Onondaga County Resource Recovery Agency

2017 Annual Report

OCRRA.org®

Chairman's Report

John Copanas
OCRRA Board Chair

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

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

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

OCRRA recently undertook $15 million in capital improvements at the Waste-to-Energy Facility to upgrade air-pollution control systems and increase operational safety and efficiency. As of the close of 2017, I am happy to report that more than two-thirds of the improvements are complete and we remain on schedule and within budget.

OCRRA received national recognition with the 2017 Solid Waste Association of North America (SWANA) Gold Excellence Award in the Compost category. It recognizes the environmentally- and economically-sound management of yard and food waste at our ever expanding Amboy Compost Site in Camillus.

The OCRRA Board of Directors in concert with our dynamic Executive Director, Dereth Glance has created the Transfer Infrastructure Planning Committee (TIP) to develop a strategy to consolidate our transfer station operations. This has become necessary for OCRRA to comply with newly adopted Part 360 NYSDEC regulations. This will create a more environmentally friendly transfer operation that will afford OCRRA the ability to consolidate, modernize and reduce greenhouse gases in Onondaga County.

OCRRA is funded by solid waste tipping fees, Waste-to-Energy electricity generation revenues, metal recovery and state grants. Executive Director Glance and the talented OCRRA staff secured a disposal contract with WestRock of Onondaga County to help close a structural financial gap created by a significant reduction in Agency electric revenues. This agreement ensures the Waste-to-Energy Facility is running at optimum levels and generating more electricity to serve the public demand.

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

Executive Director's Report

Dereth Glance
Executive Director

Waste Not, Recover More

OCRRA works diligently to ensure the resources in Onondaga County's waste stream are recovered for their highest use by following four strategic objectives:

1. **Maximize reliable solid waste disposal.** Over half of the waste in Onondaga County is recycled. Over a third is recovered as electricity and only 5% ends up in a landfill. Onondaga County's system mirrors the USEPA's desired waste hierarchy, while most of the nation relies primarily on landfilling.

2. **Optimize revenue, control expenses and build reserves.** For the past decade, OCRRA's fixed costs have risen while electric revenues became a smaller portion of revenues. In 2017, OCRRA completed a feasibility study and began designing a modernized transfer station to better serve the county, reduce transportation costs and curb OCRRA's overhead to ensure long-term fiscal and environmental vitality.

3. **Strive for excellence.** OCRRA is continuously improving to ensure the highest value is obtained from resource recovery. The foundation of strong recycling is OCRRA's commitment to effective public engagement and continually nurturing relationships with private recyclers, food waste providers, compost / mulch users, community institutions and the public. New capital investments allow the recovery of more material, including mattresses and cardboard recycling by-products.

4. **Be a good neighbor and leverage partnerships.** From a massive Earth Day community-wide cleanup to maintaining momentum one neighborhood block at a time; reducing litter makes our community more beautiful and protects wildlife from choking on plastic pollution. OCRRA provides tools to businesses, school, apartments and homes to help make recycling easier. The ever-popular Shred-o-Rama ensures confidential paper is securely recycled. OCRRA and Covanta partner to collect toxic mercury thermometers and thermostats to remove from the waste stream. All year long, OCRRA helps residents to remove hazardous waste from their homes at no cost, while also partnering with local hardware stores to provide easy drop-off locations for mercury containing fluorescent bulbs.

OCRRA's programs are all possible because of the dedicated volunteer Board of Directors that serve the community. In 2017, OCRRA welcomed Dr. Blaire Page, appointed from the Town of Onondaga, to his first term.

OCRRA staff implement the direction of the Board with excellence and integrity, powering OCRRA's day-to-day operations. In 2017, two staff received special recognition. Andrew Radin, director of recycling and waste reduction, was named Thoughtful Motivator by the Product Stewardship Institute and Theresa Evans, recycling specialist, was honored with the Ellen Swallow Richards Award by the CNY Association of Family and Consumer Science Educators. The OCRRA Board, staff operators, laborers, educators, administrators and all of Onondaga County does a phenomenal job of saving the world a little each day.

It is an honor and privilege to work with such insightful public servants and dedicated professionals to recover resources from what would otherwise just be wasted.

Board of Directors

Row 1 (left to right): *Donald Lawless, John Copanas, Khristopher Dodson.*

Row 2: *Lee Klosowski, Blair Page, Jerusha Thomas, Ravi Raman, Jessi Lyons, Travis Glazier, Michael Reilly, Anthony Geiss.*

Missing from photo: Jeanne Powers.

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.

Board Members and Chairs

John Copanas - *Board Chair and Governance Chair*

Khristopher Dodson - *Treasurer*

Anthony Geiss

Travis Glazier

Lee Klosowski, P.E. ,- *Recycling / Operations Vice Chair*

Donald Lawless - *TIP Chair*

Jessi Lyons - *Recycling / Operations Chair*

Blair Page, Ph.D.

Jeanne Powers - *Board Vice Chair and Audit Chair*

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

Michael Reilly, CPA - *Administration Chair*

Jerusha Thomas

Recycling

In 2017, OCRRA received another prestigious national environmental award for its innovative compost program that converts thousands of tons of food scraps and yard waste into an STA-certified soil amendment each year.

Earlier accolades for the program were received from the United States Composting Council and the New York State Department of Environmental Conservation.

In 2017, OCRRA's compost program received the Gold Environmental Excellence Award from the Solid Waste Association of North America (SWANA). SWANA is one of the nation's premier solid waste professional organizations with over 8,500 public and private sector professionals.

OCRRA's pioneering food scrap composting service processed over 12 million pounds of food scraps in 2017 from commercial and institutional generators. This included thousands of pounds of cafeteria food scraps separated daily by 7,000 local school children. After a 90-day processing period, this material was among the 5,600 yards of compost that was utilized to restore the habitat along the western shoreline of Onondaga Lake.

Compost revenues again grew nearly 25% compared to 2016, and exceeded budget projections, approaching $740,000.

In 2017, OCRRA continued its compost bagging collaboration with ARC of Onondaga. ARC assists individuals with developmental disabilities to achieve their fullest potential. Thousands of bags of OCRRA's STA-certified compost were sold through a network of 30+ local lawn and garden retail outlets, helping to return valuable nutrients to local soils.

Other Achievements:

• In total, the community recycled more than 475,377 tons of material in 2017, for a 56% recycling rate, resulting in waste disposal costs savings of more than $42 million! This environmental effort prevented the generation of 721,610 metric tons of carbon dioxide.

• More than $77,000 in state grants were received in 2017, primarily in connection with reimbursement of Household Hazardous Waste collection expenses and curbside blue bin purchases. Four new grant applications were submitted to the NYSDEC.

• OCRRA's Earth Day Litter Cleanup was held on Friday, April 21, and Saturday, April 22. More than 6,800 volunteers from some 290 groups participated; 73,000+ pounds of litter were collected; more than 2.5 million pounds of litter collected since 2003; one of the largest Earth Day litter collection events in the country.

• OCRRA partnered with Covanta to host a mercury collection event on August 7. Thanks to 274 residents, 304 mercury thermometers and 112 mercury thermostats were collected; 750 grams of mercury prevented from entering the environment, which is comparable to recycling 187,500 compact fluorescent light bulbs. Residents can recycle mercury thermometers and thermostats year-round at OCRRA's Rock Cut Road Drop-Off Site and get a $5 Home Depot Gift Card from Covanta and a replacement thermometer.

