Onondaga County Resource Recovery Agency

2016 Annual Report

OCRRA.org®

John Copanas
OCRRA Board Chair

Chairman's Report

The Onondaga County Resource Recovery Agency, more commonly known as OCRRA, is a not-for-profit public benefit corporation created by the New York State Legislature in 1990 to deliver a comprehensive solid waste management and resource recovery system to Onondaga County residents.

OCRRA provides a strong recycling and composting program, a foundation for local waste disposal at the Waste-to-Energy Facility, two convenient trash and recycling sites, a robust public education component and award-winning programs for hard to manage materials including household hazardous waste, batteries, fluorescent light bulbs and other mercury containing devices.

The OCRRA Board of Directors is comprised of 15 volunteer citizens appointed by the following government offices: the Onondaga County Executive; the Onondaga County Legislature Chair; the Mayor on behalf of the City of Syracuse; and the Towns of Onondaga and Van Buren, our host communities.

In order to sustain the long term reliability and operational efficiency of the Waste-to Energy Facility, OCRRA is investing $15 million in capital improvements, which include upgraded air emissions control systems to protect the health of our citizens and the environment.

OCRRA's nationally-recognized public education program and household hazardous waste collection systems have been awarded a $1.27 million New York State grant to continue and expand our efforts.

The OCRRA Board of Directors selected a new Executive Director in the fall of 2016; we are very fortunate to have Dereth Glance lead the OCRRA team! Dereth brings leadership and historic knowledge of the Agency, having served on the OCRRA Board. With her strong commitment to our environment, she embodies the values, principles and practices which are at the heart of OCRRA's mission.

OCRRA is funded by solid waste tipping fees, electricity generation from the Waste-to-Energy Facility and national and state grants. The talented OCRRA staff, in concert with the volunteer Board of Directors, has been diligently working with the new Executive Director to close the financial gap created by a significant reduction in electric revenues to the Agency. We are in the process of developing new revenue sources from within Onondaga County to close our budget gap. OCRRA will update county residents by reporting on our progress throughout 2017.

The success and nationally-recognized achievements of OCRRA are due in a large part to the people of Onondaga County, who have actively participated in our programs, provided valuable input and have lead us to have one of the highest recycling rates in the United States. Keep up the good work!

Executive Director's Report

Dereth Glance
Executive Director

OCRRA's talented workforce ensures reliable, environmentally sound and fiscally-responsible disposal and recycling services despite snow, sleet and rain. OCRRA's drivers, operators, mechanics, laborers and managers have over 500 years of combined experienced and are committed to serving the Onondaga County community.

The year 2016 saw many changes in leadership for the Agency. OCRRA's long time Business Officer Warren Simpson retired and OCRRA welcomed Michael Mokrzycki to lead the Business Unit in January. Mike brought both freshness and familiarity - from his years as a private sector CPA that audited OCRRA - as well as community-wide recognition of his leadership as one of CNY's Top 40 Professionals Under 40 (2014).

Kevin Spillane was named Director of Transfer Operations in March 2016. Kevin has decades of experience in solid waste management. His talent for pragmatic problem solving and team empowerment has already led to significant efficiencies in OCRRA's daily operations, which are the foundation for our community's solid waste system.

OCRRA's award-winning recycling program continues to be led by Andrew Radin, whose 26 years of experience keeps OCRRA on the cutting-edge of tackling waste reduction and recycling initiatives by focusing on local programs, state policy and developing OCRRA's superstar Recycling Unit. The result of these efforts, in conjunction with Onondaga County residents' diligent work, is that our community excels at blue bin recycling with an accuracy rating of around 95%.

Ann Fordock, a long-time Recycling Specialist was promoted to Recycling Operations Manager, reflective of her skills and talent in advancing both curbside recycling and OCRRA's growing compost and mulch program. Ann's leadership and can-do spirit also gained recognition as one of the Top 40 Professionals Under 40 in both Central New York and the Nation in 2016.

Theresa Evans was promoted to Recycling Specialist II. Theresa revolutionized OCRRA's school-based education program by visiting each of the 130 schools in Onondaga County annually, helping 7,000 students compost their food waste locally, and working directly with teachers to create a waste reduction and recycling curriculum consistent with common-core standards. Theresa's efforts helped earn OCRRA the Solid Waste Association of North America's Gold Environmental Excellence Award. Theresa also earned SUNY ESF's first Incipiens Quercu or Mighty Oak Award for distinguished alumni.

Together, the hard working team at OCRRA and the Onondaga County community are saving the world a little each day.

Board of Directors

Row 1 (left to right): *Michael Reilly, Khristopher Dodson, Scott Gerharz.*

Row 2: *Jeanne Powers, Ravi Raman.*

Row 3: *Ashley Wilson, Andrew Maxwell, Travis Glazier, Donald Lawless, Jonathan Kelley, John Copanas, Lee Klosowski and Jeffrey Wright.*

Missing from photo: Jessi Lyons.

The OCRRA Board is governed by individuals that are appointed by various elected county and city officials. They are a respected group of educators, engineers, entrepreneurs, government officials and business leaders that continually advocate for the best environmental interests of their neighbors.

2016 Board Members and Chairs

John Copanas - *Audit and RECC Chair*

Khristopher Dodson - *Vice Chair and Recycling Chair*

Scott Gerharz

Travis Glazier

Jonathan Kelley

Lee Klosowski, P.E.

Donald Lawless - *Finance Chair*

Jessi Lyons

Andrew Maxwell

Jeanne Powers

Ravi Raman, P.E. - *Administration Chair*

Michael Reilly, CPA - *Board Chair and Governance Chair*

Ashley Wilson

Jeffrey Wright - *Operations Chair*

Recycling

OCRRA has received two prestigious national awards for its online waste management educational series for elementary students. The first accolade, received in 2015, was from the Interactive Media Council (IMC), a national organization comprised of leading web designers and other web-related professionals.

In 2016, OCRRA's innovative, internet-based educational program received a Gold Environmental Excellence Award from the Solid Waste Association of North America (SWANA). The suite of online videos includes supplemental classroom activities aligned with NY State curriculum requirements for science and English, and addresses all elements of waste management, including waste and litter reduction, composting, landfilling, recycling, and waste-to-energy technology. OCRRA's video series is available at: https://ocrra.org/educational_resources.

OCRRA's pioneering food scrap composting service at its Amboy Compost Site continued to grow. Over 13 million pounds of food scraps were processed in 2016 from commercial and institutional generators; a 124% increase over 2015. Compost revenues again grew 30% compared to 2015, and exceeded budget projections, approaching $655,000. Additional schools now participating in OCRRA's food scrap recovery program include several in the Lafayette Central School District; they join the Fayetteville-Manlius, Westhill, Marcellus and Jordan Elbridge School Districts; over 7,000 students throughout Onondaga County are now separating their cafeteria food scraps every day, along with their other recyclables.

In 2016, OCRRA continued its compost bagging collaboration with ARC of Onondaga. ARC assists individuals with developmental disabilities in our community achieve their fullest potential. Thousands of bags containing OCRRA's STA-certified compost were sold through a network of moe than 30 local lawn and garden retail outlets, helping to return valuable nutrients to local soils.

Other Achievements:

• In total, the community recycled over 480,000 tons of material in 2016, for a 56% recycling rate, resulting in waste disposal costs savings of over $38 million! This environmental effort prevented the generation of over one million metric tons of carbon dioxide.

• Over $1.27 million in state grants received in 2016: $1.24 million for investments in

public education and recycling personnel, and $38,800 for Household Hazardous Waste (HHW) collection expenses.

• OCRRA's Earth Day Litter Cleanup was held on Friday, April 22, and Saturday, April 23. Over 7,200 volunteers from some 288 groups participated; 95,000+ pounds of litter collected; nearly 2.5 million pounds of litter collected since 2003; one of the largest litter collection events in the country.

• Major alkaline battery manufacturers, including Energizer and Duracell, again selected OCRRA as one of only five "Foundation Programs" in the country, paying OCRRA's cost to transport and recycle over 100,000 pounds of alkaline batteries; annual cost savings exceeding $50,000.

• OCRRA partnered with Covanta to host a mercury collection event on August 15th at Rock Cut Road. Thanks to 240 resident participation, 395 thermometers and 290 thermostats were collected. This amounts to approximately 3.5 pounds of mercury being removed from the environment, which is comparable to recycling 310,000 compact fluorescent light bulbs. Residents can recycle mercury thermometers and thermostats year-round at OCRRA's Rock Cut Road Drop-Off Site (and get a $5 Home Depot Gift Card from Covanta and / or a replacement thermometer).

• OCRRA's recycling team members were recognized for their outstanding professional achievements on behalf of our community: Recycling Specialist Theresa Evans received the first "Incipiens Quercu Award" from her alma mater, the SUNY College of Environmental Science and Forestry for her leadership efforts in helping over 7,000 local students to compost their food scraps through the Amboy program, and Recycling Operations Manager Ann Fordock was recognized as one of "Forty Under 40" by Waste 360, a national professional trade publication, for her efforts to help our community reduce waste in apartments, coordinate the annual community-wide Earth Day Litter Collection, and manage our household toxics collection program; Ms. Fordock was also recognized by the CNY Business Journal as part of a local ""Forty Under 40" award.

• OCRRA continued to play a leadership role in urging state legislators to establish the materials management economy of the future by supporting several Extended Producer Responsibility measures including paint stewardship, as well as mandatory separation of source separated organics.

OCRRA
is more than
BLUE BINS.

