AMERICAN ECOLOGY CORP
Form 10-Q
July 30, 2009

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

FORM 10-Q

xQUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended: June 30, 2009

or

o 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: 0-11688

AMERICAN ECOLOGY CORPORATION
(Exact Name of Registrant as Specified in Its Charter)

Delaware (State of Incorporation)	95-3889638 (I.R.S. Employer Identification Number)
Lakepointe Centre I, 300 E. Mallard, Suite 300 Boise, Idaho (Address of Principal Executive Offices)	83706 (Zip Code)

(208) 331-8400
(Registrant's Telephone Number, Including Area Code)

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 x No o

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 o No o

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer o	Accelerated filer x
Non-accelerated filer (Do not check if smaller reporting company) o	Smaller Reporting Company o

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

The number of shares of the registrant’s common stock, $0.01 par value, outstanding as of July 28, 2009 was 18,305,814.

AMERICAN ECOLOGY CORPORATION

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

AMERICAN ECOLOGY CORPORATION
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share data)
(unaudited)

	June 30, 2009	December 31, 2008
Assets		
Current Assets:		
Cash and cash equivalents	$ 24,895	$ 18,473
Receivables, net	26,476	30,737
Prepaid expenses and other current assets	2,617	2,281
Income tax receivable	442	2,834
Deferred income taxes	1,153	684
Total current assets	55,583	55,009
Property and equipment, net	69,491	67,987
Restricted cash	4,727	4,716
Total assets	$ 129,801	$ 127,712
Liabilities and Stockholders' Equity		
Current Liabilities:		
Accounts payable	$ 5,570	$ 5,400
Deferred revenue	5,213	4,657
Accrued liabilities	3,941	4,398
Accrued salaries and benefits	1,996	2,895
Current portion of closure and post-closure obligations	1,524	490
Current portion of capital lease obligations	11	10
Total current liabilities	18,255	17,850
Long-term closure and post-closure obligations	13,234	13,972
Long-term capital lease obligations	15	21
Deferred income taxes	5,331	3,927
Total liabilities	36,835	35,770
Contingencies and commitments		
Stockholders' Equity		
Common stock $0.01 par value, 50,000 authorized; 18,306 and 18,304 shares issued, respectively	183	183
Additional paid-in capital	61,201	60,803
Retained earnings	34,172	33,544

Common stock held in treasury, at cost, 155 and 155 shares, respectively		(2,590)		(2,588)
Total stockholders' equity		92,966		91,942
Total liabilities and stockholders' equity	$	129,801	$	127,712

See Notes to Consolidated Financial Statements.

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AMERICAN ECOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Revenue	$ 36,377	$ 44,516	$ 71,342	$ 90,735
Transportation costs	15,263	19,251	29,437	41,309
Other direct operating costs	12,002	11,687	23,247	22,404
Gross profit	9,112	13,578	18,658	27,022
Selling, general and administrative expenses	3,396	3,732	6,969	7,651
Operating income	5,716	9,846	11,689	19,371
Other income (expense):				
Interest income	37	111	85	174
Interest expense	-	(3)	(1)	(4)
Other	91	94	124	159
Total other income	128	202	208	329
Income before income taxes	5,844	10,048	11,897	19,700
Income taxes	2,326	3,938	4,735	7,722
Net income	$ 3,518	$ 6,110	$ 7,162	$ 11,978
Earnings per share:				
Basic	$ 0.19	$ 0.34	$ 0.39	$ 0.66
Dilutive	$ 0.19	$ 0.33	$ 0.39	$ 0.66
Shares used in earnings per share calculation:				
Basic	18,145	18,232	18,144	18,230
Dilutive	18,175	18,295	18,175	18,286
Dividends paid per share	$ 0.18	$ 0.15	$ 0.36	$ 0.30

See Notes to Consolidated Financial Statements.

