Onondaga County
Resource Recovery Agency

2015 Annual Report

OCRRA.org®

Michael Reilly
OCRRA Chairman

Chairman's Report

Historically, a major portion of OCRRA's revenues were generated from the sale of electricity that we produce at our Waste-to-Energy Facility in Jamesville, NY. Electric revenues along with recovered material revenues have fallen precipitously in the past few years and as a result, OCRRA is facing considerable revenue stress. For example, electric revenues were $5.1 million in 2015 compared to $8.2 million in 2014 and recovered material revenues were $.8 million in 2015 compared to $1.5 million in 2014. Back in 2008, electric revenues were $13.5 million and recovered material revenues were $2.2 million.

Although these dramatic revenue reductions are due to market conditions beyond the Agency's control, rather than simply raise tipping fees to cover the shortfall, the Board recently formed an ad hoc committee called the "Revenue Enhancement Cost Containment Committee (RECC) to combat this revenue stress. The RECC is diligently working in tandem with the OCRRA management and staff to explore and implement additional ways for OCRRA to expand revenues and contain its costs.

To accomplish the Committee's goals, diversifying the Agency's revenue stream is key. One example of this is growing our compost program. In 2015, OCRRA expanded our food scrap composting operations and began accepting materials from residents, in addition to the commercial generators that were already coming into our system. We composted over 3,000 tons of food scraps and as a result sold more than 7,500 cubic yards of compost and mulch in 2015, which generated revenue exceeding $494,000 - a 32% increase over our 2014 compost revenues. Through our operation of the largest municipal food scrap recycling facility in New York State, we expect to further enhance this revenue stream.

From a national perspective, other notable 2015 accomplishments include our receipt of the Interactive Media Council's "Outstanding Achievement Award" for our school video education series that highlights the OCRRA System (recycling, waste reduction, composting and trash management). This national honor came on the heels of two other awards: one from the Rechargeable Battery Recycling Corporation which bestowed the "Leader in Sustainability Award" on OCRRA for our progressive battery recycling program and one from Covanta, the "Ton of Thanks Award," for our exceptional leadership in mercury education that motivated Onondaga County residents to remove mercury from the waste stream.

On a state level, our Recycling Director, Andrew Radin received the "NYSAR3 Lifetime Achievement Award" for outstanding advocacy of recycling. Through his leadership, Radin has guided our County's steady waste diversion rate of 60% - despite economic and packaging shifts.

OCRRA staff and our Board of Directors work tirelessly to fulfill our mission to provide our community with a comprehensive solid waste management system that is environmentally, socially and financially sound. By employing innovative strategies such as waste reduction, recycling, composting, disposal, and education, we make our community a more healthy and sustainable place to live.

Executive Director's Report

Mark Donnelly
Executive Director

Solid waste management is a critical component to any community. As consumers we create waste. The responsible handling of this waste is what the OCRRA System is all about. We are proud to provide systems that handle household hazardous waste, organics such as yard and food waste, construction debris, recyclables, batteries, fluorescent lightbulbs, sensitive documents, textiles, and of course, trash. OCRRA continues to expand our programs to meet the needs of our community.

Revenues in 2015 were quite a challenge for OCRRA. The primary revenue generators are electric revenue, trash tip fees and recycled material recovery. Low natural gas prices have a dramatic impact on electric rates. This is great for the electric consumer, but stresses OCRRA's operating revenue. Returns for recycling metal and corrugated cardboard are down as China has its financial woes, limiting exportation. Consumption in Onondaga County is down due the exodus of major corporations and jobs. Our population growth is stagnant.

All businesses have fixed costs which must be met, as does OCRRA. Our commitment to our community is to continue to honor our mission statement as environmental stewards, while we make necessary financial adjustments.

On the optimistic side, OCRRA has received the support of 32 participating municipalities in the form of signed trash delivery contracts. Trash haulers have also signed agreements with OCRRA and small volume users continue to utilize our Facilities in large numbers each day. Our Compost Facilities in Amboy and Jamesville have become as popular to the customers we serve as the ubiquitous blue bins we distribute to encourage recycling. These factors ensure the OCRRA System is strong.

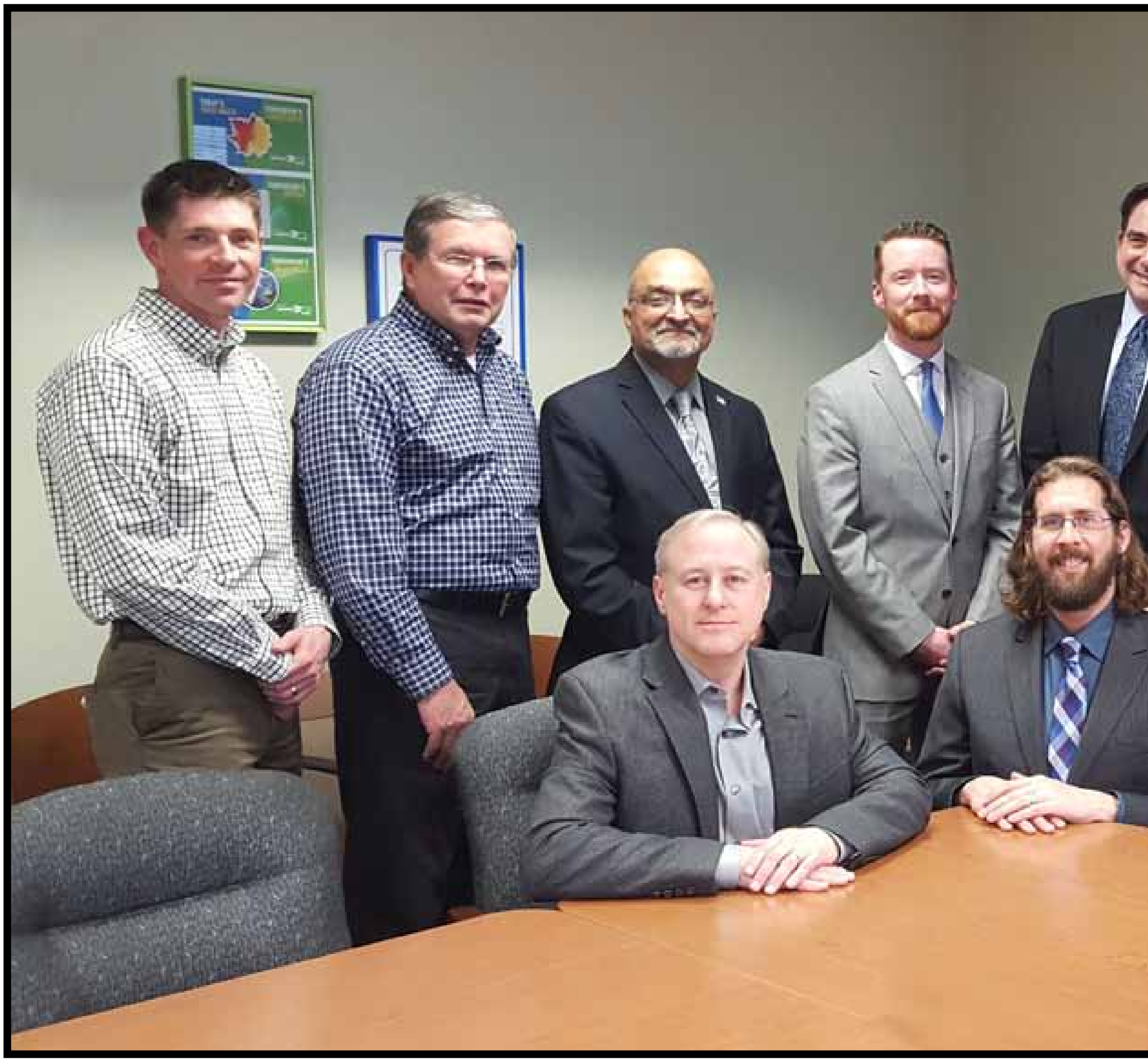
In 2015, OCRRA purchased five new tractors and trailers to haul ash to a nearby landfill, which will enhance our productivity by 30% and reduce greenhouse gas emissions. This necessary investment was carefully considered. OCRRA will continue to invest where the expense is warranted both operationally and environmentally.