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

• A new multi-year contract was signed with Waste Management for MRF services (sorting, baling, and marketing of curbside recyclables). OCRRA's existing MRF contract netted over $130,000 in revenue in the wake of favorable commodity pricing of cardboard and newspaper.

OCRRA team members collecting litter during the annual Earth Day Litter Cleanup. More than 6,800 volunteers turned out for the event and collected more than 73,000 lbs. of trash.

Recycling Specialist Theresa Evans engages students during a classroom recycling presentation in 2017. Hundreds of students are educated this way each year.

Transfer Operations

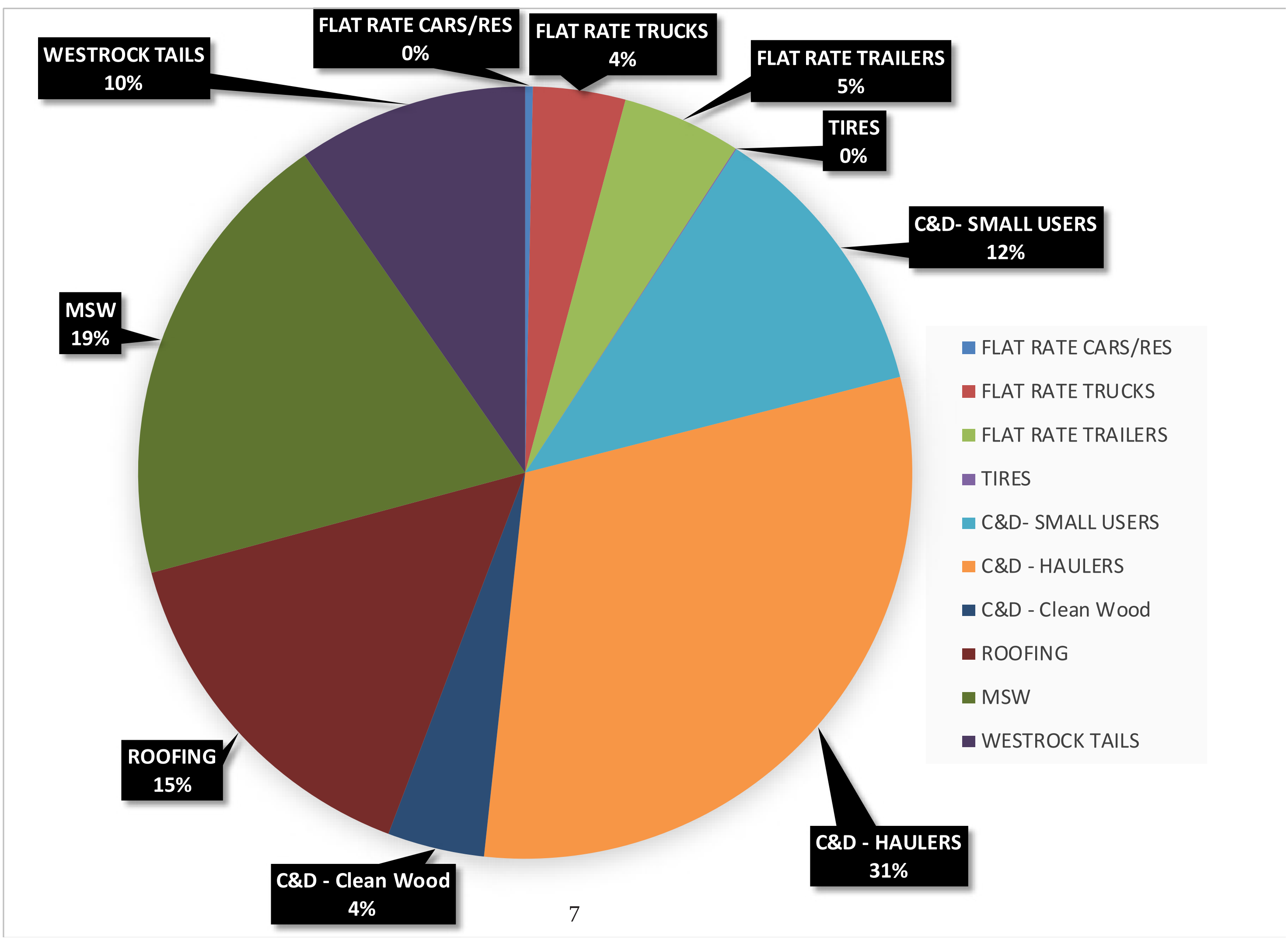
In 2017, more waste was delivered to the Ley Creek and Rock Cut Road Transfer Stations as compared to the previous year. There was also a corresponding increase in material delivered to the Waste-to-Energy (WTE) Facility.

The Ley Creek Transfer Station received 106,214 tons of material, which is 8,562 tons more than was received in 2016. Of that total, OCRRA delivered 15% more waste to the WTE Facility than the year before. Ley Creek also had an increase in the construction and demolition material that was by-passed to a landfill; 16,030 tons in 2016 vs. 26,796 tons in 2017. This material was primarily delivered to the Camillus Landfill in 2017 in a new agreement with the Town of Camillus.

The increase in by-pass from Ley Creek was primarily due to the addition of ragger tail material resulting from a new contract with WestRock. Ragger tail is a metal and plastic byproduct of the corrugated cardboard recycling process.

Ley Creek began to accept this material in May 2017. It is shredded using a TANA shredder purchased specifically for this material. Shredding separates the metal from the plastic residue, allowing for its recycling. Ley Creek received 10,237 tons of ragger tail in first eight months of this contact.

