CASELLA WASTE SYSTEMS INC
Form 10-Q
August 03, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)
ý QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2018
OR
¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission file number 000-23211

CASELLA WASTE SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware	03-0338873
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
25 Greens Hill Lane, Rutland, Vermont	05701
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code: (802) 775-0325

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company," and "emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ¨	Accelerated filer ý		
Non-accelerated filer	¨ (Do not check if a smaller reporting company)	Smaller reporting company	¨
Emerging growth company ¨			

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ¨ No ý

The number of shares outstanding of each of the registrant’s classes of common stock, as of July 31, 2018:

Class A common stock, $0.01 par value per share: 41,764,993

Class B common stock, $0.01 par value per share: 988,200

PART I.
ITEM 1. FINANCIAL STATEMENTS
CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

	June 30, 2018 (Unaudited)	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 2,092	$ 1,995
Accounts receivable - trade, net of allowance for doubtful accounts of $865 and $809, respectively	78,920	65,953
Refundable income taxes	1,424	522
Prepaid expenses	6,624	8,299
Inventory	6,461	6,534
Other current assets	1,354	1,077
Total current assets	96,875	84,380
Property, plant and equipment, net of accumulated depreciation and amortization of $845,156 and $811,474, respectively	378,782	361,547
Goodwill	130,317	122,605
Intangible assets, net	9,715	8,149
Restricted assets	1,198	1,220
Cost method investments	12,333	12,333
Deferred income taxes	10,558	11,567
Other non-current assets	12,796	13,148
Total assets	$ 652,574	$ 614,949

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Continued)
(in thousands, except for share and per share data)

	June 30, 2018 (Unaudited)	December 31, 2017
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital leases	$ 1,796	$ 4,926
Accounts payable	54,623	47,081
Accrued payroll and related expenses	6,005	12,183
Accrued interest	2,302	2,093
Contract liabilities	2,115	1,823
Current accrued capping, closure and post-closure costs	6,406	3,035
Other accrued liabilities	22,496	17,428
Total current liabilities	95,743	88,569
Long-term debt and capital leases, less current portion	502,094	477,576
Accrued capping, closure and post-closure costs, less current portion	61,339	59,255
Deferred income taxes	2,384	2,305
Other long-term liabilities	25,730	25,106
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' DEFICIT:		
Casella Waste Systems, Inc. stockholders' deficit		
Class A common stock, $0.01 par value per share; 100,000,000 shares authorized; 41,765,000 and 41,298,000 shares issued and outstanding, respectively	418	413
Class B common stock, $0.01 par value per share; 1,000,000 shares authorized; 988,000 shares issued and outstanding; 10 votes per share	10	10
Additional paid-in capital	361,502	356,638
Accumulated deficit	(397,295)	(395,107)
Accumulated other comprehensive income	649	184
Total stockholders' deficit	(34,716)	(37,862)
Total liabilities and stockholders' deficit	$ 652,574	$ 614,949

The accompanying notes are an integral part of these consolidated financial statements.

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(in thousands, except for per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenues	$165,649	$154,016	$313,104	$287,818
Operating expenses:				
Cost of operations	111,800	102,519	217,409	197,063
General and administration	20,793	18,794	41,820	37,638
Depreciation and amortization	17,386	15,868	33,370	29,717
Contract settlement charge	—	—	2,100	—
Southbridge Landfill closure charge	172	64,114	1,759	64,114
Development project charge	—	—	311	—
Expense from acquisition activities and other items	349	—	349	—
	150,500	201,295	297,118	328,532
Operating income (loss)	15,149	(47,279)	15,986	(40,714)
Other expense (income):				
Interest income	(79)	(52)	(108)	(121)
Interest expense	6,469	6,334	12,922	12,784
Loss on debt extinguishment	7,352	46	7,352	517
Other income	(342)	(326)	(431)	(405)
Other expense, net	13,400	6,002	19,735	12,775
Income (loss) before income taxes	1,749	(53,281)	(3,749)	(53,489)
Provision (benefit) for income taxes	45	394	(1,543)	411
Net income (loss)	$1,704	$(53,675)	$(2,206)	$(53,900)
Basic earnings per share attributable to common stockholders:				
Weighted average common shares outstanding	42,661	41,811	42,516	41,698
Basic earnings per common share	$0.04	$(1.28)	$(0.05)	$(1.29)
Diluted earnings per share attributable to common stockholders:				
Weighted average common shares outstanding	43,916	41,811	42,516	41,698
Diluted earnings per common share	$0.04	$(1.28)	$(0.05)	$(1.29)

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	$1,704	$(53,675)	$(2,206)	$(53,900)
Other comprehensive income (loss), before tax:				
Hedging activity:				
Interest rate swap settlements	(10)	(149)	(70)	(194)
Interest rate swap amounts reclassified into interest expense	38	138	91	208
Unrealized (loss) gain resulting from changes in fair value of derivative instruments	(145)	(212)	640	(278)
Unrealized gain resulting from changes in fair value of marketable securities	—	23	—	46
Other comprehensive (loss) income, before tax	(117)	(200)	661	(218)
Income tax (benefit) provision related to items of other comprehensive (loss) income	(32)	—	178	—
Other comprehensive (loss) income, net of tax	(85)	(200)	483	(218)
Comprehensive income (loss)	$1,619	$(53,875)	$(1,723)	$(54,118)

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF
STOCKHOLDERS' DEFICIT
(Unaudited)
(in thousands)

		Casella Waste Systems, Inc. Stockholders' Deficit						
		Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income
	Total	Shares	Amount	Shares	Amount			
Balance, December 31, 2017	$ (37,862)	41,298	$ 413	988	$ 10	$ 356,638	$ (395,107)	$ 184
Net loss	(2,206)	—	—	—	—	—	(2,206)	—
Other comprehensive income	483	—	—	—	—	—	—	483
Issuances of Class A common stock	671	467	5	—	—	666	—	—
Stock-based compensation	4,198	—	—	—	—	4,198	—	—
Cumulative effect of new accounting principle	—	—	—	—	—	—	18	(18)
Balance, June 30, 2018	$ (34,716)	41,765	$ 418	988	$ 10	$ 361,502	$ (397,295)	$ 649

The accompanying notes are an integral part of these consolidated financial statements.

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(in thousands)

	Six Months Ended June 30, 2018	2017
Cash Flows from Operating Activities:		
Net loss	$(2,206)	$(53,900)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	33,370	29,717
Depletion of landfill operating lease obligations	4,993	4,173
Interest accretion on landfill and environmental remediation liabilities	2,862	1,939
Amortization of debt issuance costs and discount on long-term debt	1,290	1,320
Stock-based compensation	4,198	2,912
Gain on sale of property and equipment	(370)	(97)
Southbridge Landfill non-cash closure charge	1,273	63,526
Development project charge	311	—
Non-cash expense from acquisition activities and other items	211	—
Loss on debt extinguishment	7,352	517
Deferred income taxes	(725)	284
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts receivable	(11,338)	(4,570)
Accounts payable	6,425	(1,458)
Prepaid expenses, inventories and other assets	2,617	517
Accrued expenses, contract liabilities and other liabilities	(2,184)	(4,871)
Net cash provided by operating activities	48,079	40,009
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	(19,369)	(2,694)
Additions to property, plant and equipment	(35,492)	(24,548)
Payments on landfill operating lease contracts	(3,467)	(3,177)
Proceeds from sale of property and equipment	469	382
Net cash used in investing activities	(57,859)	(30,037)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	528,900	117,000
Principal payments on long-term debt	(513,854)	(126,238)
Payments of debt issuance costs	(5,567)	(1,451)
Proceeds from the exercise of share based awards	398	858
Net cash provided by (used in) financing activities	9,877	(9,831)
Net increase in cash and cash equivalents	97	141
Cash and cash equivalents, beginning of period	1,995	2,544
Cash and cash equivalents, end of period	$2,092	$2,685
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for:		
Interest	$11,423	$14,079
Income taxes, net of refunds	$84	$189
Supplemental Disclosure of Non-Cash Investing and Financing Activities:		
Non-current assets obtained through long-term obligations	$3,267	$2,813

The accompanying notes are an integral part of these consolidated financial statements.

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CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
(in thousands, except for per share data)

1. BASIS OF PRESENTATION

Casella Waste Systems, Inc. (“Parent”), and its consolidated subsidiaries (collectively, “we”, “us” or “our”), is a regional, vertically integrated solid waste services company that provides collection, transfer, disposal, landfill, landfill gas-to-energy, recycling, and organics services in the northeastern United States. We market recyclable metals, aluminum, plastics, paper, and corrugated cardboard, which have been processed at our recycling facilities, as well as recyclables purchased from third-parties. We manage our solid waste operations on a geographic basis through two regional operating segments, the Eastern and Western regions, each of which provides a full range of solid waste services, and our larger-scale recycling and commodity brokerage operations through our Recycling segment. Organics services, ancillary operations, major account and industrial services, discontinued operations and earnings from equity method investees, as applicable, are included in our Other segment.

