CLEAN HARBORS INC
Form 10-Q
August 05, 2015

UNITED STATES OF AMERICA
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2015
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 001-34223

CLEAN HARBORS, INC.
(Exact name of registrant as specified in its charter)

Massachusetts	04-2997780
(State or Other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
42 Longwater Drive, Norwell, MA	02061-9149
(Address of Principal Executive Offices)	(Zip Code)

(781) 792-5000
(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 x 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. (Check one):

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

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.01 par value	58,429,608
(Class)	(Outstanding as of July 31, 2015)

CLEAN HARBORS, INC.

QUARTERLY REPORT ON FORM 10-Q

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CLEAN HARBORS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(in thousands)

	June 30, 2015	December 31, 2014
ASSETS	(unaudited)	
Current assets:		
Cash and cash equivalents	$173,621	$246,879
Accounts receivable, net of allowances aggregating $32,207 and $25,661, respectively	684,875	557,131
Unbilled accounts receivable	37,095	40,775
Deferred costs	19,575	19,018
Inventories and supplies	149,861	168,663
Prepaid expenses and other current assets	60,880	57,435
Deferred tax assets	37,410	36,532
Total current assets	1,163,317	1,126,433
Property, plant and equipment, net	1,562,254	1,558,834
Other assets:		
Deferred financing costs	15,941	17,580
Goodwill	452,858	452,669
Permits and other intangibles, net	534,621	530,080
Other	17,646	18,682
Total other assets	1,021,066	1,019,011
Total assets	$3,746,637	$3,704,278
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current portion of capital lease obligations	$45	$536
Accounts payable	365,088	267,329
Deferred revenue	64,642	62,966
Accrued expenses	241,098	219,549
Current portion of closure, post-closure and remedial liabilities	26,321	22,091
Total current liabilities	697,194	572,471
Other liabilities:		
Closure and post-closure liabilities, less current portion of $7,693 and $4,999, respectively	44,153	45,702
Remedial liabilities, less current portion of $18,628 and $17,092, respectively	130,149	138,029
Long-term obligations	1,395,000	1,395,000
Deferred taxes, unrecognized tax benefits and other long-term liabilities	306,705	290,205
Total other liabilities	1,876,007	1,868,936
Commitments and contingent liabilities (See Note 15)		
Stockholders’ equity:		
Common stock, $.01 par value:		
Authorized 80,000,000; shares issued and outstanding 58,428,068 and 58,903,482	584	589

shares, respectively		
Shares held under employee participation plan	(469)	(469)
Additional paid-in capital	777,465	805,029
Accumulated other comprehensive loss	(176,014)	(110,842)
Accumulated earnings	571,870	568,564
Total stockholders’ equity	1,173,436	1,262,871
Total liabilities and stockholders’ equity	$3,746,637	$3,704,278

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(in thousands except per share amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Service revenues	$801,347	$665,275	$1,397,677	$1,325,370
Product revenues	134,881	193,205	271,050	379,777
Total revenues	936,228	858,480	1,668,727	1,705,147
Cost of revenues (exclusive of items shown separately below)				
Service revenues	544,870	445,757	961,260	912,556
Product revenues	107,818	161,193	237,935	320,113
Total cost of revenues	652,688	606,950	1,199,195	1,232,669
Selling, general and administrative expenses	120,418	115,731	228,133	234,693
Accretion of environmental liabilities	2,599	2,609	5,218	5,333
Depreciation and amortization	67,773	66,075	136,129	135,431
Goodwill impairment charge	31,992	—	31,992	—
Income from operations	60,758	67,115	68,060	97,021
Other (expense) income	(660)	(655)	(251)	3,523
Interest expense, net of interest income of $188, $211, $339 and $416, respectively	(19,249)	(19,382)	(38,687)	(38,936)
Income before provision for income taxes	40,849	47,078	29,122	61,608
Provision for income taxes	30,454	18,406	25,816	23,976
Net income	$10,395	$28,672	$3,306	$37,632
Earnings per share:				
Basic	$0.18	$0.47	$0.06	$0.62
Diluted	$0.18	$0.47	$0.06	$0.62
Shares used to compute earnings per share - Basic	58,590	60,665	58,732	60,695
Shares used to compute earnings per share - Diluted	58,710	60,778	58,832	60,822