AMERICAN ECOLOGY CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30, 2009	2008
Cash Flows From Operating Activities:		
Net income	$ 7,162	$ 11,978
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, amortization and accretion	4,642	5,671
Deferred income taxes	935	824
Stock-based compensation expense	416	415
Net (gain) loss on sale of property and equipment	(3)	4
Accretion of interest income	-	(15)
Changes in assets and liabilities:		
Receivables	4,261	(2,262)
Income tax receivable	2,392	994
Other assets	(336)	35
Accounts payable and accrued liabilities	(1,120)	(1,320)
Deferred revenue	556	898
Accrued salaries and benefits	(899)	(297)
Income tax payable	-	38
Closure and post-closure obligations	(288)	(507)
Other	(19)	-
Net cash provided by operating activities	17,699	16,456
Cash Flows From Investing Activities:		
Purchases of property and equipment	(4,768)	(7,335)
Proceeds from sale of property and equipment	42	11
Restricted cash	(11)	35
Purchases of short-term investments	-	(992)
Maturities of short-term investments	-	3,216
Net cash used in investing activities	(4,737)	(5,065)
Cash Flows From Financing Activities:		
Dividends paid	(6,534)	(5,475)
Common stock repurchases	(2)	-
Other	(4)	(5)
Tax benefit of common stock options	-	20
Proceeds from stock option exercises	-	23
Net cash used in financing activities	(6,540)	(5,437)
Increase in cash and cash equivalents	6,422	5,954
Cash and cash equivalents at beginning of period	18,473	12,563
Cash and cash equivalents at end of period	$ 24,895	$ 18,517

Supplemental Disclosures				
Income taxes paid, net of receipts	$	1,427	$	5,848
Interest paid		1		3
Non-cash investing and financing activities:				
Capital expenditures in accounts payable		1,729		2,127
Acquisition of equipment with capital leases		-		6

See Notes to Consolidated Financial Statements.

AMERICAN ECOLOGY CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

NOTE 1 – GENERAL

Basis of Presentation
The accompanying unaudited consolidated financial statements include the results of operations, financial position and cash flows of American Ecology Corporation and its wholly-owned subsidiaries (collectively, "AEC" or "the Company"). All material intercompany balances have been eliminated. We have evaluated subsequent events through the date and time the financial statements were issued on July 30, 2009.

In the opinion of management, the accompanying unaudited consolidated financial statements include all adjustments necessary to present fairly, in all material respects, the results of the Company for the periods presented. These consolidated financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted pursuant to the rules and regulations of the SEC. These consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in the Company's 2008 Annual Report on Form 10-K filed with the SEC on February 25, 2009. The results of operations for the three and six months ended June 30, 2009 are not necessarily indicative of results to be expected for the entire fiscal year.

The Company's Consolidated Balance Sheet as of December 31, 2008 has been derived from the Company's audited Consolidated Balance Sheet as of that date.

Use of Estimates
The preparation of the Company's consolidated financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions. Some of these estimates require difficult, subjective or complex judgments about matters that are inherently uncertain. As a result, actual results could differ from these estimates, in some cases materially. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period.

NOTE 2 – REVENUE RECOGNITION

We recognize revenue when persuasive evidence of an arrangement exists, delivery and disposal have occurred or services have been rendered, the price is fixed or determinable and collection is reasonably assured. We recognize revenue from two primary sources: 1) waste treatment and disposal and 2) waste transportation services.

Waste treatment and disposal revenue results primarily from fees charged to customers for treatment and/or disposal or recycling of specified wastes. Waste treatment and disposal revenue is generally charged on a per-ton or per-yard basis based on contracted prices and is recognized when services are complete and the waste is disposed of in our landfill.

Transportation revenue results from delivering customer waste to one of our disposal facilities for treatment and/or disposal or recycling. Transportation services are generally not provided on a stand-alone basis and instead are bundled with other Company services. We account for our bundled arrangements as multiple deliverable arrangements and accordingly follow the provisions of Emerging Issues Task Force ("EITF") 00-21 Revenue Arrangements with Multiple Deliverables. The amount of revenue recognized for each deliverable (unit of accounting) of our bundled arrangements is determined using the relative fair value method. Transportation revenue is recognized when the transported waste is received at our disposal sites. Waste treatment and disposal revenue under bundled arrangements is recognized when services are complete and the waste is disposed in the landfill, which is generally the same day as receipt of the waste at the disposal site.