OCRRA is governed by a volunteer Board of Directors. In 2015, Board Chairman Michael Reilly began a second term, backed by Vice Chairman Khristopher Dodson and Treasurer Lee Klosowski. Agency staff members Catherine Strong and Beth Morison served as Secretary and Assistant Secretary, respectively.

In 2015, we said goodbye to County Executive Board of Director appointee Mary Beth Primo and welcomed Travis Glazier in her stead. We also welcomed Syracuse City Mayoral appointee Jeffrey Wright to the ranks of the Board of Directors. Many thanks go to all the Board members for their contributions and countless volunteer hours.

The Board and Agency employees are passionate about our mission, demonstrating strong environmental values that bolster the aforementioned programs and much more. I am proud to work with each of them. They serve our community at the highest level, as demonstrated by the many awards their efforts have garnered over the years.

Board of Directors



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

Row 2: *Travis Glazier, Donald Lawless, Ravi Raman, Andrew Maxwell, John Copanas, Jonathan Kelley, Lee Klosowski, Jake Barrett and Jeffrey Wright.*

Missing from photo: Robert Antonacci and Mary Beth Primo.

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.

2015 Board Members

Robert Antonacci, CPA, Esq.

Jake Barrett - *Administration Chair*

John Copanas - *Audit Chair*

Khristopher Dodson - *Vice Chair and Recycling Chair*

Scott Gerharz

Travis Glazier

Jonathan Kelley

Lee Klosowski, P.E. - *Treasurer and Operations Chair*

Donald Lawless - *Finance Chair*

Andrew Maxwell

Mary Beth Primo, Esq.

Ravi Raman, P.E.

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

Recycling

In 2015, OCRRA's internet-based school recycling education program received a national Environmental Education Excellence Award from the Interactive Media Council (IMC).

The award recognized the agency's new, web-based, classroom video series that focuses on OCRRA's comprehensive solid waste management system, including composting, recycling, waste reduction, and converting waste to energy.

IMC is a national nonprofit organization of leading web designers, developers, programmers, advertisers and other web-related professionals. The video series is accessible at www.OCRRA.org

OCRRA's innovative food scrap composting service at its Amboy Compost Site processed some six million pounds of food scraps in 2015 from commercial and institutional generators, a 50% increase over 2014. Finished compost sales continued to show steady growth with over 7,000 cubic yards sold as bulk material and another 5,000+ cubic yards distributed through the residential pass program; a 50% increase over 2014.

In 2015, 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 some 20 local lawn and garden retail outlets.

OCRRA is committed to helping our community "close the loop" by recovering organic "waste" materials to generate a premium soil amendment that returns valuable nutrients to local soils.

Other 2015 Achievements include:

- In total, the community recycled over 550,000 tons of material in 2015, for a 60% recycling rate, resulting in waste disposal costs savings of over $44 million! This environmental effort prevented the generation of over one million metric tons of carbon dioxide.
- Served over 1,600 residents with a year-round, Monday through Friday drop-off service for residential Household Hazardous Waste.

- Organized more than 7,400 volunteers who collected over 100,000 pounds of litter as part of OCRRA's annual Earth Day Litter Cleanup program.

- Collected over 15,000 mercury containing fluorescent lamps (over 2 tons) as part of a partnership with local Ace and True Value hardware stores; over 77,000 lamps (over 21 tons) collected since the 2007 launch.

- Improved or established recycling programs at over 80 apartment complexes, 100 schools, and 250 local businesses.

- Provided confidential document shredding services to over 2,600 residents; over 480 tons of documents shredded and recycled since 2004.

OCRRA's web-based school recycling educaiton program is a classroom video series that explains OCRRA"s caomprehensive solid waste management system including composting, recycling, waste reduction and converting waste to energy. It receive the Interactive Media Council's Outstanding Achievement Award in 2015.

OCRRA
is more than
BLUE BINS.

Transfer Operations

During 2015, both the Rock Cut Road and Ley Creek Transfer Stations continued to serve the public in a safe and efficient manner.

OCRRA drivers had another safe driving year travelling over 775,000 miles with no reportable accidents. We have the utmost confidence in the professionalism of our drivers and know that they will continue to practice safe driving techniques at all times.

Our DMV Certified Inspection mechanics all went through refresher training and we added one more inspector's license to the team. We are proud of all our mechanics for working in tough conditions on a very aged fleet.