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	$10,395	$28,672	$3,306	$37,632
Other comprehensive income (loss):				
Unrealized (losses) gains on available-for-sale securities (net of taxes of $0, $11, $0, $141 respectively)	—	(61)	—	799
Reclassification adjustment for gains on available-for-sale securities included in net income (net of taxes of $0, $8, $0, $504 respectively)	—	(45)	—	(2,857)
Foreign currency translation adjustments	12,231	36,162	(65,172)	(3,411)
Other comprehensive income (loss)	12,231	36,056	(65,172)	(5,469)
Comprehensive income (loss)	$22,626	$64,728	$(61,866)	$32,163

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

	Six Months Ended June 30, 2015	2014
Cash flows from operating activities:		
Net income	$3,306	$37,632
Adjustments to reconcile net income to net cash from operating activities:		
Depreciation and amortization	136,129	135,431
Goodwill impairment charge	31,992	—
Allowance for doubtful accounts	4,536	4,605
Amortization of deferred financing costs and debt discount	1,639	1,576
Accretion of environmental liabilities	5,218	5,333
Changes in environmental liability estimates	887	(1,429)
Deferred income taxes	(908)	(1)
Stock-based compensation	6,146	4,340
Excess tax benefit of stock-based compensation	(102)	(644)
Net tax (deficiency) benefit on stock based awards	(72)	644
Other expense (income)	251	(3,523)
Environmental expenditures	(11,532)	(7,443)
Changes in assets and liabilities, net of acquisitions		
Accounts receivable and unbilled accounts receivable	(133,031)	(9,542)
Inventories and supplies	17,694	(9,556)
Other current assets	(816)	(8,721)
Accounts payable	108,639	(46,421)
Other current and long-term liabilities	23,839	12,663
Net cash from operating activities	193,815	114,944
Cash flows from investing activities:		
Additions to property, plant and equipment	(124,145)	(138,186)
Proceeds from sales of fixed assets	2,646	2,986
Proceeds from sales of marketable securities	—	12,947
Acquisitions, net of cash acquired	(79,610)	(6,150)
Additions to intangible assets, including costs to obtain or renew permits	(3,088)	(2,891)
Net cash used in investing activities	(204,197)	(131,294)
Cash flows from financing activities:		
Change in uncashed checks	(22,160)	3,162
Proceeds from exercise of stock options	397	—
Issuance of restricted shares, net of shares remitted	(1,837)	(2,215)
Repurchases of common stock	(32,203)	(14,657)
Proceeds from employee stock purchase plan	—	4,364
Repayment of long-term obligations	—	(5,000)
Payments on capital leases	(471)	(1,190)
Excess tax benefit of stock-based compensation	102	644
Net cash from financing activities	(56,172)	(14,892)
Effect of exchange rate change on cash	(6,704)	(187)
Decrease in cash and cash equivalents	(73,258)	(31,429)

Cash and cash equivalents, beginning of period	246,879	310,073
Cash and cash equivalents, end of period	$173,621	$278,644
Supplemental information:		
Cash payments for interest and income taxes:		
Interest paid	$37,411	$37,070
Income taxes (received) paid	3,068	14,304
Non-cash investing and financing activities:		
Accrual for repurchased shares	—	1,562
Property, plant and equipment accrued	34,799	21,934
Receivable for estimated purchase price adjustment	2,518	—

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

CLEAN HARBORS, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in thousands)

	Common Stock		Shares Held Under Employee Participation Plan	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Total Stockholders' Equity
	Number of Shares	$ 0.01 Par Value					
Balance at January 1, 2015	58,903	$589	$ (469)	$805,029	$ (110,842)	$ 568,564	$ 1,262,871
Net income	—	—	—	—	—	3,306	3,306
Other comprehensive loss	—	—	—	—	(65,172)	—	(65,172)
Stock-based compensation	—	—	—	6,146	—	—	6,146
Issuance of restricted shares, net of shares remitted	85	1	—	(1,838)	—	—	(1,837)
Repurchases of common stock	(572)	(6)	—	(32,197)	—	—	(32,203)
Exercise of stock options	12	—	—	397	—	—	397
Net tax deficiency on stock based awards	—	—	—	(72)	—	—	(72)
Balance at June 30, 2015	58,428	$584	$ (469)	$777,465	$ (176,014)	$ 571,870	$ 1,173,436

