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CHESTER COUNTY SOLID WASTE AUTHORITY

ANNUAL REPORT 2015

THE STAFF AT LANCHESTER

EXECUTIVE

Robert A. Watts, S.C., BCEEM
Executive Director

BUSINESS/ADMINISTRATION

Mike Magrann
Business Manager
David B. Lozenski,
Assistant Business Manager
Peggy Cunius,
Accounts Payable/
Administrative Assistant
Dayle Anderson,
Accounts Receivable
Michael J. Smale,
Lead Weighmaster
Lynn Jeffries,
Weighmaster (part-time)
Andrew Wagner,
Weighmaster/Maintenance
Small Load Facility Attendant
Sharon Andrien,
Small Load Facility Attendant

ENGINEERING & COMPLIANCE

ENGINEERING
Owen R. Esterly, P.E.,
Facility Engineer

COMPLIANCE

Teresa A. Devine,
Compliance Officer

WATER MANAGEMENT

Gary Laird,
Manager of Water Operations
Henry Palmer,
Water Operations Assistant
Mike Triola,
Water Operations Assistant

RECYCLING

Nancy Fromnick,
County Recycling Coordinator
Irene Perry,
Administrative Assistant

OPERATIONS

Earl L. Graham Jr.,
Operations Manager
Dawn E. Nichols,
Operations/ Wildlife/
Livestock Manager

MAINTENANCE & REPAIRS

Thomas M. Barbarish,
Mechanic

LANDFILL OPERATIONS

Steve Dunn, Operator
Robert Hollenbaugh, Operator
Randy G. Savage, Operator
Jacob A. Houck, Operator
Lenni Simcox, Operator
Bill Bramm, Operator
Jeffrey Watts,
Weighmaster/Operator
Ryan Cloak, Utility Worker

THE AUTHORITY BOARD

The Chester County Solid Waste Authority was established by the Chester County Commissioners in August 1984. That same year, the CCSWA became the owner and operator of the Lanchester Landfill in Honey Brook, PA.

The Authority is comprised of volunteer Chester County business persons and one representative from Caernarvon Township, Lancaster County. All members of the Authority serve without compensation or benefits.



DR. ROBERT J. SCHOENBERGER, Chairman
Semi-Retired, Environmental Consultant

A resident of Upper Uwchlan Township Dr. Schoenberger serves as Chairman of the Planning Commission. A Board Certified Environmental Engineer by the American Academy of Environmental Engineers and former Chairman of the Governor's solid Waste Advisory Committee, he has 50 years engineering experience.



PETER W. KNIPE, Treasurer
Retired CFO, STV Group, Inc.

A resident of North Coventry Township, Mr. Knipe worked for an international consulting engineering and architectural company.



PETER J. MARROLETTI, Secretary
Retired BFI Manager

A resident of Charlestown Township, Mr. Marroletti has 28 years experience in the solid waste industry.



E. JOEL MARTIN, Member
Retired CEO of GKN Walterscheid's USA and Canadian Subsidiaries

A resident of Caernarvon Township, Mr. Martin has 30 years of experience in farm equipment and business operations improvements. He served 2 terms as Chairman of the Agricultural Driveline Manufacturers Association.



KIM VENZIE, Member
Attorney at Law

A resident of West Bradford Township, Ms. Venzie is Of Counsel with the law firm of Unruh, Turner, Burke and Frees in West Chester, PA. Her practice is focused in the areas of land use, municipal, zoning and real estate law.



DAVID A. GARRISON, Esq.
Garrison Environmental Law Practice

A resident of East Whiteland Township, Mr. Garrison has over 25 years of environmental law experience including waste management and landfills. He is the owner of Garrison Environmental Law Practice, a boutique firm based in Great Valley.

CHAIRMAN'S MESSAGE

BOB SCHOENBERGER



I am proud to pen this message on behalf of the Board of Directors of the Chester County Solid Waste Authority for the year 2015. After extended

construction delay we dedicated and began utilization

of the newest permitted portion of our site in the fall.

This portion of the landfall is designated Area E and the

approved construction drawings predict that Lanchester

will provide environmentally safe waste management

to Chester County for more than two decades.