The work force at the Ley Creek Transfer Station recovered over 90% of the materials received at that facility. This includes over 1,600 tons of metal and 250 tons of corrugated cardboard, which were separated and recycled, as well as nearly 73,000 tons of material that was processed and sent to the Waste-to-Energy Facility. This material accounted for almost 25% of the waste that was converted to energy at the Facility during 2015.

Many of you know that recyclable commodities have dropped dramatically in the past year, especially metals and plastics. This is a detriment to OCRRA's revenue. The same can be said for electricity pricing. We all enjoy low fuel and electric rates, but they cause OCRRA revenues to decrease dramatically, which impacts OCRRA's ability to fund our community's green programs.

The Rock Cut Road Transfer Station recovered over 190 tons of metal and over 165 tons of corrugated cardboard, which was recycled from the materials dropped off at this public-friendly facility. More than 13,000 vehicles visited the Rock Cut Road Transfer Station to properly dispose of their materials in 2015.

We look forward to another safe and productive year in 2016, with an eye toward implementing new strategies and efficiencies to save the world a little bit each day!

Maintenance worker Jeremy Millson unloads a roll-off truck at the Rock Cut Road Transfer Station in Jamesville, NY.

Loader operator Angel Maldonado enters a loader at the Ley Creek Transfer Station in Liverpool, NY.

We aCcept
hazaRdOus
wAste mateRials
for disposal.

Waste-to-Energy

The Onondaga County Waste-to-Energy (WTE) Facility, located off Route I-481 in Jamesville, is a key 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 materials in the waste stream. 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. Instead, this Facility makes responsible and local management of the community's non-recyclable waste stream possible.

OCRRA's core values – integrity and honesty, environmental stewardship, fiscal responsibility, and excellence-in-service provide the foundation for operation of the WTE Facility. Each year, OCRRA posts detailed annual WTE Reports, as well as all of the 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 2015, more than 550 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 one of the strictest air permits in the nation. 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.

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

2015 marks the Facility's twenty-first 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 2015, the Facility processed 322,072 tons of non-hazardous, non-recyclable waste (enough to overfill the Syracuse Carrier Dome) and, in doing so, generated 220,908 megawatt hours of electricity – enough to power nearly 30,000 households and the Facility itself. The Facility's metal recovery systems recovered over 9,000 tons of ferrous and non-ferrous metal for recycling, which would have otherwise ended up in a landfill.

Lastly, about 78,400 tons (24% 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.

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

2015 ASH RESIDUE CHARACTERIZATION TEST RESULTS			
Semi-Annual Test Results - June 2015			
Constituent	*Test Result*	*Permit Limit*	*Pass or Fail*
Cadmium	0.05 mg/L	1 mg/L	Pass
Lead	0.31 mg/L	5 mg/L	Pass
Semi-Annual Test Results - November 2015			
Constituent	*Test Result*	*Permit Limit*	*Pass or Fail*
Cadmium	0.44 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.			

2015 ANNUAL STACK TEST RESULTS

		Constituent	Average Measured Emissions[1] Unit 1	Unit 2	Unit 3	Permit Limit[2]	Pass/Fail? P/F	3-Boiler Average[3]	% permit limit[4]
TESTED ANNUALLY	FEDERAL	Cadmium (mg/dscm @ 7% O_2)	3.8E-04	1.1E-03	3.2E-04	3.5E-02	P	6.0E-04	1.7%
		Cadmium (lb/hr)	6.1E-05	1.8E-04	5.0E-05	1.9E-03	P	9.9E-05	5.2%
		Carbon Monoxide (lb/hr)	1.30E+00	1.05E+00	1.59E+00	8.04E+00	P	1.31E+00	16.3%
		Dioxins/Furans (ng/dscm @ 7% O_2)	1.9E+00	1.1E+00	5.0E-01	3.0E+01	P	1.2E+00	4.0%
		Hydrogen Chloride (ppmdv @ 7% O_2)	3.0E+00	3.5E+00	2.6E+00	2.5E+01	P	3.0E+00	12.1%
		Hydrogen Chloride (lb/hr)	7.39E-01	8.77E-01	6.06E-01	5.24E+00	P	7.41E-01	14.1%
		Hydrogen Chloride Removal Efficiency (%)	99.6	99.6	99.6	>=95	P	99.6	-
		Lead (mg/dscm @ 7% O_2)	1.02E-02	1.60E-02	5.23E-03	4.00E-01	P	1.05E-02	2.6%
		Lead (lb/hr)	1.64E-03	2.68E-03	8.32E-04	3.81E-02	P	1.72E-03	4.5%
		Mercury (lb/hr)	1E-04	< 1E-04	< 8E-05	4E-03	P	1E-04	2.5%
		Nitrogen Oxides (lb/hr)	3.9E+01	5.79E+01	5.2E+01	5.8E+01	P	5.0E+01	85.6%
		Particulates (gr/dscf @ 7% O_2)	7.5E-04	1.2E-03	7.5E-04	1.0E-02	P	9.0E-04	9.0%
		PM_{10} (gr/dscf @ 7% O_2)	4.3E-04	7.1E-04	7.4E-04	1.0E-02	P	6.2E-04	6.2%
		PM_{10} (lb/hr)	1.53E-01	2.55E-01	2.80E-01	3.16E+00	P	2.29E-01	7.3%
		Sulfur Dioxide (lb/hr)	5.81E+00	1.33E+00	5.82E+00	1.62E+01	P	4.32E+00	26.7%
	STATE	Ammonia (ppmdv @ 7% O_2)	1.9E+00	3.3E+00	3.1E+00	5.0E+01	P	2.7E+00	5.5%
		Ammonia (lb/hr)	2.17E-01	3.84E-01	3.35E-01	4.88E+00	P	3.12E-01	6.4%
		Dioxins/Furans-2,3,7,8 TCDD TEQ (ng/dscm @ 7% O_2)	4E-02	2E-02	9E-03	4E-01	P	2E-02	5.8%
		Dioxins/Furans-2,3,7,8 TCDD TEQ (lb/hr)	6.38E-09	3.45E-09	1.52E-09	1.29E-07	P	3.78E-09	2.9%
		Mercury (µg/dscm @ 7% O_2)	7.7E-01	< 5.9E-01	< 5.0E-01	2.8E+01	P	6.2E-01	2.2%
		Mercury Removal Efficiency (%)	98	> 99	> 99	>=85	P	99	-
		PAH (µg/dscm @ 7% O2)	< 2.2E-01	1.5E-01	< 1.0E-01	1.0E+00	P	1.6E-01	15.9%
		Zinc (lb/hr)	1.39E-02	1.67E-02	1.96E-02	6.45E-02	P	1.67E-02	25.9%