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

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CLEAN HARBORS, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

(1) BASIS OF PRESENTATION

The accompanying consolidated interim financial statements are unaudited and include the accounts of Clean Harbors, Inc. and its subsidiaries (collectively, “Clean Harbors,” the “Company” or "we") and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (the “SEC”) and, in the opinion of management, include all adjustments which are of a normal recurring nature, necessary for a fair presentation of the financial position, results of operations, and cash flows for the periods presented. Management has made estimates and assumptions affecting the amounts reported in the Company's consolidated interim financial statements and accompanying footnotes, actual results could differ from those estimates and judgments. The results for interim periods are not necessarily indicative of results for the entire year or any other interim periods. The financial statements presented herein should be read in connection with the financial statements included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2014, which includes the audited consolidated balance sheet as of December 31, 2014 from which the one presented herein was derived.

Reclassifications

During the third quarter of 2014, the Company aggregated the cash flow effects of the change in unbilled receivables with the change from accounts receivable in the Consolidated Statements of Cash Flows. Previously the cash flow effect of the change in unbilled receivables was aggregated with changes in other current assets. Prior year amounts have been recast to conform to the current year presentation.

(2) SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in Note 2, "Significant Accounting Policies," in the Company's Annual Report on Form 10-K for the year ended December 31, 2014. There have been no material changes in these policies or their application.

Recent Accounting Pronouncements

Standards implemented

In April 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360). The amendments in ASU 2014-08 provide guidance for the recognition and disclosure of discontinued operations. The adoption of ASU 2014-08 did not have an impact on the Company's consolidated financial statements.

Standards to be implemented

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This new guidance is currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017.

In February 2015, the FASB issued ASU 2015-02, Consolidation (Topic 810). The amendment provides guidance regarding amendments to the consolidation analysis. The amendments in this update are currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015.

The Company is currently evaluating the impact that the above standards to be implemented will have on the Company's consolidated financial statements.

In April 2015, FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30). The amendment provides guidance regarding the simplification of the presentation of debt issuance costs. The amendments in this update are currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2015. The impact of this standard on the Company's consolidated financial statements is limited to a reclassification of deferred financing costs from an asset balance to inclusion as an offset against the carrying value of long term obligations.

In July 2015, FASB issued ASU 2015-11, Inventory (Topic 330). The amendment provides guidance regarding the measurement of inventory. Entities should measure inventory within the scope of this update at the lower of cost and net realizable

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value. The amendments in this update are currently effective for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2016. Adoption is not expected to have a material impact on the Company's consolidated financial statements.

(3) BUSINESS COMBINATIONS

2015 Acquisition

On April 11, 2015, the Company completed the acquisition of Heckmann Environmental Services, Inc. (“HES”) and Thermo Fluids Inc. (“TFI”), a wholly-owned subsidiary of HES. The acquisition was accomplished through a purchase by Safety-Kleen, Inc., a wholly-owned subsidiary of the Company, of all of the issued and outstanding shares of HES from Nuverra Environmental Solutions, Inc. (“NES”). HES is a holding company that does not conduct any operations. TFI provides environmental services, including used oil recycling, used oil filter recycling, antifreeze products, parts washers and solvent recycling, and industrial waste management services, including vacuum services, remediation, lab pack and hazardous waste management. The Company acquired TFI for an estimated preliminary purchase price of $77.1 million inclusive of current estimates of and subject to certain closing and post-closing adjustments relating to working capital and other assumed liabilities. The acquisition was financed with cash on hand and expands the Company’s environmental services customer base while also complimenting the SK Environmental Services network and presence in the western United States. The amount of revenue from TFI included in the Company's results of operations for the period ended June 30, 2015 was $11.7 million. During the three and six months ended June 30, 2015, the Company incurred acquisition-related costs of approximately $0.3 million and $0.4 million, respectively, in connection with the transaction which are primarily included in selling, general and administrative expenses in the consolidated statements of income. Results of TFI since acquisition have been included within the SK Environmental Services segment.