The Authority is blessed to have a dedicated and professional staff under the guidance of Executive Director

Bob Watts who navigate the labyrinth of continuously

changing State and Federal Rules and Regulations.

Few employment positions have the constant oversight

and scrutiny that our staff faces on a continual basis.

We acknowledge the dedication and attention to detail

that our staff provides daily.

Financially, the Authority ended the year with a small

surplus that was largely

driven by a significant

decrease in fuel cost. The Authority

attempts to maintain the waste disposal (tipping fee)

cost through sound operation and maximum efficiency.

As required by our permit more than \$20 million are

placed in escrow with the Department of Environmental

Protection. With the yield of T-Bills at only slightly

above zero, this money has not been earning significant

interest, and because of the creativity of the landfill's

Chief Financial Officer, Mike Magrann, changes have

been made to the policy that will yield a rate of return

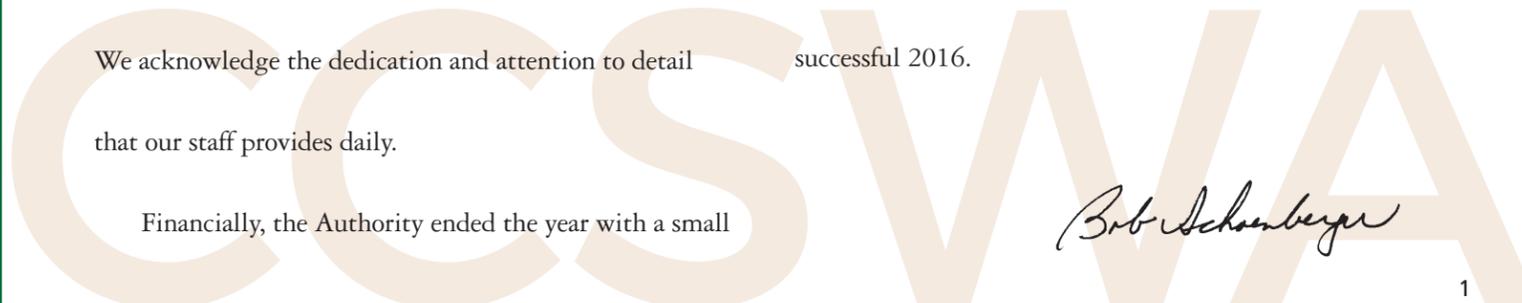
that is 10 times our current return.

With a very successful 2015 behind us, the Chester

County Solid Waste Authority anticipates and equally

successful 2016.

Bob Schoenberger



LETTER FROM THE EXECUTIVE DIRECTOR

BOB WATTS



During 2015 we finished the first of three new landfill cells that were permitted to be our Area E Landfill Expansion. This expansion is planned to provide space for Chester County's waste for about 15 more years. This expansion did not require an increase in size of our permitted area for disposal. Preparing for the two cells that will be built in the future, and constructing Cell 1 with a Mechanically Stabilized Earth Berm took about four years to complete. We disposed of the first waste into Cell 1 on October 19, 2015. This allowed us to landfill in Cell 1, a location more protected from the elements, during the winter of 2015–2016. We did not need to close as due to high winds during this period—which was a first in recent years.

We were very pleased that the Authority received the Rookie of the Year Award from the Wildlife Habitat Council in their Corporate Lands for Learning category. We plan to continue adding to the public's wildlife education by continuing to hold monthly Science Explorer events at our facility in 2016. In addition, we will be hosting three weeks of summer camps. We continue to expand the Lanchester Nature Trail.

We plan to have the Nature Trail open again this year every Sunday, May through October from 1 p.m. to 5 p.m.

It is with a heavy heart that two of our employees passed away in 2015. Earl "Skip" Graham was our most tenured employee. Skip worked here with his father, for the previous landfill owner, before the Authority purchased it in 1984. Skip was one of our landfill Supervisors and is missed by all. Henry Palmer worked here for eight years as our Assistant Manager of Water. Henry's smile and cheery disposition will no longer light up our faces.