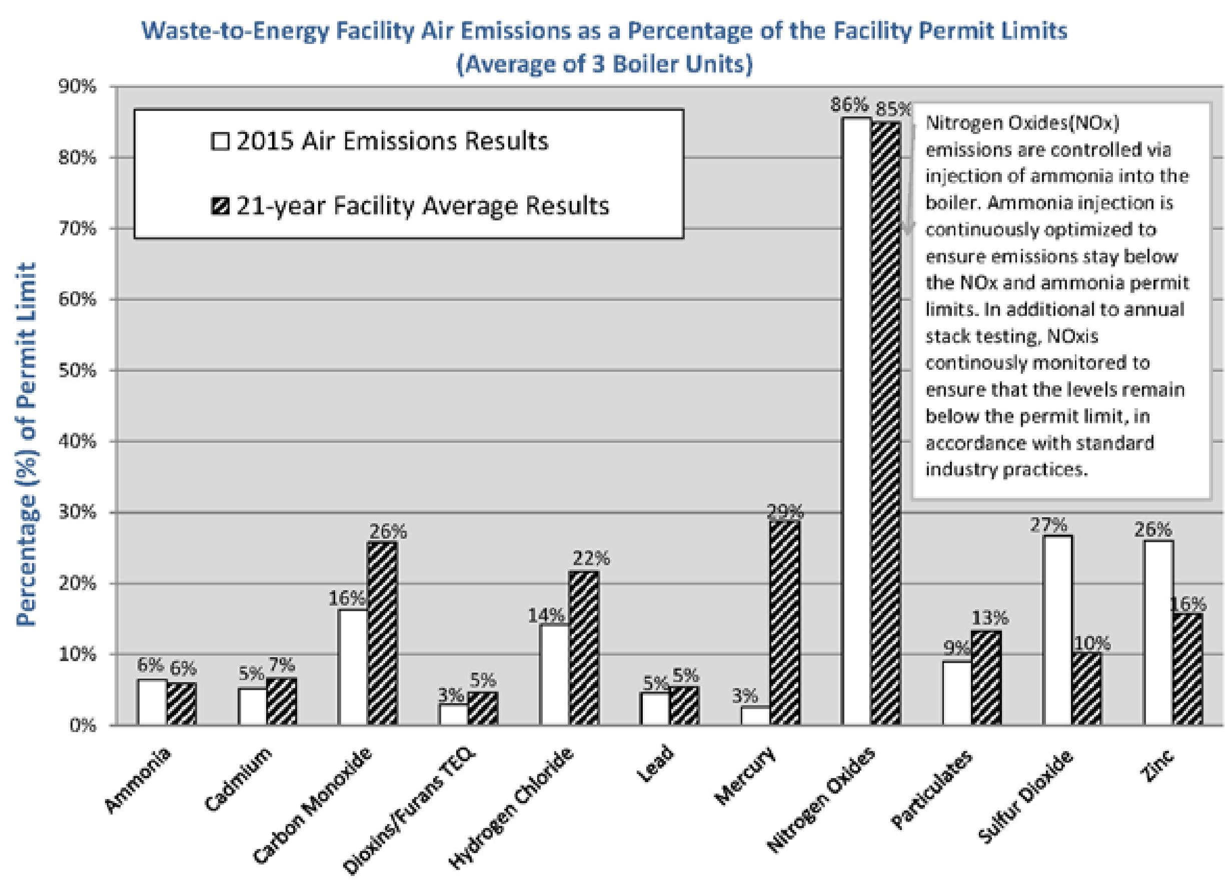
NOTES:

[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 2015 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.



2015 Financial Statements

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

Financial Statement as of December 31, 2015 and 2014 Together with Independent Auditor's Report

Bonadio & Co., LLP
Certified Public Accountants

Bonadio & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

March 9, 2016

To the Board of Directors of
Onondaga County Resource Recovery Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of Onondaga County Resource Recovery Agency (OCRRA) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise OCRRA's basic financial statements.

Management's Responsibility for the Financial Statements

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 audits. 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.

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 respective financial position of OCRRA as of December 31, 2015 and 2014, and the respective changes in its financial position and cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter - Change in Accounting Principle

As described in Note 2 to the financial statements, during the fiscal year ending December 31, 2015 OCRRA adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pension - an amendment of GASB Statement No. 27 and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date.* As a result, a net adjustment was made to increase net position at January 1, 2015 by $92,480. Our opinion is not modified with respect to that matter.

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 financial statements as a whole. 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 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 9, 2016, 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.

Bonadio & Co., LLP

ANALYSIS OF FINANCIAL POSITION

One of the most important questions asked about the Onondaga County Resource Recovery Agency's (OCRRA) 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 deferred outflows) and liabilities (and deferred inflows) 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 "What direction did OCRRA, as a whole, trend in 2015?", while OCRRA's total net position decreased by $1,840,227, led by collapsing energy and scrap prices, tip fee revenues increased over the previous year by more than eight percent and expenses decreased by one and a half percent.

Table 1

	2015	2014	2013
Current assets	$ 12,888,688	$ 16,835,926	$ 23,650,645
Assets limited as to use	18,473,807	2,210,181	2,233,285
Property, plant and equipment - net	9,212,026	10,022,275	10,562,669
Facility lease - net of current portion	56,800,295	41,386,587	42,062,422
Total assets	97,374,816	70,454,969	78,509,021
Deferred Outflow of Resources	609,026	-	-
Current liabilities	5,704,350	8,026,425	12,552,022
Long-term liabilities	72,362,087	41,736,714	43,641,708
Total liabilities	78,066,437	49,763,139	56,193,730
Deferred inflows of resources	1,361,528	388,206	1,552,818
Net position - Net investment in capital assets	9,212,026	10,022,275	10,562,669
Unrestricted	5,299,200	8,071,168	7,966,519
Restricted	4,044,651	2,210,181	2,233,285
Total net position	$ 18,555,877	$ 20,303,624	$ 20,762,473

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 2015, 2014 and 2013.