The allocation of the purchase price was based on preliminary estimates of the fair value of assets acquired and liabilities assumed as of April 11, 2015, as the Company is continuing to obtain information to complete its valuation of these accounts and the associated tax accounting. The components and preliminary allocation of the purchase price consist of the following amounts (in thousands):

	At acquisition date April 11, 2015
Accounts receivable	$7,109
Inventories and supplies	1,791
Prepaid and other current assets	1,749
Property, plant and equipment	30,468
Permits and other intangibles	20,000
Current liabilities	(5,859)
Closure and post-closure liabilities	(1,676)
Deferred taxes, unrecognized tax benefits and other long-term liabilities	(13,081)
Total identifiable net assets	40,501
Goodwill	36,591
Total	$77,092

Pro forma revenue and earnings amounts on a combined basis as if TFI had been acquired on January 1, 2014 are immaterial to the consolidated financial statements of the Company since that date.

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(4) INVENTORIES AND SUPPLIES

Inventories and supplies consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Oil and oil products	$39,478	$62,111
Supplies and drums	70,828	68,547
Solvent and solutions	10,105	9,355
Modular camp accommodations	14,703	15,776
Other	14,747	12,874
Total inventories and supplies	$149,861	$168,663

As of June 30, 2015 and December 31, 2014, other inventories consisted primarily of cleaning fluids, such as absorbents and wipers, and automotive fluids, such as windshield washer fluid and antifreeze.

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Land	$99,929	$98,507
Asset retirement costs (non-landfill)	12,498	10,871
Landfill assets	121,054	110,984
Buildings and improvements	344,059	338,242
Camp equipment	166,210	180,575
Vehicles	499,921	471,615
Equipment	1,316,034	1,302,424
Furniture and fixtures	5,412	5,517
Construction in progress	81,843	45,605
	2,646,960	2,564,340
Less - accumulated depreciation and amortization	1,084,706	1,005,506
Total property, plant and equipment, net	$1,562,254	$1,558,834

Interest in the amount of $0.4 million and $0.6 million was capitalized to fixed assets during the three and six months ended June 30, 2015, respectively. Interest in the amount of $0.2 million and $0.3 million was capitalized to fixed assets during the three and six months ended June 30, 2014, respectively. Depreciation expense, inclusive of landfill amortization was $58.9 million and $116.3 million for the three and six months ended June 30, 2015, respectively. Depreciation expense, inclusive of landfill amortization was $57.2 million and $117.1 million for the three and six months ended June 30, 2014, respectively.

(6) GOODWILL AND OTHER INTANGIBLE ASSETS

The changes to goodwill for the six months ended June 30, 2015 were as follows (in thousands):

	2015
Balance at January 1, 2015	$452,669
Acquired from acquisitions	36,591
Increase from adjustments during the measurement period related to recent acquisitions	3,841
Goodwill impairment charge	(31,992)
Foreign currency translation	(8,251)
Balance at June 30, 2015	$452,858

The Company assesses goodwill for impairment on an annual basis as of December 31, or at an interim date when events or changes in the business environment would more likely than not reduce the fair value of a reporting unit below its carrying value. The Company conducted the annual impairment test of goodwill for all reporting units as of December 31, 2014 and determined that no adjustment to the carrying value of goodwill for any reporting unit was necessary because the fair value of each of the reporting units exceeded that reporting unit's respective carrying value.

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As disclosed in the Company's annual report on form 10K for the year ended December 31, 2014, the fair value of the Oil and Gas Field Services reporting unit did not significantly exceed its carrying amount. During the first quarter of 2015, the Company evaluated the reporting unit's performance along with other business specific, and macroeconomic industry factors and concluded that no interim impairment test was necessary.

During the quarter ended June 30, 2015, certain events and changes in circumstances arose which led management of the Company to conclude that the fair value of the Oil and Gas Field Services reporting unit may be less than its carrying value and therefore an interim impairment test was conducted relative to goodwill recorded by the Oil and Gas Field Services reporting unit. The primary events and changes in circumstances which led to this conclusion were:

- The second quarter is the period of time where greater levels of communication with customers and the receipt of bids and proposals for project work takes place and provide management with more clarity into levels of activity and other economic and business indicators for the latter half of the fiscal year and into the first quarter of the following year. During the quarter ended June 30, 2015 it became apparent that oil and gas exploration and production activity would continue to be lower than historical periods and lower than previously anticipated by the Company. This was evidenced by reduced volume in bid and proposal requests from customers and communications indicating the reduction in customer budgets in these areas as well as lower than anticipated pricing for our services.

