



2017 Annual Report

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CHAIRMAN'S INTRODUCTION

BOARD OF DIRECTORS

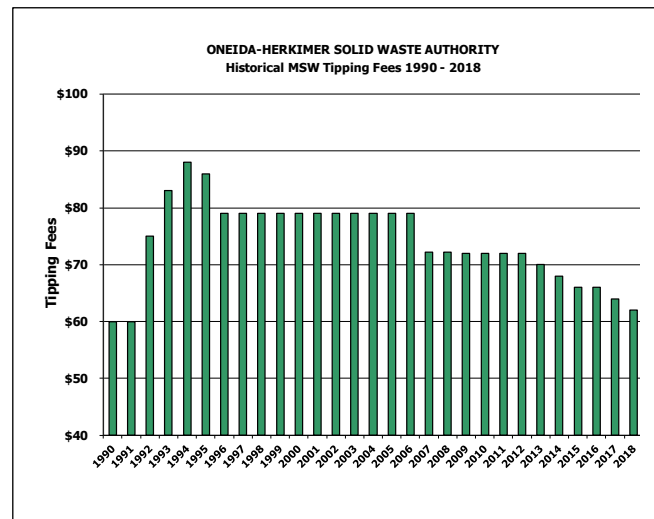
INTRODUCTION

On behalf of the Oneida-Herkimer Solid Waste Management Authority (the Authority), I am pleased to submit this 2017 Annual Report. This year marks the 29th anniversary since the formation of the Authority.

The Authority remains in a very stable financial position. While lowering rates and keeping expenses in check, the Authority continued to provide a full-range of services to handle all categories of waste generated by the region's individuals, businesses, industries and institutions. The Authority continued its emphasis on reduction and recycling. The Authority Board remains committed to maintaining and enhancing the region's self-reliant integrated solid waste management system.

This past year was another financially successful year for the Authority. The Authority used current and past surpluses to fully defease \$3,765,000 of its 2007 bond issue. Total revenue bond debt outstanding at December 31, 2017 was \$24,777,593. Over the past five years, the Authority has reduced long-term revenue bond debt by \$23,132,407 all while lowering its rates by 28% since 2006.

For 2017, recyclables processing revenue was \$783,116, or an increase of 38% from 2016, due to a new contract to process Fulton County's recyclables. The additional revenue for processing Fulton's recyclables, when added to the revenues for processing Lewis and Oswego Counties' recyclables, led to an increase in revenue diversification and less reliance on tipping fees to cover Authority expenses.



In 2016, the Authority initiated a feasibility study to look at the viability of constructing a facility in Utica to divert commercial food waste from the landfill. I am pleased to report that in 2017, the Authority Board authorized construction of the facility for completion in the Fall of 2018. This \$3,400,000 project will be paid with current operating revenues and grants. No borrowings will be used to finance any part of this project.

The Authority's ongoing commitment to renewable energy and innovative technologies was demonstrated in 2017 with the operation of its new solar array system. The solar array, adjacent to the Authority's Western Transfer Station in Rome, became operational in July and is expected to generate enough renewable energy to offset the Authority's combined electricity needs at its Rome and Utica facilities.

While we continue to manage the region's waste and recyclables in a safe, reliable and efficient manner, I invite you to review this summary of our operations and feel free to call anytime.

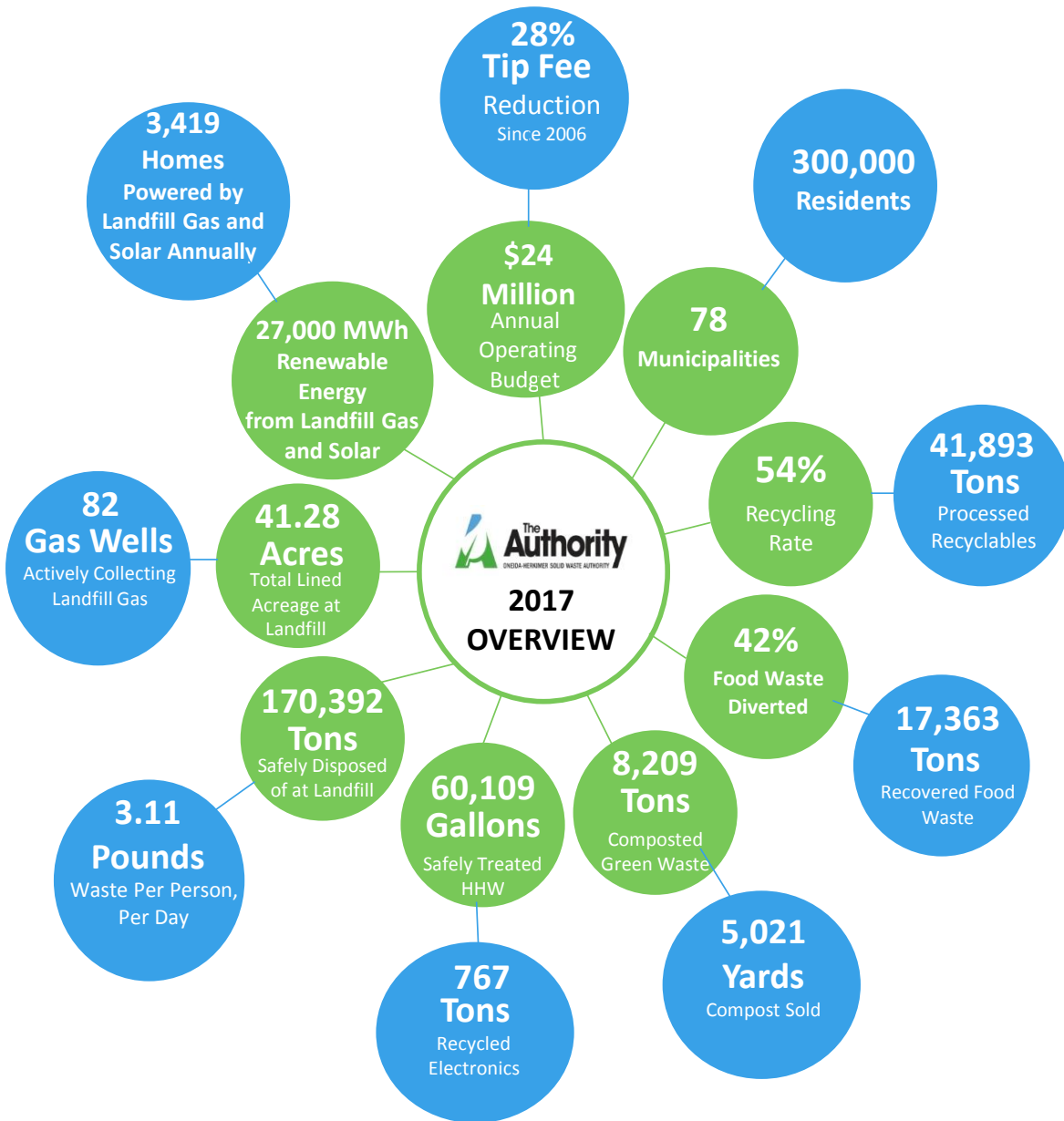
Kenneth A. Long
Chairman

BOARD OF DIRECTORS

The Authority's Board of Directors is comprised of 10 members representing an outstanding combination of interests and experiences in the private and public sectors.

| 2017 BOARD OF DIRECTORS | BUSINESS AFFILIATION |
|---|--|
| Kenneth A. Long, Chairman | Business Manager of the Central Valley Central School District and former Herkimer County Legislator |
| Vincent J. Bono, Vice Chairman Vice Chairman, Audit Committee Finance Committee | Partner in Bono Brothers LLC, Property Management Group; Vice Chairman of the Herkimer County Legislature; and Chairman of the Herkimer County Industrial Development Agency |
| Harry A. Hertline, Treasurer Chairman, Audit Committee Chairman, Finance Committee | Korean War Air Force Veteran; Retired GE Unit Contract Manager; and former Minority Leader of the Oneida County Board of Legislators |
| Neil C. Angell | Town of Verona Dairy Farmer; former Oneida County Legislator; and Member of the Agricultural Economic Development Committee |
| James M. D'Onofrio Chair, FOIL Appeals Committee | President of Arlott Office Products and Member of the Oneida County Board of Legislators |
| James A. Franco FOIL Appeals Committee | Part-time DPW Superintendent, Village of Herkimer |
| Barbara Freeman Chairwoman, Governance Committee FOIL Appeals Committee | Retired Teacher; Member, Village and Town of Boonville Environmental Councils |
| Nancy A. Novak Governance Committee | Manager, Safety & Regulatory Compliance at Bonide Products, Inc.; Member, Mohawk Valley Environmental Information Exchange and Mohawk Valley Safety Professional Consortium |
| Robert J. Roberts, III Vice Chairman, Finance Committee Audit Committee | Director of Special Projects, Adjusters International |
| James Williams Governance Committee | Retired from the United States Postal Service; Army Vietnam War Veteran; and Member of the Ava Town Planning Board |

| FORMER AUTHORITY BOARD MEMBERS | |
|------------------------------------|-------------------------------|
| Alfred A. Barbato, Sr. (1995-2004) | Donald L. Gross (1995-2013) |
| Larry Barton (2004-2005) | Robert Julian (1988-1990) |
| Gerald C. Brodock (1988-2005) | Michael Lane (1988-1992) |
| R. W. Burrows, Jr. (1988-1995) | David Link (1988-1995) |
| Vincent Casale (2009-2013) | Robert McLaughlin (1988-2009) |
| Louis Critelli (1992-2008) | Charles Patterson (1992-1995) |
| Alicia Dicks (2009-2014) | Dr. Guy Wilcox (1988-2004) |
| A. Frank Dolan (1988-1991) | David Yeaton (1997-2008) |





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MISSION STATEMENT & PERFORMANCE MEASURES

AUTHORITY MISSION STATEMENT AND PERFORMANCE MEASURES

The Oneida-Herkimer Solid Waste Management Authority is a New York public benefit corporation which was created by the State Legislature at the request of Oneida and Herkimer Counties by passage of Article 8, Title 13-FF of the New York Public Authority Law on September 1, 1988. The Authority was created to address environmental problems associated with improper solid waste disposal, to develop new facilities and programs for waste reduction and recycling, and to address the lack of long-term disposal capacity for non-recyclable waste.

With this charge and mandatory recycling laws enacted by both Counties, the Authority has developed a regional, comprehensive, integrated system of facilities to serve all the residents, businesses, industries and institutions of the two Counties. This integrated system promotes reduction, maximizes recycling, and provides safe, economical disposal for non-recyclable waste. The Authority owns and operates a Recycling Center, Household Hazardous Waste Collection Facility, Green Waste Composting Facility, Regional Landfill, and three transfer stations. Services include recycling, backyard composting, providing public education, promoting waste reduction and reuse of materials, and school “Go Green” initiatives, full-scale electronics collection and sludge management. The Authority developed the region’s first local solid waste management plan in 1991. The plan included development of the comprehensive integrated solid waste management system. The original plan has been fully implemented. The Authority developed a new 10-year plan to guide the region’s solid waste management through 2020.

The Authority is governed by a 10-member Board of Directors, employs 80 people and has an annual operating budget of approximately \$24 million.

In 2007, the Authority won a landmark case in the United States Supreme Court (*United Haulers v. Oneida-Herkimer*) establishing a national precedent for local public solid waste systems.

The Authority revenue structure is primarily a fee for service system. A system tip fee is charged for all non-recyclable waste delivered to the Authority. These fees cover the majority of expenses in the Authority budget. The Authority receives additional revenue from other sources such as investments, sale of landfill gas, sale of carbon credits, sale of recyclables and grants. The Authority receives no funding from the Counties.

PERFORMANCE MEASURES

- ✓ Implementation of local solid waste management plan including continuous review and application of new technologies.
- ✓ Compliance with all federal and state regulatory requirements.
- ✓ Maintenance of long-term stable rates and prudent fiscal management.
- ✓ 100% compliance with all ABO reporting requirements.
- ✓ Operating with full transparency and good governance.

MISSION STATEMENT

The Authority's mission is the management of the region's solid waste and recyclable material in an environmentally sound, cost-effective, efficient and safe manner. The Authority remains committed to maintaining and enhancing the region's self-reliant integrated solid waste management system while protecting the health, safety and welfare of the region.

2017 PERFORMANCE MEASURE REPORT

PERFORMANCE MEASURE

Implementation of Local Solid Waste Management Plan (LSWMP) including continuous review and application of new technologies for all systems, facilities and processes:

- Based upon the 2016 feasibility study, the Authority issued an RFP for design, procurement and installation of a source-separated organics processing facility.
- Entered into an agreement with RRT for the design, procurement and installation of a source-separated organics processing facility.
- Supported waste reduction through NYS Product Stewardship Council.
- Completed 6th operational year of single stream Recycling Center in Utica.
- Continued to process over 41,890 tons of recyclables at Recycling Center.
- Continued operation of the Landfill Gas (LFG) to Electricity Facility, which utilizes two generators to convert LFG (methane) to electricity. The facility represents a joint venture by the Authority and WMRE (Waste Management Renewable Energy) to provide green energy made from landfill gas to the market.
- Installed 5 new gas collection wells and replaced 6 existing wells at the Regional Landfill (RLF) continuing to advance the active landfill gas collection system which brings the total number of wells to 82.
- On Earth Day, held a pharmaceutical collection day for residents at the Household Hazardous Waste (HHW) facility and collected over 140 pounds of pharmaceuticals.
- Held home composter and rain barrel sale, as well as educational seminars.
- Continued to safely and economically dispose of over 324,119 tons of waste at RLF.

- Continued to process over 8,209 tons of green waste and converted it into marketable compost at Utica Compost Facility.
- Continued to safely dispose of over 60,109 gallons of household hazardous waste from over 13,545 area households at the HHW Facility.
- Recycled 767 tons of electronics and computers.
- Continued implementation of a “Go Green” School Recycling Program that assists teachers, students and staff on the value of recycling, conservation and environmental stewardship.
- Continued to achieve higher than projected waste densities at Regional Landfill through use of GPS technology and compaction equipment, extending the projected life of the Regional Landfill.
- Continued organics (food waste) recovery programs in schools and colleges and continued to accept spent hops from FX Matt Brewery for composting.

PERFORMANCE MEASURE

Compliance with all Federal and State regulatory requirements.

- Maintained compliance with all Facility Permits and Regulations.
- Developed and submitted the following Annual Reports: Eastern Transfer Station, Western Transfer Station, Green Waste Compost Facility, Source-Separated Organic Waste Facility, Waste Transporter, Recycling Center, Planning Unit Recycling Report, Regional Landfill, Webb Transfer Station, two Land Clearing Debris Facilities, Brush Processing Facility, Pallet Processing Facility, Waste Oil, Household Hazardous Waste Facility and Electronic Waste Collection Site per 6NYCRR Part 360 Permits/ Registrations.
- Developed and submitted Title V Air Regulations Compliance Certifications & Emission Statements for RLF.
- Developed and submitted SPDES (stormwater management) Annual Certifications and DMRs for RLF, Utica Complex, and Western Transfer Station in Rome.
- Developed and submitted NYSDEC required Closure Post-Closure Report for Ash Landfill, Rome, NY.
- Developed and submitted NYSDEC required quarterly Operational Water Quality Reports for Regional Landfill, Ava, NY.
- Developed and submitted NYSDEC required State Agency Environmental Audit.
- Conducted NYSDEC required weekly inspections related to RLF SPDES permits.
- Continued employee training in Spill Prevention, Safety, Fire Prevention, Bloodborne Pathogens, etc.

PERFORMANCE MEASURE

Maintenance of long-term stable rates and prudent fiscal management.

- Tipping fees for municipal solid waste, sludge and asbestos were lowered for 2017. Tipping fees remain lower than tipping fees were in 1992.
- Finance Committee tasked Senior Management to prepare an extensive long-term financial plan that projects revenues, expenses, capital purchases and future tipping fees for the next five years.
- The Authority had a \$5,963,522 addition to its net asset position for 2017.
- Authority continued to make yearly deposits to a Landfill Equipment Replacement Fund.
- Authority continued to fund future landfill cell expansions with current tipping fees.
- Authority made all necessary deposits to Landfill Closure Funds as required.
- Authority completed year one of a five-year contract with Fulton County for Processing and Marketing of Recyclables, which generated \$158,235 in additional revenue. The Authority is now processing Oswego, Lewis and Fulton Counties' recyclables. The Authority received \$783,116 in processing fees from these agreements in 2017.
- Continued to market carbon credits generated through destruction of methane at Regional Landfill. The Authority realized \$318,752 in carbon credit revenue for 2017.
- The Authority completed defeasance of the \$3,765,000 outstanding 2007 bonds in April of 2017. The Authority has also reserved \$2,505,000 to defease the 2011 bond issue in 2021.

PERFORMANCE MEASURE

100% compliance with all ABO reporting requirements.

- Authority filed all necessary reports with ABO on time.
- Authority updated its website to reflect all ABO requirements.
- Authority Board of Directors authorized and approved filing of all reports with ABO office.
- All Authority Board Members and Authority Senior management have attended mandatory ABO training.
- Authority staff reviewed all ABO Policy Guidances and reviews issued during the year.
- Operating with full transparency and good governance.
- Board of Directors and Governance Committee reviewed and approved policies including procurement policy, disposition of property, ethics and whistle blower policy.
- Board of Directors and Governance Committee adopted Mission Statement and performance measures.
- All agendas and minutes of committee meetings were posted on the Authority's website.

- Submitted 2018 draft budget to Counties for review and comment.
- Conducted all public hearings required for adoption of budget.
- Submitted adopted budget to the Counties and State-wide officials.
- Finance Committee conducted three meetings during 2017 and reviewed and approved the Authority's Investment Policy.
- Finance & Audit Committees met with the Authority's independent auditors to review the 2016 audit.



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SOURCE SEPARATED ORGANICS FEASIBILITY STUDY

SOURCE-SEPARATED ORGANICS FEASIBILITY STUDY

The Authority has been evaluating options for organics diversion to find a practical and economical solution to integrate into its existing solid waste management system. Examples of source-separated organics (SSO) waste includes grocery store bakery and produce waste, institutional cafeteria waste and restaurant waste. In 2016, engineering consultants, Barton & Loguidice, (B&L), were tasked to conduct a source-separated organics feasibility study. The project is consistent with the Authority's Local Solid Waste Management Plan (LSWMP). The LSWMP calls for continued investigation of organics collection and outlets for diverted food waste. The project is also consistent with the New York State Solid Waste Management Plan, Beyond Waste, which identifies anaerobic digestion as an available technology for organics management with the added benefit of more efficient biogas production than landfills and the greater potential for energy recovery.

Since the Oneida County Sewer District (OCSD) will be installing anaerobic digesters directly adjacent to the Authority's Eastern Transfer Station, the study looked at the feasibility of processing the food waste and diverting it to OCSD's new digesters. The feasibility study also assessed the quantity of available organics, the type and sizing of the collection and processing equipment, including any upgrades to the Authority's Eastern Transfer Station, directly adjacent to the Oneida County Water Pollution Control Plant (WPCP), and any potential issues for collection and processing.

B&L determined that the separate collection and processing of commercial organics as a feedstock for the WPCP anaerobic digesters will be feasible, given the information that is currently available. Therefore, on May 15, 2017, the Authority Board authorized issuance of a Request For Proposals (RFP) under 120-w of the General Municipal Law for entering into an agreement for the source separated organics processing facility. A draft RFP for design, construction and installation of an organics processing facility adjacent to the Authority's Eastern Transfer Station in Utica was released on May 17, 2017; a pre-proposal conference and facility tour was held on June 20, 2017; and the deadline for comments on the Draft RFP was July 17, 2017. A final RFP was released on August 2, 2017 with Final Proposals due on August 18, 2017. One joint proposal from RRT Design and Construction (RRT) and the Authority's consulting engineer, B&L was received. An extensive evaluation of RRT's proposal, including meeting with the respondent and contracting references, was conducted by Authority staff. RRT has experience building and designing a SSOP facility and also constructed the Authority's single stream processing facility. Based upon this evaluation, the Authority entered into an agreement with RRT for the design, procurement and installation of the SSOP. The facility is scheduled to be constructed in 2018 and is scheduled to be operating by first quarter 2019.