ANALYSIS OF FINANCIAL POSITION (Continued)

Table 2

	2015	2014	2013
Operating revenues	$ 31,530,427	$ 33,904,964	$ 32,856,292
Other revenues	3,203,704	1,566,789	1,864,709
Total revenues	34,734,131	35,471,753	34,721,001
Operating expenses	35,018,517	35,549,935	34,542,252
Other expenses	1,555,841	380,667	689,132
Total expenses	36,574,358	35,930,602	35,231,384
Change in net position	(1,840,227)	(458,849)	(510,383)
Net position - beginning of year	20,303,624	20,762,473	21,272,856
Prior period adjustment	92,480	-	-
Net position end of year	$ 18,555,877	$ 20,303,624	$ 20,762,473

The decrease in OCRRA's net position in 2015 was due to weak, energy markets during the year and depressed scrap metal prices.

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 the 2015 OCRRA bond issue as detailed in the financial statements. As of December 31, 2015, OCRRA funds held by the trustee of $4,044,651 and presented as restricted net position, while the capital refurbishment project fund restricted assets are offset by a liability in the amount of $14,429,156. These restricted assets increased by $16,263,626 during 2015 due to the April 30, 2015 Bond issue that included approximately $15,000,000 in new money for the refurbishment of the Waste-to-Energy Facility. The Indenture of Trust agreement between OCRRA and U.S. Bank National Association (the Trustee) required OCRRA to deposit these new funds with the trustee until fully expended.

Budgetary Highlights

2015 operating revenues fell well short of budgeted revenues. This was primarily due to a drop in electricity rates during 2015, which caused actual electricity revenues to fall short of budgeted amounts by $2.9 million. Additionally, a depressed recovered material market caused actual recovered material revenue to fall short of budgeted amounts by approximately $730,000.

2015 operating expenses were budgeted at approximately $34.2 million. Actual operating expenses of approximately $35 million were within 3% of budgeted amounts, and approximately $500,000 less than in 2014.

OCRRA's 2016 adopted budget was based on the 2014 results and 2015 results through the third quarter and anticipates a small incremental improvement in the economy.

ANALYSIS OF FINANCIAL POSITION (Continued)

Capital Assets
At the end of 2015, OCRRA had approximately $9.2 million in capital assets consisting primarily of two transfer stations and various pieces of operating equipment. During 2015 Property, Plant & Equipment, net increased by approximately $787,000 which is mostly comprised of $173,000 and retirements and depreciation charges of approximately $960,000.

Direct Finance Lease
In December 1992 OCRRA issued Project Revenue Bonds for the purpose of constructing a waste-to-energy facility. OCRRA leased the facility to Covanta Onondaga L.P. under a long-term lease expiring May 8, 2015. The annual lease payments approximate debt service payments and Covanta Onondaga L.P. was responsible for paying debt service on the bonds in lieu of making payments on the lease.

On November 12, 2014, OCRRA reached an agreement (extension) with 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.

The Direct Finance Lease is captured in the Capital Waste-to-Energy operations cost of approximately $20,107,000, including a Capital Charge of approximately $4,163,000 representing the portion of the Direct Finance Lease attributable to debt service principal and interest on the Series 2015 A&B Bonds.

Notes 7, 8 and 9 to the Financial Statements should be read carefully for a full understanding of the Direct Finance Lease and its relationship to both the series 2003A and 2003B Bonds as well as the 2015 A&B Bond issue.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2016 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. 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 until such time as business settles back into more predictable patterns.

OCRRA's 2016 Budget anticipates an operating surplus of $475,000. The 2016 Budget is fiscally conservative, reflects flat energy rates, and a significant decrease in debt service after the refinancing in April 2015. These revenue and expense items, combined with strict expenditure controls are expected to improve OCRRA's financial condition.

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.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

STATEMENTS OF NET POSITION
DECEMBER 31, 2015 AND 2014

	2015	2014
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,538,184	9,761,402
Accounts receivable (net of an allowance for bad debts of $50,000 in 2015 and 2014)	2,575,198	2,443,775
Electric revenue receivable	290,605	524,452
Other receivables	69,940	118,580
Prepaid expenses	1,373,094	560,187
Facility lease, current portion	1,041,667	3,427,530
Assets limited as to use, current portion	4,044,651	2,210,181
Total current assets	16,933,339	19,046,107
NON-CURRENT ASSETS:		
Assets limited as to use:		
Funds held by trustee under indenture	14,429,156	-
Property, plant and equipment, net	9,212,026	10,022,275
Facility lease, net of current portion	56,800,295	41,386,587
Total noncurrent assets	80,441,477	51,408,862
Total assets	97,374,816	70,454,969
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension related	609,026	-
LIABILITIES		
CURRENT LIABILITIES:		
Bonds payable - Series A, current portion (NOTE 9)	-	4,635,000
Bonds payable - Series A&B, current portion (NOTE 8)	1,745,000	-
Accounts payable	3,291,290	3,074,311
Accrued interest	406,277	38,626
Accrued expenses and other current liabilities	261,783	278,488
Total current liabilities	5,704,350	8,026,425
NON-CURRENT LIABILITIES:		
Bonds payable - 2003 Series A (NOTE 9)	-	41,385,932
Bonds payable - 2015 Series A (NOTE 8)	57,260,295	-
Capital refurbishment project liability (NOTE 5)	14,429,156	-
Net pension obligation	427,297	-
Other postemployment benefits obligation (NOTE 11)	245,339	350,782
Total non-current liabilities	72,362,087	41,736,714
Total liabilities	78,066,437	49,763,139
DEFERRED INFLOWS OF RESOURCES		
Unearned revenue	1,361,528	388,206
NET POSITION		
Net investment in capital assets	9,212,026	10,022,275
Restricted	4,044,651	2,210,181
Unrestricted	5,299,200	8,071,168
Total net position	$ 18,555,877	$ 20,303,624

