2018 ANNUAL REPORT
OUR MISSION:
Facilitate responsible solid waste management.

ABOUT THE YORK COUNTY SOLID WASTE AUTHORITY:
The Authority is a municipal authority created in 1971 under the Municipal Authorities Act and charged with the responsibility to manage York County’s municipal solid waste. The Authority’s nine-member volunteer board sets the Authority’s policies and goals. Members are appointed to five-year terms and serve on at least one Authority Committee. Authority Standing Committees include the Engineering/Operations Committee, the Recycling and Planning Committee, the Administrative Committee, and the Community Services Committee. The Authority is comprised of four divisions: Administrative, Community Services, Engineering and Operations, and Recycling and Planning. At the close of 2018, the Authority staff consisted of 24 full-time and three part-time positions.
OUR BOARD OF DIRECTORS:

Ed Heindel
Chairman

Fred Ritzmann
Vice Chairman

Joe Hoheneder
Secretary

Matt Sommer
Treasurer

Patrick Ball
Assistant Secretary/Treasurer

Clarence Nace
Member

Timothy Malinky
Member

James B. Arvin II
Member

Charles “Chick” Renn
Member

David E. Vollero
Executive Director

Jerry C. Grim
Assistant Executive Director
The York County Resource Recovery Center (YCRRC) Site Improvement Construction Project initiated in 2015 reached substantial completion in 2018. The site improvement project created the infrastructure for the addition of future capacity, positioning the Authority to successfully provide for the responsible management of York County’s municipal solid waste well into the future.

**Site improvement construction completed in 2018 included:**

- The Education Center which consists of a program room, a theater room and an exhibit hall. The Education Center opened on a limited basis to school groups and key stakeholders for tours in April. Later that month, artwork resulting from the Authority’s 4th annual high school recycled art contest was installed in the exhibit hall. Additional exhibits designed to demonstrate waste management concepts were underway by the end of 2018.
A major undertaking involved the expansion of the tipping hall to add a North Hall with a separate entrance to enable the separation of transfer trailers from other commercial vehicles and other smaller waste vehicles. This reconfiguration resulted in increased traffic efficiency, control and safety. The waste storage pit was increased in length from 178 feet to 278 feet to the north of the existing tipping hall. Lengthening the pit created additional waste storage capacity, served transfer trailers accessing the new North Tipping Hall and set the stage for future expansion.

New, larger capacity grapple cranes were installed and can be operated from the crane booth on the sixth-floor charging deck, or from a remote crane station located in the control room. Lighting over the waste storage pit was replaced with a high-efficiency LED lighting system, enhancing the crane operator’s ability to identify and manage material in the pit. A remote crane station, located in the control room, allows control room staff to remotely operate the crane and observe various sections of the waste storage pit.

The enlarged waste storage pit is 50 feet deep, 50 feet wide and 278 feet in length. It can hold 3.5 to 7 days of “fuel”, or nearly 11,000 tons of waste.
A new hauler lounge was erected on the site of the old scalehouse and provides a rest area, water fountain and restroom facilities for haulers while onsite at the Resource Recovery Center. The hauler lounge opened in October in conjunction with the fall hauler appreciation event. Final site paving was conducted and completed in June. Overall, the project reached substantial completion in June.

• Cooling towers at the YCRRC underwent replacement of all four fan blades, the motor control center and the power distribution center. The YCRRC is the largest consumptive user of water in York County, consuming on average about 650,000 gallons of water a day. The cooling tower is designed to cool down and recapture steam that results from the process of superheating steam for power production. The cooling tower is a closed-loop system that condenses steam back into water. Water from the cooling tower basin continuously circulates through the plant’s condenser, absorbs heat from the steam and travels back to the cooling tower.

In addition to site improvements, Plant Life Extension work was conducted concurrent with the site improvement construction project to either replace or enhance existing equipment to improve and extend facility life. Below are just a few examples of Plant Life Extension projects addressed:

• The YCRRC’s Distribution Control System (DCS) was replaced in 2018. A DCS is a computerized control system for a process or plant usually with a large number of control loops, in which autonomous controllers are distributed throughout the system, but there is central operator supervisory control. The DCS concept increases reliability and reduces installation costs by localizing control functions near the process plant, with remote monitoring and supervision. DCS systems are used on large continuous process plants where high reliability and security is important, and the control room is not geographically remote, as is true for the YCRRC. The DCS system sends vital operational data to the control board operator to assist in analysis of data points and enhance operational efficiency and the ability to retrieve critical data.

• The Cooling Towers were updated as part of the Site Improvement project.

• The induced draft fan drivers associated with each of the three boilers were replaced with new variable frequency drives. Induced draft fans draw flue gases from the combustion chamber, through the air pollution control treatment system and then to the stack. They help regulate pressure inside the boiler system.

• The YCRRC’s fly ash handling system was reconfigured to enable fly ash to be separated from bottom ash to comply with regulatory standards for the sale of energy credits. When the new Ash Recycling and Processing Facility comes online, fly ash and bottom ash will be sent to the facility separately.
ASH RECYCLING AND PROCESSING FACILITY PROJECT

The Ash Recycling and Processing Facility progressed toward completion in 2018 and is projected to come online in 2019. In March, York Reduction Systems, LP (facility operator and owner of the ash processing technology and equipment), closed the pilot facility that had been in operation since 2014 and began moving equipment to the new facility at 2650 Blackbridge Road, directly across the street from the York County Resource Recovery Center.

The Ash Facility will utilize proprietary ash processing and recycling technology that will be the first of its kind in the United States. During the transition period in 2018, ash from the Resource Recovery Center was shipped directly to Modern Landfill. Once the Ash Facility comes online, ash from the York County Resource Recovery Center will be separated into fly ash and bottom ash streams and transported across the street to the Ash Facility where the fly ash will be stored temporarily while the bottom ash is processed using a wet separation technology that captures metals, aggregates and sand for reuse and resale. The ash processing and recycling technology is designed to increase recovery of recyclable materials remaining in the ash. Once recyclable materials are separated from the remaining bottom ash, the bottom ash is dewatered, forming a “cake”. The cake is then combined with the stored fly ash and managed at Modern Landfill. Pending testing of the material shipped to Modern Landfill, it is hoped that it will qualify for beneficial use as daily cover over garbage. The ash recycling process is projected to significantly reduce the overall remaining volume of ash that must be managed in a landfill.

The new Ash Recycling and Processing Facility occupies approximately 5 acres.
OPERATIONS DATA:

- The YCRRC processed 443,339 tons of waste and from that, produced 166,932,165 million net kilowatt hours of electricity and reduced greenhouse gases in the form of carbon equivalents by more than 443,000 tons. The historical total of municipal solid waste processed since October 1989 was 12,160,293 tons at the end of December 2018. Note: Turbine/generator maintenance conducted in 2018 resulted in a significant loss of electrical generation due to the turbine being offline from March until it was returned to service in June. Every five to seven years the turbine is sent out of house for refurbishing. In 2018, this process encountered mechanical challenges that took longer than anticipated to resolve.

- The RRC had ZERO Continuous Emissions environmental excursions in 2018.

- Ferrous and non-ferrous metals received at the RRC and separated from municipal solid waste on the tipping floor for recycling at a local scrap yard amounted to 1,112 tons. Metals amounting to 1,682 tons were recovered from the combustion ash stream by York Reduction Systems, LP and recycled. This total is greatly reduced from the previous year due to disassembly in March of equipment at the ash recycling pilot plant and the transition to the new Ash Recycling and Processing Facility. Until the new ash facility comes online in 2019, ash and metals are being managed at Modern Landfill.

THE YORK COUNTY SANITARY LANDFILL (YCSL) & HOPEWELL AREA RECREATION COMPLEX (HARC)

- The YCSL was closed and capped in 1997 and in 2007 more than 200 acres of the 306 acre site was “recycled” into a recreation complex featuring playing fields, playgrounds, a picnic pavilion, mowed walking trails, wildlife viewing platforms and a wildlife habitat. Thousands of York County residents and athletic teams use the site each year and more than 122 species of birds have been identified onsite. The Authority continues to monitor and maintain the landfill post-closure.

- In 2016, the Pennsylvania Department of Environmental Protection (PADEP) approved the Authority’s stream study plan to be used in conjunction with renewal of the National Pollution Discharge Elimination System permit for discharge of treated effluent from the groundwater remediation system at the York County Sanitary Landfill. The study was initiated in October 2016 and with assistance from Authority staff, was conducted by AECOM, an outside environmental consulting firm. The study concluded in September of 2017. An executive summary of the outcome of the stream study was presented to PADEP and posted on the Authority’s website in December 2017. The report data has been under review by PADEP and no response was received by the Authority in 2018. While it remains to be seen whether PADEP will require the Authority to establish a total mercury permit limit that is more restrictive than the existing effluent quality, the Authority and AECOM communicated that based upon the multiple lines of evidence presented in the report it is reasonable to conclude that the YCSWRA Outfalls 001 and 002 do not have reasonable potential to cause or contribute to an exceedance of the applicable water-column translation of the site-specific fish tissue water quality criterion (i.e. the Ambient Water Quality Criteria for Total Mercury) at the point where a complete exposure pathway exists. Consistent with Section 7 of the EPA (2010) Guidance for Implementing the January 2001 Methylmercury Water Quality Criterion it is recommended that the YCSWRA develop and implement a voluntary mercury minimization plan and conduct effluent monitoring to ensure that the discharges will continue to have no reasonable potential to cause or contribute to an exceedance of the applicable site-specific water quality standards with a re-opener clause if future monitoring data demonstrate that the discharges have reasonable potential. It is important to note, that these discharges have been ongoing since the mid-1980’s and that fish
tissue and surface water data are reflective of long-term exposure conditions; therefore, establishing a Total Mercury permit limit that is more restrictive than existing effluent quality, would be unduly restrictive based upon the results of the Stream Study.

- The landfill has 18 remediation wells which pump ground water through air stripping towers to treat contaminated ground water. In the mid 1980’s, the Authority identified ground water contamination and initiated remediation. Ground water contamination came from three natural renovation cells active in the 1970’s and early 1980’s. In 2018, the area experienced record setting rainfall and the ground water remediation system experienced an average of 50,000 gallons a day increase in water being treated versus that in 2017. The maximum amount of water treated in 2018 was the week of October 8th at 296,379 gallons per day. Despite this record rainfall, the landfill pump and treat system was responsive in managing this excess and is designed to manage a maximum capacity of 485,000 gallons. One of the remediation wells, DGC-13, experienced a large increase in its yield which exceeded the capacity of the pump and struggled to maintain the depth to water goal in the well. The Authority quickly responded, and a more modern system was installed in DGC-13. It includes a 5 hp variable frequency drive pump with a pressure transducer that controls the pump speed to maintain the depth to water goal. Flows from the new pump system have reached as high as 78 gallons per minute and depth to water goals have been maintained.

