totaled $4,009,935. Total Energy Revenue recognized in 2023 at WTE was $15,145,885, which represents 13% of Total Operating Revenue.

The SRMC facility processed 274,406 tons of waste generating 108,238 MW of electricity, 80.5% of which was sold under a 20-year contract to the Commonwealth of Pennsylvania's Department of General Services (DGS). The DGS contract was amended in 2022 to provide certainty for electric rates over the final ten years of the agreement and to remove all clawback conditions. Note 18 in the financial statements further details the DGS contract amendment. Total electric revenue generated at the SRMC was $5,150,290. In addition to the direct sale of electric, the SRMC facility also contracted to provide capacity to PJM generating $285,972 of revenue, and RECs generating revenue of $2,168,306. Total Energy Revenue recognized at SRMC in 2023 was $7,706,568, which represents 7% of Total Operating Revenue.

Facilities and Operations (continued)

Transportation revenues of $4,146,389 reflect fees charged to haulers for waste that is delivered to the Authority's Transfer Station (which is then transferred by Authority-owned trucks to the FFLF, WTE or SRMC sites). Other Revenue primarily consists of the sale of metal recovered from ash at the two waste-to-energy facilities. Metal prices, which fluctuate based on market variables, experienced an 11% decline for the 2023 average rate per ton as compared to prior year. The average metal rate per ton and total metal revenue earned in 2023 was $85.65 and $1,087,393, respectively.

Inashco metals recovery facility, owned and operated by Inashco North America Lancaster, LLC ceased operations at its facility in March 2023 and the Authority stopped delivering ash to the facility on March 1, 2023. The Authority received the last payment from Inashco for the note receivable on February 1, 2023. The note is secured by a first lien security interest in all assets of Inashco except for the rolling stock secured to Volvo, in which the Authority has a perfected second position security interest and a one-year renewing $500,000 letter of credit. The principal balance on the note receivable as of March 10, 2023 was $7,501,805. Inashco and the Authority executed a Termination Agreement effective March 20, 2023 in which the Authority acquired collateral with a fair market value of $3,514,490 and drew down the $500,000 letter of credit. Inashco purchased certain collateral at a value of $730,000. Subsequently, Inashco and the Authority entered into an addendum to the original termination agreement on September 15, 2023. This addendum requires payment of $70,000 from Inashco to the Authority for additional retained equipment and salvage material value. Payment will be applied to the Authority's obligation to reimburse Inashco $240,000 for removal of the equipment and structural steel. Net payment of $170,000 is anticipated be paid to Inashco in 2024. Additionally, the Termination Agreement transfers the ownership of the operating permit bond funds from Inashco to the Authority, a value of $244,128. All appropriate closure actions have been taken and are awaiting PADEP's approval. Upon PADEP's closure and post-closure approval of the facility, the bond funds will be released to the Authority.

Disposal of waste and ash in the first stage of the Frey Farm Landfill Vertical Expansion (FFVE) concluded and filling commenced within the second stage in June 2022. The first stage provided 1.14 million cubic yards or approximately 2.5 years of fill capacity and the second stage provides an additional 1.71 million cubic yards or approximately 4 years of fill capacity. During 2023, the Authority filled 408,010 cubic yards into the second stage, utilizing 24% of stage 2 capacity. To date, the Authority has filled 1,454,554 cubic yards into the FFVE, which represents 51% of the total combined stage 1 and 2 capacities. Filling of the unused stage one capacity will take place in future years as the layers of the entire vertical expansion are constructed and filled. The entire vertical expansion project, encompassing three stages, affords the Authority 6.4 million cubic yards or approximately 18 years of fill capacity. The FFVE capacity is estimated to be exhausted by 2038.

BUSINESS OUTLOOK

The Authority is well positioned financially and continues to make appropriate infrastructure investment to support a resilient business model well into the future. The core of the Authority's business model, final processing and disposal of solid waste, remains a stable and enduring revenue source. The Authority anticipates 2024 volumes to remain in line with or moderately improved as compared to 2023. Recent analysis by the U.S. Census Bureau and the Pennsylvania State Data Center estimates the population of Lancaster County to grow 8.5% by year 2050, and thus likely to correlate to moderate annual growth in waste volumes. While the Authority is not immune to macro-economic conditions, it is well positioned with financial and operational nimbleness and strength to weather economic hurdles and seize opportunities. The Authority anticipates continued operations at favorable tonnage volumes allowing the absorption of fixed costs and maximizing production efficiencies. In 2024 and 2025, the SRMC and WTE facilities, respectively, will undergo scheduled turbine generator outages.

These outages typically occur every seven years and encompass thorough inspection and necessary maintenance and repair. During these outages, the Authority will experience power generation and inbound waste volume interruption. The Authority appropriately plans for these events with the intent to minimize both financial and operational impact.

Aside from the planned turbine generator outages, electric generation is expected to remain at current output levels. Wholesale electric rates for 2024 are anticipated to remain in line with 2023 rates. Current electric futures pricing suggests a potential and moderate increasing rate environment in 2025 and 2026. While electric rates may remain constantly low, future renewable energy credits (RECs) will generate increasing value over the next several years. Demand for thermal energy (steam) to Perdue is expected to remain at levels experienced in 2023. Given these conditions, including the scheduled turbine outage, the Authority expects the 2024 energy line of business to generate revenues slightly lower than experienced in 2023, however, remaining significantly greater than the prior five-year average. The Authority continues to look at additional opportunities for its WTE facility to further reduce its exposure to volatility associated with open market electricity sales and maximize the potential value of these assets. Opportunities associated with energy products, material recoveries, and resource development are continuously evaluated internally and jointly with the Authority's extended industry and community partner network. Further, the Authority works closely with State and Federal agencies and regulators for proactive planning and development regarding emerging compliance and regulatory requirements within the air, water and waste sectors. In particular, new Federal and State air emissions standards require a $7.5M upgrade to the WTE facility for which construction commenced in the fourth quarter of 2023.

The Authority was able to cover the 2023 CAPEX investment through free cash flows from operations. Fiscal year 2024 will require greater investment into CAPEX as a few scheduled 2023 projects were delayed into 2024. Additionally, the WTE facility emissions control upgrades along with the construction of the third and final stage of the landfill vertical expansion and several other significant projects set to occur within 2024 will require above-average funding. The Authority is planning for CAPEX investment of approximately $35,474,300 and $23,473,000 in 2024 and 2025, respectively. The 2024 planned capital investment will result in the Authority experiencing a net cash outflow for the year.

BUSINESS OUTLOOK (Continued)

In 2024, Robert B. Zorbaugh, Chief Executive Officer (CEO), will be retiring after an honorable thirty-five year career with the Authority. Through an extensive search and evaluation process, the Board of Directors appointed Daniel G. Youngs as the next Chief Executive Officer. Mr. Zorbaugh will work closely with Dan throughout the first three quarters of 2024. Beginning July 1, 2024, Bob and Dan will lead under a CO-CEO designation until September 30, 2024, at which time Mr. Youngs will become the CEO on record. Mr. Youngs currently serves as the Authority's Chief Financial Officer.

In concert with the upcoming leadership transition, the Authority continues to proactively develop long-term strategies to ensure adequate capacity for processing and disposal of future waste volumes. Identifying next generation disposal capacity is largely underway as staff evaluate several options. Additionally, staff are vigilantly assessing future regulatory changes and emerging risks. Proactively developing strategies for reasonable and affordable tip rates and operational improvements will be critical in ensuring the Authority retains operational flexibility for future economic and regulatory challenges, to maintain sound business continuity, and to successfully and safely manage solid waste.

REQUESTS for INFORMATION

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Lancaster County Solid Waste Management Authority, 1299 Harrisburg Pike, Lancaster, PA 17603, or e-mailed to info@lcswma.org.

	December 31, 2023	December 31, 2022
Assets		
Current Assets		
Cash and cash equivalents - unrestricted	**$ 21,143,122**	$ 17,583,602
Investments	**40,407,552**	26,565,204
Accounts receivable, net of provision for bad debts of $211,843 and $181,843 at 2023 and 2022, respectively	**12,085,094**	9,763,248
Grants receivable	**82,751**	45,093
Interest receivable	**243,164**	60,988
Inventory	**81,114**	51,641
Prepaid assets	**939,999**	903,885
Total Current Assets	**74,982,796**	54,973,661
Restricted Assets		
Investments with trustee	**169,587**	51,373
Interest receivable with trustee	**94,300**	56,523
Total Restricted Assets with Trustee	**263,887**	107,896
Deposits	**1,451,835**	1,527,807
Closure and post-closure care funds	**29,428,749**	20,286,193
Cash and cash equivalents - restricted - captive insurance company	**250,000**	250,000
Pollution occurrences reserve	**2,239,233**	2,146,561
Total Restricted Assets	**33,633,704**	24,318,457
Other Assets		
Note receivable, net of current portion	**-**	4,184,258
Other real estate	**1,342,864**	802,077
Other - Raffles Insurance, Ltd.	**31,000**	31,000
Total Other Assets	**1,373,864**	5,017,335
Real Estate, Facilities, and Equipment		
Land and improvements	**33,199,633**	33,199,633
Buildings and improvements	**339,889,697**	329,789,854
Site improvements	**106,111,925**	105,503,841
Other real estate	**9,410,382**	8,851,260
Vehicles/transportation	**15,778,386**	14,614,884

See accompanying notes.

	December 31, 2023	2022
Assets (continued)		
Real Estate Facilities, and Equipment (continued)		
Equipment	**$ 16,771,066**	$ 13,971,903
Office furniture and equipment	**194,771**	199,542
Computer software and equipment	**2,064,400**	2,019,027
	523,420,260	508,149,944
Accumulated depreciation	**(312,301,192)**	(291,381,023)
	211,119,068	216,768,921
Construction in progress	**9,880,791**	1,638,466
Net Real Estate, Facilities, and Equipment	**220,999,859**	218,407,387
Total Assets	**330,990,223**	302,716,840
Deferred Outflows of Resources		
Other postemployment benefits	**266,963**	550,500
Asset retirement obligations	**595,817**	641,517
Advanced refunding	**291,659**	315,851
Total Deferred Outflows of Resources	**1,154,439**	1,507,868
Total Assets and Deferred Outflows of Resources	**332,144,662**	304,224,708
Liabilities		
Current Liabilities		
Long-term debt, current portion	**1,180,000**	-
Accounts payable - trade	**4,011,600**	4,095,799
Accounts payable - capital	**6,920,261**	-
Prepaid disposal fees	**1,015,838**	992,613
Accrued expenses and other current liabilities	**3,683,555**	3,391,692
Total Current Liabilities	**16,811,254**	8,480,104
Long-Term Liabilities		
Long-term debt, net of current portion	**85,805,000**	87,350,650
Estimated closure and post-closure care costs	**14,580,093**	12,984,568
Other long-term liabilities	**1,946,865**	1,894,511
Total other postemployment benefits liability	**1,523,673**	1,816,925
Asset retirement obligations	**927,777**	915,475
Total Long-Term Liabilities	**104,783,408**	104,962,129
Total Liabilities	**121,594,662**	113,442,233

See accompanying notes.