Transfer Operations

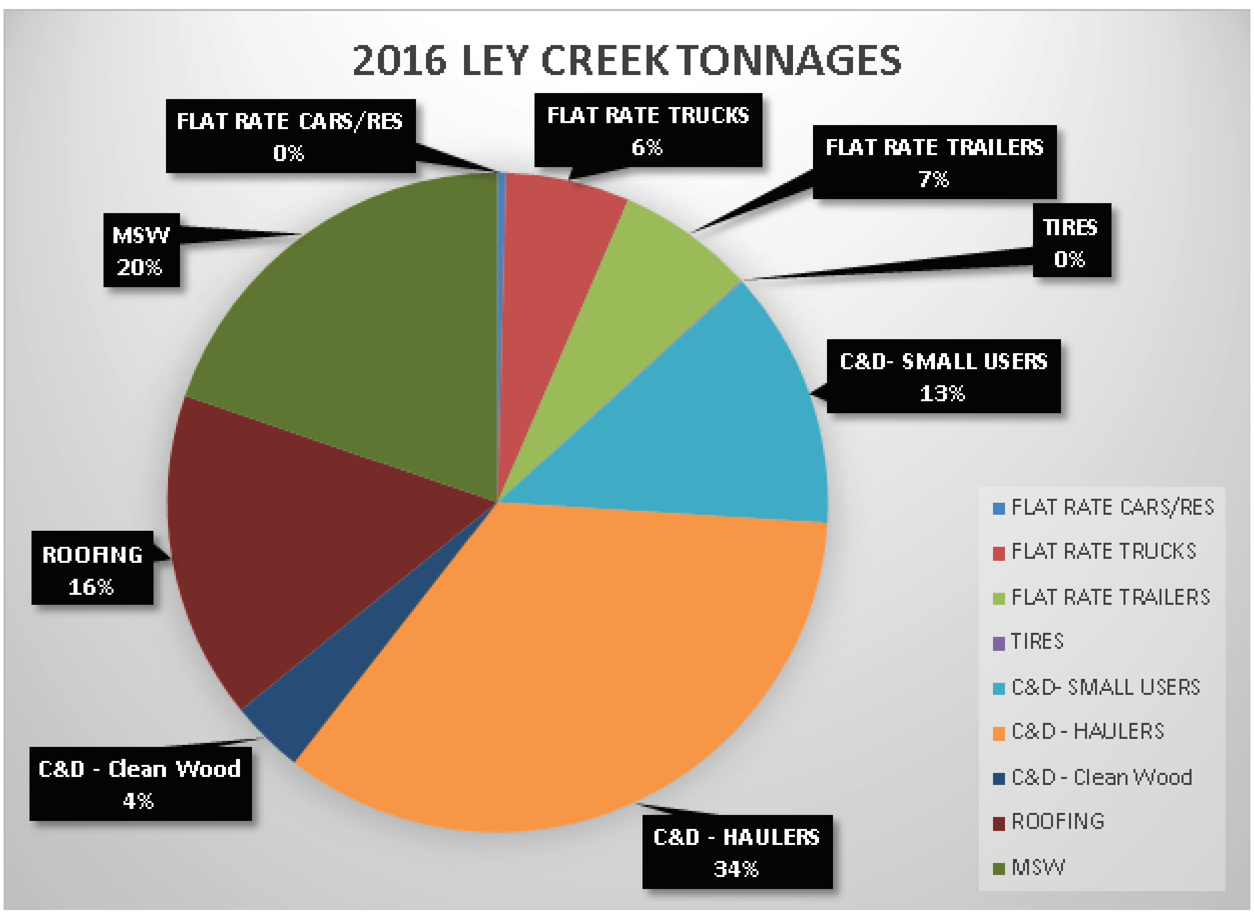
In 2016, OCRRA saw a large increase in the amount of waste delivered or dropped off at our two Transfer Stations as compared to the amount delivered or dropped off the year before. With that, there was a corresponding increase of material delivered to the Waste-to-Energy Facility in 2016.

Ley Creek Facility received 97,652 tons of waste in 2016, almost a 10,000 ton increase over 2015. Of that total, OCRRA delivered 6% more waste to the Waste-to-Energy Facility than the year before; Ley Creek also had a 27% increase in the construction and demolition (C&D) material that needed to be sent to the landfill. There are many variables that impact C&D tonnage, but the increase was most likely due to the very mild winter, which allows for more projects to be completed. Tonnages during the winter months were very high as compared to those same months in years past.

The Rock Cut Road Facility received 6,265 tons of waste in 2016, roughly a 2,000 ton increase over 2015. Of that total, OCRRA delivered 3% more waste to the Waste-to-Energy Facility.

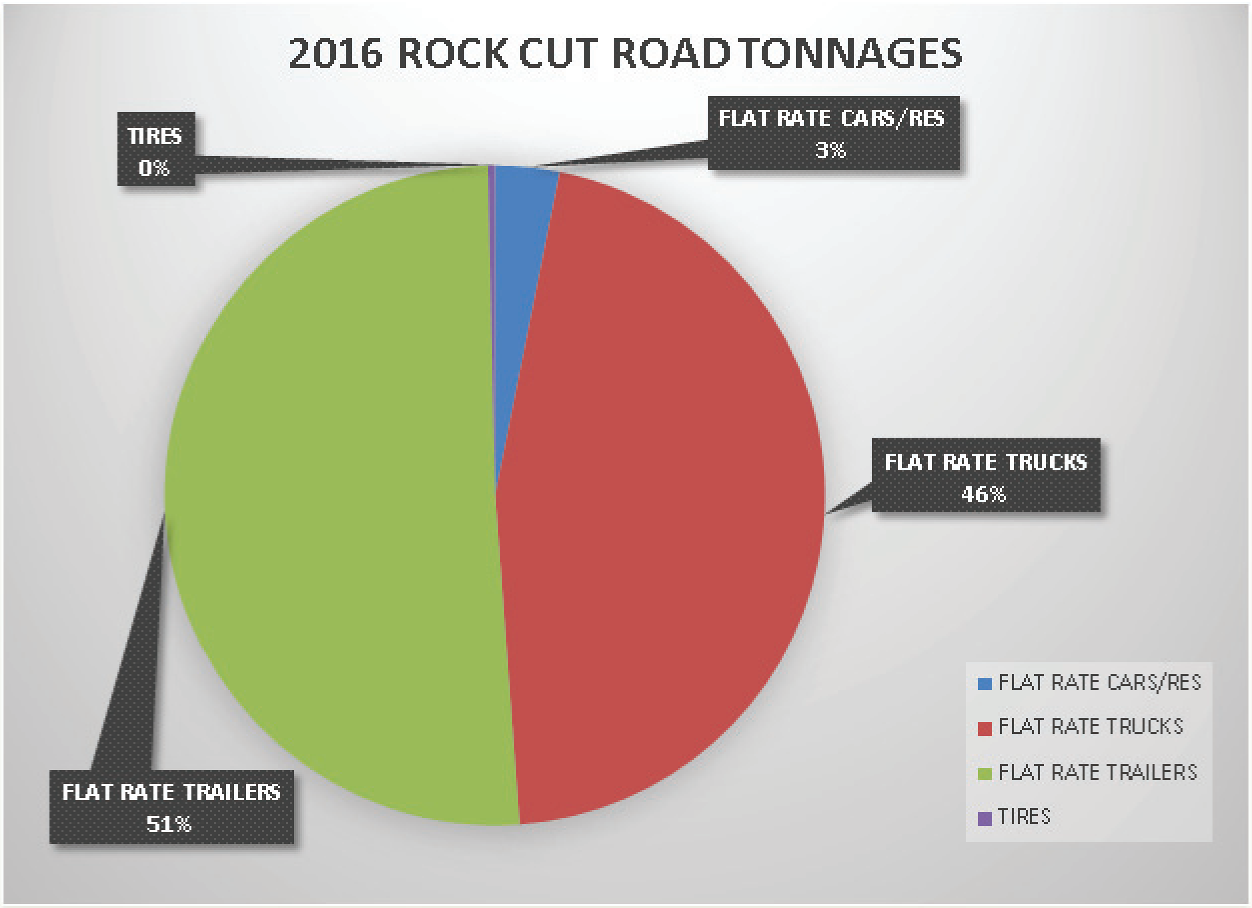
Both the Rock Cut Road and Ley Creek Facilities managed increased material with staffing that was below authorized levels. This has been a trend over the past five years.

OCRRA delivered more than 2,800 truckloads, or 81,045 tons of ash to area landfills, which was a 3% increase over the previous year. This was the first year with a new fleet of ash transport vehicles.



Motor Equipment Operator Greg White prepares to drive ash to the Madison County Landfill.

Angel Martinez, a laborer at the Ley Creek Transfer Station, directs a customer to an unloading area.



Waste-to-Energy

The Onondaga County Waste-to-Energy (WTE) Facility, located off Route I-481 in Jamesville, is a foundational component of OCRRA's environmentally-sound and innovative resource recovery system. This WTE Facility utilizes a mass-burn combustion system to safely and efficiently generate steam, and ultimately electricity, from the non-recyclable waste materials generated by our local community. Without this Facility, this garbage would be hauled many miles to out-of-County landfills, as was the case before the Facility was constructed. Instead, the WTE Facility enables responsible, local management of the community's non-recyclable waste.

OCRRA's core values – integrity and honesty, environmental stewardship, fiscal responsibility, and excellence-in-service provide the basis for operation of the WTE Facility. Each year, OCRRA posts annual air and ash testing results on www.OCRRA.org. OCRRA and Covanta Onondaga, the operator of the Facility, take great pride in the Facility's strong track record of operational and environmental excellence. In 2016, nearly 450 visitors toured the Facility and learned firsthand about its operations.

Environmental Excellence

Paramount to Facility operations is ensuring that the Facility's emissions are protective of human health and the environment. A state-of-the-art air pollution control system is integrated into the Facility so that it may comply with a strict air permit. This system consists of ammonia injection in the boiler, activated carbon and lime injection in the scrubber, and particulate filtering in the baghouse. Emissions from the Facility are carefully monitored through continuous emissions monitors (CEMs) and annual stack testing. 2016 air testing results exceeded expectations, with many of the parameters well below the permit limits and historical results.

In addition to reducing the volume of material that must be hauled to out-of-County landfills by 90%, the Onondaga County WTE Facility generates enough electricity to power roughly 30,000 homes (about 15% of Onondaga County households) and the Facility itself. Utilization of non-recyclable materials as a fuel source for electricity generation reduces dependence on fossil fuels and increases energy independence. WTE is also a technology that reduces greenhouse gases. Although the combustion process generates carbon dioxide emissions, there are avoided greenhouse gas emissions due to the prevention of landfill methane emissions, the displacement of electricity that would otherwise have been generated using fossil fuels and the recovery of metals for recycling. Ultimately, there is an overall reduction in greenhouse gases – generally about one ton of greenhouse gas emissions are avoided per ton of trash processed.