2017 Ley Creek Tonnages



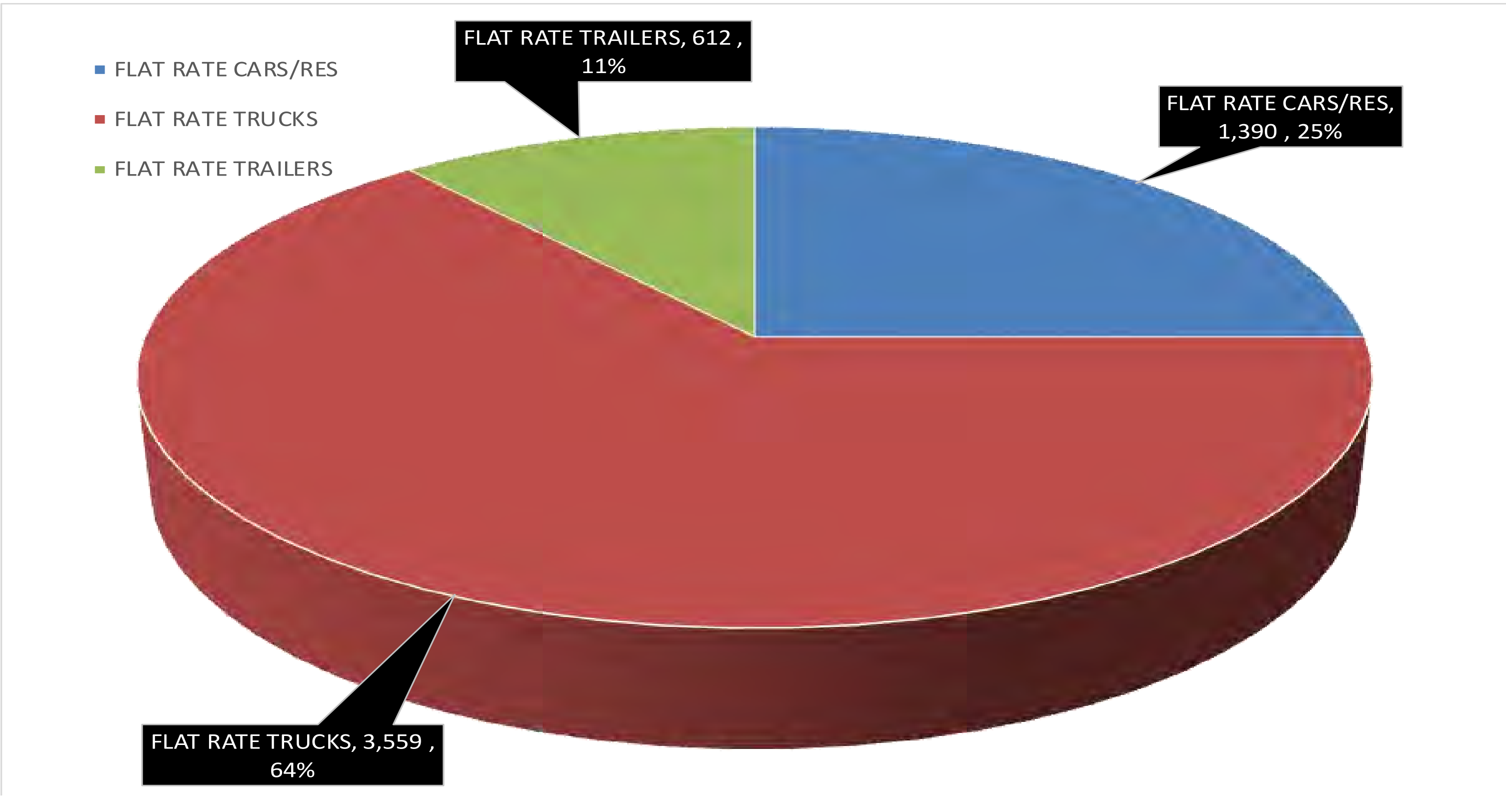
One of the additional benefits of purchasing the TANA shredder is the ability to shred mattresses. This reduces OCRRA's need to ship mattresses to Seneca Meadows Landfill, one of the few facilities willing to accept mattresses for disposal, which is some 40 miles away in Waterloo, NY.

The mattresses are too bulky to go into the WTE Facility whole, but they are not heavy, resulting in very light loads being shipped, which is neither cost-effective nor efficient. Shredding them onsite at Ley Creek allows the metal to be pulled out for recycling and the remaining material to go direct to the WTE Facility.

The Rock Cut Road Transfer Station received 5,561 tons, with a 3% increase in waste delivered to the WTE Facility. During 2017, both Transfer Stations managed increased material levels. This was done with a reduction in two full-time staff positions due to retirements that were not backfilled.

In addition, OCRRA delivered over 2,600 truckloads or 80,626 tons of ash to area landfills in 2017. This represented a 2% decrease in the amount of ash hauled the previous year. Ash comprised 25% of total waste volume in 2016 and 23% in 2017. This reduction occurred even though there was an increase in material delivered to the Facility. The reduction was due to waste mix changes and ongoing capital improvements which increased WTE Facility efficiency.

2017 Rock Cut Road Tonnages



Waste-to-Energy

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

OCRRA's core values – integrity and honesty, environmental stewardship, fiscal responsibility, and excellence-in-service provide the basis for operation of the WTE Facility. Each year, OCRRA posts annual air and ash testing results on www.OCRRA.org. OCRRA and Covanta Onondaga, the operator of the Facility, take great pride in the Facility's strong track record of operational and environmental excellence. In 2017, nearly 360 visitors toured the Facility and learned firsthand about its operations.

Environmental Excellence

Paramount to Facility operations is ensuring that the Facility's emissions are protective of human health and the environment. A state-of-the-art air pollution control system is integrated into the Facility so that it may comply with a strict air permit. This system consists of ammonia injection in the boiler, activated carbon and lime injection in the scrubber, and particulate filtering in the baghouse. Emissions from the Facility are carefully monitored through continuous emissions monitors (CEMs) and annual stack testing. 2017 air testing results exceeded expectations, with many of the parameters well below the permit limits.

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 34,000 homes (about 18% 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

2017 marks the Facility's twenty-third year of safe, reliable and efficient operations. In 2017, the Facility processed 355,253 tons of non-hazardous, non-recyclable waste (enough to overfill the Syracuse Carrier Dome) and, in doing so, generated 251,668 megawatt hours of electricity.

The Facility's metal recovery systems recovered approximately 9,600 tons of ferrous and non-ferrous metal for recycling, which would have otherwise ended up in a landfill.

Lastly, about 81,000 tons (23% of the original trash weight) of non-hazardous ash residue were sent to a landfill for use as alternative daily cover (see table for ash testing results). The beneficial reuse of the ash residue means that other materials, such as clean soil, do not need to be used for landfill daily cover.

In 2017, OCRRA invested over $3.5 million in capital improvement projects (beyond normal operations and maintenance efforts) to increase the efficiency and long-term reliability of the Facility. The 2017 upgrades include the anhydrous ammonia system and the refuse crane to increase operational efficiencies, as well as continued replacement and upgrade projects to the air pollution control devices and emissions monitoring systems.

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

2017 ASH RESIDUE CHARACTERIZATION TEST RESULTS

Semi-Annual Test Results - April/May 2017

Constituent	*Test Result*	*Permit Limit*	*Pass or Fail*
Cadmium	0.05 mg/L	1 mg/L	Pass
Lead	0.84 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.

