Onondaga County Resource Recovery Agency

2011 Annual Report

Recycle paper

Cardboard
(please flatten)

Office
Papers

Mail and
Envelopes

Softcover
Books

Newspapers,
Magazines,
and Periodicals

For details on other recyclable items,
visit www.ocrra.org and search our database.

Save the world a little each day.

See how at

OCRRA.org

Ravi Raman, P.E.
OCRRA Chairman

Chairman's Report

For more than twenty years, OCRRA has been providing a comprehensive solid waste management and resource recovery system to Onondaga County residents. The OCRRA System provides a strong recycling program, a foundation for local waste disposal at the Waste-to-Energy Facility, two convenient transfer stations and numerous programs for hard-to-manage materials like household hazardous waste, batteries and mercury containing devices.

The OCRRA Board of Directors is comprised of 15 volunteer citizens appointed by the following authorities; Onondaga County, the City of Syracuse, and the Towns of Onondaga and Van Buren, who are the host communities to our Waste-to-Energy Facility and landfill site, respectively.

OCRRA has one of the highest recycling rates in the Country and we strive to increase our recycling rate to even higher levels. To that end, we began a large-scale composting pilot program to better serve the growing need to minimize the waste stream.

In 2011, OCRRA received five awards from various state and national entities for our achievements in solid waste management and resource recovery, including:

- **American Forestry and Paper Association Award;** *Community Recycling*
- **NYS DEC Environmental Excellence Award;** *Composting*
- **Solid Waste Association of North America (SWANA) Excellence Award, Silver;** *Composting*
- **SWANA Excellence Award, Bronze;** *Integrated Solid Waste System*
- **SWANA Excellence Award, Silver;** *Marketing*

OCRRA has served the solid waste needs of Onondaga County in a professional and financially sound manner from its inception. Going forward, we commit to being even more efficient in our services to keep costs to County residents as low as possible.

2015 is an important year for OCRRA; we will be at an anticipated crossroads regarding the future direction of OCRRA. Several changes could occur in our business partnerships, primarily with our Waste-to-Energy operator, Covanta Energy. Two years ago, OCRRA formed an ad hoc 2015 Committee that thoroughly reviewed all options to be considered for operations from 2015 and beyond.

As Chair, my first order of business was to meet with all five appointing authorities to advise them of our progress toward 2015 solutions, to listen to their concerns and to garner their support in future negotiations with Covanta. I am happy to report that OCRRA was given strong support from all. Regardless of which final direction OCRRA takes in 2015, the community can be assured that OCRRA will focus on providing the best and most cost effective service to all County residents.

In 2011, Jake Barrett concluded his term as Chairman of the OCRRA Board, but remains on as a valued board member. Also in 2011, long time Executive Director, Tom Rhoads, took a position in County government; we wish him the best.

OCRRA is very fortunate to have a Board of Directors with diverse strengths who gives their valuable time and expertise to provide direction and support to the very talented OCRRA staff. This partnership has resulted in OCRRA becoming a world-class leader in the industry.

Thanks to the community's support and participation, the OCRRA System works seamlessly to provide recycling, composting, waste reduction, trash and special waste disposal services to the public. OCRRA's consolidation of services saves member communities money through economies of scale and helps to make Onondaga County a better place to live, work and play.

Interim Director's Report

William Bulsiewicz, Esq.
Interim Director

In 2011, OCRRA celebrated its past and anticipated its future. In mid-September, Tom Rhoads, who had ably led OCRRA for fifteen years, moved on to a new career opportunity. During his tenure, Tom established OCRRA as a respected leader in recycling and composting, as evidenced by numerous national and state awards. OCRRA's Waste-to-Energy Facility also gained widespread community acceptance, both for its reliability and consistent environmental compliance.

In 2011, a second, private, state-of-the-art single stream material recovery facility (MRF) became part of the OCRRA System. The facility processes recyclables from our community and ensures the successful completion of the OCRRA recycling process, which begins with diligent separation of recyclables by residents and businesses and ends with material recovery and shipment to end markets by the MRFs.

2011 saw successful passage of state and local legislation that advances recycling in our County. On a state level, extended producer responsibility (EPR) legislation for electronics became a reality and enhanced e-waste recycling throughout the State. On a local level, the passage of a comprehensive, revised County source separation (recycling) law, the first in twenty-two years, provided clarity to our community's residents, businesses and other institutions on what should be recycled and how. It also set appropriate penalties, as needed, which strengthened the existing law.

OCRRA also continued its strategic planning for 2015. In that year, OCRRA's contractual relationship with Covanta Energy will change significantly. In April 2010, our Board of Directors appointed an ad hoc committee to study contractual issues and to evaluate carefully the options for 2015 and beyond. That Committee submitted a detailed report to our Board at the end of 2011.

In order to stabilize OCRRA operations through 2014, OCRRA entered into new MRF contracts, new hauler contracts and a new collective bargaining agreement with its organized workforce, all of which began in 2011 and run through 2014. Additionally, after a competitive procurement process, OCRRA signed a new landfill disposal contract with a base term from June 1, 2011 through May 31, 2015. This contract has already provided OCRRA with substantial savings for ash and by-pass waste disposal.

Finally, in 2011 OCRRA began a major upgrade to our compost operations at the Amboy and Jamesville Sites, in terms of site infrastructure and equipment. This, combined with our strategic planning process, position OCRRA to continue to be a world class leader in solid waste management for the foreseeable future.

Volunteer Board of Directors

Row 1 (left to right): Mike Reilly, Lee Klosowski, Jake Barrett, Don Lawless.
Row 2: Scott Gerharz, Frank Forte, Khris Dodson, John Copanas, Jon Kelley, Rick Smardon.

The OCRRA Borad is governed by individuals that are appointed by various elected county and city officials. They are a respected group of doctors, educators, engineers, business and labor leaders that represent the entire community and continually advocate for the best environmental interests of their neighbors.

2011 Board Members

Jake Barrett

John Copanas

Khristopher Dodson - *Finance Chair*

Hanah Ehrenreich

Frank Forte

Scott Gerharz - *Operations Chair*

Jonathan Kelley

Lee Klosowski, P.E. - *Treasurer*

Donald Lawless - *Administration Chair*

Rachel May, Ph.D. - *Vice Chair and Recycling Chair*

Matt Millea

Ravi Raman, P.E. - *Board Chair and Governance Chair*

Michael Reilly, CPA - *Audit Chair*

Richard Smardon, Ph.D.

Recycling

It was Walt Whitman who said, "If you done it, it ain't bragging." In 2011, OCRRA and local residents, businesses and schools "did it." Working together, they again achieved outstanding levels of recycling and waste reduction.

As a result of those efforts, OCRRA received five prestigious awards, including three national awards from the Solid Waste Association of North America (SWANA), as well as a community recycling award from the American Forest and Paper Association and an Environmental Excellence Award from the New York State Department of Environmental Conservation that recognizes OCRRA's innovative food waste composting program. But, with apologies to Mr. Whitman, we don't like to brag about it.