**Recycling & Waste Reduction Outcomes**

- Sixty-three out of 72 municipalities offered curb-side recycling to their residents in 2018 and an additional 18 municipalities offered drop-off recycling either as a stand-alone program or in conjunction with their curbside programs. Nearly everyone in York County has access to some form of recycling. In addition to municipal curbside and drop-off recycling, the Authority’s Public Recycling Drop-off Facility on Black Bridge Road in Manchester Township received 271.42 tons of recyclable materials. In June 2018, commercial recycling haulers eliminated certain recyclables from the recycling stream due to China’s ban on contaminated recyclables. China’s new rules severely restrict the levels of contamination allowed in the recyclable material they accept. These changes have challenged the recycling industry in the US and globally. For example, bales of mixed paper were allowed to have approximately 5% contamination in them, or 92 pounds of trash in a 1,850 pound bale of recycled paper. Beginning in 2018, China changed those restrictions to a 0.5% contamination rate, or 9 pounds of trash in a 1,850 pound bale of recycled paper. Consequently, recyclers are now having a difficult time meeting these requirements and a lack of US-based end users is complicating this problem. An increase in recycling residuals (material collected for recycling but not recycled) is being monitored by the Authority with respect to its potential impact on available capacity at the York County Resource Recovery Center.
• The Authority’s Electronics Recycling Program resulted in the capture and recycling of 1,289 tons of electronics. The program has now been located at the Small Load Drop Off facility located within the YCRRC complex and offers expanded collection days and hours. Penn and Fairview Townships also “piggyback” onto the Authority’s program and conduct free residential electronics recycling programs at their township facilities. A breakdown of materials collected is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>CPUs</td>
<td>80.9</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>154.1</td>
</tr>
<tr>
<td>Electronics</td>
<td></td>
</tr>
<tr>
<td>Monitors</td>
<td>67.1</td>
</tr>
<tr>
<td>Peripherals</td>
<td>86.7</td>
</tr>
<tr>
<td>Televisions</td>
<td>953.31</td>
</tr>
<tr>
<td>Total</td>
<td>1,289.1</td>
</tr>
</tbody>
</table>

The free residential electronics recycling area at the SLDO accepts electronics M-F from 8 a.m. to 4 p.m. and Saturdays from 8 a.m. to noon.

• The YCRRC does not accept hazardous waste. Part of the Authority’s strategy for ensuring removal from the waste stream of materials that may pose negative impact to the environment is to educate the public about hazardous materials typically found in residential properties and to offer alternative programs to mitigate disposal of these products in the household waste stream. Annually, the Authority conducts a free one-day residential Household Hazardous Waste Collection program which in 2018 captured 10.69 tons of hazardous materials. The Authority also sponsors a year-round curbside collection program through an agreement with Waste Management called “At Your Door Special Collection”. This program enables residents to schedule up to two curbside collections a year for a $15 co-pay. The Authority pays for the rest of the cost for management of these materials. Approximately 1.82 tons of hazardous materials were collected in the curbside program.

• Dedicated loads of yard waste delivered to the RRC are diverted to the Authority’s Yard Waste Transfer Facility and transported off-site to a commercial composting operation. A total of 346.23 tons of yard waste and 39.12 tons of Christmas trees were diverted for recycling.

Residents can drop-off household hazardous products for free at our annual collection program held the first Saturday in May.

Christmas trees are collected at our centralized Christmas tree recycling site located along Blackbridge Road. They are temporarily diverted to our yard waste site where they are then shipped to H & H in Spring Grove to be chipped into minty-fresh mulch!
OUTREACH INITIATIVES

• The Authority offers a medication take back box program to provide a free outlet where residents can safely and anonymously dispose of expired or unused medications. The boxes are in 17 York County police station lobbies and the medications collected are delivered by law enforcement to the YCRRC for complete destruction. In 2018, a total of 4.15 tons of medications were secured and recycled into electricity at the YCRRC, ensuring complete destruction and removing potential risks to human health and the environment.

• The Authority sponsors “Go Green Night” at the York Revolution. More than 3,000 patrons participate and a recycled tote bag is presented to the first 2,000 fans entering the stadium. An information table is staffed by Keep York Beautiful to promote litter clean-ups throughout the county.

• Free environmental education programs include lessons on composting, managing household hazardous waste, paper recycling, waste-to-energy and landfill technology and many other environmental and waste management-related presentations and special events. In 2018, 20,776 people were reached through these programs.

• Tours of the YCRRC and the now-closed Sanitary Landfill are facility tours offered to residents. Participants learn how their waste is managed by touring the YCRRC to see first-hand how trash is converted to electricity and reduced in volume by 90 percent to a much smaller amount of combustion ash. Landfill tours showcase the solar array, landfill design and the 200-acre area of the now-closed landfill that hosts a wildlife habitat and recreation complex. In 2018, tours of the YCRRC were conducted on a small-scale basis due to ongoing site improvement construction. Tours of the YCRRC and landfill drew a total of 1,167 people.

• The Authority assists with and sponsors the annual York County Envirothon Competition and sponsors the York County Science Fair. More than 2,000 students participate in these events and learn how to be good stewards of their environment and many become emerging leaders in science and technology.

• The Authority partners with Downtown, Inc. to sponsor their litter clean-up crew in the central square area of the City of York. In 2018 the litter clean-up crew collected and properly managed more than 13.5 tons of litter. Through this sponsorship, the Authority is committed to providing funding to support the manpower and equipment

Students from Shrewsbury Elementary learned how to reduce food waste by making mini worm composting bins in April.

Authority board members, staff and their families enjoyed a night out at Go Green Night at the York Revolution. The Authority sponsors the event.

Participants in a local summer day camp made their own recycled paper!
needed to make this effort a success. Eliminating litter is one of the easiest ways to foster a healthy community, improve the local economy, increase property values, create safe places for children to play, and build community pride. The Authority’s county-wide Free Litter Disposal Program is a year-round program that encourages individuals and groups to clean up their communities. The Free Litter Disposal Program provides for free disposal at the YCRRC when groups register for a delivery placard. In 2018 more than 29 tons of litter was processed at the YCRRC as a result of this program.

- In 2018, the Authority held its fourth annual high school recycled art contest. More than 150 students, teachers and art aficionados participated in this event which culminated in a York Arts gallery showing and awards presentation held prior to Earth Day in April.

- To educate the public about the proper management of old tires and to help eliminate illegal dumping of tires, the Authority conducts a free tire disposal program in May of each year. In 2018, 4.67 tons of tires were properly managed at the YCRRRC through this program.

- Hauler appreciation events are held four times a year to thank waste haulers for the work they do to safely and efficiently deliver waste to the YCRRRC for processing. In 2018, more than 500 waste haulers participated in these programs.

“A Sea of Plastics” was one of the entries in the High School Recycled Art Contest.

“Picker Day” is held at Refindings to enable artist participants in the High School Recycled Art Contest to select items to use in their art pieces at no cost to them.

Mary Catherine proves you are never too old to go on an adventure and learn something new! At 99 years old, Mary Catherine has lived in York for 94 years, has never taken a tour of the YCRRRC and was so happy she did. She found it fascinating. Thanks for visiting, Mary Catherine!

Packed lunches and a special giveaway are distributed to haulers during the fall hauler appreciation event. County Commissioners Doug Hoke (L) and Chris Reilly participated as “celebrity servers”.

A “Picker Day” is held at Refindings to enable artist participants in the High School Recycled Art Contest to select items to use in their art pieces at no cost to them.
Mindy Waltemyer, Community Services Specialist, received the “Outstanding Environmental Educator” award from the York County Conservation District for delivering environmental education programming to schools and community groups focusing on various waste management-related topics.

Pictured L-R: President Commissioner Susan Byrnes, Representative Keith Gillespie, Mindy Waltemyer and Vice Commissioner Doug Hoke.
A MESSAGE FROM THE ASSISTANT EXECUTIVE DIRECTOR:

As the Authority’s chief financial officer, I am pleased to share the Authority’s financial position with you. This annual report contains a complete summary of the audited statements for 2017 and 2018. The Authority’s conservative fiscal practices have ensured that funds will be available to provide for future expenses such as the RRC site improvement project, future facility upgrades, and regulatory impacts, to name a few. The Authority is self-sufficient and relies on revenue generated by the operation of the YCRRC and the sale of electricity to support its operations.

REPORT OF MANAGEMENT

The management of York County Solid Waste and Refuse Authority (“Authority”) is responsible for the integrity and objectivity of the financial and operating information presented in this Annual Report covered by the Report of Independent Certified Public Accountants.

The Authority maintains an effective internal control structure, which consists, in part, of organizational arrangements with clearly defined lines of responsibility and delegation of authority. We believe the internal control structure of the Authority provides reasonable assurance that transactions are recorded and executed in accordance with management authorization; that assets are properly safeguarded and accounted for and that financial records are maintained so as to permit the preparation of financial statements in accordance with generally accepted accounting principles.

The Authority, through its Audit Committee, reviews the annual audit results. The Audit Committee meets with management and the independent auditors to review the scope and results of their examinations.

Reinsel Kuntz Lesher, LLP, an independent Certified Public Accounting firm, is retained to audit the Authority’s financial statements. Their accompanying report is based on an audit conducted in accordance with generally accepted auditing standards, including an evaluation of the internal control structure and tests of accounting procedures and records.
York County Solid Waste and Refuse Authority

Financial Statements and Supplementary Information

December 31, 2018 and 2017
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December 31, 2018 and 2017

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<td>35</td>
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<td>Other Income</td>
<td>36</td>
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Independent Auditor’s Report

To the Board of Directors
York County Solid Waste and Refuse Authority
York, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of York County Solid Waste and Refuse Authority (Authority), as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Authority’s basic financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of York County Solid Waste and Refuse Authority as of December 31, 2018 and 2017, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

March 22, 2019
York, Pennsylvania
Management’s Discussion and Analysis

This section of the Authority’s annual financial report presents our analysis of the Authority’s financial performance during the years ended on December 31, 2018 and 2017. Please read it in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Authority’s net position decreased by $1.3 million or a 0.7 percent change.
- During the year, the Authority’s revenue from waste disposal fees increased by $1.5 million, or 6.2 percent, while electric sales decreased by $0.8 million, or 8.5 percent.
- During the year, the Authority’s operating expenses increased by $2.6 million, or 8.0 percent, primarily as the result of an increase in operation and maintenance costs.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all of the Authority’s assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the Authority. All of the current year’s revenue and expenses are accounted for in the statement of revenue, expenses, and changes in net position. This statement measures the success of the Authority’s operations over the past years and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges. It also establishes the Authority’s credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Authority’s cash receipts and cash payments during the reporting period. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE AUTHORITY

Our analysis of the Authority begins on the following pages. The statement of net position and the statement of revenue, expenses, and changes in net position report the net position of the Authority and changes in them. You can think of the Authority’s net position, the difference between assets and liabilities, as one way to measure financial health or financial position. Over time, increases or decreases in the Authority’s net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, long-term contracts, population growth, and new or changed government legislation.
NET POSITION

To begin our analysis, a summary of the Authority’s statement of net position is presented in Table A-1:

<table>
<thead>
<tr>
<th>Table A-1</th>
<th>Condensed Statement of Net Position (In Millions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$ 73.2</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>98.1</td>
</tr>
<tr>
<td>Other Assets</td>
<td>14.6</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>185.9</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>4.6</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>3.0</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>7.6</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$ 178.3</td>
</tr>
</tbody>
</table>

As can be seen from the table above, current assets decreased by $27.8 million from 2017 to 2018 primarily as a result of large investments in capital assets, which increased by $23.5 million. Net position decreased $1.3 million to $178.3 million in 2018, down from $179.6 million in 2017. This was primarily due to an extended generator maintenance outage, which resulted in a decrease in electric sales as well as increased operating expenses.