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, 2015 AND 2014

	2015	2014
OPERATING REVENUES:		
Tipping fees	$ 23,956,625	$ 22,193,698
Electric revenue	5,143,250	8,172,071
Recovered material revenue	838,061	1,493,109
Grant revenue	610,621	1,287,010
Compost revenue	493,539	373,669
Other	488,331	385,407
Total operating revenues	31,530,427	33,904,964
OPERATING EXPENSES:		
Personal services	5,301,759	5,560,395
Contractual services -		
Landfill contracts	1,571,298	1,676,134
Other contractual services	91,759	144,405
Materials and supplies	539,556	819,867
Professional fees	1,135,825	278,214
Recycling and composting	262,255	363,497
Compost	263,268	122,547
Hazardous waste disposal	96,278	75,221
Repairs and maintenance	570,239	469,510
Utilities	125,322	162,198
Insurance	437,861	409,356
Operating leases	100,626	112,138
Depreciation	971,679	1,030,217
Taxes and other payments to Host Communities	349,083	348,856
Other	612,844	636,389
Waste-to-Energy operations cost	22,588,865	23,340,991
Total operating expenses	35,018,517	35,549,935
OPERATING LOSS	(3,488,090)	(1,644,971)
NON-OPERATING REVENUE (EXPENSE):		
Interest income	5,890	6,510
Gain on lease termination	1,206,815	-
Interest income - lease receivable	1,555,841	380,667
Interest expense	(1,555,841)	(380,667)
Gain on sale of machinery and equipment	-	15,000
Gain on refunding of long-term debt	435,158	1,164,612
Non-operating revenue, net	1,647,863	1,186,122
Change in net position	(1,840,227)	(458,849)
Net position - beginning of year, as previously reported	20,303,624	20,762,473
Cumulative effect of change in accounting principle	92,480	-
NET POSITION - beginning of year, as restated	20,396,104	20,762,473
Change in net position	(1,840,227)	(458,849)
NET POSITION - end of year	$ 18,555,877	$ 20,303,624

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, 2015 AND 2014

	2015	2014
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from tipping fees	$ 23,825,203	$ 22,327,107
Receipts from electric revenue	5,377,097	8,260,619
Other operating receipts	2,489,611	4,574,224
Payments to vendors and suppliers	(4,753,220)	(5,010,256)
Payments to employees	(4,583,843)	(4,652,046)
Payments for Waste-to-Energy (WTE) operations	(15,081,403)	(14,025,324)
Payments for insurance and employee benefits	(1,530,175)	(1,449,855)
Net cash flow from operating activities	5,743,270	10,024,469
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments on bonds outstanding	(4,635,000)	(8,935,000)
Proceeds from the sale of machinery and equipment	-	15,000
Purchase of property, plant and equipment	(161,430)	(489,823)
Payments for interest on bonds outstanding	(1,341,478)	(455,125)
Net cash flow from capital and related financing activities	(6,137,908)	(9,864,948)
CASH FLOW FROM INVESTING ACTIVITIES:		
Net change in funds held by trustee	(1,834,470)	23,104
Proceeds from interest on invested funds	5,890	6,510
Net cash flow from investing activities	(1,828,580)	29,614
CHANGE IN CASH AND CASH EQUIVALENTS	(2,223,218)	189,135
CASH AND CASH EQUIVALENTS - beginning of year	9,761,402	9,572,267
CASH AND CASH EQUIVALENTS - end of year	$ 7,538,184	$ 9,761,402

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating loss	$ (3,488,090)	$ (1,644,971)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	971,679	1,030,217
WTE operations used to reduce lease costs	7,507,462	9,315,667
Other postemployment benefits expense	(105,443)	(21,689)
Bond insurance expense	20,944	-
Pension expense	(252,247)	-
Bond insurance costs	780,245	-
Changes in:		
Accounts receivable	(131,423)	133,409
Grant receivables	-	1,091,940
Electric revenue receivable and other receivables	287,487	139,140
Prepaid expenses	(47,615)	131,895
Accounts payable, accrued expenses and other current liabilities	200,271	(151,139)
Net cash flow from operating activities	$ 5,743,270	$ 10,024,469

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

OCRRA recognized a gain of $435,158 and $1,164,612 in 2015 and 2014, respectively, related to the deferred gain on refunding of long-term debt.

OCRRA deferred outflows of $609,026 and $0 in 2015 and 2014, respectively, related to the deferred outflow related to adoption of GASB Statement No. 68 (Note 2)

In 2015, OCRRA utilized the approximately $59,000,000 of proceeds from bonds issued (Note 8) to refund approximately $43,000,000 in bonds outstanding (Note 9), establish a capital refurbishment account (Note 7) of approximately $15,000,000 and pay bond issuance costs of approximately $1,000,000. Payments of approximately $500,000 were made from the capital refurbishment account 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 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.

Deferred Outflows and Inflows of Resources
In addition to assets and liabilities, the Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Assets Limited as to Use/Capital Refurbishment Project
Assets limited as to use represent funds restricted as to use under OCRRA's Revenue Bond Agreements and the Capital Refurbishment Project (see Note 5).

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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Landfill and Related Costs (Continued)

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, 2015 and 2014, no waste delivered to has been 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.

Change in Accounting Principle

OCRRA adopted GASB Statement No. *68 Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27* and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date.* Statement No. 68 and 71 establish accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of Statement No. 68 and Statement No. 71, as well as for non-employer governments that have a legal obligation to contribute to those plans. This statement required the addition of several lines to OCRRA's financial statements and a cumulative change in accounting principle adjustment to beginning net position as shown in the table below:

	Statement of Net Position			
	Net Pension Asset	Net Pension Liability	Deferred Outflows	Net Position
Balance at December 31, 2014, as previously reported	$ -	$ -	$ -	$ 20,303,624
Restatement of beginning balance - Adoption of GASB Statements No. 68 and No. 71 Employee Retirement System Plan	166,000	571,567	498,047	92,480
Balance at January 1, 2015, as restated	$ 166,000	$ 571,567	$ 498,047	$ 20,396,104

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, 2015, the carrying value of OCRRA's deposits, not including the Capital Refurbishment Fund, were approximately $11,582,000, and the bank balances were approximately $11,707,000. 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, 2015, OCRRA had collateralized cash balances of approximately $7,971,000, and the remainder was covered by depository insurance.