In total, the community recycled over 547,900 tons of material in 2011, for a 60% recycling rate. This translates to over $35 million in waste disposal costs savings! This environmental effort prevented the generation of over one million metric tons of carbon dioxide, which is the equivalent of removing over 223,000 passenger vehicles from the road (US EPA WARM model).

After 22 years, Onondaga County's Source Separation (Recycling) Law received a bit of a facelift in 2011. The legal changes, recommended by OCRRA's Board of Directors and approved by the Onondaga County Legislature, ensure effective recycling practices in the commercial sector. Businesses generate four times the recycling that homes produce.

In 2011, OCRRA collected and recycled over 7,300 fluorescent lamps (over two tons) through a unique partnership with local hardware stores.

Onondaga County's 22 year-old Recycling Law got an update in 2011. One of the changes is businesses must make trashing and recycling equally convenient. Patty Ellis, a resident at Barrett DeWitt Apartments, shows how her complex is already complying with the revised law.

Two key elements of the updated law:

1) waste haulers are now required to provide recycling services to their commercial customers, and

2) all businesses must make recycling containers as conveniently located as trash containers.

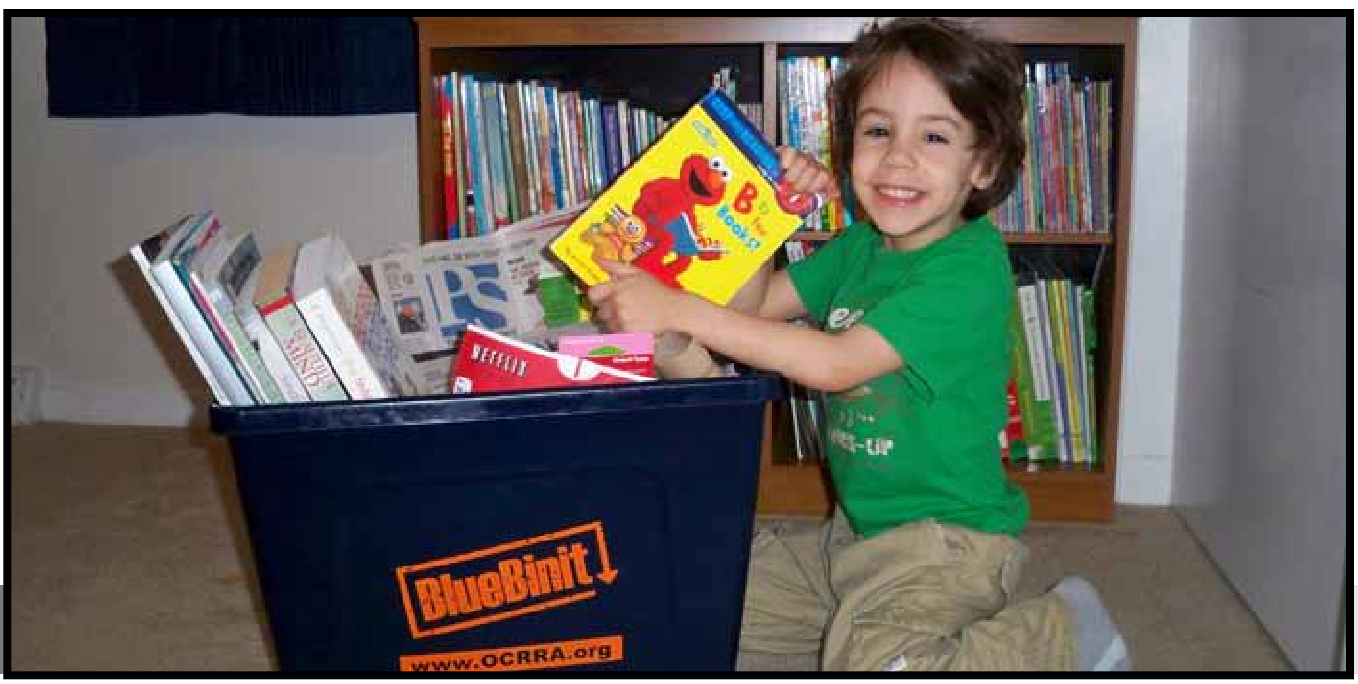
OCRRA finds that recycling increases if it is convenient to do so, and provides a variety of materials to help businesses make it easy for their employees to recycle (available to order at www.OCRRA.org).

2011 Recycling Highlights:

- **Softcover Books Added to Blue Bin**
  In 2011, OCRRA announced the addition of soft cover books to the list of mandatory recyclables. OCRRA estimates that this could increase recycling (and reduce waste) by several hundred tons each year.

- **Two Tons+ of Fluorescents Collected**
  Through a unique local partnership with over a dozen neighborhood ACE and True Value Hardware Stores, OCRRA collected and recycled over 7,300 fluorescent lamps (over two tons). Since the program launched in 2007, over 10 tons of the unwanted lamps were collected, each of which contain a small amount of mercury.

- **Major Grant Received**
  OCRRA received over $1.3 million in grant funds from the NY State Department of Environmental Conservation, which help support OCRRA's ongoing community outreach efforts and public education investments.



OCRRA added softcover books to the list of blue bin recyclables in 2011. Jayden Linney of Syracuse shows off his new found recycling skills. If you can't find a softcover book a new home, drop it in your blue bin for recycling.

