

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY



2022

Annual Report



www.OCRRRA.org

Chairman's Message



Blair Page
2022 OCRRA Board Chair

As we enter into Spring 2023, we look forward to the opportunities and challenges that are unfolding before us. But first, I would like to acknowledge and express my appreciation to John Copanas, long-time OCRRA board member and chair for many years, who passed away unexpectedly last November. John's passion and dedication for OCRRA and his community were evident in all that he did as a volunteer board member. The time that we have and what our futures hold is always uncertain, but I think we are all called, as the saying goes, to "do the best you can, with what you have, where you're at."

I am pleased to report, as a volunteer board member myself, that I think the team at OCRRA works to follow this motto daily. From the crews at OCRRA's transfer and compost sites, to the staff and administration in the office, to the board of directors, we are all working to do our best to manage our community's solid waste safely, efficiently and sustainably. In spite of supply chain disruptions, rising costs, and shifting markets, OCRRA has continually worked to improve waste reduction, resource recovery, and waste disposal for our community.

OCRRA, a non-profit public benefit corporation, was created by the New York State Legislature to deliver a comprehensive solid waste management and resource recovery system for Onondaga County. Local municipalities appoint 15 members to the Board of Directors to represent the interests and benefits of our neighbors.

One of the Board's first tasks last year was to develop a new strategic plan for the Agency. The process allowed me, the new executive staff, and the rest of the Agency to sharpen our focus. We reviewed and reestablished the Mission Statement and Vision:

To serve our community by providing a comprehensive solid waste management system that is environmentally, socially and fiscally sound. Through innovative strategies, including waste reduction, recycling, composting, energy recovery, disposal and education, OCRRA helps make our community a more sustainable and healthy place to live.

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Chairman's Message

We used those principles as a backdrop for planning sessions with the Agency's executive leadership team. From a high level, the strategic plan envisions:

- Continued optimization of operations at the renovated Rock Cut Road Transfer Station.
- Evaluating options at the Ley Creek site, with a focus on the current footprint.
- Planning for current and future waste and recycling capacity needs in Onondaga County.

Through this plan, an Ad-Hoc Committee of the Board was formed. We initiated a feasibility study for building a new transfer station at the Ley Creek location that meets regulations set by the New York State Department of Environmental Conservation. The goal is to re-permit this site for solid waste transfer activity in the future. The study has been completed and a conceptual design was approved by the Board in preparation for permit renewal deadlines in 2023.

In addition, the Agency envisioned a more comprehensive solid waste campus at Ley Creek. The Strategic Plan outlines the goal of building a residential drop-off site for hard-to-manage items, such as electronics, household hazardous waste and items containing mercury. OCRRA is currently working to finalize the purchase of eleven acres of land surrounding the original Ley Creek Transfer Station. Next we begin the hard work of bringing the Agency's vision for this site to fruition.



With an increasing focus on disposal capacity for our community, it is vitally important to continue to strengthen an already robust recycling and composting program by further removing items from the waste stream which can be more sustainably managed in other ways. OCRRA's important work allows the community to reduce, recycle, or reuse more than half of its waste, one of the highest rates in the country. However, it is important to note that the success that OCRRA reports is a direct result of the conscious efforts by you, the members of our community, to recycle right, to reduce waste and to overall work toward greater sustainability.

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Chairman's Message

Last year also marked a new chapter for OCRRA's comprehensive recycling efforts. The iconic blue bins that have dotted curbsides for decades will no longer be purchased by OCRRA for communities in our county. When New York's Source Separation Law was implemented, those blue bins gave neighbors a simple way to separate cans, jars, newspapers and cardboard boxes from trash. Curbside blue bins raised visibility for recycling and challenged neighbors to do their part.

Years later, separating our waste is second nature. As we continue to recycle more items, and in greater quantities, we needed a more practical tool. Recyclables are often spilling out of blue bins and littering neighborhoods on windy days and valuable commodities are damaged when open containers are left for haulers in the rain or snow.

Even before OCRRA decided to stop purchasing blue bins, many of our local haulers had already transitioned to using wheeled carts; one for recycling and one for trash. Several of our local municipalities have also made this change and others are in the process of doing so now. These carts are practical, often holding two or three times the amount of recyclables that fit in a blue bin. The closed lid keeps contents clean, dry and contained. However, carts are more expensive than bins and OCRRA is unable to buy them for communities in the same way that we could with the smaller, less expensive blue bins. The Board supports phasing out this program over the next few years to give everyone time to make the transition.

The purchase of roughly 100,000 additional bins has been authorized to carry us through until larger recycling carts are available across the county. While it is bittersweet seeing this iconic symbol of our recycling programs disappear, we must create a path to recycle and divert more waste to ease stress on our disposal capacity. But again, I should emphasize the importance of recycling right. When clean recycling gets contaminated with plastic bags, trash, and other materials that cannot be recycled in our community, what were potentially valuable commodities can quickly become waste. Please visit OCRRA.org to be sure that when you recycle at home and at work, that you are recycling right. You will also find great tips for reducing waste, composting, disposing of hazardous materials and much more on our website.

In closing, I would like to thank all of our many partners for your help and support in fulfilling OCRRA's mission on behalf of our county. We have both anticipated and unexpected challenges on the horizon, but I'm confident that through approaching these challenges together, we will be able to continue moving our county forward in a positive and increasingly sustainable direction.

Blair Page
Board Chair

www.OCRRA.org



OCRRA Board of Directors

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



Blair Page
2022 Board Chair
Governance Chair



Corey Driscoll Dunham
2022 Board Vice Chair



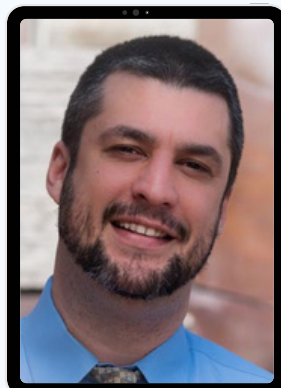
Luis Colón Torres
2022 Board Treasurer



Alberto Bianchetti



Doug Daley



Joe Driscoll
Audit Chair



Eileen Gilligan
Ops. / Recycling Chair



Lee Klosowski
Admin. Chair



Don Lawless
Finance Chair
Ley Creek Ad Hoc Chair



Stephanie Pasquale



Ravi Raman



Natalie Zaccaria

Recycling Programs

OCRRA Continues to Offer Onondaga County Residents Stellar Recycling Programs

Onondaga County residents recycled more than 29,290 tons of curbside recyclables in 2022. Together with businesses and schools more than 374,260 tons of mandatory and voluntary materials were recycled. This effort conserves natural resources, reduces greenhouse gases and supports hundreds of jobs locally and beyond.

A global recycling market downturn began in 2018. Commodity values dropped precipitously; some curbside items held a negative value. This meant that revenue from the sale of recyclables no longer covered the costs to sort, bale and transport the materials to market.

To weather this storm, OCRRA utilized reserve funds to sustain the program, while other communities reduced what items were accepted or shuttered their programs altogether. Between 2018 and 2020, OCRRA spent \$4.4 million to ensure Onondaga County's recycling program endured. Knowing this was not a sustainable long-term plan, OCRRA instituted a recycling fee in 2021.