Operational Excellence

2016 marks the Facility's twenty-second year of safe, reliable and efficient operations. Despite another difficult economic year with historically low electricity rates, the Facility maintained its strong operational track record. In 2016, the Facility processed 327,869 tons of non-hazardous, non-recyclable waste (enough to overfill the Syracuse Carrier Dome) and, in doing so, generated 228,226 megawatt hours of electricity. The Facility's metal recovery systems recovered nearly 9,000 tons of ferrous and non-ferrous metal for recycling, which would have otherwise ended up in a landfill. Lastly, about 81,000 tons (25% of the original trash weight) of non-hazardous ash residue were sent to a landfill for use as alternative daily cover (see table for ash testing results). The beneficial reuse of the ash residue means that other materials, such as clean soil, do not need to be used for landfill daily cover.

In 2016, OCRRA invested over $5.5 million in capital improvement projects (beyond normal operations and maintenance efforts) to increase the efficiency and long-term reliability of the Facility. The 2016 upgrades include a reverse osmosis system for boiler water treatment, a dry carbon injection system for improved emissions control and efficiency, new and improved ash dischargers for increased boiler reliability, and significant steel repair and replacement projects in the air pollution control devices (scrubber vessels and baghouses).

Coupling environmental and operational excellence at the Onondaga County WTE Facility with one of the highest nationwide overall community recycling rates, OCRRA certainly succeeds in achieving its mission of serving the local community with a world-class resource recovery system.

2016 ASH RESIDUE CHARACTERIZATION TEST RESULTS

Semi-Annual Test Results - April 2016

Constituent	*Test Result*	*Permit Limit*	*Pass or Fail*
Cadmium	0.05 mg/L	1 mg/L	Pass
Lead	0.25 mg/L	5 mg/L	Pass

Semi-Annual Test Results - September 2016

Constituent	*Test Result*	*Permit Limit*	*Pass or Fail*
Cadmium	0.05 mg/L	1 mg/L	Pass
Lead	0.25 mg/L	5 mg/L	Pass

CONCLUSION

Ash residue does NOT exhibit a hazardous characteristic. As such, it should continue to be managed as a non-hazardous solid waste.

2016 ANNUAL STACK TEST RESULTS

		Constituent	Average Measured Emissions[1]			Permit Limit[2]	Pass/Fail?	3-Boiler Average[3]	% permit limit[4]
			Unit 1	Unit 2	Unit 3		P/F		
TESTED ANNUALLY	FEDERAL	Cadmium (mg/dscm @ 7% O_2)	5.2E-04	5.2E-04	3.8E-04	3.5E-02	P	4.7E-04	1.3%
		Cadmium (lb/hr)	8.1E-05	8.3E-05	5.5E-05	1.9E-03	P	7.3E-05	3.8%
		Carbon Monoxide (lb/hr)	1.21E+00	7.16E-01	1.4E+00	8.04E+00	P	1.12E+00	14.0%
		Dioxins/Furans (ng/dscm @ 7% O_2)	8.0E-01	6.1E-01	1.4E+00	3.0E+01	P	9.5E-01	3.2%
		Hydrogen Chloride (ppmdv @ 7% O_2)	2.3E+00	1.7E+00	2.1E+00	2.5E+01	P	2.0E+00	8.1%
		Hydrogen Chloride (lb/hr)	5.49E-01	4.14E-01	4.58E-01	5.24E+00	P	4.74E-01	9.0%
		Hydrogen Chloride Removal Efficiency (%)	99.7	99.7	99.6	>=95	P	99.7	-
		Lead (mg/dscm @ 7% O_2)	4.70E-03	4.23E-03	3.75E-03	4.00E-01	P	4.23E-03	1.1%
		Lead (lb/hr)	7.33E-04	6.77E-04	5.44E-04	3.81E-02	P	6.51E-04	1.7%
		Mercury (lb/hr)	< 7E-05	< 7E-05	< 7E-05	4E-03	P	7E-05	1.7%
		Nitrogen Oxides (lb/hr)	4.6E+01	5.02E+01	4.4E+01	5.8E+01	P	4.7E+01	80.6%
		Particulates (gr/dscf @ 7% O_2)	5.0E-04	4.8E-04	1.6E-04	1.0E-02	P	3.8E-04	3.8%
		PM_{10} (gr/dscf @ 7% O_2)	5.4E-04	6.3E-04	7.0E-04	1.0E-02	P	6.2E-04	6.2%
		PM_{10} (lb/hr)	1.85E-01	2.13E-01	2.25E-01	3.16E+00	P	2.08E-01	6.6%
		Sulfur Dioxide (lb/hr)	3.81E-01	9.58E-01	1.57E-01	1.62E+01	P	4.99E-01	3.1%
	STATE	Ammonia (ppmdv @ 7% O_2)	3.6E+00	1.4E+00	4.4E+00	5.0E+01	P	3.1E+00	6.2%
		Ammonia (lb/hr)	3.90E-01	1.60E-01	4.46E-01	4.88E+00	P	3.32E-01	6.8%
		Dioxins/Furans-2,3,7,8 TCDD TEQ (ng/dscm @ 7% O_2)	1E-02	6E-03	2E-02	4E-01	P	1E-02	2.9%
		Dioxins/Furans-2,3,7,8 TCDD TEQ (lb/hr)	1.53E-09	9.25E-10	2.68E-09	1.29E-07	P	1.71E-09	1.3%
		Mercury (µg/dscm @ 7% O_2)	< 4.5E-01	< 4.4E-01	< 4.8E-01	2.8E+01	P	4.6E-01	1.6%
		Mercury Removal Efficiency (%)	> 99.0	> 99.0	> 98.8	>=85	P	98.9	-
		PAH (µg/dscm @ 7% O2)	< 1.2E-01	< 1.1E-01	< 1.4E-01	1.0E+00	P	1.2E-01	12.2%
		Zinc (lb/hr)	4.18E-03	3.67E-03	5.36E-03	6.45E-02	P	4.40E-03	6.8%

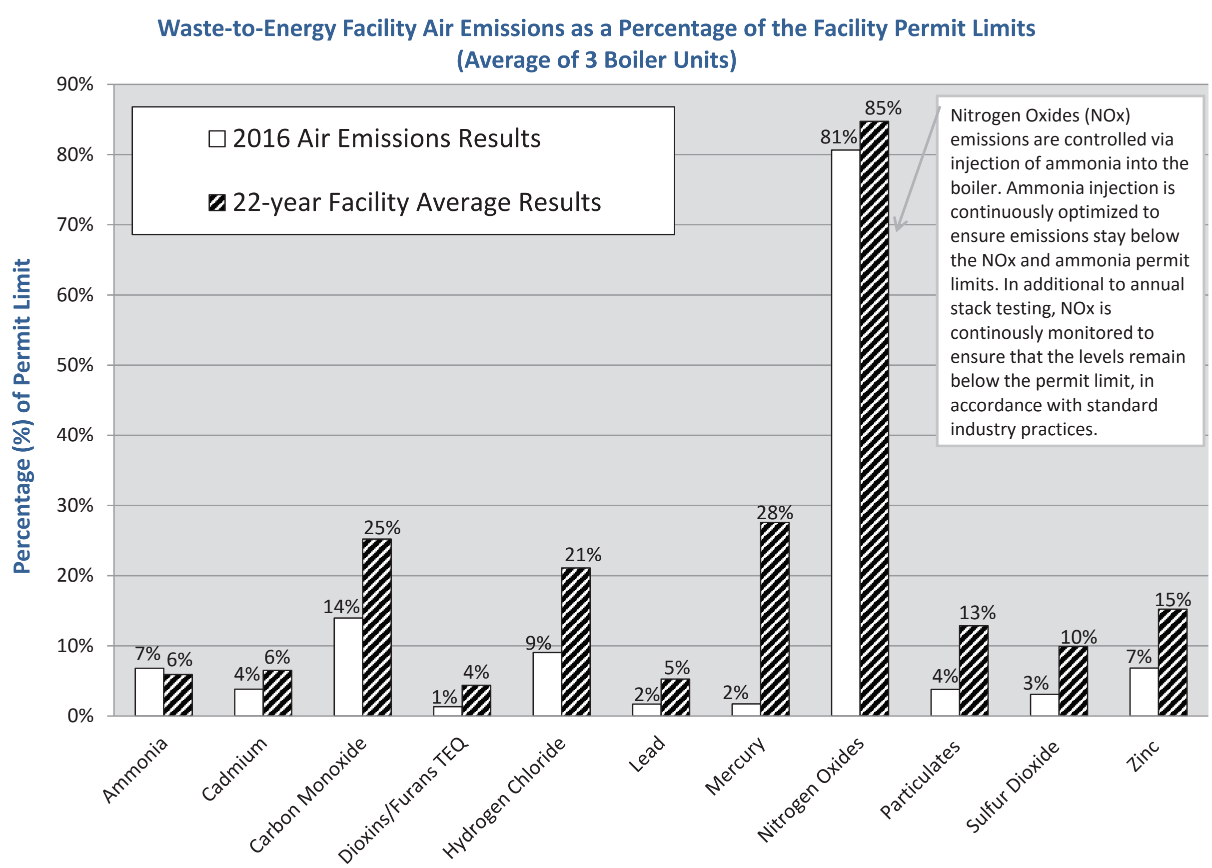
NOTES:

[1] Based on three test runs; used for compliance with permit limit.
[2] NYSDEC Title V Permit #7-3142-00028
[3] Average provided for informational purposes only; not used for compliance.
[4] Based on 3-Boiler Average; informational only; not used for compliance.