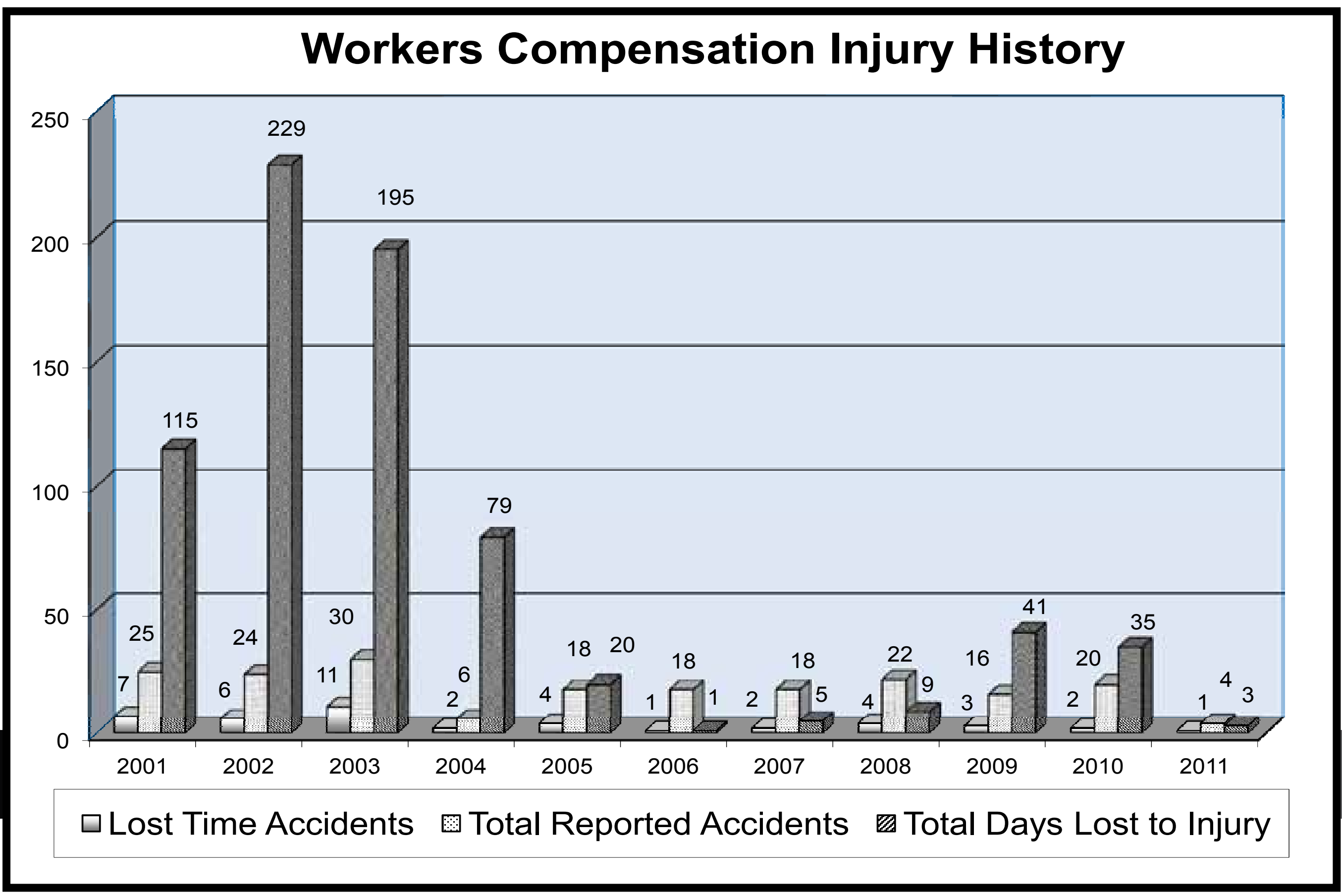
Transfer Operations

The economy continued to have a negative impact on OCRRA's Transfer Operations in 2010. Low volumes of MSW and Construction and Demolition Debris (C&D) continued from 2009 into 2010, although there was a slight increase in C&D intake in the last quarter of the year. We are hopeful that this signals an upturn in the economy.

While the local economy was still sluggish in 2011, Municipal Solid Waste (MSW) and Construction and Demolition (C&D) deliveries exceeded budget projections for the year, with rather significant increases in the last quarter.

On June 1, 2011, OCRRA initiated a contract with a new landfill, which significantly lowered our disposal costs for both ash residue and by-pass waste. After a self-imposed one-year postponement, OCRRA ordered and took delivery on a fleet of new dump trucks in 2011. These new vehicles offer increased fuel economy and load capacity over the old fleet. Maintenance costs will also be reduced by virtue of two-year new vehicle warranties. The old fleet will be auctioned in early 2012, to recoup their residual values.

Operationally, the Rock Cut Road Transfer Station continues to serve the needs of homeowners and small users safely and efficiently. The Ley Creek Transfer Station received and processed nearly 93,500 tons of C&D and outsized MSW in 2011, which



was a seven percent increase over 2010. OCRRA logged only one lost time accident (of one-day duration) and our drivers continued to perform in their customary professional and safe manner by driving over 714,000 miles without an accident.

In 2011, a new collective bargaining agreement was reached with the Union that represents our workforce. It will be in effect through the end of 2014 and provides stability for our operations.

OCRRA looks forward to further reducing operating costs, while maintaining excellent customer service and the highest possible safety of operations in 2012 and beyond.

Richard Lang stops by the Rock Cut Road Transfer Station to drop off his trash and recycling. The Rock Cut Road Transfer Station serves homeowners and small business users alike, Tuesday through Saturday.

The friendly staff at the Ley Creek Transfer Station take a break from their fast-paced daily operations for a photo. The Transfer Station welcomes trash from large and small haulers, including construction & demolition materials (C&D) and general municipal solid waste (MSW).

Waste-to-Energy

Today's Trash, Tomorrow's Energy

After waste reduction, reuse and recycling, OCRRA's System fully harnesses the value of the remaining non-recyclable materials in the waste stream through conversion into energy. The Onondaga County Waste-to-Energy (WTE) Facility, located off Route I-481 in Jamesville, utilizes a mass-burn combustion system to safely and efficiently generate steam, and ultimately enough electricity to power 25,000-30,000 homes and the Facility itself. Without this Facility, the non-recyclable materials generated by the local community would be hauled many miles to out-of-County landfills, as was the case before the Facility was constructed. OCRRA's WTE program provides 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 are the foundation for operation of the WTE Facility. Each year, OCRRA posts detailed WTE Reports, as well as the annual air and ash test results on www.OCRRA.org. OCRRA and Covanta Energy, the operator of the Facility, take great pride in the Facility's strong operational and environmental track record.

Paramount to Facility operations is ensuring that the 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 one of the strictest air permits in the nation. Emissions are carefully monitored through a Continuous Emissions Monitoring System (CEMS) and annual stack testing. The 2011 stack test results indicate that the Facility continues to meet all its permit limits (see table), with many of the parameters well below the permit limits.

Preserving Natural Resources

In 2011, the Facility processed 326,782 tons of non-hazardous, non-recyclable waste (enough to overfill the Syracuse Carrier Dome) and, in doing so, generated 235,455 megawatt hours of electricity. The Facility's metal recovery systems

The Waste-to-Energy Facility in Jamesville is where Onondaga County's non-recyclable trash is converted into energy, generating enough electricity to power nearly 30,000 households and the Facility itself. Energy proceeds help fund OCRRA's recycling, composting and household hazardous waste disposal programs.