The accompanying unaudited consolidated financial statements, which include the accounts of the Parent and our wholly-owned subsidiaries, have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). All significant intercompany accounts and transactions are eliminated in consolidation. Investments in entities in which we do not have a controlling financial interest are accounted for under either the equity method or the cost method of accounting, as appropriate. Our significant accounting policies are more fully discussed in Item 8 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017, which was filed with the SEC on March 2, 2018. For comparative purposes, certain prior period amounts in the consolidated financial statements, including the presentation of contract balances associated with the adoption of Accounting Standards Update ("ASU") 2014-09, as amended, Revenue from Contracts with Customers (Topic 606) have been reclassified. See Note 3, Revenue Recognition for additional disclosure.

Preparation of our consolidated financial statements in accordance with GAAP requires management to make certain estimates and assumptions. These estimates and assumptions affect the accounting for and recognition and disclosure of assets, liabilities, equity, revenues and expenses. We must make these estimates and assumptions because certain information that we use is dependent on future events, cannot be calculated with a high degree of precision given the available data, or simply cannot be readily calculated. In the opinion of management, these consolidated financial statements include all adjustments, which include normal recurring and nonrecurring adjustments, necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented. The results for the three and six months ended June 30, 2018 may not be indicative of the results for any other interim period or the entire fiscal year. The consolidated financial statements presented herein should be read in conjunction with our audited consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Subsequent Events

We have evaluated subsequent events or transactions that have occurred after the consolidated balance sheet date of June 30, 2018 through the date of filing of the consolidated financial statements with the SEC on this Quarterly Report on Form 10-Q. We have determined that, except as disclosed, there are no subsequent events that require disclosure in this Quarterly Report on Form 10-Q.

2. ACCOUNTING CHANGES

A table providing a brief description of recent ASUs to the Accounting Standards Codification (“ASC”) issued by the Financial Accounting Standards Board (“FASB”) deemed to have a possible material effect on our consolidated financial statements upon adoption based on current account balances and activity follows:

Standard	Description	Effect on the Financial Statements or Other Significant Matters
Accounting standards that are adopted effective January 1, 2018		

ASU 2017-09: Compensation - Stock Compensation (Topic 718)	Requires that an entity should account for the effects of a modification to an award unless all of the following conditions are met: the fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified; the vesting conditions of the modified award are the same as the vesting conditions immediately before the original award is modified; and the classification of modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified.	The adoption of this guidance could affect equity compensation expense and net income if there is a modification of an award.
ASU 2016-01, as amended through March 2018: Financial Instruments - Overall (Topic 825-10)	Requires the following: (1) equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income; (2) entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes; (3) separate presentation of financial assets and financial liabilities by measurement category and form of financial asset; and (4) the elimination of the disclosure requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost.	The adoption of this guidance resulted in: a cumulative-effect adjustment to Accumulated Deficit; recognition of the change in fair value of certain equity investments in net income; and enhanced disclosure. The adoption of this guidance did not have a material impact on our consolidated financial statements.
ASU 2014-09, as amended through November 2017: Revenue from Contracts with Customers (Topic 606)	The core principle of the guidance is that using a five step methodology an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires enhanced qualitative and quantitative	The adoption of this guidance requires using either a full retrospective approach for all periods presented or a modified retrospective approach with a cumulative effect adjustment to Accumulated Deficit as of the date of adoption. We adopted the guidance using the modified retrospective approach effective January 1, 2018 with no adjustment to Accumulated Deficit. We adopted the standard through the application of the portfolio approach. We selected a sample of customer contracts to assess under the guidance of the new standard that were

	disclosure regarding revenue recognition from customer contracts.	characteristically representative of each portfolio. Upon completion of our review, the guidance did not result in a significant change to the timing of revenue recognition. We identified certain immaterial sales commissions, which represent costs of obtaining a contract, that should be capitalized as contract acquisition costs under the guidance and amortized to general and administration expense over the expected life of the customer contract. Based on the immateriality of these sales commissions, no adjustment to Accumulated Deficit nor the accounting of these costs was deemed necessary. See Note 3, Revenue Recognition for additional disclosure.
ASU 2017-12: Derivatives and Hedging (Topic 815)	Requires that an entity align its risk management activities and financial reporting for hedging relationships through changes to both the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. This guidance expands and refines hedge accounting for both financial and commodity risk components and aligns the recognition and presentation of the effects of the hedging instrument and the hedged item in the financial statements.	The adoption of this guidance affects the designation and measurement guidance for qualifying hedging relationships and the method of presenting hedge results, including the addition of a tabular disclosure related to the effect on the income statement of fair value and cash flow hedges and no longer measuring and reporting hedge ineffectiveness. We early adopted this guidance using a modified retrospective approach effective April 1, 2018 with an initial application date of January 1, 2018 with no adjustment to Accumulated Deficit. See Note 7, Long-Term Debt for additional disclosure.

A table providing a brief description of recent ASUs to the ASC issued by the FASB that may have a material effect on our consolidated financial statements upon adoption based on current account balances and activity follows:

Standard	Description	Effect on the Financial Statements or Other Significant Matters
Accounting standards that are pending adoption		
ASU 2017-04: Intangibles - Goodwill and Other (Topic 350)	Requires that when an entity is performing its annual, or interim, goodwill impairment test, it should compare the fair value of the reporting unit with its carrying amount when calculating its impairment charge, noting that the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. Additionally, if applicable, an entity should consider income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit when calculating its impairment charge.	As of December 31, 2017, we did not record a goodwill impairment charge related to our annual goodwill impairment test because at that time the fair value of each reporting unit exceeded its respective carrying value. Upon adoption, if the carrying value of any of these reporting units exceeds the fair value when we perform a goodwill impairment test, we would record an impairment charge equal to the amount by which the carrying value exceeds its fair value. This guidance is effective January 1, 2020 with early adoption permitted for interim or annual goodwill impairment tests performed after January 1, 2017.
ASU 2016-02, as amended through July 2018: Leases	Requires that a lessee recognize at the commencement date: a lease liability, which is the obligation of the lessee to make lease payments arising from a lease, measured on	We are currently assessing the provisions of this guidance and evaluating the impact the guidance will have on our consolidated financial statements and related disclosures. We have also engaged outside

(Topic 842)	a discounted basis; and a right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.	resources to assist in applying and implementing this guidance. We are currently in the process of identifying and aggregating lease contracts for review and input into a third-party lease accounting software application. The adoption of this ASU is expected to impact the balance sheet through the recognition of a right-of-use asset and a lease liability for all leases with terms in excess of 12 months. This guidance is effective January 1, 2019 using a modified retrospective transition approach with early adoption permitted.

3. REVENUE RECOGNITION

We adopted ASU 2014-09, as amended, Revenue from Contracts with Customers (Topic 606) effective January 1, 2018. We adopted this guidance using the modified retrospective approach, noting that no cumulative effect adjustment to the beginning balance of Accumulated Deficit was needed. The comparative periods have not been restated and continue to be reported under Revenue Recognition (Topic 605). We applied this guidance to contracts that were not substantially completed contracts at the date of adoption. Additionally, contract modifications that occurred before the adoption date were not separately evaluated, rather the guidance was applied to the current version of the contract only. We disaggregate our revenues by applicable service line: collection, landfill, transfer, customer solutions, recycling, organics, transportation and landfill gas-to-energy.

Under the new revenue recognition guidance, revenues are measured based on the consideration specified in a contract with a customer. The circumstances that impact the timing and amount of revenue recognized for each applicable service line may vary based on the nature of the service performed. We generally recognize revenues for services over time as we satisfy the performance obligation by transferring control over the service to the customer as the service is performed and the benefit is received and consumed by the customer. Services are typically delivered in a series as a single bundled performance obligation over either a designated period of time or for specified number of services. Services may also be delivered as a single bundled service, on a period-to-period basis, or in a spot transaction. Consideration may be variable on a per ton basis and/or fixed. Fixed consideration is allocated to each distinct service and variable consideration is allocated to the increment of time that the service is performed and we have the contractual right to the fee. Fees are typically billed weekly, monthly, quarterly or in advance. Generally, the amount of consideration that we have the right to receive that is invoiced to the customer directly corresponds to the value of our performance completed to date. We elected the optional exemption, to not disclose the amount of variable consideration included in the transaction price that is allocated to outstanding performance obligations when the variable consideration is allocated entirely to unsatisfied performance obligations or to a wholly unsatisfied promise to transfer a distinct good or service that forms part of a single performance obligation. Revenues that are not satisfied over time are recognized at a point-in-time. This typically includes the sale of recycled or organic materials, as well as renewable energy credits ("RECs"). Revenues from the sale of organic or recycled materials are recognized at a point-in-time as control of the materials transfers to the customer upon shipment or pick-up by the customer. Revenues from the sale of RECs are recognized at a point-in-time as the trade is executed and control transfers to the customer.