We look forward to completing new projects in 2016. We will be installing at least 20 new landfill gas collection wells in the Area D Landfill. We also plan to install the first landfill gas collection system in the Area E Landfill during 2016. We have been working with representatives from the five surrounding municipalities on improving the look of the landfills from a distance. We plan to apply to the Pennsylvania Department of Environmental Protection to allow us to install hedge rows of trees and shrubs along some of roads on the north slope of the Area C Landfill in 2016.



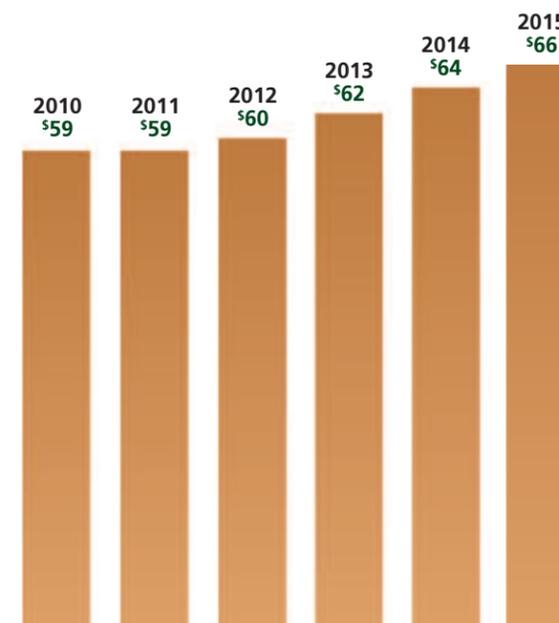
Area E, Cell 1

Area E, Cell 1, located on the south side of the property, had construction completed on May 2015 by Severson Environmental Services of Niagara Falls, NY. Work on Cell 1 also included the landfill gas system being relocated and mechanically stabilizing the earth berm. Cell 1 began accepting waste during the summer of 2015. The cost of the project was approximately \$14 million.



Tipping Fees 2010 to 2015

The amount charged to dispose of one ton of municipal solid waste at the Lanchester Landfill.



Leachate Treatment Plant

In 2015, after a Pilot Test was performed in 2014, the Authority performed a full-scale test on the winning program—The Ultra Filtration System. The result of the full-scale test showed that it was performing better than the current system. The Authority contracted with Earth Res of Royersford, PA to engineer and construct the new system at a cost of approximate \$55,000.



Woody Vegetation Demonstration Project

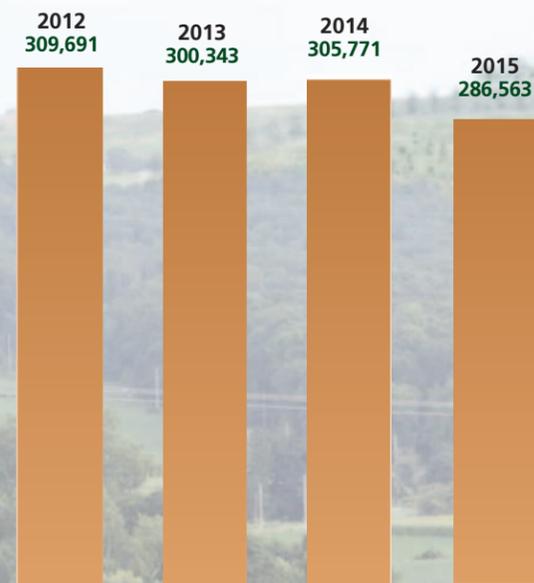
The Authority has received input from the Pennsylvania Department of Environmental Protection (PADEP) on a design on how to use “Woody Vegetation” on the North Slope as a cap. In 2015, a permit was received from PADEP to begin the demonstration. Also in the plan, border plantings will be placed to create more coverage and to beautify the site lines, which will make it look more natural. The Authority will apply for Phase II in 2016.

Chester County Begins Updating 10-Year Plan

The new state mandated Ten-Year Plan addresses the issue of waste generation and recycling. The plan maps a strategy for the proper handling of waste material that is generated in the county, while assuring capacity for its disposal. The County’s first meeting was in 2014, and in 2015 a consultant was hired to assist in the process. In 2016, a draft of the plan will be completed and reviewed. The Ten-Year Plan will be completed in 2017.