<table>
<thead>
<tr>
<th>Table A-2</th>
<th>Condensed Statement of Net Position (In Millions of Dollars)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$ 101.0</td>
</tr>
<tr>
<td>Capital Assets, Net</td>
<td>74.6</td>
</tr>
<tr>
<td>Other Assets</td>
<td>14.4</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>190.0</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>5.9</td>
</tr>
<tr>
<td>Long-Term Debt</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>10.4</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>$ 179.6</td>
</tr>
</tbody>
</table>

As can be seen from the table above, current assets decreased by $11.3 million from 2016 to 2017 primarily as a result of large investments in capital assets, which increased by $21.0 million. Net position increased $2.0 million to $179.6 million in 2017, up from 177.6 million in 2016. This was due to favorable results of operations and was earmarked for anticipated future projects of the Authority.
### TABLE A-3
Condensed Statement of Revenue, Expenses, and Changes in Net Position (In Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Dollar Change</th>
<th>Annual Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Disposal Fees</td>
<td>$25.8</td>
<td>$24.3</td>
<td>$1.5</td>
<td>6.2 %</td>
</tr>
<tr>
<td>Electric Sales</td>
<td>8.6</td>
<td>9.4</td>
<td>(0.8)</td>
<td>(8.5)</td>
</tr>
<tr>
<td>Other Income</td>
<td>1.5</td>
<td>1.7</td>
<td>(0.2)</td>
<td>(11.8)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>35.9</td>
<td>35.4</td>
<td>0.5</td>
<td>1.4</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>35.1</td>
<td>32.5</td>
<td>2.6</td>
<td>8.0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>1.9</td>
<td>0.7</td>
<td>1.2</td>
<td>171.4</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>37.2</td>
<td>33.4</td>
<td>3.8</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Changes in Net Position</strong></td>
<td>(1.3)</td>
<td>2.0</td>
<td>(3.3)</td>
<td>(165.0)</td>
</tr>
</tbody>
</table>

While the statement of net position shows the Authority’s changes in financial position, the statement of revenue, expenses, and changes in net position provides answers as to the nature and source of these changes. As seen in Table A-3, waste disposal fees increased by $1.5 million to $25.8 million in 2018, up from $24.3 million in 2017. This was the result of increased York County tons. Tonnage processed decreased from 445,764 tons in 2017 to 443,339 tons in 2018 mostly as a result of decreased throughput at the Resource Recovery Center (RRC). Electric sales decreased by $0.8 million to $8.6 million in 2018, down from $9.4 million in 2017. This is attributable to the extended generator maintenance outage. Operating expenses increased in 2018 primarily due to an increase in operation and maintenance costs.
## TABLE A-4
Condensed Statement of Revenue, Expenses, and Changes in Net Position
(In Millions of Dollars)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Dollar Change</th>
<th>Annual Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Disposal Fees</td>
<td>$24.3</td>
<td>$22.7</td>
<td>$1.6</td>
<td>7.0 %</td>
</tr>
<tr>
<td>Electric Sales</td>
<td>9.4</td>
<td>18.3</td>
<td>(8.9)</td>
<td>(48.6)</td>
</tr>
<tr>
<td>Other Income</td>
<td>1.7</td>
<td>1.9</td>
<td>(0.2)</td>
<td>(10.5)</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>35.4</td>
<td>42.9</td>
<td>(7.5)</td>
<td>(17.5)</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>32.5</td>
<td>31.7</td>
<td>0.8</td>
<td>2.5</td>
</tr>
<tr>
<td>Depreciation</td>
<td>0.7</td>
<td>0.7</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>0.2</td>
<td>0.2</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>33.4</td>
<td>32.6</td>
<td>0.8</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Changes in Net Position</strong></td>
<td>$2.0</td>
<td>$10.3</td>
<td>$(8.3)</td>
<td>(80.6) %</td>
</tr>
</tbody>
</table>

As seen in Table A-4, waste disposal fees increased by $1.6 million to $24.3 million in 2017, up from $22.7 million in 2016. Tonnage processed increased from 431,412 tons in 2016 to 445,764 tons in 2017 mostly as a result of increased throughput at the Resource Recovery Center (RRC). Electric sales decreased by $8.9 million to $9.4 million in 2017, down from $18.3 million in 2016. This is attributable to the expiration of the power purchase agreement with Met-Ed on December 31, 2016. In 2017, energy was sold on the day ahead market through PJM Interconnection LLC. Operating expenses increased in 2017, primarily due to an increase in operation and maintenance costs.

### CAPITAL ASSETS

At the end of 2018 and 2017, the Authority had invested $228.7 and $208.5 million, respectively in a broad range of infrastructure including the Resource Recovery Center, Management Center, Yardwaste transfer site, Recyclable materials drop-off center, landfill liners and system improvements, truck storage building, vehicles and equipment. During the years 2018 and 2017, the Authority made capital improvements totaling $25.5 and $21.6 million, respectively, primarily in RRC site improvements. More information on the Authority’s capital assets is presented in Note 7 of the financial statements.
LONG-TERM DEBT

As of December 31, 2018, the Authority had $4.5 million in long- and short-term debt down from $5.9 million in 2017 for a decrease of $1.4 million or 23.7 percent, which was the amount of the 2018 principal payments on outstanding debt. The December 31, 2017 balance of $5.9 million was down from $7.3 million in 2016 for a decrease of $1.4 million, or 19.2%, which was the amount of the 2017 principal payments on outstanding debt. More detailed information about the Authority’s long-term liabilities is presented in Note 8 of the financial statements. No new long-term debt was incurred in the current year.

**TABLE A-5**

Debt Coverage Ratio  
(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
<th>Annual Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Disposal Fees</td>
<td>$ 25.8</td>
<td>$ 24.3</td>
<td>6.2 %</td>
</tr>
<tr>
<td>Electric Sales</td>
<td>8.6</td>
<td>9.4</td>
<td>(8.5)</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>34.4</td>
<td>33.7</td>
<td>2.1</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>35.1</td>
<td>32.5</td>
<td>8.0</td>
</tr>
<tr>
<td><strong>Operating Surplus (Deficit)</strong></td>
<td>(0.7)</td>
<td>1.2</td>
<td>(158.3)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(1.9)</td>
<td>(0.7)</td>
<td>(171.4)</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>0.0</td>
</tr>
<tr>
<td>Other Income, Net</td>
<td>1.5</td>
<td>1.7</td>
<td>(11.8)</td>
</tr>
<tr>
<td><strong>Net Surplus (Deficit)</strong></td>
<td>$ (1.3)</td>
<td>$ 2.0</td>
<td>(165.0)</td>
</tr>
<tr>
<td><strong>Cash Flow Available for Debt Service (1)</strong></td>
<td>$ 0.8</td>
<td>$ 2.9</td>
<td>(72.4)</td>
</tr>
<tr>
<td><strong>Annual Debt Service</strong></td>
<td>$ 1.6</td>
<td>$ 1.6</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Debt Service Coverage Ratio (2)</strong></td>
<td>0.5</td>
<td>1.8</td>
<td>(72.2)</td>
</tr>
</tbody>
</table>

(1) Cash Flow Available for Debt Service = Current Period Surplus + Interest + Depreciation  
(2) Debt Service Coverage Ratio = Cash Flow Available for Debt Service / Annual Debt Service
### TABLE A-6
**Debt Coverage Ratio**  
(In millions of dollars)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>Annual Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waste Disposal Fees</td>
<td>$24.3</td>
<td>$22.7</td>
<td>7.0 %</td>
</tr>
<tr>
<td>Electric Sales</td>
<td>$9.4</td>
<td>$18.3</td>
<td>(48.6)</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>$33.7</td>
<td>$41.0</td>
<td>(17.8)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$32.5</td>
<td>$31.7</td>
<td>2.5</td>
</tr>
<tr>
<td><strong>Operating Surplus (Deficit)</strong></td>
<td>$1.2</td>
<td>$9.3</td>
<td>(87.1)</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(0.7)</td>
<td>(0.7)</td>
<td>0.0</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>0.0</td>
</tr>
<tr>
<td>Other Income, Net</td>
<td>1.7</td>
<td>1.9</td>
<td>(10.5)</td>
</tr>
<tr>
<td><strong>Net Surplus (Deficit)</strong></td>
<td>$2.0</td>
<td>$10.3</td>
<td>(80.6)</td>
</tr>
<tr>
<td><strong>Cash Flow Available for Debt Service (1)</strong></td>
<td>$2.9</td>
<td>$11.2</td>
<td>(74.1)</td>
</tr>
<tr>
<td><strong>Annual Debt Service</strong></td>
<td>$1.6</td>
<td>$1.6</td>
<td>0.0</td>
</tr>
<tr>
<td><strong>Debt Service Coverage Ratio (2)</strong></td>
<td>1.8</td>
<td>7.0</td>
<td>(74.3)</td>
</tr>
</tbody>
</table>

(1) Cash Flow Available for Debt Service = Current Period Surplus + Interest + Depreciation  
(2) Debt Service Coverage Ratio = Cash Flow Available for Debt Service / Annual Debt Service
ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

The Authority and management considered many factors when setting the fiscal year 2019 budget and tip fees. The 2019 budget was prepared with sensitivity to the economy, and in comparison with other resource recovery centers in the region. It recognizes the Authority's basic premise of developing the York County Resource Recovery Center to provide a solid waste management program that is safe, efficient and economical, which is affirmed by the Solid Waste Management Plan. The budget is based on processing 410,000 tons as set forth in the Service Agreement with Covanta York Renewable Energy, LLC (Covanta). The 2019 budget established the 2019 York County tipping fee at $62 per ton.

CONTACTING THE AUTHORITY’S ASSISTANT EXECUTIVE DIRECTOR

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Authority’s finances and to demonstrate the Authority’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority’s Assistant Executive Director, 2700 Blackbridge Road, York, PA 17406.