Payments to customers that are not in exchange for a distinct good or service are recorded as a reduction of revenues. Rebates to certain customers associated with payments for recycled or organic materials that are received and subsequently processed and sold to other third-parties amounted to $1,616 and $3,084 in the three and six months ended June 30, 2018, respectively. Rebates are generally recorded as a reduction of revenues upon the sale of such materials, or upon receipt of the recycled materials at our facilities. These payments were previously recorded as a cost of operations. We did not record any revenues in the three and six months ended June 30, 2018 from performance obligations satisfied in previous periods.

Contract receivables, which are included in Accounts receivable - trade, net are recorded when billed or when related revenue is earned, if earlier, and represent claims against third-parties that will be settled in cash. Accounts receivable - trade, net includes gross receivables from contracts of $77,822 and $66,227 as of June 30, 2018 and December 31, 2017, respectively. Certain customers are billed in advance and, accordingly, recognition of the related revenues is deferred as a contract liability until the services are provided and control transferred to the customer. Contract liabilities of $2,115 and $1,823 as of June 30, 2018 and December 31, 2017, respectively, were reclassified out of Other accrued liabilities and presented separately on the face of the Consolidated Balance Sheets. Due to the short term nature of advanced billings, substantially all of the deferred revenue recognized as a contract liability as of December 31, 2017 was recognized as revenue during the three and six months ended June 30, 2018 when the services were performed.

Revenues by Service Line

Collection

Collection revenues are principally generated by providing waste collection and disposal services to our customers. Services may be provided as needed or as scheduled. We derive a substantial portion of our collection revenues from commercial and industrial services, which typically have a standard contract duration of three years, along with municipal services that are generally performed pursuant to contracts with municipalities with varying terms. The majority of our residential collection services are performed on a subscription basis with individual households.

Landfill

Landfill disposal services primarily consist of receiving some form of acceptable solid waste materials at one of our landfills and appropriately disposing of it. Landfill customers are typically charged a tipping fee on a per ton basis for disposing of their solid waste at our disposal facilities. In general, these fees are variable in nature.

Transfer Station

Transfer station disposal services primarily consist of receiving some form of acceptable solid waste materials at one of our transfer stations and appropriately disposing of it by transporting it to an appropriate disposal site. Transfer station customers are charged a tipping fee on a per ton basis for disposing of their solid waste at our transfer stations. In general, these fees are variable in nature.

Transportation

Transportation services consist of the transportation of large volumes of waste or recycled materials from a customer designated location to another location or disposal facility. Transportation customers are charged a fee on a per ton basis for transporting and/or disposal of the materials. In general, these fees are variable in nature.

Recycling

Recycling services primarily consist of the collection and/or receipt of recycled materials at one of our materials recovery facilities; the processing or sorting of the recycled materials; and the disposal or sale of the recycled materials. Revenues from recycling services consist of revenues derived from municipalities and customers in the form of processing fees, tipping fees and commodity sales. In brokerage arrangements, we act as an agent that facilitates the sale of recyclable materials between an inbound customer and an outbound customer. Revenues from the brokerage of recycled materials are recognized on a net basis at the time of shipment. In general, these fees are variable in nature.

Customer Solutions

Customer solutions services consist of commercial and industrial offerings. Commercial services consist of traditional collection, disposal and recycling services provided to large account multi-site customers. Industrial services consist of overall resource management services provided to large and complex organizations, such as universities, hospitals, manufacturers and municipalities, delivering a wide range of environmental services and zero waste solutions.

Organics

Organics services primarily consist of the collection and/or receipt of organic materials at one of our processing or disposal facilities; the processing of the organic materials; and the disposal or sale of the organic materials.

Landfill Gas-to-Energy

Landfill gas-to-energy services primarily consist of the generation and sale of electricity from landfill gas-to-energy facilities located at certain of our landfills; the reservation of electric generating capacity to be used by a customer on demand; and the sale of RECs.

A table of revenues disaggregated by service line and timing of revenue recognition by operating segment follows:

Three Months Ended June 30, 2018

	Eastern	Western	Recycling	Other	Total Revenues
Collection	$34,625	$40,869	$ —	$—	$75,494
Landfill	7,883	16,200	—	—	24,083
Transfer	10,745	8,011	—	—	18,756
Customer solutions	—	—	—	15,950	15,950
Recycling	—	1,445	9,600	—	11,045
Organics	—	—	—	14,647	14,647
Transportation	—	3,559	—	820	4,379
Landfill gas-to-energy	336	959	—	—	1,295
Total revenues	$53,589	$71,043	$ 9,600	$31,417	$165,649
Transferred at a point-in-time	$181	$246	$ 5,618	$1,725	$7,770
Transferred over time	53,408	70,797	3,982	29,692	157,879
Total revenues	$53,589	$71,043	$ 9,600	$31,417	$165,649

Six Months Ended June 30, 2018

	Eastern	Western	Recycling	Other	Total Revenues
Collection	$65,149	$77,353	$ —	$—	$142,502
Landfill	13,843	30,740	—	—	44,583
Transfer	18,304	13,617	—	—	31,921
Customer solutions	—	—	—	31,119	31,119
Recycling	—	2,394	19,757	—	22,151
Organics	—	—	—	26,847	26,847
Transportation	—	9,383	—	1,504	10,887
Landfill gas-to-energy	798	2,296	—	—	3,094
Total Revenues	$98,094	$135,783	$ 19,757	$59,470	$313,104
Transferred at a point-in-time	$372	$614	$ 12,875	$2,082	$15,943
Transferred over time	97,722	135,169	6,882	57,388	297,161
Total revenues	$98,094	$135,783	$ 19,757	$59,470	$313,104

4. BUSINESS COMBINATIONS

We acquired one solid waste collection, transfer and processing business in our Eastern region, Complete Disposal Company, Inc. and its subsidiary United Material Management of Holyoke, Inc. (collectively, "Complete"), which provides residential and roll-off collection services, operates a construction and demolition processing facility, and operates a solid waste transfer station with both truck and rail transfer capabilities during the six months ended June 30, 2018. We also acquired one solid waste collection business in our Western region during the six months ended June 30, 2018. In the six months ended June 30, 2017, we acquired one solid waste collection business in each of our Eastern and Western regions. The operating results of these businesses are included in the accompanying unaudited consolidated statements of operations from each date of acquisition, and the purchase price has been allocated to the net assets acquired based on fair values at each date of acquisition, with the residual amounts recorded as goodwill. Acquired intangible assets other than goodwill that are subject to amortization include client lists and non-compete covenants. Such assets are amortized over a five to ten year period from the date of acquisition. All amounts recorded to goodwill, except amounts related to the Complete acquisition, are expected to be deductible for tax purposes.

A summary of the purchase price paid for these acquisitions and the allocation of the purchase price for these acquisitions follows:

	Six Months Ended June 30,	
	2018	2017
Purchase Price:		
Cash paid for acquisitions	$19,189	$2,664
Notes payable	—	2,400
Other non-cash consideration	—	100
Holdbacks	172	196
Total	19,361	5,360
Allocated as follows:		
Current assets	1,640	—
Building	5,578	—
Equipment	4,642	2,291
Intangible assets	2,700	1,317
Other liabilities, net	(1,276)	(49)
Deferred tax liability	(1,635)	—
Fair value of assets acquired and liabilities assumed	11,649	3,559
Excess purchase price allocated to goodwill	$7,712	$1,801

The purchase price allocations are preliminary and are based on information existing at the acquisition dates or upon closing the transaction. Accordingly, the purchase price allocations are subject to change. Unaudited pro forma combined information that shows our operational results as though each acquisition completed since the beginning of the prior fiscal year had occurred as of January 1, 2017 follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	$165,649	$159,892	$313,503	$300,041
Operating income (loss)	$15,149	$(46,986)	$16,005	$(40,112)
Net income (loss)	$1,704	$(53,505)	$(2,196)	$(53,553)
Basic weighted average common shares outstanding	42,661	41,811	42,516	41,698
Basic earnings per share attributable to common stockholders	$0.04	$(1.28)	$(0.05)	$(1.28)
Diluted weighted average shares outstanding	43,916	41,811	42,516	41,698
Diluted earnings per share attributable to common stockholders	$0.04	$(1.28)	$(0.05)	$(1.28)

The pro forma results set forth in the table above have been prepared for comparative purposes only and are not necessarily indicative of the actual results of operations had the acquisitions occurred as of January 1, 2017 or of the results of our future operations. Furthermore, the pro forma results do not give effect to all cost savings or incremental costs that may occur as a result of the integration and consolidation of the completed acquisitions.