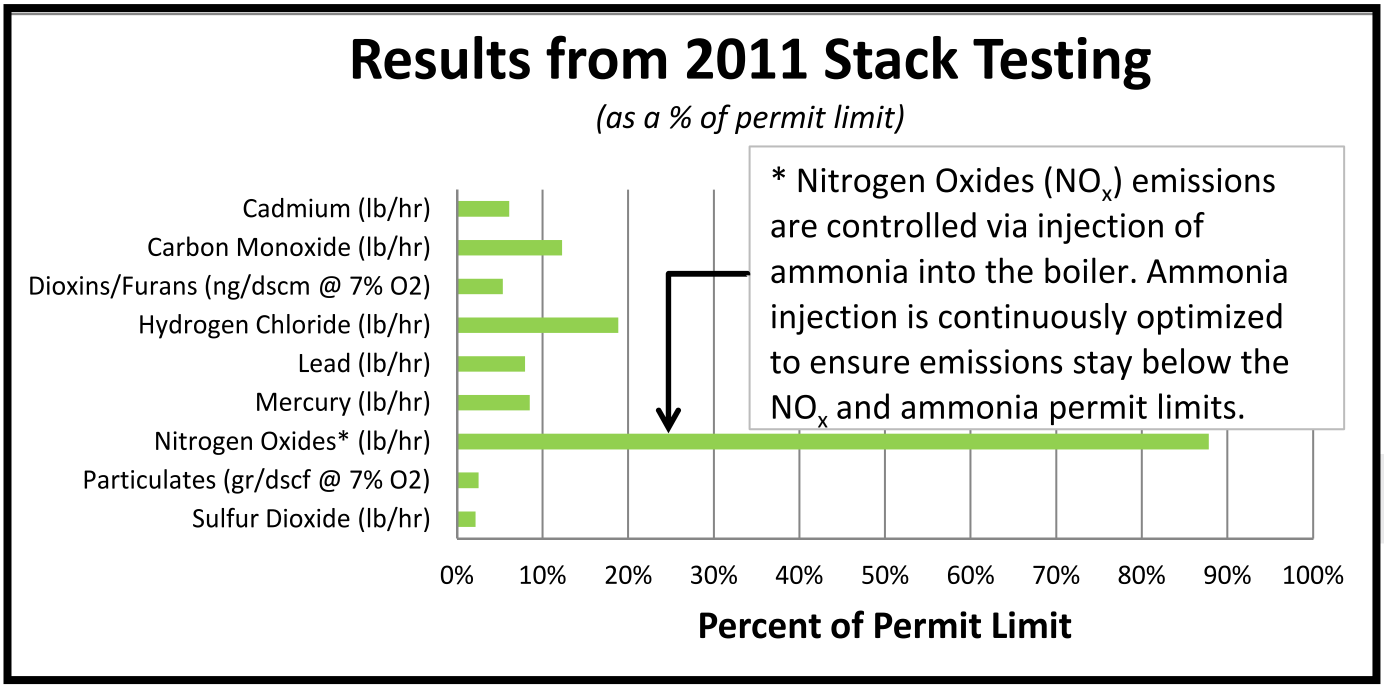
separated 8,033 tons of ferrous and 472 tons of non-ferrous metal for recycling, which would have otherwise ended up in a landfill. Lastly, 24.4% of the trash's weight, or 79,864 tons of non-hazardous ash residue, was sent to a landfill for use as alternative daily cover (see table for ash test results). The beneficial reuse of the ash residue means that other materials, such as clean soil, are not needed to cover the landfill each day.

Facility Achievements

- Decreases dependence on fossil fuels by generating enough electricity for 25,000-30,000 households,
- Recovers significant quantities of metal for recycling,
- Reduces the volume of material that must be hauled to and buried at out-of-County landfills by 90% (meaning only one truck of ash is sent to the landfill instead of ten trucks of garbage),
- Integrates a water reuse process that mini mizes the potable water required for Facility operations.
- Is a zero-process water discharge Facility, meaning only sanitary wastewater is discharged to the sewer system.

Reducing Greenhouse Gas Emissions

For every ton of waste processed, WTE Facilities avoid one ton of greenhouse gas emissions. Although the combustion process generates carbon dioxide emissions, there are net 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, the recovery of metals for recycling, and the avoidance of transporting raw garbage to the landfill. In 2011, approximately 326,782 tons of greenhouse gas emissions were avoided, which is the equivalent of taking about 58,000 cars off the road.



2011 ANNUAL STACK TEST RESULTS

	Constituent	Average Measured Emissions[1] Unit 1	Unit 2	Unit 3	Permit Limit[2]	Pass/Fail? P/F
TESTED ANNUALLY – FEDERAL	Cadmium (mg/dscm @ 7% O_2)	1.29E-03	< 2.87E-04	5.82E-04	3.50E-02	P
	Cadmium (lb/hr)	2.04E-04	< 4.52E-05	9.74E-05	1.90E-03	P
	Carbon Monoxide (lb/hr)	1.00E+00	8.60E-01	1.10E+00	8.04E+00	P
	Dioxins/Furans (ng/dscm @ 7% O_2)	3.48E+00	2.62E-01	1.08E+00	3.00E+01	P
	Hydrogen Chloride (ppmdv @ 7% O_2)	2.49E+00	4.16E+00	5.34E+00	2.50E+01	P
	Hydrogen Chloride (lb/hr)	6.15E-01	9.95E-01	1.35E+00	5.24E+00	P
	Hydrogen Chloride Removal Efficiency (%)	99.7	99.5	99.3	>=95	P
	Lead (mg/dscm @ 7% O_2)	4.49E-02	3.43E-03	8.74E-03	4.00E-01	P
	Lead (lb/hr)	7.08E-03	5.42E-04	1.46E-03	3.81E-02	P
	Mercury (lb/hr)	7.75E-05	1.66E-04	7.77E-04	4.00E-03	P
	Nitrogen Oxides (lb/hr)	5.23E+01	4.93E+01	5.12E+01	5.80E+01	P
	Particulates (gr/dscf @ 7% O_2)	5.86E-05	1.27E-04	5.76E-04	1.00E-02	P
	PM_{10} (gr/dscf @ 7% O_2)	2.43E-04	3.14E-04	5.21E-04	1.00E-02	P
	PM_{10} (lb/hr)	8.19E-02	1.12E-01	1.80E-01	3.16E+00	P
	Sulfur Dioxide (lb/hr)	4.60E-01	7.00E-02	5.30E-01	1.62E+01	P
TESTED ANNUALLY – STATE	Ammonia (ppmdv @ 7% O_2)	2.91E+00	< 7.10E-01	< 9.29E-01	5.00E+01	P
	Ammonia (lb/hr)	3.33E-01	< 7.93E-02	< 1.10E-01	4.88E+00	P
	Dioxins/Furans-2,3,7,8 TCDD TEQ (ng/dscm @ 7% O_2)	5.35E-02	1.10E-03	1.33E-02	4.00E-01	P
	Dioxins/Furans-2,3,7,8 TCDD TEQ (lb/hr)	7.93E-09	1.64E-10	2.04E-09	1.29E-07	P
	Mercury (µg/dscm @ 7% O_2)	4.69E-01	1.05E+00	4.61E+00	2.80E+01	P
	Mercury Removal Efficiency (%)	99.1	98.4	93.8	>=85	P
	Zinc (lb/hr)	1.36E-02	8.15E-03	6.86E-03	1.42E-01	P

NOTES:

[1] Based on three test runs

[2] NYSDEC Title V Permit #7-3142-00028/00009

UNITS:

gr/dscf = grains per dry standard cubic foot

ppmdv = parts per million dry volume

lb/hr = pounds per hour

ng/dscm = nanograms per dry standard cubic meter

µg/dscm = microgramsper dry standard cubic meter

mg/dscm = milligrams per dry standard cubic meter

2011 ASH RESIDUE TEST RESULTS

Semi-Annual Test Results - June 2011

Constituent	*Test Result*	*Permit Limit*	*Pass or Fail*
Cadmium	0.050 mg/L	1 mg/L	Pass
Lead	0.905 mg/L	5 mg/L	Pass

Semi-Annual Test Results - October 2011

Constituent	*Test Result*	*Permit Limit*	*Pass or Fail*
Cadmium	0.131 mg/L	1 mg/L	Pass
Lead	0.250 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.