UNITS:

gr/dscf = grains per dry standard cubic foot
ppmdv = parts per million dry volume
lb/hr = pounds per hour
dscm = dry standard cubic meter
@ 7% O_2 = concentration corrected to 7% oxygen
ng = nanograms
µg = micrograms
mg = milligrams

The results from the 2016 stack testing indicate that the Facility is operating acceptably and that the air pollution control devices are functioning properly. As shown by the following graph, many of the tested parameters were considerably below the permit limit.



2016 Financial Statements

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

Financial Statements as of December 31, 2016 and 2015 Together with Independent Auditor's Report

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Onondaga County Resource Recovery Agency
North Syracuse, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Onondaga County Resource Recovery Agency (OCRRA) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise OCRRA's basic financial statements.

Management's Responsibility for the Financial Statements

OCRRA's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Onondaga County Resource Recovery Agency as of December 31, 2016, and the changes in its financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Prior Period Financial Statements

The financial statements of OCRRA as of December 31, 2015, were audited by other auditors whose report dated March 9, 2016, expressed an unmodified opinion on those statements. This report included an emphasis-of-matter paragraph identifying a change in accounting principle from the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*.

As part of our audit of the 2016 financial statements, we also audited the adjustment described in Note 11 that was applied to restate the 2015 financial statements. In our opinion, the adjustment is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2015 financial statements of OCRRA other than with respect to the adjustment and, accordingly, we do not express an opinion or any other form of assurance on the 2015 financial statements taken as a whole.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other postemployment benefits plan – schedule of funding progress, schedule of proportionate share of net pension liability (asset), and schedule of contributions – pension plans be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise OCRRA's basic financial statements. The other information in the annual report, which is the responsibility of management is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other information in the annual report has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2017, on our consideration of OCRRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCRRA's internal control over financial reporting and compliance.

Grossman St Amour CPAs

Syracuse, New York
March 8, 2017

ANALYSIS OF FINANCIAL POSITION

One of the most important questions asked about the OCRRA's finances is "*Is OCRRA, as a whole, better off or worse off as a result of the year's activities?*" The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about OCRRA's activities in a way that will help answer this question. These two statements report the net position of OCRRA and changes in them. You can think of OCRRA's net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in OCRRA's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, consumer behavior and new or changed legislation or regulation.

Another important question is whether "What direction OCRRA, as a whole, trended in 2016?" While OCRRA's total net position decreased by $308,365, expenses decreased approximately in line with revenues for the period, resulting in less use of net position in 2016 than in 2015. OCRRA's total net position was $17,802,232 and $18,110,597 on December 31, 2016 and 2015, respectively.

	2016	2015	2014
Current assets	$ 18,045,726	$ 12,888,688	$ 16,835,926
Assets limited as to use, long-term	8,877,686	18,473,807	2,210,181
Property, plant and equipment - net	10,722,316	9,212,026	10,022,275
Facility lease - net of current portion	54,047,030	56,800,295	41,386,587
Total assets	91,692,758	97,374,816	70,454,969
Deferred outflows of resources	2,253,027	609,026	-
Current liabilities	5,921,146	5,704,350	8,026,425
Long-term liabilities	68,690,503	72,807,367	41,736,714
Total liabilities	74,611,649	78,511,717	49,763,139
Deferred inflows of resources	1,531,904	1,361,528	388,206
Net position - Net investment in capital Assets	9,218,610	9,212,026	10,022,275
Unrestricted	3,637,381	4,853,920	8,071,168
Restricted	4,946,241	4,044,651	2,210,181
Total net position	$ 17,802,232	$ 18,110,597	$ 20,303,624

Changes in OCRRA's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Position for the years 2016, 2015 and 2014.

ANALYSIS OF FINANCIAL POSITION (Continued)

Table 2

	2016	2015	2014
Operating revenues	$ 31,013,229	$ 31,350,427	$ 33,904,964
Other revenues	2,528,509	3,203,704	1,566,789
Total revenues	33,541,738	34,734,131	35,471,753
Operating expenses	31,651,573	35,018,517	35,549,935
Other expenses	2,198,530	1,555,841	380,667
Total expenses	33,850,103	36,574,358	35,930,602
Change in net position	(308,365)	(1,840,227)	(458,849)
Net position - beginning of year	18,110,597	20,396,104	20,762,473
Prior Period adjustment	-	(445,280)	92,480
Net position end of year	$ 17,802,232	$ 18,110,597	$ 20,396,104

The decrease in OCRRA's net position in 2016 was due primarily to weak energy markets during the year.

OCRRA'S FUNDS

OCRRA does not utilize Funds or Fund Accounting. OCRRA maintains funds on deposit with a Trustee as required by contractual obligations entered into as part of OCRRA restructuring as detailed in the financial statements. As of December 31, 2016, OCRRA funds held by the trustee of $4,946,241 are recorded as Restricted under the OCRRA's Net Position. These restricted assets are due to the Indenture of Trust agreement between OCRRA and U.S. Bank National Association (the Trustee) that requires OCRRA operating revenues to be maintained on deposit with the Trustee until any necessary payments are made on the 2015 Bonds.

Budgetary Highlights

OCRRA's 2016 adopted budget was based on the 2015 results and anticipated a small incremental improvement in the economy.

Capital Assets

At the end of 2016, OCRRA had approximately $10.7 million in capital assets consisting primarily of two transfer stations, a composting facility, and various pieces of operating equipment. During 2016 Property, Plant & Equipment, net increased by approximately $1,550,000 which reflects acquisitions of $2,300,000 and retirements and depreciation charges of $750,000.

Bonds

During 2016, OCRRA reduced outstanding bonds by $1,745,000.

Capital Leases

During 2016, OCRRA initiated capital leases of approximately $2,500,000 for the purchase of capital assets. The Capital Lease program allows OCRRA to spread the cash impact of capital purchases over multiple years.

OCRRA'S FUNDS (Continued)

Direct Finance Lease – through May 2035
On November 12, 2014, OCRRA reached an agreement (extension) with Covanta Onondaga L.P. (the Partnership) to continue the facility lease for 20 years, commencing on May 8, 2015 and continuing until May 8, 2035, with a mutual option of an additional 5 year extension.

In 2015, OCRRA obtained extension financing for the refunding of the 2003 Series B bonds, and for the establishment of the Capital Refurbishment Fund.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2017 Budget develops the revenue and expense requirements to continue OCRRA's efforts to provide sound environmental solid waste disposal solutions to our community while recognizing the current economic realities.

OCRRA operates in a highly complex contractual business setting with rigid regulatory oversight. Its waste disposal infrastructure was very expensive to site and construct, leading to high fixed costs of operation. Budgets are designed around historic waste levels, and recent commodity prices. For the last several years normally predictable amounts of trash, recyclables, energy revenues and recovered material values have been unsettled. OCRRA's strategic use of reserves during this economic downturn has allowed OCRRA to maintain the high quality of its services without significant increases in its fees; however, the use of excess reserves is no longer sustainable in the mid-term.

OCRRA's 2017 Budget was passed at a break-even level. The 2017 Budget is fiscally conservative, reflects modest energy rates, and a $5 per ton increase in municipal solid waste tip fees. These revenue and expense items, combined with strict expenditure controls are expected to improve OCRRA's financial condition over time.

OCRRA has utilized reserves to weather a prolonged period of commodity prices that have been below long-term averages over the past several years. These economic conditions have prompted changes in fees in order to maintain the services OCRRA provides to the community. Should conditions improve, or get worse, OCRRA will consider case by case program reviews to provide high levels of environmental performance with watchful stewardship of public service fees and reserves.

CONTACT REGARDING THE AGENCY'S FINANCES

This financial report is designed to provide County residents, customers and creditors with a general overview of OCRRA's finances. If you have questions about this report or need additional financial information, contact OCRRA's Public Information Officer at 100 Elwood Davis Road, North Syracuse, NY 13212-4312.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

STATEMENTS OF NET POSITION
DECEMBER 31, 2016 AND 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 6,715,145	7,538,184
Accounts receivable (net of an allowance for bad debts of $50,000 in 2016 and 2015)	2,867,896	2,575,198
Electric revenue receivable	322,750	290,605
Metal revenue receivables	150,085	69,940
Prepaid expenses	1,253,609	1,373,094
Facility lease, current portion	1,790,000	1,041,667
Assets limited to use, current portion	4,946,241	4,044,651
Total current assets	18,045,726	16,933,339
NON-CURRENT ASSETS:		
Assets limited as to use:		
Funds held by trustee under indenture	8,877,686	14,429,156
Property, plant and equipment, net	10,722,316	9,212,026
Facility lease, net of current portion	54,047,030	56,800,295
Total noncurrent assets	73,647,032	80,441,477
Total assets	91,692,758	97,374,816
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension related	2,253,027	609,026
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	2,953,073	3,291,290
Bonds payable - 2015 Series A&B, current portion (NOTE 8)	1,790,000	1,745,000
Capital lease liability, current portion	488,436	-
Accrued interest	407,433	406,277
Accrued expenses and other current liabilities	282,204	261,783
Total current liabilities	5,921,146	5,704,350
NON-CURRENT LIABILITIES:		
Bonds payable - 2015 Series A (NOTE 8)	51,025,000	52,815,000
Bond Premium on refunding of debt	4,215,363	4,445,295
Capital Fund	8,877,686	14,429,156
Capital lease liability	1,918,765	-
Net Pension liability	2,019,031	427,297
Other postemployment benefits (NOTE 11)	634,658	690,619
Total non-current liabilities	68,690,503	72,807,367
Total liabilities	74,611,649	78,511,717
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension related	240,805	-
Unearned revenue - bond related	1,291,099	1,361,528
Total deferred inflows of resources	1,531,904	1,361,528
NET POSITION		
Net investment in capital assets	9,218,610	9,212,026
Restricted	4,946,241	4,044,651
Unrestricted	3,637,381	4,853,920
Total net position	$ 17,802,232	$ 18,110,597