While in 2022 recycling markets continued to fluctuate and OCRRA paid to keep recycling going, the recycling fee ensured that OCRRA could maintain our community's recycling program and avoid depleting our reserve funds.



Recycling Programs

2022 Recycling Achievements:

- ✓ **Recycled over 374,260 tons of material** for a 50% recycling rate.
- ✓ **Received more than \$376,600 in state grants** for household hazardous waste collection expenses, compost equipment, and blue bin purchases.
- ✓ **Provided special environmental services to the community**, including collection of:
 - **household hazardous waste** - 1,620+ appointments were made in 2022.
 - **batteries** - 7,978 pounds of rechargeable batteries were recycled.
 - **fluorescent lamps** - 12,000+ bulbs, or more than 43,850 mg of mercury, were kept out of the environment.
 - **non-deposit glass bottles** - The collection of these glass bottles at area redemption centers was more than doubled due to OCRRA's pilot collection program. However, lack of funding to expand store footprints to house the 35,000+ pounds of glass collected from January to July, ended the program.
- ✓ **Hosted environmental events**
 - OCRRA organized our community's annual Earth Day Litter Cleanup where more than 2,500 volunteers banded together and picked up 67,500 pounds of litter.
 - OCRRA also hosted a Mercury Thermometer and Thermostat Collection Event that kept more than 293 grams of mercury out of the environment.



Compost Operations

OCRRA is Exploring Ways to Enhance Services and Products for Local Residents and Businesses.

Four million pounds of food scraps were processed into compost in 2022. This was a decrease of 19% from 2021 and is down over 60% from the amount of food scraps composted pre-pandemic. The change is mainly due to the decision of several commercial and educational institutions to bring their food waste to an alternate facility.

Additional sources for food scraps that require light depackaging are being sought.

More than 21,000 yards of compost was produced in 2022. The compost is of very high quality and continues to meet all testing requirements of the U.S. Composting Council and the New York State Department of Environmental Conservation (NYSDEC).



2022 Achievements:

- ✓ Accepted more than 48,000 yards of trees, limbs, grass, leaves and other yard waste at our Amboy and Jamesville Compost Sites and turned them into compost for our community. The volume received is 36% more than received in 2021.
- ✓ Increased sales of mulch by 28% for both sites in 2022.
- ✓ Increased sales of certified compost by 29% at both sites and began using Naturcycle to market and distribute bulk and bag compost.



Transfer Operations

After decades of service and repairs, the Ley Creek Transfer Station is past its useful life and is no longer operational. In 2022, the facility stopped receiving waste from residential customers. After June of 2022, all residential and commercial waste was received at the Rock Cut Road Transfer Station. The Ley Creek site will remain closed to the public in 2023.

Ley Creek Transfer Station

- **Received 3,587 tons of waste from January through June.** All residential waste customers were transitioned to the Rock Cut Road Transfer Station in June of 2022.

Rock Cut Road Transfer Station

- **Received 87,735 tons of waste**, up only 3% from 2021 tonnage. For both received Rock Cut Road and Ley Creek, total tonnage of waste received in 2022 is down 3% as well. This represents a small reduction, and now status quo, created by moving the only transfer station to



the southern part of the county, which is causing many haulers to haul to the Camillus Landfill.

- **Bypass of 22,773 tons of construction and demolition debris** from Rock Cut Road Transfer Station was an increase from 20,803 tons in 2021. This material was delivered to the Camillus Landfill and the Seneca Meadows Landfill.

Disposal of Ash Residue

OCRRA continued to deliver over 3,500 truckloads, or 74,600 tons, of ash in 2022. That is up slightly from the 72,918 tons of ash sent to area landfills in 2021. Ash comprised 22% of the total waste tonnage processed in 2022, compared to 20% in 2021 and 22% in 2020. Variations in the weight of the ash, and its percentage of the waste processed, can be attributed to changes in the characteristics of the waste processed and the efficiency of various processes including metal recovery.

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 generated by our community. Without this Facility, 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 2022, the WTE Facility remained a reliable and essential part of local infrastructure.

Waste-to-Energy

ENVIRONMENTAL EXCELLENCE

Paramount to 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 a Continuous Emissions Monitoring System (CEMS) and annual stack testing. 2022 air testing results were excellent, with many of the parameters well below the permit limits. The Facility's CEMS was expanded in 2022 to continuously monitor for mercury and hydrogen chloride, as required by the Facility's air permit issued in 2021 by the New York State Department of Environmental Conservation.



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 16% of Onondaga County households) and the Facility itself. Using trash as a fuel source to generate electricity 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. There is an overall reduction in greenhouse gases. Generally, 0.72 tons of carbon dioxide emissions are avoided per ton of trash processed. In 2022, approximately 261,200 tons of carbon dioxide equivalent emissions were avoided by processing non-recyclable waste at the WTE Facility.

Waste-to-Energy

OPERATIONAL EXCELLENCE

2022 marks the Facility's 28th year of safe, reliable and efficient operations. In 2022, the Facility processed 362,786 tons of non-hazardous, non-recyclable waste (enough to overflow Syracuse University's JMA Wireless Dome), which generated 262,100 megawatt hours of electricity.



The Facility's metal recovery systems recovered approximately 12,882 tons of ferrous and non-ferrous metal for recycling, which would have otherwise ended up in a landfill.

Lastly, about 74,600 tons of non-hazardous ash residue were sent to a landfill for use as alternative daily cover. 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 certainly succeeds in achieving its mission of serving the local community with a world-class resource recovery system.

The results from the 2022 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

2022 ANNUAL STACK TEST RESULTS

	Constituent	Average Measured Emissions ¹			Permit Limit ²	Pass/Fail	3-Boiler Average	% Permit Limit ³	
		Unit 1	Unit 2	Unit 3					
TESTED ANNUALLY	FEDERAL	Cadmium (mg/dscm @ 7% O ₂)	< 0.000150	< 0.000139	< 0.000200	0.035	P	0.000163	0%
		Cadmium (lb/hr)	< 0.0000234	< 0.0000206	< 0.0000340	0.0019	P	0.0000260	1%
		Carbon Monoxide (lb/hr)	1.92	1.01	1.90	8.04	P	1.61	20%
		Dioxins/Furans (ng/dscm @ 7% O ₂)	0.788	0.320	0.138	30	P	0.42	1%
		Hydrogen Chloride (ppmdv @ 7% O ₂)	4.52	2.58	5.07	25	P	4.06	16%
		Hydrogen Chloride (lb/hr)	1.06	0.649	1.14	5.24	P	0.950	18%
		Hydrogen Chloride Removal Efficiency (%)	99.4	99.6	99.2	95	P	99.4	--
		Lead (mg/dscm @ 7% O ₂)	0.00198	0.00195	0.00161	0.400	P	0.001847	0%
		Lead (lb/hr)	0.000306	0.000330	0.000239	0.0381	P	0.0002917	1%
		Mercury (lb/hr)	< 0.0000684	< 0.0000698	< 0.0000633	0.004	P	0.0000672	2%
		Nitrogen Oxides (lb/hr)	52.3	50.2	46.9	58	P	49.8	86%
		Particulate (gr/dscf @ 7% O ₂)	0.000318	0.000615	0.000212	0.010	P	0.000382	4%
		PM ₁₀ (gr/dscf @ 7% O ₂)	0.0000851	0.000169	0.0000200	0.010	P	0.000091	1%
		PM ₁₀ Filterable (lb/hr)	0.0278	0.0573	0.00619	3.16	P	0.030	1%
		Sulfur Dioxide (lb/hr)	2.81	0.150	0.860	16.2	P	1.2733	8%
		STATE		Ammonia (ppmdv @ 7% O ₂)	< 0.654	< 1.16	< 1.08	50	P
Ammonia (lb/hr)	< 0.0728			< 0.136	< 0.113	4.88	P	0.1073	2%
Dioxins/Furans-2,3,7,8 TCDD TEQ (ng/dscm @ 7% O ₂)	0.00508			0.00149	0.000380	0.4	P	0.002317	1%
Dioxins/Furans-2,3,7,8 TCDD TEQ (lb/hr)	0.00000000814			0.00000000245	0.00000000579	0.000000129	P	0.0000000037	0%
Mercury (µg/dscm @ 7% O ₂)	< 0.440			< 0.412	< 0.425	28	P	0.426	2%
Mercury Removal Efficiency (%)	> 97.5			> 98.6	> 97.8	85	P	98.0	--