	December 31, 2023	December 31, 2022
Liabilities (continued)		
Deferred Inflows of Resources		
Other postemployment benefits	**$ 1,674,444**	$ 1,600,172
Total Deferred Inflows of Resources	**1,674,444**	1,600,172
Total Liabilities and Deferred Inflows of Resources	**123,269,106**	115,042,405
Net Position		
Net Position		
Investment in capital assets	**134,278,746**	131,164,633
Restricted	**20,289,625**	12,725,944
Unrestricted	**54,307,185**	45,291,726
Total Net Position	**$ 208,875,556**	$ 189,182,303

Lancaster County Solid Waste Management Authority

Statement of Revenues, Expenses, and Changes in Net Position

	Years Ended December 31, 2023	2022
Operating Revenues		
Tipping fees, gross	**$ 86,634,672**	$ 78,033,266
Hauler rebates	**(3,901,485)**	(4,176,942)
Tipping Fees, Net of Hauler Rebates	**82,733,187**	73,856,324
Energy	**23,026,916**	24,811,821
Transportation	**4,146,389**	2,040,136
Other	**3,287,778**	3,994,433
Total Operating Revenues	**113,194,270**	104,702,714
Operating Expenses		
Lancaster Waste-to-Energy Facility	**27,391,268**	27,928,835
Susquehanna Resource Management Complex	**26,044,109**	25,316,004
Depreciation	**20,739,322**	23,085,468
Landfills	**5,518,521**	5,376,910
Transfer Station Complex	**7,216,518**	6,705,829
Closure and post-closure care	**1,595,525**	599,037
Household hazardous waste	**421,448**	575,772
Total Operating Expenses	**88,926,711**	89,587,855
Support Expenses		
General and administrative	**7,189,996**	6,675,162
Depreciation	**506,611**	493,575
Total Support Expenses	**7,696,607**	7,168,737
Total Operating and Support Expenses	**96,623,318**	96,756,592
Operating Income	**16,570,952**	7,946,122
Nonoperating Revenues (Expenses)		
Grant revenues	**182,751**	208,400
Gain on disposal of assets	**161,960**	403,716
Miscellaneous	**1,057,430**	130,093
Note receivable write-off	**-**	(3,487,315)
Rental income, net expenses of $537,243 and $418,703 for 2023 and 2022, respectively	**(211,027)**	(142,548)
Interest and investment income (loss)	**3,774,408**	(1,418,511)
Interest expense	**(1,843,221)**	(2,686,489)
Total Nonoperating Revenues (Expenses)	**3,122,301**	(6,992,654)
Changes in Net Position	**19,693,253**	953,468
Net Position at Beginning of Year	**189,182,303**	188,228,835
Net Position at End of Year	**$ 208,875,556**	$ 189,182,303

See accompanying notes.

	Years Ended December 31, 2023	2022
Cash Flows from Operating Activities		
Receipts from customers and users	**$ 111,927,899**	$ 105,750,896
Payments to suppliers	**(64,221,928)**	(65,570,174)
Payments to employees	**(9,154,641)**	(8,822,938)
Net Cash Provided by Operating Activities	**38,551,330**	31,357,784
Cash Flows from Noncapital and Related Financing Activities		
State and local grant income	**145,093**	204,307
Net Cash Provided by Noncapital and Related Financing Activities	**145,093**	204,307
Cash Flows from Capital and Related Financing Activities		
Interest paid	**(1,904,873)**	(3,294,065)
Proceeds from debt	**86,985,000**	62,985,000
Principal payments	**(86,985,000)**	(79,660,000)
Deposit to bond fund	**-**	(2,845,044)
Payments for capital acquisitions	**(14,358,813)**	(12,007,032)
Proceeds from sale of capital assets	**194,099**	1,834,184
Net Cash Used in Capital and Related Financing Activities	**(16,069,587)**	(32,986,957)
Cash Flows from Investing Activities		
Principal payments received on note receivable	**500,000**	989,483
Receipts of interest	**147,098**	369,003
Sales of investments	**64,780,126**	46,003,973
Purchases of investments	**(84,494,540)**	(51,369,507)
Net Cash Used in Investing Activities	**(19,067,316)**	(4,007,048)
Net Increase (Decrease) in Cash and Cash Equivalents	**3,559,520**	(5,431,914)
Cash and Cash Equivalents at Beginning of Year	**17,833,602**	23,265,516
Cash and Cash Equivalents at End of Year	**$ 21,393,122**	$ 17,833,602

See accompanying notes.

	Years Ended December 31, 2023	2022
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	**$ 16,570,952**	$ 7,946,122
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	**21,461,780**	23,764,353
Bad debts	**35,698**	61,885
Miscellaneous income and net rental income not included in operating income	**846,403**	(12,455)
(Increase) decrease in assets		
Accounts receivable	**(2,351,846)**	854,326
Inventory and other current assets	**(65,587)**	(179,187)
Increase (decrease) in liabilities		
Current liabilities	**283,492**	(1,875,883)
Estimated closure and post-closure care costs	**1,595,525**	597,434
Other postemployment benefits - related changes other than periodic OPEB costs	**116,911**	123,298
Change in asset retirement obligations	**58,002**	77,891
Net Cash Provided by Operating Activities	**$ 38,551,330**	$ 31,357,784
Cash and Cash Equivalents on the Statement of Net Position is Comprised of the Following		
Cash and cash equivalents - unrestricted	**$ 21,143,122**	$ 17,583,602
Cash and cash equivalents - restricted - captive insurance company	**250,000**	250,000
	$ 21,393,122	$ 17,833,602
Supplementary Schedule of Noncash Capital and Related Financing Activities		
Capital asset purchase in accounts payable	**$ (6,920,261)**	$ -
Settlement of note receivable	**$ 2,973,703**	$ -
Supplementary Schedule of Noncash Investing Activities		
Settlement of note receivable	**$ 3,514,490**	$ -

See accompanying notes.

Note 1 - Nature of Operations

Lancaster County Solid Waste Management Authority (the Authority) is a body corporate and politically 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 (the Lancaster 2014 Plan) 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 Board of 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 (a) a waste-to-energy (WTE) facility for combustion of municipal waste and generation of energy, (b) landfill facilities for the disposal of MSW 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 affected 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 Lancaster County effective as of October 15, 1990. 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 Lancaster 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 MSW 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.

Note 1 - Nature of Operations (continued)

Lancaster County (continued)

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 that 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.

Dauphin County

Until 2014, the Authority had primarily conducted waste disposal operations in Lancaster County. With the acquisition of the Susquehanna Resource Management Complex (SRMC) on December 23, 2013, the Authority expanded its operations into adjoining Dauphin County. The SRMC, 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 includes: (a) 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 one closed and two active monofill cells; and (c) various other buildings and equipment.

In conjunction with this acquisition of the SRMC by the Authority, Dauphin County delegated to the Authority its duties and obligations to ensure adequate disposal capacity for MSW generated in Dauphin County, and provided waste flow control regulations that require, with limited exception, all such MSW be delivered to the SRMC. 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 SRMC (then known as the Harrisburg Resource Recovery Facility) the designated facility for all Dauphin County MSW. MSW generated in Swatara Township and Highspire Borough was included beginning in May 2016. In 2005, a Substantial Plan Revision provided for disposal of construction and demolition waste in 12 designated landfill facilities. In October 2013, a Non-Substantial Plan Revision was deemed approved by PaDEP recognizing that, upon closing and acquisition of the SRMC, the Authority will be the governmental entity responsible for assuring adequate MSW processing and disposal capacity for Dauphin County and become 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 Non-Substantial 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 that 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 SRMC 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 2 - Summary of Significant Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as applicable to local governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

The Financial Reporting Entity

In accordance with 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:

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, set rates or charges, or issue bonded debt without approval by the Authority.

Based on the foregoing criteria, the Sustainable Assurance Company is included as a blended component unit in the accompanying financial statements.

Note 2 - Summary of Significant Accounting Policies (continued)

Sustainable Assurance Company

The Sustainable Assurance Company (SAC), an entity licensed in Vermont, and legally separate from the Authority, is governed by a three-member board. SAC was incorporated November 19, 2020 in the State of Vermont and is authorized to transact the business of a captive insurance company. SAC is wholly-owned by the Authority and provides property and terrorism insurance coverage to the Authority, its sole member. Based on the nature of this relationship, for financial reporting purposes, SAC is reported as if were part of the Authority's operations.

SAC issued separate financial statements as of December 31, 2023 and 2022. Financial statements of SAC can be obtained from the Authority Office, 1299 Harrisburg Pike, Lancaster, Pennsylvania 17603.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority operates as a business-type activity and its accounts are maintained on the accrual basis of accounting. The accrual basis records transactions, events, and circumstances when they occur. The Authority follows all applicable GASB pronouncements.

The Authority distinguishes operating revenues and expenses from nonoperating 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 waste processing and disposal services and various energy products. 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 nonoperating revenues and expenses.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates relate primarily to the allowance for doubtful accounts, closure and post-closure care costs, asset retirement obligations, depreciation of fixed assets, valuation of receivables, the obligation for other postemployment benefits (OPEB), and loss reserves and reinsurance recoverable. Accordingly, actual results may differ from estimated amounts.

Cash and Cash Equivalents

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

Note 2 - Summary of Significant Accounting Policies (continued)

Investments

The Board of Directors is permitted to invest the Authority's funds as defined by state law in the following authorized types of investments:

1. U.S. Treasury bills
2. Short-term obligations of the U.S. Government and Federal agencies
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions
4. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision
5. Bills of exchange or time drafts drawn and accepted by a commercial bank not to exceed 180 days
6. Short-term, unsecured obligations of corporations or other business entities organized in accordance with federal or state law
7. Shares of mutual funds whose investments are restricted to the above categories

When making investments, the Board of Directors can combine monies from more than one fund under the Authority's control for the purchase of a single investment and join with other political subdivisions and municipal authorities in the purchase of a single investment.

Investments are stated at fair value.

Accounts Receivable

Accounts receivable are stated at outstanding balances. The Authority considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received. As of December 31, 2023 and 2022, the provision for bad debts was $211,843 and $181,843, respectively.

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 value in accordance with accounting principles generally accepted in the United States of America.

Note 2 - Summary of Significant Accounting Policies (continued)

Restricted Assets (continued)

Deposits

In order to ensure 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 30 days of the due date, the Authority is authorized to withdraw such delinquent amounts from the deposit, and the City of Harrisburg is obligated to restore the deposit so withdrawn within 30 days of notice.

The Authority also holds certain deposits as required pursuant to the electric plant lease for the SRMC, and as a condition of participation in a captive insurance program for workers' compensation, general liability, and fleet operations as discussed in Note 17.

Closure and Post-Closure Care 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 statement of net position. Regulations require the Authority to maintain the restricted accounts for the landfill closure and post-closure monitoring costs.

Cash and Cash Equivalents - Restricted - Captive Insurance Company

As noted previously, SAC was established in 2020. SAC holds certain funds as a condition of its establishment.

Real Estate, Facilities, and Equipment - Capital Assets

Capital assets, which include real estate, facilities, 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 $5,000 and an estimated useful life in excess of one year. The Authority capitalizes computer equipment with an initial, individual cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost if purchased or constructed.

