

CASELLA WASTE SYSTEMS INC
Form 10-Q
December 06, 2013

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended October 31, 2013

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of November 15, 2013:

Class A common stock, \$0.01 par value per share:	39,011,087
Class B common stock, \$0.01 par value per share:	988,200

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

	October 31, 2013	April 30, 2013
	(Unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,953	\$ 1,755
Restricted cash	76	76
Accounts receivable - trade, net of allowance for doubtful accounts of \$2,054 and \$1,332	54,275	48,689
Refundable income taxes	637	128
Prepaid expenses	7,852	5,711
Inventory	4,040	3,494
Deferred income taxes	3,235	3,730
Other current assets	1,009	901
Current assets of discontinued operations	364	61
Total current assets	76,441	64,545
Property, plant and equipment, net of accumulated depreciation and amortization of \$671,883 and \$645,567	422,407	422,502
Goodwill	118,257	115,928
Intangible assets, net	12,430	11,674
Restricted assets	645	545
Notes receivable - related party	149	147
Investments in unconsolidated entities	19,217	20,252
Other non-current assets	27,331	27,526
Non-current assets of discontinued operations	1,636	
Total assets	\$ 678,513	\$ 663,119

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)

	October 31, 2013 (Unaudited)	April 30, 2013
LIABILITIES AND STOCKHOLDERS EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt and capital leases	\$ 430	\$ 857
Current maturities of financing lease obligations	374	361
Accounts payable	49,542	51,974
Accrued payroll and related expenses	5,131	3,983
Accrued interest	6,109	6,074
Current accrued capping, closure and post-closure costs	5,281	3,835
Other accrued liabilities	22,713	21,014
Total current liabilities	89,580	88,098
Long-term debt and capital leases, less current maturities	507,159	493,531
Financing lease obligations, less current maturities	1,266	1,456
Accrued capping, closure and post-closure costs, less current portion	40,700	39,335
Deferred income taxes	6,868	6,798
Other long-term liabilities	17,100	18,450
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS EQUITY:		
Casella Waste Systems, Inc. stockholders equity:		
Class A common stock, \$0.01 par value per share; 100,000,000 shares authorized; 39,011,000 and 38,662,000 shares issued and outstanding as of October 31, 2013 and April 30, 2013, respectively	390	387
Class B convertible common stock, \$0.01 par value per share; 1,000,000 shares authorized; 988,000 shares issued and outstanding, 10 votes per share, as of October 31, 2013 and April 30, 2013, respectively	10	10
Additional paid-in capital	337,178	335,857
Accumulated deficit	(324,908)	(324,377)
Accumulated other comprehensive loss	(797)	(592)
Total Casella Waste Systems, Inc. stockholders equity	11,873	11,285
Noncontrolling interests	3,967	4,166
Total stockholders equity	15,840	15,451
Total liabilities and stockholders equity	\$ 678,513	\$ 663,119

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(in thousands)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2013	2012	2013	2012
Revenues	\$ 132,296	\$ 116,836	\$ 260,854	\$ 234,474
Operating expenses:				
Cost of operations	90,545	82,087	178,962	163,432
General and administration	16,425	13,883	31,503	29,073
Depreciation and amortization	15,669	14,570	30,866	29,279
Environmental remediation charge	150		150	
Severance and reorganization costs	53	1,793	161	1,827
Expense from divestiture, acquisition and financing costs	4	77	24	631
	122,846	112,410	241,666	224,242
Operating income	9,450	4,426	19,188	10,232
Other expense (income):				
Interest income	(101)	(10)	(113)	(18)
Interest expense	9,635	11,516	18,994	23,207
(Income) loss from equity method investments	(91)	109	887	1,875
Loss (gain) on derivative instruments	629	3,896	(25)	3,896
Loss on debt extinguishment		9,670		9,670
Other income	(392)	(311)	(530)	(441)
Other expense, net	9,680	24,870	19,213	38,189
Loss from continuing operations before income taxes and discontinued operations	(230)	(20,444)	(25)	(27,957)
Provision for income taxes	300	413	619	1,063
Loss from continuing operations before discontinued operations	(530)	(20,857)	(644)	(29,020)
Discontinued operations:				
(Loss) income from discontinued operations (net of income tax provision of \$0, \$0, \$0 and \$0)	(45)	(235)	284	(451)
Loss on disposal of discontinued operations (net of income tax			(378)	

provision of \$0, \$0, \$0 and \$0)

Net loss	(575)	(21,092)	(738)	(29,471)
Less: Net loss attributable to noncontrolling interests	(236)	(125)	(207)	(133)
Net loss attributable to common stockholders	\$ (339)	\$ (20,967)	\$ (531)	\$ (29,338)

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (Continued)

(Unaudited)

(in thousands, except for share and per share data)

	Three Months Ended October 31,		Six Months Ended October 31,	
	2013	2012	2013	2012
Amounts attributable to common stockholders:				
Loss from continuing operations before discontinued operations	\$ (294)	\$ (20,732)	\$ (437)	\$ (28,887)
(Loss) income from discontinued operations, net of tax	(45)	(235)	284	(451)
Loss on disposal of discontinued operations, net of tax			(378)	
Net loss	\$ (339)	\$ (20,967)	\$ (531)	\$ (29,338)
Basic and diluted earnings per share:				
Loss from continuing operations before discontinued operations	\$ (0.01)	\$ (0.67)	\$ (0.01)	\$ (1.00)
(Loss) income from discontinued operations, net of tax	(0.00)	(0.01)	0.01	(0.01)
Loss on disposal of discontinued operations, net of tax			(0.01)	
Net loss per common share	\$ (0.01)	\$ (0.68)	\$ (0.01)	\$ (1.01)
Weighted average common shares outstanding	39,821	30,872	39,742	28,932

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited)

(in thousands)

	Three Months Ended		Six Months	
	October 31,		Ended	
	2013	2012	2013	2012
Net loss	\$ (575)	\$ (21,092)	\$ (738)	\$ (29,471)
Other comprehensive income (loss), net of taxes:				
Unrealized loss resulting from changes in fair value of derivative instruments	(279)	(716)	(568)	(2,799)
Realized loss on derivative instruments reclassified into earnings	181	3,946	345	3,990
Unrealized gain resulting from changes in fair value of marketable securities	18	21	18	15
Other comprehensive (loss) income	(80)	3,251	(205)	1,206
Comprehensive loss	(655)	(17,841)	(943)	(28,265)
Less: Comprehensive loss attributable to noncontrolling interests	(236)	(125)	(207)	(133)
Comprehensive loss attributable to common stockholders	\$ (419)	\$ (17,716)	\$ (736)	\$ (28,132)

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS EQUITY

(Unaudited)

(in thousands)

	Casella Waste Systems, Inc. Stockholders Equity								
	Total	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Noncontrolling Interests
	Total	Shares	Amount	Shares	Amount	Capital	Deficit	Loss	Interests
Balance, April 30, 2013	\$ 15,451	38,662	\$ 387	988	\$ 10	\$ 335,857	\$ (324,377)	\$ (592)	\$ 4,166
Net loss	(738)						(531)		