Burial fees collected from customers for each ton or cubic yard of waste disposed in our landfills are paid to the respective local and/or state government entity and are not included in revenue. Revenue and associated cost from waste that has been received but not yet treated and disposed of in our landfills are deferred until disposal occurs.

Our Richland, Washington disposal facility is regulated by the Washington Utilities and Transportation Commission ("WUTC"), which approves our rates for disposal of low-level radioactive waste regulated under the federal Atomic Energy Act ("LLRW"). Annual revenue levels are established based on a rate agreement with the WUTC at amounts sufficient to cover the costs of operation and provide us with a reasonable profit. Per-unit rates charged to LLRW customers during the year are based on our evaluation of disposal volume and radioactivity projections submitted to us by waste generators. Our proposed rates are then reviewed and approved by the WUTC. If annual revenue exceeds the approved levels set by the WUTC, we are required to refund excess collections to facility users on a pro-rata basis. The rate agreement in effect for 2009 began on January 1, 2008 and expires on January 1, 2014.

NOTE 3 – EFFECT OF RECENTLY ISSUED ACCOUNTING STANDARDS

SFAS 157. In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") 157, Fair Value Measurements ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 applies to other existing accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. While SFAS 157 does not require any new fair value measurements, its application may change the current practice for fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In February 2008, the FASB issued FSP FAS 157-2, Effective Date of FASB Statement No. 157, which delayed the effective date of SFAS 157 for nonfinancial assets and liabilities to fiscal years beginning after November 15, 2008. The adoption of SFAS 157 for nonfinancial assets and liabilities in the first quarter of 2009 had no significant impact on our consolidated financial statements.

SFAS 141 R. In December 2007, the FASB issued SFAS 141(revised 2007), Business Combinations ("SFAS 141 R"), which establishes principles and requirements for how an acquirer recognizes and measures the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree in a business combination. SFAS 141 R requires that assets and liabilities, including contingencies, be recorded at the fair value determined on the acquisition date with changes thereafter reflected in results of operations, as opposed to goodwill. Additionally, SFAS 141 R modifies the treatment of restructuring costs associated with a business combination and requires acquisition costs to be expensed as incurred. The statement also provides guidance on disclosures related to the nature and financial impact of the business combination. SFAS 141 R is effective for transactions closing after December 15, 2008 and for fiscal years beginning after December 15, 2008. SFAS 141 R will be adopted for business combinations, if any, entered into by the Company after December 31, 2008. The impact of this new standard will be dependent on the nature of acquisitions completed after adoption of SFAS 141 R. Any impact will be evaluated as part of the economic evaluation of such a business combination.

SFAS 160. In December 2007, the FASB issued SFAS 160, Non-controlling Interests in Consolidated Financial Statements—an amendment of ARB No. 51 ("SFAS 160"). This statement establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective prospectively, except for certain retrospective disclosure requirements, for fiscal years beginning after December 15, 2008. This statement was effective for the Company at the beginning of the first quarter of 2009 and had no impact on our consolidated financial statements as we have no non-controlling interests in any subsidiaries and have had no subsidiary deconsolidation.

SFAS 161. In March 2008, the FASB issued SFAS 161, Disclosures About Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133 ("SFAS 161"). SFAS 161 expands quarterly disclosure requirements in SFAS 133 about an entity's derivative instruments and hedging activities. SFAS 161 is effective for fiscal years beginning after November 15, 2008. This statement was effective for the Company at the beginning of the first quarter of 2009 and had no impact on our consolidated financial statements as we currently do not have any derivative instruments or hedging activities.

FSP EITF 03-6-1. In June 2008, the FASB issued FSP EITF 03-6-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities ("FSP EITF 03-6-1"). FSP EITF 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, need to be included in computing earnings per share under the two-class method described in SFAS No. 128, Earnings Per Share. FSP EITF 03-6-1 requires companies to treat unvested share-based payment awards that have non-forfeitable rights to dividend or dividend equivalents as a separate class of securities in calculating earnings per share. FSP EITF 03-6-1 was effective for the Company beginning January 1, 2009. The adoption of FSP EITF 03-6-1 did not have a material impact on our consolidated financial statements.