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

Note 2 - 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:

Buildings and improvements	25 to 40 years
Site improvements	25 to 40 years
Other real estate	25 to 40 years
Vehicles/transportation	5 to 10 years
Equipment	5 to 10 years
Office furniture and equipment	5 to 10 years
Computer software and equipment	5 to 10 years

Depreciation of landfill cell development and site costs is recorded based on remaining units of capacity. Total accumulated depreciation for all capital assets of the Authority for the years ended December 31, 2023 and 2022 was $312,301,192 and $291,381,023, respectively.

The Authority is holding other real estate totaling $1,342,864 and $802,077 at December 31, 2023 and 2022, respectively, which is not used in operations (see Note 10).

Construction in progress are costs assigned that represent capital improvements uncompleted at year end at various sites.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during the years ended December 31, 2023 and 2022.

Other Postemployment Benefits

GASB Statement No. 75, *Accounting and Financial Reporting 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.

The Authority sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The single-employer defined benefit OPEB plan is unfunded.

Note 2 - Summary of Significant Accounting Policies (continued)

Bond Premiums

Gross bond premiums totaling $-0- and $664,080 at December 31, 2023 and 2022, respectively, were being accreted using the interest method over the term on the related debt, and accumulated accretion amounted to $-0- and $298,430 as of December 31, 2023 and 2022, respectively. Accretion of bond premiums was recorded as a reduction in interest expense. Total accretion recognized as a reduction in interest expense amounted to $365,650 and $33,241 for the years ended December 31, 2023 and 2022, respectively. On June 15, 2022, the Authority issued a Solid Waste Disposal System Revenue Bond, Taxable Series of 2022, which was replaced on September 19, 2023, by the issuance of the Solid Waste Disposal System Revenue Bond, Series of 2023. In addition, on December 15, 2023, the Authority issued a Guaranteed Authority Bond (Dauphin County Guaranty), Series of 2023, which replaced Series B of 2013. The bond premium and related amortization associated with the defeased bonds were removed.

Closure and Post-Closure Care Costs

Closure and post-closure care costs are expensed as incurred.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent an acquisition or a consumption of net position that applies to a future period. A deferred outflow of resources represents a consumption of net position that applies to a future period not recognized as an outflow of resources until that future period. A deferred inflow of resources represents an acquisition of net position that applies to a future period not recognized as an inflow of resources until that future period.

Advanced Refunding

Gross advanced refunding totaling $327,651 at December 31, 2023 and 2022, respectively, are reported as a deferred outflow of resources and are being amortized using the interest method over the term of the old debt or new debt, whichever is shorter, and accumulated amortization amounted to $35,992 and $11,800 as of December 31, 2023 and 2022, respectively. Amortization of advanced refunding is recorded as interest expense. Total amortization recognized in interest expense amounted to $24,192 and $11,800 for the years ended December 31, 2023 and 2022, respectively. Amortization of advanced refunding is expected to be as follows for the next five years ending December 31:

2024	$	**25,010**
2025		**25,853**
2026		**26,724**
2027		**27,625**
2028		**28,557**

Note 2 - Summary of Significant Accounting Policies (continued)

Net Position

Net position is classified into three categories, as applicable, as follows:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and debt incurred for the acquisition of capital assets.

Restricted net position are amounts that have externally imposed restrictions on how the funds can be spent.

Unrestricted net position are amounts that do not meet the definitions of "invested in capital assets" or "restricted" and are available for Authority operations.

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

Liability for Losses and Loss Adjustment Expenses

The liability for unpaid losses and loss adjustment expenses includes amounts related to losses incurred but not reported (IBNR). In establishing the liability for losses and loss adjustment expenses, SAC utilizes the findings of an independent consulting actuary. Methodologies utilized by the consulting actuary include paid and incurred loss development, expected loss, incurred Bornhuetter-Ferguson, and case reserve development methods. An estimate of ultimate losses and loss adjustment expenses is projected at each reporting date. IBNR reserves are derived from the difference between the projected ultimate losses and the sum of case-basis estimates and inception-to-date paid losses, if any. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses at period end represents its best estimate, based upon the available data, of the amount necessary to cover the ultimate cost of losses. However, because of the limited population of insured risks, limited historical information, economic conditions, judicial decisions, legislation, and other matters, actual loss experience may not conform to the assumptions used in determining the estimated amounts for such liability. Accordingly, the ultimate liability could be significantly in excess of or less than the amount indicated in these financial statements. As adjustments to this estimate become necessary, such adjustments are reflected in current operations. The liability for losses and loss adjustment expenses was $465,751 and $399,676 at December 31, 2023 and 2022, respectively, and is included in accrued expenses and other current liabilities on the statement of net position.

Note 2 - Summary of Significant Accounting Policies (continued)

Reinsurance Recoverable on Unpaid Losses and Loss Adjustment Expenses

SAC relies on ceded reinsurance to limit its retained insurance risk. Recoverables from the reinsurers pursuant to the reinsurance agreements have been estimated using actuarial assumptions consistent with those used in establishing the liability for losses and loss adjustment expenses described above. Management believes that reinsurance recoverable as recorded represents its best estimate of such amounts; however, as changes in the estimated ultimate liability for losses and loss adjustment expenses are determined, the estimated ultimate amount recoverable from the reinsurers will also change. Accordingly, the ultimate recoverable could be significantly in excess of or less than the amount indicated in the financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations. In the event that any or all of the reinsuring companies are unable to meet their obligations under existing reinsurance agreements, SAC would be contingently liable for such amounts. Management's estimates of amounts recoverable from reinsurers include consideration of amounts, if any, estimated to be uncollectible based on an assessment of factors including the creditworthiness of the reinsurers. Management believes that all reinsurance recoverable recorded at December 31, 2023 is fully collectible. Reinsurance recoverable on unpaid losses at December 31, 2023 and 2022 was $415,932 and $363,120, respectively, and is included in prepaid assets on the statement of net position.

Change in Accounting Principle

In March 2020, the GASB issued Statement No. 94, *Public-Private Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The statement also provides guidance for accounting and financial reporting for availability payment arrangements in which a government compensates an operator of a nonfinancial asset for services for a period of time in an exchange transaction. The provisions of this statement are effective for the Authority's financial statements for the year ended December 31, 2023. The Authority adopted this statement during the year ended December 31, 2023, but it did not have a material impact on the financial statements.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The primary objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (a) defines a SBITA; (b) establishes that a SBITA results in a right-to-use subscription asset and corresponding subscription liability; (c) provides the capitalization criteria for outlays other than subscription payments; and (d) requires note disclosures regarding a SBITA. The provisions of this statement are effective for fiscal years beginning after June 15, 2022. The Authority adopted this statement during the year ended December 31, 2023, but it did not have a material impact on the financial statements.

Note 3 - Tax-Exempt Status

The Authority was created under the Municipal Authorities Act of 1935 and 1945. Under this act, the Authority is excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income.

Note 4 - Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy sets out a fair value hierarchy with the highest priority being quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Fair value measurements will be classified and disclosed in one of the following three categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

The following valuation techniques were used to measure fair value of assets in the tables below on a recurring basis:

Cash and cash equivalents - the carrying amount approximates fair value because of the short-term nature of these investments.

Pennsylvania Local Government Investment Trust (PLGIT) - while the PLGIT portfolio seeks to maintain a stable net asset value of $1.00 per share, it is possible to lose money investing in PLGIT. An investment in PLGIT is not insured or guaranteed by the Federal Deposit Insurance Corporation (FDIC) or any other government agency. Securities held in PLGIT accounts owned by the Authority are stated at fair value, which is determined by using the amortized cost method. Investments held by the funds have an average maturity of less than one year.

Debt securities - fair value was based on quoted market prices for the identical securities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 4 - Fair Value Measurements (continued)

The following tables present the balances of fair value measurements on a recurring basis by level within the hierarchy:

	Fair Value Measurements at December 31, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Cash and Cash Equivalents				
Money market funds	$ 8,700,506	$ -	$ -	$ 8,700,506
PLGIT	30,033,716	-	-	30,033,716
Debt Securities				
U.S. Agency securities	-	21,670,159	-	21,670,159
U.S. Treasury securities	-	22,766,206	-	22,766,206
	$ 38,734,222	$ 44,436,365	$ -	$ 83,170,587

	Fair Value Measurements at December 31, 2022			
Cash and Cash Equivalents				
Money market funds	$ 2,237,090	$ -	$ -	$ 2,237,090
PLGIT	10,022,648	-	-	10,022,648
Debt Securities				
U.S. Agency securities	-	9,138,953	-	9,138,953
U.S. Treasury securities	-	31,043,400	-	31,043,400
	$ 12,259,738	$ 40,182,353	$ -	$ 52,442,091

Note 5 - Deposits and Investments

All deposits and investments are carried at fair value, which are separated and detailed by financial statement line classification. The Authority currently has a formal investment policy that identifies various policies and procedures to organize and formalize investment-related activities. Each fund holds specific requirements as detailed in each fund's respective section.

Cash and Cash Equivalents

As of December 31, 2023 and 2022, the carrying values of the Authority's cash deposits amounted to $21,393,122 and $17,833,602, respectively, and the bank balances amounted to $13,898,757 and $17,171,178, respectively. Of the bank balances, up to $500,000 of deposit accounts are covered by the FDIC in the Authority's name as of December 31, 2023 and 2022.

Note 5 - Deposits and Investments (continued)

Cash and Cash Equivalents (continued)

Reconciliation of cash and cash equivalents to the financial statements is as follows at December 31:

	2023	2022
Uninsured amount	$ 13,398,757	$ 16,671,178
Insured amount	500,000	500,000
Bank Balances	13,898,757	17,171,178
Deposits in transit	85,114	61,376
Outstanding checks	(1,350,078)	(517,109)
Carrying Amount - Bank Balances	12,633,793	16,715,445
Petty cash	594	273
Money market funds and commercial paper classified as cash equivalents	10,210,570	2,645,691
Deposits in restricted assets	(1,451,835)	(1,527,807)
Total Cash and Cash Equivalents per Financial Statements	$ 21,393,122	$ 17,833,602

Note 5 - Deposits and Investments (continued)

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. The Authority's investments consist of the following as of December 31:

	2023				
	Fair Value of Investment Maturities (in Years)				
	Less Than 1	1 to 5	6 to 10	More Than 10	Total
Cash and Cash Equivalents					
Allspring Government Money Market Fund	$ 2,075,959	$ -	$ -	$ -	$ 2,075,959
PNC Government Money Mark Fund	102,632	-	-	-	102,632
GS Financial Sq Treasury Obligation MMF #469	1,705,876	-	-	-	1,705,876
Fidelity Instl MM FDS Government	1,007,990	-	-	-	1,007,990
CDs	969,756	1,056,628	-	-	2,026,384
Federated Hermes Government Obligations	342,906	-	-	-	342,906
U.S Treasury Bills	1,438,760	-	-	-	1,438,760
PLGIT	30,033,716	-	-	-	30,033,716
Debt Securities					
Federal Home Loan Mortgage Corporate Pool	-	8,192	-	-	8,192
Federal Home Loan Mortgage Corporate	408,338	8,111,067	-	-	8,519,405
Federal National Mortgage Association Pool	65,048	1,217,477	-	-	1,282,525
Federal National Mortgage Association	9,806	7,728,039	-	-	7,737,845
Government National Mortgage Association	-	2,873,058	-	-	2,873,058
FHLB	747,997	349,595	-	-	1,097,592
FFCB	-	151,542	-	-	151,542
U.S. Treasury Notes	5,295,466	17,470,739	-	-	22,766,205
	$ 44,204,250	$ 38,966,337	$ -	$ -	$ 83,170,587