Tonnages 2012 to 2015

The amount of waste disposed at Lanchester Landfill has remained consistent over the last decade.



Wildlife Habitat Council Winner

“Rookie of the Year” for Corporate Habitat of the Year award recognizes a corporate program for its outstanding environmental stewardship and voluntary employee efforts. Only programs that are first-time certified were considered.

Improve Landfill Gas Collection System

The Authority, in 2015, approved the routine maintenance of the Landfill Gas Collection System. In the first quarter of 2016, 13 gas extraction wells will be added, 2 new horizontal gas collection trenches will be dug, and 7 gas wells will be replaced. The project has been awarded to SCS Field Services of Harrisburg, PA at a cost of approximately \$400,000.

For The Public

Nature Trail

In 2015, The Authority extended the trail one-half mile, bringing the total to 5.5 miles. An additional one-half mile will be added in 2016. The Nature Trail is open to the public on Sundays from May through October.

Deer Hunt

The Authority once again issued 40 permits that allowed hunters to hunt deer on its property during bow and rifle season.

IN MEMORIAM

Earl “Skip” Graham, Jr.

Earl was a long-time (40 years) employee of the Chester County Solid Waste Authority, and a member of our family and a friend to all here at Lanchester Landfill. Earl, 53, was born in Narvon, PA and worked as an Operations Manager at the facility. He had a passion for hunting and fishing and passed away from a boating accident on September 20, 2015 doing what he loved to do. He will be missed.

Henry Wallace “Puddin” Palmer, Sr.

Henry was a man of faith who surrounded himself with his family and his Church. He was a man with many talents. He was a machinist, a mechanic, electrician, built boats, and even ran for constable. His final place of employment was the Lanchester Landfill, where he was an Assistant Manager of Water Operations, who considered the people he worked with his second family. But Henry not only loved work, he enjoyed many hobbies including fishing, crabbing, camping, CB radioing, and watching television. Above all, he loved spending time with his family, especially his grandchildren.

STATEMENT OF FINANCIAL CONDITION

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31,	2015	2014
Revenue from landfill operations, net of statutory payments of \$3,128,918 and \$3,297,792 in 2015 and 2014, respectively	\$15,184,613	\$15,775,196
Operating expenses:		
Direct costs of landfill operations	5,448,471	5,239,672
Landfill site expenses	792,659	755,265
General and administrative expenses	1,830,701	1,644,883
Depletion of landfill site:		
Initial investment	–	2,384
Expansion cells	2,414,393	975,410
Amortization of intangible assets	–	8,275
Provision for closure and post closure costs	579,987	936,110
Total operating expenses	11,066,211	9,561,999
Operating income	4,118,402	6,213,197
Non operating revenue (expenses)		
Investment income, net	72,139	47,213
Interest expense	–	(37,880)
Other income, net	803,257	672,701
Gain on disposal of fixed assets	185,814	151
Total non operating revenue	1,061,210	682,185
Increase in net position before payments to County of Chester	5,179,612	6,895,382
Payments to County of Chester	(800,000)	(800,000)
Increase in net position	4,379,612	6,095,382
Net position:		
Beginning of year	63,621,139	57,525,757
End of year	\$68,000,751	\$63,621,139

CCSWA 2015 Tonnage Summary

2015 ANNUAL TONS PROCESSED			
MSW - CHESCO	231,238	MSW - CHESCO	\$15,068,830
Const/Demolition	32,383	Const/Demolition	1,954,045
RESIDUAL	17,832	RESIDUAL	670,310
ALTERNATE DAILY COVER	28,935	ALTERNATE DAILY COVER	373,826
RECYCLING	5,110	GROSS OPERATING REVENUE	18,067,011
TOTAL ANNUAL TONNAGE	315,498	** less: STAT PAYMENTS	(3,128,918)
		Recycling	246,520
		NET OPERATING REVENUES	\$15,184,613