SFAS 165. In May 2009, the FASB issued SFAS 165, Subsequent Events ("SFAS 165"). SFAS 165 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS 165 requires entities to disclose the date through which subsequent events were evaluated as well as the rationale for why that date was selected, that is, whether that date represents the date the financial statements were issued or were available to be issued. SFAS 165 is effective for interim or annual periods ending after June 15, 2009, the quarter ending June 30, 2009 for the Company. The adoption of SFAS 165 did not have a material impact on our consolidated financial statements.

SFAS 168. In June 2009, the FASB issued SFAS 168, The FASB Accounting Standards Codification™ and the Hierarchy of Generally Accepted Accounting Principles – a replacement of FASB Statement No. 162 ("SFAS 168"). SFAS 168 provides for the FASB Accounting Standards Codification™ (the "Codification") to become the single official source of authoritative, nongovernmental U.S. generally accepted accounting principles (GAAP). The Codification did not change GAAP but reorganizes the literature. SFAS 168 is effective for interim and annual periods ending after September 15, 2009, the quarter ending September 30, 2009 for the Company. The adoption of SFAS 168 will not have a material impact on our consolidated financial statements.

NOTE 4 – CONCENTRATION AND CREDIT RISK

Major Customers. The Company has a contract with Honeywell International, Inc. ("Honeywell") for transportation, treatment and disposal of hazardous waste from a multi-year clean-up project in New Jersey. Our services for the site are presently expected to be completed in the third quarter of 2009. Revenue under this bundled service contract represented 51% and 40% of our total revenue for the three months ended June 30, 2009 and 2008, respectively, and 47% and 39% of our total revenue for the six months ended June 30, 2009 and 2008, respectively. No other customer represented more than 10% of total revenue for the three or six months ended June 30, 2009 and 2008, respectively. Receivables from Honeywell represented 52% of our total trade receivables at June 30, 2009 and 43% of total trade receivables at December 31, 2008. No other customer's receivable balances exceeded 10% of our total trade receivables at June 30, 2009 or December 31, 2008.

Credit Risk Concentration. We maintain most of our cash with Wells Fargo Bank. Substantially all balances are uninsured and are not used as collateral for other obligations. Concentrations of credit risk on accounts receivable are believed to be limited due to the number, diversification and character of the obligors and our credit evaluation process, except for receivables from Honeywell for which significant credit risk exists. We believe that credit risk on Honeywell receivables is partially mitigated by federal court orders requiring that Honeywell perform activities covered by our contract and Honeywell's compliant payment history over the contract's multi-year period. Typically, we have not required customers to provide collateral for such obligations.

NOTE 5 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include funds held in managed money market funds with Wells Fargo & Company and Fidelity Investments. The fair value of these money market funds, using Level 1 inputs under SFAS 157, was $18.6

million at June 30, 2009.

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NOTE 6 - RECEIVABLES

Receivables were as follows:

(in thousands)	June 30, 2009	December 31, 2008
Trade	$ 22,610	$ 27,324
Unbilled revenue	3,914	3,536
Other	105	226
	26,629	31,086
Allowance for doubtful accounts	(153)	(349)
	$ 26,476	$ 30,737

NOTE 7 – PROPERTY AND EQUIPMENT

(in thousands)	June 30, 2009	December 31, 2008
Cell development costs	$ 45,377	$ 42,432
Land and improvements	9,204	9,158
Buildings and improvements	29,745	29,721
Railcars	17,375	17,375
Vehicles and other equipment	23,323	22,065
Construction in progress	5,567	4,473
	130,591	125,224
Accumulated depreciation and amortization	(61,100)	(57,237)
	$ 69,491	$ 67,987

Depreciation expense for the three months ended June 30, 2009 and 2008 was $2.1 million and $2.5 million, respectively. Depreciation expense for the six months ended June 30, 2009 and 2008 was $4.1 million and $5.1 million, respectively.