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ONEIDA-HERKIMER RECYCLING CENTER

Recyclables Marketed

Out of County Recyclables

RECYCLING PROGRAM

Business Recycling Program

Public Education and Community Outreach

Awards

Go Green School Recycling Program

Food Waste Composting Program

GREEN WASTE COMPOST FACILITY

ONEIDA-HERKIMER RECYCLING CENTER



THE ONEIDA-HERKIMER SYSTEM IS REGARDED AS ONE OF THE MOST COMPREHENSIVE RECYCLING PROGRAMS IN THE COUNTRY

The Oneida-Herkimer Recycling Center opened in 1991 and was characterized locally as marking the beginning of a new era in environmental management in Central New York. In addition to all the households in the region, over 400 businesses and industries use the facility directly.

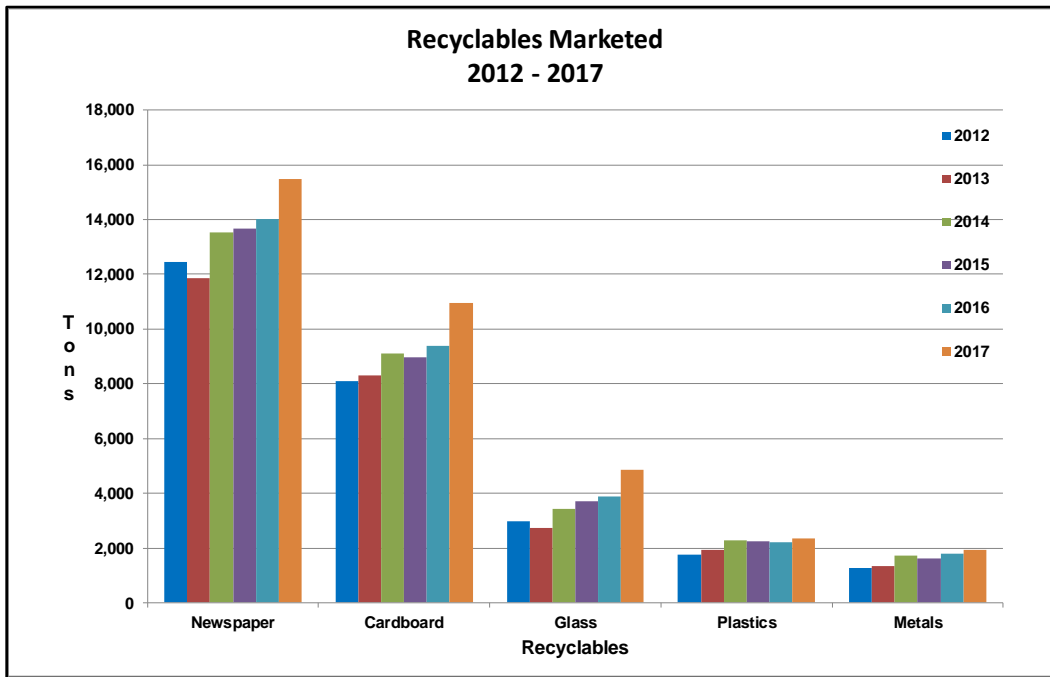
When the Recycling Center was built in 1991, the dual stream sorting and processing technology that was implemented was considered state of the art. The Recycling Center effectively and consistently processed, without interruption, recyclable material for over 26 years. Since opening, the Recycling Center has successfully served the two Counties and processed over 941,800 tons of recyclables. The 2017, overall recycling rate for Oneida and Herkimer Counties is 54%.

The Authority currently operates a cutting edge single stream processing system. The single stream processing system was constructed in 2011 and operation began in January 2012. This took the place of the Authority's previous dual stream processing system. The single stream processing system utilizes mechanical star screens and optical sorting technology to sort recyclable material by size and type. This advanced technology is able to perform efficiently with high throughput.

The single stream processing system provides added convenience to both residents and businesses. Recycling was made easier—all recyclables can be mixed together. Collection of recyclables was made more efficient; mixed recyclables can now be compacted, saving fuel, mileage and labor costs, plus decreasing truck emissions.

Once sorted, the Authority directly markets recyclables. The Authority has business relationships with 80 local and interstate buyers for these materials. In 2017, the Authority processed and marketed over \$2,650,500 worth of recyclables.





| 2017 RECYCLABLES MARKETED | | |
|-----------------------------------|------------------------------------|---------------|
| | MATERIAL | TONS |
| MIXED RECYCLABLES DELIVERED | Mixed Paper | 6,168 |
| | Mixed Containers/Rigid Plastics | 91 |
| | Mixed Recyclables [Single Stream] | 35,634 |
| | TOTAL RECYCLABLES DELIVERED | 41,893 |
| PAPER MARKETED | Newspaper/Magazines/Boxboard | 15,482 |
| | Corrugated Cardboard/Kraft Bags | 10,941 |
| | Mixed Office Paper/Junk Mail | 70 |
| | Gable Top Containers/Juice Boxes | 44 |
| | Other Paper/Hard Cover Books | 46 |
| | TOTAL PAPER MARKETED | 26,583 |
| PLASTICS MARKETED | PET Colored Plastic (#1) | 865 |
| | HDPE Natural Plastic (#2) | 510 |
| | HDPE Colored Plastic (#2) | 459 |
| | Mixed Plastics (#3-#7) | 405 |
| | Mixed Rigid Plastics | 114 |
| | TOTAL PLASTICS MARKETED | 2,353 |
| GLASS MARKETED | Glass Aggregate (Mixed) | 4,845 |
| | TOTAL GLASS MARKETED | 4,845 |
| METALS MARKETED | Ferrous (Tin) Cans | 1,238 |
| | Mixed Aluminum | 95 |
| | Light Metal White Goods | 380 |
| | Scrap | 234 |
| | TOTAL METALS MARKETED | 1,947 |
| TOTAL RECYCLABLES MARKETED | | 35,728 |

OUT OF COUNTY RECYCLABLES

Since investing in its state-of-the-art single stream processing facility to process recyclables from Oneida and Herkimer Counties, the Authority has proven it has excess capacity which will allow more recyclables to be processed. Under its enabling legislation, the Authority is authorized to process out-of-region recyclables.

The Authority has had an intergovernmental agreement for the processing and marketing of recyclables from Oswego County since 2013. The Authority's operating experience with Oswego demonstrated the ability to continue to accept additional tonnage, without increasing fixed costs.

In December 2015, the Authority entered into an intergovernmental agreement for the processing and marketing of recyclables from Lewis County.

In November 2016, the Authority approved a new five-year contract with Fulton County for the processing and marketing of recyclables.

In 2017, the Recycling Center processed 11,268 tons of recyclables from outside the Oneida-Herkimer region. Tipping fees are collected for this material to cover the recycling processing costs, providing the Authority with additional revenue to offset operational expenses.

BUSINESS RECYCLING PROGRAM



The Authority continues to promote its Business Recycling Program which assists businesses, industries, schools and other commercial establishments by providing information on starting and maintaining a recycling program as well as decreasing the volume of waste produced by businesses.

Through a waste assessment/audit, the Authority evaluates current solid waste and recycling practices; identifies waste generation points; assesses individual work spaces and waste produced to document participation and compliance rates; and determines potential opportunities for increasing recyclable material recovery. This service is provided free of charge.



As part of the Business Recycling Program, the Authority also offers a voluntary RecycleOne Business Certification program which recognizes businesses and industries for taking steps to reduce solid waste, increase recycling and save energy. Two businesses achieved

Certification in 2017:



To date, 24 local businesses have achieved Certification.

PRIVATE RECYCLING INITIATIVES

On an annual basis, the Authority requests information on private recycling efforts from businesses, industries and institutions in the two Counties in order to more accurately represent the recycling rate for the region. A survey form was sent to more than 300 commercial/industrial businesses in an effort to gather better private recycling information.

Materials that are being privately recycled include more than the “common” household recyclables. Examples include such items as pallets, paper mill sludge, food waste and fabrics. The combined public and private recycling rate for 2017 is 54%. This recycling rate proves the commitment that industries, businesses and residents have for recycling and reuse.

2017 RECYCLING CHAMPION

In recognition of America Recycles Day, the Oneida-Herkimer Solid Waste Authority annually recognizes an individual, institution or local business that has taken initiatives to reduce their solid waste stream through recycling and proper disposal.



In 2017, MetLife, Inc. was the recipient of the Authority’s 2017 Recycling Champion Award. MetLife, Inc. is a leading global provider of insurance, annuities and employee benefit programs, operating in over 40 countries around the world. MetLife has long focused on reducing the company’s environmental footprint and ensuring a healthy planet for generations to come. They continuously strive to divert waste from landfills through a combination of waste reduction, recycling and reuse initiatives. In November 2017, MetLife also received the Authority’s RecycleOne Business Certification.



Emily Albright, Authority Director of Recycling; Dave Liddy, MetLife Director of Operations; and Authority Board Chairman Kenneth Long

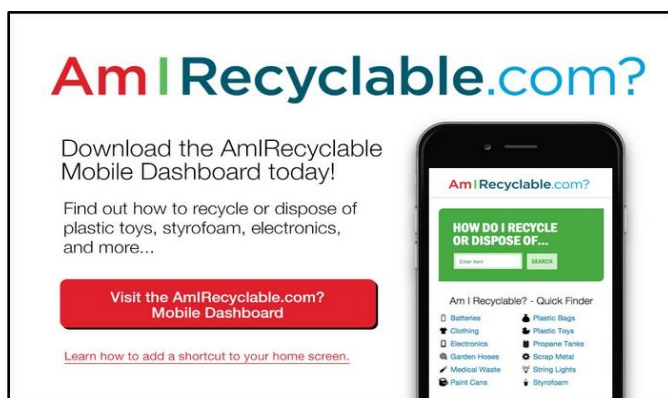
PUBLIC EDUCATION AND COMMUNITY OUTREACH

“Am I Recyclable?” Campaign

In 2017, the Authority continued its education campaign and mobile web app, “Am I Recyclable?” to target the top 12 items of contamination in the recycling stream:

- Batteries
- Clothing
- Electronics
- Garden Hoses
- Medical Waste
- Paint Cans
- Plastic Bags
- Plastic
- Propane
- Scrap Metal
- String Lights
- Styrofoam

Through use of digital advertising, billboards and bus ads, the campaign helped educate and encourage audiences to engage in the recycling conversation.



The “Am I Recyclable?” Campaign includes a Mobile Web App which is a scaled down version of the “How Do I Recycle or Dispose Of” search tool on the ohswa.org website. This mobile web app includes a “Quick Finder” which highlights the top 12 items that are improperly recycled or disposed of. The mobile web app can be viewed by visiting www.AmIRecyclable.com.



RecycleOne Campaign

The Authority maintains an excellent recycling rate (overall recycling rate for 2017 in Oneida and Herkimer Counties is 54%). However, frequent and consistent communication from the Authority is necessary to remind residents of recycling guidelines.

**ONE BIN
NO BAGS**
EASIER. MORE CONVENIENT. LESS COST.
**MIX ALL YOUR
RECYCLABLES TOGETHER**



To keep residents informed of the Authority's single stream recycling program, dubbed RecycleOne – One and Done, the Authority continued its public education campaign throughout 2017. The Authority invested resources into direct public education through radio, web and print media. The RecycleOne campaign communicates to residents that recycling is easier and more convenient than ever. The Authority also provided direct outreach, informational posters and RecycleOne bin decals to haulers and municipalities to further get the message directly to residents.



AUTHORITY PRESENTATIONS & TOURS

Authority staff maintains a strong commitment of outreach to the public through presentations on a wide-range of Authority activities and issues including information on waste reduction, reuse of materials, recycling, landfill operations, backyard composting, sludge management and services provided at Authority facilities.



Regular presentations are done at area schools, colleges, businesses, civic groups and other organizations. More than 100 presentations and tours were given in 2017. Tours of Authority facilities and presentations are available by contacting the Authority office at (315)733-1224 or www.ohswa.org.

ANNUAL EARTH DAY EVENTS

April 22, 2017 marked the 47th annual Earth Day. In celebration of Earth Day 2017, the Authority held its annual Earth Day events on April 22nd at the Recycling Center. The event was open to the public.

2017 AUTHORITY EARTH DAY EVENTS

- **Free Tours of the Recycling Center**
- **Free Confidential Paper Shredding** – The Authority, in cooperation with CONFIDATA, a data destruction company, offered free confidential paper shredding to residents. Nearly 5,340 pounds of paper were received, destroyed and properly recycled during this event.
- **Free Collection & Disposal of Unused Medication and Pharmaceuticals** – The Authority, in cooperation with NYS Department of Environmental Conservation (NYSDEC) and the Mohawk Valley Pharmacist Society, held its fourth household pharmaceutical/medication collection event. In 2017, 140 pounds of pharmaceutical waste was collected. All collection activity was performed under the direct supervision and control of an on-site NYSDEC Environmental Conservation Officer. In accordance with the requirements of the U.S. Drug Enforcement Agency (DEA), controlled substances were passed from an individual to the control and custody of a law enforcement official.
- **Free Bulky Rigid Plastics Drop-Off**—Residents could deliver bulky rigid plastic items that are not accepted and recycled through curbside recycling at no cost.
- **Free Household Hazardous Waste & Electronics Drop-Off**—Residents had the opportunity to drop off household hazardous waste and electronic material including paints, chemicals, electronics and more, for proper recycling/disposal at no cost as part of the Authority’s seasonal household hazardous waste program.
- **Compost for Purchase**—Screened, cured compost material was available for purchase.
- **Free Utica Zoo “Zoomobile” Demonstrations** took place featuring animals from the Utica Zoo.
- **Backyard Compost Bin & Rainwater Barrel Truckload Sale** – In an effort to increase backyard composting, conserve water usage and improve municipal storm water run-off, the Authority hosted a truckload sale to distribute compost bins and rainwater barrels to residents. A total of 60 compost bins and 60 rainwater barrels were sold.
- **Free Clothing & Textiles Drop-Off** – Residents could drop off unwanted clothing, shoes, belts, purses, blankets, sheets and drapes for reuse and recycling.

BOILERMAKER ROAD RACE

For the 10th consecutive year, the Authority has provided the Boilermaker 15K Road Race Committee with recycling assistance. With the Authority’s assistance, a Boilermaker “Green Team” was developed and recycling information and recycling collection containers were provided, resulting in 1.23 tons of recyclables collected from the week-long events in 2017.

MAJOR EVENTS

In 2017, Authority staff assisted with recycling at several major events throughout Oneida and Herkimer Counties. The Authority provides these services at no cost. In addition to providing support, these worthy efforts provide us with opportunities to educate our constituents on recycling programs and opportunities.

RECYCLING SERVICES, CONTAINERS AND/OR INFORMATIONAL DISPLAYS PROVIDED:

- AK 5K Road Race
- Boilermaker Road Race
- CNY Farm Progress Show
- Clinton Arts & Music Festival
- Frog Fest
- FX Matt Brewing Co. – Saranac Thursdays
- Great American Irish Festival
- Herkimer County Fair
- One World Flower Festival
- Remsen Barn Festival
- Rome and Utica School Districts
- Utica Auditorium
- Utica Area Chamber of Commerce Business Show
- Utica Comets
- Utica Zoo

EPA ENVIRONMENTAL CHAMPION AWARD

In 2017, the Authority was selected to receive a U.S. EPA Environmental Champion Award from the Environmental Protection Agency (EPA), Region 2. The EPA annually recognizes individuals, businesses, government and organizations that have demonstrated outstanding commitment to protecting and enhancing environmental quality and public health. The Environmental Champion Award is the highest recognition bestowed to the public by EPA, Region 2.

The Authority has promoted reduction, maximized recycling, and provided safe, economical disposal for non-recyclable waste for the two-County region since its creation 29 years ago. The Authority was recognized by the EPA for its integrated system and strong public information efforts, including its most recent, “**Am I Recyclable?**” campaign.

The Authority was honored at an awards ceremony on May 19th at the EPA Regional Office in New York City.



Anahita Williamson, Ph.D., Director of the Division of Environmental Science and Assessment; William Rabbia, Authority Executive Director; Jamie Tuttle, Authority Recycling Educator; and Eric Schaaf, Regional Counsel, EPA, Region 2

DEC ENVIRONMENTAL EXCELLENCE AWARD

In 2017, the Authority was one of seven organizations to receive an Environmental Excellence Award from the New York State Department of Environmental Conservation (NYSDEC). Each organization was recognized for its state-of-the-art programs and commitment to environmental sustainability, social responsibility and economic viability.

The Authority was recognized for its Go Green School Recycling Program. As per the NYSDEC, “The Authority’s Go Green Recycling Program is an example of a well-designed and creatively implemented

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education/outreach and engagement program, which involves all but two of the 30 public and private school systems in the two-County area.

In addition, the Authority's Recycling Educator successfully engages students, teachers, custodians, parents and school faculty in recycling and composting programs."

DEC established the Environmental Excellence Awards in 2004 to recognize those who are working to improve and protect New York's environment and contribute to a healthier economy by advancing sustainable practices and forming creative partnerships.

To date, DEC has recognized 80 award winners. They are an elite group of committed organizations leading by example and serving as models of excellence within their industry and community.

The Authority was recognized at the NYSDEC's 14th Annual Awards Celebration in Albany on November 14th.



William Rabbia, Authority Executive Director; Emily Albright, Authority Director of Recycling; and Julie Tighe, DEC Acting Chief of Staff

2017 EMPLOYER OF THE YEAR

Career Connections, the employment division of Arc Herkimer, honored the Authority with the 2017 Employer of the Year Award for outstanding, continued commitment to providing employment opportunities for people with disabilities.

The Authority also received recognition by the Central New York Office for People with Developmental Disabilities (OPWDD) during National Disability Employment Awareness Month in October, which celebrates inclusion of individuals with disabilities in the workplace.



Kevin Crosley, Arc Herkimer President/CEO; Paul D'Amelio, Authority Recycling Center Sorter; Dan Bowman, Authority Recycling Center Manager; Catherine Loomis, Career Connections Assistant Director; Bill Rabbia, Authority Executive Director; Jodi Tuttle, Authority Human Resources Coordinator; Shawn Schultz, Arc Herkimer VP - Supports & Services; Brittany Edwards, Career Connections Employment Service Specialist; and Robin Mattox, Career Connections Director.

GO GREEN SCHOOL RECYCLING PROGRAM



The Authority continues its efforts to improve recycling in schools throughout our region and is dedicated to working with the schools in Oneida and Herkimer Counties to develop, support and maintain recycling programs in each school through a Go Green initiative.

In 2017, the Authority's Recycling Educator visited individual classrooms and provided over 70 presentations to area schools. In addition, almost 30 tours of the Oneida-Herkimer Recycling Center were given to students throughout the two-County region.



The Go Green School Recycling Program provides educational tools, resources, promotional materials, technical information, recommendations, program training and recycling and waste evaluations to the schools.

A School Recycling Program Guide assists teachers and educates students on the value and long-term benefits of recycling, conservation and environmental stewardship. Promotional posters, banners, decals, Green Team vests, recycling containers and an interactive website are used in the program.



"ZERO WASTE" LUNCH CHALLENGE

In celebration of Earth Day 2017, the Authority held its seventh annual "Zero Waste" Lunch Challenge to demonstrate how students can reduce the amount of waste they produce. The Challenge was open to all public and private K-12 school buildings in the two Counties.

The Challenge aims to show students that simply throwing items away after use wastes valuable natural resources and energy and causes pollution. The Authority hopes to inspire students to make small changes, like packing "Zero Waste" lunches, to make a positive impact on our environment.