Note 5 - Deposits and Investments (continued)

Interest Rate Risk (continued)

	2022				
	Fair Value of Investment Maturities (in Years)				
	Less Than 1	1 to 5	6 to 10	More Than 10	Total
Cash and Cash Equivalents					
Allspring Government Money Market Fund	$ 219,129	$ -	$ -	$ -	$ 219,129
PNC Government Money Mark Fund	68,668	-	-	-	68,668
GS Financial Sq Treasury Obligation MMF #469	1,121,278	-	-	-	1,121,278
Fidelity Instl MM FDS Government	-	-	-	-	-
CDs	637,066	-	-	-	637,066
Federated Hermes Government Obligations	190,949	-	-	-	190,949
U.S. Treasury Notes	-	-	-	-	-
PLGIT	10,022,648	-	-	-	10,022,648
Debt Securities					
Federal Home Loan Mortgage Corporate Pool	-	9,664	-	-	9,664
Federal Home Loan Mortgage Corporate	1,382,619	3,258,252	-	-	4,640,871
Federal National Mortgage Association Pool	-	1,035,695	-	-	1,035,695
Federal National Mortgage Association	-	1,822,183	-	-	1,822,183
Government National Mortgage Association	-	693,549	-	-	693,549
FHLB	494,658	442,333	-	-	936,991
FFCB	-	-	-	-	-
U.S. Treasury Notes	11,980,277	19,063,123	-	-	31,043,400
	$ 26,117,292	$ 26,324,799	$ -	$ -	$ 52,442,091

Credit Risk

As of December 31, 2023 and 2022, all of the Authority's rated investments in debt securities were rated AAA.

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. At December 31, 2023 and 2022, there were no concentrations for the Authority's total investments.

Note 5 - Deposits and Investments (continued)

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, 2023 and 2022, none of the Authority's investments were exposed to custodial credit risk.

Reconciliation of Investments to Financial Statements

	2023	2022
Total investments	**$ 83,170,587**	$ 52,442,091
Money market funds and commercial paper classified as cash and cash equivalents	**(10,210,570)**	(2,645,691)
Investments in deposits	**(714,896)**	(747,069)
	$ 72,245,121	$ 49,049,331

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

	2023	2022
Unrestricted assets		
Investments	**$ 40,407,552**	$ 26,565,204
Restricted assets		
Investments with trustee	**169,587**	51,373
Closure and post-closure care funds	**29,428,749**	20,286,193
Pollution occurrences reserve	**2,239,233**	2,146,561
	$ 72,245,121	$ 49,049,331

Note 6 - Investments with Trustee

Pursuant to the Amended and Restated Trust Indenture, dated March 17, 1998, debt service reserve funds were held by the trustee and were classified as restricted assets in the accompanying statement of net position as of December 31, 2022.

During 2023, as part of the debt refinance, the debt service reserve funds obligation was relieved. However, the investment with trustee is still maintained for the annual obligation that is withdrawn monthly by the Trustee (see Note 12).

Note 7 - Note Receivable

During the year ended December 31, 2017, the Authority entered into a promissory note agreement with Inashco North America Lancaster, LLC (Inashco) for loan proceeds up to $11,000,000. The loan was subject to interest-only payments until June 1, 2019, at which time principal and interest at a rate of 5% is payable monthly. The commercial operation date was June 1, 2019. The loan will be paid over ten years. The loan was secured by a first lien security interest in all assets of Inashco except for the rolling stock secured to Volvo, in which the Authority had a perfected second position security interest and a one-year renewing $500,000 letter of credit. The outstanding principal balance, net of record note receivable write-off, was $-0- and $4,184,258 as of December 31, 2023 and 2022, respectively.

During March 2023, Inashco ceased operations at its facility. The Authority stopped delivering ash to the processing facility on March 1, 2023. The principal balance on the note receivable as of March 10, 2023 was $7,501,805. The estimated fair market value of the collateral to be acquired was $3,514,490. As a condition of the Termination Agreement, the Authority drew the $500,000 letter of credit to help offset the outstanding principal balance. Further, the Termination Agreement noted that Inashco would issue payment to the Authority totaling $730,000. This payment amount was proceeds, not an offset to the principal loan balance. The allowance for doubtful note receivable was $-0- and $3,487,315 at December 31, 2023 and 2022, respectively.

Effective September 15, 2023, a Termination Agreement Addendum was implemented for Inashco to retain certain equipment and salvaged material value for an additional payment to the Authority of $70,000. The Authority will reimburse Inashco $240,000 for removal costs of additional retained equipment, reduced by the $70,000 Inashco will pay the Authority for equipment and salvaged material value. The net payment of $170,000 to Inashco shall be paid upon satisfaction of all termination agreement terms.

Note 8 - Construction in Progress

The Authority has uncompleted projects shown as follows as of December 31:

	2023	2022
Lancaster WTE Facility	**$ 394,211**	$ 22,179
SRMC	**515,666**	94,577
Landfills	**8,112,647**	1,305,716
Transfer Station Complex	**746,797**	118,450
Other	**111,470**	97,544
	$ 9,880,791	$ 1,638,466

Construction in progress relates to improvements and projects across all facilities, including a new maintenance and office building and ongoing vertical expansion at the Frey Farm Landfill.

Note 9 - Real Estate, Facilities, and Equipment - Capital Assets

A summary of changes in capital assets is as follows:

	Balance January 1, 2023	Additions	Deletions/ Transfers	Balance December 31, 2023
Capital Assets Not Being Depreciated				
Land and improvements	$ 33,199,633	$ -	$ -	$ 33,199,633
Construction in progress	1,638,466	8,490,222	(247,897)	9,880,791
Total Capital Assets Not Being Depreciated	34,838,099	8,490,222	(247,897)	43,080,424
Capital Assets Being Depreciated				
Buildings and improvements	329,789,854	10,002,706	97,137	339,889,697
Site improvements	105,503,841	457,324	150,760	106,111,925
Other real estate	8,851,260	559,122	-	9,410,382
Vehicles/transportation	14,614,884	1,213,758	(50,256)	15,778,386
Equipment	13,971,903	3,294,328	(495,165)	16,771,066
Office furniture and equipment	199,542	-	(4,771)	194,771
Computer software and equipment	2,019,027	68,931	(23,558)	2,064,400
Total Capital Assets Being Depreciated	474,950,311	15,596,169	(325,853)	490,220,627
Accumulated Depreciation				
Buildings and improvements	192,163,052	12,472,616	-	204,635,668
Site improvements	77,773,202	4,515,161	-	82,288,363
Other real estate	2,346,614	271,881	-	2,618,495
Vehicles/transportation	8,964,226	1,803,649	(50,256)	10,717,619
Equipment	8,786,481	1,945,076	(463,026)	10,268,531
Office furniture and equipment	100,010	20,605	(4,771)	115,844
Computer software and equipment	1,247,438	432,792	(23,558)	1,656,672
Accumulated Depreciation	291,381,023	21,461,780	(541,611)	312,301,192
Capital Assets Being Depreciated, Net	183,569,288	(5,865,611)	215,758	177,919,435
Capital Assets, Net	$ 218,407,387	$ 2,624,611	$ (32,139)	$ 220,999,859

Note 9 - Real Estate, Facilities, and Equipment - Capital Assets (continued)

	Balance January 1, 2022	Additions	Deletions/ Transfers	Balance December 31, 2022
Capital Assets Not Being Depreciated				
Land and improvements	$ 32,945,798	$ -	$ 253,835	$ 33,199,633
Construction in progress	12,441,464	12,072,420	(22,875,418)	1,638,466
Total Capital Assets Not Being Depreciated	45,387,262	12,072,420	(22,621,583)	34,838,099
Capital Assets Being Depreciated				
Buildings and improvements	326,131,495	-	3,658,359	329,789,854
Site improvements	90,580,005	-	14,923,836	105,503,841
Other real estate	9,440,642	-	(589,382)	8,851,260
Vehicles/transportation	13,630,507	-	984,377	14,614,884
Equipment	14,181,275	-	(209,372)	13,971,903
Office furniture and equipment	140,450	-	59,092	199,542
Computer software and equipment	1,955,862	-	63,165	2,019,027
Total Capital Assets Being Depreciated	456,060,236	-	18,890,075	474,950,311
Accumulated Depreciation				
Buildings and improvements	180,776,080	12,054,771	(667,799)	192,163,052
Site improvements	70,488,448	7,284,754	-	77,773,202
Other real estate	2,112,229	242,339	(7,954)	2,346,614
Vehicles/transportation	7,497,351	1,773,983	(307,108)	8,964,226
Equipment	8,153,190	1,968,871	(1,335,580)	8,786,481
Office furniture and equipment	86,637	14,922	(1,549)	100,010
Computer software and equipment	918,436	424,713	(95,711)	1,247,438
Accumulated Depreciation	270,032,371	23,764,353	(2,415,701)	291,381,023
Capital Assets Being Depreciated, Net	186,027,865	(23,764,353)	21,305,776	183,569,288
Capital Assets, Net	$ 231,415,127	$ (11,691,933)	$ (1,315,807)	$ 218,407,387

Note 10 - 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, 47 properties at the fair market value determined without regard to any impact of the Authority's facilities or activities.

Note 10 - Other Assets, Real Estate Purchases, and Sale Commitments (continued)

As of December 31, 2023 and 2022, the Authority has purchased 26 of the 47 properties at a cost of $6,331,587. The Authority has resold 16 of the 26 properties, net of costs, for $2,454,199. Those 16 properties were purchased by the Authority for $2,640,194. The Authority also made improvements to these properties in the amount of $204,074.

The Authority owns two undeveloped tracts of land totaling 39.626 acres in Conoy Township located at River Road and Locust Grove Road. The carrying amount of the property is $802,077 at December 31, 2023 and 2022, including incidental capitalized costs. In accordance with the Termination Agreement, the Authority received $540,787 for equipment transfer (see Note 7). In addition, in accordance with the Termination Agreement Addendum, the Authority will receive $70,000 for Inashco to retain certain equipment and salvaged material value during 2024 (see Note 7).

The Authority owned an undeveloped 12.98-acre property in East Cocalico Township located at 425 South Muddy Creek Road, Denver, Pennsylvania. There was an existing land development plan for the property and the Authority had posted a letter of credit in the amount of $344,416 with East Cocalico Township to keep the land development plan in place. On April 28, 2022, the Authority sold the property for $1,325,000 and subsequently the letter of credit was closed.