2017 ANNUAL STACK TEST RESULTS

		Constituent	Average Measured Emissions[1] Unit 1	Unit 2	Unit 3	Permit Limit[4]	Pass/Fail? P/F	3-Boiler Average[3]	% permit limit[4]
TESTED ANNUALLY	FEDERAL	Cadmium (mg/dscm @ 7% O_2)	< 1.7E-04	< 1.2E-04	< 2.2E-04	3.5E-02	P	1.7E-04	0.5%
		Cadmium (lb/hr)	< 2.4E-05	< 1.8E-05	< 3.2E-05	1.9E-03	P	2.5E-05	1.3%
		Carbon Monoxide (lb/hr)	7.98E-01	8.19E-01	1.14E+00	8.04E+00	P	9.19E-01	11.4%
		Dioxins/Furans (ng/dscm @ 7% O_2)	6.2E-01	3.8E-01	4.4E-01	3.0E+01	P	4.8E-01	1.6%
		Hydrogen Chloride (ppmdv @ 7% O_2)	2.5E+00	2.3E+00	2.3E+00	2.5E+01	P	2.4E+00	9.6%
		Hydrogen Chloride (lb/hr)	5.52E-01	5.15E-01	4.98E-01	5.24E+00	P	5.22E-01	10.0%
		Hydrogen Chloride Removal Efficiency (%)	99.6	99.7	99.7	>=95	P	99.7	-
		Lead (mg/dscm @ 7% O_2)	2.72E-03	8.17E-04	2.53E-03	4.00E-01	P	2.02E-03	0.5%
		Lead (lb/hr)	3.89E-04	1.21E-04	3.80E-04	3.81E-02	P	2.97E-04	0.8%
		Mercury (lb/hr)	< 6E-05	< 5E-05	< 7E-05	4E-03	P	6E-05	1.5%
		Nitrogen Oxides (lb/hr)	3.54E+01	4.63E+01	3.35E+01	5.80E+01	P	3.8E+01	66.2%
		Particulates (gr/dscf @ 7% O_2)	5.3E-04	1.5E-03	7.0E-04	1.0E-02	P	9.0E-04	9.0%
		PM_{10} (gr/dscf @ 7% O_2)	6.9E-04	8.1E-04	9.7E-04	1.0E-02	P	8.2E-04	8.2%
		PM_{10} (lb/hr)	2.42E-01	2.75E-01	3.20E-01	3.16E+00	P	2.79E-01	8.8%
		Sulfur Dioxide (lb/hr)	1.61E+00	5.29E+00	3.98E-02	1.62E+01	P	2.31E+00	14.3%
	STATE	Ammonia (ppmdv @ 7% O_2)	2.8E+00	2.1E+00	2.6E+00	5.0E+01	P	2.5E+00	5.0%
		Ammonia (lb/hr)	2.86E-01	2.11E-01	2.62E-01	4.88E+00	P	2.53E-01	5.2%
		Dioxins/Furans-2,3,7,8 TCDD TEQ (ng/dscm @ 7% O_2)	1E-02	6E-03	9E-03	4E-01	P	8E-03	2.1%
		Dioxins/Furans-2,3,7,8 TCDD TEQ (lb/hr)	1.49E-09	9.26E-10	1.41E-09	1.29E-07	P	1.28E-09	1.0%
		Mercury (μg/dscm @ 7% O_2)	< 3.8E-01	< 3.7E-01	< 4.6E-01	2.8E+01	P	4.0E-01	1.4%
		Mercury Removal Efficiency (%)	> 99.1	> 98.7	> 99.3	>=85	P	99.0	-
		PAH (μg/dscm @ 7% O2)	1.4E-01	< 1.4E-01	< 1.7E-01	1.0E+00	P	1.5E-01	15.2%
		Zinc (lb/hr)	2.96E-03	1.47E-03	4.35E-03	6.45E-02	P	2.93E-03	4.5%

NOTES:

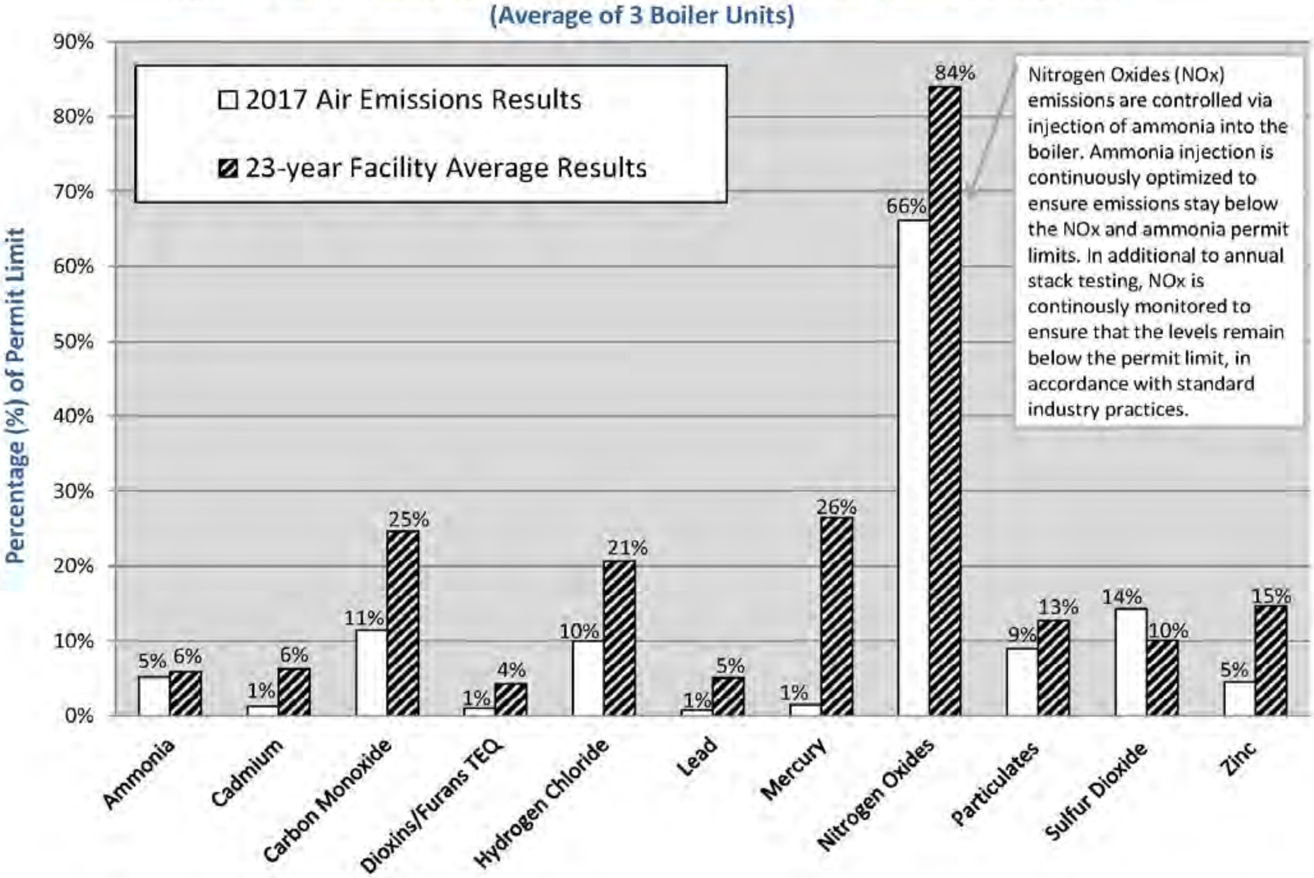
[1] Based on three test runs; used for compliance with permit limit.
[2] NYSDEC Title V Permit #7-3142-00028
[3] Average provided for informational purposes only; not used for compliance.
[4] Based on 3-Boiler Average; informational only; not used for compliance.

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 2017 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.

Waste-to-Energy Facility Air Emissions as a Percentage of the Facility Permit Limits (Average of 3 Boiler Units)



2017 Financial Statements

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

FINANCIAL STATEMENTS

as of December 31, 2017 and 2016
Together with Independent Auditor's Report

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Onondaga County Resource Recovery Agency (OCRRA) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise OCRRA's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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.

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and New York State Society of Certified Public Accountants

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 the Onondaga County Resource Recovery Agency as of December 31, 2017 and 2016, and the respective changes in its financial position and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2018, on our consideration of OCRRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCRRA's internal control over financial reporting and compliance.