Edward N. Heindel  
Chairman

David E. Vollero  
Executive Director

Jerry C. Grim  
Assistant Executive Director
## York County Solid Waste and Refuse Authority

**Statement of Net Position**

<table>
<thead>
<tr>
<th>Assets</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$13,214,160</td>
<td>$26,971,083</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>2,244,349</td>
<td>2,298,008</td>
</tr>
<tr>
<td>Capital project escrow funds</td>
<td>-</td>
<td>11,556,266</td>
</tr>
<tr>
<td>General reserve escrow funds</td>
<td>53,295,379</td>
<td>55,761,654</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>3,928,935</td>
<td>3,833,868</td>
</tr>
<tr>
<td>Accrued interest receivable</td>
<td>239,544</td>
<td>266,140</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>289,372</td>
<td>277,868</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>73,211,739</td>
<td>100,964,887</td>
</tr>
<tr>
<td><strong>Capital Assets, Net</strong></td>
<td>98,137,862</td>
<td>74,560,666</td>
</tr>
<tr>
<td><strong>Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Closure funds</td>
<td>7,317,561</td>
<td>7,232,393</td>
</tr>
<tr>
<td>Self-insurance trust fund</td>
<td>2,989,458</td>
<td>2,968,536</td>
</tr>
<tr>
<td>Repair and replacement reserve fund</td>
<td>2,043,208</td>
<td>2,006,036</td>
</tr>
<tr>
<td>Manchester Township escrow fund</td>
<td>1,358,742</td>
<td>1,340,448</td>
</tr>
<tr>
<td>Landfill trust fund</td>
<td>879,743</td>
<td>875,368</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td>14,588,712</td>
<td>14,422,781</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$185,938,313</td>
<td>$189,948,334</td>
</tr>
</tbody>
</table>

See accompanying notes.
# York County Solid Waste and Refuse Authority

Statement of Net Position (continued)

<table>
<thead>
<tr>
<th>Liabilities and Net Position</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current maturities of long-term debt</td>
<td>$1,464,000</td>
<td>$1,425,000</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>2,828,862</td>
<td>4,205,182</td>
</tr>
<tr>
<td>Accrued payroll and vacation</td>
<td>246,471</td>
<td>228,565</td>
</tr>
<tr>
<td>Payroll taxes withheld and accrued</td>
<td>3,596</td>
<td>2,903</td>
</tr>
<tr>
<td>Accrued interest payable</td>
<td>10,302</td>
<td>13,556</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>4,553,231</td>
<td>5,875,206</td>
</tr>
<tr>
<td><strong>Long-Term Debt</strong></td>
<td>3,048,000</td>
<td>4,512,000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>7,601,231</td>
<td>10,387,206</td>
</tr>
<tr>
<td><strong>Net Position</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment in capital assets</td>
<td>92,842,050</td>
<td>66,100,895</td>
</tr>
<tr>
<td>Restricted for landfill trust fund</td>
<td>879,743</td>
<td>875,368</td>
</tr>
<tr>
<td>Restricted for closure funds</td>
<td>7,317,561</td>
<td>7,232,393</td>
</tr>
<tr>
<td>Restricted for self-insurance trust fund</td>
<td>2,989,458</td>
<td>2,968,536</td>
</tr>
<tr>
<td>Restricted for repairs and replacement reserve</td>
<td>2,043,208</td>
<td>2,006,036</td>
</tr>
<tr>
<td>Restricted for Manchester Township escrow funds</td>
<td>1,358,742</td>
<td>1,340,448</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>70,906,320</td>
<td>99,037,452</td>
</tr>
<tr>
<td><strong>Total Net Position</strong></td>
<td>178,337,082</td>
<td>179,561,128</td>
</tr>
<tr>
<td><strong>Total Liabilities and Net Position</strong></td>
<td>$185,938,313</td>
<td>$189,948,334</td>
</tr>
</tbody>
</table>

See accompanying notes.
<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Waste disposal fees</td>
<td>$25,833,095</td>
<td>$24,322,553</td>
</tr>
<tr>
<td>Electric sales</td>
<td>8,539,726</td>
<td>9,352,737</td>
</tr>
<tr>
<td><strong>Total Operating Revenue</strong></td>
<td>34,372,821</td>
<td>33,675,290</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td>35,060,789</td>
<td>32,487,021</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>before Depreciation</td>
<td>(687,968)</td>
<td>1,188,269</td>
</tr>
<tr>
<td><strong>Depreciation</strong></td>
<td>1,854,495</td>
<td>676,532</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>(2,542,463)</td>
<td>511,737</td>
</tr>
<tr>
<td><strong>Other Income (Expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other income</td>
<td>1,477,837</td>
<td>1,641,345</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(159,420)</td>
<td>(197,511)</td>
</tr>
<tr>
<td><strong>Total Other Income, Net</strong></td>
<td>1,318,417</td>
<td>1,443,834</td>
</tr>
<tr>
<td><strong>Changes in Net Position</strong></td>
<td>(1,224,046)</td>
<td>1,955,571</td>
</tr>
<tr>
<td><strong>Net Position at Beginning of Year</strong></td>
<td>179,561,128</td>
<td>177,605,557</td>
</tr>
<tr>
<td><strong>Net Position at End of Year</strong></td>
<td>$178,337,082</td>
<td>$179,561,128</td>
</tr>
</tbody>
</table>
York County Solid Waste and Refuse Authority

Statement of Cash Flows

<table>
<thead>
<tr>
<th>Years Ended December 31,</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Flows from Operating Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash received from grants and customers</td>
<td>$34,459,988</td>
<td>$34,404,584</td>
</tr>
<tr>
<td>Cash paid to suppliers, employees, and trust funds</td>
<td>($34,691,055)</td>
<td>($32,321,121)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Operating Activities</strong></td>
<td>($231,067)</td>
<td>2,083,463</td>
</tr>
<tr>
<td>Cash Flows from Investing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(4,798,232)</td>
<td>(4,152,442)</td>
</tr>
<tr>
<td>Proceeds from sale of investments</td>
<td>18,194,099</td>
<td>14,261,157</td>
</tr>
<tr>
<td>Repayment of note receivable</td>
<td>-</td>
<td>8,841,172</td>
</tr>
<tr>
<td>Investment income received</td>
<td>1,863,027</td>
<td>2,120,809</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Investing Activities</strong></td>
<td>15,258,894</td>
<td>21,070,696</td>
</tr>
<tr>
<td>Cash Flows from Capital and Related Financing Activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(27,198,300)</td>
<td>(20,793,459)</td>
</tr>
<tr>
<td>Proceeds from sale of capital assets</td>
<td>1,224</td>
<td>-</td>
</tr>
<tr>
<td>Principal repayments of long-term debt</td>
<td>(1,425,000)</td>
<td>(1,387,000)</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(162,674)</td>
<td>(200,678)</td>
</tr>
<tr>
<td><strong>Net Cash Used in Capital and Related Financing Activities</strong></td>
<td>(28,784,750)</td>
<td>(22,381,137)</td>
</tr>
<tr>
<td><strong>Net Increase (Decrease) in Cash and Cash Equivalents</strong></td>
<td>(13,756,923)</td>
<td>773,022</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at Beginning of Year</td>
<td>26,971,083</td>
<td>26,198,061</td>
</tr>
<tr>
<td>Cash and Cash Equivalents at End of Year</td>
<td>$13,214,160</td>
<td>$26,971,083</td>
</tr>
</tbody>
</table>

See accompanying notes.
York County Solid Waste and Refuse Authority  
Statement of Cash Flows (continued)

<table>
<thead>
<tr>
<th></th>
<th>Years Ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td>Cash Flows from Operating Activities</td>
<td></td>
</tr>
<tr>
<td>Operating income (loss)</td>
<td>$ (2,542,463)</td>
</tr>
<tr>
<td>Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>1,854,495</td>
</tr>
<tr>
<td>(Increase) decrease in assets</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(95,067)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(11,504)</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>362,639</td>
</tr>
<tr>
<td>Accrued payroll and vacation</td>
<td>17,906</td>
</tr>
<tr>
<td>Payroll taxes withheld and accrued</td>
<td>693</td>
</tr>
<tr>
<td>Other receipts</td>
<td>182,234</td>
</tr>
<tr>
<td><strong>Net Cash Provided by (Used in) Operating Activities</strong></td>
<td>$ (231,067)</td>
</tr>
</tbody>
</table>

Supplementary Schedule of Noncash Investing and Financing Activities

In 2018
Accounts payable includes $783,812 for capital expenditures.

In 2017
Accounts payable includes $2,522,771 for capital expenditures.
York County Solid Waste and Refuse Authority
Notes to Financial Statements
December 31, 2018 and 2017

Note 1 - Nature of Operations

The York County Solid Waste and Refuse Authority (Authority) was created in 1971 under the Municipal Authorities Act and is responsible for facilitating the responsible management of York County’s municipal solid waste. This mission is achieved through the use of an integrated system of waste management that incorporates waste reduction, reuse, recycling, educational outreach, and waste-to-energy technology. This integrated system is implemented through the use of a county-wide 25-year waste management plan.

The Authority facilities include the York County Resource Recovery Center (RRC), the Yard Waste Transfer Facility, a Public Recycling Drop-off Center, a Public Education Center, and the now closed York County Sanitary Landfill, which hosts a community recreation complex and wildlife habitat on 200-plus acres of its 308 acre site.

County-wide programs include efforts such as education and outreach programs conducted on- and off-site, electronics recycling, household hazardous waste collection, and Christmas tree recycling.

The Authority operates separately from the County of York as an independent, self-funded entity. The Authority’s operations and programs are supported by its two revenue streams, which include the “tip fee” (cost for disposal of waste) at the RRC and the sale of electricity (considered a source of “tier two alternative energy in PA”) derived from processing the waste at the RRC.

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

Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. Based on the above criteria, the Authority has determined there are no agencies or entities which should be presented with the Authority as component units.

The Authority is a component unit of the County of York, Pennsylvania.
Note 2 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus, the accrual basis of accounting and utilize the proprietary fund type. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Operating revenues and expenses are distinguished from nonoperating items in the statement of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for waste disposal services and electricity sales. Operating expenses include the cost of providing services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal nonoperating revenues of the Authority are investment and other income. The principal nonoperating expense of the Authority is interest expense.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Authority considers all cash accounts that are not subject to withdrawal restrictions, penalties, or otherwise restricted, and all highly-liquid debt investments purchased with a maturity of three months or less, to be cash and cash equivalents, except as included with restricted investment funds.

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, 2018 and 2017, the allowance for uncollectible accounts was $-0-.
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 investment:

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.

**Capital Assets**

Capital assets are stated at cost and are depreciated on the straight-line method over the estimated average useful lives of the assets as follows: buildings and improvements, five to twenty-five years; heavy equipment, five years; miscellaneous equipment, five years; office furniture and equipment, five years; and landfill liners and system improvements, five to twenty-five years.

Maintenance, repairs, and minor renewals which do not significantly improve or extend the lives of the respective assets are charged against operations when incurred.