As part of its recycling programs, Dauphin County owns and operates a 15,000 square foot materials collection facility known as the Dauphin County Recycling Center (DCRC). Dauphin County 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 SRMC site and Dauphin County is entitled to access to the ground lease site. The ground lease has an initial term of 29 years, with two ten-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. Dauphin County 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 11 - Accrued Expenses and Other Current Liabilities

Balances consist of the following at December 31:

	2023	2022
Accrued host fees	**$ 274,095**	$ 316,935
Accrued DEP recycling fees	**662,470**	670,489
Accrued county closure fee	**24,270**	24,749
Accrued haulers rebate	**989,601**	1,002,566
Accrued prepaid rebate	**58,227**	53,929
Accrued payroll	**558,790**	448,335
Payroll taxes and pension plan accrued and withheld	**139,109**	126,083
Accrued interest	**-**	52,603
Unpaid losses and loss adjustments	**465,751**	399,676
Miscellaneous accruals and other liabilities	**511,242**	296,327
	$ 3,683,555	$ 3,391,692

Note 12 - Long-Term Debt

$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 SRMC, (b) provide funds for capital improvements at the SRMC, (c) fund a debt reserve service fund, and (d) pay the costs of issuing the bonds. The bonds were payable in various amounts from 2016 through 2033 and bore fixed rates of interest from 2.50% to 5.25%. The bonds were advanced refunded during 2022.

$62,985,000 Solid Waste Disposal System Revenue Bond, Taxable Series of 2022

The Solid Waste Disposal System Revenue Bond, Taxable Series of 2022, was issued on June 15, 2022 to (a) refund the refunded Series A of 2013 bonds and (b) pay the costs of issuing the bond. The bond was payable in various amounts from 2022 through 2032, and bore a fixed rate of interest at 3.32%. The Authority issued the bond to advance refund $79,660,000 of the outstanding Series A of 2013 bonds. The Authority used the net proceeds along with other resources to purchase U.S. Government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the Series A of 2013 bonds. As a result, that portion of the Series A of 2013 bonds was considered defeased, and the Authority has removed the liability from its accounts. The outstanding principal of the defeased bonds is $79,660,000 at June 15, 2022. The bond was fully refunded during 2023.

$62,985,000 Solid Waste Disposal System Revenue Bond, Series of 2023

The Solid Waste Disposal System Revenue Bond, Series of 2023, was issued on September 19, 2023 to fully refund the Solid Waste Disposal System Revenue Bond, Taxable Series of 2022. The bond is payable in various amounts from 2024 through 2032, and bears a fixed rate of interest at 2.690%. The Authority issued the bond to fully refund $62,985,000 of the outstanding Taxable Series of 2022 bond. The outstanding principal of the Series of 2022 bond was $62,985,000 at September 19, 2023. The advanced refunding reduced total debt service payments over the next nine years by approximately $9,894,000. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $8,748,568 and gross advanced refunding of $327,651 (difference between the reacquisition price and net carrying amount of the old debt).

$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 SRMC and were interest-only for the 20-year term. The Series B of 2013 bonds were not secured by the revenues, facilities, or assets of the Authority. The bonds were guaranteed by Dauphin County, and under that guaranty, Dauphin County had pledged its full faith, credit, and taxing power. The bonds were scheduled to mature in 2033 and bore interest at 5.00%. Pursuant to a Cooperation Agreement between the Authority and Dauphin County, the Authority was responsible for payment of $240,000 interest per annum on the Series B of 2013 bonds, and Dauphin County was responsible for the balance. At the end of 20 years, the Authority would have had the option to repay the bonds or to convey the SRMC to Dauphin County, in which case Dauphin County would have had to repay the bonds. The bonds were refunded and redeemed during 2023.

Note 12 - Long-Term Debt (continued)

$24,000,000 Guaranteed Authority Bond (Dauphin County Guaranty), Series of 2023

The Guaranteed Authority Bond, Series of 2023, was issued on December 15, 2023 to finance the refunding and redemption of the Guaranteed Authority Bonds (Dauphin County Guaranty), Series B of 2013. The bond is interest-only for the ten-year term. The bond will be a limited obligation of the Authority and a general obligation of Dauphin County. The bond will be on parity with all other debt issued by Dauphin County. The bond matures in 2033 and bears interest at 3.290%. Pursuant to the Term Sheet between the Authority and Dauphin County, the Authority is responsible for payment of $240,000 interest per annum on the Series of 2023 bond, and Dauphin County is responsible for the balance. The refunding reduced total debt service payments over the next ten years by approximately $4,104,000.

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

	2023	**2022**
$62,985,000 Solid Waste Disposal System Revenue Bond, Taxable Series of 2022	**$ -**	$ 62,985,000
$62,985,000 Solid Waste Disposal System Revenue Bond, Series of 2023	**62,985,000**	-
$24,000,000 Guaranteed Authority Bonds (Dauphin County Guaranty), Series B of 2013	**-**	24,000,000
$24,000,000 Guaranteed Authority Bond (Dauphin County Guaranty), Series of 2023	**24,000,000**	-
	86,985,000	86,985,000
Original issue premiums, net of accumulated amortization	**-**	365,650
Current portion	**(1,180,000)**	-
	$ 85,805,000	$ 87,350,650

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

	2023	**2022**
Debt Outstanding at Beginning of Year	**$ 86,985,000**	$ 103,660,000
New debt issuance	**86,985,000**	62,985,000
Repayments	**(86,985,000)**	(79,660,000)
Debt Outstanding at End of Year	**$ 86,985,000**	$ 86,985,000

Note 12 - Long-Term Debt (continued)

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

	Principal	Interest	*Dauphin County Reimbursement	Net
2024	$ 1,180,000	$ 2,483,897	$ (549,600)	$ 3,114,297
2025	6,870,000	2,452,155	(549,600)	8,772,555
2026	7,100,000	2,267,352	(549,600)	8,817,752
2027	7,335,000	2,076,362	(549,600)	8,861,762
2028	7,580,000	1,879,050	(549,600)	8,909,450
2029 to 2033	56,920,000	6,198,185	(2,748,000)	60,370,185
	$ 86,985,000	$ 17,357,001	$ (5,496,000)	$ 98,846,001

*Represents payment from Dauphin County for interest in excess of $240,000 per year on the Guaranteed Authority Bond (Dauphin County Guaranty), Series of 2023 bond.

Solid Waste Disposal System Revenue Bond, Series of 2023, is secured by the pledge of all of the Authority's rights, 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.

The Authority's outstanding debt from direct borrowings and direct placements is secured by the receipts and revenues of the Authority. The Authority's debt agreement contains a covenant requiring the Authority to charge and collect rates, fees, and charges for services provided in connection with the operation of the system which, together with other available funds, shall be sufficient to provide net revenues at least equal to the principal and interest due and payable, amounts due under any other indebtedness, and payment of operating expenses. At December 31, 2023 and 2022, the Authority was in compliance with all restrictive covenants.

Note 13 - Other Long-Term Liabilities

Balances consisted of the following at December 31:

	2023	2022
Security deposits	$ 41,213	$ 39,713
Nonqualified deferred compensation plan	332,929	282,075
Capacity reserves	1,072,723	1,072,723
Deposit liability	500,000	500,000
	$ 1,946,865	$ 1,894,511

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:

	2023	2022
Restricted for landfill closure and post-closure care costs	**$ 17,087,889**	$ 9,448,186
Other	**951,736**	1,027,758
Restricted for pollution occurrences reserve	**2,000,000**	2,000,000
Restricted for captive insurance company	**250,000**	250,000
	$ 20,289,625	$ 12,725,944

Pollution Occurrences Reserve

The Authority, in accordance with Commonwealth of Pennsylvania regulations, has authorized the establishment of a reserve fund of not less than $2,100,000, separate and distinct from other funds and accounts, for the sole purpose of paying claims to third parties for bodily injury and property damage caused by or relating to pollution occurrences arising from the Authority's operation of a municipal waste landfill or resource recovery facility. The amount required by the Commonwealth is $2,000,000 and is classified as a restricted asset.

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 fair values of the investments in the funds, are included in unrestricted net position, and are board-designated to their defined purpose. The balance of unrestricted net position is as follows for the years ended December 31:

	2023	2022
Board-Designated Unrestricted Net Position		
Construction and capital projects reserve funds	**$ 5,524,585**	$ 5,292,001
Revenue reserve fund	**3,909,795**	6,153,460
Pollution occurrences reserve	**100,000**	100,000
Total Board-Designated Unrestricted Net Position	**9,534,380**	11,545,461
Undesignated Unrestricted Net Position	**44,772,805**	33,746,265
Total Unrestricted Net Position	**$ 54,307,185**	$ 45,291,726

Note 15 - 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.

Employer Contributions

The Authority's contribution formula provides for a 3.00% contribution of the active participant's pay to the MPPP (base contribution) and match up to 6.00% to the EDCP (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 9.00%. The Authority recognized pension expense for the years ended December 31, 2023 and 2022 of $772,212 and $733,684, respectively.

Employee Contributions

Participants may contribute to the EDCP on a pre-tax basis and a Roth 457 on a post-tax basis up to the maximum allowable by the IRS. Employees' elected contributions for the years ended December 31, 2023 and 2022 were $700,916 and $674,708, respectively.

Note 16 - Postemployment Healthcare Benefits

Description

The Authority maintains a single-employer defined benefit OPEB plan to provide postemployment healthcare insurance coverage. The Board of Directors is authorized to establish and amend the benefit provisions and contribution requirements for the plan. No assets are accumulated in a trust that meets the criteria in paragraph four of GASB Statement No. 75. The plan does not issue stand-alone financial statements.

Benefits Provided

The plan permits employees who retire at age 60 with at least 25 years of service, age 62 with at least 20 years of service, and age 65 with at least 15 years of service, 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 of $806 in 2023 and 2022 for retiree coverage. Healthcare can be continued for the retiree's spouse based on a tiered premium contribution that is based on the age and years of service of the retiree. Retiree and spousal healthcare coverage ceases at age 65 or a maximum of 3 years based on the retiree's age and years of service at retirement. The retiree's portion of the cost is payable in advance. The Authority pays the remainder of the cost.

Employees Covered by Benefit Terms

The following employees were covered by the benefit terms at January 1, 2022:

Retired participants	2
Vested former participants	-
Active participants	108
	110

Total OPEB Liability

The Authority's total OPEB liability of $1,523,673 and $1,816,925 was based on an actuarial valuation as of January 1, 2022 for the years ended December 31, 2023 and 2022, respectively.