The accompanying notes are an integral part of these statements.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
OPERATING REVENUES:		
Tipping fees	$ 24,323,166	$ 23,956,625
Electric revenue	3,432,030	5,143,250
Recovered material revenue	825,491	838,061
Grant revenue	1,286,486	610,621
Compost revenue	647,537	493,539
Other	498,519	488,331
Total operating revenues	31,013,229	31,530,427
OPERATING EXPENSES:		
Personal services	5,732,448	5,301,759
Contractual services -		
Landfill contracts	1,535,267	1,571,298
Other contractual services	65,128	91,759
Materials and supplies	409,142	539,556
Professional fees	172,580	1,135,825
Recycling	468,395	262,255
Compost	360,672	263,268
Hazardous waste disposal	92,670	96,278
Repairs and maintenance	503,767	570,239
Utilities	112,711	125,322
Insurance	553,378	437,861
Operating leases	130,636	100,626
Depreciation	752,657	971,680
Taxes and other payments to Host Communities	352,472	349,083
Other	470,425	612,843
Waste-to-Energy operations cost	19,939,225	22,588,865
Total operating expenses	31,651,573	35,018,517
OPERATING LOSS	(638,344)	(3,488,090)
NON-OPERATING REVENUE (EXPENSE):		
Interest income - cash and repurchase agreements	1,196	969
Interest income - non-system	5,028	4,921
Gain on 2003 lease termination	-	1,206,815
Gain on 2015 deferred inflow	70,428	46,952
Interest income - lease receivable	2,181,622	1,555,841
Interest expense	(2,198,530)	(1,555,841)
Gain on sale of machinery and equipment	270,235	-
Gain on refunding of long-term debt	-	388,206
Non-operating revenue, net	329,979	1,647,863
CHANGE IN NET POSITION - as previously reported	(308,365)	(1,840,227)
NET POSITION - beginning of year	18,110,597	20,396,104
NET POSITION - end of year, as previously reported	-	18,555,877
PRIOR PERIOD ADJUSTMENT (NOTE 11)	-	(445,280)
NET POSITION - end of year	$ 17,802,232	$ 18,110,597

The accompanying notes are an integral part of these statements.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from tipping fees	$ 24,030,468	$ 23,825,203
Receipts from electric revenue	3,399,884	5,377,097
Other operating receipts	3,172,888	2,489,611
Payments to vendors and suppliers	(4,916,301)	(4,753,220)
Payments to employees	(4,688,923)	(4,583,843)
Payments for Waste-to-Energy (WTE) operations	(15,752,670)	(15,081,403)
Payments for insurance and employee benefits	(1,415,203)	(1,530,175)
Net cash flow from operating activities	3,830,143	5,743,270
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments on bonds outstanding	(1,745,000)	(4,635,000)
Payments on capital lease obligations	(100,955)	-
Proceeds from the sale of machinery and equipment	270,235	-
Purchase of property, plant and equipment	(658,261)	(161,430)
Proceeds from capital leases in escrow	903,471	-
Payments for interest on bonds outstanding	(2,427,306)	(1,341,478)
Net cash flow from capital and related financing activities	(3,757,816)	(6,137,908)
CASH FLOW FROM INVESTING ACTIVITIES:		
Net change in funds held by trustee	(901,589)	(1,834,470)
Proceeds from interest on invested funds	6,223	5,890
Net cash flow from investing activities	(895,366)	(1,828,580)
CHANGE IN CASH AND CASH EQUIVALENTS	(823,039)	(2,223,218)
CASH AND CASH EQUIVALENTS - beginning of year	7,538,184	9,761,402
CASH AND CASH EQUIVALENTS - end of year	$ 6,715,145	$ 7,538,184

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating loss	$ (638,344)	$ (3,488,090)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	752,657	971,680
WTE operations used to reduce lease costs	4,186,555	7,507,461
Other postemployment benefits expense	(55,961)	(105,443)
Bond insurance amortization	31,416	20,944
Pension expense	188,538	(252,247)
Bond insurance costs	-	780,245
Changes in:		
Accounts receivable	(292,698)	(131,423)
Grant receivables	-	-
Electric revenue receivable and other receivables	(117,289)	287,487
Prepaid expenses	93,067	(47,615)
Accounts payable, accrued expenses and other current liabilities	(317,798)	200,271
Net cash flow from operating activities	$ 3,830,143	$ 5,743,270

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

In 2016, OCRRA purchased approximately $1,605,000 of fixed assets through capital leases. An additional $903,471 of capital lease proceeds remained in escrow at December 31, 2016.

In 2015, OCRRA recognized a gain of $435,158 related to the deferred gain on refunding of long-term debt.

In 2015, OCRRA utilized the approximately $59,000,000 of proceeds from bonds issued to refund approximately $43,000,000 in bonds oustanding, establish a capital refurbishment account of approximately $15,000,000 and pay bond issuance costs of approximately $1,000,000. Payments of approximately $5,551,500 and $500,000 were made from the capital refurbishment account in 2016, and 2015, respecitvely, for improvements at the Facility.

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

Onondaga County Resource Recovery Agency (OCRRA) was statutorily created in 1981 as a public benefit corporation under New York State law. OCRRA began active operations in 1990. OCRRA is exempt from federal income taxes under Internal Revenue Service Code Section 115.

Under an agreement between OCRRA and the County of Onondaga (County), OCRRA is responsible for implementing the County Solid Waste Management Program, as well as the construction, operation and otherwise ensuring the availability of solid waste management and recycling facilities for participating municipalities in the County of Onondaga, State of New York. Under current contracts OCRRA's operations service the thirty-three participating municipalities in Onondaga County.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

OCRRA operates as a proprietary fund. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources (whether current or noncurrent) associated with their activities are reported.

OCRRA utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

The accounting policies of OCRRA conform to generally accepted accounting principles as applicable to governmental units. The accepted standard setting body for establishing governmental accounting and financial reporting principles is the Governmental Accounting Standards Board (GASB).

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Other Postemployment Benefits

OCRRA provides health insurance benefits to certain retired employees and their spouses and beneficiaries. OCRRA accrues the costs for these benefits based on an annual valuation of future expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents
Cash and cash equivalents consist of cash held in checking, savings, and money market accounts.

Accounts Receivable
Accounts receivable are carried at their estimated collectible amounts. They are periodically evaluated for collectability based on past credit history with customers and their current financial condition.

Property, Plant and Equipment
Property, plant and equipment over $5,000 are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which range from 4 to 25 years. Depreciation expense amounted to $752,657 and $971,680 for the years ended December 31, 2016 and 2015, respectively.

Deferred Outflows of Resources
In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as expense until then.

Deferred Inflows of Resources
In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents a receipt of net position that applies to a future period and so will not be recognized as revenue until then.

Assets Limited as to Use
Assets limited as to use represent funds restricted as to use under OCRRA's Revenue Bond Agreements.

Net Position
GASB requires the classification of net position into three components. These classifications are displayed in three components below:

a. Net investment in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted net position - net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

c. Unrestricted net position - net position that does not meet the definition of restricted or net investment in capital assets.

When both restricted and unrestricted resources are available for use, it is OCRRA's policy to use restricted resources first, then unrestricted resources as they are needed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Landfill and Related Costs

OCRRA has secured the required permit for the construction of an in-county landfill to be located in the Town of Van Buren (the "Landfill"). Currently, OCRRA transports the ash from the Waste-to-Energy Facility and other non-recyclable waste that cannot be processed at the facility to the High Acres Landfill, near Fairport, New York under a long-term contract through December 31, 2019, with a one year agency option to extend the contract to December 31, 2020. Construction of the in-county landfill will occur when environmental and economic factors dictate that it is in the best interest of Onondaga County businesses and residents. The cost of the designated site is included in property, plant and equipment (see Note 6).

Engineering and consulting fees related to siting, environmental studies and permitting of the Landfill are capitalized. According to Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, should OCRRA decide to transport waste to the Landfill, OCRRA is required to accrue a portion of the estimated total of closure and postclosure care in each period that waste is accepted at the site. Recognition of such a liability shall begin on the date the Landfill begins accepting waste. As of December 31, 2016 there has been no waste delivered to the Landfill.

Environmental and Regulatory Risk

OCRRA operates in an environmentally sensitive industry and is subject to extensive federal and state laws and regulations adopted for the protection of the environment. The laws and regulations are primarily applicable to discharge of emissions into the air and management of solid waste but can also include those related to water use, discharges to water and hazardous waste management. Certain aspects of these laws have extensive and complicated requirements relating to obtaining operating permits, monitoring, record keeping and reporting. Management believes that its facilities are in material compliance with permits and other applicable environmental laws.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk is the risk that in the event of a bank failure, OCRRA's deposits may not be returned to it.

Statutes authorize OCRRA to maintain deposits with financial institutions and to invest in certificates of deposit, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations.

Unrestricted and restricted cash equivalents are covered or collateralized by either federal depository insurance, securities held by the pledging bank's trust department in OCRRA's name, or U.S. Government and/or federal agency securities held by the Trustee.

At December 31, 2016, the carrying value of OCRRA's deposits was approximately $11,661,000, and the bank balances were approximately $11,842,000. OCRRA's deposit policies require OCRRA's cash to either be covered by depository insurance or collateralized by governmental securities held by the depository institution. At December 31, 2016, OCRRA had collateralized cash balances of approximately $3,121,000, and the remainder was covered by depository insurance.

4. OPERATING CONSIDERATIONS

The Onondaga County Solid Waste Management System (System) has implemented a multi-layer "flow control" arrangement to ensure that all legal means of requiring delivery of waste into the System are utilized. First, OCRRA has "delivery agreements" with all 33 participating municipalities in Onondaga County. Those "delivery agreements" commit each municipality to "deliver or cause the delivery" of municipal solid waste (MSW) from their community to the System. Most of the residential MSW is delivered to the System pursuant to municipal pick-up, municipally contracted pick-up, and solid waste OCRRAs, implemented in accordance with the "delivery agreements." In addition, in 2000 - 2001, all 33 municipalities enacted approved, in-state waste site designation laws committing delivery of all of their MSW to the System, if the MSW is to be disposed of within the State. Also, in 2003, the Onondaga County Legislature enacted a local "flow control" law, based closely on the language and criteria found in the Oneida-Herkimer Law that directs all municipal solid waste in the 33 participating municipalities to OCRRA's public Waste-To-Energy Facility. This type of arrangement was reviewed and deemed Constitutional by the U.S. Supreme Court in its April 2007 Oneida-Herkimer case. As of December 31, 2016, the 33 member municipalities have entered into delivery agreements with automatic renewals through 2035. Finally, OCRRA, as additional security, enters into delivery contracts directly with the area's private and municipal waste haulers, wherein they have contractually committed to deliver all MSW picked up in the 33 participating municipalities to the System. The contracts provide stiff stipulated contractual damage penalties for violation that contact provision.