At December 31, 2014, the carrying value of OCRRA's deposits was approximately $11,972,000, and the bank balances were approximately $12,027,000. 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, 2014, OCRRA had collateralized cash balances of approximately $7,900,000, 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 OCRRA has 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, 2015, 32 of the 33 member municipalities have entered into delivery agreements 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 contract 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), and represent the restricted fund balance reported on the Statement of Financial Position. The use of the assets held by Trustee includes the following funds at December 31:

	2015	2014
Funds accumulated from System revenues to pay for debt service obligations	$ 1,569,610	$ 1,585,667
Accumulation of earnings from System revenues to satisfy general OCRRA obligations	2,475,041	624,514
Total	$ 4,044,651	$ 2,210,181

Assets limited as to use are held to support OCRRA's share of the cost for Tier 1 capital refurbishment projects as part of the lease renewal agreement (see Note 7).

	2015	2014
Beginning balance	$ -	$ -
Funds established to pay for capital refurbishment projects per lease agreement (Note 7)	14,923,644	-
Plus: Interest earned on funds held by trustee	6,617	-
Less: Payments made for capital projects at Facility	(501,105)	-
Ending balance	$ 14,429,156	$ -

6. PROPERTY, PLANT AND EQUIPMENT

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

Property, plant and equipment activity for the year ended December 31, 2014 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	-	-	632,944
Buildings and improvements	2,690,381	39,062	-	2,729,443
Machinery and vehicles	8,785,705	192,355	73,490	8,904,570
Furniture and fixtures	111,606	-	-	111,606
Computer equipment	91,089	12,763	-	103,852
Leasehold improvements	610,551	2,682,455	-	3,293,006
Land improvements	48,310	-	-	48,310
Construction in progress	2,438,063	289,911	2,726,723	1,251
Total property, plant and equipment	19,854,889	3,216,546	2,800,213	20,271,222
Less: Accumulated depreciation				
Landfill buildings and improvements	(618,299)	(1,675)	-	(619,974)
Buildings and improvements	(1,714,335)	(125,283)	-	(1,839,618)
Machinery and vehicles	(6,579,485)	(780,230)	(73,490)	(7,286,225)
Furniture and fixtures	(90,120)	(4,801)	-	(94,921)
Computer equipment	(81,141)	(5,254)	-	(86,395)
Leasehold improvements	(200,788)	(110,559)	-	(311,347)
Land improvements	(8,052)	(2,415)	-	(10,467)
Total accumulated depreciation	(9,272,220)	(1,030,217)	(73,490)	(10,248,947)
Property, plant and equipment, net	$ 10,562,669	$ 2,186,329	$ 2,726,723	$ 10,022,275

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 the 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 effective May 8, 2015 through 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 tons 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 Market Rate Agreement was 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 tax ownership of the Facility during the term.

OCRRA established 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. This resulted in 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 refinance issue 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:

	2015	2014
Operating and pass through costs	$ 15,081,403	$ 13,911,328
Additional waste processing fee	-	113,995
Capital charge	7,507,462	9,315,668
Total	$ 22,588,865	$ 23,340,991

7. FACILITY LEASE AND SERVICE AGREEMENT (Continued)

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

Year	Amount
2016	$ 1,745,000
2017	1,790,000
2018	1,860,000
2019	1,935,000
2020	2,015,000
2021-2025	11,680,000
2026-2030	14,895,000
2031-2035	18,640,000
Total future minimum lease payments	54,560,000
Less: Income recognized prior to payment	(1,163,333)
Net investment in lease	53,396,667
Less: Current portion	(1,041,667)
Long-term portion	$ 52,355,000

8. 2015 SERIES A AND 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 2015B 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, 2031, 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, 2035 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, $42,826,459 in outstanding 2003B bonds (See Note 9) was refunded. OCRRA placed proceeds of the 2015A bonds in an irrevocable fund to provide for all future debt service payments on the old bonds. Accordingly, the trust account asset and the liability for the defeased debt is not included on these financial statements. At December 31, 2015, the amount of the defeased bonds that are considered outstanding was $42,826,459.

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, 2015 was as follows:

	Balance at January 1, 2015	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 a rate covenant for 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. In addition, a liquidity covenant requires the Agency to maintain a minimum of $3,000,000 in unencumbered liquid assets as of June 30 and December 31 of each fiscal year.

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
2016	$ 1,745,000	$ 2,418,081	$ 4,163,081
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 - 2025	11,680,000	8,968,500	20,648,500
2026 - 2030	14,895,000	5,662,375	20,557,375
2031 - 2035	18,640,000	1,922,000	20,562,000
Total	$ 54,560,000	$ 27,961,881	$ 82,521,881

Interest paid as of December 31, 2015 amounted to $1,478,592.

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.

Through 2014, when OCRRA's operations produced a surplus, a payment was 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 did not include depreciation, amortization, or other revenue that is produced outside OCRRA's normal operations.

	2014
Decrease in net position prior to computation of current obligation on 2003B Bonds for the year ended:	$ (458,849)
Add: Depreciation	1,030,217
Deduct: Gain on refunding	(1,164,612)
Interest income - non-system	(5,306)
Gain on sale of equipment	(15,000)
Contractually defined deficit	(613,550)
Series B Share	77%
Current year liability	$ -

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

	Balance at January 1, 2015	Additions	Reductions	Balance at December 31, 2015
Senior lien revenue:				
Refunding bonds	$ 4,635,000	$ -	$ (4,635,000)	$ -
Subordinate lien:				
Revenue refunding bonds	41,385,932	1,440,527	(42,826,459)	-
Total	$ 46,020,932	$ 1,440,527	$ (47,461,459)	$ -

Activity relative to bonds payable for the year ended December 31, 2014:

	Balance at January 1, 2014	Additions	Reductions	Balance at December 31, 2014
Senior lien revenue:				
Refunding bonds	$ 13,570,000	$ -	$ 8,935,000	$ 4,635,000
Subordinate lien:				
Revenue refunding bonds	38,634,237	2,751,695	-	41,385,932
Total	$ 52,204,237	$ 2,751,695	$ 8,935,000	$ 46,020,932

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 costsharing, 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 benefits provided, may be found at 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
2015	$ 653,014
2014	$ 664,063
2013	$ 723,078

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, 2015, OCRRA reported a net pension liability of $427,297 for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2015, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of that date. 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, 2015, OCRRA's proportion was .0126485%.