The Challenge urged schools to instill daily changes for reducing waste in the cafeteria, such as using reusable silverware instead of plastic ware.

In 2017, six school buildings participated in the “Zero Waste” Lunch Challenge. All of the schools that participated reduced cafeteria waste by over 50%, and in some schools by over 75%.

Sauquoit Valley Central Schools were the winners in all three categories.

Sauquoit Valley Elementary - 374 students in attendance, produced only 1 pound of cafeteria trash on the day of the Challenge.

Sauquoit Valley Middle School - 281 students in attendance, produced only 1.5 pounds of cafeteria trash on the day of the Challenge.

Sauquoit Valley High School - 321 students in attendance, produced only 1.8 pounds of cafeteria trash on the day of the Challenge.

Sauquoit Valley Elementary was awarded presentations from the Utica “Zoomobile”. The Middle School and High School were awarded appearances from KISS FM DJs.

PLASTIC FILM RECYCLING CHALLENGE



In 2017, the Authority sponsored its second Plastic Film Recycling Challenge for local schools. The purpose of this challenge was to promote and educate youth and the community on proper recycling of plastic grocery bags and other plastic film, which cannot be recycled through regular curbside recycling programs.

Sixteen schools participated in the Challenge and had six weeks to collect plastic film for recycling.

Participating schools partnered with local grocery stores and delivered the plastic film directly to the stores for proper recycling. The initiative focused on collecting clean, dry, plastic film to keep it out of our region’s landfill.

With the efforts of these schools combined, over 5,700 pounds of plastic film was collected for recycling. This is the equivalent of recycling almost 500,000 plastic grocery bags.

Elementary School Winners:

1st Place: McConnellsville Elementary - 290 students collected 849 pounds of plastic film for recycling.

2nd Place: Dolgeville Elementary - 435 students collected 1,136 pounds of plastic film for recycling.

3rd Place: Westmoreland Elementary School. - 320 students collected 610 pounds of plastic film for recycling.

McConnellsville Elementary was awarded presentations from the Utica "Zoomobile".



Middle/High School Winners:

1st Place: Dolgeville Middle School - 413 students collected 1,021 pounds of plastic film for recycling.

2nd Place: Adirondack Middle School - 255 students collected 136.6 pounds of plastic film for recycling.

3rd Place: Sauquoit Valley Middle School - 316 students collected 132 pounds of plastic film for recycling.

Dolgeville Middle School was awarded appearances from KISS FM DJs.

FOOD WASTE COMPOSTING PROGRAM

The Authority's Go Green School Recycling Program is committed to taking recycling to the next level. In combination with our overall school recycling program, the Authority has designed a food/green waste composting program for the schools of Oneida and Herkimer Counties. In doing so, the Authority is prepared to aid and facilitate local schools with composting initiatives.

As of December, 2017 the Authority has provided a total of 21 facilities in our region with Mantis Compost-Twin composting units for use in composting cafeteria food waste at no cost to the schools/facilities.

The Authority assisted the following schools/facilities in developing and facilitating a plan for separation and removal of food waste in their cafeteria.

- Poland Central School District
- New York Mills School District
- Holland Patent Middle School
- Sauquoit Valley Elementary School
- Camden Elementary School
- Central Valley Academy
- Frankfort-Schuyler High School
- Adirondack Middle/High School
- Harts Hill Elementary School
- Staley Upper Elementary School
- Denti Elementary School
- Gansevoort Elementary School
- Barringer Road Elementary School
- Westmoreland Middle School

- Mohawk Valley Community College (Rome)
- Mohawk Valley Community College (Utica)
- Munson Williams Proctor Art Institute
- United Cerebral Palsy of Utica
- United Cerebral Palsy of Rome
- United Cerebral Palsy of Chadwicks
- Utica Zoo

In an effort to increase waste reduction and strive for sustainability in Oneida and Herkimer Counties, the Authority continued its partnership with Herkimer County Community College to recover food waste through composting on-site.

GREEN WASTE COMPOST FACILITY



Approximately 40 local businesses and municipalities regularly purchase bulk compost from the Authority. In 2017, the Authority sold 5,021 cubic yards of bulk compost.

The Authority's Green Waste Compost Facility is in its 24th year of operation. This regional facility serves area residents, municipalities, private haulers, businesses, institutions and landscapers. About two-thirds of the population of Oneida-Herkimer Counties utilizes the site.

In 2017, the facility received over 8,200 tons of green waste (grass, leaves, brush, etc.). The Authority continues to provide local municipalities, residents and businesses with an environmentally sound destination for green waste.

Green waste is ground, placed in windrows, and turned as needed to facilitate natural decomposition, all in compliance with New York State regulatory requirements. The end-product of these efforts is compost. In addition to dropping off yard waste/green waste, residents may purchase Authority compost at both Eco Drop facilities.

The compost is made from yard waste only and makes a great soil amendment for gardens and landscape applications. The Authority's compost can be purchased in convenient 45-pound bags, or in bulk. In 2017, 13,348 bags of compost were sold. This very successful program is in direct response to the requests of local residents wanting a more convenient way to get compost.



Composting organic material is just as important as glass, plastic, metal, and paper recycling.

All of these efforts help reduce our reliance on landfills.

AUTHORITY COMPOST CERTIFIED BY U.S. COMPOSTING COUNCIL



**US Composting
Council**
Seal of Testing
Assurance

The Authority has produced and marketed over 90,400 yards of high quality bulk municipal yard waste compost since 1997. In September 2013, the Authority's compost was certified by the U.S. Composting Council under its Seal of Testing Assurance Program (USCC STA), which is the only compost testing and labeling program in the country. USCC STA certification supports and documents that all Oneida-Herkimer Solid Waste Authority yard waste compost has been rigorously tested by third party laboratories to ensure that it meets all state and federal environmental requirements.

The compost testing requirements include chemical, physical and biological compost tests. It also includes EPA testing for health and safety standards (pathogens and metals). The USCC STA certification allows the Authority's compost to be utilized in large volumes for grass seeding and turf maintenance by professional users such as the New York State Department of Transportation, New York State Thruway, landscape architects, landscapers, soil suppliers and others.

The Authority's finished compost is made entirely from processed brush, leaves and grass clippings, fully cured and screened to ½". Through this certification, the Authority can promise that residents and businesses are purchasing consistent, high-quality compost that is guaranteed to provide maximum benefits.

Authority yard waste compost is available in bulk, or convenient 1.2 cubic feet bags that can be purchased at both Eco Drop facilities and at various landscape supply centers throughout the two-County area. To date, more than 162,000 bags of compost have been sold.

COMPOSTING BEER HOPS



The FX Matt Brewing Company of Utica completed a "Green" project in 2014 to reduce the amount of material being sent to the landfill for disposal. FX Matt installed a bio digester that processes the brewery's waste water to produce methane gas that will in turn power a generator to provide up to 50% of the electrical needs of the brewery. The brewery waste water contains large amounts of compostable hops and grain from the production of beer.

After the waste water passes through the bio digester, the remaining hops and grain material is de-watered and delivered to the Authority's Green Waste Composting Facility for composting.

The hops and grain material are mixed with wood chips and non-cured compost and placed in a separate compost windrow for decomposition. The hops and grain compost is kept separate from the municipal yard waste compost and utilized for special compost projects.

In 2014, the Authority began composting spent hops and grain from the Brewing Company. In 2017, over 187 tons of spent hops and grain material was delivered to the Authority for composting.

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WOOD PALLETS

BRUSH PROCESSING FACILITY/LAND CLEARING DEBRIS FACILITY

WOOD PALLETS



To assist local industries, clean wood pallets are accepted at the Green Waste Compost Facility at a reduced fee. Pallets are ground into chips and shipped to market for use as animal bedding.

In 2017, more than 267 tons of pallets were processed at the site.

BRUSH PROCESSING FACILITY/LAND CLEARING DEBRIS FACILITY

To better serve the residents of western Oneida County, the Authority operates a State-Registered Compost/Brush Processing Facility adjacent to the Western Transfer Station in Rome. In 2017, 239 tons of green waste were delivered to the site.

Stumps, oversized tree limbs and root balls along with compost tailings are disposed of at the Authority's State Registered Land Clearing Debris Facility located in Rome. This facility received 4,425 tons in 2017.





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HOUSEHOLD HAZARDOUS WASTE FACILITY

Services for Select Businesses

Computer & Electronics Recycling Program

Fluorescent Light Bulb Drop-Off

Household Hazardous Waste Grant

HOUSEHOLD HAZARDOUS WASTE FACILITY



The Oneida-Herkimer Household Hazardous Waste Collection Facility opened for its 25th season April 1, 2017 and operated through September 30, 2017.

The facility is one of the first permanent facilities in the northeast to recycle paint and to accept a full-range of household hazardous waste. This facility is designed to serve Oneida and Herkimer Counties' residents and select businesses. There is no charge for residents to drop off household hazardous waste.

Many household products can be potentially harmful to people and the environment. When these products are disposed of improperly, they can become hazardous.

The Oneida-Herkimer Solid Waste Authority has a specially-designed Household Hazardous Waste Collection Facility for receiving, sorting, packaging and storing household hazardous waste material.

In 2017, 60,109 gallons of hazardous waste were collected at the Authority's Household Hazardous Waste Facility and shipped for disposal.

WHAT TYPES OF WASTE ARE ACCEPTED?

This facility gives you the opportunity to dispose of many unused, unwanted or outdated products. The following are acceptable materials:

Accepted April – September

- Chemistry Sets
- Cleaning Solvents & Degrease
- Drain Cleaners
- Fertilizers
- Furniture Stripper
- Glues/Sealants
- Herbicides
- Insecticides
- Pesticides
- Kerosene
- Oil Based & Latex Paints
- Oven Cleaners
- Paint Thinners
- Photographic Chemicals
- Polishes
- Pool Chemicals
- Rust Preventatives & Remove
- Unusable Gasoline
- Wood Preservatives

Accepted Year Round

- Antifreeze
- Automobile & Motorcycle Batteries
- Cooking Oil & Grease from Deep Fryers
- Electronics & Computer Equipment [TV Sets, VCRs, Fax Machines, Computers, Monitors, Printers, Toner, Ink Cartridges and other Electronics]
- Empty Propane Cylinders (under 100 lbs.)
- Fire Extinguishers
- Fluorescent Light Bulbs
- Motor Oil & Oil Filters
- Rechargeable Batteries
- Sharps

Other materials collected included motor oil, anti-freeze, oil filters, automobile batteries, fluorescent lamps and electronics, which continue to be accepted at the facility year-round.

Residents are also allowed to drop-off motor oil and antifreeze year-round at the Western Transfer Station in Rome.

| 2017 HOUSEHOLD HAZARDOUS WASTE | |
|------------------------------------|----------------------------------|
| MATERIAL | QUANTITY |
| PAINTS | |
| Recyclable Paint | 21,120 Gallons |
| Non-Recyclable Pain & Solvents | 12,155 Gallons |
| Paint Sludge & Sealers | 1,430 Gallons |
| Resins & Adhesives | 4,356 Gallons |
| CHEMICALS | |
| Pesticides & Chemicals | 8,574 Gallons |
| Aerosol Waste | 4,455 Gallons |
| Cleaning Solutions & Waxes | 275 Gallons |
| MOTOR OIL & ANTIFREEZE | |
| Motor Oil | 5,605 Gallons |
| Oil Filters | 275 Gallons |
| Anti-Freeze | 564 Gallons |
| BATTERIES | |
| Automobile Batteries | 5.24 Tons |
| Recyclable Batteries | 7.17 Tons |
| BULBS | |
| Fluorescent Lamps | 26.52 Tons (391,018 Linear Feet) |
| Miscellaneous Bulbs | 22,703 Bulbs |
| MISCELLANEOUS WASTE | |
| Cooking Oil & Grease | 1,300 Gallons |
| Propane Tanks & Fire Extinguishers | 4,478 Tanks |
| E-WASTE | |
| Recycled Electronic Waste | 767 Tons |
| Computer Monitors (CRTs) | 2,090 Units |
| Computer Components (CPUs) | 2,927 Units |
| Televisions | 15,660 Units |

SERVICES FOR SELECT BUSINESSES

Conditionally-exempt small quantity generators (CESQG) [small businesses] and universal waste generators are allowed to drop-off waste after obtaining approval from the Authority.

In 2017, 92 conditionally-exempt small quantity generators and universal waste generators took advantage of this program, resulting in substantial savings for these generators. Under this program, small businesses are charged a fee for disposal costs.

COMPUTER & ELECTRONICS RECYCLING PROGRAM



Many electronics contain elements such as lead, mercury and cadmium that are considered safe when the items are used as directed but can be hazardous if disposed of with household trash and compacted at landfills. If improperly handled, these toxins can be released into the environment, posing a threat to human health.

To provide additional environmentally sound recycling and disposal options for the residents, businesses and institutions of Oneida and Herkimer Counties, the Oneida-Herkimer Solid Waste Authority developed an Electronics Recycling Program.

As part of the Household Hazardous Waste management program, the Authority began its computer recycling program in 2000, and in 2003 expanded the program to include other electronic equipment. The program allows residents, institutions and businesses to deliver computer and electronic equipment to the Authority for recycling and proper disposal.

The Authority accepts electronics from businesses, individuals and other generators year-round. After the Authority accepts electronic waste, it is sent to a registered electronics dismantler that separates the electronics into various raw materials such as plastic, glass, steel, copper, lead, gold and aluminum for recycling or reuse. These materials are used as feedstock in the manufacturing of new products.

In 2017, 767 tons of computers and electronic equipment were accepted for recycling and proper disposal, including computers monitors, CPUs, keyboards, computer components, televisions, video equipment, CD/DVD players, desktop copiers, fax machines, microwaves, electronic games, printers, toner cartridges, cellular phones, battery chargers, calculators, answering machines and other electronics. It is estimated that over 50,000 individual items were recycled.

The program also manages material such as lead solder, silver, mercury switches, batteries and other components present in almost all electronics. Through the program, these materials are properly processed to recover not only heavy metals, but high value material, such as gold and silver along with more common metals and plastics.

Residents can bring computers and electronic equipment year-round for recycling at no charge. Businesses are required to set up an appointment with the Authority prior to delivery and may be charged for costs associated with recycling.

ELECTRONIC WASTE PROCESSED IN 2017

16,141 TVs 4,060 CPUs 1,907 COMPUTER MONITORS



FLUORESCENT LIGHT BULB DROP-OFF

Fluorescent light bulbs, including compact fluorescent bulbs (CFLs) contain mercury and should be disposed of in an environmentally safe manner, not thrown in the trash or garbage. To assist residents with proper and safe disposal of bulbs containing mercury, the Authority expanded the CFL drop-off capability for residents. Over 26.5 tons of light bulbs were collected in 2017.

In addition to the Authority's Household Hazardous Waste Facility, residents may also bring CFLs to Jay-K Lumber (New Hartford), Marcy Town Offices, City of Sherrill DPW, City of Little Falls DPW, Ace Hardware Company (Rome) and the Boonville Municipal Commission.

HHW & E-WASTE GRANTS

In 2017, the Authority was awarded \$94,932.20 in grant money from the NYS Department of Environmental Conservation (NYSDEC) Household Hazardous Waste Assistance program to off-set household hazardous waste disposal costs. In 2017, the Authority also received an E-waste grant in the amount of \$12,747.34 from NYSDEC to off-set electronic waste disposal costs.



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ECODROP

Acceptable Material

TRANSFER STATIONS

Eastern Transfer Station

Western Transfer Station

Town of Webb Transfer Station

In order to provide as many environmentally sound recycling and disposal options for residents of Oneida and Herkimer Counties, the Authority has two facilities: EcoDrop Utica and EcoDrop Rome. These facilities were designed to work jointly with a wide range of public and private waste collection systems by providing convenient disposal options for special or one-time waste, while also providing an option for residents who may not be able to subscribe to a specific collection system.

The EcoDrops are located at the Authority's Utica and Rome facilities and are open six days a week, Monday through Saturday. Fees have been established for dropping off solid waste. Currently there are no fees for residents dropping off recyclables, green waste, used oil filters, antifreeze, rechargeable and automobile batteries, electronics, fluorescent bulbs, propane tanks, clothing and textiles, hardcover books, cooking oil and bulky rigid plastics.

HOUSEHOLD HAZARDOUS WASTE

Household hazardous waste (i.e., paints, chemicals) is accepted at EcoDrop Utica only, April through September at no charge to residents.

COMPOST AVAILABLE

In addition to dropping off yard waste/green waste, residents may also purchase Authority bagged or bulk compost at both EcoDrop facilities.

CLOTHING DROP BOXES

St. Pauly Textile, Inc. clothing drop boxes are also located at both Eco Drop facilities, free of charge.

BROCHURES AND RECYCLING DECALS

Both EcoDrop facilities, as well as the Authority's Main Office have copies of all informational brochures and posters. Recycling decals are available in the Main Office.

BULKY RIGID PLASTICS RECYCLING

In 2013, the Authority began recycling bulky rigid plastics. Bulky rigid plastics are hard plastic items (not film or flexible plastic). Examples of bulky rigid plastics accepted include plastic beverage crates (i.e., milk/soda/beverage crates), clean and empty plastic drums, totes, garbage cans, plastic cat litter containers, plastic buckets/pails, plastic toys, plastic tool and gun cases, plastic plant propagation trays and flower pots, plastic pallets, plastic shelving, plastic laundry baskets, plastic lawn furniture, plastic pet carriers, plastic recycling bins and carts and large plastic water jugs (1-5 gallon).

NON-ACCEPTABLE PLASTIC ITEMS: Plastic bags, plastic film (i.e., stretch film and other flexible packaging), Styrofoam, plastic appliances, vinyl siding, water hoses, toys with circuit boards or battery packs, pool chemical containers, driveway sealant containers, paint cans and motor oil containers. Bulky rigid plastic items cannot be mixed with other plastic recyclables and cannot be set-out with regular curbside recyclables. However, residents who want to recycle bulky rigid plastic items that cannot be recycled through the curbside recycling program can deliver them to the Authority's Utica and Rome EcoDrop locations during regular business hours, free of charge.

In 2017, the Authority collected 114 tons of bulky rigid plastics for recycling.

AUTHORITY TRANSFER STATIONS

The Authority owns and operates two transfer stations; the Eastern Transfer Station in Utica and the Western Transfer Station in Rome. The facilities receive municipal solid waste, industrial/commercial waste, and construction and demolition debris from Oneida and Herkimer Counties only. The transfer stations provide the means to efficiently receive, inspect, and aggregate waste for transport to the Authority's Regional Landfill.

Inspection at the transfer stations provides a means to ensure the public's exposure to environmental liability is controlled. At each transfer station, waste is inspected to first insure that no dangerous or hazardous materials are received. If they are, actions are taken immediately for safe and legal disposition. Inspections are also utilized to verify compliance with state and local recycling laws.

To insure compliance with regulations, all industries are inventoried, and special waste is profiled, reviewed and approved prior to disposal. Authority staff visits manufacturers in Oneida and Herkimer Counties on a continuous basis to provide free assistance to these businesses regarding recycling, reduction and solid waste disposal.

Waste from both the Eastern and Western Transfer Stations is hauled to the Authority's Regional Landfill by a contract hauler.

| AUTHORITY TRANSFER STATIONS 2017 DISPOSAL DATA | | |
|---|---------------------------------------|----------------|
| | MATERIAL | TONS |
| EASTERN TRANSFER STATION | Municipal Solid Waste | 114,514 |
| | Construction & Demolition Debris | 38,181 |
| | TOTAL EASTERN TRANSFER STATION | 152,695 |
| WESTERN TRANSFER STATION | Municipal Solid Waste | 48,806 |
| | Construction & Demolition Debris | 24,540 |
| | TOTAL WESTERN TRANSFER STATION | 73,346 |

CONTRACT FOR TRANSPORT OF WASTE

Following a competitive bidding process, the Authority again awarded a five-year contract, commencing October 24, 2016, to Fred Burrows Trucking, LLC of Whitesboro, for the transportation of waste from the Authority transfer stations in Utica and Rome to the Oneida-Herkimer Regional Landfill facility in Ava. Fred Burrows Trucking was awarded the two previous five-year contracts.