Note 16 - Postemployment Healthcare Benefits (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	January 1, 2022
Discount Rate	4.31%, based on S&P Municipal Bond 20-Year High Grade Rate Index at January 1, 2023
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Market value of assets
Healthcare Cost Trend Rate	7.00% in 2023 with 0.50% decrease per year until 5.50% in 2026. Rates gradually decrease from 5.40% in 2027 to 4.10% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Retirees' Share of Benefit-Related Costs	100% of premium
Salary Increases	An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are assumed to be 2.50%.
Mortality Rates	Pub-2010 General Mortality Table; incorporated into the table are rates projected generationally using projection scale MP-2021 to reflect mortality improvement.
Retirement Age	Members are assumed to retire at the earlier of age 60 and 25 years of service, age 62 with 20 years of service, or 65 and 15 years of service.
Election of Coverage	100% of employees are assumed to elect coverage
Percent Married at Retirement	40% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Note 16 - Postemployment Healthcare Benefits (continued)

Changes in the Total OPEB Liability

	2023	2022
Balance at Beginning of Year	**$ 1,816,925**	$ 2,450,000
Service cost	**92,026**	117,532
Interest	**41,477**	47,843
Difference between expected and actual experience	**-**	(584,349)
Change of assumptions	**(305,559)**	(50,294)
Benefit payments	**(121,196)**	(163,807)
Net Changes	**(293,252)**	(633,075)
Balance at End of Year	**$ 1,523,673**	$ 1,816,925

Sensitivity of the Authority's Total OPEB Liability to Changes in the Discount Rate

The following presents the December 31, 2023 total OPEB liability of the Authority, as well as what the Authority's total OPEB liability for the plan would be if it were calculated using a discount rate that is one percentage point lower (3.31%) or one percentage point higher (5.31%) than the current discount rate:

	1.00% Decrease (3.31%)	Discount Rate (4.31%)	1.00% Increase (5.31%)
Total OPEB Liability	**$ 1,664,385**	**$ 1,523,673**	**$ 1,401,240**

Sensitivity of the Authority's Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the December 31, 2023 total OPEB liability of the Authority, as well as what the Authority's total OPEB liability for the plan would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current healthcare cost trend rates:

	1.00% Decrease (6.00%)	Discount Rate (7.00%)	1.00% Increase (8.00%)
Total OPEB Liability	**$ 1,380,605**	**$ 1,523,673**	**$ 1,690,496**

Note 16 - Postemployment Healthcare Benefits (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended December 31, 2023 and 2022, the Authority recognized OPEB expense of $142,091 and $196,600, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023	2022
Deferred Outflows of Resources		
Benefit payments after the measurement date	**$ 77,534**	$ 121,196
Differences between expected and actual experience	**-**	-
Changes of assumptions	**189,429**	429,304
Total Deferred Outflows of Resources	**$ 266,963**	$ 550,500
Deferred Inflows of Resources		
Benefit payments after the measurement date	**$ -**	$ -
Differences between expected and actual experience	**1,359,205**	1,554,907
Changes of assumptions	**315,239**	45,265
Total Deferred Inflows of Resources	**$ 1,674,444**	$ 1,600,172

Deferred outflows in the amount of $77,534 for benefit payments after the measurement date will be recorded as a decrease in the OPEB liability during the year ending December 31, 2024. Remaining amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB income (expense) as follows for the years ending December 31 and thereafter:

2024	**$ (119,643)**
2025	**(197,177)**
2026	**(197,177)**
2027	**(197,177)**
2028	**(197,177)**
Thereafter	**(499,130)**

Note 17 - Risk Management

Insurance Captive - SAC

The Authority approved the establishment of an insurance captive to be effective January 1, 2021 for property and terrorism losses since traditionally brokered commercial insurance is no longer a reasonably viable option for the Authority. The insurance captive was formed in November 2020 and funds were transferred from the Authority to the captive for the initial capital contributions (see Note 20).

Note 17 - Risk Management (continued)

Insurance Captive - SAC (continued)

Under the business plan approved by the captive regulator, SAC is required to maintain capital and surplus, or total equity, of at least $1,300,000, well above the State of Vermont's $250,000 minimum. SAC had an equity position of $3,829,667 and $1,670,317 at December 31, 2023 and 2022, respectively.

To manage the risk associated with the insurance coverage, SAC has ceded reinsurance to third-party reinsurers. Ceded reinsurance does not relieve SAC of its obligation to policyholders.

SAC has direct written insurance policies that include:

1. Property insurance for which risk is retained by SAC up to the first $1,000,000 per occurrence. There are no aggregate limits on this insurance. Ceded insurance would include insurance on claims over $1,000,000 per occurrence as identified in item number 3.

2. Insurance on non-WTE property for which risk is retained by SAC at the placement value of 17.5% of $10,000,000 in excess of the first $10,000,000. The exposure of this retained risk is $1,750,000. There are no aggregate limits on this insurance. Ceded insurance would include insurance on claims below and over the $1,750,000 per occurrence as identified in item number 3.

3. Insurance on commercial property for which risk is ceded to other rated insurance companies. The ceded portion of risk is the excess of the first $1,000,000 per occurrence up to an aggregate $250,000,000 with the exception of the non-WTE risk as identified in item number 2.

Insurance - Workers' Compensation and Other

The Authority manages the risks of loss related to workers' compensation, general liability, and fleet operations through participation in another 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, 2023, 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, cyber, umbrella, and excess coverages. For the years ended December 31, 2023 and 2022, there has been no significant reduction in insurance coverage from coverage in the prior years. Settled claims have not exceeded the insurance coverage purchased for the years ended December 31, 2023, 2022, and 2021.

Note 17 - Risk Management (continued)

Health Insurance

The Authority is a member of Intergovernmental Insurance Cooperative (IIC), a risk-sharing public entity risk pool, through which it provides for certain health and welfare benefits of its covered employees. IIC was organized in 1991 to select and contract with a common insurance carrier and/or claims servicing for the provision of employee benefits, and to gain economies of scale for its members. IIC is governed by a board of directors, to which the Authority appoints one member. The Authority's rates per covered employee are determined annually and payable monthly. IIC purchases stop-loss insurance to mitigate catastrophic losses. At the end of each policy year, the surplus or deficit of each member is determined. Members pledge a portion of any surplus to resolve deficits of other members, and the remaining surplus is returned to the member. Upon withdrawal from IIC, the member must guarantee payment to IIC for remaining obligations. At December 31, 2023, the Authority was not aware of any additional assessments from IIC.

Note 18 - Commitments and Contingencies

Covanta Service Agreements

The Authority has contracted with subsidiaries of Covanta Holdings (Covanta) to operate its WTE and SRMC facilities. As the largest WTE facility operator in the world, Covanta possesses a high degree of technical expertise, which the Authority chose to leverage versus undertaking the development of staff and processes to accomplish similar facility performance.

The Authority entered into service agreements (the Master Service Agreements) with Covanta Lancaster, Inc. and Covanta Harrisburg, Inc. (collectively, the Covanta Parties) effective January 1, 2018. Under the Master Service Agreements, the Covanta Parties are obligated to operate and maintain WTE facilities in Lancaster and Harrisburg, Pennsylvania. The agreements can be terminated under limited circumstances, as defined in the Master Service Agreements. The terms of the Master Service Agreements are 15 years. The Master Service Agreements set forth terms for the Covanta Parties to accept, process, and manage minimum acceptable waste at each facility for a fee established under the Master Service Agreements. The parent of the Covanta Parties, Covanta Holdings, provided a limited guaranty of the obligations of the Covanta Parties.

Forwards Contracts

PJM ensures long-term grid reliability by procuring the appropriate amount of power supply resources (capacity) needed to meet predicted energy demand three years into the future. As such, capacity represents a commitment of resources to deliver when needed, particularly in case of a grid emergency. As a baseload electric generator in PJM, the Authority has capacity commitments for both its Lancaster WTE Facility and SRMC that provide supplemental revenue into the system. If the Authority were to fail to meet its capacity obligations during an emergency event, the capacity revenue would be subject to penalties based on the duration and shortfall specifics of the event. A reserve of $1,072,723 was recorded as of December 31, 2023 and 2022.

Note 18 - Commitments and Contingencies (continued)

Forwards Contracts (continued)

The Authority contracts with various customers for electric via short-term contracts. In the event the Authority fails to meet its obligation under the contracts, the Authority is liable for damages in the amount of any deficiency between the contract price and the replacement price for the specified electric capacity as stated in the agreement.

Assignment and Assumption of City of Harrisburg Waste Disposal Agreement

As described in Note 1, the Authority is responsible to dispose and process all MSW generated in Dauphin County, including the City of Harrisburg. The agreement between the Authority and the City of Harrisburg is for a term of 20 years, ending in 2033, after which the term may extend for a maximum of ten additional years if Dauphin County 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 SRMC, 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 was $190.00 per ton through 2018 and $195.00 per ton in 2019. Beginning in 2020, the rate charged was adjusted each year thereafter according to the change in the Consumer Price Index. The tipping fee rate charged was $199.34 per ton in 2020, $201.70 per ton in 2021, $214.25 per ton in 2022, and $230.84 per ton in 2023. 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 SRMC 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 of Harrisburg delivers greater than 38,000 tons of regulated municipal waste to the SRMC, the Authority will pay a rebate to the City of Harrisburg of $100.00 for each ton delivered in excess of 38,000 tons. In 2023 and 2022, the City of Harrisburg delivered 36,970 and 37,764 tons, respectively. There was no excess or shortfall during the years ended December 31, 2023 and 2022.

Dauphin County Cooperation Agreement

In connection with the acquisition of the SRMC in 2013, the Authority entered into a cooperation agreement with Dauphin County. The cooperation agreement sets limits on the per-ton tipping fees that the Authority may charge for MSW generated within Dauphin County (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; 2021 - $91.23; 2022 - $97.64; and 2023 - $103.95. Beginning in 2021, 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 Dauphin County not produce annual revenues in the following amounts, Dauphin County 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; 2021 - $12,466,006; 2022 - $13,343,165; and 2023 - $14,204,386. Beginning in 2021, the minimum annual revenues will be adjusted for changes in the Consumer Price Index each year thereafter.

Note 18 - Commitments and Contingencies (continued)

Dauphin County Cooperation Agreement (continued)

If, on or before the end of the term of the Guaranteed Authority Bond (Dauphin County Guaranty) and formerly known as the Series B of 2013 bonds, (a) Dauphin County takes all necessary steps to continue legally enforceable waste flow control for an additional ten years with Dauphin County tipping fees not less than the tipping fees in the preceding year (or if Dauphin County legally cannot extend waste flow control), then the Authority will, at the Authority's option: (i) repay the unpaid principal of the Series B of 2013 bonds and retain the SRMC; or (ii) upon Dauphin County repayment of the Series B of 2013 bonds, convey the SRMC to Dauphin County; or (b), if Dauphin County is legally able to extend waste flow control, but fails to do so, then Dauphin County shall repay the unpaid principal of the Series B of 2013 bonds and the Authority shall retain ownership of the SRMC. During 2023, Series B of 2013 bonds were fully called and refunded with Solid Waste Disposal System Revenue Bond and a Guaranteed Authority Bond (Dauphin County Guaranty), Series of 2023.

Electric Plant and Related Agreement

Upon acquisition of the SRMC in 2013, the Authority entered into an agreement to lease to Columbia Borough certain assets of the SRMC, which generate electricity from the steam generated by the mass burn facility (the Electric Plant). The term of the lease is for 20 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. Covanta Harrisburg, Inc. operates the Electric Plant on behalf of Columbia Borough. Columbia Borough purchases the steam output of the Electric Plant 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 account after deducting management fees.