5. GOODWILL AND INTANGIBLE ASSETS

A summary of the activity and balances related to goodwill by operating segment follows:

	December 31, 2017	Acquisitions	June 30, 2018
Eastern region (1)	$ 19,192	$ 6,008	$25,200
Western region	89,369	1,704	91,073
Recycling	12,315	—	12,315
Other	1,729	—	1,729
Total	$ 122,605	$ 7,712	$130,317

(1) The acquisitions amount includes a $1,635 goodwill adjustment for the tax treatment associated with the Complete acquisition. See Note 13, Income Taxes for additional disclosure.

A summary of intangible assets by intangible asset type follows:

	Covenants Not-to-Compete	Client Lists	Total
Balance, June 30, 2018			
Intangible assets	$ 19,192	$ 19,687	$38,879
Less accumulated amortization	(17,198)	(11,966)	(29,164)
	$ 1,994	$ 7,721	$9,715

	Covenants Not-to-Compete	Client Lists	Total
Balance, December 31, 2017			
Intangible assets	$ 18,092	$18,087	$36,179
Less accumulated amortization	(16,851)	(11,179)	(28,030)
	$ 1,241	$6,908	$8,149

Intangible amortization expense was $567 and $1,134 during the three and six months ended June 30, 2018, respectively, as compared to $505 and $991 during the three and six months ended June 30, 2017, respectively.

A summary of intangible amortization expense estimated for the five fiscal years following the fiscal year ended December 31, 2017 and thereafter follows:

Estimated Future Amortization Expense as of June 30, 2018	
Fiscal year ending December 31, 2018	$1,107
Fiscal year ending December 31, 2019	$1,975
Fiscal year ending December 31, 2020	$1,897
Fiscal year ending December 31, 2021	$1,583
Fiscal year ending December 31, 2022	$1,227
Thereafter	$1,926

6. ACCRUED FINAL CAPPING, CLOSURE AND POST CLOSURE

Accrued final capping, closure and post-closure costs include the current and non-current portion of costs associated with obligations for final capping, closure and post-closure of our landfills. We estimate our future final capping, closure and post-closure costs in order to determine the final capping, closure and post-closure expense per ton of waste placed into each landfill. The anticipated time frame for paying these costs varies based on the remaining useful life of each landfill as well as the duration of the post-closure monitoring period.

A summary of the changes to accrued final capping, closure and post-closure liabilities follows:

	Six Months Ended June 30,	
	2018	2017
Beginning balance	$62,290	$44,207
Obligations incurred	1,793	1,310
Revision in estimates (1)	1,492	9,598
Accretion expense	2,784	1,939
Obligations settled (2)	(614)	(307)
Ending balance	$67,745	$56,747

(1) Relates to changes in estimates and assumptions associated with anticipated costs of future final capping, closure and post-closure activities at the Town of Southbridge, Massachusetts Landfill. See Note 8, Commitments and Contingencies and Note 11, Other Items and Charges for additional disclosure.

(2) Includes amounts that are being processed through accounts payable as a part of our disbursements cycle.

7. LONG-TERM DEBT

A summary of long-term debt and capital leases by debt instrument follows:

	June 30, 2018	December 31, 2017
Senior Secured Credit Facility:		
Revolving Credit Facility due May 2023; bearing interest at LIBOR plus 2.00%	$33,300	$ —
Refinanced Revolving Credit Facility due October 2021; bore interest at LIBOR plus 2.75%	—	36,000
Term Loan Facility due May 2023; bearing interest at LIBOR plus 2.00%	350,000	—
Term Loan B Facility due October 2023; bore interest at LIBOR plus 2.50%	—	346,500
Tax-Exempt Bonds:		
New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014 due December 2044 - fixed rate interest period through 2019; bearing interest at 3.75%	25,000	25,000
New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014R-2 due December 2044 - fixed rate interest period through 2026; bearing interest at 3.125%	15,000	15,000
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-3 due January 2025 - fixed rate interest period through 2025; bearing interest at 5.25%	25,000	25,000
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2015R-1 due August 2035 - fixed rate interest period through 2025; bearing interest at 5.125%	15,000	15,000
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2015R-2 due August 2035 - fixed rate interest period through 2025; bearing interest at 4.375%	15,000	—
Vermont Economic Development Authority Solid Waste Disposal Long-Term Revenue Bonds Series 2013 due April 2036 - fixed rate interest period through 2028; bearing interest at 4.625%	16,000	16,000
Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds Series 2013 due April 2029 - fixed rate interest period through 2019; bearing interest at 4.00%	11,000	11,000
Other:		
Capital leases maturing through December 2107; bearing interest at a weighted average of 5.52%	8,261	5,595
Notes payable maturing through June 2027; bearing interest at a weighted average of 2.90%	2,431	2,585
Principal amount of long-term debt and capital leases	515,992	497,680
Less—unamortized discount and debt issuance costs (1)	12,102	15,178

Long-term debt and capital leases less unamortized discount and debt issuance costs	503,890	482,502
Less—current maturities of long-term debt	1,796	4,926
	$502,094	$ 477,576

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(1) A summary of unamortized discount and debt issuance costs by debt instrument follows:

	June 30, 2018	December 31, 2017
Refinanced Revolving Credit Facility	$—	$ 3,938
Credit Facility	7,948	—
Term Loan B Facility (including unamortized discount of $0 and $1,482)	—	7,392
New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014	941	1,034
New York State Environmental Facilities Corporation Solid Waste Disposal Revenue Bonds Series 2014R-2	480	511
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-3	559	603
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2015R-1	656	691
Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2015R-2	518	—
Vermont Economic Development Authority Solid Waste Disposal Long-Term Revenue Bonds Series 2013	628	573
Business Finance Authority of the State of New Hampshire Solid Waste Disposal Revenue Bonds Series 2013	372	436
	$12,102	$ 15,178

Financing Activities

Credit Facility

In the three months ended June 30, 2018, we entered into a credit agreement ("Credit Agreement"), which provides for a $350,000 aggregate principal amount term loan A facility ("Term Loan Facility") and a $200,000 revolving line of credit facility ("Revolving Credit Facility" and, together with the Term Loan Facility, the "Credit Facility"). The net proceeds from this transaction were used to repay in full the amounts outstanding of the $350,000 aggregate principal amount term loan b facility ("Term Loan B Facility") and the $160,000 revolving line of credit facility ("Refinanced Revolving Credit Facility") plus accrued and unpaid interest thereon and to pay related transaction expenses. We have the right to request, at our discretion, an increase in the amount of loans under the Credit Facility by an aggregate amount of $125,000, subject to the terms and conditions set forth in the Credit Agreement.

The Credit Facility has a 5-year term and will initially bear interest at a rate of LIBOR plus 2.00% per annum, which will be reduced to a rate of LIBOR plus 1.25% upon us reaching a consolidated net leverage ratio of less than 2.25x. The Credit Facility is guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries and secured by substantially all of our assets. As of June 30, 2018, further advances were available under the Credit Facility in the amount of $144,179. The available amount is net of outstanding irrevocable letters of credit totaling $22,521, at which date no amount had been drawn.

The Credit Agreement requires us to maintain a minimum interest coverage ratio and a maximum consolidated net leverage ratio, to be measured at the end of each fiscal quarter. As of June 30, 2018, we were in compliance with the covenants contained in the Credit Agreement. In addition to these financial covenants, the Credit Agreement also contains a number of important customary affirmative and negative covenants which restrict, among other things, our ability to sell assets, incur additional debt, create liens, make investments, and pay dividends. We do not believe that these restrictions impact our ability to meet future liquidity needs. An event of default under any of our debt agreements could permit some of our lenders, including the lenders under the Credit Facility, to declare all amounts borrowed from them to be immediately due and payable, together with accrued and unpaid interest, or, in the case of the Credit Facility, terminate the commitment to make further credit extensions thereunder, which could, in turn, trigger cross-defaults under other debt obligations. If we were unable to repay debt to our lenders, or were otherwise in default under any provision governing our outstanding debt obligations, our secured lenders could proceed against us and against the collateral securing that debt.