NOTE 8 – RESTRICTED CASH

Restricted cash balances of $4.7 million at both June 30, 2009 and December 31, 2008 are held in third-party managed trust accounts as collateral for our financial assurance policies for closure and post-closure obligations. These restricted cash balances are maintained by third-party trustees and are invested in money market accounts.

NOTE 9 – LINE OF CREDIT

We have a $15.0 million unsecured revolving line of credit (the "Revolving Credit Agreement") with Wells Fargo Bank, National Association ("Wells Fargo"). This Revolving Credit Agreement expires on June 15, 2010. Monthly interest-only payments are paid based on a pricing grid under which the interest rate decreases or increases based on our ratio of funded debt to earnings before interest, taxes, depreciation and amortization. We can elect to borrow utilizing the offshore London Inter-Bank Offering Rate ("LIBOR") plus an applicable spread or the prime rate. The Revolving Credit Agreement contains quarterly financial covenants including a maximum leverage ratio, a maximum funded debt ratio and a minimum required tangible net worth. Pursuant to our Revolving Credit Agreement, we may only declare quarterly or annual dividends if on the date of declaration, no event of default has occurred, or no other event or condition has occurred that would constitute an event of default after giving effect to the payment of the dividend. At June 30, 2009, we were in compliance with all of the financial covenants in the Revolving Credit Agreement.

At June 30, 2009 and December 31, 2008, we had no amounts outstanding on the revolving line of credit. At June 30, 2009 and December 31, 2008, the availability under the line of credit was $11.0 million. An additional $4.0 million of the line of credit has been issued in the form of a standby letter of credit that provides collateral for closure and post-closure financial assurance.

NOTE 10 – CLOSURE AND POST-CLOSURE OBLIGATIONS

Closure and post-closure obligations are recorded when environmental assessments and/or remedial efforts are probable and the costs can be reasonably estimated consistent with SFAS 5, Accounting for Contingencies and with the liability calculated in accordance with SFAS 143, Accounting for Asset Retirement Obligations. We perform periodic reviews of both non-operating and operating facilities and revise accruals for estimated post-closure, remediation and other costs when necessary. Our recorded liabilities are based on estimates of future costs and are updated periodically to reflect existing environmental conditions, current technology, laws and regulations, permit conditions, inflation and other factors.

Changes to reported closure and post-closure obligations were as follows:

(in thousands)	Three Months Ended June 30, 2009		Six Months Ended June 30, 2009	
Beginning obligation	$	14,606	$	14,462
Accretion expense		292		584
Payments		(140)		(288)
Adjustments		-		-
Ending obligation		14,758		14,758
Less current portion		(1,524)		(1,524)
Long-term portion	$	13,234	$	13,234

NOTE 11 – INCOME TAXES

As of June 30, 2009 and December 31, 2008, we had no significant unrecognized tax benefits. We recognize interest assessed by taxing authorities as a component of interest expense. We recognize any penalties assessed by taxing authorities as a component of selling, general and administrative expenses. Interest and penalties for the three and six months ended June 30, 2009 and 2008 were not material.

Our effective tax rate for the three and six months ended June 30, 2009 was 39.8% compared to 39.2% for the three and six months ended June 30, 2008. This increase is primarily due to lower pre-tax earnings in the current year increasing the impact non-tax-deductible expenses have on the effective tax rate.

We file U.S. federal income tax returns with the Internal Revenue Service (“IRS”) as well as income tax returns in various states. We may be subject to examination by the IRS for tax years 2005 through 2008. Additionally, we may be subject to examinations by various state taxing jurisdictions for tax years 2004 through 2008. We are not currently under examination by the IRS or any state taxing jurisdictions.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

In the ordinary course of business, we are periodically involved in judicial and administrative proceedings involving federal, state or local governmental authorities. Actions may also be brought by individuals or groups in connection with permit modifications at existing facilities, proposed new facilities, alleged violations of existing permits, or alleged damages suffered from exposure to hazardous substances purportedly released from our operating sites or non-operating sites, as well as other litigation. We maintain insurance intended to cover property and damage claims asserted as a result of our operation. Periodically, management reviews and may establish reserves for legal and administrative matters, or fees expected to be incurred in connection therewith. As of June 30, 2009, we did not have any ongoing, pending or threatened legal action that management believes would have a material adverse effect on our financial position, results of operations or cash flows.