NOTES:

¹ Based on 3 test runs for each unit; used for compliance with permit limit.

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

³ 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% O₂ = concentration corrected to 7% oxygen

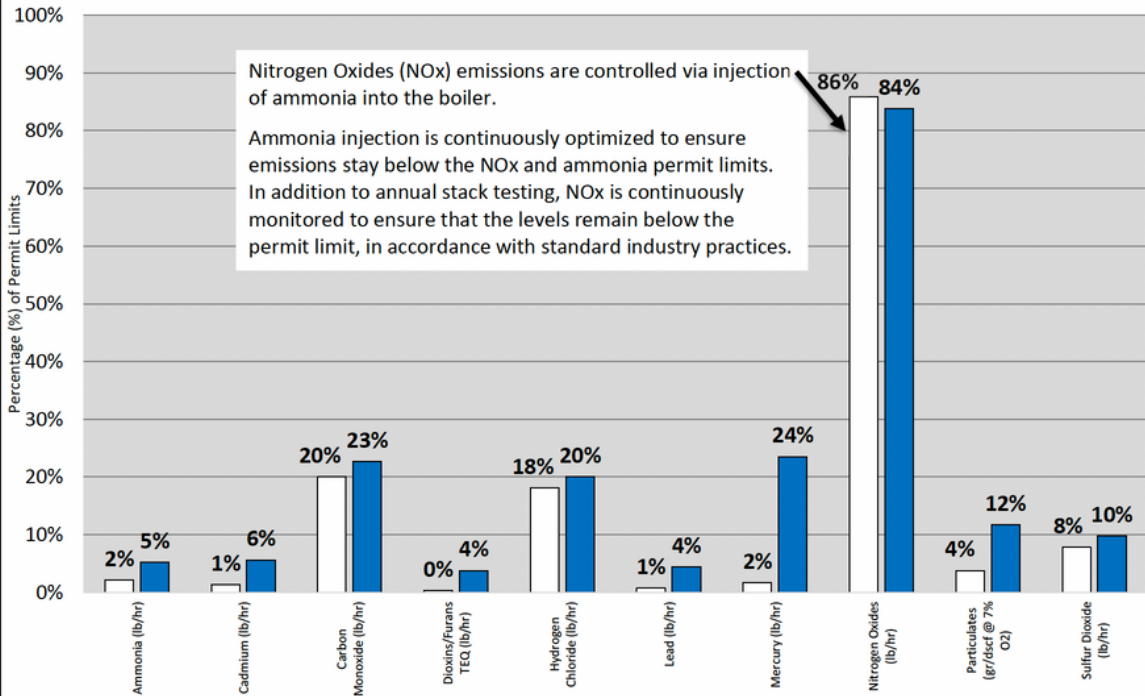
ng = nanograms

µg = micrograms

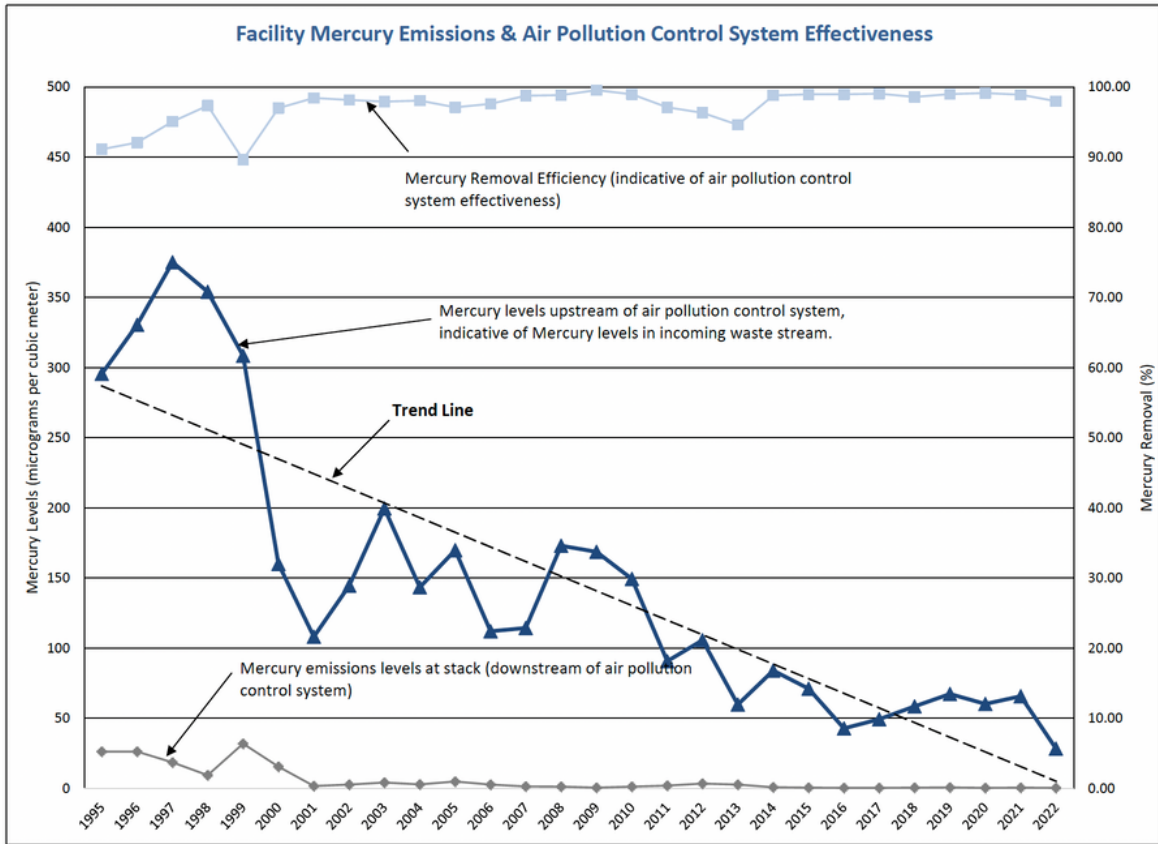
mg = milligrams

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

□ 2022 Air Emissions Results ■ 28-Year Facility Average Results



Waste-to-Energy



**ONONDAGA COUNTY
RESOURCE RECOVERY AGENCY**

FINANCIAL STATEMENTS

**as of December 31, 2022 and 2021
Together with Independent Auditor's Report**

www.OCRRA.org





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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the Onondaga County Resource Recovery Agency (OCRRA) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise OCRRA's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the Onondaga County Resource Recovery Agency as of December 31, 2022 and 2021, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of OCRRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

OCRRA's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about OCRRA's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 OCRRA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about OCRRA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, 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

Management is responsible for the other information included in the annual report. The other information does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection

with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2023 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering OCRRA's internal control over financial reporting and compliance.