The Authority received a total of four proposals – Fred Burrows Trucking, LLC; MBI of Syracuse; T.J. Allen Bulk Services of Newport; and Shue Brothers Excavating and Logging of West Leyden.

Fred Burrows Trucking offered the lowest total cost to the Authority, using designated routes and required equipment over the contract period. Burrows bid the contract on a per load, per route basis.

The Authority’s transfer stations receive waste from individual collection trucks. At the transfer stations, waste is loaded in Burrows’ high capacity walking floor transfer trailers for transport to the landfill. There is ample equipment so that peak traffic times can be avoided and there are no shortfalls during high waste generation periods. Burrows has committed to providing a fleet of 41 trailers.

Under the contract, the Authority will continue to provide a GPS system for each of the contractor’s tractors, to allow for real time tracking/compliance, speed and fuel use.

TOWN OF WEBB TRANSFER STATION



The Authority designed and constructed a transfer station in the Town of Webb. The Webb Transfer Station is designed to process approximately 2,500 tons per year of municipal solid waste and recyclables.

The Town operates the facility and transports the collected materials. The facility, which opened in June 1994, provides solid waste services for the northern portion of Herkimer County.

Waste from the facility is transferred by the Town to the Authority's Regional Landfill for disposal. The Town's recyclables are delivered to the Authority's Recycling Center. Bulk metals are marketed to local scrap metal dealers. In 2017, the Town of Webb Transfer Station delivered 2,272 tons of municipal solid waste and 452 tons of recyclables to Authority facilities.



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ONEIDA-HERKIMER REGIONAL LANDFILL

Landfill Liner System

Landfill Gas Management/Gas to Energy Project

Google Environmental Report

Community Compensation Plan

Land Management Plan

Leachate Treatment and Disposal

ONEIDA-HERKIMER REGIONAL LANDFILL

The Authority operates the newest landfill in upstate New York, the Oneida-Herkimer Regional Landfill, which serves rural communities with a combined population of 300,000. The Regional Landfill opened on October 24, 2006. The landfill is permitted to accept only non-hazardous waste generated within Oneida and Herkimer Counties. The landfill's approved design capacity is 1,000 tons per day. The landfill permit authorizes development of a total of 19 landfill cells covering a 150-acre

The landfill is an important part of the environmental infrastructure that serves Oneida and Herkimer Counties, and a pivotal part of the system operated by the Authority. The landfill provides all waste generators with the highest level of environmental security thereby guarding against significant liability for the long-term. The landfill site was selected because of highly favorable hydrogeologic conditions.



The facility employs the best available engineering systems to protect the environment. Additionally, the landfill provides a cost-effective and financially stable means of disposal, representing a reduction in disposal costs when compared to exportation of waste.

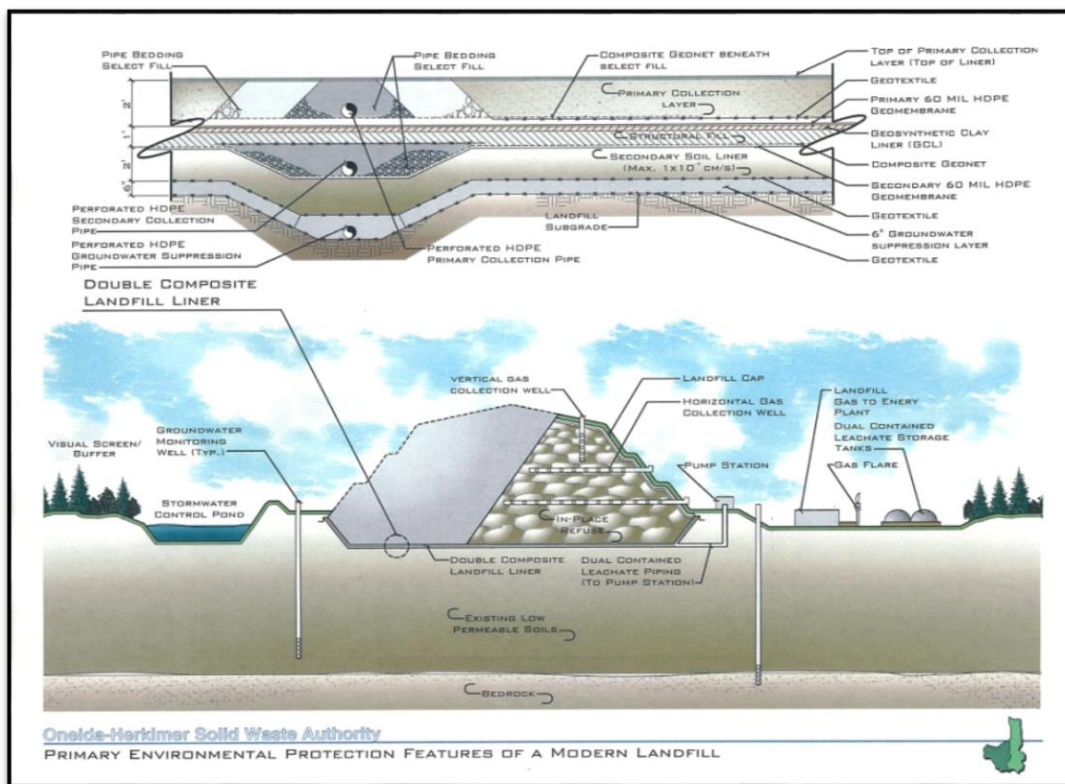
Initial construction of the landfill was phased over 3 years with multiple contracts being awarded following competitive bidding. Construction was completed in 2006. Initial construction included the following work:

- Approximately 23.6 acres of double composite landfill liner
- Leachate manholes and associated piping and accessories

- Two 1.3 million gallon leachate storage tanks and secondary containment liner
- Surface water drainage system
- Sediment control and stormwater detention basins system (25 acres)
- Mitigation wetlands (6.25 acres)
- Access and perimeter road completion
- 12,000 sq. ft. maintenance/office building
- Leachate pump house
- Leachate load-out building
- 9-bay cold storage building
- Fuel island
- Sand barn
- Miscellaneous site work and other related items

Construction included the core of the landfill's design, a multi-layer liner system which is based on the latest in engineering technology. Referred to as a dual composite liner system, the entire bottom of the landfill area is protected by multiple layers of clay, composite materials and synthetic liners (12 in all).

STATE-OF-THE-ART LANDFILL LINER SYSTEM



The liner system is designed to collect any liquid which comes into contact with waste (leachate) and direct that liquid into collection pipes embedded in the liner system which convey the leachate into the leachate storage tanks until it is loaded into tanker trucks for treatment at off-site waste water treatment facilities. As a further precaution,



monitoring wells placed around the landfill area allow for continuous testing of groundwater to insure no leakage has occurred.

Authority surveys have shown that landfill air space is being consumed at a rate less than original engineer estimates. The lower consumption is a result of higher compaction efficiency than estimated. The Authority's use of Global Positioning Systems (GPS) to aid operation in compaction has contributed to higher compaction and more efficient use of landfill space. Based upon actual landfill utilization and fill progression projections, our engineers predicted the need for the availability of an additional cell in late 2013, necessitating the construction of that cell in 2010. The Authority's fourth cell (9.3 acres) was constructed in 2010. This cell became operational in 2014. Construction of Cell 6 commenced in April 2014 and was completed on-schedule in October 2014. In October 2015, this cell became operational.

Following public notice on March 10, 2017, five bids were received by the Authority for Cell 7 construction. Each bid was evaluated for compliance with the specifications for the project by the Authority's consulting engineer, Barton & Loguidice. The bid price of \$3,948,669 by Adhan Piping Company was determined to be an acceptable low bid. At the March 20, 2017 Authority meeting, the Authority Board approved a resolution authorizing the Executive Director to sign a contract with Adhan Piping Company. Adhan completed phase I of the Cell 7 project in 2017. Phase I consisted of soil stripping to sub-grade within the cell footprint, gray till mining/screening and soil stabilization. Phase II will begin in Spring 2018.

October 24, 2017 marked the 11th year anniversary of the Regional Landfill. After operating 11 years and assuming the current tonnage, the landfill now has a future capacity of over 80 years. This is mainly due to higher waste density (1920#/cy) as compared to original estimates.

| REGIONAL LANDFILL DISPOSAL DATA FOR 2017 | |
|---|----------------|
| MATERIAL | TONNAGE |
| Municipal Solid Waste (Non-Construction & Demolition) | 170,392 |
| Direct Haul – Industrial Waste | 2,714 |
| Direct Haul – Asbestos Waste | 5,677 |
| Direct Haul Sludge/Sludge Ash | 11,384 |
| Alternative Daily Cover (ADC) | 7,202 |
| Petroleum Contaminated Soil | 66,315 |
| TOTAL | 331,321 |

LANDFILL GAS MANAGEMENT/GAS TO ENERGY PROJECT



In 2008, the Authority Board of Directors authorized a study to determine the most beneficial utilization of collected landfill gas. Engineer estimates predicted that in 2011 there would be an adequate volume of landfill gas produced to begin energy recovery.

Initially it was estimated that one generator could be installed which would produce about 1.6 megawatts of power, or enough to provide about 2,100 average homes with power. Over the next 20 years of operations, the number of generator sets is projected to grow to 7 with a total facility power output of 11.2

megawatts, capable of powering over 8,500 homes. The heating needs of the landfill facility will also be met.

The release of methane from landfills is a contributor to greenhouse gas generation. The Authority’s Landfill Gas to Electricity project represents a significant commitment by the Authority to dramatically reduce our carbon footprint by capturing methane from our landfill and converting it to green energy. This project is a win-win for the environment, the Authority and energy consumers.

In 2010, the Authority implemented active landfill gas collection and control through the use of a blower skid and flare. The active landfill gas collection system collects the gas through a network of wells and pipes located in the landfill cells. This collection system puts the landfill under negative pressure pulling gas to the generator and flare, thereby avoiding emissions to the atmosphere.

In order to beneficially utilize the gas, the Authority entered into a contract (via the NYS 120-w procurement process) with Waste Management Renewable Energy (WMRE) to build and operate a landfill gas to electricity facility. The WMRE facility currently features two internal combustion engines that are fueled with landfill gas and thereby generate electricity.

The Municipal Commission of Boonville is also a key participant in this project, primarily through the electrical interconnect and transmission infrastructure aspects on the project.

In the future, there will also be substantial excess heat produced in the electricity generation process that can be recovered. Heat recovery is often an attractive feature in establishing aquaculture, horticultural or agricultural industries.

This project began generating electricity in early 2012 with one engine. The facility expanded in 2013 with the installation of one additional engine.

With the second engine, the facility now generates enough renewable energy to power more than 3,300 homes each year. In 2017, the Authority installed 5 new gas collection wells at the Regional Landfill (RLF) continuing to advance the active landfill gas collection system which brings the total number of vertical wells to 66 and horizontal wells to 16.

AUTHORITY FEATURED IN 2017 GOOGLE ENVIRONMENTAL REPORT

The Oneida-Herkimer Solid Waste Management Authority is one of Google's long-standing carbon offset project partners and was featured in the 2017 Google Environmental Report: *Capturing value from waste in upstate New York* for its successful Landfill Gas Project.

The partnership between Google and the Authority goes back to 2010, when Google decided to invest in the Authority's landfill gas project in its early stages. Included in Google's report, "As organic waste decomposes inside a landfill, it creates methane gas, which is a significant contributor to climate change: methane is 28 times more potent than carbon dioxide and accounts for 16% of global GHG emissions. Landfills in many U.S. states aren't required to capture or process methane if they don't reach a certain threshold of emissions, so by voluntarily collecting and destroying it, they can generate carbon offsets.

The Authority wanted to install a network of wells, pipes, and flares to capture and destroy the site's methane gas. Developing a carbon offset project provided the financial incentive for the initial investment. After vetting the project, Google committed to purchasing all the carbon offsets it would generate. This long-term investment provided the financial certainty the Authority needed to build and begin operating the gas-collection system three years earlier than planned.

Since then, the project has eliminated half a million metric tons of carbon dioxide equivalent, generating more than half a million carbon offsets while ensuring the gas is properly handled.

Once a gas-collection system was in place, the Authority could then take further steps to fully utilize this resource. Rather than simply flaring off, or burning, the waste gas, the Authority commissioned a plant to convert it to electricity. This plant now produces enough renewable energy to power more than 3,300 local households and also provides a steady revenue stream to fund additional waste management initiatives for the community.

Revenue from selling carbon offsets has allowed the Authority to continuously expand the gas well field to capture even more methane. The money has also supported the launch and operations of other waste management initiatives, including electronics waste recycling and safe disposal of household hazardous waste. Without the revenue stream catalyzed by the initial gas-collection project, the additional cost for these community programs would have to be borne by local residents and businesses.”

For more information on the Authority’s Landfill Gas Project or to view the complete 2017 Google Environmental Report, please visit www.ohswa.org.

COMMUNITY COMPENSATION PLAN

The Authority held numerous public hearings at the start of the landfill siting process in 1991 to gain input on the idea of providing a community compensation agreement for the community where the landfill would be located. Based upon this input, the Authority made a commitment to provide such a community compensation agreement. Agreements were subsequently negotiated with the Town of Ava and the Town and Village of Boonville, where the landfill is located.

In 2007, the Authority and Village of Boonville entered into a written agreement in which the Authority made a commitment to assist the Village in developing a possible bypass at the Village’s option. In June 2015, the Village of Boonville voted against a bypass. In lieu of a bypass, the Authority and Village sought to make mutually beneficial modifications to the Agreement to improve transportation through the Village at the intersection of State Route 294 and 46. In December 2015, the Authority and Village approved an Amendment to the Agreement which provided for Authority funding of certain improvements at the intersection. This project will allow the public and the Authority to more safely utilize the intersection and will benefit the Village and the Erwin Library and Institute. The Authority and Board of Trustees of the Erwin Library and Institute also entered into an Agreement regarding the intersection project. The project included demolition of the former Dollar General Store, owned by the Library. This project was completed in 2016.

In April 2016, the Authority solicited bids, in compliance with General Municipal Law Section 103, for the furnishing of all labor and material necessary for the Erwin Library Parking Lot Construction. The scope of work included reconstructing the northwest quadrant of the NYS Routes 294 & 46 intersection, reconstructing the Erwin Library site parking lot, installation of new drainage structures and associate pipes, adjustment of existing drainage structures, concrete sidewalk and curb improvements,

installation of streetscape elements, installation of a handicap ramp, and overall landscape improvements. On May 9, 2016, the contract, in the amount of \$254,361.70, was awarded to Central Paving, Inc. of Frankfort, NY. Central Paving began construction in July 2016 and the project was successfully completed in August 2016.

KEY PROVISIONS OF THE TOWN OF AVA AGREEMENT

- Annual payment to the Town of \$335,000.
- Continuation of equipment loan and free trash disposal (2 clean-ups) by the Authority to the Town valued at \$20,000 per year.
- Annual payment of \$25,000 toward emergency services.
- Regular reporting by the Authority to the Town on environmental monitoring.
- The payments by the Authority will be made annually and increase over the 25-year term bringing the total value of the agreement to over \$9 million.
- As provided under New York State law, and as done for other jurisdictions when the Authority owns property, the Authority also makes payments in lieu of taxes to the Town of Ava and Oneida County for the real property taxes. The payments by the Authority exceed the payments by prior property owners. Therefore, the Town and County have seen no loss of tax revenue due to the landfill.
- The Authority also makes annual payments to the Adirondack Central School District.

KEY PROVISIONS OF THE TOWN & VILLAGE OF BOONVILLE AGREEMENTS

- Annual payment by the Authority to the Village of \$45,000 and \$50,000 to the Town.
- One-time \$10,000 contribution for emergency services.
- Authority will provide for transportation of waste and recyclables from the Boonville Transfer Station with no disposal charge for the first 600 tons of refuse each year.
- Authority will provide for transportation and disposal of waste water treatment sludge from the Village's waste water treatment plant.
- The Authority paid for all expenses associated with improving the State Route 294/46 intersection. This included a parking lot and improvements to the Library and Dodge Pratt Northam property. Upon completion of the improvements to the intersection, the Authority provided the Village with a one-time payment of \$400,000 to be utilized by the Village toward additional improvement projects determined by the Village.
- Regular reporting by the Authority to both the Village and the Town on environmental monitoring and transportation.
- First option to purchase power from the Authority landfill gas to energy project is granted to the Boonville Municipal Power Commission.

LAND MANAGEMENT PLAN

In 2008, the Authority developed a long-term management plan for property owned adjacent to the landfill site. The Authority owns over 1,200 acres at the site. A total of 986 acres were acquired for use as landfill buffer. The landfill buffer area features a large beaver pond wetland complex, portions of Moose Creek, forested uplands and high quality forested wetlands. This area has been put aside and preserved by the Authority as a natural area used by an extensive list of wildlife including river otters, brook trout, many species of water fowl and birds of prey, including bald and golden eagles.

One parcel acquired contained approximately 66,000 fir and spruce seedlings planted for Christmas trees and wreath making. Each year the Authority plants over 300 saplings on its property. A plan was developed to provide for the utilization of the Christmas trees and also for the implementation of sound forestry practices on the property. The Plan allows community groups, solicited through a public process, to manage Christmas tree plots and use for fundraising opportunities. The Plan also includes working with the County Forester to manage the remaining forested lands.

LEACHATE TREATMENT & DISPOSAL

The Authority has approval for disposal and treatment of landfill leachate with the City of Rome Wastewater Treatment Plant and the Oneida County Water Pollution Control Facility.

In 2017, a total of 19,155,436 gallons of leachate from the Authority's Regional Landfill were shipped for treatment.



The AuthorityTM
ONEIDA-HERKIMER SOLID WASTE AUTHORITY

ASH LANDFILL

SOLAR ARRAY SYSTEM

MUNICIPAL COLLECTION PROGRAMS

City of Utica Waste and Recyclables Collection

Villages of Dolgeville, Frankfort, Herkimer, Ilion and Mohawk

COMPLIANCE AND ENFORCEMENT

AUTHORITY WEBSITE

ASH LANDFILL



SOLAR ARRAY SYSTEM

1.1 Megawatts Annually of Renewable Energy

- Equivalent # of Homes Powered, Annually: 119
- Equivalent # of Homes Powered, 20-Year Term: 2,380
- Total Pounds CO₂ Avoided, 20-Year Term: 34 Million
- Equivalent # of Trees Saved, 20-Year Term: 400,000

Throughout 2017, the Authority continued the routine maintenance, monitoring, and testing of the Authority's Ash Landfill (ALF) located on Tannery Road, Rome. This landfill was closed and capped in 1997 in compliance with NYSDEC Part 360 regulations.

The ALF is fully lined with both primary and secondary leachate collection systems.

Leachate is pumped to the City of Rome Water Pollution Control Facility for treatment.

This monitoring and testing of the ALF is performed as part of the 30-year post closure requirements of the NYSDEC approved Closure and Environmental Monitoring Plan. The landfill has a fully funded reserve that will cover the post-closure costs for a 30-year period.

SOLAR ARRAY SYSTEM



Consistent with the Authority's mission to manage the region's solid waste and recyclables in an environmentally sound, cost-effective, efficient and safe manner, operating more sustainably is an Authority goal.

In 2014, the Authority entered into a solar power purchase agreement with SolarCity Corporation [Tesla] of San Mateo, CA. The Agreement authorized construction of a ground-mounted solar array system on roughly 8-acres of Authority property adjacent to

the Authority's Western Transfer Station in Rome, NY. Construction was completed in 2016 and the system began operating in July 2017.