Grossman St. Amour CPAs

Syracuse, New York
March 14, 2018

ANALYSIS OF FINANCIAL POSITION

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

Another important question is whether "*What direction OCRRA, as a whole, trended in 2017?*" OCRRA's total net position increased by $1,094,225, revenues increased over the previous year by almost nine percent while expenses increased by approximately three and one-half percent. OCRRA's total net position was $18,896,457 and $17,802,232 on December 31, 2017 and 2016, respectively.

Table 1

	2017	2016	2015
Current assets	$ 18,693,237	$ 18,045,726	$ 12,888,688
Assets limited as to use	5,314,673	8,877,686	18,473,807
Property, plant and equipment - net	11,898,249	10,722,316	9,212,026
Facility lease - net of current portion	51,910,431	54,047,030	56,800,295
Total assets	87,816,590	91,692,758	97,374,816
Deferred outflows of resources	1,164,447	2,253,027	609,026
Current liabilities	6,224,933	5,921,146	5,704,350
Long-term liabilities	62,452,996	68,690,503	72,362,087
Total liabilities	68,677,929	74,611,649	78,066,437
Deferred inflows of resources	1,406,651	1,531,904	1,361,528
Net position - Net investment in capital Assets	8,998,838	9,218,610	9,212,026
Unrestricted	4,856,854	3,637,381	4,853,920
Restricted	5,040,765	4,946,241	4,044,651
Total net position	$ 18,896,457	$ 17,802,232	$ 18,110,597

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 2017, 2016 and 2015.

ANALYSIS OF FINANCIAL POSITION (Continued)

Table 2

	2017	2016	2015
Operating revenues	$ 33,795,806	$ 31,013,229	$ 31,530,427
Other revenues	2,224,437	2,528,509	3,203,704
Total revenues	36,020,243	33,541,738	34,734,131
Operating expenses	32,755,151	31,651,573	35,018,517
Other expenses	2,170,867	2,198,530	1,555,841
Total expenses	34,926,018	33,850,103	36,574,358
Change in net position	1,094,225	(308,365)	(1,840,227)
Net position - beginning of year	17,802,232	18,110,597	20,303,624
Prior Period adjustment	-	-	(445,280)
Net position end of year	$ 18,896,457	$ 17,802,232	$ 18,110,597

The increase in OCRRA's net position in 2017 was due primarily to stronger commodity markets, higher tipping rates, and increased material processing in 2017 as compared to 2016.

OCRRA'S FUNDS

OCRRA does not utilize Funds or Fund Accounting. OCRRA maintains funds on deposit with a Trustee as required by contractual obligations entered into as part of OCRRA restructuring as detailed in the financial statements. As of December 31, 2017, OCRRA funds held by the trustee of $5,040,765 are recorded as Restricted under the OCRRA's Net Position. These restricted assets are due to the Indenture of Trust agreement between OCRRA and U.S. Bank National Association (the Trustee) that requires OCRRA operating revenues to be maintained on deposit with the Trustee until any necessary payments are made on the 2015 Bonds.

Budgetary Highlights

OCRRA's 2017 adopted budget was based on the 2016 results and anticipated a small incremental improvement in the economy.

Capital Assets

At the end of 2017 OCRRA had approximately $11.9 million in capital assets consisting primarily of two transfer stations, a composting facility, and various pieces of operating equipment. During 2017 Property, Plant & Equipment, net increased by approximately $1,176,000, which reflects acquisitions of $2,343,000 and retirements and depreciation charges of $1,167,000.

Bonds

During 2017, OCRRA reduced outstanding bonds by $1,790,000.

Capital Leases

During 2017, OCRRA initiated capital leases of approximately $1,090,000 for the purchase of capital assets. The Capital Lease program allows OCRRA to spread the cash impact of capital purchases over multiple years.

OCRRA'S FUNDS (Continued)

Direct Finance Lease – through May 2035
On November 12, 2014, OCRRA reached an agreement (extension) with 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.

OCRRA obtained extension financing for the refunding of the 2003 Series B bonds, and for the establishment of the Capital Refurbishment Fund. See Note 8 for additional information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2018 Budget develops the revenue and expense requirements to continue OCRRA's efforts to provide sound environmental solid waste disposal solutions to our community while recognizing the current economic realities.

OCRRA operates in a highly complex contractual business setting with rigid regulatory oversight. Its waste disposal infrastructure was very expensive to site and construct, leading to high fixed costs of operation. Budgets are designed around historic waste levels, and recent commodity prices. For the last several years normally predictable amounts of trash, recyclables, energy revenues and recovered material values have been more variable. These economic conditions have prompted changes in fees in order to maintain the services OCRRA provides to the community. Additionally, OCRRA's strategic use of reserves during this time of commodity uncertainty has allowed OCRRA to maintain the high quality of its services while minimizing the impact of these fee changes on the community. Should conditions improve, or get worse, OCRRA will consider case by case program reviews to provide high levels of environmental performance with watchful stewardship of public service fees and reserves.

During 2017, OCRRA was pleased it was able to maintain and replenish reserve balances.

OCRRA's 2018 Budget was passed at a break-even level. The 2018 Budget is fiscally conservative, reflects modest energy rates, and no increase in municipal solid waste tip fees. These revenue and expense items, combined with strict expenditure controls are expected to improve OCRRA's financial condition over time.

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, 2017 AND 2016

		2017	2016
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$	7,107,286	6,715,145
Accounts receivable (net of an allowance for bad debts of $50,000 in 2017 and 2016)		2,781,576	2,867,896
Electric revenue receivable		544,940	322,750
Metal revenue receivables		104,241	150,085
Prepaid expenses		1,254,429	1,253,609
Facility lease, current portion		1,860,000	1,790,000
Assets limited to use, current portion		5,040,765	4,946,241
Total current assets		18,693,237	18,045,726
NON-CURRENT ASSETS:			
Assets limited as to use:			
Funds held by trustee under indenture		5,314,673	8,877,686
Property, plant and equipment, net		11,898,249	10,722,316
Facility lease, net of current portion		51,910,431	54,047,030
Total noncurrent assets		69,123,353	73,647,032
Total assets		87,816,590	91,692,758
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension related		1,164,447	2,253,027
LIABILITIES			
CURRENT LIABILITIES:			
Accounts payable		2,963,897	2,953,073
Bonds payable - 2015 Series A&B, current portion (NOTE 8)		1,860,000	1,790,000
Capital lease liability, current portion		702,080	488,436
Accrued interest		399,794	407,433
Accrued expenses and other current liabilities		299,162	282,204
Total current liabilities		6,224,933	5,921,146
NON-CURRENT LIABILITIES:			
Bonds payable - 2015 Series A (NOTE 8)		49,165,000	51,025,000
Bond Premium on refunding of debt		3,985,431	4,215,363
Capital Fund		5,314,673	8,877,686
Capital lease liability		2,197,331	1,918,765
Net Pension liability		1,154,376	2,019,031
Other postemployment benefits (NOTE 10)		636,185	634,658
Total non-current liabilities		62,452,996	68,690,503
Total liabilities		68,677,929	74,611,649
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension related		185,979	240,805
Unearned revenue - bond related		1,220,672	1,291,099
Total deferred inflows of resources		1,406,651	1,531,904
NET POSITION			
Net investment in capital assets		8,998,838	10,722,316
Restricted		5,040,765	4,946,241
Unrestricted		4,856,854	2,133,675
Total net position	$	18,896,457	$ 17,802,232