Grossman St Amour CPAs

Syracuse, New York
March 8, 2023

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

MANAGEMENT'S DISCUSSION AND ANALYSIS

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. Additionally, OCRRA places an emphasis on strategically building and using cash reserves to provide price stability for its member municipalities. 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 2022?" OCRRA's total net position increased by \$8,234,371, operating revenues increased from the previous year by about 7.2 percent while operating expenses increased about 7.2%. OCRRA's total net position was \$35,233,140 and \$26,998,769 on December 31, 2022 and 2021, respectively.

Table 1

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current assets	\$ 36,691,529	\$ 28,302,516	\$ 21,124,892
Assets limited as to use – long term	1,178,696	1,313,211	2,265,611
Property, plant and equipment - net	19,104,742	19,946,188	20,588,936
Net Pension Asset	875,164	-	-
Facility lease - net of current portion	<u>39,832,438</u>	<u>42,465,703</u>	<u>44,985,635</u>
Total assets	97,682,569	92,027,618	88,965,074
Deferred outflows of resources	1,963,027	2,694,589	2,350,713
Current liabilities	8,478,995	7,793,257	7,738,786
Long-term liabilities	<u>51,986,471</u>	<u>55,696,455</u>	<u>62,862,259</u>
Total liabilities	60,465,466	63,489,712	70,601,045
Deferred inflows of resources	3,946,990	4,233,726	1,129,378
Net position - Net investment in			
Capital assets	8,232,071	8,516,721	8,846,208
Restricted	6,317,149	6,298,400	5,946,749
Unrestricted	<u>20,683,920</u>	<u>12,183,648</u>	<u>4,792,407</u>
Total net position	<u>\$ 35,233,140</u>	<u>\$ 26,998,769</u>	<u>\$ 19,585,364</u>

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 2022, 2021 and 2020.

ANALYSIS OF FINANCIAL POSITION (Continued)

Table 2

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Operating revenues	\$ 46,150,606	\$ 43,041,629	\$ 35,114,461
Other revenues	<u>1,967,803</u>	<u>1,854,112</u>	<u>2,166,694</u>
Total revenues	48,118,409	44,895,741	37,281,155
Operating expenses	37,815,621	35,262,134	36,678,429
Other expenses	<u>2,068,417</u>	<u>2,220,202</u>	<u>2,349,954</u>
Total expenses	39,884,038	37,482,336	39,028,383
Change in net position	8,234,371	7,413,405	(1,747,228)
Net position - beginning of year	<u>26,998,769</u>	<u>19,585,364</u>	<u>21,332,592</u>
Net position end of year	<u>\$ 35,233,140</u>	<u>\$ 26,998,769</u>	<u>\$ 19,585,364</u>

The increase in OCRRA's net position in 2022 was primarily due to commodity prices, particularly electricity and metal, along with continued expenditure controls during an inflationary period.

OCRRA'S FUNDS

OCRRA does not utilize Funds or Fund Accounting. OCRRA maintains funds on deposit with a Trustee as required by contractual obligations entered into as part of OCRRA's 2015 debt restructuring as detailed in the financial statements. As of December 31, 2022, OCRRA funds held by the trustee of \$6,317,149 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 and 2019 Bonds and to the operator of the Waste-to-Energy Facility.

Budgetary Highlights

OCRRA's 2022 electricity and metal revenues exceeded budgeted amounts due to higher market rates than anticipated. Expenses for repairs and maintenance of OCRRA's fleet was substantially higher than expected, as inflationary pressures and limited new truck inventory have forced OCRRA to maintain an aging fleet. OCRRA's 2023 adopted budget was based primarily on the 2021 results and anticipated similar pricing in commodity markets and incoming tonnages. Substantially all of the rates OCRRA charges users were held steady for 2023.

Capital Assets

At the end of 2022, OCRRA had approximately \$19.1 million in book value related to capital assets. Capital Assets consists primarily of two transfer stations, a composting facility, and various pieces of operating equipment. During 2022 Property, Plant & Equipment, net decreased by approximately \$800,000, which reflects depreciation of approximately \$1.5 million offset by limited replacement equipment purchases of approximately \$700,000.

Bonds

During 2022, OCRRA reduced outstanding 2015 bonds by \$2,220,000, and its 2019 bonds by \$550,000. The 2015 and 2019 Bonds mature in 2035 and 2034, respectively.

OCRRA'S FUNDS (Continued)

Financed Purchases

As of December 31, 2021, OCRRA had approximately \$772,000 in financed purchases outstanding. OCRRA utilizes this program to strategically spread the cash impact of capital purchases over multiple years. In the current interest rate environment, it has been more cost effective for OCRRA to purchase replacement equipment from its cash reserves.

Facility Lease Agreement – through May 2035

On November 12, 2014, OCRRA reached an agreement (extension) with Covanta Onondaga, L.P. to continue the facility lease of the Onondaga County Resource Recovery Facility for 20 years, commencing on May 8, 2015 and continuing until May 8, 2035, with a mutual option of an additional 5-year extension.

In 2015, OCRRA obtained extension financing for the refunding of the 2003 Series B bonds, and for the establishment of the Capital Refurbishment Fund. See Note 8 for additional information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2023 Budget develops the revenue and expense requirements to continue OCRRA's efforts to provide sound environmental solid waste disposal solutions to our community.