Additions, improvements, and major renewals are capitalized.
Note 2 - Summary of Significant Accounting Policies (continued)

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, 2018 and 2017.

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.

Recent Accounting Pronouncements

In March 2018, the Governmental Accounting Standards Board (GASB) issued Statement No 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements. The primary objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The requirements of this statement are effective for reporting periods beginning after June 15, 2018.
Recent Accounting Pronouncements (continued)

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 is effective for periods beginning after December 15, 2019. The requirements of this statement should be applied prospectively.

The Authority is currently evaluating what effect the adoption of these GASB statements will have on its 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 Measurement

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 measurement). 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 table below on a recurring basis:

- Cash and money market funds - the carrying amount approximates fair value because of the short-term nature of these investments.
- Certificates of deposit, discount commercial paper, and debt securities - fair value was based on quoted market prices for the identical securities.
Note 4 - Fair Value Measurement (continued)

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.

The following tables present the balances of fair value measurements on a recurring basis by level within the hierarchy as of December 31:

<table>
<thead>
<tr>
<th>Investments Measured at Fair Value</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 439,373</td>
</tr>
<tr>
<td>Money market funds</td>
<td>4,160,023</td>
</tr>
<tr>
<td><strong>Certificates of Deposit</strong></td>
<td>2,896,827</td>
</tr>
<tr>
<td><strong>Debt Securities</strong></td>
<td></td>
</tr>
<tr>
<td>U.S. Government Agencies</td>
<td>25,163,175</td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>21,444,929</td>
</tr>
<tr>
<td>Corporate and foreign bonds</td>
<td>10,541,220</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>5,482,893</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Quoted Prices in Active Markets for Identical Assets (Level 1)</th>
<th>Significant Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 439,373</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>Money market funds</td>
<td>4,160,023</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td><strong>Certificates of Deposit</strong></td>
<td>2,896,827</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td><strong>Debt Securities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Government Agencies</td>
<td>25,163,175</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>21,444,929</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>Corporate and foreign bonds</td>
<td>10,541,220</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>5,482,893</td>
<td>$ -</td>
<td>-</td>
</tr>
</tbody>
</table>

| **Total**                                                     | $ 70,128,440                             | $ -                                     | $ -   | $ 70,128,440 |
Note 4 - Fair Value Measurement (continued)

<table>
<thead>
<tr>
<th>Investments Measured at Fair Value</th>
<th>2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$ 436,000</td>
<td>$ -</td>
</tr>
<tr>
<td>Money market funds</td>
<td>2,866,806</td>
<td>$ -</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>1,979,838</td>
<td>$ -</td>
</tr>
<tr>
<td>Discount Commercial Paper</td>
<td>3,791,636</td>
<td>$ -</td>
</tr>
<tr>
<td>Debt Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>27,905,936</td>
<td>$ -</td>
</tr>
<tr>
<td>Corporate and foreign bonds</td>
<td>9,089,521</td>
<td>$ -</td>
</tr>
<tr>
<td>Mutual funds</td>
<td>5,590,798</td>
<td>$ -</td>
</tr>
<tr>
<td>Total</td>
<td>$ 84,038,709</td>
<td>$ -</td>
</tr>
</tbody>
</table>

Note 5 - Deposits and Investments

All deposits and investments are carried at fair value, which are separated and detailed in this note 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.
Note 5 - Deposits and Investments (continued)

Cash and Short-Term Investments

As of December 31, 2018 and 2017, the carrying values of the Authority’s cash deposits amounted to $13,214,160 and $26,971,083, respectively, and the bank balances amounted to $13,422,622 and $27,017,663, respectively. Of the bank balances, up to $250,000 of deposit accounts are covered by the Federal Deposit Insurance Corporation (FDIC) in the Authority’s name as of December 31, 2018 and 2017. Bank balances are categorized as follows as of December 31:

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Collateralized with securities held by the pledging financial institution’s trust department held in the Authority’s name</td>
<td>$ 7,478,783</td>
</tr>
<tr>
<td>Unsecured</td>
<td>5,693,839</td>
</tr>
<tr>
<td>Amount insured by federal depository insurance, including fully insured, non-interest bearing accounts</td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 13,422,622</strong></td>
</tr>
</tbody>
</table>

Bank balances are collateralized under Pennsylvania Act 72. Pennsylvania Act 72 allows for bank-owned securities to be pledged on a pooled basis to collateralize public funds. Unsecured amounts include funds held in Pennsylvania Local Government Investment Trust account (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 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.

Short-term investments consist of the following as of December 31:

<table>
<thead>
<tr>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Securities held by the pledging financial institution’s trust department but in the Authority’s name - mutual funds</td>
<td>$ 2,244,349</td>
</tr>
</tbody>
</table>

Capital Project Escrow Funds

The Authority established capital project escrow funds, which will be used to pay for capital costs, including site improvement projects and plant life extension projects. Per the escrow agreement, the Authority can transfer funds to the general reserve escrow funds or the general checking fund. All monies are held by Wilmington Trust Investment Group, as Escrow Agent, in the Authority’s name.
Note 5 - Deposits and Investments (continued)

Capital Project Escrow Funds (continued)

Capital Project Escrow Funds consist of the following as of December 31:

<table>
<thead>
<tr>
<th>At Fair Value</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$5,644,683</td>
<td>$8,591,035</td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>-</td>
<td>7,947,443</td>
</tr>
<tr>
<td>Discount commercial paper</td>
<td>-</td>
<td>1,608,993</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>-</td>
<td>1,000,000</td>
</tr>
<tr>
<td>U.S. Government Agencies</td>
<td>-</td>
<td>999,830</td>
</tr>
<tr>
<td></td>
<td><strong>5,644,683</strong></td>
<td><strong>20,147,301</strong></td>
</tr>
<tr>
<td>Less: Amount included with cash and cash equivalents on the statement of net position</td>
<td>(5,644,683)</td>
<td>(8,591,035)</td>
</tr>
<tr>
<td></td>
<td><strong>$ -</strong></td>
<td><strong>$ 11,556,266</strong></td>
</tr>
</tbody>
</table>

General Reserve Escrow Funds

The Authority established general reserve escrow funds, which will be used to pay operating expenses, debt service, or to finance capital projects. Per the escrow agreement, the Authority can transfer funds to the capital project escrow funds or the general fund. All monies are held by Wilmington Trust Investment Group, as Escrow Agent, in the Authority’s name.

General Reserve Escrow Funds consist of the following as of December 31:

<table>
<thead>
<tr>
<th>At Fair Value</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Government Agencies</td>
<td>$24,527,065</td>
<td>$28,792,098</td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>17,227,264</td>
<td>15,697,392</td>
</tr>
<tr>
<td>Corporate and foreign bonds</td>
<td>10,541,220</td>
<td>9,089,521</td>
</tr>
<tr>
<td>Money market funds</td>
<td>2,191,437</td>
<td>2,234,012</td>
</tr>
<tr>
<td>Certificate of deposit</td>
<td>999,830</td>
<td>-</td>
</tr>
<tr>
<td>Discount commercial paper</td>
<td>-</td>
<td>2,182,643</td>
</tr>
<tr>
<td></td>
<td><strong>55,486,816</strong></td>
<td><strong>57,995,666</strong></td>
</tr>
<tr>
<td>Less: Amount included with cash and cash equivalents on the statement of net position</td>
<td>(2,191,437)</td>
<td>(2,234,012)</td>
</tr>
<tr>
<td></td>
<td><strong>$ 53,295,379</strong></td>
<td><strong>$ 55,761,654</strong></td>
</tr>
</tbody>
</table>
Note 5 - Deposits and Investments (continued)

Closure Funds

Section 1109 Trust Fund

Under Section 1109 of Act 101, any municipal authority operating a landfill solely for municipal waste not classified as hazardous is required to establish an interest bearing trust account with an accredited financial institution. This trust money may be used only for completing the final closure and post closure care of the landfill. No withdrawals may be made from the trust until closure of the landfill. Any money remaining in the trust to certification of final closure of the landfill will be returned to the Authority. All monies are held by Fulton Financial Advisors, as Trustee, in the Authority’s name.

Collateral Bond

Under Act 97, any permittee/operator of a waste management facility is required to establish a collateral bond pledged to the Pennsylvania Department of Environmental Protection. This money is available for use for closure of the RRC and to prevent and correct potential adverse environmental effects from the operation of the RRC. Liability under this bond shall continue through the duration of the processing and/or disposal of solid waste and for a period of ten years after final approved closure of the RRC. The collateral shall remain in effect until such time as the Pennsylvania Department of Environmental Protection shall, in writing, release such liability and obligations. The collateral bond is held by the Pennsylvania Department of Environmental Protection in the name of the Authority.

Closure funds consist of the following as of December 31:

<table>
<thead>
<tr>
<th>At Fair Value</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1109 Trust Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>U.S. Treasury obligations</td>
<td>$4,217,665</td>
<td>$4,261,101</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>1,896,997</td>
<td>979,838</td>
</tr>
<tr>
<td>Money market funds</td>
<td>130,789</td>
<td>917,082</td>
</tr>
<tr>
<td>U.S. Government Agencies</td>
<td>636,110</td>
<td>638,372</td>
</tr>
<tr>
<td>Collateral Bond</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>436,000</td>
<td>436,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,317,561</strong></td>
<td><strong>$7,232,393</strong></td>
</tr>
</tbody>
</table>
Note 5 - Deposits and Investments (continued)

Self-Insurance Trust Fund

Section 1107 of Act 101 requires municipal authorities to provide financial assurances for satisfying claims of bodily injury and property damage resulting from pollution occurrences arising from the operation of a landfill or resource recovery facility. Municipal authorities may self-insure against such claims. The Authority established a self-insurance fund in 1992 for the purpose of paying claims to third parties. The establishment of the self-insurance fund and procedures thereunder are in accordance with regulations by the Pennsylvania Department of Environmental Protection, which require the fund to be maintained at a minimum of $2,000,000. All funds are held by Wilmington Trust Investment Group, as Trustee, in the Authority's name.

Self-insurance trust fund consists of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Fair Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>$2,437,361</td>
<td>$2,495,804</td>
</tr>
<tr>
<td>Money market funds</td>
<td>548,724</td>
<td>472,732</td>
</tr>
<tr>
<td>Cash</td>
<td>3,373</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,989,458</td>
<td>$2,968,536</td>
</tr>
</tbody>
</table>

Repair and Replacement Reserve Fund

The service agreement with Covanta required the Authority to establish a repair and replacement reserve fund in the amount of $2,000,000 to pay the cost of non-routine repair and replacement of critical equipment at the RRC. Covanta may submit an invoice for such costs provided that payment has been agreed to in a written Change Order and costs are for the purchase and supply of equipment and/or integral components. The Authority shall not be required to replenish the reserve fund after disbursement of funds hereunder. All monies are held by Wilmington Trust Investment Group, as Escrow Agent, in the Authority's name.