For the year ended December 31, 2015, OCRRA recognized pension expense of $400,765. 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 and deferred inflows 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, 2015 was determined by using an actuarial valuation as of April 1, 2014, with update procedures used to roll forward the total pension liability to March 31, 2015.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.90% indexed by service
Projected COLAs	1.40% compounded annually
Decrements	Developed from the Plan's 2010 experience study of the period April 1, 2005 through March 31,2010
Mortality improvement	Society of Actuaries Scale MP-2014

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixes income as well as historical investment data and plan performance.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2015 are summarized below:

Long Term Expected Rate of Return				
Asset Type		Target Allocations in %		Long-Term expected real rate of return in %
Domestic Equity		38.0		7.3
International Equity		13.0		8.55
Private Equity		10.0		11.00
Real Estate		8.0		8.25
Absolute Return		3.0		6.75
Opportunistic Portfolio		3.0		8.60
Real Asset		3.0		8.65
Bonds & Mortgages		18.0		4.00
Cash		2.0		2.25
Inflation Indexed Bonds		2.0		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 7.5%. 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption
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)

Pension Plan Fiduciary Net Position (000's)
The components of the current-year net pension liability of the employers as of March 31, 2015 were as follows:

Total pension liability	$ 164,591,504
Net position	(161,213,259)
Net pension liability (asset)	$ 3,378,245
ERS net position as a percentage of total pension liability	-97.95%

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.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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, with the exception of 2 employees who accepted the one-time expansion of the Agency's retiree health benefits policy in 2015. 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	(98,190)
Contributions made	(7,253)
Decrease in net OPEB obligation	(105,443)
Net OPEB obligation - beginning of year	350,782
Net OPEB obligation - end of year	$ 245,339
Annual OPEB cost	$ 16,356
Percentage of annual OPEB cost contributed	0%

OCRRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for the fiscal year 2015 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	$ 46,207	33.13	$ 372,471
12/31/2014	21,924	-	350,782
12/31/2015	16,356	44.34	245,339

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* - 2014 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.

12. COMMITMENTS AND CONTINGENCIES

Operating Leases
OCRRA leases land, equipment and office facilities under operating leases. Rental payments under these agreements were approximately $100,000 and $98,000 during 2015 and 2014, respectively. Obligations under all cancelable and non-cancelable long-term operating leases are as follows at December 31, 2015:

Year	Amount
2016	$ 60,000
2017	10,000
2018	10,000
2019	10,000
2020	5,000
2021 – 2022	7,500
Total	$ 102,500

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 $1,532,010 and $1,640,922 during 2015 and 2014, 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 $100,000 plus certain escalation costs, determined annually.

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 2015.

OCRRA recorded PILOT's to Van Buren in the amount of $57,735 and $57,162 in 2015 and 2014, respectively. OCRRA also made payments to Onondaga of approximately $127,000 and $144,000 in 2015 and 2014, respectively for fire and water district assessments.

12. COMMITMENTS AND CONTINGENCIES (Continued)

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.

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 318,000 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. No 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 and 2014, respectively, OCRRA received an annual average sale price of 2.992 and 4.840 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.

14. CONCENTRATION

The top five haulers delivered approximately 68% and 70% of the total municipal solid waste to OCRRA during the years ended December 31, 2015 and 2014, respectively. These haulers also accounted for approximately 76% and 73% of accounts receivable at December 31, 2015 and 2014, respectively.

15. UPCOMING PRONOUNCEMENTS

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application.* This standard addresses accounting and financial reporting issues related to fair value measurements and provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. OCRRA is required to adopt the provisions of Statement No. 72 for the year ending December 31, 2016.

15. UPCOMING PRONOUNCEMENTS (Continued)

In June 2015, the GASB 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 purposes external financial reports of statement local governments for making decision and assessing accountability. OCRRA is required to adopt portions of the provisions of Statement No. 73 for the years ending December 31, 2016 and 2017, pending applicability.

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.* The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pension (other postemployment benefits or OPEB) included in the general purposes external financial reports of statement local governmental OPEB plans for making decisions and assessing accountability. OCRRA is required to adopt the provisions of Statement No. 74 for the year ending December 31, 2017.

In June 2015, 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 pension (other postemployment benefits or OPEB). OCRRA is required to adopt the provisions of Statement No. 75 for the year ending December 31, 2018.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments.* The objective of this Statement is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP) and reduce the GAAP hierarchy to two categories of authoritative GAAP and address the use of authoritative and nonauthoritative literature. OCRRA is required to adopt the provisions of Statement No. 76 for the year ending December 31, 2016.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to assist financial statement users in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. OCRRA is required to adopt the provisions of Statement No. 77 for the year ending December 31, 2016.

In December 2015, the GASB issued Statement No. 78, *Pensions Provided Through Certain Multi-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68 and pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. OCRRA is required to adopt the provisions of Statement No. 78 for the year ending December 31, 2016.

OCRRA has not yet assessed the impact of these statements on its future financial statements.

16. RECLASSIFICATION

Certain amounts reported at December 31, 2014 have been reclassified to reflect information and assumptions existing at December 31, 2015. These reclassifications had no effect on net position or the change in net position previously reported.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

OTHER POSTEMPLOYMENT BENEFITS PLAN - SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2015

Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
December 31, 2013	-	372,471	0%
December 31, 2014	-	350,782	0%
December 31, 2015	-	245,339	0%

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion of the net pension liability (asset)	0.01%									
Proportionate share of the net pension liability (asset)	$427									
Covered-employee payroll	$3,603									
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	11.85%									
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.90%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SCHEDULE OF CONTRIBUTIONS - PENSION PLANS

Last 10 Fiscal Years (Dollar amounts displayed in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contribution	$ 658									
Contributions in relation to the contractually required contribution	658									
Contribution deficiency (excess)	$ -									
Covered-employee payroll	$3,603									
Contributions as a percentage of covered-employee payroll	18.26%									

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

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Bonadio & Co., LLP
Certified Public Accountants

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*

March 9, 2016

To the Board of Directors of
Onondaga County Resource Recovery Agency:

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, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 9, 2016.

Internal Control Over Financial Reporting

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

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(Continued)

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 or other matters 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bonadio & Co., LLP

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Warren D. Simpson
Business Officer

Amy K. Miller
Environmental Engineer

Catherine M. Strong
Executive Secretary

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