5. ASSETS LIMITED AS TO USE

Assets limited as to use are held by a trustee in accordance with the terms of the Revenue Bonds Master Bond Resolution (see Note 8), or are capital lease proceeds in escrow, and represent the restricted fund balance reported on the Statement of Financial Position. The restricted fund balance includes the following funds at December 31:

	2016	2015
Funds accumulated from System revenues to pay for debt service obligations	$ 1,593,083	$ 1,569,610
Accumulation of earnings from System revenues to satisfy general OCRRA obligations	2,449,663	2,475,041
Capital Lease Proceeds in escrow	903,495	-
Total	$ 4,946,241	$ 4,044,651

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land	$ 396,190	$ -	$ -	$ 396,190
Landfill site	3,854,290	-	-	3,854,290
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	672,597	-	-	672,597
Buildings and improvements	2,838,002	166,886	-	3,004,888
Machinery and vehicles	8,904,570	2,087,193	1,223,857	9,767,906
Furniture and fixtures	111,606	-	-	111,606
Computer equipment	103,852	16,857	-	120,708
Leasehold improvements	3,289,720	-	-	3,289,720
Land improvements	48,310	-	-	48,310
Construction in progress	7,990	5,178	13,168	-
Total property, plant and equipment	20,422,887	2,276,114	1,237,025	21,461,976
Less: Accumulated depreciation				
Landfill buildings and improvements	(622,001)	(3,888)	-	(625,889
Buildings and improvements	(1,939,321)	(109,189)	-	(2,048,510
Machinery and vehicles	(7,967,574)	(448,578)	(1,223,858)	(7,192,294
Furniture and fixtures	(99,723)	(4,802)	-	(104,525)
Computer equipment	(92,299)	(8,010)	-	(100,309)
Leasehold improvements	(477,060)	(175,775)	-	(652,835)
Land improvements	(12,883)	(2,415)	-	(15,298)
Total accumulated depreciation	(11,210,861)	(752,657)	(1,223,858)	(10,739,660
Property, plant and equipment, net	$ 9,212,026	$ 1,523,457	$ 13,167	$ 10,722,316

Property, plant and equipment activity for the year ended December 31, 2015 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land	$ 396,190	$ -	$ -	$ 396,190
Landfill site	3,854,290	-	-	3,854,290
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	632,944	39,653	-	672,597
Buildings and improvements	2,729,443	108,559	-	2,838,002
Machinery and vehicles	8,904,570	-	-	8,904,570
Furniture and fixtures	111,606	-	-	111,606
Computer equipment	103,852	-	-	103,852
Leasehold improvements	3,293,006	6,480	9,766	3,289,720
Land improvements	48,310	-	-	48,310
Construction in progress	1,251	18,177	11,438	7,990
Total property, plant and equipment	20,271,222	172,869	21,204	20,422,887
Less: Accumulated depreciation				
Landfill buildings and improvements	(619,974)	(2,027)	-	(622,001
Buildings and improvements	(1,839,618)	(99,703)	-	(1,939,321
Machinery and vehicles	(7,286,225)	(681,349)	-	(7,967,574)
Furniture and fixtures	(94,921)	(4,802)	-	(99,723)
Computer equipment	(86,395)	(5,904)	-	(92,299)
Leasehold improvements	(311,347)	(175,479)	(9,766)	(477,060
Land improvements	(10,467)	(2,416)	-	(12,883)
Total accumulated depreciation	(10, 248,947)	((971,680)	(9,766)	(11,210,861
Property, plant and equipment, net	$ 10,022,275	$ (798,811)	$ 11,438	$ 9,212,026

7. FACILITY LEASE AND SERVICE AGREEMENT

In 1992, OCRRA issued Project Revenue Bonds for the purpose of constructing a Waste-to-Energy Facility (the "Facility") and funding certain reserves and other related costs. Pursuant to various agreements, Covanta Onondaga, L.P. (the "Partnership") also funded certain project costs and constructed the Facility. OCRRA leased the Facility and equipment to the Partnership under a long-term lease expiring May 8, 2015 with the Partnership having the option to purchase the Facility for $1. During 2015, this lease and service agreement was extended as described in the "Renewal of Facility Lease and Service Agreement" section below.

Pursuant to the facility lease agreement the real property comprising a portion of the Facility is leased to the Partnership.

Pursuant to the service agreement the Partnership operates and maintains the Facility for the processing of solid waste delivered by OCRRA to the Facility.

All revenues of the Facility, which include rates, fees, charges and other realized income received by OCRRA from the ownership, operation, use or services of the Facility, in excess of expenses, are to be paid directly to the Trustee for the benefit of the Partnership and Trustee.

OCRRA's obligation is unconditional and requires payment by OCRRA if there is no waste delivered; OCRRA remains responsible for debt service.

The obligations of the Partnership under the service agreement and facility lease are guaranteed to OCRRA and the Trustee by Covanta Energy Corporation.

The Partnership is also entitled to 10% of the net revenues received from the sale of electricity and 50% of the net revenues received from the sale of recovered materials during the lease period.

In 2003, OCRRA issued series 2003A Senior Lien Revenue Refunding Bonds totaling $82,115,000 and series 2003B Subordinate Lien Revenue Refunding Bonds totaling $30,000,000. Pursuant to the Master Bond Resolution, such amounts will provide for monthly payment of the Service Fee related to the Facility. As the Partnership is responsible for paying debt service on the 2003A Bonds in lieu of making payments on its lease, a portion of the actual cash payment is held by the Trustee for satisfaction of the principal and interest on 2003A Bonds. Obligations to the 2003B bondholders, if any, as a result of operations, as defined in Note 9, are also to be paid from the funds held by the Trustee on May 1st of the following year.

Through May 8, 2015, calculations of payments under the initial service agreement are based on an assumed delivery of 310,000 tons of waste per year. If less is delivered, OCRRA reimbursed the Partnership the shortfall in its share of the electric revenue. For delivery in excess of that amount, OCRRA paid an additional waste processing fee.

Renewal of Facility Lease and Service Agreement

In November 2014, OCRRA entered into a twenty (20) year extension of the Second Amended and Restated Service Agreement with the Partnership until May 8, 2035. The extension includes a mutual option to extend the term of the Service Agreement for an additional five (5) years until May 8, 2040. Under this Service Agreement extension, OCRRA was required to refinance the Series B bonds for a term that is coterminous with the base term of the Service Agreement extension (See Note 8). This is in addition to the service fee and other facility related OCRRA cost obligations, i.e. operations and maintenance charge, pass through costs, ash disposal costs and debt service on any Capital Refurbishment bonds.

7. FACILITY LEASE AND SERVICE AGREEMENT (Continued)

Renewal of Facility Lease and Service Agreement (Continued)

OCRRA committed to a minimum annual waste delivery obligation of 320,000 in 2015 and 345,000 tons for full years thereafter, with OCRRA paying shortfall damages equal to the Partnership's lost electric and metal revenue for each shortfall ton. The additional waste processing fee has been eliminated. The maximum annual waste capacity is the Facility's permitted capacity less some limited tonnage available to the Partnership for Supplemental Waste. Net electric revenue is shared 90% OCRRA/10% Partnership and metal revenue is shared 50/50 with a ceiling amount. OCRRA remains responsible for ash transport and disposal with some limited exceptions. The existing Market Rate Agreement was be terminated.

OCRRA will have legal ownership of the Facility during the term but at the end of the term, the Partnership will own it with an option to OCRRA to purchase it at that point for Fair Market Value. The Partnership will retain ownership of the Facility during the term.

OCRRA will establish a Capital Refurbishment Fund to assist in funding OCRRA's share of needed Capital Refurbishment Projects.

As described in Note 8, OCRRA issued 2015A and 2015B series debt in accordance with the terms of the facility lease renewal. The result of this transaction is the recognition of new facility lease assets, which will be recognized throughout the term of the contract extension and in an amount approximating the underlying debt service requirements of the 2015A and 2015B series debt. OCRRA may issue, refinance, or call any debt issued under the contract extension at OCRRA's sole discretion as long as such action does not violate the extension agreement terms. OCRRA may call any new bonds issued under the terms of any bond indenture provided OCRRA provides adequate advance notice to the Partnership at least prior to October 1st of the preceding year. The debt service for the refinanced Series B bonds and Capital Refurbishment bonds, as applicable, will be added to the Service Fee, and payment will be made in a similar fashion as under the previous service agreement. The Partnership will provide an initial $21,000,000 parent guarantee declining on an annual basis by $500,000 per year until it reaches $16,000,000.

The Waste-to-Energy operations cost is composed of the following:

	2016	2015
Operating and pass through costs	$ 15,752,670	$ 15,081,403
Capital charge	4,186,554	7,507,462
Total	$ 19,939,224	$ 22,588,865

7. FACILITY LEASE AND SERVICE AGREEMENT (Continued)

Future minimum annual lease payments from the Partnership are as follows at December 31:

Year	Amount
2017	$ 1,790,000
2018	1,860,000
2019	1,935,000
2020	2,015,000
2021	2,115,000
2022 – 2025	9,565,000
2026 – 2030	14,895,000
2031 – 2035	18,640,000
Total future minimum lease payments	52,815,000
Less: Current portion	(1,790,000)
Long-term portion	$ 51,025,000

8. 2015 SERIES A AND 2015 SERIES B BONDS PAYABLE

In 2015, OCRRA issued $54,560,000 in Revenue Bonds, consisting of Series 2015A Tax-Exempt Bonds totaling $53,505,000 and Series 2003B Taxable Bonds totaling $1,055,000. The 2015A bonds bear interest at an escalating rate from 3% to 5%. The 2015A bonds have a tiered maturity schedule with annual principal maturations through May 1, 2013, and an $18,640,000 final maturity on May 1, 2035. The 2015B bonds bear interest at 1.75%, and mature May 1, 2016.