2011 Financial Statements

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Independent Auditor's Report

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HELPING OUR CLIENTS' VISIONS ADD UP

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

We have audited the statements of net assets of the Onondaga County Resource Recovery Agency ("OCRRA") as of and for the years ended December 31, 2011 and 2010 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Onondaga County Resource Recovery Agency as of December 31, 2011 and 2010, and the change in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2012, 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 and should be considered for assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedule of funding progress on pages 2-5 and page 26 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise OCRRA's financial statements as a whole. The other information in the annual report is presented for purposes of additional analysis and is not a required part of the 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.

Testone, Marshall & Discenza, LLP

February 28, 2012
Syracuse, New York

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 Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about OCRRA's activities in a way that will help answer this question. These two statements report the net assets of OCRRA and changes in them. You can think of OCRRA's net assets - 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 assets 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.

OCRRA's total net assets increased from last year by $101,094. OCRRA's total net assets were $25,050,193 and $24,949,099 and $27,200,224 on December 31, 2011, 2010 and 2009, respectively.

Table 1

	2011	2010	2009
Current Assets	$30,406,373	$31,659,494	$34,254,724
Assets limited as to use	2,328,074	2,494,426	2,385,328
Property, plant and equipment - net	9,123,098	8,029,421	8,876,993
Bond issuance costs - net of accumulated amortization	417,700	543,028	668,356
Facility lease - net of current portion	54,535,756	60,387,219	66,002,013
Total Assets	$96,811,001	$103,113,588	$112,187,414

	2011	2010	2009
Current Liabilities	$12,980,554	$12,401,874	$12,519,734
Long-term Liabilities	58,780,254	65,762,615	72,467,456
Total Liabilities	71,760,808	78,164,489	84,987,190
Net Assets - Invested in Capital Assets	9,123,098	8,029,421	8,876,993
Unrestricted	13,599,021	14,425,252	15,937,903
Restricted	2,328,074	2,494,426	2,385,328
Total Net Assets	$25,050,193	$24,949,099	$27,200,224

Changes in OCRRA's net assets can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Assets for the years 2011, 2010 and 2009.

(Continued)

ANALYSIS OF FINANCIAL POSITION (CONT'D)

Table 2

	2011	2010	2009
Operating Revenues	$33,070,017	$30,012,842	$27,983,587
Other Revenues	2,751,333	3,297,894	4,121,146
Total Revenues	$35,821,350	$33,310,736	$32,104,733
Operating Expenses	34,201,304	33,571,644	34,162,124
Other Expenses	1,518,952	1,990,217	2,464,707
Total Expenses	$35,270,256	$35,561,861	$36,626,831
Change in Net Assets	101,094	(2,251,125)	(4,522,098)
Net Assets – Beginning of Year	24,949,099	27,200,224	31,722,322
Net Assets – End of Year	$25,050,193	$24,949,099	$27,200,224

The increase in OCRRA's net assets in 2011 was due primarily to increased tonnage and receipt of grant revenue, although partially offset by continuing weak energy markets during 2011 there was a significant turnaround compared to 2010. In addition the scrap metal and other recyclables markets remained steady during 2011. OCRRA's revenues increased significantly, its expenses increased only slightly and the losses in 2009 and 2010 were not continued into 2011.

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's restructuring as detailed in the financial statements. As of December 31, 2011, OCRRA funds held by the trustee of $2,328,074 are recorded as Restricted under OCRRA's Net Assets. These restricted assets decreased by $166,352 during 2011 due to the Indenture of Trust agreement between OCRRA and U.S. Bank National Association (the Trustee) that requires OCRRA operating surpluses to be maintained on deposit with the Trustee until any necessary payments are made on the Subordinate Bonds. As there was no operating surplus in 2011, no payment will be made on the Subordinate Bonds and restricted assets showed little change from 2010.

Budgetary Highlights

OCRRA's 2011 adopted budget was based on the 2010 results and anticipated little improvement in the global economy. While the 2011 budget forecast no change in net assets for the year, the end result was an increase in net assets of $101,094.

(Continued)

OCRRA'S FUNDS (CONT'D)

Capital Assets

At the end of 2011, OCRRA had $9.1 million in capital assets consisting primarily of two transfer stations and various pieces of operating equipment. During 2011 Property, Plant & Equipment, net increased by approximately $1,094,000 which reflects cash acquisitions of $1,901,000 and retirements and depreciation charges of $807,000.

Debt

During 2011 OCRRA reduced outstanding senior lien revenue refunding bonds by $7,705,000 and a net increase on the subordinate debt of $2,238,536 consisting of accreted interest for the year.

OCRRA will not reduce the Series 2003B bonds in 2012 based on the 2011 operating deficit as calculated and made part of the restructured debt and service agreement.

Direct Finance Lease

In 2003, OCRRA refinanced the Project Revenue Bonds issued for the purpose of constructing a waste-to-energy facility. The Agency leased the facility to Covanta Onondaga L.P. under a long-term lease expiring May 1, 2015. The annual lease payments approximate debt service payments and Covanta Onondaga L.P. is responsible for paying debt service on the bonds in lieu of making payments on the lease. Notes 5 and 6 to the Financial Statements should be read carefully for a full understanding of the Direct Finance Lease and its relationship to the series 2003A and 2003B Bonds.

The Direct Finance Lease is captured in the Capital Waste-to-Energy operations cost of approximately $22,785,000, including a Capital Charge of approximately $9,224,000 representing the portion of the Direct Finance Lease attributable to debt service principal and interest on the Series 2003A Bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2012 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 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. For the years 2004 through 2008 these normally predictable amounts of trash, recyclables, energy revenues and recovered material values tracked consistently with the past decade.

(Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONT'D)

OCRRA has adequate reserves to weather even a prolonged economic downturn. Yet by necessity difficult times drive change. 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.