NOTE 13 – COMPUTATION OF EARNINGS PER SHARE

(in thousands, except per share data)	Three Months Ended June 30,			
	2009		2008	
	Basic	Diluted	Basic	Diluted
Net income	$ 3,518	$ 3,518	$ 6,110	$ 6,110
Weighted average common shares outstanding	18,145	18,145	18,232	18,232
Dilutive effect of stock options and restricted stock		30		63
Weighted average shares outstanding		18,175		18,295
Earnings per share	$ 0.19	$ 0.19	$ 0.34	$ 0.33
Anti-dilutive shares excluded from calculation		283		31

(in thousands, except per share data)	Six Months Ended June 30,			
	2009		2008	
	Basic	Diluted	Basic	Diluted
Net income	$ 7,162	$ 7,162	$ 11,978	$ 11,978
Weighted average common shares outstanding	18,144	18,144	18,230	18,230
Dilutive effect of stock options and restricted stock		31		56
Weighted average shares outstanding		18,175		18,286
Earnings per share	$ 0.39	$ 0.39	$ 0.66	$ 0.66
Anti-dilutive shares excluded from calculation		274		88

NOTE 14 – OPERATING SEGMENTS

We operate within two segments, Operating Disposal Facilities and Non-Operating Disposal Facilities. The Operating Disposal Facilities segment represents facilities currently accepting waste. The Non-Operating Disposal Facilities segment represents facilities that are no longer accepting waste.

Income taxes are assigned to Corporate. All other items are included in the segment of origin. Intercompany transactions have been eliminated from the segment information and are not significant between segments.

Summarized financial information concerning our reportable segments is shown in the following tables:

(in thousands)	Operating Disposal Facilities	Non-Operating Disposal Facilities	Corporate	Total
Three months ended June 30, 2009				
Revenue - Treatment and disposal	$ 21,320	$ 3	$ -	$ 21,323
Revenue - Transportation services	15,054	-	-	15,054
Total revenue	36,374	3	-	36,377
Transportation costs	15,263	-	-	15,263
Other direct operating costs	11,947	55	-	12,002
Gross profit	9,164	(52)	-	9,112
Selling, general & administration	1,128	-	2,268	3,396
Operating income (loss)	8,036	(52)	(2,268)	5,716
Interest, net	1	-	36	37
Other income	53	38	-	91
Income (loss) before income taxes	8,090	(14)	(2,232)	5,844
Income taxes	-	-	2,326	2,326
Net income (loss)	$ 8,090	$ (14)	$ (4,558)	$ 3,518
Depreciation, amortization & accretion	$ 2,290	$ 56	$ 10	$ 2,356
Capital expenditures	$ 2,101	$ -	$ 6	$ 2,107
Total assets	$ 96,746	$ 51	$ 33,004	$ 129,801

(in thousands)	Operating Disposal Facilities	Non-Operating Disposal Facilities	Corporate	Total
Three months ended June 30, 2008				
Revenue - Treatment and disposal	$ 25,337	$ 6	$ -	$ 25,343
Revenue - Transportation services	19,173	-	-	19,173
Total revenue	44,510	6	-	44,516
Transportation costs	19,251	-	-	19,251
Other direct operating costs	11,476	179	32	11,687
Gross profit	13,783	(173)	(32)	13,578
Selling, general & administration	1,253	-	2,479	3,732
Operating income (loss)	12,530	(173)	(2,511)	9,846
Interest, net	-	-	108	108
Other income	93	-	1	94
Income (loss) before income taxes	12,623	(173)	(2,402)	10,048
Income taxes	-	-	3,938	3,938
Net income (loss)	$ 12,623	$ (173)	$ (6,340)	$ 6,110
Depreciation, amortization & accretion	$ 2,749	$ 71	$ 13	$ 2,833
Capital expenditures				