Repair and Replacement Reserve Fund consists of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Fair Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market funds</td>
<td>$2,043,208</td>
<td>$58,162</td>
</tr>
<tr>
<td>U.S. Government Agencies</td>
<td>-</td>
<td>1,947,874</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$2,043,208</td>
<td>$2,006,036</td>
</tr>
</tbody>
</table>
Note 5 - Deposits and Investments (continued)

Manchester Township Escrow Fund

Manchester Township required security to be posted in order for the Authority to receive approval for land development plan 2013-05 for the RRC site improvement project. The escrow fund required an amount equal to $1,019,700 per the Township engineer. In the event the Authority fails to perform the public improvements as provided for in the final land development plan, the cost of the improvements will be paid to Manchester Township from the escrow fund. Any money remaining in the escrow fund after completion of the RRC site improvement project will be returned to the Authority. All monies are held by Wilmington Trust Investment Group, as Escrow Agent, in the Authority’s name.

Manchester Township Escrow Fund consists of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Fair Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Money market funds</td>
<td>$ 1,358,742</td>
<td>$ 1,340,448</td>
</tr>
</tbody>
</table>

Landfill Trust Fund

In accordance with an agreement dated December 9, 1985, between Stewartstown Borough (Borough) and Stewartstown Borough Authority, and the Authority, the Borough will accept pretreated leachate from the Authority’s landfill in Hopewell Township for treatment at the Borough’s sewage treatment plant. In order to ensure continued operation of pretreatment facilities satisfactory to the Borough in the event the Authority ceases to exist, the Authority has established a Trust Fund in the amount of $100,000 and $0.50 per ton for each ton of refuse deposited at the landfill. The Authority ceased utilizing the landfill for trash disposal as of December 31, 1997. The funds are restricted for use by the Borough in the event the Authority fails to meet its obligations to the Borough as set forth in the Agreement. The Trust Fund shall continue until the Pennsylvania Department of Environmental Protection and the engineer for Stewartstown Borough determine that further collection and treatment of leachate is unnecessary, or until the Authority purchases an insurance policy in terms, conditions, and amounts acceptable to and for the benefit of the Borough. At that time, the Trust Fund may be terminated and the monies returned to the Authority. All monies are held by Wilmington Trust Investment Group, as Trustee.

The Landfill Trust Fund consists of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>At Fair Value</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stewartstown Borough Trust Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mutual funds</td>
<td>$ 801,183</td>
<td>$ 796,986</td>
</tr>
<tr>
<td>Money market funds</td>
<td>$ 78,560</td>
<td>$ 78,382</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$ 879,743</td>
<td>$ 875,368</td>
</tr>
</tbody>
</table>
## Note 5 - Deposits and Investments (continued)

### Interest Rate Risk

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

<table>
<thead>
<tr>
<th></th>
<th>Cash and Cash Equivalents</th>
<th>Certificates of Deposit</th>
<th>Debt Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Cash Equivalents</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wilmington U.S. Government Money Market Fund</td>
<td>$627,285</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Federated Treasury Obligations Fund</td>
<td>3,401,950</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GS Financial Sq Treas Oblig MMF #469</td>
<td>130,789</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash - Collateral Bond</td>
<td>436,000</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Cash</td>
<td>3,373</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>2,896,827</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFCB Debt</td>
<td>-</td>
<td>636,110</td>
<td>-</td>
</tr>
<tr>
<td>United States Treasury Note</td>
<td>-</td>
<td>13,928,499</td>
<td>3,298,765</td>
</tr>
<tr>
<td>African Development Bank Med Term Note</td>
<td>-</td>
<td>3,159,420</td>
<td>-</td>
</tr>
<tr>
<td>Asian Development Bank Med Term Note</td>
<td>-</td>
<td>5,230,959</td>
<td>-</td>
</tr>
<tr>
<td>Inter-American Development Bank Med Term Note</td>
<td>-</td>
<td>2,150,841</td>
<td>-</td>
</tr>
<tr>
<td>FHLMC</td>
<td>-</td>
<td>2,021,012</td>
<td>2,170,127</td>
</tr>
<tr>
<td>FHLMC - Gold Pool</td>
<td>-</td>
<td>-</td>
<td>2,354,153</td>
</tr>
<tr>
<td>FHLB</td>
<td>2,469,775</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FNMA</td>
<td>593,604</td>
<td>2,418,357</td>
<td>5,620,981</td>
</tr>
<tr>
<td>FNMA Pool</td>
<td>-</td>
<td>-</td>
<td>1,669,367</td>
</tr>
<tr>
<td>GNMA II Pool</td>
<td>-</td>
<td>-</td>
<td>2,758,210</td>
</tr>
<tr>
<td>GNMA Pool</td>
<td>-</td>
<td>-</td>
<td>1,582,599</td>
</tr>
<tr>
<td>GNMA CMO Ser 2017-149</td>
<td>-</td>
<td>-</td>
<td>500,039</td>
</tr>
<tr>
<td>Tennessee Valley Authority</td>
<td>-</td>
<td>368,841</td>
<td>-</td>
</tr>
<tr>
<td>GS Short Dur Gov In (447)</td>
<td>4,217,665</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Blackrock PA Municipal Bond Fund</td>
<td>2,099,173</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ishares 3-7 year Treasury Bond ETF</td>
<td>-</td>
<td>1,541,780</td>
<td>-</td>
</tr>
<tr>
<td>Vanguard PA LT Tax Exempt Fund</td>
<td>-</td>
<td>1,841,940</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$16,876,441</td>
<td>$32,928,918</td>
<td>$11,458,714</td>
</tr>
</tbody>
</table>

### Fair Value of Investment Maturities (in Years)

<table>
<thead>
<tr>
<th></th>
<th>Less Than 1</th>
<th>1 to 5</th>
<th>6 to 10</th>
<th>More Than 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents</td>
<td>$627,285</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>2,896,827</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Debt Securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFCB Debt</td>
<td>-</td>
<td>636,110</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>United States Treasury Note</td>
<td>-</td>
<td>13,928,499</td>
<td>3,298,765</td>
<td>-</td>
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<td>African Development Bank Med Term Note</td>
<td>-</td>
<td>3,159,420</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Asian Development Bank Med Term Note</td>
<td>-</td>
<td>5,230,959</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Inter-American Development Bank Med Term Note</td>
<td>-</td>
<td>2,150,841</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FHLMC</td>
<td>-</td>
<td>2,021,012</td>
<td>2,170,127</td>
<td>-</td>
</tr>
<tr>
<td>FHLMC - Gold Pool</td>
<td>-</td>
<td>-</td>
<td>2,354,153</td>
<td>-</td>
</tr>
<tr>
<td>FHLB</td>
<td>2,469,775</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>FNMA</td>
<td>593,604</td>
<td>2,418,357</td>
<td>5,620,981</td>
<td>-</td>
</tr>
<tr>
<td>FNMA Pool</td>
<td>-</td>
<td>-</td>
<td>1,669,367</td>
<td>-</td>
</tr>
<tr>
<td>GNMA II Pool</td>
<td>-</td>
<td>-</td>
<td>2,758,210</td>
<td>-</td>
</tr>
<tr>
<td>GNMA Pool</td>
<td>-</td>
<td>-</td>
<td>1,582,599</td>
<td>-</td>
</tr>
<tr>
<td>GNMA CMO Ser 2017-149</td>
<td>-</td>
<td>-</td>
<td>500,039</td>
<td>-</td>
</tr>
<tr>
<td>Tennessee Valley Authority</td>
<td>-</td>
<td>368,841</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GS Short Dur Gov In (447)</td>
<td>4,217,665</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Blackrock PA Municipal Bond Fund</td>
<td>2,099,173</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Ishares 3-7 year Treasury Bond ETF</td>
<td>-</td>
<td>1,541,780</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Vanguard PA LT Tax Exempt Fund</td>
<td>-</td>
<td>1,841,940</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>$16,876,441</td>
<td>$32,928,918</td>
<td>$11,458,714</td>
<td>$8,864,368</td>
</tr>
</tbody>
</table>
Note 5 - Deposits and Investments (continued)

Interest Rate Risk (continued)

<table>
<thead>
<tr>
<th>Cash and Cash Equivalents</th>
<th>2017</th>
<th>Fair Value of Investment Maturities (in Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Less</td>
</tr>
<tr>
<td>Wilmington U.S. Government Money Market Fund</td>
<td>$551,113</td>
<td>$</td>
</tr>
<tr>
<td>Federated Treasury Obligations Fund</td>
<td>1,398,611</td>
<td>-</td>
</tr>
<tr>
<td>GS Financial Sq Treas Oblig MMF #469</td>
<td>917,082</td>
<td>-</td>
</tr>
<tr>
<td>Cash - Collateral Bond</td>
<td>436,000</td>
<td>-</td>
</tr>
<tr>
<td>Discount Commercial Paper</td>
<td>3,791,636</td>
<td>-</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>1,979,838</td>
<td>-</td>
</tr>
<tr>
<td>Debt Securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FFCB Debt</td>
<td>-</td>
<td>638,372</td>
</tr>
<tr>
<td>United States Treasury Note</td>
<td>7,947,443</td>
<td>8,550,069</td>
</tr>
<tr>
<td>African Development Bank Med Term Note</td>
<td>2,778,034</td>
<td>-</td>
</tr>
<tr>
<td>Asian Development Bank Med Term Note</td>
<td>4,148,403</td>
<td>-</td>
</tr>
<tr>
<td>Inter-American Development Bank Med Term Note</td>
<td>2,163,084</td>
<td>-</td>
</tr>
<tr>
<td>FHLMC</td>
<td>1,380,218</td>
<td>783,821</td>
</tr>
<tr>
<td>FHLB</td>
<td>3,497,105</td>
<td>5,216,172</td>
</tr>
<tr>
<td>FNMA</td>
<td>4,891,863</td>
<td>6,743,790</td>
</tr>
<tr>
<td>FNMA Pool</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GNMA II Pool</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GNMA Pool</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GNMA CMO Ser 2017-149</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>GS Short Dur Gov In (447)</td>
<td>4,261,101</td>
<td>-</td>
</tr>
<tr>
<td>Blackrock PA Municipal Bond Fund</td>
<td>2,156,338</td>
<td>-</td>
</tr>
<tr>
<td>Ishares 3-7 year Treasury Bond ETF</td>
<td>-</td>
<td>1,551,432</td>
</tr>
<tr>
<td>Vanguard PA LT Tax Exempt Fund</td>
<td>-</td>
<td>1,883,028</td>
</tr>
<tr>
<td></td>
<td>$26,936,267</td>
<td>$33,200,675</td>
</tr>
</tbody>
</table>

Credit Risk

As of December 31, 2018 and 2017, all of the Authority’s rated investments in debt securities were rated AAA by Moody’s and AAA or AA+ by Standard & Poor’s.
Note 5 - Deposits and Investments (continued)

Custodial Credit Risk

For deposits and short-term investments, custodial 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 securities that are in the possession of an outside party. As of December 31, 2018 and 2017, $15,416,971 and $29,065,671, respectively, of the Authority’s deposits and short-term investments were exposed to custodial credit risk.