Tax-Exempt Financings

In the three months ended June 30, 2018, we completed the issuance of $15,000 aggregate principal amount of Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2015R-2 (“FAME Bonds 2015R-2”). The

FAME Bonds 2015R-2, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 4.375% per annum through July 31, 2025, at which time they may be converted from a fixed to a variable rate. Interest is payable semiannually each year on May 1 and November 1 until the FAME Bonds 2015R-2 mature on August 1, 2035. We borrowed the proceeds of the offering of the FAME Bonds 2015R-2 to finance or refinance the costs of certain of our solid waste landfill facilities and solid waste collection, organics and transfer, recycling and hauling facilities, and to pay certain costs of the issuance of the FAME Bonds 2015R-2.

In the three months ended June 30, 2018, we completed the remarketing of $16,000 aggregate principal amount of 4.75% fixed rate Vermont Economic Development Authority Solid Waste Disposal Revenue Bonds Series 2013 ("Vermont Bonds"). The Vermont Bonds, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 4.625% per annum through April 2, 2028 after which time there is a mandatory tender. The Vermont Bonds mature on April 1, 2036.
In the quarter ended March 31, 2017, we completed the remarketing of $3,600 aggregate principal amount of Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-1 ("FAME Bonds 2005R-1") and $21,400 aggregate principal amount of Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-2 ("FAME Bonds 2005R-2") into one series of $25,000 aggregate principal amount Finance Authority of Maine Solid Waste Disposal Revenue Bonds Series 2005R-3 ("FAME Bonds 2005R-3"). The FAME Bonds 2005R-3, which are unsecured and guaranteed jointly and severally, fully and unconditionally by all of our significant wholly-owned subsidiaries, accrue interest at 5.25% per annum until they mature on January 1, 2025.

Loss on Debt Extinguishment

We recorded losses on debt extinguishment of $7,352 and $7,352 during the three and six months ended June 30, 2018, respectively, as compared to $46 and $517 during the three and six months ended June 30, 2017, respectively, associated with the following:

- the write-off of debt issuance costs and unamortized discount in connection with the refinancing of our Credit Facility in the three months ended June 30, 2018;
- the write-off of debt issuance costs in connection with the remarketing of our Vermont Bonds in the three months ended June 30, 2018;
- the write-off of debt issuance costs in connection with the amendment and repricing of our Term Loan B Facility in the three months ended June 30, 2017; and
- the write-off of debt issuance costs in connection with the remarketing of the FAME Bonds 2005R-1 and the FAME Bonds 2005R-2 into the FAME Bonds 2005R-3 in the quarter ended March 31, 2017.

Cash Flow Hedges

In the three months ended June 30, 2018, we early adopted ASU 2017-12: Derivatives and Hedging (Topic 815) using a modified retrospective approach effective April 1, 2018 with an initial application date of January 1, 2018 with no adjustment to Accumulated Deficit. Under the new guidance, for highly effective hedging relationships the entire change in fair value of the hedging instruments, both the effective and ineffective portion, is recorded in equity as a component of accumulated other comprehensive income (loss), net of tax until the hedged item effects earnings.
As of April 1, 2018, we had in place three interest rate derivative agreements to hedge interest rate risk associated with the variable rate portion of our long-term debt. According to the interest rate derivative agreements, we receive interest based on the 1-month LIBOR index with a 1.00% LIBOR floor and pay interest based on fixed rates. The refinancing of the Credit Facility resulted in changes to the critical terms of the hedged item in these hedging relationships. As a result, we dedesignated the original hedging relationship between the three interest rate derivative agreements and the variable rate interest payments related to the Term Loan B Facility and then subsequently designated new hedging relationships between the three interest rate derivative agreements and the variable rate interest payments related to the Term Loan Facility based on a quantitative assessment using a regression analysis, which indicated that the hedging relationships were highly effective. Because the interest rate payments associated with the variable rate portion of our long-term debt will still occur, the net gain of $1,383 associated with the interest rate derivative agreements in accumulated other comprehensive income is not reclassified into earnings. Instead, this gain will continue to be reclassified from accumulated other comprehensive income into interest expense as the interest payments affect earnings.
Additionally, in the three months ended June 30, 2018, we entered into four additional interest rate derivative agreements to hedge interest rate risk associated with the variable rate portion of our long-term debt. Given that the critical terms of these interest rate derivative agreements match those of the underlying long-term debt being hedged, we determined qualitatively that the hedging relationships were highly effective.

The total notional amount of all of our interest rate derivative agreements is $145,000 and according to the terms of the agreements, we receive interest based on the 1-month LIBOR index and pay interest at a weighted average rate of approximately 2.46%. The agreements mature between February 2021 and May 2023. We have designated these derivative instruments as effective cash flow hedges.

A summary of the effect of cash flow hedges related to derivative instruments on the consolidated balance sheet follows:

		Fair Value	
	Balance Sheet Location	June 30, 2018	December 31, 2017
Interest rate swaps	Other current assets	$228	$ —
Interest rate swaps	Other non-current assets	1,123	401
Total		$1,351	$ 401
Interest rate swaps	Other accrued liabilities	$356	$ 123
Interest rate swaps	Other long-term liabilities	60	—
Total		$416	$ 123
Interest rate swaps	Accumulated other comprehensive income	$939	$ 278
Interest rate swaps - tax provision	Accumulated other comprehensive income	$(290)	$ (112)
		$649	$ 166

A summary of the amount of gain or (loss) on cash flow hedging relationships related to interest rate swaps reclassified from accumulated other comprehensive income into earnings follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Statement of Operations Location	(Expense) Income		(Expense) Income	
Interest expense	$(38)	$(138)	$(91)	$(208)

8. COMMITMENTS AND CONTINGENCIES

Legal Proceedings

In the ordinary course of our business and as a result of the extensive governmental regulation of the solid waste industry, we are subject to various judicial and administrative proceedings involving state and local agencies. In these proceedings, an agency may seek to impose fines or to revoke or deny renewal of an operating permit held by us. From time to time, we may also be subject to actions brought by special interest or other groups, adjacent landowners or residents in connection with the permitting and licensing of landfills and transfer stations, or allegations of environmental damage or violations of the permits and licenses pursuant to which we operate. In addition, we may be named defendants in various claims and suits pending for alleged damages to persons and property, alleged violations of certain laws and alleged liabilities arising out of matters occurring during the ordinary operation of a waste management business.

In accordance with FASB ASC 450 - Contingencies, we accrue for legal proceedings, inclusive of legal costs, when losses become probable and reasonably estimable. As of the end of each applicable reporting period, we review each of our legal proceedings to determine whether it is probable, reasonably possible or remote that a liability has been incurred and, if it is at least reasonably possible, whether a range of loss can be reasonably estimated under the provisions of FASB ASC 450-20. In instances where we determine that a loss is probable and we can reasonably estimate a range of loss we may incur with respect to such a matter, we record an accrual for the amount within the range that constitutes our best estimate of the possible loss. If we are able to reasonably estimate a range, but no amount within the range appears to be a better estimate than any other, we record an accrual in the amount that is the low end of such range. When a loss is reasonably possible, but not probable, we will not record an accrual, but we will disclose our estimate of the possible range of loss where such estimate can be made in accordance with FASB ASC 450-20.

Environmental Remediation Liability (including related litigation)

We are subject to liability for environmental damage, including personal injury and property damage, that our solid waste, recycling and power generation facilities may cause to neighboring property owners, particularly as a result of the contamination of drinking water sources or soil, possibly including damage resulting from conditions that existed before we acquired the facilities. We may also be subject to liability for similar claims arising from off-site environmental contamination caused by pollutants or hazardous substances if we or our predecessors arrange or arranged to transport, treat or dispose of those materials. The following matters represent our material outstanding claims.

Southbridge Recycling & Disposal Park, Inc.