The array will generate approximately 1.1 megawatts annually of renewable energy. This is enough energy to offset the Authority's combined electricity needs at its Rome and Utica facilities, including the Authority's single stream Recycling Center.

MUNICIPAL COLLECTION PROGRAMS

CITY OF UTICA WASTE & RECYCLABLES COLLECTION

Since 1996, the Authority has overseen the solid waste and recyclable collection services for the City of Utica, including the sale of "blue bags". Residents in the City of Utica utilize a City "blue bag" for all items that cannot be recycled and are not considered a bulk item.

Each single-family home is allowed to set out a maximum of ten City blue bags each week, one cubic yard of trash (bundled or containerized), one bulk item (i.e. refrigerator, mattress, couch), two car tires and an unlimited quantity of recyclables.

| CITY OF UTICA 2017 DISPOSAL DATA | |
|---|----------------|
| MATERIAL | TONNAGE |
| Municipal Solid Waste | 16,929.12 |
| Recyclables | 4,357.99 |
| Tires | 177.83 |
| Green Waste | 4,444.65 |

The Authority also provides public information and enforcement of the City Code requirements for solid waste. During 2017, the Authority's solid waste inspectors wrote 83 Notices of Violation for solid waste and/or green waste that was illegally or improperly set-out within the City of Utica.

VILLAGES OF DOLGEVILLE, FRANKFORT, HERKIMER, ILION AND MOHAWK

In 2017, the Authority continued to assist the Villages of Dolgeville, Frankfort, Herkimer, Ilion and Mohawk with their waste collection programs. The Authority and the Villages entered into separate agreements for the coordination of solid waste, recyclables, bulk items, electronics and green waste collection programs. Collection for these five municipalities is currently subcontracted to a private hauler.

The Authority coordinates the distribution of designated garbage bags to approved retail outlets, and the distribution of garbage carts to interested homeowners of each Village. Recycling carts, provided by the contracted hauler, aid in the efficiency of recyclables' collection throughout the Villages.

Each Village is managed separately but similarly to the City of Utica system, including separate accounting for each municipality.

COMPLIANCE AND ENFORCEMENT

Authority staff continues to work with local and state law enforcement agencies on illegal dumping, burning, burying, scavenging of recyclables, and non-compliance with the mandatory recycling laws.

Numerous investigations were conducted with letters of enforcement and education written to hauling companies and individuals that violated County law. Illegal activities were documented, and complaint forms provided to the Oneida and Herkimer County District Attorneys for enforcement action.

AUTHORITY WEBSITE

For comprehensive information on the Oneida-Herkimer Solid Waste Authority, we invite you to visit our website at: www.ohswa.org

The Authority continues to monitor and update its website. The website offers many user-friendly features and information.



INCLUDED ON THE WEBSITE:

- Comprehensive information about all Authority services and programs.
- Icon system under search tool.
- **“Am I Recyclable?”** quick finder that highlights the top 12 items that are improperly recycled or disposed of and includes a Mobile Web App which can be viewed by visiting www.AmIRecyclable.com.
- **“How Do I Recycle or Dispose of”** search tool that allows users to type in hundreds of items to learn how to properly recycle or dispose of a particular item.
- **“Find a Hauler”** tool that allows residents in Oneida and Herkimer Counties to type in their zip code to view a list of waste haulers that service their location.
- User-friendly set-up with categorized information valuable to residents, businesses, haulers and schools.
- Online invoice payment service.
- Video series, including FAQ videos available for viewing.
- Mobile-friendly format allows optimal user experience from multiple devices (i.e., smart phones, tablets, laptops, desktops).
- Website users can “Contact Us” with questions via an electronic submission.
- Timely information highlighted under **“News”**.



The
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ONEIDA-HERKIMER SOLID WASTE AUTHORITY

PUBLIC AUTHORITIES REPORTING

FINANCIAL ACTIVITIES

AUTHORITY STAFF

PUBLIC AUTHORITIES REPORTING

The Oneida-Herkimer Solid Waste Authority is a public benefit corporation and is subject to the provisions of the Public Authorities Accountability Act (PAAA). The Authority annually complies with the PAAA by submitting its Budget Report, Annual Report, Procurement Report, Investment Report and Certified Financial Audit to the Authority Budget Office (ABO) and Office of State Comptroller (OSC) through the Public Authority Reporting Information System (PARIS), a comprehensive on-line reporting system.

The Oneida-Herkimer Solid Waste Authority prides itself on accountability and transparency. In this effort, the Authority holds regular public meetings and has developed a website that is continuously updated with information about its operations and financial activities. For comprehensive information on the Oneida-Herkimer Solid Waste Management Authority, we invite you to visit our website at: www.ohswa.org.

FINANCIAL ACTIVITIES

The 2017 financial audit continues to reflect the strong operating results of the Authority. The Authority had a \$5,963,522 addition to its net position for 2017. This was the result of several factors including:

- The Authority's tipping fee revenues exceeded budget by \$2,968,000. The Authority exceeded budgeted tonnage expectations for asbestos, soil/cover, sludge, municipal solid waste and C&D material.
- The Authority earned \$2,650,500 in recyclables' sales during 2017, which was \$600,500 over the 2017 budget.
- The Authority sold landfill gas and shared in a Power Purchase Agreement, per its contract with Waste Management Renewable Energy, and generated \$318,000 in revenue.
- The Authority sold carbon credits resulting in \$318,752 of revenue during 2017.
- In 2017, the Authority processed recyclables for Fulton, Lewis and Oswego Counties. The Authority earned \$783,116 in processing fees.
- Expenses decreased by about 1.6% over 2016 results.
- Salaries/wages and overtime increased about 4.2% from 2016 due to the increased waste tonnage, recyclables' sales and contractual union agreement.
- Interest expense decreased by about \$189,750 from 2016, resulting from the defeasance of the Authority's 2007 bond issue.
- Total revenue bond debt declined by \$6,015,000, or 9.53%, from 2016.
- The Authority also funded reserves for landfill equipment in the amount of \$450,000 for 2017 and for the extension of the landfill liner in the amount of \$1,600,000.
- The Authority, once again, fully funded its closure and post-closure funds for the Ash Landfill and Regional Landfill.

The attached financial audit gives a detailed picture of the Authority's financial position.

ADMINISTRATIVE OFFICE

1600 GENESEE STREET, UTICA, NY 13502
TELEPHONE: (315)733-1224
WEB SITE: www.ohswa.org

EASTERN TRANSFER STATION & RECYCLING CENTER

80 LELAND AVENUE EXT., UTICA, NY 13502

REGIONAL LANDFILL

7044 STATE ROUTE 294, BOONVILLE, NY 13309

WESTERN TRANSFER STATION

575 PERIMETER RD., ROME, NY 13441

STAFF

William A. Rabbia, Executive Director
Emily Albright, Director of Recycling
Joseph Artessa, CPA, Comptroller
James V. Biamonte, Environmental Coordinator/Contract Officer
Daniel Bowman, Recycling Center Plant Manager
Justin Fitch, Environmental Compliance Coordinator
Adele A. Guarino, Secretary to the Executive Director
Christine Lawrence, Account Clerk
Pat Lisandrelli, Principal Accounting Supervisor
Jayne Morgan, Sr. Weigh Scale Operator
Deborah O'Connor, City of Utica Coordinator
Joshua Olbrys, Landfill Operations Manager
Andrew Opperman, PE, Solid Waste Engineer
William Schrader, Superintendent of Waste Collection
Beth Scoones, Account Clerk
Jamie Tuttle, Recycling Educator
Jodi M. Tuttle, Authority Board Secretary/HR Coordinator



The AuthorityTM
ONEIDA-HERKIMER SOLID WASTE AUTHORITY

BST FINANCIAL REPORT



(A Component Unit of the County of Oneida, New York)

Financial Report

December 31, 2017 and 2016

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Financial Report

December 31, 2017 and 2016

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Independent Auditor's Report

Board of Directors
Oneida-Herkimer Solid Waste Management Authority
Utica, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the Oneida-Herkimer Solid Waste Management Authority (Authority), a component unit of the County of Oneida, New York, as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2017 and 2016, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, including the budgetary comparison information on page 9 and the schedules of funding progress on page 31, proportionate share of the net pension liability on page 35, and local government pension contributions on page 36, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introduction and statistical information included within management's discussion and analysis are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 7, 2018, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the Authority's internal control over financial reporting and compliance.

BST & CO. CPAs, LLP

Albany, New York
March 7, 2018



Preserving the environment through integrated recovery and disposal.

Management's Discussion and Analysis December 31, 2017 and 2016

Introduction

On behalf of the Oneida-Herkimer Solid Waste Management Authority (the Authority), I am pleased to submit this 2017 Annual Financial Report developed in compliance with accounting standards generally accepted in the United States of America. This year marks the 29th anniversary since the formation of the Authority.

The Authority remains in a very stable financial position. While lowering rates and keeping expenses in check, the Authority continued to provide a full-range of services to handle all categories of waste generated by the region's individuals, businesses, industries and institutions. The Authority continued its emphasis on reduction and recycling. The Authority Board remains committed to maintaining and enhancing the region's self-reliant integrated solid waste management system.

This past year was another financially successful year for the Authority. The Authority was able to use some current and past surpluses to fully defease \$3,765,000 of its 2007 bond issue. Total revenue bond debt outstanding at December 31, 2017 was \$24,777,593. Over the past five years, the Authority has reduced long-term revenue bond debt by \$23,132,407 all while lowering its rates by 28% since 2006.

Due to the realized surplus in 2017 sales of recyclables and carbon credits revenues, the Authority was able to initiate the early purchase of \$725,000 in equipment, included in future capital plans. This early purchase will provide more future financial flexibility and continued stable rates.

For 2017, recyclables processing revenue was \$783,116, or an increase of 38% from 2016, due to a new contract to process Fulton County's recyclables. The additional revenue for processing Fulton's recyclables, when added to the revenues for processing Lewis and Oswego Counties' recyclables, led to an increase in revenue diversification and less reliance on tipping fees to cover Authority expenses.

In 2016, the Authority initiated a feasibility study to look at the viability of constructing a facility in Utica to divert commercial food waste from the landfill. I am pleased to report that in 2017, the Authority Board authorized construction of the facility for completion in the Fall of 2018. This \$3,400,000 project will be paid with current operating revenues and grants. No borrowings will be used to finance any part of this project.

I am proud of the accomplishments and hard work from the employees and my fellow colleagues on the Authority Board. While we continue to manage the region's waste and recyclables in a safe, reliable and efficient manner, I invite you to review this summary of our operations and feel free to call anytime.



Kenneth A. Long
Chairman

BOARD OF DIRECTORS

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Chairman

Harry A. Hertline
Treasurer

James M. D'Onofrio

Nancy A. Novak

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Jodi M. Tuttle

Barbara Freeman

James M. Williams

Authority Board Secretary

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

**Management’s Discussion and Analysis
December 31, 2017 and 2016**

Authority Profile

The Oneida-Herkimer Solid Waste Management Authority was created by the State Legislature at the request of the two Counties by passage of Article 8, Title 13-FF of the New York Public Authority Law on September 1, 1988. The Authority is authorized to provide waste management services and to develop appropriate solid waste management facilities for the benefit of Oneida and Herkimer Counties.

The Authority has developed a comprehensive, integrated system of facilities to serve all the residents, businesses, industries, and institutions of Oneida and Herkimer Counties.

The Authority’s 2017 budget was approximately \$23.6 million and covered expenses for disposal of waste, recycling, household hazardous waste, composting, public education, administration, collection of waste, and recyclables in the City of Utica and Villages of Ilion, Frankfort, Herkimer, Mohawk, and Dolgeville, capital purchases, operations, maintenance, and debt service. The Authority currently owns nine operational solid waste management facilities and one closed facility. These facilities are as follows: an administration facility, a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a household hazardous waste facility, and a regional landfill; and a closed ash landfill.

The Authority’s revenue structure is primarily a fee for service system. A system tip fee is charged for all non-recyclable waste delivered to the Authority to cover the majority of expenses in the Authority budget. The Authority receives the remaining revenue from other sources, such as investments, sale of recyclables, grants, sale of carbon credits, sale of landfill gas, and other user fees. The Authority receives no funds from the Counties.

Authority Board of Directors

| Name | Business Affiliation |
|---|--|
| Kenneth A. Long, Chairman | Business Manager of Central Valley Central School District and former Herkimer County Legislator |
| Vincent J. Bono, Vice Chairman <i>Vice Chairman, Audit Committee Finance Committee</i> | Partner in Bono Brothers LLC, Property Management Group; Vice Chairman of the Herkimer County Legislature; and Chairman of the Herkimer County Industrial Development Agency |
| Harry A. Hertline, Treasurer <i>Chairman, Finance Committee Chairman, Audit Committee</i> | Korean War Air Force Veteran, Retired GE Unit Contract Manager, and former Minority Leader Oneida County Board of Legislators |
| Neil C. Angell | Town of Verona Dairy Farmer and former Oneida County Legislator and Member of the Agricultural Economic Development Committee |
| James M. D’Onofrio <i>Chair- FOIL Appeals Committee</i> | President of Arlott Office Products and Member of Oneida County Board of Legislators |
| James A. Franco <i>FOIL Appeals Committee</i> | Part-time DPW Superintendent, Village of Herkimer |

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Management's Discussion and Analysis
December 31, 2017 and 2016

Authority Profile - Continued

| <u>Name</u> | <u>Business Affiliation</u> |
|--|---|
| <p>Barbara Freeman <i>Chair, Governance Committee</i> <i>FOIL Appeals Committee</i></p> | <p>Retired Teacher; Member, Village and Town of Boonville Environmental Councils</p> |
| <p>Nancy Novak <i>Governance Committee</i></p> | <p>Manager Safety & Regulatory Compliance at Bonide Products, Inc.; Member, Mohawk Valley Environmental Information Exchange and Mohawk Valley Safety Professional Consortium</p> |
| <p>Robert J. Roberts, III <i>Audit Committee</i> <i>Vice Chair, Finance Committee</i></p> | <p>Director of Special Projects, Adjusters International</p> |
| <p>James Williams <i>Governance Committee</i></p> | <p>Retired from the United States Postal Service; Vietnam War Army Veteran; and Member of the Ava Town Planning Board</p> |

Responsibility and Controls

The Authority has prepared and is responsible for the financial statements and related information included in this report. A system of internal accounting controls is maintained to provide reasonable assurance that assets are safeguarded and that the books and records reflect only authorized transactions. Limitations exist in any system of internal controls. However, based on recognition that the cost of the system should not exceed its benefits, management believes its system of internal accounting controls maintains an appropriate cost/benefit relationship.

The Authority's system of internal accounting controls is evaluated on an ongoing basis by the Authority's financial staff. Independent external auditors also consider certain elements of the internal control system in order to determine their auditing procedures for the purpose of expressing an opinion on the financial statements.

The Finance Committee of the Authority Board of Directors is composed of four members of the Board who are not employees and who provide a broad overview of management's financial reporting and control functions. This Committee meets regularly with management to discuss financial issues.

The Audit Committee of the Authority Board of Directors is composed of three members of the Board who are not employees and who have responsibilities, including the hiring of the independent auditor, the compensation to be paid to the auditing firm, and to meet with the independent auditor regarding the Authority's annual audit.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

**Management's Discussion and Analysis
December 31, 2017 and 2016**

Audit Assurance

Since the Authority has been established, we have received an unmodified opinion with each annual independent audit commonly referred to as a clean opinion. The current unmodified opinion from our auditors, BST & Co. CPAs, LLP, is included in this report.

Financial Highlights

This section of the report presents management's discussion and analysis of the Authority's financial position as of December 31, 2017 and 2016, and other significant pertinent financial information.

The 2017 financial report continues to reflect the strong operating results of the Authority. The Authority has increased its net position by approximately \$5.97 million and \$3.88 million for the years ended December 31, 2017 and 2016, respectively. For 2017, this was the result of several factors including:

- The Authority's tipping fee revenues exceeded budget by \$2,968,000. The Authority exceeded budgeted tonnage expectations for asbestos, soil/cover, sludge, municipal solid waste and C&D material.
- The Authority earned approximately \$2,650,000 in recycling sales, which was \$600,500 over the 2017 budget.
- The Authority fully defeased \$3,765,000 of its 2007 bond issue.
- The Authority accelerated capital equipment acquisitions of \$725,000 due to the surplus in budgeted revenue for sales of recyclables and carbon credits.
- The Authority sold Landfill Gas and shared in a Power Purchase Agreement, per its contract with Waste Management Renewable Energy, and generated \$318,000 in revenue.
- The Authority sold carbon credits resulting in \$318,752 of revenue.
- The Authority processed recyclables for Oswego, Lewis Counties and Fulton Counties. The Authority earned \$783,116 in processing fees.
- Expenses decreased by about 1.6% over 2016 results.
- Salaries/wages and overtime increased about 4.23% from 2016 due to an increase in material tonnages and contractual agreements.
- Interest expense decreased by approximately \$196,000 from 2016, principally as a result from the defeasance of the 2007 bonds.
- The Authority funded reserves for landfill equipment in the amount of \$450,000 and for the extension of the landfill liner in the amount of \$1,600,000.
- The Authority, once again, fully funded its closure and post-closure funds for the Ash Landfill and Regional Landfill.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Management's Discussion and Analysis
December 31, 2017 and 2016

Financial Analysis

The statements of net position and statements of revenues, expenses, and changes in net position and other selected information provide information to management for analysis and planning. These two statements report the Authority's net position and changes in it.

**Table A-1
Condensed Statements of Net Position**

| | December 31, | | | | |
|--|-----------------------------|---------------|-----------------------------|---------------|-----------------------------|
| | 2017 | 2017 vs. 2016 | 2016 | 2016 vs. 2015 | 2015 |
| ASSETS AND DEFERRED OUTFLOWS | | | | | |
| Current assets | \$ 33,007,171 | 1.92% | \$ 32,385,079 | 14.28% | \$ 28,337,548 |
| Restricted assets | 10,281,438 | -4.30% | 10,743,593 | -2.35% | 11,001,737 |
| Capital assets, net | 44,226,197 | 1.74% | 43,471,221 | -3.64% | 45,111,907 |
| Non current assets | - | -100.00% | 36,125 | -15.44% | 42,721 |
| Total assets | <u>87,514,806</u> | | <u>86,636,018</u> | | <u>84,493,913</u> |
| Deferred outflows | <u>1,166,820</u> | -50.89% | <u>2,376,155</u> | 357.00% | <u>519,950</u> |
| Total assets and deferred outflows | <u>\$ 88,681,626</u> | | <u>\$ 89,012,173</u> | | <u>\$ 85,013,863</u> |
| LIABILITIES, DEFERRED INFLOWS, AND NET POSITION | | | | | |
| Current liabilities | \$ 4,425,448 | 7.52% | \$ 4,115,788 | 7.32% | \$ 3,835,066 |
| Long-term liabilities | <u>29,297,934</u> | -18.26% | <u>35,844,428</u> | -1.35% | <u>36,335,311</u> |
| Total liabilities | <u>33,723,382</u> | -15.61% | <u>39,960,216</u> | -0.52% | <u>40,170,377</u> |
| Deferred inflows | <u>991,165</u> | -5.46% | <u>1,048,400</u> | 44.76% | <u>724,244</u> |
| Net investment in capital assets | 25,766,311 | | 19,478,106 | | 18,750,348 |
| Net position, restricted | 1,122,046 | | 955,801 | | 1,158,104 |
| Net position, unrestricted | <u>27,078,722</u> | | <u>27,569,650</u> | | <u>24,210,790</u> |
| Total net position | <u>53,967,079</u> | 12.42% | <u>48,003,557</u> | 8.80% | <u>44,119,242</u> |
| Total liabilities, deferred inflows, and net position | <u>\$ 88,681,626</u> | -0.37% | <u>\$ 89,012,173</u> | 4.70% | <u>\$ 85,013,863</u> |

While total assets have remained relatively consistent since 2015, long-term liabilities have decreased 19.15% during the same period principally due to scheduled payments on the Authority's long-term bonds.