From the account, the following amounts due under the arrangement and related agreements, in order of priority, are paid: (a) payments due to the electric plant operator; (b) $4,168 per month payable to Columbia Borough; (c) rent payable to the Authority; and (d) the cost of Columbia Borough's purchase of the steam output of the mass burn facility used by the Electric Plant. In the event that amounts deposited to the account are insufficient to provide $50,000 to Columbia Borough in any 12-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 account.

Note 18 - Commitments and Contingencies (continued)

Electric Plant and Related Agreement (continued)

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. Prior to the amendments mentioned below, the Authority may have been required to make deposits to a "clawback" account, for the benefit of DGS, in years that the contracted rate for the purchase of electricity exceeded the market rate. The Authority was eligible for credits for years in which the market rate for electricity exceeded the contracted rate, and the SRMC had produced net income insufficient to provide predetermined debt service coverage. Effective May 16, 2022, the agreement had significant amendments made to the agreement with DGS. The amendment is to provide certainty for electric rates for the last ten years of the term. Beginning March 1, 2024 through the end of the term on February 2, 2034, the contracted electric rate, net of all taxes imposed on the sale of electricity, will be $0.052/KWh. Conditions regarding the "clawback" account and credits related to net operating income were removed as part of the amendment. The amendments are estimated to generate a net positive position for the Authority over the balance of the agreement.

Steam Sale Agreement

On June 22, 2016, the Authority entered into an Equipment and Facilities Agreement and a Utilities Agreement with Perdue Agribusiness LLC (Perdue). The agreements were further modified in July 2017. As required by the Equipment and Facilities Agreement, the Authority directed Covanta Lancaster, Inc. to connect the Conoy WTE Facility to the Soybean Processing Facility constructed by Perdue on the adjacent property so that medium pressure steam can be conveyed from the Authority to Perdue. Terms within the Utilities Agreement establish rates for an initial term (ten years), which are accretive to the Authority's existing use and sales opportunities for energies generated by this facility. The steam engineering and connection modification was completed in 2017 and Perdue reimbursed the Authority $6,247,205 for a substantial portion of the modification costs. The Authority is obligated to maintain the steam bridge through the life of the agreement. The Authority provides steam and other utilities to Perdue as provided in the Utilities Agreement. Revenue recognized pursuant to the Utilities Agreement was $3,042,441 and $3,215,522 for the years ended December 31, 2023 and 2022, respectively.

Ash Recycling Service Agreement, Licensing, and Improvement Loan

In July 2017, the Authority entered into amended and restated agreements with Inashco, whereby the Authority would license to Inashco a facility site adjacent to the Frey Farm Landfill, and Inashco would construct and operate an ash recycling and processing facility to extract marketable materials from the ash byproduct of the Authority's WTE and SRMC facilities. The term of the service agreement and license agreement was 20 years from June 1, 2019. The Authority would earn a share of net revenue as defined in the service agreement. Both the Authority and Inashco had established minimum performance obligations within the service agreement. The Authority had covenanted to deliver all ash produced by processing a required minimum volume of processed tons through its facilities during the term of the service agreement, and was subject to penalty for shortfalls. Inashco had covenanted to remit a minimum monthly revenue assuming the Authority had provided the ash from the minimum processed tonnage as obligated. During March 2023, Inashco notified the Authority that it was discontinuing operations. See Note 7.

Note 18 - Commitments and Contingencies (continued)

Vertical Expansion Appeal

The Authority is engaged in a vertical expansion of the Frey Farm Landfill that was permitted by PaDEP in July 2017. A group comprised of seven appellants filed an appeal to the PaDEP permit in August 2017. In addition, in November 2017, a group composed of primarily the same appellants appealed both the local zoning permit for the vertical expansion and the underlying zoning ordinance. On November 21, 2018, the Authority and the appellants entered into a settlement agreement concerning the appeals, which contained certain requirements concerning the vertical expansion.

Landfill Closure and Post-Closure Care Costs

Landfill closure and post-closure care costs are recorded following the provisions of 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, 2023 and 2022. 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 30 years after all closure requirements are approved by a regulatory agency and the facility is no longer accepting wastes. At December 31, 2023, the Authority reports two active sites, Frey Farm Landfill and SRMC Ashfill, and one closed site, Creswell Landfill. Estimated future closure and post-closure care costs of active sites are as follows as of December 31:

	2023	2022
Frey Farm Landfill		
Total estimated closure and post-closure care costs	**$ 31,406,652**	$ 30,054,609
Capacity used at December 31	**69.79%**	67.60%
Closure and Post-Closure Care Costs Recognized	**21,918,702**	20,322,927
Closure and post-closure care costs paid to date	**11,576,609**	11,576,359
Net Liability	**$ 10,342,093**	$ 8,746,568
Closure and Post-Closure Care Costs Remaining to be Recognized	**$ 9,487,950**	$ 9,731,322
Year that capacity will be reached	**2038**	2038

Note 18 - Commitments and Contingencies (continued)

Landfill Closure and Post-Closure Care Costs (continued)

	2023	2022
SRMC Ashfill **		
Total estimated closure and post-closure care costs	**$ 4,238,000**	$ 4,238,000
Capacity used at December 31	**86.50%**	86.50%
Closure and Post-Closure Care Costs Recognized	**4,238,000**	4,238,000
Closure and post-closure care costs paid to date	**-**	-
Net Liability	**$ 4,238,000**	$ 4,238,000
Closure and Post-Closure Care Costs Remaining to be Recognized	**$ -**	$ -
Year that capacity will be reached	**2027**	2027

** The Authority did not utilize capacity at the SRMC Ashfill. The Authority recognized no estimated closure and post-closure care costs at December 31, 2023 and 2022 based on the estimated date capacity will be reached, assuming the ashfill is used for transfer of residue from SRMC operations.

The Authority is beyond the post-closure period for the Creswell Landfill, which has been closed for 30 years and does not anticipate any future significant costs. The Authority had no ongoing nominal costs for this site relative to periodic testing at December 31, 2023 and 2022.

The components of closure and post-closure care costs are as follows at December 31:

	2023	2022
Closure and Post-Closure Care Costs		
Frey Farm Landfill		
Capacity used in current year	**$ 682,639**	$ 641,863
Change in estimate	**912,886**	(42,826)
	$ 1,595,525	$ 599,037

Note 18 - Commitments and Contingencies (continued)

Closure Collateral Funds and Other Commitments

In accordance with rules and regulations of the PaDEP, the Authority is required to provide Collateral Bonds pledged to the PaDEP 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 PaDEP. During 2022, the Authority closed the standby letters of credit with the former commercial bank and opened new standby letters of credit with another commercial bank. The standby letters of credit issued during 2022 had one-to-one collateralization value as compared to marginalized values in 2021. The collateralization value was $28,000,000 and $20,000,000 as of December 31, 2023 and 2022, respectively, and any amount above is cash and cash equivalents - unrestricted and investments - unrestricted. At December 31, 2023 and 2022, respectively, the letters of credit issued totaled $25,879,844 and $16,640,114 and are secured by deposits of $29,428,749 and $20,286,193, respectively, with a collateralization value of $29,428,749 and $20,286,193, respectively, and a margined value of $19,361,350 as of December 31, 2021, (such deposits are included in the Authority's restricted assets) that are pledged to the financial institution that issued the letters of credit. The letters of credit amounts are as follows at December 31:

	2023	2022
Frey Farm Landfill	**$ 16,570,612**	$ 9,447,860
SRMC Ashfill	**5,319,242**	3,202,264
Creswell Landfill	**3,102,764**	3,102,764
Lancaster WTE Facility	**498,921**	498,921
Dauphin WTE Facility	**251,589**	251,589
Transfer Station Complex	**100,537**	100,537
Liquid treatment facility	**36,179**	36,179
	$ 25,879,844	$ 16,640,114

The Authority also issues letters of credit related to improvement projects pursuant to local regulations. In connection with the PennDOT Transfer Station Complex entrance modification, the Authority has issued a letter of credit of $14,500 as of December 31, 2023 and 2022.

Performance Bonds

In connection with the construction of the Frey Farm Landfill vertical expansion and certain other construction projects, the Authority has issued performance bonds of approximately $1,200,000 in favor of third parties.

Real Estate

In May 2019, the Authority acquired land in Conoy Township from Talen Energy for $1,510,000. In conjunction with the real estate acquisition, the Authority agreed to sell portions of the land acquired to various agencies. Additionally, the Authority sold parcels of this property during the years 2019 through 2022. As of December 31, 2022, all of the acquired land in Conoy Township from Talen Energy has been sold. The Authority entered into an agreement of sale with a non-related party for an additional parcel of approximately 10.335 acres of land that was settled in June 2022.

Note 18 - 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 Landfill. During 1989, the Authority began landfilling at the Frey Farm Landfill, which is adjacent to the Creswell Landfill. 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 Landfill during 1989. The Lancaster Brick Company site, the Lancaster County Park site, and the Creswell Landfill, 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

The Authority obtained special exception approval in June 1986 from the Manor Township Zoning Hearing Board (ZHB) to landfill on the property now known as the Frey Farm Landfill. In connection with that approval, the Manor Township ZHB issued a decision with a series of conditions, which stated, among other items, 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 any facility for the incineration of refuse." An agreement with Manor Township (made in 2002 and amended in 2015) and the PALE Consent Order (issued in 2002 and amended in 2015) interpreted the ZHB decision. Furthermore, the Manor Township Board of Supervisors voted in September 2016 to amend the Manor Township zoning ordinance to designate landfills and solid waste processing facilities as uses permitted by right within the Manor Township excavation zone. However, the Authority believes the June 1986 Manor Township ZHB decision, the agreement with Manor Township, the PALE Consent Order, and the September 2016 Manor Township zoning ordinance may constitute governmental action that is subject to change in the future. There is no assurance that future zoning and governmental designations will permit use of the Authority's properties for the Authority's intended purposes; neither is there assurance that the Authority will be able to satisfy whatever governmental, regulatory, or other conditions might be applicable to the Authority's use of its properties.

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.

Note 18 - Commitments and Contingencies (continued)

Asset Retirement Obligations

The Authority accounts for certain costs associated with the future retirement of the SRMC, the Lancaster WTE Facility, and the Transfer Station Complex in accordance with GASB Statement No. 83, *Certain Asset Retirement Obligations (AROs)*. For the Authority, the act of placing the facilities into operation required the recognition of liabilities and corresponding deferred outflows of resources equal to the estimated current costs of activities that the PaDEP requires the Authority to perform upon the future retirement of the facilities.

The Authority adjusts the estimates annually for the effects of inflation or deflation, and other relevant factors that may increase or decrease the estimated asset retirement outlays associated with the obligations. Deferred outflows of resources are then reduced and recognized as an expense in a systematic manner over the remaining useful life of the facility.

