

CASELLA WASTE SYSTEMS INC
Form 10-Q
September 07, 2007

**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 July 31, 2007

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
incorporation or organization)

03-0338873

(I.R.S. Employer 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in rule 12b-2 of the Exchange Act. (Check One):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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 issuer's classes of common stock, as of August 31, 2007:

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| | |
|----------------------|------------|
| Class A Common Stock | 24,351,167 |
| Class B Common Stock | 988,200 |

PART I. FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(Unaudited)****(in thousands, except for share and per share data)**

| | April 30, 2007 | July 31, 2007 |
|--|---------------------------|--------------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 12,363 | \$ 4,378 |
| Restricted cash | 73 | 94 |
| Accounts receivable - trade, net of allowance for doubtful accounts of \$1,592 and \$1,784 | 62,044 | 65,047 |
| Notes receivable - officers/employees | 87 | 87 |
| Refundable income taxes | 1,340 | 1,867 |
| Prepaid expenses | 5,518 | 4,928 |
| Inventory | 3,524 | 3,536 |
| Deferred income taxes | 8,215 | 14,124 |
| Other current assets | 1,636 | 1,611 |
| Total current assets | 94,800 | 95,672 |
| Property, plant and equipment, net of accumulated depreciation and amortization of \$421,532 and \$441,732 | 487,621 | 488,289 |
| Goodwill | 173,350 | 172,885 |
| Intangible assets, net | 2,217 | 2,067 |
| Restricted cash | 12,734 | 12,855 |
| Notes receivable - officers/employees | 916 | 1,085 |
| Deferred income taxes | 1,546 | |
| Investments in unconsolidated entities | 49,969 | 47,850 |
| Net assets under contractual obligation | 55 | |
| Other non-current assets | 10,885 | 10,936 |
| | 739,293 | 735,967 |
| | \$ 834,093 | \$ 831,639 |

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

CASELLA WASTE SYSTEMS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Continued)

(Unaudited)

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

| | April 30, 2007 | July 31, 2007 |
|---|-------------------|------------------|
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt | \$ 1,215 | \$ 2,070 |
| Current maturities of capital lease obligations | 1,104 | 1,009 |
| Series A redeemable, convertible preferred stock | 74,018 | 74,944 |
| Accounts payable | 52,371 | 48,700 |
| Accrued payroll and related expenses | 8,555 | 6,111 |
| Accrued interest | 9,275 | 14,097 |
| Current accrued capping, closure and post-closure costs | 8,921 | 9,361 |
| Other accrued liabilities | 32,693 | 33,725 |
| Total current liabilities | 188,152 | 190,017 |
| Long-term debt, less current maturities | 476,225 | 469,246 |
| Capital lease obligations, less current maturities | 650 | 472 |
| Accrued capping, closure and post-closure costs, less current portion | 29,451 | 30,593 |
| Deferred income taxes | | 1,926 |
| Other long-term liabilities | 10,119 | 6,746 |
| STOCKHOLDERS EQUITY: | | |
| Class A common stock - | | |
| Authorized - 100,000,000 shares, \$0.01 par value; issued and outstanding - 24,332,000 and 24,351,000 shares as of April 30, 2007 and July 31, 2007, respectively | 243 | 244 |
| Class B common stock - | | |
| Authorized - 1,000,000 shares, \$0.01 par value, 10 votes per share, issued and outstanding - 988,000 shares | 10 | 10 |
| Accumulated other comprehensive loss | (1,001 |) (1,185) |
| Additional paid-in capital | 273,345 | 272,800 |
| Accumulated deficit | (143,101 |) (139,230) |
| Total stockholders equity | 129,496 | 132,639 |
| | \$ 834,093 | \$ 831,639 |

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 July 31, 2006 | 2007 |
|----------------------------|---|-------------|
| Revenues | \$ 140,757 | \$ 152,433 |
| Operating expenses: | | |
| Cost of operations | 93,537 | 101,308 |
| General and administration | | |