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. Revenue streams from commodity markets, specifically electricity, metal, fiber, and plastic have become highly variable over the last decade. Despite these economic conditions, OCRRA has successfully maintained the same fee structure to the community during 2021, 2022, and 2023. From time to time, OCRRA will strategically build up or use reserves to maintain the high quality of its services while minimizing the impact of 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 2022, OCRRA retained approximately \$8.3 million in cash reserves, which will be deployed when necessary to provide continued stability to the community's solid waste and recycling programs and invest in aging infrastructure when necessary. OCRRA's 2023 Budget was passed with a surplus of \$200,000. The 2023 Budget is fiscally conservative, reflects current commodity market conditions, and did not increase any significant rates. OCRRA's strict expenditure controls at a management and Board level are expected to continue to maintain and 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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 22,603,065	\$ 14,253,240
Accounts receivable (net of an allowance for bad debts of \$50,000 in 2022 and \$50,000 in 2021)	2,475,115	3,437,587
Electric revenue receivable	1,272,351	451,610
Metal revenue receivables	50,913	43,758
Prepaid expenses	1,642,937	1,597,921
Facility lease agreement, current portion	2,330,000	2,220,000
Assets limited to use, current portion	<u>6,317,148</u>	<u>6,298,400</u>
Total current assets	<u>36,691,529</u>	<u>28,302,516</u>
NON-CURRENT ASSETS:		
Assets limited as to use:		
Funds held by trustee under indenture	1,178,696	1,313,211
Property, plant and equipment, net	19,104,742	19,946,188
Net pension asset	875,164	-
Facility lease agreement, net of current portion	<u>39,832,438</u>	<u>42,465,703</u>
Total noncurrent assets	<u>60,991,040</u>	<u>63,725,102</u>
Total assets	<u>97,682,569</u>	<u>92,027,618</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension related	<u>1,963,027</u>	<u>2,694,589</u>
LIABILITIES		
CURRENT LIABILITIES:		
Accounts payable	4,374,264	3,619,732
Bonds payable - 2015 Series A, current portion (NOTE 8)	2,330,000	2,220,000
Bonds payable - 2019, current portion (NOTE 9)	580,000	550,000
Financed purchases liability, current portion	398,396	556,796
Accrued interest	391,149	417,860
Accrued expenses and other current liabilities	<u>405,186</u>	<u>428,869</u>
Total current liabilities	<u>8,478,995</u>	<u>7,793,257</u>
NON-CURRENT LIABILITIES:		
Bonds payable - 2015 Series A (NOTE 8)	38,550,000	40,880,000
Bonds payable - 2019 (NOTE 9)	8,675,000	9,255,000
2015 Bond Premium	2,835,771	3,065,703
2019 Bond Premium	1,138,003	1,238,415
2015 Capital Fund	250,573	250,573
Financed purchases liability	373,660	772,056
Net Pension liability	-	10,945
Other postemployment benefits (NOTE 11)	<u>163,464</u>	<u>223,763</u>
Total non-current liabilities	<u>51,986,471</u>	<u>55,696,455</u>
Total liabilities	<u>60,465,466</u>	<u>63,489,712</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension related	3,078,458	3,294,766
Unearned revenue - bond related	<u>868,532</u>	<u>938,960</u>
Total deferred inflows of resources	<u>3,946,990</u>	<u>4,233,726</u>
NET POSITION		
Net investment in capital assets	8,232,071	8,516,721
Restricted	6,317,149	6,298,400
Unrestricted	<u>20,683,920</u>	<u>12,183,648</u>
Total net position	<u>\$ 35,233,140</u>	<u>\$ 26,998,769</u>



ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
OPERATING REVENUES:		
Tipping fees	\$ 32,741,121	\$ 33,375,187
Electric revenue	9,878,778	5,225,211
Recovered material revenue	1,896,784	1,808,224
Grant revenue	379,452	1,201,093
Compost revenue	622,231	538,047
Other	<u>632,240</u>	<u>893,867</u>
Total operating revenues	<u>46,150,606</u>	<u>43,041,629</u>
OPERATING EXPENSES:		
Personal services	5,313,145	5,141,758
Contractual services -		
Landfill contracts	2,572,338	2,122,372
Other contractual services	104,620	90,207
Materials and supplies	834,722	514,772
Professional fees	409,783	401,668
Recycling	1,025,950	525,846
Compost	425,467	287,026
Hazardous waste disposal	99,347	127,475
Repairs and maintenance	1,010,641	769,825
Utilities	150,767	142,141
Insurance	506,522	524,202
Operating leases	125,944	117,023
Depreciation	1,535,757	1,919,563
Taxes and other payments to Host Communities	200,369	198,410
Other	485,715	452,827
Waste-to-Energy operations cost	<u>23,014,534</u>	<u>21,927,019</u>
Total operating expenses	<u>37,815,621</u>	<u>35,262,134</u>
OPERATING INCOME	<u>8,334,985</u>	<u>7,779,495</u>
NON-OPERATING REVENUE (EXPENSE):		
Interest income - cash and repurchase agreements	19,670	1,203
Interest income - non-system	123,422	8,563
Amortization on 2015 deferred inflow	70,428	70,428
Interest income - facility lease agreement	1,664,668	1,773,918
2015 Bond Interest expense	(1,664,668)	(1,773,918)
2019 Bond Interest expense	(371,505)	(396,838)
Interest expense capital leases	(32,244)	(49,446)
Gain on sale of machinery and equipment	<u>89,615</u>	<u>-</u>
Non-operating revenue (expenses), net	<u>(100,614)</u>	<u>(366,090)</u>
CHANGE IN NET POSITION	8,234,371	7,413,405
NET POSITION - beginning of year	<u>26,998,769</u>	<u>19,585,364</u>
NET POSITION - end of year	<u>\$ 35,233,140</u>	<u>\$ 26,998,769</u>

The accompanying notes are an integral part of these statements.



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ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Receipts from tipping fees	\$ 33,703,594	\$ 32,729,423
Receipts from electric revenue	9,058,036	5,113,297
Other operating receipts	3,523,552	4,448,982
Payments to vendors and suppliers	(6,772,076)	(5,474,806)
Payments to employees	(3,966,656)	(3,987,094)
Payments for Waste-to-Energy (WTE) operations	(18,826,601)	(17,738,169)
Payments for insurance and employee benefits	<u>(2,271,919)</u>	<u>(2,062,272)</u>
Net cash flow provided by operating activities	<u>14,447,930</u>	<u>13,029,361</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments on bonds outstanding	(2,770,000)	(2,640,000)
Payments on capital lease obligations	(556,796)	(1,035,305)
Proceeds from the sale of machinery and equipment	89,615	-
Purchase of property, plant and equipment	(694,311)	(554,772)
Payments for interest on bonds outstanding	<u>(2,425,472)</u>	<u>(2,573,566)</u>
Net cash flow used in capital and related financing activities	<u>(6,356,964)</u>	<u>(6,803,643)</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Net change in funds held by trustee	115,767	(206,638)
Proceeds from interest on invested funds	<u>143,092</u>	<u>9,767</u>
Net cash flow (used in) provided by investing activities	<u>258,859</u>	<u>(196,871)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	8,349,825	6,028,847
CASH AND CASH EQUIVALENTS - beginning of year	<u>14,253,240</u>	<u>8,224,393</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 22,603,065</u>	<u>\$ 14,253,240</u>

The accompanying notes are an integral part of these statements.

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ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOW FROM OPERATING ACTIVITIES:		
Operating income	\$ 8,334,985	\$ 7,779,495
Adjustments to reconcile operating loss to net cash flow from operating activities:		
Depreciation	1,535,757	1,919,563
WTE operations used to reduce lease costs	4,187,934	4,188,850
Other postemployment benefits expense	(60,299)	(150,624)
Bond insurance amortization	38,994	38,994
Change in pension costs	(334,928)	(263,134)
Changes in:		
Accounts receivable	962,473	(645,765)
Electric revenue receivable and other receivables	(827,896)	(104,163)
Prepaid expenses	(119,937)	21,703
Accounts payable, accrued expenses and other current liabilities	<u>730,847</u>	<u>244,442</u>
Net cash flow provided by operating activities	<u>\$ 14,447,930</u>	<u>\$ 13,029,361</u>

The accompanying notes are an integral part of these statements.