(Concluded)

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2011 AND 2010

ASSETS

	2011	2010
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,191,528	$ 20,073,060
Accounts receivable (net of an allowance for bad debts of $50,000 in 2011 and 2010)	2,098,127	2,392,886
Electric revenue receivable	528,393	699,256
Other receivables	56,952	43,570
Prepaid expenses	441,373	745,722
Facility lease, current portion (NOTE 5)	8,090,000	7,705,000
Total current assets	30,406,373	31,659,494
ASSETS LIMITED AS TO USE:		
Funds held by trustee under indenture (NOTE 3)	2,328,074	2,494,426
PROPERTY, PLANT AND EQUIPMENT, net (NOTE 4)	9,123,098	8,029,421
BOND ISSUANCE COSTS, net (NOTE 1)	417,700	543,028
FACILITY LEASE, net of current portion (NOTE 5)	54,535,756	60,387,219
TOTAL	$ 96,811,001	$ 103,113,588

(Continued)

LIABILITIES AND NET ASSETS

	2011	2010
CURRENT LIABILITIES:		
Bonds payable - Series A, current portion (NOTE 6)	$ 8,090,000	$ 7,705,000
Deferred revenue, current portion	1,164,612	1,164,612
Accounts payable	3,045,512	2,870,966
Accrued interest	251,376	315,584
Accrued expenses and other current liabilities	429,054	345,712
Total current liabilities	12,980,554	12,401,874
LONG-TERM LIABILITIES:		
Bonds payable - Series A, net of current portion (NOTE 6)	22,075,000	30,165,000
Bonds payable - Series B, net of current portion (NOTE 6)	33,667,566	31,429,030
Other postemployment benefits (NOTE 8)	320,258	286,543
Deferred revenue, net of current portion	2,717,430	3,882,042
Total liabilities	71,760,808	78,164,489
NET ASSETS:		
Invested in capital assets, net of related debt	9,123,098	8,029,421
Restricted	2,328,074	2,494,426
Unrestricted	13,599,021	14,425,252
Total net assets	25,050,193	24,949,099
TOTAL	$ 96,811,001	$ 103,113,588

See Notes to Financial Statements

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
OPERATING REVENUES:		
Tipping fees	$ 21,734,548	$ 19,860,552
Electric revenue	7,383,120	7,832,026
Recovered material revenue	1,850,761	1,644,853
Grant revenue	1,460,437	71,095
Compost revenue	182,530	147,535
Other	458,621	456,781
Total operating revenues	33,070,017	30,012,842
OPERATING EXPENSES:		
Personal services	5,253,049	4,894,482
Contractual services:		
Landfill contracts	2,059,126	2,866,319
Other contractual services	225,696	194,020
Materials and supplies	837,657	530,479
Professional fees	96,100	99,380
Recycling and composting	349,418	388,160
Hazardous waste disposal	154,217	138,800
Repairs and maintenance	219,336	160,916
Utilities	153,996	149,334
Insurance	219,171	208,696
Operating leases	110,626	141,191
Depreciation and amortization	932,367	1,058,312
Taxes and other payments to Host Communities	339,221	335,765
Other	466,613	335,739
Waste-to-Energy operations cost (NOTE 5)	22,784,711	22,070,051
Total operating expenses	34,201,304	33,571,644
OPERATING LOSS	(1,131,287)	(3,558,802)
OTHER REVENUE (EXPENSE):		
Interest income - cash and repurchase agreements	4,751	6,453
Interest income - non-system	63,018	116,929
Interest income - lease receivable	1,518,952	1,990,217
Interest expense	(1,518,952)	(1,990,217)
Gain on sale of machinery and equipment	-	19,683
Gain on refunding of long-term debt	1,164,612	1,164,612
Other revenue - net	1,232,381	1,307,677
INCREASE (DECREASE) IN NET ASSETS	101,094	(2,251,125)
NET ASSETS - BEGINNING	24,949,099	27,200,224
NET ASSETS - END	$ 25,050,193	$ 24,949,099

See Notes to Financial Statements

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from tipping fees	$ 22,029,307	$ 19,138,418
Receipts from electric revenue	7,553,983	7,830,647
Other operating receipts	3,938,967	2,342,482
Payments to vendors and suppliers	(4,533,113)	(5,536,284)
Payments to employees	(4,190,571)	(3,921,838)
Payments for Waste-to-Energy (WTE) operations	(13,560,759)	(12,749,838)
Payments for insurance and employee benefits	(1,164,591)	(1,089,702)
Net cash provided by operating activities	10,073,223	6,013,885
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments on bonds outstanding	(7,705,000)	(7,330,000)
Proceeds from the sale of machinery and equipment	-	47,296
Purchase of property, plant and equipment	(1,900,716)	(113,024)
Payments for interest on bonds outstanding	(1,583,160)	(2,051,299)
Net cash utilized in capital and related financing activities	(11,188,876)	(9,447,027)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in funds held by trustee	166,352	(109,098)
Proceeds from interest on invested funds	67,769	311,233
Net cash provided by investing activities	234,121	202,135
NET DECREASE IN CASH AND CASH EQUIVALENTS	(881,532)	(3,231,007)
CASH AND CASH EQUIVALENTS - BEGINNING	20,073,060	23,304,067
CASH AND CASH EQUIVALENTS - END	$ 19,191,528	$ 20,073,060

(Continued)

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	2011	2010
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	$ (1,131,287)	$ (3,558,802)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	932,367	1,058,312
WTE operations used to reduce lease costs	9,223,951	9,320,213
Other postemployment benefits expense	33,715	74,569
Changes in operating assets and liabilities:		
Accounts receivable	294,759	(722,134)
Other receivables	157,481	20,840
Prepaid expenses	304,349	252,665
Accounts payable and accrued expenses	257,888	(431,778)
Total adjustments	11,204,510	9,572,687
Net cash provided by operating activities	$ 10,073,223	$ 6,013,885

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

The Agency recognized a gain of $1,164,612 in 2011 and 2010 related to the deferred gain on refunding of long-term debt.

See Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

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, 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.

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 assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

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.

OCRRA's policy is to apply the provisions of Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

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.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents

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

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.

Bond Issuance Costs

Bond issuance costs are amortized on a straight-line basis over the term of the related debt. Accumulated amortization at December 31, 2011 and December 31, 2010 amounted to $1,033,955 and $908,627, respectively.

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.

Deferred Revenue

In connection with OCRRA's 2003 refunding of its debt (see Note 6), the facility lease was modified (see Note 5) resulting in a gain that has been deferred and will be reflected in revenue over the term of the lease.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Assets Limited as to Use

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

Net Assets

Equity is classified as net assets and displayed in three components:

a. Invested 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 assets - net assets 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 assets - all other assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

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. 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 4). 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, 2011 there has been no waste delivered to the Landfill.

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Concentration

The top five haulers combined delivered approximately 65% of the total municipal solid waste to OCRRA during the year ended December 31, 2011.

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 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.

2. OPERATING CONSIDERATIONS

The Onondaga County Solid Waste Management System (the "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 districts, 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 directed 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. Finally, OCRRA has, as additional security, entered into four-year delivery contracts directly with all of the area's trash haulers, wherein they have contractually committed through 2014 to deliver all MSW picked up in the 33 participating municipalities to the System.