In October 2015, our Southbridge Recycling and Disposal Park, Inc. (“SRD”) subsidiary reported to the Massachusetts Department of Environmental Protection (“MADEP”) results of analysis of samples collected pursuant to our existing permit from private drinking water wells located near the Town of Southbridge, Massachusetts (“Town”) Landfill (“Southbridge Landfill”), which is operated by SRD. Those results indicated the presence of contaminants above the levels triggering notice and response obligations under MADEP regulations. In response to those results, we are carrying out an Immediate Response Action pursuant to Massachusetts General Law Chapter 21E (the "Charlton 21E Obligations") pursuant to state law. Further, we have implemented a plan to analyze and better understand the groundwater near the Southbridge Landfill and we are investigating with the objective of identifying the source or sources of the elevated levels of contamination measured in the well samples. If it is determined that some or all of the contamination originated at the Southbridge Landfill, we will work with the Town (the Southbridge Landfill owner and the former operator of an unlined portion of the Southbridge Landfill, which was used prior to our operation of a double-lined portion of the Southbridge Landfill commencing in 2004) to evaluate and allocate the liabilities related to the Charlton 21E Obligations. In July 2016, we sent correspondence to the Town pursuant to Chapter 21E of Massachusetts General Laws demanding that the Town reimburse us for the environmental response costs we had spent and that the Town be responsible for all such costs in the future, as well as any other costs or liabilities resulting from the release of contaminants from the unlined portion of the Southbridge Landfill. The Town responded in September 2016, denying that the Southbridge Landfill is the source of such contamination, and claiming that if it is, that we may owe an indemnity to the Town pursuant to the Operating Agreement between us and the Town dated May 29, 2007, as amended. We entered into a Tolling Agreement with the Town to delay any further administrative or legal actions until our work with MADEP more specifically defines the parties’ responsibilities for the Charlton 21E Obligations, if any. Please see below for further discussion of our relationship with the Town regarding the Charlton 21E Obligations.

In February 2016, we and the Town received a Notice of Intent to Sue under the Resource Conservation and Recovery Act ("RCRA") from a law firm purporting to represent residents proximate to the Southbridge Landfill (“Residents”), indicating its intent to file suit against us on behalf of the Residents alleging the groundwater contamination originated from the Southbridge Landfill. In February 2017, we received an additional Notice of Intent to Sue from the National Environmental Law Center under the Federal Clean Water Act ("CWA") and RCRA (collectively the “Acts”) on behalf of Environment America, Inc., d/b/a Environment Massachusetts, and Toxics Action Center, Inc., which have referred to themselves as the Citizen Groups. The Citizen Groups alleged that we had violated the Acts, and that they intended to seek appropriate relief in federal court for those alleged violations. On or about June 9, 2017, a lawsuit was filed against us, SRD and the Town in the United States District Court for the District of Massachusetts (the “Massachusetts Court”) by the Citizen Groups and the Residents alleging violations of the Acts (the “Litigation”), and demanding a variety of remedies under the Acts, including fines, remediation, mitigation and costs of litigation, and remedies for violations of Massachusetts civil law related to personal and property damages, including remediation, diminution of property values, compensation for lost use and enjoyment of properties, enjoinment of further operation of the Southbridge Landfill, and costs of litigation, plus interest on any damage award, on behalf of the Residents. We believe the Litigation to be factually inaccurate, and without legal merit, and we and SRD intend to vigorously defend the Litigation. Nevertheless, we believe it is reasonably possible that a loss will occur as a result of the Litigation although an estimate of loss cannot be reasonably provided at this time. We also continue to believe the Town should be responsible for costs or liabilities associated with the Litigation relative to alleged contamination originating from the unlined portion of the Southbridge Landfill, although there can be no assurance that we will not be required to incur some or all of such costs and liabilities. In December 2017, we filed a Motion to Dismiss the Litigation, and we are awaiting a date to be set by the Massachusetts Court for oral arguments.

We entered into an Administrative Consent Order on April 26, 2017 (the "ACO"), with MADEP, the Town, and the Town of Charlton, committing us to equally share the costs with MADEP, of up to $10,000 ($5,000 each) for the Town to install a municipal waterline in the Town of Charlton ("Waterline"). Upon satisfactory completion of that Waterline, and other matters covered by the ACO, we and the Town will be released by MADEP from any future responsibilities for the Charlton 21E Obligations. We also entered into an agreement with the Town on April 28, 2017 entitled the "21E Settlement and Water System Construction Funding Agreement" (the "Waterline Agreement"), wherein we and the Town released each other from claims arising from the Charlton 21E Obligations. Pursuant to the Waterline Agreement, the Town will issue a twenty (20) year bond for our portion of the Waterline costs (up to $5,000). We have agreed to reimburse the Town for periodic payments under such bond. The Town has recently advised us that it has solicited and received proposals for the construction of the Waterline as contemplated by the ACO, and that construction of the Waterline will commence shortly.

We have recorded an environmental remediation liability associated with the future installation of the Waterline in other accrued liabilities and other long-term liabilities. We inflate the estimated costs in current dollars to the expected time of payment and discount the total cost to present value using a risk-free interest rate of 2.6%. Our expenditures could be significantly higher if costs exceed estimates. The changes to the environmental remediation liability associated with the Southbridge Landfill are as follows:

	Six Months Ended June 30,	
	2018	2017
Beginning balance	$5,936	$—
Accretion expense	78	—
Obligations incurred	—	6,379
Obligations settled (1)	(441)	—
Ending balance	$5,573	$6,379

(1) Includes amounts that are being processed through accounts payable as a part of our disbursements cycle.

In November 2016, SRD received a cease and desist order ("Order") from the Charlton alternate zoning enforcement officer, alleging that two storm water detention basins on SRD's property in Charlton existed in violation of Charlton zoning requirements. SRD appealed the Order to the Charlton Zoning Board of Appeals, which upheld the Order. In June 2018, the Massachusetts Land Court approved a settlement reached between SRD and Charlton resolving all issues associated with the Order. Based on this settlement with Charlton, we will pay a total of $850 in cash, and will provide ancillary services to Charlton over the next five (5) years for a total of cash and services of approximately $1,200. This matter is now resolved. We will make payment of the cash portion of this settlement by the end of August 2018. We have recorded a reserve of $1,216 as of June 30, 2018, which is recorded as part of the Southbridge Landfill closure charge in the six months ended June 30, 2018. See Note 11, Other Items and Charges for additional disclosure.

In August 2016, we filed a complaint against Steadfast Insurance Company ("Steadfast") in the Superior Court of Suffolk County, Massachusetts (the "Court"), alleging among other things, that Steadfast breached its Pollution Liability Policy ("Policy") purchased by us in April 2015, by refusing to acknowledge coverage under the Policy, and refusing to cover any of the costs and liabilities incurred by us as described above as well as costs and liabilities that we may incur in the future. Steadfast filed an answer and counterclaim in September 2016, denying that it has any obligations to us under the Policy, and seeking a declaratory judgment of Steadfast's obligations under the Policy. Steadfast filed a Motion to Dismiss (the "Motion") our litigation against it, and we filed our response on July 11, 2017. On September 7, 2017, the Court denied the Motion. On July 17, 2018, we reached an agreement with Steadfast settling this litigation (the "Settlement"). Pursuant to the Settlement, Steadfast agreed to partially reimburse us for direct costs incurred or to be incurred by us under the ACO, as well as for substantial investigative costs associated with our efforts to ascertain the source of contaminants and other costs related to the Charlton 21E Obligations. Additionally, the Settlement payment is intended to reimburse us for all costs and liabilities arising out of the Litigation. Steadfast's payment to us will be $10,000. The Settlement is subject to the finalization of an agreement detailing the terms of the

Settlement, including appropriate releases of Steadfast, and is subject to Court approval.