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ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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, 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, money market accounts, and from time to time treasury bills with maturity dates of twelve months or less.

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 40 years. Depreciation expense amounted to \$1,535,757 and \$1,919,563 for the years ended December 31, 2022 and 2021, 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 and Facility Lease 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. See page 14 for detail of the \$6,317,149 restricted net position at December 31, 2022.
- 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)

Revenue Classification

Tipping fees, commodity revenues, fees related to our principal operations and grants are considered operating revenues, as they derive from the OCRRA's principal purpose. Interest income and other miscellaneous sources are considered nonoperating.

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, the Seneca Meadows Landfill near Waterloo, New York and the Madison County Landfill near Nelson, New York generally under long-term contracts. 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, 2022 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 are U.S. Government and/or federal agency securities held by the Trustee.

At December 31, 2022, the carrying value of OCRRA's cash deposits were approximately \$29,848,000, and the bank balances were approximately \$29,839,000. 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, 2022, OCRRA had collateralized cash balances of approximately \$7,530,000, deposits at the Trustee of \$7,245,000, Treasury Bill investments of \$8,506,000, 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 districts, implemented in accordance with the “delivery agreements.” In addition, in 2000 - 2001, all 33 municipalities enacted approved, in-state waste site designation laws committing delivery of all of their MSW to the System if the MSW is to be disposed of within the State. Also, in 2003, the Onondaga County Legislature enacted a local “flow control” law, based closely on the language and criteria found in the Oneida-Herkimer Law that 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 hauler 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 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 certain trustee funds represent restricted net position reported on the Statement of Financial Position. The restricted net position includes the following funds at December 31:

	<u>2022</u>	<u>2021</u>
Funds accumulated from System revenues to pay for 2015 debt service obligations	\$ 1,877,318	\$ 1,822,485
Funds accumulated from System revenues to pay for 2019 debt service obligations	472,360	454,656
Accumulation of earnings from System revenues to satisfy general OCRRA obligations	<u>3,967,471</u>	<u>4,021,259</u>
Total	<u>\$ 6,317,149</u>	<u>\$ 6,298,400</u>

6. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment activity for the year ended December 31, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land	\$ 396,190	\$ -	\$ -	\$ 396,190
Landfill site	3,854,290	-	-	3,854,290
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	590,484	-	-	590,484
Buildings and improvements	10,317,435	140,307	-	10,457,742
Machinery and vehicles	12,422,111	477,392	686,940	12,212,563
Furniture and fixtures	152,945	-	5,574	147,371
Computer equipment	101,257	-	-	101,257
Leasehold improvements	3,375,062	-	-	3,375,062
Land improvements	3,247,367	-	-	3,247,367
Construction in progress	-	189,017	112,407	76,610
Total property, plant and equipment	34,652,901	806,716	804,921	34,654,696
Less: Accumulated depreciation				
Landfill buildings and improvements	(565,930)	(2,803)	-	(568,733)
Buildings and improvements	(2,737,695)	(273,257)	-	(3,010,952)
Machinery and vehicles	(9,579,413)	(1,072,959)	(688,097)	(9,964,275)
Furniture and fixtures	(126,075)	(4,134)	(5,574)	(124,635)
Computer equipment	(89,345)	(2,647)	-	(91,992)
Leasehold improvements	(1,580,882)	(178,694)	-	(1,759,576)
Land improvements	(27,373)	(2,418)	-	(29,791)
Total accumulated depreciation	(14,706,713)	(1,536,912)	(693,671)	(15,549,954)
Property, plant and equipment, net	\$ 19,946,188	\$ (730,196)	\$ (111,250)	\$ 19,104,742

Property, plant and equipment activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Land	\$ 396,190	\$ -	\$ -	\$ 396,190
Landfill site	3,854,290	-	-	3,854,290
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	590,484	-	-	590,484
Buildings and improvements	10,037,793	279,642	-	10,317,435
Machinery and vehicles	11,583,607	997,173	158,669	12,422,111
Furniture and fixtures	152,945	-	-	152,945
Computer equipment	101,257	-	-	101,257
Leasehold improvements	3,375,062	-	-	3,375,062
Land improvements	3,247,367	-	-	3,247,367
Construction in progress	-	-	-	-
Total property, plant and equipment	33,534,755	1,276,815	158,669	34,652,901
Less: Accumulated depreciation				
Landfill buildings and improvements	(562,966)	(2,964)	-	(565,930)
Buildings and improvements	(2,461,614)	(276,081)	-	(2,737,695)
Machinery and vehicles	(8,292,513)	(1,445,569)	(158,669)	(9,579,413)
Furniture and fixtures	(121,941)	(4,134)	-	(126,075)
Computer equipment	(86,698)	(2,647)	-	(89,345)
Leasehold improvements	(1,395,129)	(185,753)	-	(1,580,882)
Land improvements	(24,958)	(2,415)	-	(27,373)
Total accumulated depreciation	(12,945,819)	(1,919,563)	(158,669)	(14,706,713)
Property, plant and equipment, net	\$ 20,588,936	\$ (642,748)	\$ -	\$ 19,946,188

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. After satisfaction of those obligations, remaining revenues revert to OCRRA for its use.

OCRRA's obligation is unconditional and requires payment by OCRRA if there is no waste delivered; OCRRA remains responsible for debt service, which is also paid through the Trustee.

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.

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 for OCRRA to purchase it at that point for Fair Market Value. The Partnership will retain tax ownership of the Facility during the term. OCRRA would account for this agreement as a sale in accordance with GASB 87.

OCRRA established a Capital Refurbishment Fund to assist in funding OCRRA's share of needed Capital Refurbishment Projects, which is included with assets limited to use on the statement of net position.

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:

	<u>2022</u>	<u>2021</u>
Operating and pass through costs	\$ 18,826,601	\$ 17,738,169
Capital charge (2015 Bond Debt Service)	<u>4,187,933</u>	<u>4,188,850</u>
Total	<u>\$ 23,014,534</u>	<u>\$ 21,927,019</u>

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

<u>Year</u>	<u>Amount</u>
2023	\$ 2,330,000
2024	2,445,000
2025	2,570,000
2026	2,695,000
2027 – 2031	15,645,000
2032 – 2034	11,170,000
2035	<u>4,025,000</u>
Total future minimum payments	40,880,000
Less: Income recognized prior to May principal payment	<u>(1,553,333)</u>
Net Investment in Lease Agreement	39,326,667
Less: Current portion	<u>(2,330,000)</u>
Long-term portion	<u>\$ 36,996,667</u>

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 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, 2030, and an \$18,640,000 final maturity on May 1, 2035. The 2015B bonds bore 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:

<u>May 1:</u>	<u>Amount</u>
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, 2022 was as follows:

	<u>Balance at December 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2022</u>	<u>Due in one year</u>
2015A	\$ 43,100,000	\$ -	\$ (2,220,000)	\$ 40,880,000	\$ 2,330,000
2015B	-	-	-	-	-
Total	<u>\$ 43,100,000</u>	<u>\$ -</u>	<u>\$ (2,220,000)</u>	<u>\$ 40,880,000</u>	<u>2,330,000</u>
Bond Premium	<u>3,065,703</u>	-	<u>(229,932)</u>	<u>2,835,771</u>	<u>229,932</u>
Total	<u>\$ 46,165,703</u>	<u>\$ -</u>	<u>\$ (2,449,932)</u>	<u>\$ 43,715,771</u>	<u>\$ 2,559,932</u>

Activity relative to the 2015A and 2015B bonds payable for the year ended December 31, 2021 was as follows:

	<u>Balance at December 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2021</u>	<u>Due in one year</u>
2015A	\$ 45,215,000	\$ -	\$ (2,115,000)	\$ 43,100,000	\$ 2,220,000
2015B	-	-	-	-	-
Total	<u>\$ 45,215,000</u>	<u>\$ -</u>	<u>\$ (2,115,000)</u>	<u>\$ 43,100,000</u>	<u>2,220,000</u>
Bond Premium	<u>3,295,635</u>	-	<u>(229,932)</u>	<u>3,065,703</u>	<u>229,932</u>
Total	<u>\$ 48,510,635</u>	<u>\$ -</u>	<u>\$ (2,344,932)</u>	<u>\$ 46,165,703</u>	<u>\$ 2,449,932</u>

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 available on the secondary market but 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 unencumbered cash reserves as of June 30 and December 31 of each fiscal year.

Interest paid as of December 31, 2022 and 2021, amounted to \$1,664,668 and \$1,773,918 respectively.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,330,000	\$ 1,799,350	\$ 4,129,350
2024	2,445,000	1,679,975	4,124,975
2025	2,570,000	1,554,600	4,124,600
2026	2,695,000	1,422,975	4,117,975
2027	2,830,000	1,284,850	4,114,850
2028 – 2032	16,395,000	4,167,450	20,562,450
2033 – 2034	11,615,000	709,100	12,324,100
Total	\$ 40,880,000	\$ 12,618,300	\$ 53,498,300

9. 2019 BONDS PAYABLE

In 2019, OCRRA issued \$10,835,000 in Revenue Bonds, as subordinate lien bonds under the 2015 Master Indenture. The 2019 bonds bear interest at an escalating rate from 3% to 5%. The 2019 bonds have a tiered maturity schedule with annual principal maturations through May 1, 2034. Interest paid in 2022 amounted to \$476,500. These bonds are subject to the covenants contained in the 2015 Master Indenture. Activity relative to the Series 2019 bonds payable for the year ended December 31, 2022 and 2021 was as follows:

	<u>Balance at December 31, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2022</u>	<u>Due in one year</u>
Series 2019	\$ 9,805,000	\$ -	(550,000)	\$ 9,255,000	\$ 580,000
Bond Premium	\$ 1,238,415	\$ -	(100,412)	\$ 1,138,003	\$ 100,412
	<u>Balance at December 31, 2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2021</u>	<u>Due in one year</u>
Series 2019	\$ 10,330,000	\$ -	(525,000)	\$ 9,805,000	\$ 550,000
Bond Premium	\$ 1,338,827	\$ -	(100,412)	\$ 1,238,415	\$ 100,412

9. 2019 BONDS PAYABLE (Continued)

The following is a schedule of the future minimum payments under the Series 2019 supplemental bond agreement as of December 31:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 580,000	\$ 448,250	\$ 1,028,250
2024	605,000	418,625	1,023,625
2025	640,000	387,500	1,027,500
2026	670,000	354,750	1,024,750
2027	705,000	320,375	1,025,375
2028 – 2032	4,105,000	1,021,125	5,126,125
2033 – 2034	1,950,000	98,750	2,048,750
Total	\$ 9,255,000	\$ 3,049,375	\$ 12,304,375

10. RETIREMENT PLANS

New York State Employees' Retirement System (NYSERS)

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

The System is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the Systems more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, employees in NYSEERS 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:

<u>Year</u>	<u>Amount</u>
2022	\$ 403,190
2021	546,902
2020	535,318

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, 2022 and 2021, OCRRA reported a net pension asset of \$875,164 and a net pension liability of \$10,945, respectively, for its proportionate share of the NYS ERS net pension liability. The net pension asset/liability was measured as of March 31, 2022 and 2021, 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, 2022 and 2021, OCRRA's proportion was .0107059% and .0109921%, respectively. For the years ended December 31, 2022 and 2021, OCRRA recognized pension adjustments of (\$471,653) and \$(396,964), respectively.

At December 31, 2022, OCRRA reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 66,277	\$ 85,966
Changes of Assumptions	1,460,551	24,645
Net difference between projected and actual earnings on pension plan investments	-	2,865,796
Changes in proportion and differences between OCRRA's contributions and proportionate share of contributions	133,806	102,051
Contributions subsequent to the measurement date	<u>302,393</u>	<u>-</u>
Total	<u>\$ 1,963,027</u>	<u>\$ 3,078,458</u>

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

<u>Year Ended March 31:</u>	<u>Amount</u>
2023	\$ (208,534)
2024	(319,255)
2025	(740,220)
2026	(149,815)
2027	-
Thereafter	-
Total	<u>\$ (1,417,824)</u>

OCRRA recognized \$302,393 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2023.

10. RETIREMENT PLANS (Continued)

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

At December 31, 2021, OCRRA reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 133,671	\$ -
Changes of Assumptions	2,012,482	37,956
Net difference between projected and actual earnings on pension plan investments	-	3,144,126
Changes in proportion and differences between OCRRA's contributions and proportionate share of contributions	138,258	112,684
Contributions subsequent to the measurement date	<u>410,177</u>	<u>-</u>
Total	<u>\$ 2,694,588</u>	<u>\$ 3,294,766</u>

OCRRA recognized \$410,177 as a deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021, which will be recognized as a reduction of the net pension liability in the year ended December 31, 2022.

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>
Inflation	2.7%
Salary increases	4.4%
Investment Rate of Return (net investment expense and inflation)	5.9%
Cost of living adjustments	1.4%

Annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

10. RETIREMENT PLANS (Continued)

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

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.

The target allocation and estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Domestic Equity	32.0%	3.30%
International Equity	15.0	5.85
Private Equity	10.0	6.50
Real Estate	9.0	5.00
Opportunistic/Absolute Return	3.0	4.10
Credit	4.0	3.78
Real Assets	3.0	5.80
Fixed Income	23.0	0.00
Cash	1.0	(1.00)
Total	100%	

The real rate of return is net of the long-term inflation assumption of 2.50%.