(Continued)

3. 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 6). The use of the assets held by Trustee includes the following funds at December 31:

	2011	2010
Funds accumulated from System revenues to pay for debt service obligations	$ 1,584,074	$ 1,647,955
Accumulation of earnings from System revenues to satisfy general OCRRA obligations	744,000	846,471
Total	$ 2,328,074	$ 2,494,426

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment activity for the year ended December 31, 2011 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	621,425	5,737	-	627,162
Buildings and improvements	2,445,212	131,193	-	2,576,405
Machinery and vehicles	6,857,086	1,637,128	-	8,494,214
Furniture and fixtures	137,967	-	(26,361)	111,606
Computer equipment	105,923	-	(21,696)	84,227
Leasehold improvements	488,253	122,298	-	610,551
Land improvements	48,310	-	-	48,310
Construction in progress	19,830	10,445	(6,085)	24,190
Total property, plant and equipment	15,170,246	1,906,801	(54,142)	17,022,905
Less accumulated depreciation	7,140,825	807,039	48,057	7,899,807
Property, plant and equipment, net	$ 8,029,421	$1,099,762	$ (6,085)	$ 9,123,098

(Continued)

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Property, plant and equipment activity for the year ended December 31, 2010 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	621,425	-	-	621,425
Buildings and improvements	2,414,123	46,587	(15,498)	2,445,212
Machinery and vehicles	6,838,958	18,128	-	6,857,086
Furniture and fixtures	137,967	-	-	137,967
Computer equipment	105,923	-	-	105,923
Leasehold improvements	427,010	61,243	-	488,253
Land improvements	68,799	48,310	(68,799)	48,310
Construction in progress	81,073	-	(61,243)	19,830
Total property, plant and equipment	15,141,518	174,268	(145,540)	15,170,246
Less accumulated depreciation	6,264,525	932,984	56,684	7,140,825
Property, plant and equipment, net	$ 8,876,993	$ (758,716)	$ (88,856)	$ 8,029,421

5. 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 1, 2015 with the Partnership having the option to purchase the Facility for $1.

In 2003, OCRRA and the Partnership negotiated new lease and service agreements as part of OCRRA's debt restructuring (see Note 6). The duration of the service agreement remains unchanged, expiring May 2015.

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

(Continued)

5. FACILITY LEASE AND SERVICE AGREEMENT (CONT'D)

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. 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. 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 the 2003A Bonds. Obligations to the 2003B bondholders, if any, as a result of operations, as defined in Note 6, is also be paid from the funds held by the Trustee on May 1st of the following year.

OCRRA's obligation is unconditional and requires payment by OCRRA if there is no waste delivered; OCRRA remains responsible for debt service until the 2003A Bonds are repaid.

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

Calculations of payments under the service agreement are based on an assumed delivery of 310,000 tons of waste per year. If less is delivered, OCRRA must reimburse the Partnership the shortfall in its share of the electric revenue. For delivery in excess of that amount, OCRRA will pay an additional waste processing fee.

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

	2011	2010
Operating and pass through costs	$ 13,171,357	$ 12,639,244
Additional waste processing fee	389,402	110,594
Capital charge	9,223,952	9,320,213
Total	$ 22,784,711	$ 22,070,051

(Continued)

5. FACILITY LEASE AND SERVICE AGREEMENT (CONT'D)

Future minimum annual lease payments due from the Partnership are as follows at December 31, 2011:

YEAR ENDING DECEMBER 31,	AMOUNT
2012	$ 9,498,375
2013	9,503,750
2014	9,503,250
2015	45,890,492
Total future minimum lease payments	74,395,867
Unearned income	11,770,101
Net investment in lease	62,625,766
Current portion	8,090,000
Long-term portion	$ 54,535,766

No payment is due on the Series 2003B Bonds for the year ending December 31, 2011 (see Note 6).

6. BONDS PAYABLE

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. The 2003A bonds bear interest at a rate of 5%. The 2003B bonds will be converted at their accreted value to current interest paying bonds in 2015. Prior to 2015 interest will accrue, but shall not be payable, at the rate of 7% on the 2003B bonds.

In order to secure the 2003A Bonds, OCRRA has pledged all revenues of the System (operating revenues), which include all rates, fees, charges, and other realized income received by OCRRA for the use of the solid waste system including Facility revenues.

The 2003B Bonds are payable solely out of revenues and receipts, funds or monies derived by OCRRA under the Lease Agreement (Note 5) and from amounts otherwise available under the indenture for the payment of the series 2003B Bonds. At maturity, the Partnership is responsible for payment of the remaining balance of Subordinate Lien Revenue Bonds.

In the event that OCRRA's operations produce a surplus, a payment will be made on May 1 of the following year reducing the outstanding 2003B Bonds obligation. As per the Master Bond Resolution, the computation of the surplus will not include depreciation, amortization, or other revenue that is produced outside OCRRA's normal operations.

(Continued)

6. BONDS PAYABLE (CONT'D)

Increase (decrease) in net assets prior to computation of current obligation on 2003B Bonds for the year ended:

		December 31, 2011	December 31, 2010
		$ 101,094	$ (2,251,125)
Add:	Depreciation	807,039	932,984
	Amortization	125,328	125,328
Deduct:	Gain on refunding	(1,164,612)	(1,164,612)
	Interest income - non-system	(63,018)	(116,929)
	Gain on sale of equipment	-	(19,683)
Contractually defined surplus (deficit)		(194,169)	(2,494,037)
Series B Share		77%	77%
	Current year liability	$ -	$ -

As a result of the 2003 Refunding, the bond proceeds of $112,115,000 were combined with assets limited as to use to pay off project revenue bonds of approximately $123,900,000 issued by OCRRA in 1992 and approximately $1,450,000 in underwriting fees, insurance, and other issuance costs. As a result, OCRRA recorded an economic gain (difference between the present values of the debt service payments on the old and new debt).

Activity relative to bonds payable for the year ended December 31, 2011 was as follows:

	Balance at December 31, 2010	Additions	Reductions	Balance at December 31, 2011
Senior Lien Revenue Refunding Bonds	$ 37,870,000	$ -	$ 7,705,000	$ 30,165,000
Subordinate Lien Revenue Refunding Bonds	31,429,030	2,238,536	-	33,667,566
Total	$ 69,299,030	$ 2,238,536	$ 7,705,000	$ 63,832,566

(Continued)

6. BONDS PAYABLE (CONT'D)

Activity relative to bonds payable for the year ended December 31, 2010 was as follows:

	Balance at December 31, 2009	Additions	Reductions	Balance at December 31, 2010
Senior Lien Revenue Refunding Bonds	$ 45,200,000	$ -	$ 7,330,000	$ 37,870,000
Subordinate Lien Revenue Refunding Bonds	29,338,828	2,090,202	-	31,429,030
Total	$ 74,538,828	$ 2,090,202	$ 7,330,000	$ 69,299,030

The Series 2003A Bonds maturing in 2010 and 2015 are subject to mandatory redemption in part by lot on May 1 annually from mandatory sinking fund installments which extend through 2015 as follows:

YEAR ENDING DECEMBER 31,	INTEREST	PRINCIPAL
2012	$ 1,408,375	$ 8,090,000
2013	998,750	8,505,000
2014	568,250	8,935,000
2015	115,875	4,635,000
Total	$ 3,091,250	$ 30,165,000

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 and therefore a market value is not readily available.