SUMMARY OF FINANCIALS

Statements of Net Position

December 31,	2015	2014
ASSETS		
Current assets		
Cash and cash equivalents	\$ 4,067,120	\$ 1,422,971
Accounts receivable, net of an allowance for uncollectible accounts of approximately \$107,000 in 2015 and 2014	2,272,830	2,050,776
Prepaid expenses and accrued interest	396,613	194,696
Unrestricted investments	17,420,856	13,953,863
Restricted cash and investments	1,997,075	537,766
Total current assets	26,154,494	18,160,072
Restricted cash and investments	23,399,995	26,122,830
Other assets	4,818,620	4,768,411
Landfill site and expansion cells construction, permitting, and preparation costs, net	24,900,175	27,006,480
Capital assets, net	11,592,618	11,181,956
Total assets	\$90,865,902	\$87,239,749
LIABILITIES AND NET POSITION		
Current liabilities		
Current portion of estimated closure/post closure costs	\$ 1,997,075	\$ 537,766
Accounts payable	861,058	1,222,968
Retainage Payable	1,404,040	1,383,632
Commonwealth of Pennsylvania and other surcharges withheld	801,357	860,765
Accrued liabilities:		
Payroll and related taxes	13,467	9,187
Employee benefit plan	115,217	109,681
Total current liabilities	5,192,214	4,123,999
Estimated closure/post closure costs, net of current portion	17,672,937	19,494,611
Total liabilities	22,865,151	23,618,610
Net position		
Net investment in capital assets	35,088,753	36,804,804
Restricted	5,727,058	6,628,219
Unrestricted	27,184,940	20,188,116
Total net position	68,000,751	63,621,139
Total liabilities and net position	\$90,865,902	\$87,239,749

SUMMARY OF FINANCIALS

Statements of Cash Flows

Years Ended December 31,	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$15,204,651	\$15,349,829
Cash paid to vendors	(4,585,374)	(3,816,632)
Cash paid to employees	(2,953,207)	(2,795,602)
Net cash provided by operating activities	7,666,070	8,737,595
Cash flow for non capital financing activity:		
Payments to County of Chester	(800,000)	(800,000)
Net cash used by non capital financing activity	(800,000)	(800,000)
Cash flows from capital and related financing activities		
Capital expenditures	(2,652,555)	(10,144,973)
Proceeds from disposal of capital assets	12,900	212,710
Net cash used in capital and financing related activities	(2,639,655)	(9,932,263)
Cash flows from investing activities		
Purchases of investments	(20,964,635)	(19,719,781)
Sale of investments	24,015,290	19,352,682
Investment expenses	—	(37,880)
Interest received on investments	30,669	47,576
Other income, net	803,257	672,701
Net cash provided by investing activities	3,884,581	315,298
Net change in cash and cash equivalents	8,110,996	(1,679,370)
Cash and cash equivalents, beginning of year		
Cash and cash equivalents	1,422,971	738,440
Restricted cash	10,378,280	12,742,181
	11,801,251	13,480,621
Cash and cash equivalents, end of year		
Cash and cash equivalents	4,067,120	1,422,971
Restricted cash	15,845,127	10,378,280
	\$19,912,247	\$11,801,251
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,118,402	\$ 6,213,197
Adjustments to reconcile operating income to net cash provided by operating activities:		
Provision for closure and postclosure costs	579,987	936,110
Cost adjustment for closure and post closure costs	(942,352)	(858,269)
Depletion of landfill site	2,414,393	977,794
Depreciation of capital assets	1,767,739	2,009,709
Amortization of intangible assets	—	8,275
Change in assets and liabilities:		
Decrease (Increase) in accounts receivable, excluding amounts due from asset sales	79,296	(465,206)
Decrease (Increase) in prepaid expenses	65,187	(54,146)
Decrease in non-capital related accounts payable	(366,990)	(11,787)
Increase (Decrease) in accrued liabilities and other	9,816	(57,921)
(Decrease) Increase in surcharges withheld	(59,408)	39,839
Total adjustments	3,547,668	2,524,398
Net cash provided by operating activities	\$ 7,666,070	\$ 8,737,595

CCCSWA