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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, 2022 were as follows:

Total pension liability	\$ 223,874,888
Net position	<u>232,049,473</u>
Net pension liability (asset)	<u>\$ (8,174,585)</u>
ERS net position as a percentage of total pension liability	<u>103.65%</u>

10. RETIREMENT PLANS (Continued)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – December 31, 2022

The following presents OCRRA's proportionate share of the net pension liability calculated using the discount rate of 5.90, 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 (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Proportionate Share of Net Pension liability (asset)	\$ 2,252,663	\$ (875,164)	\$ (3,491,441)

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

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – December 31, 2021

The following presents OCRRA's proportionate share of the net pension liability calculated using the discount rate of 5.90, 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 (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Proportionate Share of Net Pension liability (asset)	\$ 3,037,984	\$ 10,945	\$ (2,780,693)

Deferred Compensation Plan

Several of OCRRA's employees 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 OCRRA 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.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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 75 for employers in plans with fewer than one hundred total plan members. Currently, five 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	\$ 20,433
Actuarial adjustment	(19,573)
Contributions made	<u>(61,159)</u>
Decrease in net OPEB obligation	(60,299)
Net OPEB obligation - beginning of year	<u>223,763</u>
Net OPEB obligation - end of year	<u>\$ 163,464</u>
Annual OPEB cost	\$ 20,433
Percentage of annual OPEB cost contributed	299%

OCRRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for the fiscal year 2022 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2020	\$ 37,439	224.35%	\$ 374,387
12/31/2021	24,863	332.46%	223,763
12/31/2022	20,433	299.32%	163,464

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.

11. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Methods and Assumptions (continued)

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* - 2022 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 2022 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.

12. COMMITMENTS AND CONTINGENCIES

Operating Leases

OCRRA leases land, equipment and office facilities under operating leases. Rental payments under these agreements were approximately \$129,000 and \$117,000 during 2022 and 2021, respectively. Obligations under all cancelable and non-cancelable long-term operating leases are as follows at December 31, 2022:

<u>Year</u>	<u>Amount</u>
2023	\$ 107,860
2024	108,500
2025	110,500
2026	111,500
Thereafter	<u>113,500</u>
Total	<u>\$ 551,860</u>

Financed Purchases:

Since 2017, OCRRA utilizes a municipal finance lease program for the purchase of replacement equipment required for OCRRA operations. These agreements allow OCRRA to preserve cash reserves while purchasing needed equipment in a timely manner. Interest rates on these agreements range from 1.75% to 3.38%, and each agreement is for a term of 5 years. During 2022, OCRRA made principal payments of \$556,796, and interest payments of \$35,872. These payments included a final payment on Lease #5. The net book value of assets under these financed purchases at December 31, 2022 is \$827,613.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Financed Purchases (continued):

The following is an aggregate schedule of future principal and interest payments as of December 31, 2022:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	398,396	19,568	417,964
2024	146,331	9,518	155,849
2025	150,489	5,360	155,849
2026	76,840	1,084	77,924

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 2022 and 2021, no such payments were made.

Landfill Contracts

OCRRA has a contract with High Acres Landfill for ash disposal through December 2025. The per ton incinerator ash residue disposal charge will range from \$16.95 to \$20.62 over the term of the contract. OCRRA has a contract with Seneca Meadows, Inc. through December 2025, for bypass, ash, and tire disposal. The per ton solid waste/bypass solid waste disposal charge will range from \$29 to \$43 for by-pass, \$24 to \$36 for ash, and \$100 to \$257/ton for tires, over the term of the contract. OCRRA 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 2019, and an escalation of 2% per year thereafter. Total costs incurred under all agreements were \$2,452,612 and \$1,998,866 during 2022 and 2021; respectively, and are included in landfill contracts on the statements of revenues, expenses and changes in net position.

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 2023.

OCRRA recorded payments to Van Buren in the amount of \$61,937 and \$61,323 in 2022 and 2021, respectively.

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.

Recycling

OCRRA's current contract with a local material recovery facility has a market based termination clause. Should either party cancel this agreement, OCRRA could incur significant expenditures to continue its recycling program.

12. COMMITMENTS AND CONTINGENCIES (Continued)

Union Contract

OCRRA's contract with union employees runs through December 31, 2022. As of the date of this report, an agreement with the union has been reached through December 31, 2026.

Financial Assurance

OCRRA maintains several permits and registrations with the NYS Department of Environmental Conservation (NYSDEC). Regulations require that OCRRA calculate and provide financial assurance for closure costs related to these facilities. OCRRA has elected to meet this requirement through a local government financial test. As of December 31, 2022 and 2021, OCRRA's estimated closure costs were \$2,280,719 and \$2,111,998, respectively, related to non-landfill facilities. These costs are recognized in the year a facility's operations cease; or amortized from the date a decision has been made to cease operations through the closure date. More information on these requirements can be found in the NYS DEC Regulations, specifically 6 NYCRR Part 360.

13. 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 2022 and 2021, respectively OCRRA received an annual average sale price of 4.27 and 2.30 cents per kilowatt hour.

14. CONCENTRATION

The top five haulers delivered approximately 57% and 60% of the total municipal solid waste to OCRRA during the years ended December 31, 2022, and 2021, respectively. These haulers also accounted for approximately 67% and 67% of accounts receivable at December 31, 2022 and 2021, respectively.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through March 8, 2023, the date the financial statements were available to be issued.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

**REQUIRED SUPPLEMENTARY INFORMATION - SCHEDULE OF FUNDING PROGRESS
DECEMBER 31, 2022**

<u>Year</u>	Actuarial Value of <u>Assets</u>	Total OPEB <u>Liability</u>	<u>Funded Ratio</u>
December 31, 2020	-	374,387	0%
December 31, 2021	-	223,763	0%
December 31, 2022	-	163,464	0%

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

**REQUIRED SUPPLEMENTARY INFORMATION - PENSIONS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportion of the net pension liability (asset)	.01%	.01%	.01%	.01%
Proportionate share of the net pension liability (asset)	(\$875)	\$11	\$3,102	\$917
Covered employee payroll	\$3,983	\$3,673	\$3,683	\$4,044
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(21.97%)	84.22%	22.68%	10.78%
Plan fiduciary net position as a percentage of the total pension liability (asset)	103.65%	86.39%	96.27%	98.24%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (asset)	.01%	.01%	.01%
Proportionate share of the net pension liability (asset)	\$420	\$1,154	\$2,019
Covered employee payroll	\$3,894	\$4,021	\$3,653
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.70%	28.70%	55.26%
Plan fiduciary net position as a percentage of the total pension liability (asset)	94.70%	94.70%	90.70%

Schedule of Contributions, Pension Plans – in thousands

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 403	\$ 547	\$ 535	\$ 531
Contributions in relation to the contractually required contribution	<u>\$ 403</u>	<u>\$ 547</u>	<u>\$ 535</u>	<u>\$ 531</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$3,983	\$3,673	\$3,683	\$4,044
Contributions as a percentage of covered-employee payroll	10.12%	14.89%	14.53%	13.13%

Schedule of Contributions, Pension Plans – in thousands

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 553	\$ 524	\$ 533
Contributions in relation to the contractually required contribution	<u>\$ 553</u>	<u>\$ 524</u>	<u>\$ 533</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$3,894	\$4,021	\$3,653
Contributions as a percentage of covered-employee payroll	14.20%	13.03%	14.59%

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, 2022, and the related notes to the financial statements, which collectively comprise OCRRA's basic financial statements, and have issued our report thereon dated March 8, 2023.

Report on 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) as a basis for designing 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 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 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 8, 2023

OCRRA Management

Kevin Spillane

Executive Director

Michael Mokrzycki

Deputy Director

Cristina Albuio

Engineer

Renee Czerwiak

Executive Secretary

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Kristen R. Lawton

Recycling & Waste Reduction Director

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