Total net position has grown approximately \$9.9 million since the end of 2015 as a result of favorable operations of the Landfill, consistent waste tonnage, strong recyclable sales, diversification of revenues, and a tight control over Authority expenses.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Management's Discussion and Analysis
December 31, 2017 and 2016

Financial Analysis - Continued

**Table A-2
Condensed Statements of Revenues, Expenses, and
Changes in Net Position**

| | Years Ended December 31, | | | | |
|--|-----------------------------|---------------|-----------------------------|----------------|-----------------------------|
| | 2017 | 2016 vs. 2015 | 2016 | 2016 vs. 2015 | 2015 |
| Operating revenue | \$ 26,023,193 | 8.89% | \$ 23,899,400 | 0.59% | \$ 23,759,512 |
| Nonoperating revenue | 479,728 | -43.67% | 851,612 | 25.61% | 677,989 |
| Total revenues | <u>26,502,921</u> | 7.08% | <u>24,751,012</u> | 1.28% | <u>24,437,501</u> |
| Depreciation expense | 3,468,782 | -7.96% | 3,768,841 | 2.39% | 3,680,874 |
| Other operating expense | 16,262,043 | 0.86% | 16,123,171 | 6.46% | 15,145,237 |
| Nonoperating expense | 808,574 | -17.04% | 974,685 | -13.45% | 1,126,091 |
| Total expenses | <u>20,539,399</u> | -1.57% | <u>20,866,697</u> | 4.58% | <u>19,952,202</u> |
| Change in net position | 5,963,522 | 53.53% | 3,884,315 | -13.40% | 4,485,299 |
| NET POSITION, beginning of year | <u>48,003,557</u> | 8.80% | <u>44,119,242</u> | 11.32% | <u>39,633,943</u> |
| NET POSITION, end of year | <u>\$ 53,967,079</u> | 12.42% | <u>\$ 48,003,557</u> | 8.80% | <u>\$ 44,119,242</u> |

The Authority's expenses decreased by approximately 1.62% for 2017 in comparison to 2016. The Authority had a reduction in non-operating expenses, interest expense, and depreciation during 2017.

Budgetary Highlights

The Authority Board of Directors adopts an annual operating budget and a five-year capital plan after thorough review by the Audit and Finance Committee of the Authority Board and a public hearing. Management periodically reviews the budget and informs the Board and Finance Committee if it becomes apparent that the budget as adopted is not in line with actual revenue and expenditures. Variations from the budget are dealt with through budget transfers or amendments. Transfer amounts under \$5,000 are approved by the Treasurer of the Board. Those in excess of \$5,000 are approved through resolution of the full Board.

The 2017 and 2016 budgets are compared to actual results in Table A-3.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Management's Discussion and Analysis
December 31, 2017 and 2016

Budgetary Highlights - Continued

**Table A-3
Condensed Statement of Revenues, Expenses,
and Changes in Net Position vs. Budget**

| | Year Ended December 31, 2017 | | |
|-------------------------------|------------------------------|----------------------------|----------------------------|
| | Actual | Amended Budget | \$ Change |
| Operating revenue | \$ 26,023,193 | \$ 22,502,060 | \$ 3,521,133 |
| Nonoperating revenue | 479,728 | 313,250 | 166,478 |
| Total revenues | <u>26,502,921</u> | <u>22,815,310</u> | <u>3,687,611</u> |
| Operating expenses | | | |
| Salaries, wages and benefits | 6,386,643 | 6,239,417 | 147,226 |
| Contractual services | 6,103,008 | 5,700,454 | 402,554 |
| Materials and supplies | 1,151,131 | 1,260,137 | (109,006) |
| Utilities | 255,043 | 275,500 | (20,457) |
| Repairs and maintenance | 224,036 | 279,700 | (55,664) |
| Host community benefits | 718,808 | 706,010 | 12,798 |
| Leachate disposal | 433,133 | 360,000 | 73,133 |
| Insurance | 178,853 | 180,000 | (1,147) |
| Other rental | 74,824 | 78,750 | (3,926) |
| Depreciation | 3,468,782 | - | 3,468,782 |
| Other operating expense | 736,564 | 684,800 | 51,764 |
| Nonoperating expenses | <u>808,574</u> | <u>7,050,542</u> | <u>(6,241,968)</u> |
| Total expenses | <u>20,539,399</u> | <u>22,815,310</u> | <u>(2,275,911)</u> |
| Change in net position | <u>\$ 5,963,522</u> | <u>\$ -</u> | <u>\$ 5,963,522</u> |
| | | | |
| | Year Ended December 31, 2016 | | |
| | Actual | Amended Budget | \$ Change |
| Operating revenue | \$ 23,899,400 | \$ 22,541,880 | \$ 1,357,520 |
| Nonoperating revenue | 851,612 | 275,250 | 576,362 |
| Total revenues | <u>24,751,012</u> | <u>22,817,130</u> | <u>1,933,882</u> |
| Operating expenses | | | |
| Personal | 6,127,465 | 6,130,764 | (3,299) |
| Contractual services | 5,853,465 | 5,909,056 | (55,591) |
| Materials and supplies | 901,151 | 1,466,000 | (564,849) |
| Utilities | 269,655 | 340,000 | (70,345) |
| Repairs and maintenance | 250,487 | 260,500 | (10,013) |
| Host community benefits | 1,414,438 | 1,450,000 | (35,562) |
| Leachate disposal | 377,480 | 337,500 | 39,980 |
| Insurance | 179,626 | 175,000 | 4,626 |
| Other rental | 71,413 | 78,250 | (6,837) |
| Depreciation | 3,768,841 | - | 3,768,841 |
| Other operating expense | 677,991 | 664,000 | 13,991 |
| Nonoperating expenses | <u>974,685</u> | <u>6,756,060</u> | <u>(5,781,375)</u> |
| Total expenses | <u>20,866,697</u> | <u>23,567,130</u> | <u>(2,700,433)</u> |
| Change in net position | <u>\$ 3,884,315</u> | <u>\$ (750,000)</u> | <u>\$ 4,634,315</u> |

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Management's Discussion and Analysis
December 31, 2017 and 2016

Budgetary Highlights - Continued

To make an accurate comparison of actual expenditures to budget, the items discussed above, as well as principal payments on outstanding bonds, depreciation, and acquisition of capital assets, need to be adjusted to allow for comparison with the 2017 and 2016 amended budgets. These adjustments are as follows:

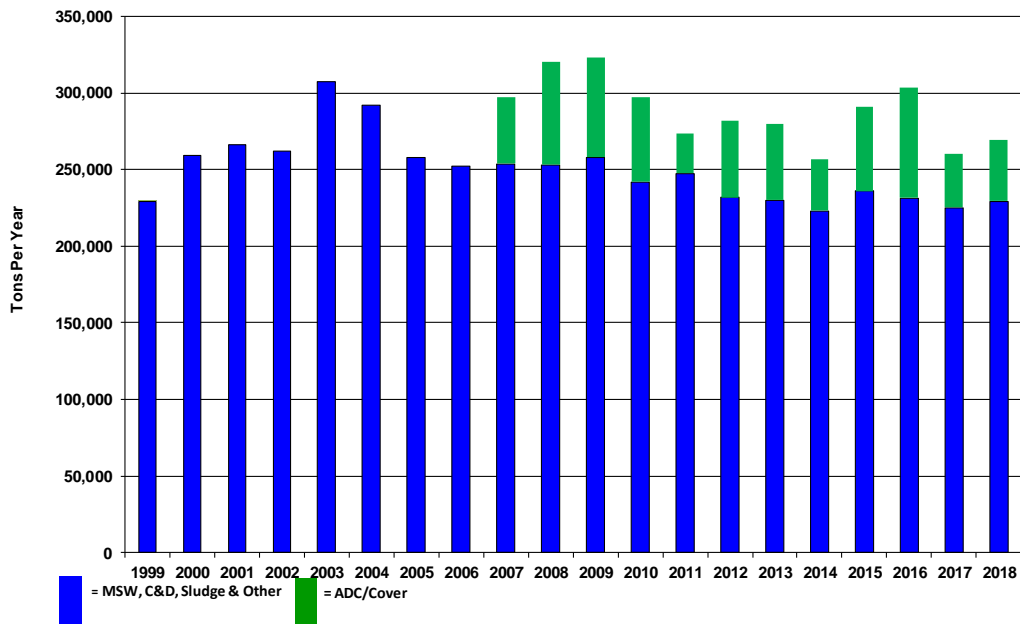
| | Year Ended December 31, | |
|--|-------------------------|-------------------------|
| | 2017 | 2016 |
| Change in net position | \$ 5,963,522 | \$ 3,884,315 |
| Deduct: scheduled principal payments made on bonds (a) | (2,520,000) | (2,445,000) |
| Add: depreciation expense | 3,468,782 | 3,768,841 |
| Deduct: acquisition of capital assets (b) | (3,631,331) | (2,132,625) |
| Budget surplus | <u>\$ 3,280,973</u> | <u>\$ 3,075,531</u> |

(a) Excludes early defeasance of \$3,495,000 for 2007 Bond issuance.

(b) Excludes approximately \$592,000 of capital expenditures from the Board authorized supplemental appropriation of \$725,000 of 2017 recyclables and carbon credits surplus revenue for the acquisition of capital assets.

General Trends and Significant Events

ONEIDA-HERKIMER SOLID WASTE AUTHORITY
All Non-Recyclable Solid Waste
(MSW, C & D, Sludge and Other)
1999 - 2018



**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

**Management's Discussion and Analysis
December 31, 2017 and 2016**

Flow Control

United Haulers Assoc. Inc., et al. v. Oneida-Herkimer Solid Waste Management Authority, et al. - 95-CV-0516, U.S. Dist. Ct., N.D.N.Y., Mordue, J.

In 1995, the Authority and the Counties of Oneida and Herkimer were sued by six local waste hauling firms. They alleged, among other things, that the laws which require them to use specific facilities are in violation of the Commerce Clause of the U.S. Constitution. The laws are legislative acts of each of the Counties. Pursuant to certain Agreements made in May 1989 and December 1989 between the Authority and the Counties, the Authority is charged with the disposal of solid waste and recyclables in the Counties and with the administration of an integrated system of waste management in accordance with New York State law. The Local Laws operate to ensure the continuity of the integrated system.

During 2007, the case was finally and definitively decided.

The Oneida and Herkimer Counties Solid Waste Management Laws were upheld by the United States Supreme Court in a Decision issued April 30, 2007. The Decision written by Chief Justice John Roberts validates the integrated solid waste management system owned and operated by the Oneida-Herkimer Solid Waste Management Authority.

The Court recognized that local communities are entitled to develop the kinds of facilities and programs that meet their unique needs and those local communities can set up a fee structure that encourages waste reduction, recycling, and detoxification.

Capital Assets

At the end of 2017 and 2016, the Authority had approximately \$44.2 million and \$43.5 million, respectively, invested in capital assets as indicated in Table A-4.

**Table A-4
Capital Assets**

| | December 31, | | | | |
|--|----------------------|---------------|----------------------|---------------|----------------------|
| | 2017 | 2016 vs. 2015 | 2016 | 2016 vs. 2015 | 2015 |
| Land | \$ 3,270,675 | 0.00% | \$ 3,270,675 | 0.00% | \$ 3,270,675 |
| Land improvements | 43,711,437 | 13.94% | 38,364,839 | 0.50% | 38,173,536 |
| Building and improvements | 22,701,074 | 1.11% | 22,451,203 | 1.00% | 22,228,903 |
| Machinery and equipment | 10,177,151 | 3.09% | 9,871,646 | 1.87% | 9,690,630 |
| Vehicles | 9,507,941 | 8.81% | 8,738,414 | 2.58% | 8,518,693 |
| Office equipment | 269,587 | -0.35% | 270,536 | 6.14% | 254,879 |
| | <u>89,637,865</u> | 8.04% | <u>82,967,313</u> | 1.01% | <u>82,137,316</u> |
| Less accumulated depreciation and amortization | <u>47,620,029</u> | 6.53% | <u>44,701,639</u> | 6.24% | <u>42,077,684</u> |
| Capital assets in service, net | 42,017,836 | 9.81% | 38,265,674 | -4.48% | 40,059,632 |
| Construction work in progress | <u>2,208,361</u> | | <u>5,205,547</u> | | <u>5,052,275</u> |
| Total capital assets, net | <u>\$ 44,226,197</u> | 1.74% | <u>\$ 43,471,221</u> | -3.64% | <u>\$ 45,111,907</u> |

The Authority adopted a five-year capital plan with the passage of its annual budget. The five-year plan projects spending on capital projects between \$1,000,000 and \$7,500,000 per year. The funds for capital projects are covered by the system tipping fee and reserves.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

**Management's Discussion and Analysis
December 31, 2017 and 2016**

Debt Administration

The Authority had \$24,777,593 and \$30,792,593 in outstanding Revenue Bonds at December 31, 2017 and 2016, respectively. Although Oneida and Herkimer Counties guarantee debt service payments in the event that the Authority defaults, the Authority is contractually obligated to set its rates to cover 100% of debt service and operating expenses. Since its inception, the Authority has always raised sufficient revenue to cover operating expenditures, capital purchases, and debt service payments. Because the United States Supreme Court affirmed the County laws and validated the Authority's system, and because the Authority has fostered an extensive working relationship with generators and haulers, and because the Authority has significantly diversified its operations, management is confident that revenues will continue to be sufficient to maintain the integrated solid waste system without assistance from either County. The Authority has never made a request of the Counties for a subsidy.

Final Comments

The preceding report summarizes the financial activity for the Authority during 2017 and 2016. The management and staff of the Authority are happy to answer any other questions that may arise after reviewing this report. We can be reached as follows:

Phone: (315)733-1224

7:30 AM - 5:00 PM

Website: ohswa.org

Management Staff

William A. Rabbia, Executive Director

Joseph M. Artessa, Comptroller

James V. Biamonte, Environmental Coordinator

Pasquale A. Lisandrelli, Principal Accounting Supervisor

Andrew J. Opperman, Solid Waste Engineer

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Statements of Net Position

| | December 31, | |
|--|----------------------|----------------------|
| | 2017 | 2016 |
| ASSETS AND DEFERRED OUTFLOWS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 9,383,039 | \$ 7,970,669 |
| Investments | 20,274,696 | 21,120,352 |
| Receivables, net | 2,963,042 | 2,609,935 |
| Prepaid expenses and other assets | 386,394 | 684,123 |
| Total current assets | 33,007,171 | 32,385,079 |
| RESTRICTED ASSETS | | |
| Cash and cash equivalents | 2,586,598 | 3,031,047 |
| Investments | 7,678,537 | 7,692,937 |
| Accrued interest receivable | 16,303 | 19,609 |
| Total restricted assets | 10,281,438 | 10,743,593 |
| NON-CURRENT ASSETS | | |
| Capital assets, net | 44,226,197 | 43,471,221 |
| Other | - | 36,125 |
| Total non-current assets | 44,226,197 | 43,507,346 |
| DEFERRED OUTFLOWS | 1,166,820 | 2,376,155 |
| | \$ 88,681,626 | \$ 89,012,173 |
| LIABILITIES, DEFERRED INFLOWS, AND NET POSITION | | |
| CURRENT LIABILITIES | | |
| Current installments of revenue bonds | \$ 2,315,000 | \$ 2,520,000 |
| Accounts payable and accrued liabilities | 1,949,469 | 1,377,172 |
| Accrued interest payable | 160,979 | 218,616 |
| Total current liabilities | 4,425,448 | 4,115,788 |
| LONG-TERM LIABILITIES | | |
| Revenue bonds, less current installments | 22,462,593 | 28,272,593 |
| Premium on revenue bonds, net | 36,880 | 46,770 |
| Accrued closure and post-closure costs | 3,801,209 | 3,804,180 |
| Net pension liability | 1,330,089 | 2,276,688 |
| Accrued postemployment benefits | 1,667,163 | 1,444,197 |
| Total long-term liabilities | 29,297,934 | 35,844,428 |
| Total liabilities | 33,723,382 | 39,960,216 |
| DEFERRED INFLOWS | 991,165 | 1,048,400 |
| NET POSITION | | |
| Net investment in capital assets | 25,766,311 | 19,478,106 |
| Restricted | 1,122,046 | 955,801 |
| Unrestricted | 27,078,722 | 27,569,650 |
| Total net position | 53,967,079 | 48,003,557 |
| | \$ 88,681,626 | \$ 89,012,173 |

See accompanying Notes to Financial Statements.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Statements of Revenues, Expenses, and Changes In Net Position

| | Years Ended December 31, | |
|---|---------------------------------|----------------------|
| | 2017 | 2016 |
| OPERATING REVENUES | | |
| Tipping fees, net | \$ 17,301,589 | \$ 16,030,911 |
| Solid waste service charge, City of Utica | 2,083,106 | 2,111,299 |
| Refuse bag sales | 2,035,232 | 2,012,880 |
| Toter revenues | 719,208 | 695,761 |
| Recyclable sales | 2,650,500 | 2,051,046 |
| Carbon credit sales | 318,752 | 241,272 |
| Landfill gas sales | 318,000 | 352,151 |
| Miscellaneous | 596,806 | 404,080 |
| | 26,023,193 | 23,899,400 |
| OPERATING EXPENSES | | |
| Salaries, wages and benefits | 6,386,643 | 6,127,465 |
| Contractual services | 6,103,008 | 5,853,465 |
| Materials and supplies | 1,151,131 | 901,151 |
| Utilities | 255,043 | 269,655 |
| Repairs and maintenance | 224,036 | 250,487 |
| Host community benefits | 718,808 | 1,414,438 |
| Leachate disposal | 433,133 | 377,480 |
| Insurance | 178,853 | 179,626 |
| Other rental | 74,824 | 71,413 |
| Depreciation | 3,468,782 | 3,768,841 |
| Change in post-closure accrual estimate | 10,383 | 66,332 |
| Other | 726,181 | 611,659 |
| | 19,730,825 | 19,892,012 |
| Operating income | 6,292,368 | 4,007,388 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income | 340,403 | 305,656 |
| Interest expense | (772,449) | (968,089) |
| Other expense | (36,125) | (6,596) |
| Operating grants and other revenue | 139,325 | 545,956 |
| | (328,846) | (123,073) |
| Change in net position | 5,963,522 | 3,884,315 |
| NET POSITION, beginning of year | 48,003,557 | 44,119,242 |
| NET POSITION, end of year | \$ 53,967,079 | \$ 48,003,557 |

See accompanying Notes to Financial Statements.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Statements of Cash Flows

| | Years Ended December 31, | |
|---|---------------------------------|---------------------|
| | 2017 | 2016 |
| CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Received from customers | \$ 25,311,274 | \$ 24,375,971 |
| Paid to suppliers and vendors | (8,807,958) | (9,931,749) |
| Paid to employees, including benefits | (5,900,941) | (5,973,416) |
| | 10,602,375 | 8,470,806 |
| CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Payments of revenue bond principal | (6,015,000) | (2,445,000) |
| Interest paid | (839,976) | (1,002,964) |
| Proceeds from sale of capital assets | 132,903 | 20,688 |
| Acquisition of capital assets | (4,223,759) | (2,132,625) |
| Operating grants and other revenues | 107,613 | 281,647 |
| | (10,838,219) | (5,278,254) |
| CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES | | |
| Interest received | 343,709 | 299,850 |
| Change in restricted cash and cash equivalents | 444,449 | (160,190) |
| Proceeds from sales of (purchases of) certificates of deposit, net | 845,656 | (164,515) |
| Redemption of restricted investments, net | 14,400 | 424,140 |
| | 1,648,214 | 399,285 |
| Net increase in cash and cash equivalents | 1,412,370 | 3,591,837 |
| CASH AND CASH EQUIVALENTS, <i>beginning of year</i> | 7,970,669 | 4,378,832 |
| CASH AND CASH EQUIVALENTS, <i>end of year</i> | \$ 9,383,039 | \$ 7,970,669 |
| CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income | \$ 6,292,368 | \$ 4,007,388 |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities | | |
| Depreciation | 3,468,782 | 3,768,841 |
| Provision for bad debts | 200,387 | 197,534 |
| Gain on sale of capital assets | (132,902) | (16,218) |
| Change in assets and liabilities | | |
| Receivables | (521,782) | 168,633 |
| Prepaid expenses and other assets | 297,729 | (393,037) |
| Deferred outflows | 1,209,335 | (1,856,205) |
| Accounts payable and accrued liabilities | 572,297 | 229,690 |
| Deferred inflows | (57,235) | 324,156 |
| Accrued closure and post-closure costs | (2,971) | 29,770 |
| Net pension liability | (946,599) | 1,795,755 |
| Accrued postemployment benefits | 222,966 | 214,499 |
| | \$ 10,602,375 | \$ 8,470,806 |

See accompanying Notes to Financial Statements.