Estimated asset retirement obligations by facility are as follows at December 31:

	2023	2022
SRMC	**$ 314,085**	$ 318,504
Lancaster WTE Facility	**500,745**	494,040
Transfer Station Complex	**112,947**	102,931
Total Asset Retirement Obligations	**$ 927,777**	$ 915,475
Deferred Outflows of Resources Related to AROs	**$ 595,817**	$ 641,517

Estimated remaining years until capacity is reached is as follows at December 31:

	2023	2022
SRMC	**11**	12
Lancaster WTE Facility	**21**	22
Transfer Station Complex	**26**	27

The Authority is required to provide funding and assurance for its AROs by setting aside assets restricted for payment of the AROs and carrying insurance to cover ARO amounts. The Authority carries liability insurance of $2,000,000 to cover any costs associated with its AROs and has pledged collateral bonds in favor of PaDEP totaling $887,226 as of December 31, 2023 and 2022.

Note 19 - Major Customers

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

	2023		2022	
	Sales	**Accounts Receivable**	**Sales**	**Accounts Receivable**
Customer A	**$ 13,040,838**	**$ 2,269,749**	$ -	$ -
Customer B	**-**	**-**	10,889,098	994,041
Customer C	**-**	**-**	16,099,083	1,582,593

Note 20 - Condensed Component Unit Information

SAC was incorporated in November 2020 and the activity for 2020 consisted only of initial funding by the Authority.

SAC issued separate financial statements for the years ended December 31, 2023 and 2022. The financial statements of SAC were audited by other auditors for the period ended December 31, 2023 and 2022 and were prepared in accordance with accounting principles generally accepted in the United States of America.

Condensed component unit information for SAC, the Authority's blended component unit, for the years ended December 31, 2023 and 2022, is described on the following pages.

Note 20 - Condensed Component Unit Information (continued)

A condensed summary of SAC's balance sheet is presented below as of December 31:

	2023	2022
Assets		
Cash and cash equivalents	**$ 3,931,566**	$ 1,721,682
Reinsurance recoverable on unpaid losses	**415,932**	363,120
Total Assets	**4,347,498**	2,084,802
Liabilities		
Losses and loss adjustment expenses	**465,751**	399,676
Accounts payable and accrued expenses	**52,080**	14,809
Total Liabilities	**517,831**	414,485
Stockholder's Equity		
Common stock - par value $10.00 par value; authorized 100,000 shares; issued 25,000 shares	**250,000**	250,000
Additional paid-in capital	**2,800,000**	1,050,000
Retained earnings	**779,667**	370,317
Total Stockholder's Equity	**$ 3,829,667**	$ 1,670,317

A condensed summary of SAC's statement of income is presented below for the years ended December 31:

	2023	2022
Revenues		
Premiums earned, net	**$ 487,918**	$ 361,839
Net investment income	**84,460**	750
Commission income	**54,273**	53,829
Total Revenues	**626,651**	416,418
Expenses		
Losses and loss adjustment expenses	**13,263**	747
Policy acquisition and other underwriting expenses	**46,982**	40,100
Professional, general, and administrative expenses	**157,056**	164,692
Total Expenses	**217,301**	205,539
Net Income	**$ 409,350**	$ 210,879

Note 20 - Condensed Component Unit Information (continued)

The following condensed financial information was prepared from the separately issued financial statements and adapted to report transactions for the years ended December 31, 2023 and 2022. The information for the year ended December 31, 2022 was audited with the Authority's 2022 financial statements.

A condensed summary of SAC's statement of stockholder's equity is presented below:

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance at January 1, 2022	$ 250,000	$ 1,050,000	$ 159,438	$ 1,459,438
Net income	-	-	210,879	210,879
Balance at December 31, 2022	250,000	1,050,000	370,317	1,670,317
Capital contribution	**-**	**1,750,000**	**-**	**1,750,000**
Net income	**-**	**-**	**409,350**	**409,350**
Balance at December 31, 2023	**$ 250,000**	**$ 2,800,000**	**$ 779,667**	**$ 3,829,667**

A condensed summary of SAC's statement of cash flows is presented below for the years ended December 31:

	2023	2022
Cash flows from operating activities	**$ 459,884**	$ 217,794
Cash flows from financing activities	**1,750,000**	-
Net Change in Cash and Cash Equivalents	**2,209,884**	217,794
Cash and cash equivalents at beginning of year	**1,721,682**	1,503,888
Cash and Cash Equivalents at End of Year	**$ 3,931,566**	$ 1,721,682

Note 21 - Reclassification

Certain amounts in the 2022 financial statements were reclassified to conform to the 2023 presentation.

Note 22 - Subsequent Events

The Authority has evaluated subsequent events through April 23, 2024. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2023 were noted.

Lancaster County Solid Waste Management Authority

Schedule of Changes in Total OPEB Liability and Related Ratios - Single-Employer Defined Benefit OPEB Plan - Unaudited
Last Ten Fiscal Years*

	Years Ended December 31,						
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Total OPEB Liability							
Service cost	**$ 92,026**	$ 117,532	$ 85,935	$ 124,133	$ 124,133	$ 137,261	$ 118,967
Interest	**41,477**	47,843	71,664	104,524	104,524	105,877	93,822
Changes of benefit terms	**-**	-	-	(36,732)	-	-	-
Differences between expected and actual experience	**-**	(584,349)	-	(203,258)	-	-	(39,404)
Changes of assumptions	**(305,559)**	(50,294)	268,196	3,389	-	-	1,235,281
Benefit payments	**(121,196)**	(163,807)	(192,052)	(192,052)	(289,433)	(273,952)	(75,314)
Correction [1]	**-**	-	(1,089,743)	-	-	-	-
Net Changes in Total OPEB Liability	**(293,252)**	(633,075)	(856,000)	(199,996)	(60,776)	(30,814)	1,333,352
Total OPEB Liability at Beginning of Year	**1,816,925**	2,450,000	3,306,000	3,505,996	3,566,772	3,597,586	2,264,234
Total OPEB Liability at End of Year	**$ 1,523,673**	$ 1,816,925	$ 2,450,000	$ 3,306,000	$ 3,505,996	$ 3,566,772	$ 3,597,586
Covered Payroll	**$ 7,145,823**	$ 7,145,823	$ 8,228,297	$ 8,228,297	$ 7,794,515	$ 7,284,593	$ 7,106,920
Total OPEB Liability as a Percentage of Covered Payroll	**21.3%**	25.4%	29.8%	40.2%	45.0%	49.0%	50.6%

* Data prior to 2017 is not available.

[1] This was a modeling correction in the valuation of plan liabilities, which will be amortized as OPEB expense due to experience change.

Funding

No assets are accumulated in a trust that meet the criteria included in GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pension*, to pay related benefits.

Changes of Assumptions

Measurement period ending January 1, 2022:

Assumptions for mortality were updated to utilize the Pub-2010 General Mortality Table and incorporated into the table are rates projected generationally using projection scale MP-2021 to reflect mortality improvement.

The discount rate was changed from 2.25% to 4.31%. The trend assumption was updated.

The healthcare cost trend rate was increased from 6.00% to 7.00% in 2023 with a 0.50% decrease per year until 5.50% in 2026.

Lancaster County Solid Waste Management Authority

Schedule of Condensed Revenues, Expenses, and Changes in Net Position

	Years Ended December 31,						
	2023	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Operating Revenues							
Tipping fees, net of hauler rebates	**$ 82,733,187**	$ 73,856,324	$ 71,173,706	$ 68,420,973	$ 66,786,759	$ 67,285,377	$ 61,751,330
Energy	**23,026,916**	24,811,821	18,511,562	14,879,766	16,036,271	17,696,620	14,409,009
Transportation and other	**7,434,167**	6,034,569	6,470,014	5,050,368	4,702,226	3,453,865	3,150,996
Total Operating Revenues	**113,194,270**	104,702,714	96,155,282	88,351,107	87,525,256	88,435,862	79,311,335
Operating Expenses							
Lancaster Waste-to-Energy Facility	**27,391,268**	27,928,835	24,604,984	22,073,083	22,085,891	22,112,494	22,723,842
Susquehanna Resource Management Complex	**26,044,109**	25,316,004	21,195,916	18,390,103	19,014,561	19,068,573	19,073,675
Depreciation	**20,739,322**	23,085,468	21,915,901	19,094,220	14,800,618	14,492,523	13,609,605
Landfills	**5,518,521**	5,376,910	5,318,818	4,752,236	5,169,371	5,213,251	4,553,918
Transfer Station Complex	**7,216,518**	6,705,829	8,552,417	7,311,624	8,175,344	5,360,165	3,765,041
Closure and post-closure care	**1,595,525**	599,037	764,964	626,860	2,923,344	1,987,153	190,785
Household hazardous waste	**421,448**	575,772	369,929	465,342	516,665	489,036	502,269
Total Operating Expenses	**88,926,711**	89,587,855	82,722,929	72,713,468	72,685,794	68,723,195	64,419,135
Support Expenses	**7,696,607**	7,168,737	6,942,890	9,446,236	9,997,313	9,594,430	7,774,656
Total Operating and Support Expenses	**96,623,318**	96,756,592	89,665,819	82,159,704	82,683,107	78,317,625	72,193,791
Operating Income	**16,570,952**	7,946,122	6,489,463	6,191,403	4,842,149	10,118,237	7,117,544
Interest and Investment Income (Loss)	**3,774,408**	(1,418,511)	(15,867)	2,143,520	2,475,836	1,086,299	718,542
Interest Expense	**(1,843,221)**	(2,686,489)	(4,013,735)	(4,256,228)	(4,401,154)	(4,586,685)	(4,681,613)
Net Other Nonoperating Revenues (Expenses) and Capital Contributions	**1,191,114**	(2,887,654)	992,767	828,822	(486,823)	481,155	5,214,876
Changes in Net Position before Special Item	**19,693,253**	953,468	3,452,628	4,907,517	2,430,008	7,099,006	8,369,349
Special Item - Transfer from Government Self-Insurance Fund	**-**	-	3,457,754	-	-	-	-
Changes in Net Position	**$ 19,693,253**	$ 953,468	$ 6,910,382	$ 4,907,517	$ 2,430,008	$ 7,099,006	$ 8,369,349

CONCISE STATEMENTS FOR PUBLICATION

LANCASTER COUNTY SOLID WASTE MANAGEMENT AUTHORITY

STATEMENT OF NET POSITION

	December 31, 2023	December 31, 2022
Assets		
Current assets	**$ 74,982,796**	$ 54,973,661
Restricted assets	**33,633,704**	24,318,457
Other assets	**1,373,864**	5,017,335
Real estate, facilities, and equipment	**220,999,859**	218,407,387
Deferred outflows of resources	**1,154,439**	1,507,868
Total Assets and Deferred Outflows of Resources	**332,144,662**	304,224,708
Liabilities		
Current liabilities	**16,811,254**	8,480,104
Long-term liabilities	**104,783,408**	104,962,129
Deferred inflows of resources	**1,674,444**	1,600,172
Total Liabilities and Deferred Inflows of Resources	**123,269,106**	115,042,405
Net Position	**$ 208,875,556**	$ 189,182,303

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Years Ended December 31, 2023	Years Ended December 31, 2022
Operating Revenues	**$ 113,194,270**	$ 104,702,714
Operating and Support Expenses	**96,623,318**	96,756,592
Operating Income	**16,570,952**	7,946,122
Total Nonoperating Revenues (Expenses)	**3,122,301**	(6,992,654)
Changes in Net Position	**$ 19,693,253**	$ 953,468