(Continued)

7. RETIREMENT PLANS

Pension Plan

OCRRA participates in the New York State and Local Employees' Retirement System (the "Retirement System"), which is a cost sharing, multiple public employer defined benefit plan. The Retirement System provides retirement benefits as well as death and disability benefits. Membership in and annual contributions to the Retirement System are required by the New York State Retirement and Social Security Law (NYSRSSL). The Retirement System offers a range of plans and benefits related to years of service and final average salary. All benefits generally vest after five years of credited service.

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Retirement System. The Comptroller shall adopt and may amend rules and regulations for the control of the funds. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

All participating employers in the Retirement System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is noncontributory except for employees who joined the Employees' Retirement System after July 26, 1976, who contribute 3% of their salary during the first 10 years of service. Employee contributions are deducted by OCRRA from employees' paychecks and are sent currently to the Retirement System.

OCRRA is required to contribute at an actuarially determined rate. The required contributions for the current and two preceding years were:

YEAR ENDED DECEMBER 31,	AMOUNT
2011	$ 518,432
2010	382,802
2009	246,691

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.

(Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to providing pension benefits, OCRRA provides health insurance benefits to certain retired employees between the ages of 55 and 65 and their beneficiaries hired before April 10, 2002 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. As of January 1, 2007, 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 were intended to offset the cost of Medicare supplemental benefits, but retirees are not required to use the payments for that purpose. Employees hired after April 10, 2002 are not eligible for any post employment benefits.

Annual Pension Cost and Net Pension Obligation

OCRRA's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). OCRRA has elected to calculate the ARC 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. The ARC represents a level of funding that, if paid on an ongoing basis, is expected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. 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	$ 48,340
Contributions made	(14,625)
Increase in net OPEB obligation	33,715
Net OPEB obligation - beginning of year	286,543
Net OPEB obligation - end of year	$ 320,258
Annual OPEB cost	$ 48,340
Percentage of annual OPEB cost contributed	30.25%

(Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

OCRRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for the fiscal year 2011 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2009	$ 78,073	1.75	$ 211,974
12/31/2010	78,073	4.50	286,543
12/31/2011	48,340	30.25	320,258

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 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.

(Continued)

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

Health insurance premiums - 2011 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of OCRRA's cash and cash equivalents, a discount rate of 4% was used. The remaining amortization period at December 31, 2011 was one year.

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

OCRRA leases equipment and office facilities under operating leases. Rental payments under these agreements were approximately $103,000 and $140,000 during 2011 and 2010, respectively. Obligations under all cancelable and non-cancelable long-term operating leases are as follows at December 31, 2011:

YEAR ENDING DECEMBER 31,	AMOUNT
2012	$ 97,900
2013	25,400
2014	10,900
2015	8,000
2016	5,000
Thereafter	27,500
Total	$ 174,700

Landfill Contracts

OCRRA contracted with Seneca Meadows Landfill, Inc., through May 2011 at established rates for disposal services for incinerator ash residue and other system bypass wastes. The contract also included disposal capacity for bypass and other solid waste to the Seneca Meadows Landfill. Costs incurred under this agreement were $977,730 and $2,812,000 during 2011 and 2010, respectively. OCRRA has contracted with High Acres Landfill from June 2011 through May 2015. The per ton incinerator ash residue disposal charge will range from $16 to $16.81, and the per ton solid waste/bypass solid waste disposal charge will range from $21 to $22.61, over the term of the contract. Costs incurred under this agreement were $1,038,379 in 2011.

(Continued)

9. COMMITMENTS AND CONTINGENCIES (CONT'D)

Host Community Agreements

OCRRA entered into a Host Community Agreement (the "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 $100,000 plus certain annual escalation costs.

OCRRA entered into an Interim Host Community Agreement (the "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 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 2012.

OCRRA recorded PILOT's to Van Buren in the amount of $54,933 and $53,856 in 2011 and 2010, respectively. OCRRA also made payments to Onondaga of approximately $129,000 in 2011 and 2010, for fire and water district assessments. OCRRA anticipates similar payments will be made in 2012.

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 2011 and 2010, no such payments were made.

Litigation

OCRRA is a party to various proceedings arising in the normal course of business. It is not likely that the outcome of the aforementioned proceedings will have a significant impact on the financial position of OCRRA. OCRRA's defense counsel continues to vigorously contest these proceedings.

(Continued)

10. NATIONAL GRID AGREEMENT

OCRRA and National Grid participate in an electricity purchase agreement. This contract provides that National Grid will purchase approximately 210,000,000 Kwh per calendar year at the market rate. National Grid and OCRRA have established the upper limit for the agreement at 243,000,000 Kwh. In 2011 and 2010, respectively, OCRRA received an annual average sale price of 3.972 and 4.5076 cents per kilowatt hour.

11. RECLASSIFICATION

Certain amounts reported at December 31, 2010 have been reclassified to reflect information and assumptions existing at December 31, 2011. These reclassifications had no effect on the decrease in net assets or total net assets as originally reported.

(Concluded)

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2011

	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
December 31, 2009	-	$ 318,755	0%
December 31, 2010	-	319,366	0%
December 31, 2011	-	320,258	0%

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HELPING OUR CLIENTS' VISIONS ADD UP

Independent Auditor's 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

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

We have audited the financial statements of the Onondaga County Resource Recovery Agency ("OCRRA") as of and for the year ended December 31, 2011 and have issued our report thereon dated February 28, 2012. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered OCRRA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCRRA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OCRRA's internal control over financial reporting.

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 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as 11-01 that we consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether OCRRA's financial statements are free of 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 or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of OCRRA in a separate letter dated February 28, 2012.

OCRRA's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit OCRRA's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of OCRRA's management and board of directors and is not intended to be and should not be used by anyone other than these specified parties.

Testone, Marshall & Discenza, LLP

February 28, 2012
Syracuse, New York

Reference Number: 11-01

Criteria:

Internal controls should ensure that revenues are invoiced and recorded in a timely basis, in order to maintain complete and accurate accounting records.

Condition:

OCRRA failed to record and invoice material recovery facility (MRF) activity for one month for one operator and for two months for another operator.

Cause:

The calculation of the monthly revenue was performed correctly, however, an invoice was not prepared in the instances noted. Since an invoice was not prepared, the transactions were not recorded. Review procedures were not sufficient to identify the condition in a timely manner.

Effect:

Approximately $15,700 of revenue was not invoiced to MRF operators and was not recorded in the general ledger.

Recommendation:

Procedures should be developed and implemented to ensure timely recording and invoicing of MRF activity.

Management's Response:

The MRF activity account is a blended account that can include either monthly revenue, expense, or no activity based on market conditions. This account has traditionally been classified under expenses and was not part of the general monthly revenue review.

We appreciate the external auditor's diligence in discovering this procedural inadequacy and bringing it to our attention. The Agency will be separating the account into distinct revenue and expense accounts and updating the review procedures to better communicate, invoice and review MRF activity.

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