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, 2017 AND 2016

	2017	2016
OPERATING REVENUES:		
Tipping fees	$ 27,335,140	$ 24,323,166
Electric revenue	3,910,586	3,432,030
Recovered material revenue	1,178,255	825,491
Grant revenue	90,123	1,286,486
Compost revenue	735,009	647,537
Other	546,693	498,519
Total operating revenues	33,795,806	31,013,229
OPERATING EXPENSES:		
Personal services	6,158,467	5,732,448
Contractual services -		
Landfill contracts	1,772,384	1,535,267
Other contractual services	65,869	65,128
Materials and supplies	543,073	409,142
Professional fees	224,515	172,580
Recycling	192,509	468,395
Compost	269,426	360,672
Hazardous waste disposal	118,278	92,670
Repairs and maintenance	394,328	503,767
Utilities	124,137	112,711
Insurance	568,144	553,378
Operating leases	208,686	145,936
Depreciation	1,166,661	752,658
Taxes and other payments to Host Communities	357,762	352,472
Other	510,518	455,124
Waste-to-Energy operations cost	20,080,394	19,939,225
Total operating expenses	32,755,151	31,651,573
OPERATING LOSS	1,040,655	(638,344)
NON-OPERATING REVENUE (EXPENSE):		
Interest income - cash and repurchase agreements	7,140	1,196
Interest income - non-system	5,834	5,028
Gain on 2015 deferred inflow	70,428	70,428
Interest income - lease receivable	2,120,835	2,181,622
Interest expense	(2,120,835)	(2,181,622)
Interest expense capital leases	(50,032)	(16,908)
Gain on sale of machinery and equipment	20,200	270,235
Non-operating revenue, net	53,570	329,979
CHANGE IN NET POSITION	1,094,225	(308,365)
NET POSITION - beginning of year	17,802,232	18,110,597
NET POSITION - end of year	$ 18,896,457	$ 17,802,232

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, 2017 AND 2016

	2017	2016
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from tipping fees	$ 27,421,460	$ 24,030,468
Receipts from electric revenue	3,688,396	3,399,884
Other operating receipts	2,595,925	3,172,888
Payments to vendors and suppliers	(4,773,511)	(4,916,301)
Payments to employees	(4,787,014)	(4,688,923)
Payments for Waste-to-Energy (WTE) operations	(15,892,961)	(15,752,670)
Payments for insurance and employee benefits	(1,749,983)	(1,415,203)
Net cash flow from operating activities	6,502,312	3,830,143
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments on bonds outstanding	(1,790,000)	(1,745,000)
Payments on capital lease obligations	(597,301)	(100,955)
Proceeds from the sale of machinery and equipment	20,200	270,235
Purchase of property, plant and equipment	(1,253,083)	(658,261)
Proceeds from capital leases in escrow	-	903,471
Payments for interest on bonds outstanding	(2,408,437)	(2,427,306)
Net cash flow from capital and related financing activities	(6,028,621)	(3,757,816)
CASH FLOW FROM INVESTING ACTIVITIES:		
Net change in funds held by trustee	(94,524)	(901,589)
Proceeds from interest on invested funds	12,974	6,223
Net cash flow from investing activities	(81,550)	(895,366)
CHANGE IN CASH AND CASH EQUIVALENTS	392,141	(823,039)
CASH AND CASH EQUIVALENTS - beginning of year	6,715,145	7,538,184
CASH AND CASH EQUIVALENTS - end of year	$ 7,107,286	$ 6,715,145

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, 2017 AND 2016

	2017	2016
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income (loss)	$ 1,040,654	$ (638,344)
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	1,166,661	752,658
WTE operations used to reduce lease costs	4,187,433	4,186,554
Other postemployment benefits expense	1,526	(55,961)
Bond insurance amortization	31,416	31,416
Pension expense	36,833	188,538
Bond insurance costs	-	-
Changes in:		
Accounts receivable	86,320	(292,698)
Electric revenue receivable and other receivables	(176,346)	(117,289)
Prepaid expenses	100,033	93,067
Accounts payable, accrued expenses and other current liabilities	27,782	(317,798)
Net cash flow from operating activities	$ 6,502,312	$ 3,830,143

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

In 2017, OCRRA purchased approximately $1,993,000 of fixed assets through capital leases.

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

The accompanying notes are an integral part of these statements.

1. ORGANIZATION

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus and Basis of Accounting

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

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

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

Estimates

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

Other Postemployment Benefits

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Property, Plant and Equipment
Property, plant and equipment over $5,000 are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 4 to 25 years. Depreciation expense amounted to $1,166,661 and $752,658 for the years ended December 31, 2017 and 2016, respectively.

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Landfill and Related Costs

OCRRA has secured the required permit for the construction of an in-county landfill to be located in the Town of Van Buren (the "Landfill"). Currently, OCRRA transports the ash from the Waste-to-Energy Facility and other non-recyclable waste that cannot be processed at the facility to the High Acres Landfill, near Fairport, New York under a long-term contract. Construction of the in-county landfill will occur when environmental and economic factors dictate that it is in the best interest of Onondaga County businesses and residents. The cost of the designated site is included in property, plant and equipment (see Note 6). Engineering and consulting fees related to siting, environmental studies and permitting of the Landfill are capitalized. According to Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, should OCRRA decide to transport waste to the Landfill, OCRRA is required to accrue a portion of the estimated total of closure and postclosure care in each period that waste is accepted at the site. Recognition of such a liability shall begin on the date the Landfill begins accepting waste. As of December 31, 2017 there has been no waste delivered to the Landfill.

Environmental and Regulatory Risk

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

3. CASH AND CASH EQUIVALENTS

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

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

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

At December 31, 2017, the carrying value of OCRRA's deposits were approximately $12,148,000, and the bank balances were approximately $12,399,000. 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, 2017, OCRRA had collateralized cash balances of approximately $3,174,000, and the remainder was covered by depository insurance.

4. OPERATING CONSIDERATIONS

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

5. ASSETS LIMITED AS TO USE

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

	2017	2016
Funds accumulated from System revenues to pay for debt service obligations	$ 1,627,817	$ 1,593,083
Accumulation of earnings from System revenues to satisfy general OCRRA obligations	3,412,948	2,449,663
Capital Lease Proceeds in escrow	-	903,495
Total	$ 5,040,765	$ 4,946,241

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increase	Decrease	Ending Balance
Land	$ 396,190	$ -	$ -	$ 396,190
Landfill site	3,854,290	-	-	3,854,290
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	672,597	-	-	672,597
Buildings and improvements	3,004,888	32,351	-	3,037,239
Machinery and vehicles	9,767,906	2,197,562	88,300	11,877,168
Furniture and fixtures	111,606	-	-	111,606
Computer equipment	120,709	-	-	120,709
Leasehold improvements	3,289,720	85,342	-	3,375,062
Land improvements	48,310	-	-	48,310
Construction in progress	-	27,339	-	27,339
Total property, plant and equipment	21,461,976	2,342,594	88,300	23,716,270
Less: Accumulated depreciation				
Landfill buildings and improvements	(625,889)	(3,784)	-	(629,673)
Buildings and improvements	(2,048,510)	(120,409)	-	(2,168,919)
Machinery and vehicles	(7,192,294)	(844,662)	(88,300)	(7,948,656)
Furniture and fixtures	(104,525)	(4,802)	-	(109,327)
Computer equipment	(100,309)	(9,214)	-	(109,523)
Leasehold improvements	(652,835)	(181,375)	-	(834,210)
Land improvements	(15,298)	(2,415)	-	(17,713)
Total accumulated depreciation	(10,739,660)	(1,166,661)	(88,300)	(11,818,021)
Property, plant and equipment, net	$ 10,722,316	$ 1,175,933	$ -	$ 11,898,249