Concentration of Credit Risk

The Authority places no limit on the amount that may be invested in any one issuer. As of December 31, 2018 and 2017, more than 5.00% of the Authority’s investments are in the following investments as of December 31:

<table>
<thead>
<tr>
<th>Investment</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States Treasury Notes</td>
<td>24.57%</td>
<td>28.14%</td>
</tr>
<tr>
<td>Federal National Mortgage Association</td>
<td>12.31%</td>
<td>13.85%</td>
</tr>
<tr>
<td>Asian Development Bank Med Term Note</td>
<td>7.46%</td>
<td>4.94%</td>
</tr>
<tr>
<td>Government National Mortgage Association Pool</td>
<td>6.19%</td>
<td>6.45%</td>
</tr>
<tr>
<td>GS Short Dur Gov In (447)</td>
<td>6.01%</td>
<td>5.07%</td>
</tr>
<tr>
<td>Federal Home Loan Mortgage Corp</td>
<td>5.98%</td>
<td>4.55%</td>
</tr>
<tr>
<td>Federal Home Loan Bank</td>
<td>3.52%</td>
<td>10.37%</td>
</tr>
</tbody>
</table>

Note 6 - Contract Receivable/Future Contract Income

On November 11, 1998, the Authority executed a Consent to Assignment and Termination and Release Agreement (Agreement) with Viacom, Inc. Under the terms of the Agreement, Viacom agreed to pay to the Authority a termination fee of $42,000,000 in exchange for a full release of all of its obligations under a 1991 agreement to operate the RRC. The Authority simultaneously executed a service agreement with Montenay York Resource Energy Systems, LLC, which was later purchased by Covanta Energy (CYRES), to operate the RRC. The Authority paid monthly service fees to CYRES, which in the aggregate amounted to $22,559,411 and $20,440,359 for the years ended December 31, 2018 and 2017, respectively.
Note 7 - Capital Assets

Capital assets consist of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>Additions</th>
<th>Disposals/Transfers</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land *</td>
<td>$ 4,940,501</td>
<td>-</td>
<td>$ -</td>
<td>$ 4,940,501</td>
</tr>
<tr>
<td>Resource Recovery Center</td>
<td>134,031,047</td>
<td>20,718,300</td>
<td>42,959,771</td>
<td>197,709,118</td>
</tr>
<tr>
<td>Management Center</td>
<td>1,489,097</td>
<td>-</td>
<td>(14,769)</td>
<td>1,474,328</td>
</tr>
<tr>
<td>Yardwaste transfer site</td>
<td>524,792</td>
<td>-</td>
<td>(524,792)</td>
<td>-</td>
</tr>
<tr>
<td>Truck storage building</td>
<td>163,748</td>
<td>-</td>
<td>(163,748)</td>
<td>-</td>
</tr>
<tr>
<td>Heavy equipment</td>
<td>669,779</td>
<td>-</td>
<td>-</td>
<td>669,779</td>
</tr>
<tr>
<td>Miscellaneous equipment</td>
<td>294,480</td>
<td>27,661</td>
<td>(44,339)</td>
<td>277,802</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>168,157</td>
<td>-</td>
<td>(1,853)</td>
<td>166,304</td>
</tr>
<tr>
<td>Landfill liners and system improvements</td>
<td>9,154,344</td>
<td>-</td>
<td>(9,929)</td>
<td>9,144,415</td>
</tr>
<tr>
<td>Construction-in-progress *</td>
<td>57,019,556</td>
<td>4,713,380</td>
<td>(47,464,961)</td>
<td>14,267,975</td>
</tr>
<tr>
<td></td>
<td>208,455,501</td>
<td>25,459,341</td>
<td>(5,264,620)</td>
<td>228,650,222</td>
</tr>
<tr>
<td><strong>Accumulated Depreciation</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Resource Recovery Center</td>
<td>(122,620,338)</td>
<td>(1,586,093)</td>
<td>4,504,361</td>
<td>(119,702,070)</td>
</tr>
<tr>
<td>Management Center</td>
<td>(1,311,408)</td>
<td>(26,423)</td>
<td>14,694</td>
<td>(1,323,137)</td>
</tr>
<tr>
<td>Yardwaste transfer site</td>
<td>(524,792)</td>
<td>-</td>
<td>524,792</td>
<td>-</td>
</tr>
<tr>
<td>Truck storage building</td>
<td>(137,002)</td>
<td>-</td>
<td>137,002</td>
<td>-</td>
</tr>
<tr>
<td>Heavy equipment</td>
<td>(376,984)</td>
<td>(105,835)</td>
<td>-</td>
<td>(482,819)</td>
</tr>
<tr>
<td>Miscellaneous equipment</td>
<td>(231,197)</td>
<td>(21,911)</td>
<td>44,339</td>
<td>(208,769)</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>(167,732)</td>
<td>(425)</td>
<td>1,853</td>
<td>(166,304)</td>
</tr>
<tr>
<td>Landfill lines and system improvements</td>
<td>(8,525,382)</td>
<td>(113,808)</td>
<td>9,929</td>
<td>(8,629,261)</td>
</tr>
<tr>
<td></td>
<td>(133,894,835)</td>
<td>(1,854,495)</td>
<td>5,236,970</td>
<td>(130,512,360)</td>
</tr>
<tr>
<td></td>
<td>$ 74,560,666</td>
<td>$ 23,604,846</td>
<td>$ (27,650)</td>
<td>$ 98,137,862</td>
</tr>
</tbody>
</table>

* Not depreciated
### Note 7 - Capital Assets (continued)

<table>
<thead>
<tr>
<th>Capital Assets</th>
<th>2016</th>
<th>Additions</th>
<th>Disposals/Transfers</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land *</td>
<td>$ 4,940,501</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 4,940,501</td>
</tr>
<tr>
<td>Resource Recovery Center</td>
<td>125,841,926</td>
<td>7,529,008</td>
<td>660,113</td>
<td>134,031,047</td>
</tr>
<tr>
<td>Management Center</td>
<td>1,489,097</td>
<td>-</td>
<td>-</td>
<td>1,489,097</td>
</tr>
<tr>
<td>Yardwaste transfer site</td>
<td>524,792</td>
<td>-</td>
<td>-</td>
<td>524,792</td>
</tr>
<tr>
<td>Truck storage building</td>
<td>163,748</td>
<td>-</td>
<td>-</td>
<td>163,748</td>
</tr>
<tr>
<td>Heavy equipment</td>
<td>669,779</td>
<td>-</td>
<td>-</td>
<td>669,779</td>
</tr>
<tr>
<td>Miscellaneous equipment</td>
<td>301,196</td>
<td>26,911</td>
<td>(33,627)</td>
<td>294,480</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>202,495</td>
<td>-</td>
<td>(34,338)</td>
<td>168,157</td>
</tr>
<tr>
<td>Landfill liners and system improvements</td>
<td>9,168,336</td>
<td>-</td>
<td>(13,992)</td>
<td>9,154,344</td>
</tr>
<tr>
<td>Construction-in-progress *</td>
<td>43,612,121</td>
<td>14,067,548</td>
<td>(660,113)</td>
<td>57,019,556</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>186,913,991</td>
<td>21,623,467</td>
<td>(81,957)</td>
<td>208,455,501</td>
</tr>
</tbody>
</table>

### Accumulated Depreciation

<table>
<thead>
<tr>
<th>Resource Recovery Center</th>
<th>2016</th>
<th>Additions</th>
<th>Disposals/Transfers</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>(122,262,862)</td>
<td>(357,476)</td>
<td>-</td>
<td>(122,620,338)</td>
</tr>
<tr>
<td>Management Center</td>
<td>(1,250,996)</td>
<td>(60,412)</td>
<td>-</td>
<td>(1,311,408)</td>
</tr>
<tr>
<td>Yardwaste transfer site</td>
<td>(524,792)</td>
<td>-</td>
<td>-</td>
<td>(524,792)</td>
</tr>
<tr>
<td>Truck storage building</td>
<td>(130,452)</td>
<td>(6,550)</td>
<td>-</td>
<td>(137,002)</td>
</tr>
<tr>
<td>Heavy equipment</td>
<td>(270,124)</td>
<td>(106,860)</td>
<td>-</td>
<td>(376,984)</td>
</tr>
<tr>
<td>Miscellaneous equipment</td>
<td>(241,893)</td>
<td>(22,933)</td>
<td>33,629</td>
<td>(231,197)</td>
</tr>
<tr>
<td>Office furniture and equipment</td>
<td>(199,516)</td>
<td>(2,553)</td>
<td>34,337</td>
<td>(167,732)</td>
</tr>
<tr>
<td>Landfill liners and system improvements</td>
<td>(8,419,625)</td>
<td>(119,748)</td>
<td>13,991</td>
<td>(8,525,382)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>(133,300,260)</td>
<td>(676,532)</td>
<td>81,957</td>
<td>(133,894,835)</td>
</tr>
</tbody>
</table>

$ 53,613,731 | $ 20,946,935 | $ - | $ 74,560,666

* Not depreciated

The total of capitalized construction-in-progress costs as of December 31, 2018 and 2017 amounted to $14,267,975 and $57,019,556, respectively. These capitalized costs are for plant site improvements, ash recycling facility, and plant life extension projects.

As of December 31, 2018, the Authority had long-term construction contracts related to the RRC site improvements and ash recycling facility amounting to approximately $60,260,000. As of December 31, 2018, the Authority incurred approximately $58,303,000 of this total.
Note 8 - Long-Term Debt

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

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Branch Banking and Trust Company; Waste System Revenue Note, Series of 2014; issued December 22, 2014; collateralized by capital projects; original principal balance of $10 million; interest at 2.74%; requires annual principal payments and semi-annual interest payments; due December 1, 2021</td>
<td>$ 4,512,000</td>
<td>$ 5,937,000</td>
</tr>
<tr>
<td>Current maturities</td>
<td>(1,464,000)</td>
<td>(1,425,000)</td>
</tr>
<tr>
<td></td>
<td>$ 3,048,000</td>
<td>$ 4,512,000</td>
</tr>
</tbody>
</table>

Aggregate maturities of long-term debt, assuming no change in current terms, consist of the following for the remaining three years ending December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Principal</th>
<th>Interest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 1,464,000</td>
<td>$ 123,629</td>
<td>$ 1,587,629</td>
</tr>
<tr>
<td>2020</td>
<td>1,504,000</td>
<td>83,515</td>
<td>1,587,515</td>
</tr>
<tr>
<td>2021</td>
<td>1,544,000</td>
<td>42,306</td>
<td>1,586,306</td>
</tr>
<tr>
<td></td>
<td>$ 4,512,000</td>
<td>$ 249,450</td>
<td>$ 4,761,450</td>
</tr>
</tbody>
</table>

Note 9 - Designated Net Position

The Board of Directors and management has designated certain assets of the Authority, which consist of the following as of December 31:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General reserve escrow</td>
<td>$ 55,486,816</td>
<td>$ 57,995,666</td>
</tr>
<tr>
<td>Capital project escrow</td>
<td>5,644,683</td>
<td>20,147,301</td>
</tr>
<tr>
<td></td>
<td>$ 61,131,499</td>
<td>$ 78,142,967</td>
</tr>
</tbody>
</table>
Note 10 - Contingencies

The Authority completed closure construction on the York County Sanitary Landfill during the year ended December 31, 1998. State and federal laws and regulations require that the Authority place a final cover on the landfill site when it stopped accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and post closure care costs will be paid after the date that the landfill stopped accepting waste.