Oneida-Herkimer Solid Waste Management Authority

(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies

a. Nature of Business

The Oneida-Herkimer Solid Waste Management Authority (Authority) was created September 1, 1988, as a public benefit corporation under New York State Public Authorities Law §2049, by the New York State Legislature with powers to construct, operate, and maintain solid waste management facilities for the benefit of Oneida and Herkimer Counties (the Counties). The Authority owns and operates nine facilities, the Western Transfer Station (WTS), the Eastern Transfer Station (ETS), Materials Recovery Facility (MRF), Green Waste Compost Site (GWC), Household Hazardous Waste Facility (HHW), the Webb Transfer Station, Regional Landfill Facility (RLF), the Land Clearing Debris Facility, Administration Building, and owns one closed facility, the Ash Landfill (ALF) (closed during 1998).

b. Basis of Accounting and Presentation of Financial Statements

The Authority's financial statements are prepared using the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

All activities of the Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and deferred outflows and liabilities and deferred inflows associated with the operations are included on the statements of net position.

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances.
- *Restricted net position* has externally placed constraints on use.
- *Unrestricted net position* consists of assets and liabilities that do not meet the definition of "restricted net position" or "net investment in capital assets."

**Oneida-Herkimer
Solid Waste Management Authority**

(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

b. Basis of Accounting and Presentation of Financial Statements - Continued

Revenues are recognized when earned, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services. Tipping fees are presented net of disposal fees incurred by the Authority in relation to the waste brought to the Authority's facilities. Disposal fees totaled \$1,551,262 and \$1,583,073 for the years ended December 31, 2017 and 2016, respectively. Operating expenses include the cost of personnel and contractual services, materials and supplies, utilities, change in post-closure accrual estimate, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. Estimates

The preparation of financial statements in accordance with U.S. GAAP 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 year. Actual results could differ from those estimates.

d. Fair Value Measurement

The Authority reports certain assets at fair value, which is defined as the price that would be received to sell an asset in an orderly transaction between market participants on the measurement date.

e. Cash, Cash Equivalents, and Investments

Cash and cash equivalents consist of cash deposits in banks and other short-term investments, whether unrestricted or restricted, with an original maturity of three months or less. Short-term investments consist of money market funds with underlying investments in obligations of the U.S. government and repurchase agreements.

Investments include United States Treasury Bills, United States Bond State and Local Government Series, certificates of deposit, and Federal agency securities.

Statutes authorize the Authority 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.

Cash deposits with financial institutions are either covered by federal depository insurance or collateralized by securities held by the pledging bank's trust department in the Authority's name, or U.S. Government and/or federal agency securities held by the Trustee. Cash equivalents in money market funds and investments are held in the Authority's name by their custodian and, therefore, not subject to custodial risk. The Authority's restricted cash and cash equivalents are considered investments for cash flow statement purposes.

**Oneida-Herkimer
Solid Waste Management Authority**
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Notes to Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

f. Receivables, Net

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts was \$348,800 and \$348,255 at December 31, 2017 and 2016, respectively. Accounts receivable are written off when deemed uncollectible. During 2017 and 2016, the Authority wrote off \$198,148 and \$197,534, respectively, of City of Utica user fees. Recoveries of accounts receivable previously written off are recorded as a recovery of bad debt when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Interest is charged on accounts receivable that are outstanding for more than 30 days and is recognized as it is charged. After the receivable becomes past due, accrual of interest continues until the receivable is written off, or a payment agreement is reached with the customer.

g. Capital Assets, Net

Capital assets, net, are recorded at cost, except for contributed property and equipment, which are recorded at fair value or the contributor's net book value if fair value is not readily ascertainable. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of \$1,000 to analyze expenditures for capitalization. When equipment is retired or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resultant gain or loss is credited or charged to income.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, using the straight-line method. The estimated useful lives used in determining depreciation are as follows:

| | |
|-------------------------|---------------|
| Plant | 20 years |
| Machinery and equipment | 3 - 20 years |
| Vehicles | 5 years |
| Land improvements | 15 years |
| Regional landfill | 10 - 50 years |

Long-lived assets to be held and used are tested for recoverability whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the excess of the asset's carrying amount over its fair value.

Interest expenses incurred during construction of assets are capitalized. Constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) include capitalized interest to the extent that interest cost (including any related financing costs) over the asset construction period exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing.

**Oneida-Herkimer
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Notes to Financial Statements
December 31, 2017 and 2016

Note 1 - Organization and Summary of Significant Accounting Policies - Continued

h. Bond Issuance Costs, Deferred Charges, Deferred Inflows, and Deferred Outflows

Bond issuance costs, other than prepaid insurance costs, are expensed as incurred in the statements of revenues, expenses, and changes in net position. Gains or losses on the refunding of bonds are reported as deferred inflows or outflows in the statements of net position and are amortized over the shorter of the remaining maturities of the refunded bonds or the newly issued bonds, utilizing the effective interest rate method. Amortization of deferred losses on refunded bonds is reported as a component of interest expense in the statements of revenues, expenses, and changes in net position.

Deferred inflows principally represent revenues billed in advance under contracts with the City of Utica and the Villages of Ilion, Frankfort, Herkimer, Mohawk, and Dolgeville (Note 8). Revenues are recognized as income in the period in which the related services are rendered. Deferred outflows and inflows may also include changes in assumptions related to the net pension liability (Note 6).

i. Accrued Closure and Post-Closure Monitoring Costs

The Authority maintains the Ash Landfill (ALF) which reached full capacity at December 31, 1996, and the Regional Landfill (RLF), which began operating in late 2006. Based upon engineering estimates and actual usage, the Regional Landfill has a useful life of over seventy years. In accordance with New York State Department of Environmental Conservation (NYSDEC) Regulations, the Authority has, and will, implement landfill closure and post-closure requirements. At December 31, 2017 and 2016, the Authority accrued \$3,801,209 and \$3,804,180, respectively, for estimated closure and post-closure costs. Due to changes in technology or changes in regulations, actual costs may be different from the current accrual. Based on NYSDEC requirements, \$3,910,547 and \$3,877,737 in certificates of deposit and U.S. Agency securities have been restricted by the Authority for this purpose at December 31, 2017 and 2016, respectively.

j. Accrued Postemployment Benefits

In addition to providing pension benefits, the Authority provides health insurance coverage for certain retired employees. The Authority provides a 50% monthly premium contribution toward the health insurance cost for certain retirees. Eligible retirees may also have a spouse and dependents covered at the retired employees' expense. Healthcare benefits are provided through insurance companies whose premiums are based on the benefits provided. The Authority's policy is to provide for these benefits on a pay-as-you-go basis.

k. Tax Status

The Authority is exempt from federal, state, and local income taxes.

l. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 7, 2018, the date the financial statements were available to be issued.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 2 - Restricted Assets

In accordance with the terms of the Authority's bond indentures and requirements set by the New York State Department of Environmental Conservation, the use of certain Authority assets is restricted for specific purposes as summarized below:

| | December 31, | |
|--|---------------|---------------|
| | 2017 | 2016 |
| <i>Debt Service Reserve Fund</i> | | |
| Contingency fund to be utilized in case of default | \$ 3,114,643 | \$ 3,584,850 |
| <i>Construction Projects Fund and Bond Redemption and Improvement Fund</i> | | |
| Additional capital expenditures which may be incurred by the Authority | 986,022 | 862,635 |
| <i>Other Funds</i> | | |
| Restricted assets required for debt service | 2,253,922 | 2,398,762 |
| Restricted assets for post-closure monitoring costs | 3,910,547 | 3,877,737 |
| Accrued interest on restricted assets | 16,303 | 19,609 |
| | \$ 10,281,438 | \$ 10,743,593 |

Note 3 - Investments

Fair value of the Authority's investments and related maturities at December 31, 2017 and 2016 is as follows:

| | Fair Value | December 31, 2017 | | | |
|--|---------------|----------------------------------|--------------|------------|--------------|
| | | Investment Maturities (in Years) | | | |
| | | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| <i>Restricted Investments</i> | | | | | |
| U.S. Treasury Bond State and Local Government Series | \$ 2,027,260 | \$ - | \$ - | \$ - | \$ 2,027,260 |
| Certificates of Deposit | 5,209,189 | 3,428,207 | 1,964,923 | - | - |
| Federal Agency Securities | 442,088 | 75,000 | 175,000 | 175,000 | 17,088 |
| | \$ 7,678,537 | \$ 3,503,207 | \$ 2,139,923 | \$ 175,000 | \$ 17,088 |
| <i>Unrestricted Investments</i> | | | | | |
| Certificates of Deposit | \$ 20,274,696 | \$ 20,274,696 | \$ - | \$ - | \$ - |
| | \$ 20,274,696 | \$ 20,274,696 | \$ - | \$ - | \$ - |
| | Fair Value | December 31, 2016 | | | |
| | | Investment Maturities (in Years) | | | |
| | | Less than 1 | 1 to 5 | 6 to 10 | More than 10 |
| <i>Restricted Investments</i> | | | | | |
| U.S. Treasury Bill | \$ 457,455 | \$ 457,455 | \$ - | \$ - | \$ - |
| U.S. Treasury Bond State and Local Government Series | 2,027,260 | - | - | - | 2,027,260 |
| Certificates of Deposit | 4,791,531 | 1,386,170 | 3,405,361 | - | - |
| Federal Agency Securities | 416,691 | 316,691 | 100,000 | - | - |
| | \$ 7,692,937 | \$ 2,160,316 | \$ 3,505,361 | \$ - | \$ 2,027,260 |
| <i>Unrestricted Investments</i> | | | | | |
| Certificates of Deposit | \$ 21,120,352 | \$ 21,120,352 | \$ - | \$ - | \$ - |
| | \$ 21,120,352 | \$ 21,120,352 | \$ - | \$ - | \$ - |

**Oneida-Herkimer
Solid Waste Management Authority**
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Notes to Financial Statements
December 31, 2017 and 2016

Note 3 - Investments - Continued

a. Credit Risk

All of the Authority's deposits with financial institutions were either covered by FDIC insurance or fully collateralized by authorized investments of the pledging financial institution.

The Authority's investment policy limits investments to time deposit accounts, certificates of deposit, obligations of the United States of America, obligations guaranteed by the United States of America, obligations of the State of New York, obligations of certain municipalities, schools districts, or other district corporations, obligations of public authorities, public housing authorities, urban renewal agencies and industrial development agencies that are authorized by State statutes, certifications of participations, and investments with agencies of the Federal government. All of the Authority's investments had a credit rating AA or higher by major rating agencies.

b. Custodial Credit Risk

Investments are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held either by (a) the counterparty or (b) the counterparty's trust department or agent but not in the government's name. All of the Authority's investments are held under its name with the custodian.

c. Interest Rate Risk

The fair value of the Authority's fixed maturity investments fluctuates in response to changes in market interest rates. Fair values of interest rate-sensitive instruments may be affected by the creditworthiness of the issuer, prepayment options, the liquidity of the instrument, and other general market conditions. The Authority plans to hold its restricted investments to maturity, which minimizes the occurrence of loss on investments.

d. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the Authority's investment in single issues. As of December 31, 2017 and 2016, the Authority had approximately 19% and 23% of its restricted investment portfolio in U.S. Treasury bills and U.S. Treasury Bond State and Local Government Series, respectively. No other issuer makes up more than 5% of the Authority's restricted investment portfolio. The Authority's unrestricted investments consist entirely of certificates of deposit invested with the Bank of Utica. All certificates of deposit are fully collateralized. Management of the Authority monitors the credit ratings associated with its underlying investments.

e. Fair Value Hierarchy

The Authority categorizes its fair value measurements into the fair value hierarchy established by GASB Statement No. 72. The three levels of inputs used to measure fair value are as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Authority has the ability to access.

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Notes to Financial Statements
December 31, 2017 and 2016

Note 3 - Investments - Continued

e. Fair Value Hierarchy - Continued

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets in active markets;
- Quoted prices for identical or similar assets in inactive markets;
- Inputs other than quoted prices that are observable for the asset;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 Inputs to the valuation methodology are unobservable inputs and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2017 and 2016:

Certificate of deposits: Valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

Federal Agency Securities and U.S. Treasury Bills: Valued based on observable prices for the particular security, or when prices are not observable, the valuation is based on prices of comparable securities or the present value of expected future cash flows.

U.S. Treasury Bond State and Local Government Series: The fair value is determined by the bond trustee and cost approximates fair value.

A summary of assets measured at fair value on a recurring basis is summarized below:

| | December 31, 2017 | | | |
|--|-------------------|----------------------|-------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Certificates of Deposit | \$ - | \$ 25,483,885 | \$ - | \$ 25,483,885 |
| Federal Agency Securities | - | 442,088 | - | 442,088 |
| U.S. Treasury Bond State and Local Government Series | - | 2,027,260 | - | 2,027,260 |
| Total investments | <u>\$ -</u> | <u>\$ 27,953,233</u> | <u>\$ -</u> | <u>\$ 27,953,233</u> |
| | December 31, 2016 | | | |
| | Level 1 | Level 2 | Level 3 | Total |
| Certificates of Deposit | \$ - | \$ 25,911,883 | \$ - | \$ 25,911,883 |
| Federal Agency Securities | - | 416,691 | - | 416,691 |
| U.S. Treasury Bond State and Local Government Series | - | 2,027,260 | - | 2,027,260 |
| U.S. Treasury Bill | - | 457,455 | - | 457,455 |
| Total investments | <u>\$ -</u> | <u>\$ 28,813,289</u> | <u>\$ -</u> | <u>\$ 28,813,289</u> |

**Oneida-Herkimer
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Notes to Financial Statements
December 31, 2017 and 2016

Note 4 - Capital Asset, Net

Capital assets, net, are as follows:

| | December 31, 2017 | | | | Total |
|--|----------------------|---------------------|----------------------|-------------------|----------------------|
| | MRF, GWC, and HHW | ETS and WTS | Regional Landfill | Other | |
| Capital assets not being depreciated | | | | | |
| Land | \$ - | \$ - | \$ 2,873,705 | \$ 396,970 | \$ 3,270,675 |
| Construction in progress | 138,405 | - | 2,069,956 | - | 2,208,361 |
| Total capital assets not being depreciated | <u>138,405</u> | <u>-</u> | <u>4,943,661</u> | <u>396,970</u> | <u>5,479,036</u> |
| Capital assets being depreciated | | | | | |
| Land improvements | 819,211 | 490,419 | 42,371,685 | 30,122 | 43,711,437 |
| Buildings and improvements | 7,587,764 | 8,052,892 | 6,743,768 | 316,650 | 22,701,074 |
| Equipment and machinery | 8,859,520 | 410,901 | 756,181 | 150,549 | 10,177,151 |
| Vehicles | 2,008,151 | 1,776,537 | 4,856,394 | 866,859 | 9,507,941 |
| Office equipment | 36,210 | 16,800 | 73,613 | 142,964 | 269,587 |
| | <u>19,310,856</u> | <u>10,747,549</u> | <u>54,801,641</u> | <u>1,507,144</u> | <u>86,367,190</u> |
| Less accumulated depreciation | 10,043,049 | 9,128,583 | 27,233,454 | 1,214,943 | 47,620,029 |
| Total capital assets being depreciated | <u>9,267,807</u> | <u>1,618,966</u> | <u>27,568,187</u> | <u>292,201</u> | <u>38,747,161</u> |
| Total capital assets, net | <u>\$ 9,406,212</u> | <u>\$ 1,618,966</u> | <u>\$ 32,511,848</u> | <u>\$ 689,171</u> | <u>\$ 44,226,197</u> |
| December 31, 2016 | | | | | |
| | MRF, GWC, and HHW | ETS and WTS | Regional Landfill | Other | Total |
| Capital assets not being depreciated | | | | | |
| Land | \$ - | \$ - | \$ 2,873,705 | \$ 396,970 | \$ 3,270,675 |
| Construction in progress | 162,144 | - | 5,043,403 | - | 5,205,547 |
| Total capital assets not being depreciated | <u>162,144</u> | <u>-</u> | <u>7,917,108</u> | <u>396,970</u> | <u>8,476,222</u> |
| Capital assets being depreciated | | | | | |
| Land improvements | 726,126 | 414,884 | 37,218,343 | 5,486 | 38,364,839 |
| Buildings and improvements | 7,543,851 | 7,853,161 | 6,737,541 | 316,650 | 22,451,203 |
| Equipment and machinery | 8,756,864 | 362,856 | 636,415 | 115,511 | 9,871,646 |
| Vehicles | 1,613,003 | 1,578,232 | 4,681,616 | 865,563 | 8,738,414 |
| Office equipment | 36,210 | 13,843 | 73,613 | 146,870 | 270,536 |
| | <u>18,676,054</u> | <u>10,222,976</u> | <u>49,347,528</u> | <u>1,450,080</u> | <u>79,696,638</u> |
| Less accumulated depreciation | 9,366,257 | 8,887,391 | 25,291,985 | 1,156,006 | 44,701,639 |
| Total capital assets being depreciated | <u>9,309,797</u> | <u>1,335,585</u> | <u>24,055,543</u> | <u>294,074</u> | <u>34,994,999</u> |
| Total capital assets, net | <u>\$ 9,471,941</u> | <u>\$ 1,335,585</u> | <u>\$ 31,972,651</u> | <u>\$ 691,044</u> | <u>\$ 43,471,221</u> |

A summary of changes in the Authority's capital assets for the years ended December 31, 2017 and 2016 is as follows:

| | Balance | | Retirements/ Disposals | Balance | |
|--|----------------------|---------------------|---------------------------|----------------------|------|
| | December 31, 2016 | Additions | | December 31, 2017 | 2017 |
| Capital assets not being depreciated | | | | | |
| Land | \$ 3,270,675 | \$ - | \$ - | \$ 3,270,675 | |
| Construction in progress | 5,205,547 | 2,213,593 | (5,210,779) | 2,208,361 | |
| Total capital assets not being depreciated | <u>8,476,222</u> | <u>2,213,593</u> | <u>(5,210,779)</u> | <u>5,479,036</u> | |
| Capital assets being depreciated | | | | | |
| Land improvements | 38,364,839 | 5,346,598 | - | 43,711,437 | |
| Buildings and improvements | 22,451,203 | 267,071 | (17,200) | 22,701,074 | |
| Equipment and machinery | 9,871,646 | 338,212 | (32,707) | 10,177,151 | |
| Vehicles | 8,738,414 | 1,265,035 | (495,508) | 9,507,941 | |
| Office equipment | 270,536 | 4,026 | (4,975) | 269,587 | |
| | <u>79,696,638</u> | <u>7,220,942</u> | <u>(550,390)</u> | <u>86,367,190</u> | |
| Less accumulated depreciation | 44,701,639 | 3,468,780 | (550,390) | 47,620,029 | |
| Total capital assets being depreciated | <u>34,994,999</u> | <u>3,752,162</u> | <u>-</u> | <u>38,747,161</u> | |
| Total capital assets, net | <u>\$ 43,471,221</u> | <u>\$ 5,965,755</u> | <u>\$ (5,210,779)</u> | <u>\$ 44,226,197</u> | |

**Oneida-Herkimer
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**Notes to Financial Statements
December 31, 2017 and 2016**

Note 4 - Capital Asset, Net - Continued

| | Balance December 31, 2015 | Additions | Retirements/ Disposals | Balance December 31, 2016 |
|--|---------------------------------|-----------------------|---------------------------|---------------------------------|
| Capital assets not being depreciated | | | | |
| Land | \$ 3,270,675 | \$ - | | \$ 3,270,675 |
| Construction in progress | 5,052,275 | 153,272 | - | 5,205,547 |
| Total capital assets not being depreciated | <u>8,322,950</u> | <u>153,272</u> | <u>-</u> | <u>8,476,222</u> |
| Capital assets being depreciated | | | | |
| Land improvements | 38,173,536 | 191,303 | - | 38,364,839 |
| Buildings and improvements | 22,228,903 | 222,300 | - | 22,451,203 |
| Equipment and machinery | 9,690,630 | 592,961 | (411,945) | 9,871,646 |
| Vehicles | 8,518,693 | 957,132 | (737,411) | 8,738,414 |
| Office equipment | 254,879 | 15,657 | - | 270,536 |
| | <u>78,866,641</u> | <u>1,979,353</u> | <u>(1,149,356)</u> | <u>79,696,638</u> |
| Less accumulated depreciation | 42,077,684 | 3,768,841 | (1,144,886) | 44,701,639 |
| Total capital assets being depreciated | <u>36,788,957</u> | <u>(1,789,488)</u> | <u>(4,470)</u> | <u>34,994,999</u> |
| Total capital assets, net | <u>\$ 45,111,907</u> | <u>\$ (1,636,216)</u> | <u>\$ (4,470)</u> | <u>\$ 43,471,221</u> |

Construction in progress principally relates to costs incurred to construct cells at the Authority's RLF and improvements to the WTS. The Authority's fifth and sixth cells were placed in service in 2017. Outstanding commitments relating to the construction of the Authority's seventh cell approximates \$2,075,000 at December 31, 2017.