The 2015A bonds maturing on May 1, 2015 are subject to mandatory sinking fund requirements on May 1, 2031 and on each May 1 thereafter as follows:

May 1:	Amount
2031	$ 3,445,000
2032	3,580,000
2033	3,720,000
2034	3,870,000
2035	4,025,000

As part of the debt issuance, $42,695,385 in outstanding 2003B bonds (See Note 9) were refunded and retired.

8. 2015 SERIES A AND SERIES B BONDS PAYABLE (Continued)

Activity relative to the 2015A and 2015B bonds payable for the year ended December 31, 2016 was as follows:

	Balance at December 31, 2015	Additions	Reductions	Balance at December 31, 2016	Due in one year
2015A	$ 53,505,000	$ -	$ (690,000)	$ 52,815,000	$ 1,790,000
2015B	1,055,000	-	(1,055,000)	-	-
Total	$ 54,560,000	$ -	$ (1,745,000)	$ 52,815,000	1,790,000
Bond Premium	4,445,295	-	(229,932)	4,215,363	229,929
Total	$ 59,005,295	$ -	$ (1,974,932)	$ 57,030,363	$ 2,019,929

Activity relative to the 2015A and 2015B bonds payable for the year ended December 31, 2015 was as follows:

	Balance at December 31, 2014	Additions	Reductions	Balance at December 31, 2015	Due in one year
2015A	$ -	$ 53,505,000	$ -	$ 53,505,000	$ 690,000
2015B	-	1,055,000	-	1,055,000	1,055,000
Total	-	54,560,000	-	54,560,000	1,745,000
Bond Premium	-	4,598,583	(153,288)	4,445,295	229,929
Total	$ -	$ 59,158,583	$ (153,288)	$ 59,005,295	$ 1,974,929

General covenants require OCRRA to impose charges sufficient to pay debt service, enforce certain contractual obligations that assure continued flow of Onondaga County waste into the System, prepare annual budgets and maintain proper books and records, and to furnish appropriate financial information to the Trustee on an annual basis. These bonds are not actively traded. Specific covenants include the setting of tipping fees and user charges that when taken together with other System Revenues, produces revenues available for debt service in each fiscal year equal to or exceeding 110% of all debt service on the bonds outstanding during the period, and the maintaining of $3,000,000 in cash reserves as of June 30 and December 31 of each fiscal year.

Interest paid as of December 31, 2016 and 2015, amounted to $2,181,622 and $1,478,592, respectively.

8. 2015 SERIES A AND SERIES B BONDS PAYABLE (Continued)

The following is a schedule of the future minimum payments under the bond agreement, including mandatory sinking fund requirements as of December 31:

Year	Principal	Interest	Total
2017	$1,790,000	$2,362,700	$4,152,700
2018	1,860,000	2,289,700	4,149,700
2019	1,935,000	2,213,800	4,148,800
2020	2,015,000	2,124,725	4,139,725
2021	2,115,000	2,021,475	4,136,475
2022 - 2025	9,565,000	6,947,025	16,512,025
2026 - 2030	14,895,000	5,662,375	20,557,375
2031 - 2035	18,640,000	1,922,000	20,562,000
Total	52,815,000	25,543,800	78,358,800

9. 2003A AND 2003B BONDS PAYABLE

During 2015, the 2003A Bonds were paid in full, and the 2003B Bonds were refunded as described in Note 8. The retired 2003A bonds bore interest at a rate of 5%. The 2003B bonds were converted at their accreted value to current interest paying bonds in 2015. Prior to 2015, interest accrued, but was not payable, at the rate of 7% on the 2003B Bonds.

Activity relative to the 2003 bonds payable for the year ended December 31, 2015:

	Balance at December 31, 2014	Additions	Reductions	Balance December 2015
Senior lien revenue:				
Refunding bonds	$ 4,635,000	$ -	$ 4,635,000	$ -
Subordinate lien:				
Revenue refunding bonds	41,385,932	1,309,453	42,695,385	-
Total	$ 46,020,932	$ 1,309,453	$ 47,330,385	$ -

Covenants required OCRRA to impose charges sufficient to pay debt service, enforce certain contractual obligations that assure continued flow of Onondaga County waste into the System, prepare annual budgets and maintain proper books and records, and to furnish appropriate financial information to the Trustee on an annual basis. These bonds are not actively traded and therefore a market value is not readily available. During 2015, the 2003A Bonds were paid in full, and the 2003B were refunded as described in Note 8.

10. RETIREMENT PLANS

New York State Employees' Retirement System (NYSERS)

OCRRA participates in the New York State Employees' Retirement System (NYSERS) also referred to as New York State and Local Retirement System (the System). This is a cost-sharing, multiple employer public employee retirement system, providing retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), established to hold all net position and record changes in plan net position allocated to the System, System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYS RSSL). Once an employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. OCRRA also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to the benefits provided, may be found on the following website shown: www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSERS contribute 3% of their salary throughout their active membership. For employees who joined after April 1, 2012, employees contribute 3% of their salary until April 1, 2013 and then contribute 3% to 6% of their salary throughout their active membership. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Contributions for the current year and two preceding years were equal to 100 percent of contributions required, and were as follows:

Year	Amount
2016	$ 537,193
2015	653,014
2014	664,063

10. RETIREMENT PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At December 31, 2016 and 2015, OCRRA reported a net pension liability of $2,019,031 and $427,297, respectively, for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2016 and 2015, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of those dates. OCRRA's proportion of the net pension liability was based on a projection of OCRRA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2016 and 2015, OCRRA's proportion was .0125794% and .0126485%, respectively. For the year ended December 31, 2016 and 2015, OCRRA recognized pension expense of $754,433 and $400,765, respectively.

At December 31, 2016, OCRRA reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,203	$ 239,322
Changes of Assumptions	538,415	
Net difference between projected and actual earnings on pension plan investments	1,197,800	-
Changes in proportion and differences between OCRRA's contributions and proportionate share of contributions	103,714	1,483
Contributions subsequent to the measurement date	402,895	
Total	$ 2,253,027	$ 240,805

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended March 31:	Amount
2017	$ 409,756
2018	409,756
2019	409,756
2020	380,059
2021	-
Thereafter	-
Total	1,609,327

OCRRA recognized $402,895 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2016 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2017.

10. RETIREMENT PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

At December 31, 2015, OCRRA reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,678	$ -
Net difference between projected and actual earnings on pension plan investments	74,216	-
Changes in proportion and differences between OCRRA's contributions and proportionate share of contributions	31,371	-
Contributions subsequent to the measurement date	489,761	
Total	$ 609,026	$ -

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended March 31:	Amount
2016	$ 29,816
2017	29,816
2018	29,816
2019	29,817
Thereafter	-
Total	119,265

OCRRA recognized $489,761 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2015 which will be recognized as a reduction of the net pension liability in the year ended December 31, 2016.

10. RETIREMENT PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The total pension liability for the March 31, 2015 measurement date was determined by using an actuarial valuation as of April 1, 2014.

The April 1, 2015 actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary scale	3.8%
Projected COLAs	1.3% annually
Decrements	Developed from the Plan's 2015 experience study of the period Ap 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Asset class	Target allocations in %	Long-term expected real rate of return in %
Domestic equity	38%	7.3%
International equity	13	8.55
Private equity	10	11.00
Real estate	8	8.25
Absolute return strategies	3	6.75
Opportunistic portfolio	3	8.60
Real assets	3	8.65
Bonds and mortgages	18	4.00
Cash	2	2.25
Inflation-indexed bonds	2	4.00
Total	100%	

10. RETIREMENT PLANS (Continued)

New York State Employees' Retirement System (NYSERS) (Continued)

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2016 were as follows:

Total pension liability	$ 172,303,544
Net position	(156,253,265)
Net pension liability (asset)	$ 16,050,279
ERS net position as a percentage of total pension liability	90.7%

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – December 31, 2016

The following presents OCRRA's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the OCRRA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	$ 4,552,768	$2,019,031	$ (121,869)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – December 31, 2015

The following presents OCRRA's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the OCRRA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount (7.5%)	1% Increase (8.5%)
Proportionate Share of Net Pension liability (asset)	$ 2,848,117	$ 427,297	$ (1,616,476)

Deferred Compensation Plan

OCRRA's employees may elect to participate in the New York State Deferred Compensation Plan under Section 457 of the Tax Law.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Health Insurance Benefits

In addition to providing pension benefits, OCRRA provides health insurance benefits to certain retired employees and their spouses and beneficiaries hired before April 10, 2002, between the ages of 55 and 65 under a single-employer defined benefit healthcare plan, the Onondaga County Resource Recovery Postretirement Healthcare Benefits Plan. The plan is administered by OCRRA. OCRRA's Board of Directors has the authority to establish and amend the plan's benefits.

Funding Policy

Eligible employees who retire from employment between the ages of 55 and 61 may waive their COBRA rights and continue their health insurance benefits (exclusive of dental coverage) by paying the full cost of the coverage. These employees at age 62 may continue coverage until they become Medicare eligible by paying 25% of the coverage with OCRRA contributing the other 75% of premiums for eligible retired plan members and their spouses. Once these employees are eligible for Medicare they lose their coverage and receive payments equal to $50 per month until their death. The payments are intended to offset the cost of Medicare supplemental benefits, but retirees are not required to use the payments for that purpose. Represented employees hired after January 1, 2002, and non-represented employees hired after April 10, 2002 are not eligible for any postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

OCRRA's annual other postemployment benefit (OPEB) cost is calculated based on the net OPEB obligation and the estimated amortization years remaining. OCRRA has elected to calculate the OPEB obligation and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. Currently, two retirees are receiving benefits. The following table shows the components of OCRRA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in OCRRA's net OPEB obligation:

Annual required contribution	$ -
Actuarial adjustment	(4,451)
Contributions made	(51,510)
Decrease in net OPEB obligation	(55,961)
Net OPEB obligation - beginning of year	690,619
Net OPEB obligation - end of year	$ 634,658
Annual OPEB cost	$ 42,310
Percentage of annual OPEB cost contributed	132%

OCRRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for the fiscal year 2016 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	$ 21,924	-	$ 350,782
12/31/2015	46,041	15.75%	690,619
12/31/2016	42,310	132.26%	634,658

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about retirement age and healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations. The valuation is performed December 31 of each year.