- Market and industry reports which management looks to in projecting business conditions and establishing forecast information evidenced more pessimistic views in the near term. The continued depressed price of oil without any upward momentum since December 2014 as well as declining and expected continued decline in rig count for the remainder of 2015 have resulted in lower estimates of industry activity in the second half of 2015 and early 2016.

- In recognition of lower than anticipated business results and less optimistic market indicators, management significantly lowered its 2015 forecasts relative to the Oil and Gas reporting unit.

In performing Step I of this interim goodwill impairment test, the estimated fair value of the Oil and Gas Field Services reporting unit was determined using an income approach based upon discounted cash flows and was compared to the reporting unit's carrying value as of June 30, 2015. Based on the results of that valuation, the carrying amount of the reporting unit, including $32.0 million of goodwill, exceeded its estimated fair value and as a result the Company performed Step II of the goodwill impairment test to determine the amount of goodwill impairment charge to be recorded.

Step II of the goodwill impairment test required the Company to perform a theoretical purchase price allocation for the reporting unit to determine the implied fair value of goodwill and to compare the implied fair value of goodwill to the recorded amount. The estimates of the fair values of intangible assets identified in performing this theoretical purchase price allocation and resulting implied fair value of goodwill required significant judgment. Based on the results of this goodwill impairment test the implied value of goodwill was $0 and as such the Company recognized a goodwill impairment charge equal to the recorded amount of goodwill or $32.0 million as of June 30, 2015.

The factors contributing to the $32.0 million goodwill impairment charge principally related to events and changes in circumstances discussed above which had negative impacts on the Company's prospective financial information utilized in its discounted cash flow model prepared in connection with the interim impairment test. The currently projected lower levels of activity and pricing in the latter half of the year which became evident during the second quarter decreased the reporting unit's anticipated future cash flows for 2015 as compared to those estimated previously. These factors have also provided evidence of a longer than expected overall recovery from current industry lows which negatively impacted the estimated levels of cash flows in future periods that are assumed in the cash flow models utilized in the interim impairment test. These factors adversely affected the estimated fair value of the reporting unit as of June 30, 2015 and ultimately led to the recognition of the goodwill impairment charge.

Significant judgments and unobservable inputs categorized as Level III in the fair value hierarchy are inherent in the impairment tests performed and include assumptions about the amount and timing of expected future cash flows, growth rates, and the determination of appropriate discount rates. The Company believes that the assumptions used in its annual and any interim date impairment tests are reasonable, but variations in any of the assumptions may result in different calculations of fair values and impairment charges.

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The Company also performed an analysis to consider whether the reporting unit's carrying values of finite-lived intangible and other long lived assets may not be entirely recoverable. As of June 30, 2015 the Oil and Gas Field Services reporting unit had property, plant and equipment, net of $185.3 million, other intangible assets of $20.1 million consisting of: permits of $0.1 million, customer and supplier relationships of $10.7 million and other intangible assets of $9.3 million. Based on this analysis, sufficient undiscounted cash flows were available over those assets' remaining lives to demonstrate recoverability and thus no impairment exists.

Below is a summary of amortizable other intangible assets (in thousands):

	June 30, 2015				December 31, 2014			
	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)	Cost	Accumulated Amortization	Net	Weighted Average Remaining Amortization Period (in years)
Permits	$163,036	$ 59,430	$103,606	19.1	$156,692	$ 55,318	$101,374	19.0
Customer and supplier relationships	384,722	88,471	296,251	10.6	370,373	77,697	292,676	11.0
Other intangible assets	32,353	20,354	11,999	2.4	31,540	19,074	12,466	3.2
Total amortizable permits and other intangible assets	580,111	168,255	411,856	10.7	558,605	152,089	406,516	11.4
Trademarks and trade names	122,765	—	122,765	Indefinite	123,564	—	123,564	Indefinite
Total permits and other intangible assets	$702,876	$ 168,255	$534,621		$682,169	$ 152,089	$530,080	

Amortization expense of permits and other intangible assets for the three and six months ended June 30, 2015 and was $8.8 million and $19.8 million, respectively. Amortization expense of permits and other intangible assets for the three and six months ended June 30, 2014 was $8.9 million and $18.4 million, respectively.