The Authority will continue to be responsible to perform certain maintenance and monitoring functions at the site through 2028. The Authority will recognize these costs as operating expenses during the year in which the expense is incurred. As of December 31, 2018, management of the Authority is not aware of any additional liability related to their responsibilities for the post closure activities.

The Authority is involved in various legal actions and claims arising in the ordinary course of business. It is the opinion of management that such litigation and claims will be resolved without material effect on the Authority's net position.

Note 11 - Pension Plan

The Authority sponsors a defined contribution retirement plan, the “York County Solid Waste and Refuse Authority” (Plan), which covers all employees who meet certain age and length of service requirements. The plan was established with Manufacturer’s and Trade Trust Company (M&T) as Plan Trustee, who holds the assets of the plan in a trust and has exclusive authority and discretion to manage and control the assets of the plan. The Authority, who is acting as Plan Administrator, has provided the Board of Directors with the authority to amend or terminate this plan as described in the plan agreement. As of December 31, 2018 and 2017, there were 28 and 26 plan members, respectively.

For participating employees, the Authority will make contributions to the plan at a rate of 10% of compensation. Participants in the plan become vested in the employer contributions based on a seven-year graded vesting schedule ranging from 0% vested for employment under two years of services to 100% vested after seven years of service. Upon the termination of an employee, forfeitures of unvested amounts are credited to the annual contribution. Forfeitures for the years ended December 31, 2018 and 2017 amounted to $19,838 and $0, respectively. The Authority’s contribution and retirement expense for the years ended December 31, 2018 and 2017 amounted to $123,613 and $138,234, respectively. Unpaid contributions amounted to $47,813 and $138,234 as of December 31, 2018 and 2017, respectively, and are included in accounts payable on the statement of net position.

During the year ended December 31, 1999, the Authority adopted an Eligible Deferred Compensation Plan, under the provisions of Section 457 of the Internal Revenue Code of 1986. Under the plan, contributions by the Authority on behalf of the employees are at management’s discretion. No contributions were made to the plan by the Authority during the years ended December 31, 2018 and 2017.

All amounts deferred under both plans are held in trust for the exclusive benefit of the participating employees and are not accessible by the Authority or its creditors.
Note 12 - Major Customer

York County Solid Waste and Refuse Authority incinerates trash brought to its facility, and generates electricity which it sold to PJM Interconnection LLC for the years ended December 31, 2018 and 2017. Federal law requires that a local utility purchase the electricity generated by the Authority.

Note 13 - Reclassification

Certain information in the 2017 financial statements and related footnotes contain reclassifications necessary to make that information comparable to information presented in the 2018 financial statements. There was no change to total changes in net position or total net position.
<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>%</th>
<th>2017</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>CYRES operations and maintenance</td>
<td>$ 22,559,411</td>
<td>65.62%</td>
<td>$ 20,440,359</td>
<td>60.69%</td>
</tr>
<tr>
<td>Ash recycling</td>
<td>4,588,356</td>
<td>13.35%</td>
<td>4,493,895</td>
<td>13.34%</td>
</tr>
<tr>
<td>Salaries</td>
<td>1,550,258</td>
<td>4.51%</td>
<td>1,474,030</td>
<td>4.38%</td>
</tr>
<tr>
<td>Insurance</td>
<td>1,039,838</td>
<td>3.03%</td>
<td>1,068,408</td>
<td>3.17%</td>
</tr>
<tr>
<td>Residue hauling</td>
<td>983,155</td>
<td>2.86%</td>
<td>676,977</td>
<td>2.01%</td>
</tr>
<tr>
<td>Recycling fee</td>
<td>886,552</td>
<td>2.58%</td>
<td>854,321</td>
<td>2.54%</td>
</tr>
<tr>
<td>CYRES excess processing fee</td>
<td>831,217</td>
<td>2.42%</td>
<td>716,642</td>
<td>2.13%</td>
</tr>
<tr>
<td>Host fees</td>
<td>639,136</td>
<td>1.86%</td>
<td>632,446</td>
<td>1.88%</td>
</tr>
<tr>
<td>Electric</td>
<td>250,180</td>
<td>0.73%</td>
<td>100,426</td>
<td>0.30%</td>
</tr>
<tr>
<td>Building and site maintenance</td>
<td>194,065</td>
<td>0.56%</td>
<td>197,886</td>
<td>0.59%</td>
</tr>
<tr>
<td>Household hazardous waste</td>
<td>188,551</td>
<td>0.55%</td>
<td>213,839</td>
<td>0.64%</td>
</tr>
<tr>
<td>Professional fees</td>
<td>160,967</td>
<td>0.47%</td>
<td>186,068</td>
<td>0.55%</td>
</tr>
<tr>
<td>Retirement expense</td>
<td>123,613</td>
<td>0.36%</td>
<td>138,234</td>
<td>0.41%</td>
</tr>
<tr>
<td>Payroll taxes</td>
<td>122,870</td>
<td>0.36%</td>
<td>117,747</td>
<td>0.35%</td>
</tr>
<tr>
<td>Public information</td>
<td>118,850</td>
<td>0.35%</td>
<td>138,181</td>
<td>0.41%</td>
</tr>
<tr>
<td>Engineering fees</td>
<td>106,508</td>
<td>0.31%</td>
<td>190,223</td>
<td>0.56%</td>
</tr>
<tr>
<td>Trustee fees</td>
<td>100,399</td>
<td>0.29%</td>
<td>118,120</td>
<td>0.35%</td>
</tr>
<tr>
<td>Permits and licenses</td>
<td>92,324</td>
<td>0.27%</td>
<td>82,133</td>
<td>0.24%</td>
</tr>
<tr>
<td>Water analysis</td>
<td>74,130</td>
<td>0.22%</td>
<td>81,232</td>
<td>0.24%</td>
</tr>
<tr>
<td>Other</td>
<td>64,070</td>
<td>0.19%</td>
<td>62,409</td>
<td>0.19%</td>
</tr>
<tr>
<td>Water and sewer usage</td>
<td>54,764</td>
<td>0.16%</td>
<td>44,238</td>
<td>0.13%</td>
</tr>
<tr>
<td>Landfill - nonprocessibles</td>
<td>46,084</td>
<td>0.13%</td>
<td>141,531</td>
<td>0.42%</td>
</tr>
<tr>
<td>Recycling projects</td>
<td>44,300</td>
<td>0.13%</td>
<td>34,667</td>
<td>0.10%</td>
</tr>
<tr>
<td>Financial advisory services</td>
<td>31,359</td>
<td>0.09%</td>
<td>35,495</td>
<td>0.11%</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>27,547</td>
<td>0.08%</td>
<td>26,917</td>
<td>0.08%</td>
</tr>
<tr>
<td>Training program</td>
<td>25,239</td>
<td>0.07%</td>
<td>48,996</td>
<td>0.15%</td>
</tr>
<tr>
<td>Equipment rental</td>
<td>24,595</td>
<td>0.07%</td>
<td>37,286</td>
<td>0.11%</td>
</tr>
<tr>
<td>Dues, subscriptions, and public notifications</td>
<td>21,845</td>
<td>0.06%</td>
<td>15,189</td>
<td>0.05%</td>
</tr>
<tr>
<td>Telephone</td>
<td>19,057</td>
<td>0.06%</td>
<td>20,853</td>
<td>0.06%</td>
</tr>
<tr>
<td>Temporary help</td>
<td>18,879</td>
<td>0.05%</td>
<td>10,841</td>
<td>0.03%</td>
</tr>
<tr>
<td>Equipment parts and maintenance</td>
<td>17,733</td>
<td>0.05%</td>
<td>11,779</td>
<td>0.03%</td>
</tr>
<tr>
<td>Equipment operating expenses</td>
<td>15,569</td>
<td>0.05%</td>
<td>18,748</td>
<td>0.06%</td>
</tr>
<tr>
<td>Safety program</td>
<td>14,403</td>
<td>0.04%</td>
<td>14,486</td>
<td>0.04%</td>
</tr>
<tr>
<td>Alternative water supply</td>
<td>10,671</td>
<td>0.03%</td>
<td>11,964</td>
<td>0.04%</td>
</tr>
<tr>
<td>Meetings and conferences</td>
<td>8,939</td>
<td>0.03%</td>
<td>18,695</td>
<td>0.06%</td>
</tr>
<tr>
<td>Travel expenses</td>
<td>4,835</td>
<td>0.01%</td>
<td>11,066</td>
<td>0.03%</td>
</tr>
<tr>
<td>Uniforms</td>
<td>520</td>
<td>-</td>
<td>694</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 35,060,789</strong></td>
<td><strong>102.00%</strong></td>
<td><strong>$ 32,487,021</strong></td>
<td><strong>96.47%</strong></td>
</tr>
</tbody>
</table>
York County Solid Waste and Refuse Authority

Other Income

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income - operations</td>
<td>$1,662,860</td>
<td>$1,859,388</td>
</tr>
<tr>
<td></td>
<td>4.85 %</td>
<td>5.52 %</td>
</tr>
<tr>
<td>Recycling income</td>
<td>182,095</td>
<td>86,903</td>
</tr>
<tr>
<td></td>
<td>0.53</td>
<td>0.26</td>
</tr>
<tr>
<td>Interest income - landfill trusts</td>
<td>173,571</td>
<td>138,232</td>
</tr>
<tr>
<td></td>
<td>0.50</td>
<td>0.41</td>
</tr>
<tr>
<td>Other income</td>
<td>139</td>
<td>963</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Loss on sale of capital assets</td>
<td>(26,426)</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>(0.08)</td>
<td>-</td>
</tr>
<tr>
<td>Loss on sale of investments</td>
<td>(94,541)</td>
<td>(96,301)</td>
</tr>
<tr>
<td></td>
<td>(0.28)</td>
<td>(0.29)</td>
</tr>
<tr>
<td>Net decrease in the fair value of investments</td>
<td>(419,861)</td>
<td>(347,840)</td>
</tr>
<tr>
<td></td>
<td>(1.22)</td>
<td>(1.03)</td>
</tr>
</tbody>
</table>
| $1,477,837                     | 4.30 %   | $1,641,345 | 4.87 %