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

	Beginning Balance	Increase	Decrease	Ending Balance
Land	$ 396,190	$ -	$ -	$ 396,190
Landfill site	3,854,290	-	-	3,854,290
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	672,597	-	-	672,597
Buildings and improvements	2,838,002	166,886	-	3,004,888
Machinery and vehicles	8,904,570	2,087,193	1,223,857	9,767,906
Furniture and fixtures	111,606	-	-	111,606
Computer equipment	103,852	16,857	-	120,709
Leasehold improvements	3,289,720	-	-	3,289,720
Land improvements	48,310	-	-	48,310
Construction in progress	7,990	5,178	13,168	-
Total property, plant and equipment	20,422,887	2,276,114	1,237,025	21,461,976
Less: Accumulated depreciation				
Landfill buildings and improvements	(622,001)	(3,888)	-	(625,889)
Buildings and improvements	(1,939,321)	(109,189)	-	(2,048,510)
Machinery and vehicles	(7,967,574)	(448,578)	(1,223,858)	(7,192,294)
Furniture and fixtures	(99,723)	(4,802)	-	(104,525)
Computer equipment	(92,299)	(8,010)	-	(100,309)
Leasehold improvements	(477,060)	(175,775)	-	(652,835)
Land improvements	(12,883)	(2,415)	-	(15,298)
Total accumulated depreciation	(11,210,861)	(752,657)	(1,223,858)	(10,739,660)
Property, plant and equipment, net	$ 9,212,026	$ 1,523,457	$ 13,167	$ 10,722,316

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. 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.

Renewal of Facility Lease and Service Agreement
In November 2014, OCRRA entered into a twenty (20) year extension of the Second Amended and Restated Service Agreement with the Partnership until May 8, 2035. The extension includes a mutual option to extend the term of the Service Agreement for an additional five (5) years until May 8, 2040. Under this Service Agreement extension, OCRRA was required to refinance the 2003 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.

OCRRA committed to a minimum annual waste delivery obligation of 320,000 in 2015 and 345,000 tons for full years thereafter, with OCRRA paying shortfall damages equal to the Partnership's lost electric and metal revenue for each shortfall ton. The maximum annual waste capacity is the Facility's permitted capacity less some limited tonnage available to the Partnership for Supplemental Waste. Net electric revenue is shared 90% OCRRA/10% Partnership and metal revenue is shared 50%/50% with a ceiling amount. OCRRA remains responsible for ash transport and disposal with some limited exceptions. The existing Market Rate Agreement was 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 will establish a Capital Refurbishment Fund to assist in funding OCRRA's share of needed Capital Refurbishment Projects.

7. FACILITY LEASE AND SERVICE AGREEMENT (Continued)

Renewal of Facility Lease and Service Agreement (Continued)

As described in Note 8, OCRRA issued 2015A and 2015B series debt in accordance with the terms of the facility lease renewal. This resulted 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 2003 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:

	2017	2016
Operating and pass through costs	$ 15,892,961	$ 15,752,670
Capital charge	4,187,433	4,186,555
Total	$ 20,080,394	$ 19,939,225

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

Year	Amount
2018	$1,860,000
2019	1,935,000
2020	2,015,000
2021	2,115,000
2022	2,220,000
2023 – 2027	12,870,000
2028 – 2032	16,395,000
2033 – 2035	11,615,000
Total future minimum lease payments	51,025,000
Less: Income recognized prior to May principal payment	(1,240,000)
Less: Current portion	(1,860,000)
Long-term portion	$ 47,925,000

8. 2015 SERIES A AND 2015 SERIES B BONDS PAYABLE

In 2015, OCRRA issued $54,560,000 in Revenue Bonds, consisting of Series 2015A Tax-Exempt Bonds totaling $53,505,000 and Series 2003B Taxable Bonds totaling $1,055,000. The 2015A bonds bear interest at an escalating rate from 3% to 5%. The 2015A bonds have a tiered maturity schedule with annual principal maturations through May 1, 2030, and an $18,640,000 final maturity on May 1, 2035. The 2015B bonds bear interest at 1.75%, and matured 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, $42,695,385 in outstanding 2003B bonds were refunded and retired.

Activity relative to the 2015A and 2015B bonds payable for the year ended December 31, 2017 was as follows:

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Due in one year
2015A	$ 52,815,000	$ -	$ (1,790,000)	$ 51,025,000	$ 1,860,000
2015B	-	-	-	-	-
Total	$ 52,815,000	$ -	$ (1,790,000)	$ 51,025,000	1,860,000
Bond Premium	4,215,363	-	(229,932)	3,985,431	229,932
Total	$ 57,030,363	$ -	$ (2,019,932)	$ 55,010,431	$ 2,089,932

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

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

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

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

Interest paid as of December 31, 2017 and 2016, amounted to $2,120,835 and $2,181,622, respectively.

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
2018	1,860,000	2,289,700	4,149,700
2019	1,935,000	2,213,800	4,148,800
2020	2,015,000	2,124,725	4,139,725
2021	2,115,000	2,021,475	4,136,475
2022	2,220,000	1,913,100	4,133,100
2023 - 2025	7,345,000	5,033,925	12,378,925
2026 - 2030	14,895,000	5,662,375	20,557,375
2031 - 2035	18,640,000	1,922,000	20,562,000
Total	51,025,000	23,181,100	74,206,100

9. RETIREMENT PLANS

New York State Employees' Retirement System (NYSERS)

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

9. RETIREMENT PLANS (Continued)

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

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
2017	$ 529,067
2016	537,193
2015	653,014

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

At December 31, 2017 and 2016, OCRRA reported a net pension liability of $1,154,376 and $2,019,031, respectively, for its proportionate share of the NYS ERS net pension liability. The net pension liability was measured as of March 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuations as of those dates. OCRRA's proportion of the net pension liability was based on a projection of OCRRA's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2017 and 2016, OCRRA's proportion was .0122855% and .0125794%, respectively. For the year ended December 31, 20177 and 2016, OCRRA recognized pension expense of $700,197 and $754,433, respectively.

At December 31, 2017, 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	$ 28,928	$ 175,299
Changes of Assumptions	394,377	
Net difference between projected and actual earnings on pension plan investments	230,576	-
Changes in proportion and differences between OCRRA's contributions and proportionate share of contributions	113,766	10,680
Contributions subsequent to the measurement date	396,800	-
Total	$ 1,164,447	$ 185,979

9. RETIREMENT PLANS (Continued)

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

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

Year Ended March 31:		Amount
2018	$	252,920
2019		252,920
2020		223,734
2021		(147,906)
2022		-
Thereafter		-
Total		581,668

OCRRA recognized $396,800 as a deferred outflow of resources related to pensions resultir from contributions made subsequent to the measurement date of March 31, 2017, which will l recognized as a reduction of the net pension liability in the year ended December 31, 2018.