Below is the expected future amortization of the net carrying amount of finite-lived intangible assets at June 30, 2015 (in thousands):

Years Ending December 31,	Expected Amortization
2015 (six months)	$18,761
2016	37,120
2017	34,506
2018	31,440
2019	27,730
Thereafter	262,299
	$411,856

(7) ACCRUED EXPENSES

Accrued expenses consisted of the following (in thousands):

	June 30, 2015	December 31, 2014
Insurance	$50,958	$58,931
Interest	20,503	20,527
Accrued compensation and benefits	62,829	59,006

Income, real estate, sales and other taxes	64,633	38,297
Other	42,175	42,788
Total accrued expenses	$241,098	$219,549

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(8) CLOSURE AND POST-CLOSURE LIABILITIES

The changes to closure and post-closure liabilities (also referred to as “asset retirement obligations”) for the six months ended June 30, 2015 were as follows (in thousands):

	Landfill Retirement Liability	Non-Landfill Retirement Liability	Total
Balance at January 1, 2015	$29,932	$20,769	$50,701
Liabilities assumed in acquisitions	—	1,676	1,676
New asset retirement obligations	1,327	—	1,327
Accretion	1,305	1,021	2,326
Changes in estimates recorded to statement of income	60	25	85
Changes in estimates recorded to balance sheet	(932)	—	(932)
Expenditures	(2,980)	(86)	(3,066)
Currency translation and other	(166)	(105)	(271)
Balance at June 30, 2015	$28,546	$23,300	$51,846

All of the landfill facilities included in the above were active as of June 30, 2015. New asset retirement obligations incurred during the first six months of 2015 were discounted at the credit-adjusted risk-free rate of 5.99%. There were no significant charges (benefits) in 2015 resulting from changes in estimates for closure and post-closure liabilities.

(9) REMEDIAL LIABILITIES

The changes to remedial liabilities for the six months ended June 30, 2015 were as follows (in thousands):

	Remedial Liabilities for Landfill Sites	Remedial Liabilities for Inactive Sites	Remedial Liabilities (Including Superfund) for Non-Landfill Operations	Total
Balance at January 1, 2015	$5,420	$68,528	$ 81,173	$155,121
Accretion	126	1,447	1,319	2,892
Changes in estimates recorded to statement of income	(122)	51	873	802
Expenditures	(80)	(2,374)	(6,012)	(8,466)
Currency translation and other	(185)	(55)	(1,332)	(1,572)
Balance at June 30, 2015	$5,159	$67,597	$ 76,021	$148,777

In the six months ended June 30, 2015, there were no significant charges (benefits) resulting from changes in estimates for remedial liabilities.

(10) FINANCING ARRANGEMENTS

The following table is a summary of the Company’s financing arrangements (in thousands):

	June 30, 2015	December 31, 2014
Senior unsecured notes, at 5.25%, due August 1, 2020	$800,000	$800,000
Senior unsecured notes, at 5.125%, due June 1, 2021	595,000	595,000
Long-term obligations	$1,395,000	$1,395,000

On July 30, 2012, the Company issued through a private placement $800.0 million aggregate principal amount of 5.25% senior unsecured notes due August 1, 2020 ("2020 Notes") with semi-annually fixed interest payments on February 1 and August 1 of each year, which commenced on February 1, 2013. At June 30, 2015 and December 31, 2014, the fair value of the Company's 2020 Notes was $812.0 million and $804.0 million, respectively, based on quoted market prices for the instrument. The fair value of the 2020 Notes is considered a Level 2 measure according to the fair value hierarchy.

On December 7, 2012, the Company issued through a private placement $600.0 million aggregate principal amount of 5.125% senior unsecured notes due 2021 ("2021 Notes") with semi-annually fixed interest payments on June 1 and December 1 of each year, which commenced on June 1, 2013. At June 30, 2015 and December 31, 2014, the fair value of the Company's 2021 Notes

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was $595.0 million and based on quoted market prices for the instrument. The fair value of the 2021 Notes is considered a Level 2 measure according to the fair value hierarchy.
The Company also maintains a revolving credit facility which as of June 30, 2015 and December 31, 2014 had no outstanding loan balances. At June 30, 2015, $242.8 million was available to borrow and outst