On June 13, 2017, Town voters rejected a non-binding ballot initiative intended to provide guidance to Town officials with respect to our pursuit of other landfill development opportunities at the Southbridge Landfill. Following such rejection by the Town voters, our board of directors and senior management determined after due consideration of all facts and circumstances that it is no longer likely that further development at the existing landfill site will generate an adequate risk adjusted return at the Southbridge Landfill, and accordingly we expect to cease operations at the Southbridge Landfill when no further capacity is available, expected by no later than early 2019. We delivered correspondence to the Town to this effect on August 3, 2017, citing events of Change in Law and Force Majeure pursuant to our May 29, 2007 Extension Agreement with the Town ("Extension Agreement") and the impacts of such events on further expansion of the Southbridge Landfill. We have advised the Town that we see no economically feasible way to operate the Southbridge Landfill beyond its current permitted life and we have filed a closure plan with MADEP. Following cessation of operations, we will proceed to conduct proper closure and other activities at the Southbridge Landfill in accordance with the Extension Agreement with the Town, and Federal, state and local law.
We reached this conclusion after carefully evaluating the estimated future costs associated with the permitting, engineering and construction activities for the planned expansion of the Southbridge Landfill against the possible outcomes of the permitting process and the anticipated future benefits of successful expansions. Under the Extension Agreement, which we account for as an operating lease, there are potential contractual obligations and commitments, including future cash payments of $2,199 and services that extend beyond the current useful life of the Southbridge Landfill. In accordance with FASB ASC 420 - Exit or Disposal Cost Obligations, a liability for costs to be incurred under a contract for its remaining term without economic benefit shall be recognized when we cease using the right conveyed by the contract. We may incur a loss associated with these potential contractual obligations upon cessation of operations at the Southbridge Landfill when remaining capacity is exhausted by the placement of waste at the site.
In this respect, the Town had, on or about April 11, 2018, filed a motion for a declaratory judgment and injunctive relief in the United States District Court for the District of Massachusetts (the “District Court”) seeking a judgment from the District Court as to the rights of the parties pursuant to the Extension Agreement, and injunctive relief to prevent us from discontinuing free collection and disposal of the Town’s municipal waste when the Southbridge Landfill ceases to accept waste (the “Town Equity Litigation”). We are vigorously defending the Town Equity Litigation on its merits, and further, on the grounds that the Town Equity Litigation is not in compliance with the procedures for dispute resolution as set forth in the Extension Agreement. On June 26, 2018, the District Court denied the Town’s request for a preliminary injunction without prejudice.
The costs and liabilities we may be required to incur in connection with the foregoing Southbridge Landfill matters could be material to our results of operations, our cash flows and our financial condition.
Potsdam Environmental Remediation Liability
On December 20, 2000, the State of New York Department of Environmental Conservation (“DEC”) issued an Order on Consent (“Order”) which named Waste-Stream, Inc. (“WSI”), our subsidiary, General Motors Corporation (“GM”) and Niagara Mohawk Power Corporation (“NiMo”) as Respondents. The Order required that the Respondents undertake certain work on a 25-acre scrap yard and solid waste transfer station owned by WSI in Potsdam, New York, including the preparation of a Remedial Investigation and Feasibility Study (“Study”). A draft of the Study was submitted to the DEC in January 2009 (followed by a final report in May 2009). The Study estimated that the undiscounted costs associated with implementing the preferred remedies would be approximately $10,219. On February 28, 2011, the DEC issued a Proposed Remedial Action Plan for the site and accepted public comments on the proposed remedy through March 29, 2011. We submitted comments to the DEC on this matter. In April 2011, the DEC issued the final Record of Decision (“ROD”) for the site. The ROD was subsequently rescinded by the DEC for failure to respond to all submitted comments. The preliminary ROD, however, estimated that the present cost associated with implementing the preferred remedies would be approximately $12,130. The DEC issued the final ROD in June 2011 with proposed remedies consistent with its earlier ROD. An Order on Consent and Administrative Settlement naming WSI and NiMo as Respondents was executed by the Respondents and DEC with an effective date of October 25, 2013. On January 29, 2016, a Cost-Sharing Agreement was executed between WSI, NiMo, Alcoa Inc. (“Alcoa”) and Reynolds Metal Company (“Reynolds”) whereby Alcoa and Reynolds elected to voluntarily participate in the onsite remediation activities at a combined 15% participant share. It is unlikely that any significant expenditures relating to onsite

remediation will be incurred until the fiscal year ending December 31, 2019. WSI is jointly and severally liable with NiMo, Alcoa and Reynolds for the total cost to remediate.

We have recorded an environmental remediation liability associated with the Potsdam site based on incurred costs to date and estimated costs to complete the remediation in other accrued liabilities and other long-term liabilities. Our expenditures could be significantly higher if costs exceed estimates. We inflate the estimated costs in current dollars to the expected time of payment and discount the total cost to present value using a risk-free interest rate of 1.5%.

A summary of the changes to the environmental remediation liability associated with the Potsdam environmental remediation liability follows:

	Six Months Ended June 30,	
	2018	2017
Beginning balance	$5,758	$5,866
Obligations settled (1)	(11)	(5)
Ending balance	$5,747	$5,861

(1) Includes amounts that are being processed through accounts payable as a part of our disbursements cycle.

North Country Environmental Services

On or about March 8, 2018, the Citizen Groups described above, delivered correspondence to our subsidiary, North Country Environmental Services, Inc. ("NCES") and us, providing notice of the Citizen Groups' intent to sue NCES and us for violations of the CWA in conjunction with NCES's operation of its landfill in Bethlehem, New Hampshire. On May 14, 2018, the Citizen Groups filed a lawsuit against NCES and us in the United States District Court for the District of New Hampshire (the “New Hampshire Court”) alleging violations of the CWA, arguing that ground water discharging into the Ammonoosuc River is a "point source" under the CWA. On June 15, 2018, we and NCES filed a Motion to Dismiss in the New Hampshire Court. On July 13, 2018, the Citizen Groups filed objections to our Motion to Dismiss. On July 27, 2018, we filed a reply in support of our Motion to Dismiss. We intend to continue to vigorously defend against this litigation, which we believe is without merit.

9. STOCKHOLDERS' EQUITY

Stock Based Compensation

Shares Available For Issuance

In the fiscal year ended December 31, 2016, we adopted the 2016 Incentive Plan (“2016 Plan”). Under the 2016 Plan, we may grant awards up to an aggregate amount of shares equal to the sum of: (i) 2,250 shares of Class A common stock (subject to adjustment in the event of stock splits and other similar events), plus (ii) such additional number of shares of Class A common stock (up to 2,723 shares) as is equal to the sum of the number of shares of Class A common stock that remained available for grant under the 2006 Stock Incentive Plan (“2006 Plan”) immediately prior to the expiration of the 2006 Plan and the number of shares of Class A common stock subject to awards granted under the 2006 Plan that expire, terminate or are otherwise surrendered, canceled, forfeited or repurchased by us. As of June 30, 2018, there were 1,620 Class A common stock equivalents available for future grant under the 2016 Plan.

Stock Options

Stock options are granted at a price equal to the prevailing fair value of our Class A common stock at the date of grant. Generally, stock options granted have a term not to exceed ten years and vest over a one year to four year period from the date of grant.

The fair value of each stock option granted, with the exception of market-based performance stock option grants, is estimated using a Black-Scholes option-pricing model, which requires extensive use of accounting judgment and financial estimation, including estimates of the expected term stock option holders will retain their vested stock options before exercising them and the estimated volatility of our Class A common stock price over the expected term.

The fair value of each market-based performance stock option granted is estimated using a Monte Carlo option-pricing model, which also requires extensive use of accounting judgment and financial estimation, including estimates of the expected term stock option holders will retain their vested stock options before exercising them and the estimated volatility of our Class A common stock price over the expected term, but also including estimates of share price appreciation plus the value of dividends of our Class A common stock as compared to the Russell 2000 Index over the requisite service period.

A summary of stock option activity follows:

	Stock Options (1)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding, December 31, 2017	727	$ 5.82		
Granted	—	$ —		
Exercised	(83)	$ 4.80		
Forfeited	—	$ —		
Outstanding, June 30, 2018	644	$ 5.95	6.0	$ 12,651
Exercisable, June 30, 2018	444	$ 4.81	5.2	$ 9,228
Unvested, June 30, 2018	240	$ 9.16	7.8	$ 3,948

(1) Market-based performance stock options are included at the 100% attainment level. Attainment of the maximum performance targets and market achievements would result in the issuance of an additional 40 shares of Class A common stock currently included in unvested.

Stock-based compensation expense for stock options was $126 and $250 during the three and six months ended June 30, 2018, respectively, as compared to $176 and $347 during the three and six months ended June 30, 2017, respectively.

During the three and six months ended June 30, 2018, the aggregate intrinsic value of stock options exercised was $403 and $1,556, respectively.

As of June 30, 2018, total unrecognized stock-based compensation expense related to outstanding stock options, including market-based performance stock options assuming the attainment of maximum performance targets, was $223, which will be recognized over a weighted average period of 0.3 years.

Other Stock Awards

Restricted stock awards, restricted stock units and performance stock units, with the exception of market-based performance stock units, are granted at a price equal to the fair value of our Class A common stock at the date of grant. The fair value of each market-based performance stock unit is estimated using a Monte Carlo pricing model, which requires extensive use of accounting judgment and financial estimation, including the estimated share price appreciation plus the value of dividends of our Class A common stock as compared to the Russell 2000 Index over the requisite service period.

Generally, restricted stock awards granted to non-employee directors vest incrementally over a three year period beginning on the first anniversary of the date of grant. Restricted stock units granted to non-employee directors typically vest in full on the first anniversary of the grant date. Restricted stock units granted to employees vest incrementally over an identified service period beginning on the grant date based on continued employment. Performance stock units granted to employees, including market-based performance stock units, vest at a future date following the grant date and are based on the attainment of performance targets and market achievements, as applicable.