The following simplifying assumptions were made:

- *Retirement age for active employees* - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63.4 years.

- *Marital status* - Marital status of members at the calculation date was assumed to continue throughout retirement.

- *Eligibility* - Retirees are entitled to benefits until the age of 65 years.

- *Healthcare cost trend rate* -The expected rate of increase in healthcare insurance premiums was a rate of 10% initially, reduced to an ultimate rate of 5% after eight years.

- *Health insurance premiums* - 2016 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

- *Early Retirees*- Health insurance costs for early retirees were calculated based on actual expenses during 2016 and assumes that each retiree retains their current coverage through the date they become Medicare eligible.

Based on the historical and expected returns of OCRRA's cash and cash equivalents, a discount rate of 4% was used.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Prior Period Adjustment – 2015 Retirement Incentive program

In June 2015, OCRRA adopted a resolution offering a one-time subsidized expansion of health benefits to early retirees, as a retirement incentive program. Three employees retired under the program, and OCRRA incurred obligations under the program through 2024. These obligations, calculated through the OPEB assumptions enumerated above, equaled $445,280 as of December 31, 2015. These obligations resulted in the following restatements to the 2015 financial statements:

Financial Statement Line item	Previously reported	As restated
OPEB Liability	$ 245,339	$ 690,619
Net Position - unrestricted	$ 5,299,200	$ 4,853,920
Change in net position	$ (1,840,227)	$ (2,285,507)

12. COMMITMENTS AND CONTINGENCIES

Operating Leases

OCRRA leases land, equipment and office facilities under operating leases. Rental payments under these agreements were approximately $130,000 and $100,000 during 2016 and 2015, respectively. Obligations under all cancelable and non-cancelable long-term operating leases are as follows at December 31, 2016:

Year	Amount
2017	$ 97,000
2018	54,000
2019	10,000
2020	5,000
2021	5,000
2022	2,500
Total	$ 173,500

Capital Leases:

During 2016, OCRRA initiated a municipal finance lease program for the purchase of replacement equipment required for OCRRA operations. These capital leases allow OCRRA to preserve cash reserves while purchasing needed equipment in a timely manner. Interest rates on capital leases range 1.75% to 2.28%, and each lease is for a term of 5 years. During 2016, OCRRA made principal payments of $100,955, and interest payments of $9,225.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Capital Leases: (continued)

The following is an aggregate schedule of future capital lease principal and interest payments as of December 31:

Year	Principal	Interest	Total
2017	$ 488,436	$ 39,521	$ 527,958
2018	492,478	35,479	527,958
2019	502,187	25,771	527,958
2020	512,090	15,868	527,958
2021	412,011	5,767	417,778

Landfill Contracts

OCRRA has a contract with High Acres Landfill for ash disposal through December 2019. The per ton incinerator ash residue disposal charge will range from $14 to $15 over the term of the contract. OCRRA also has a contract with Seneca Meadows, Inc. through December 2019, for bypass and tire disposal. The per ton solid waste/bypass solid waste disposal charge will range from $23 to $25.85, and for tires, $50/ton, over the term of the contract. OCRRA also has a contract with Madison County Dept. of Solid Waste for ash disposal through June 2020, with the per ton incinerator ash residue disposal charge equal to $14. Total costs incurred under all agreements were $1,496,698 and $1,538,823 during 2016 and 2015, respectively.

Host Community Agreements

OCRRA entered into a Host Community Agreement (Agreement) with the Town of Onondaga ("Onondaga") which defines each party's rights and obligations related to construction and operation of the Waste-to-Energy facility in Onondaga. The term of the agreement began in December 1992 upon commencement of construction of the Waste-to-Energy facility and continues for 25 years from that date. Annual payments to Onondaga under the terms of the Agreement total approximately $158,000 and $156,000 during the 2016 and 2015 fiscal years, respectively.

OCRRA entered into an Interim Host Community Agreement (Interim Agreement) with the Town of Van Buren (Van Buren) in 1998. The Interim Agreement provides for annual payments to Van Buren during the period prior to development of the landfill facility. The Interim Agreement includes provisions for annual increases based upon a five-year rolling average of the Van Buren tax rate. In no case shall such annual increase be greater than 2%, according to the Interim Agreement. The Host Community Interim Agreement was extended pursuant to an automatic renewal provision through the year 2017.

OCRRA recorded PILOT's to Van Buren in the amount of $58,313 and $57,735 in 2016 and 2015, respectively. OCRRA also made payments to Onondaga of approximately $128,000 and $127,000 in 2016 and 2015, respectively for fire and water district assessments.

Property Stabilization

In 1997, OCRRA approved a property stabilization program to assist a limited number of property owners who live immediately adjacent to the landfill site. Payments under the plan make up a portion of the difference between the fully assessed value of a property and the actual sales price. In 2016 and 2015, no such payments were made.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Litigation
OCRRA is occasionally a party to various proceedings arising in the normal course of business. There are presently no proceedings pending that would have a significant impact on the financial position of OCRRA.

Union Contract
OCRRA's contract with union employees runs through December 31, 2018.

Tonnage contingency
As described in Note 7, as of May 9, 2015, the facility lease extension requires an increase of tonnage delivery to 345,000 tons of acceptable waste per calendar year, prorated for the first and last contract years. If the required amount is not delivered, OCRRA incurs charges based on the shortfall of tonnage equal to the Partnership's share of electricity and recovered materials revenue that would have been earned had the shortfall not occurred. Local county waste has averaged approximately 320,000 tons over the past three years. Onondaga County law currently prohibits OCRRA from importing waste from other counties. Management is working with the Onondaga County Legislature to provide a means for importing additional waste. Should these efforts fail, it is likely that significant shortfall charges will be incurred throughout the contract term. During 2016, OCRRA incurred shortfall charges of $42,800. No future provisions have been made in the accompanying financial statements related to these charges.

13. NATIONAL GRID AGREEMENT

OCRRA and National Grid participate in an electricity purchase agreement. The first period of this contract provides that National Grid will purchase approximately 210,000,000 Kwh for calendar years 2009 through 2015 at the market rate. National Grid and OCRRA have established the upper limit for the agreement at 243,000,000 Kwh. In 2015, OCRRA received an annual average sale price of 2.992 cents per kilowatt hour.

The first period of this agreement ended on December 31, 2015. In 2015, OCRRA exercised the option for the second period of this agreement where National Grid will purchase approximately 210,000,000 Kwh for calendar years 2016 through 2025 at 77.50% of the market rate. In 2016, OCRRA received an annual average sale price of 1.925 per kilowatt hour.

14. CONCENTRATION

The top five haulers delivered approximately 66% and 68% of the total municipal solid waste to OCRRA during the years ended December 31, 2016 and 2015, respectively. These haulers also accounted for approximately 76% and 77% of accounts receivable at December 31, 2016 and 2015, respectively.

15. UPCOMING PRONOUNCEMENTS

The GASB has issued Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statement 67 and 68. The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. OCRRA is required to adopt portions of the provisions of Statement No. 73 for the year ending December 31, 2017.

15. UPCOMING PRONOUNCEMENTS (Continued)

The GASB issued Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). OCRRA is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

The GASB issued Statement No. 82, Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. OCRRA is required to adopt portions of the provisions of Statement No. 82 for the year ending December 31, 2017.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POSTEMPLOYMENT BENEFITS PLAN - SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2016

Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
December 31, 2014	-	350,782	0%
December 31, 2015	-	690,619	0%
December 31, 2016	-	634,658	0%

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2016

Schedule of Proportionate Share of Net Pension Liability (Asset) – in thousands

	2016	2015
Proportion of the net pension liability (asset)	.01%	.01%
Proportionate share of the net pension liability (asset)	$2,019	$427
Covered employee payroll	$3,653	$3,603
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	55.26%	11.85%
Plan fiduciary net position as a percentage of the total pension liability (asset)	90.70%	97.90%

Schedule of Contributions, Pension Plans – in thousands

	2016	2015
Contractually required contribution	$ 647	$ 658
Contributions in relation to the contractually required contribution	$ 647	$ 658
Contribution deficiency (excess)	-	-
Covered employee payroll	$3,653	$3,603
Contributions as a percentage of covered-employee payroll	17.71%	18.26%

Information for periods prior to the implementation of GASB 68 (2007-2014) is unavailable and the above related disclosures will be completed each year going forward as information becomes available.

grossman st. amour
CERTIFIED PUBLIC ACCOUNTANTS PLLC

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Onondaga County Resource Recovery Agency
North Syracuse, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Onondaga County Resource Recovery Agency (OCRRA) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise OCRRA's basic financial statements, and have issued our report thereon dated March 8, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered OCRRA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCRRA's internal control. Accordingly, we do not express an opinion on the effectiveness of OCRRA's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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110 West Fayette Street, One Lincoln Center, Suite 900, Syracuse, NY 13202-1387 T 315.424.1120 F 315.422.0829 www.gsacpas.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OCRRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grossman St Amour CPAs

Syracuse, New York
March 8, 2017

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OCRRA Management

Dereth Glance
Executive Director

Michael Mokrzycki
Business Officer

Amy K. Miller
Environmental Engineer

Marlene Rizzo
Executive Secretary

William J. Bulsiewicz, Esq.
Legal Counsel

Kristen R. Lawton
Public Information Officer

Andrew J. Radin
Recycling & Waste Reduction Director

Kevin Spillane
Transfer Operations Director

Onondaga County Resource Recovery Agency

100 Elwood Davis Road
North Syracuse, NY 13212
www.OCRRA.org
315-453-2866

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