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

		Deferred Outflows of Resources		Deferre Inflows (Resourc
Differences between expected and actual experience	$	10,203	$	239,3
Changes of Assumptions		538,415		
Net difference between projected and actual earnings on pension plan investments		1,197,800		
Changes in proportion and differences between OCRRA's contributions and proportionate share of contributions		103,714		1,4
Contributions subsequent to the measurement date		402,895		
Total	$	2,253,027	$	240,8

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

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

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

9. RETIREMENT PLANS (Continued)

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

Actuarial Assumptions

The total pension liability at March 31, 2017 was determined by using an actuarial valuation as of April 1, 2016, with update procedures used to roll forward the total pension liability to March 31, 2017. The actuarial valuation used the following actuarial assumptions:

	ERS
Inflation	2.5%
Salary increases	3.8%
Investment Rate of Return (net investment expense and inflation)	7.0%
Cost of living adjustments	1.3%

Annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017 are summarized below:

Long Term Expected Rate of Return

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic Equity	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7
Real Estate	10.0	5.8
Absolute Return	2.0	4
Opportunistic Portfolio	3.0	5.89
Real Asset	3.0	5.54
Bonds & Mortgages	17.0	1.31
Cash	1.0	(.25)
Inflation-Indexed Bonds	4.0	1.5
	100.0	

9. RETIREMENT PLANS (Continued)

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

Discount Rate

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

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2017 were as follows:

Total pension liability	$ 177,400,586
Net position	(168,004,363)
Net pension liability (asset)	$ 9,396,223
ERS net position as a percentage of total pension liability	94.7%

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – December 31, 2017

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

	1% Decrease (6.0%)	Current Discount (7.0%)	1% Increase (8.0%)
Proportionate Share of Net Pension liability (asset)	$ 3,686,849	$1,154,376	$ (986,825)

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

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

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

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.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Health Insurance Benefits

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Annual required contribution	$ 48,937
Actuarial adjustment	20,857
Contributions made	(68,267)
Increase in net OPEB obligation	1,527
Net OPEB obligation - beginning of year	634,658
Net OPEB obligation - end of year	$ 636,185
Annual OPEB cost	$ 48,937
Percentage of annual OPEB cost contributed	139%

OCRRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for the fiscal year 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	$ 46,041	15.75%	$ 690,619
12/31/2016	42,310	132.26%	634,658
12/31/2017	48,937	139.49%	636,185

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

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

Methods and Assumptions

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

The following simplifying assumptions were made:

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

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

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

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

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

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

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

11. COMMITMENTS AND CONTINGENCIES

Operating Leases
OCRRA leases land, equipment and office facilities under operating leases. Rental payments under these agreements were approximately $112,000 and $109,000 during 2017 and 2016, respectively. Obligations under all cancelable and non-cancelable long-term operating leases are as follows at December 31, 2017:

Year	Amount
2018	$ 94,500
2019	92,500
2020	88,500
2021	89,500
2022	45,000
2023	-
Total	$ 410,000

Capital Leases:

During 2017, OCRRA initiated a municipal finance lease program for the purchase of replacement equipment required for OCRRA operations. These capital leases allow OCRRA to preserve cash reserves while purchasing needed equipment in a timely manner. Interest rates on capital leases range 1.75% to 2.28%, and each lease is for a term of 5 years. During 2017, OCRRA made principal payments of $488,436, and interest payments of $39,521.

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

Year	Principal	Interest	Total
2018	$702,080	$56,039	$758,119
2019	716,455	41,664	758,119
2020	731,129	26,990	758,119
2021	635,927	12,012	647,939
2022	113,820	1,260	115,080

In January 2018, OCRRA completed an additional capital lease with a principal value of $577,983, 5 year term, and interest rate of 2.51%.

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, ash, and tire disposal. The per ton solid waste/bypass solid waste disposal charge will range from $23 to $24.77, for ash $18 to $20.60, 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 2027, with two four year options thereafter, a per ton incinerator ash residue disposal charge ranging from $14 to $15.50 through 2018, and an escalation of 2% per year thereafter. Total costs incurred under all agreements were $1,728,411 and $1,496,698 during 2017 and 2016, respectively.

11. COMMITMENTS AND CONTINGENCIES (Continued)

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 continued for 25 years from that date. Annual payments to Onondaga under the terms of the Agreement totaled approximately $162,000 and $158,000 during 2017 and 2016, respectively. This Host Community Agreement expired at the end of 2017.

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 2018.

OCRRA recorded payments to Van Buren in the amount of $58,898 and $58,313 in 2017 and 2016, respectively. OCRRA also made payments to Onondaga of approximately $128,000 in both 2017 and 2016, respectively, for fire and water district assessments.

Property Stabilization

In 1997, OCRRA approved a property stabilization program to assist a limited number of property owners who live immediately adjacent to the landfill site. Payments under the plan make up a portion of the difference between the fully assessed value of a property and the actual sales price. In 2017 and 2016, no such payments were made.

Litigation

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

Union Contract

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

12. NATIONAL GRID AGREEMENT

OCRRA and National Grid participate in an electricity purchase agreement through 2025. National Grid and OCRRA have established the upper limit for the agreement at 243,000,000 Kwh. For calendar years 2016 through 2025, OCRRA receives 77.50% of the market rate. In 2017 and 2016, respectively OCRRA received an annual average sale price of 1.79 and 1.93 per kilowatt hour.

13. CONCENTRATION

The top five haulers delivered approximately 60% and 66% of the total municipal solid waste to OCRRA during the years ended December 31, 2017 and 2016, respectively. These haulers also accounted for approximately 72% and 76% of accounts receivable at December 31, 2017 and 2016, respectively.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2017

Year	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Ratio
December 31, 2015	-	690,619	0%
December 31, 2016	-	634,658	0%
December 31, 2017	-	636,185	0%

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2017

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

	2017	2016	2015
Proportion of the net pension liability (asset)	.01%	.01%	.01%
Proportionate share of the net pension liability (asset)	$1,154	$2,019	$427
Covered employee payroll	$4,021	$3,653	$3,603
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.70%	55.26%	11.85%
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	90.70%	97.90%

Schedule of Contributions, Pension Plans – in thousands

	2017	2016	2015
Contractually required contribution	$ 524	$ 533	$ 658
Contributions in relation to the contractually required contribution	$ 524	$ 533	$ 658
Contribution deficiency (excess)	-	-	-
Covered employee payroll	$4,021	$3,653	$3,603
Contributions as a percentage of covered-employee payroll	13.03%	14.59%	18.26%

Information for periods prior to the implementation of GASB 68 (2008-2014) is unavailable and the above-related disclosures will be completed each year going forward as information becomes available.

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CERTIFIED PUBLIC ACCOUNTANTS PLLC

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Onondaga County Resource Recovery Agency (OCRRA) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise OCRRA's basic financial statements, and have issued our report thereon dated March 14, 2018.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of OCRRA'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 OCRRA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grossman St Amour CPAs

Syracuse, New York
March 14, 2018

OCRRA Management

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Executive Director

Michael Mokrzycki
Business Officer

Renee Czerwiak
Executive Secretary

William J. Bulsiewicz, Esq.
Legal Counsel

Kristen R. Lawton
Public Information Officer

Andrew J. Radin
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