A summary of restricted stock, restricted stock unit and performance stock unit activity follows:

	Restricted Stock, Restricted Stock Units, and Performance Stock Units (1)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (years)	Aggregate Intrinsic Value
Outstanding, December 31, 2017	1,091	$ 9.81		
Granted	225	$ 24.85		
Class A Common Stock Vested	(370)	$ 6.91		
Forfeited	(3)	$ 9.11		
Outstanding, June 30, 2018	943	$ 14.53	1.4	$ 10,492
Unvested, June 30, 2018	1,393	$ 14.73	1.3	$ 15,237

(1) Market-based performance stock unit grants are included at the 100% attainment level. Attainment of the maximum performance targets and market achievements would result in the issuance of an additional 450 shares of Class A common stock currently included in unvested.

Stock-based compensation expense related to restricted stock, restricted stock units and performance stock units was $1,946 and $3,876 during the three and six months ended June 30, 2018, respectively, as compared to $1,441 and $2,499 during the three and six months ended June 30, 2017, respectively.

During the three and six months ended June 30, 2018, the total fair value of other stock awards vested was $742 and $9,616, respectively.

As of June 30, 2018, total unrecognized stock-based compensation expense related to outstanding restricted stock and restricted stock units was $4,316, which will be recognized over a weighted average period of 1.5 years. As of June 30, 2018, maximum unrecognized stock-based compensation expense related to outstanding performance stock units, assuming the attainment of maximum performance targets, was $7,016 to be recognized over a weighted average period of 1.3 years.

The weighted average fair value of market-based performance stock units granted during the six months ended June 30, 2018 was $26.02 per award, which was calculated using a Monte Carlo pricing model assuming a risk free interest rate of 2.39% and an expected volatility of 32.70% assuming no expected dividend yield. The risk-free interest rate is based on the U.S. Treasury yield curve for the expected service period of the award. Expected volatility is calculated using the daily volatility of our Class A common stock over the expected service period of the award. The Monte Carlo pricing model requires extensive use of accounting judgment and financial estimation. Application of alternative assumptions could produce significantly different estimates of the fair value of stock-based compensation and consequently, the related amounts recognized in the consolidated statements of operations.

We also recorded $48 and $71 of stock-based compensation expense related to our Amended and Restated 1997 Employee Stock Purchase Plan during the three and six months ended June 30, 2018, respectively, as compared to $37 and $65 during the three and six months ended June 30, 2017, respectively.

Accumulated Other Comprehensive Income

A summary of the changes in the balances of each component of accumulated other comprehensive income, net of tax follows:

	Marketable Securities	Interest Rate Swaps
Balance, December 31, 2017	$ 18	$ 166
Cumulative effect of new accounting principle	(18)	—
Other comprehensive income before reclassifications	—	570
Amounts reclassified from accumulated other comprehensive income	—	91
Income tax expense related to items of other comprehensive income	—	(178)
Net current-period other comprehensive income	—	483
Balance, June 30, 2018	$ —	$ 649

A summary of reclassifications out of accumulated other comprehensive income, net of tax follows:

	Three Months Ended June 30,		Six Months Ended June 30,		
	2018	2017	2018	2017	
Details About Accumulated Other Comprehensive Income Components	Amounts Reclassified Out of Accumulated Other Comprehensive Income				Affected Line Item in the Consolidated Statements of Operations
Interest rate swaps	$ 38	$ 138	$ 91	$ 208	Interest expense
	38	138	91	208	Income (loss) before income taxes
	—	—	—	—	Provision (benefit) for income taxes
	$ 38	$ 138	$ 91	$ 208	Net income (loss)

10. EARNINGS PER SHARE

Basic earnings per share is computed by dividing the net income (loss) from continuing operations by the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated based on the combined weighted average number of common shares and potentially dilutive shares, which include the assumed exercise of employee stock options, including market-based performance stock options based on the expected achievement of performance targets, unvested restricted stock awards, unvested restricted stock units and unvested performance stock units, including market-based performance units based on the expected achievement of performance targets. In computing diluted earnings per share, we utilize the treasury stock method.

A summary of the numerator and denominators used in the computation of earnings per share follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Numerator:				
Net income (loss)	$1,704	$(53,675)	$(2,206)	$(53,900)
Denominators:				
Number of shares outstanding, end of period:				
Class A common stock	41,765	41,042	41,765	41,042
Class B common stock	988	988	988	988
Unvested restricted stock	(38)	(88)	(38)	(88)
Effect of weighted average shares outstanding	(54)	(131)	(199)	(244)

Basic weighted average common shares outstanding	42,661	41,811	42,516	41,698
Impact of potentially dilutive securities:				
Dilutive effect of stock options and other stock awards	1,255	—	—	—
Diluted weighted average common shares outstanding	43,916	41,811	42,516	41,698
Anti-dilutive potentially issuable shares	—	2,586	2,105	2,586

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11. Other Items and Charges

Expense from Acquisition Activities and Other Items

In the three and six months ended June 30, 2018, we recorded charges of $211 and $211, respectively, associated with the write-off of deferred costs related to the expiration of our shelf registration statement and $138 and $138, respectively, associated with potential acquisition activities.

Contract Settlement Charge

In the three and six months ended June 30, 2018, we recorded contract settlement charges of $0 and $2,100, respectively, associated with the termination and discounted buy-out of a commodities marketing and brokerage agreement.

Southbridge Landfill Closure Charge

In June 2017, we initiated the plan to cease operations of the Southbridge Landfill as disclosed in Note 8, Commitments and Contingencies. Accordingly, in the three and six months ended June 30, 2018, we recorded charges associated with the closure of the Southbridge Landfill as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Asset impairment charge (1)	$—	$47,999	$—	$47,999
Project development charge (2)	—	9,148	—	9,148
Environmental remediation charge (3)	—	6,379	—	6,379
Charlton settlement charge (4)	—	—	1,216	—
Legal and transaction costs (5)	172	588	543	588
Southbridge Landfill closure charge	$172	$64,114	$1,759	$64,114

(1) We performed a test of recoverability under FASB ASC 360, which indicated that the carrying value of our asset group that includes the Southbridge Landfill was no longer recoverable and, as a result, the asset group was assessed for impairment with an impairment charge allocated to the long-lived assets of the Southbridge Landfill in accordance with FASB ASC 360.

(2) We wrote-off deferred costs associated with Southbridge Landfill permitting activities no longer deemed viable.

(3) We recorded an environmental remediation charge associated with the future installation of a municipal waterline.

(4) We established a reserve associated with settlement of the Town of Charlton's claim against us. See Note 8, Commitments and Contingencies for additional disclosure.

(5) We incurred legal and other transaction costs associated with various matters as part of the Southbridge Landfill closure. See Note 8, Commitments and Contingencies for additional disclosure.

Development Project Charge

In the three and six months ended June 30, 2018, we recorded development project charges of $0 and $311, respectively, associated with previously deferred costs that were written off as a result of the negative vote in a public referendum relating to the NCES landfill.

12. FAIR VALUE OF FINANCIAL INSTRUMENTS

We use a three-tier fair value hierarchy to classify and disclose all assets and liabilities measured at fair value on a recurring basis, as well as assets and liabilities measured at fair value on a non-recurring basis, in periods subsequent to their initial measurement. These tiers include: Level 1, defined as quoted market prices in active markets for identical assets or liabilities; Level 2, defined as inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; and Level 3, defined as unobservable inputs that are not corroborated by market data.

We use valuation techniques that maximize the use of market prices and observable inputs and minimize the use of unobservable inputs. In measuring the fair value of our financial assets and liabilities, we rely on market data or assumptions that we believe market participants would use in pricing an asset or a liability.

Assets and Liabilities Accounted for at Fair Value

Our financial instruments include cash and cash equivalents, accounts receivable-trade, restricted investment securities held in trust on deposit with various banks as collateral for our obligations relative to our landfill final capping, closure and post-closure costs, interest rate swaps, trade payables and long-term debt. The carrying values of cash and cash equivalents, accounts receivable - trade and trade payables approximate their respective fair values due to their short-term nature. The fair value of restricted investment securities held in trust, which are valued using quoted market prices, are included as restricted assets in the Level 1 tier below. The fair value of the interest rate swaps included in the Level 2 tier below is calculated using discounted cash flow valuation methodologies based upon the one month LIBOR yield curves that are observable at commonly quoted intervals for the full term of the swaps.

Recurring Fair Value Measurements

Summaries of our financial assets and liabilities that are measured at fair value on a recurring basis follow:

	Fair Value Measurement at June 30, 2018 Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			
Interest rate swaps	$—	$ 1,351	$ —
Restricted investment securities - landfill closure	1,198	—	—
Total	$1,198	$ 1,351	$ —
Liabilities:			
Interest rate swaps	$—	$ 416	$ —

	Fair Value Measurement at December 31, 2017 Using:		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets:			