Note 5 - Revenue Bonds

A summary of changes in the Authority's revenue bonds is as follows:

| | Balance December 31, 2015 | Additions | Reductions | Balance December 31, 2016 | Additions | Reductions | Balance December 31, 2017 |
|------------------------|---------------------------------|-------------|-----------------------|---------------------------------|-------------|-----------------------|---------------------------------|
| 2011 Revenue Bonds | \$ 8,945,000 | \$ - | \$ (740,000) | \$ 8,205,000 | \$ - | \$ (765,000) | \$ 7,440,000 |
| 2007 Revenue Bonds | 4,020,000 | - | (255,000) | 3,765,000 | - | (3,765,000) | - |
| 2015 EFC Revenue Bonds | <u>20,272,593</u> | <u>-</u> | <u>(1,450,000)</u> | <u>18,822,593</u> | <u>-</u> | <u>(1,485,000)</u> | <u>17,337,593</u> |
| | <u>\$ 33,237,593</u> | <u>\$ -</u> | <u>\$ (2,445,000)</u> | <u>\$ 30,792,593</u> | <u>\$ -</u> | <u>\$ (6,015,000)</u> | <u>\$ 24,777,593</u> |

Revenue bonds of the Authority are summarized as follows:

2007 Revenue Bonds

The 2007 revenue bonds were originally issued at \$5,730,000 to refinance outstanding notes, finance the costs incurred in connection with the issuance of the bonds, and to fund the debt service reserve fund. Interest was payable semi-annually at interest rates ranging from 4.125% to 4.20%. The 2007 revenue bonds were defeased in 2017.

2011 Revenue Bonds

The 2011 revenue bonds were originally issued at \$10,725,000 principally to finance the design, procurement, and installation of a single-stream recyclables processing system. Bond proceeds were also used to fund the debt service reserve fund and to fund costs incurred in connection with the issuance. Interest is payable semi-annually at interest rates ranging from 4% to 5%. Remaining principal payments range from \$790,000 to \$1,080,000, payable annually on April 1 through 2025.

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Notes to Financial Statements
December 31, 2017 and 2016

Note 5 - Revenue Bonds - Continued

EFC Revenue Bonds

The New York State Environmental Facilities Corporation (EFC) State Clean Water and Drinking Water Revolving Funds Revenue Bonds were originally issued in 2006 at \$33,396,675 to finance certain improvements to the Authority's landfill located in the Town of Ava, New York and to refinance certain outstanding indebtedness of the Authority. The bonds were refunded in 2015. In conjunction with the refunding, the Authority was required to liquidate a portion of its restricted U.S. Treasury Bond State and Local Government Series (SLUG) investment to pay for estimated arbitrage rebates and yield restriction liabilities. The Authority was notified in 2016 by EFC that the value of the SLUG liquidated exceeded the arbitrage and yield restriction liabilities by \$464,215. This amount was included in prepaid expenses and other assets on the statement of net position and was applied by EFC to the principal payment paid on April 1, 2017.

Principal installments range from \$1,525,000 to \$3,962,593 and are payable annually on April 1 through 2026. Interest is payable semi-annually at interest rates ranging from 4.22% to 4.769%. The Authority receives a subsidy credit and a refunding benefit toward its annual debt service cost and is charged an annual administrative fee by EFC.

All assets and revenues of the Authority are pledged as collateral for the bonds. In addition, the Counties guarantee debt service payments by means of the Solid Waste Management Agreement (Agreement) between the Authority and the Counties. Pursuant to the Authority's enabling legislation, which limits contracts to a period not to exceed 25 years, the initial Agreements with both Oneida County and Herkimer County expired in 2014 and were renewed for an additional 25-year period. As part of the renewal process, the security and guarantee of the debt service payments afforded by the original Agreements automatically applies to the renewal Agreements prior to the final maturity of the Authority's existing and future revenue bonds.

Future debt service payments required on Revenue Bonds are as follows:

| | Principal | Interest | Total |
|--|---------------|--------------|---------------|
| For the year ending December 31, | | | |
| 2018 | \$ 2,315,000 | \$ 1,120,806 | \$ 3,435,806 |
| 2019 | 2,395,000 | 1,010,652 | 3,405,652 |
| 2020 | 2,475,000 | 895,775 | 3,370,775 |
| 2021 | 2,555,000 | 778,577 | 3,333,577 |
| 2022 | 2,635,000 | 658,144 | 3,293,144 |
| 2023 through 2027 | 12,402,593 | 1,282,355 | 13,684,948 |
| | 24,777,593 | \$ 5,746,309 | \$ 30,523,902 |
| Less current installments | 2,315,000 | | |
| Revenue Bonds, less current installments | \$ 22,462,593 | | |

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 6 - New York State Employees' Retirement System

Plan Description and Benefits Provided

The Authority participates in the New York State and Local Employees Retirement System (System), a cost-sharing multiple-employer retirement system. The System provides 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 (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public 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.

The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

The System is noncontributory except for employees who joined the System after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3 percent of their salary for their entire length of service. Under the authority of the System, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. The Authority's contributions for the current year and two preceding years were equal to 100 percent of the contributions, and were as follows:

| | | |
|------|----|---------|
| 2017 | \$ | 549,859 |
| 2016 | | 540,463 |
| 2015 | | 558,567 |

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

At December 31, 2017 and 2016, the Authority reported liabilities of \$1,330,089 and \$2,276,668 for its proportionate share of the net pension liability, respectively. The net pension liabilities were measured as of March 31, 2017 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2017 and 2016, the Authority's proportion was 0.0141556% and 0.0141847%, respectively.

For the years ended December 31, 2017 and 2016, the Authority recognized pension expense of \$746,342 and \$801,961, respectively.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 6 - New York State Employees' Retirement System - Continued

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

At December 31, 2017 and 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | December 31, 2017 | | December 31, 2016 | |
|---|--------------------------------------|-------------------------------------|--------------------------------------|-------------------------------------|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ 33,331 | 201,981 | \$ 11,505 | \$ 269,863 |
| Change of assumptions | 454,407 | - | 607,124 | - |
| Net difference between projected and actual investment earnings on pension plan investments | 265,673 | - | 1,350,656 | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,015 | 51,515 | 1,523 | 47,537 |
| Employer contributions subsequent to the measurement date | <u>412,394</u> | <u>-</u> | <u>405,347</u> | <u>-</u> |
| Total | <u>\$ 1,166,820</u> | <u>\$ 253,496</u> | <u>\$ 2,376,155</u> | <u>\$ 317,400</u> |

Authority contributions subsequent to the measurement date are recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|----------------------------------|-------------------|
| For the year ending December 31, | |
| 2018 | \$ 236,195 |
| 2019 | 236,195 |
| 2020 | 211,096 |
| 2021 | <u>(182,556)</u> |
| | <u>\$ 500,930</u> |

Actuarial Assumptions

The total pension liability at March 31, 2017 and 2016 was determined by using actuarial valuations as of April 1, 2016 and 2015, respectively, with update procedures used to roll forward the total pension liability to March 31, 2017 and 2016. The actuarial valuations used the following actuarial assumptions. The assumptions are consistent from year to year, except as noted:

| | |
|---|---|
| Actuarial Cost Method | Entry age normal |
| Inflation Rate | 2.5 percent |
| Salary Scale | 3.8 percent, indexed by service |
| Investment rate of return, including inflation | 7.00 percent compounded annually, net of expenses |
| Decrement | |
| 2017 | Based on FY 2011-2015 experience |
| 2016 | Based on FY 2010-2014 experience |
| Mortality improvement | Society of Actuaries Scale MP-2014 |

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 6 - New York State Employees' Retirement System - Continued

Actuarial Assumptions - 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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017, are summarized below:

| Asset Type | Target Allocation | Long-Term Expected Real Rate |
|----------------------------|----------------------|------------------------------------|
| Domestic equity | 36.00% | 4.55% |
| International equity | 14.00% | 6.35% |
| Private equity | 10.00% | 7.75% |
| Real estate | 10.00% | 5.80% |
| Absolute return strategies | 2.00% | 4.00% |
| Opportunistic portfolio | 3.00% | 5.89% |
| Real assets | 3.00% | 5.54% |
| Bonds and mortgages | 17.00% | 1.31% |
| Cash | 1.00% | -0.25% |
| Inflation-Indexed bonds | 4.00% | 1.50% |
| | 100.00% | |

Discount Rate

The discount rate used to calculate the total pension liability was 7.00%. 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 System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

**Oneida-Herkimer
Solid Waste Management Authority**

(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 6 - New York State Employees' Retirement System - Continued

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

| | 1% Decrease (6%) | Current Discount (7%) | 1% Increase (8%) |
|--|---------------------|-----------------------------|---------------------|
| Authority's proportionate share of the net pension liability (asset) | \$ 4,248,039 | \$ 1,330,089 | \$ (1,137,033) |

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the Employee's Retirement System as of March 31, 2017 and 2016 were as follows (dollars in thousands):

| | | |
|--|----------------------|----------------------|
| Employers' total pension liability | \$ 177,400,286 | \$ 172,400,586 |
| Plan net position | <u>(168,004,363)</u> | <u>(156,253,265)</u> |
| Employers' net pension liability | <u>\$ 9,395,923</u> | <u>\$ 16,147,321</u> |
| Ratio of plan net position to the employers' total pension liability | 94.7% | 90.6% |

Note 7 - Accrued Postemployment Benefits

Plan Description - The Authority provides health care insurance benefit programs for certain retired employees. The program provides for continuation of medical and prescription drug benefits for certain retirees and can be amended by action of the Authority. Employees covered include the employees of the administration, nonrepresented employees, and select employees who transferred employment from a local government to the Authority. There were 18 active employees who are eligible for health insurance benefits upon retirement. The program is open to new entrants in these categories.

Funding Policy - Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded. During 2017 and 2016, premiums paid by the Authority on behalf of current retirees totaled \$27,902 and \$28,104, respectively. To demonstrate financial responsibility, the Authority has established a Postretirement Benefits Reserve of \$175,000 at December 31, 2017 and has designated such amounts to fund the program's future liabilities.

Annual OPEB Cost and Net OPEB Obligation - The Authority's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's annual OPEB cost for the year, the amount of premiums actually paid, and changes in the Authority's net OPEB obligation:

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 7 - Accrued Postemployment Benefits - Continued

| | 2017 | 2016 |
|--|--------------|--------------|
| Annual required contribution and OPEB expense cost | \$ 222,966 | \$ 214,499 |
| Net OPEB obligation, <i>beginning of year</i> | 1,444,197 | 1,229,698 |
| Net OPEB obligation, <i>end of year</i> | \$ 1,667,163 | \$ 1,444,197 |

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ended December 31, 2017 and 2016 were as follows:

| Fiscal Year | Annual OPEB Cost | Expected Contribution | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|-------------------|---------------------|--------------------------|---|------------------------|
| December 31, 2017 | \$ 244,676 | \$ 21,710 | 8.9% | \$ 1,667,163 |
| December 31, 2016 | 231,377 | 16,878 | 7.3% | 1,444,197 |

Funded Status and Funding Progress - As of December 31, 2017, the most recent interim actuarial valuation date, the actuarial accrued liability for benefits was \$2,481,912 and \$2,229,821 at December 31, 2017 and 2016, respectively, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was \$1,251,847 and \$1,254,416 at December 31, 2017 and 2016, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 198% and 183%, respectively.

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 future employment, mortality, and the 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 at the end of this note, presents multi-year 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 (the plan as understood by the employer and plan members) 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 the long-term perspective of the calculations. Actuarial computations under GASB No. 45 were provided by the Authority's independent actuaries for the years ended December 31, 2017 and 2016.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 7 - Accrued Postemployment Benefits - Continued

The following simplifying assumptions were made:

Retirement Age for Active Employees - Based on the historical average retirement age for the covered group according to the New York State Retirement System schedule, active plan members were assumed to retire as early as age fifty-five.

Marital Status - 70% of employees are assumed married. Females are assumed to be three years younger than males. Actual spouse coverage information was used for retirees where available.

Mortality - Life expectancies were based on RP 2000 mortality tables for Males and Females.

Turnover and Retirement Incidence - The turnover rates were based on the experience under the New York State and Local Retirement System as prepared by the Department of Civil Service's actuarial consultant in the report titled, *Development of Recommended Actuarial Assumptions for New York State/SUNY GASB 45 Valuation Tables*. These tables were used as the basis for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate - The expected rate of increase in healthcare insurance premiums was developed using baseline projections of the Society of Actuaries Long-Run Medical Cost Trend Model. A rate of 6.75% initially, reduced to an ultimate rate of 4.2%, was used.

Health Insurance Premiums - 2015 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Payroll Growth Rate - No salary increases were assumed since benefits are not based on compensation.

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4% was used. The projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2017 was twenty-two years.

Required Supplementary Information
Other Postemployment Benefits
Schedule of Funding Progress
(Unaudited)

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) - Simplified Entry Age (b) | Unfunded AAL (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|--------------------------------|--|--|--------------------------|--------------------------|---------------------------|---|
| December 31, 2015 | \$ - | \$ 2,125,344 | \$ 2,125,344 | \$ - | \$ 1,204,337 | 176% |
| December 31, 2012 | - | 1,662,462 | 1,662,462 | - | 1,363,994 | 122% |

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 8 - Commitments, Contingencies, Risks, and Uncertainties

a. City of Utica Contract

Prior to the approval of the current contract with the City of Utica, in 1991 the Authority passed a resolution to pay the City of Utica in recognition of Utica being host to the Recycling Center, Eastern Transfer Station, and Green Waste Compost Facility. The resolution established a payment of \$1 per ton by the Authority to Utica for all materials delivered to the facilities in Utica with a guaranteed minimum of \$100,000 per year. The resolution specified the payment for as long as the Authority uses the Eastern Transfer Station for transport of waste out of the region. The Authority made Host Community Benefit payments in the amount of \$199,364 and \$183,057 during the years ended December 31, 2017 and 2016, respectively. There was \$48,064 and \$47,515 due to the City of Utica at December 31, 2017 and 2016, respectively, and is included in accounts payable and accrued liabilities.

During 1996, the Authority and the City of Utica entered into a comprehensive contract for the Authority to provide for collection of waste and recyclables and associated billing throughout the City. In the 1996 Agreement, the \$1 per ton payment by the Authority to the City was confirmed.

The Agreement is effective for a twenty-seven year period beginning April 1, 1996. Under the Agreement, the Authority receives the City's solid waste service charge revenue to cover the costs of waste removal and the revenues generated from the sale of refuse bags to residents used to dispose of residential waste. For the years ended December 31, 2017 and 2016, the cost of waste removal was \$3,639,319 and \$3,635,956 offset by solid waste service charge revenues of \$2,081,054 and \$2,108,430 and refuse bag sales of \$1,483,092 and \$1,450,796, respectively.

b. Villages of Ilion, Frankfort, Herkimer, Dolgeville, and Mohawk Contracts

The Authority and the Villages of Ilion, Frankfort, Herkimer, Dolgeville, and Mohawk entered into separate agreements for the coordination of waste and recyclables collection. The Authority provides the coordination services for annual fees of between \$4,000 and \$8,000.

The Authority receives revenue from the sale of refuse bags to residents used to dispose of residential waste, and from the rental of toters to Village residences. These revenues are then applied to the fees for delivery of waste to the Authority's transfer stations, fees for waste collection, and for the purchase of refuse bags.

In the event that revenues do not cover expenses related to this contract, the Villages will increase fees for refuse bags and toter rentals to cover future losses. For the years ended December 31, 2017 and 2016, the cost of waste removal was \$1,234,710 and \$1,188,397, offset by refuse bag sales of \$552,140 and \$562,084, and toter rental fees of \$719,208 and \$695,761, respectively.

c. Sale of Climate Reserve Tonnes

The Authority has entered into an agreement with a third party for the sale of Climate Reserve Tonnes (carbon credits). The agreement is in effect through December 2020. For the years ended December 31, 2017 and 2016, \$318,752 and \$241,272, respectively, was earned related to the sale of carbon credits.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 8 - Commitments, Contingencies, Risks, and Uncertainties - Continued

d. Landfill Gas and Facilities Site Lease and Landfill Gas Purchase Agreement

The Authority has entered into an agreement with a third party (Lessee) which provides for the Lessee to construct, own, and operate an electric generation facility on property adjacent to the Authority's landfill and gas extraction facilities. All landfill gas generated at the landfill is purchased by the Lessee who makes payments to the Authority based on the electricity generated and the electricity sold. The agreement continues for ten years after the commercial operation date (May 2012). For the years ended December 31, 2017 and 2016, \$318,000 and \$352,151, respectively, was earned related to the sale of landfill gas.

e. Host Community Benefit Agreements

In connection with the operation of the Regional Landfill Facility (RLF), the Authority has entered into various long-term agreements with certain municipalities impacted by the RLF. The agreements generally provide for minimum payments to the municipalities for a period of 25 years and contain provisions for additional or reduced payments in the event accepted tonnage varies from contractually stated amounts. Host community benefit expense was \$718,808 and \$1,414,438 in 2017 and 2015, respectively.

Pursuant to an amended host community benefit agreement, the Authority funded certain costs associated with the acquisition of property and improvements to an intersection that leads to the RLF, as well as a one-time payment to the host municipality. Additional costs incurred by the Authority during 2016 for the improvements, acquisition of property, and host community payments were \$713,610 and are classified within host community benefits.

f. Intergovernmental Recycling Agreements

The Authority entered into an intergovernmental agreement with three counties whereby the Authority accepts, processes, and markets residential recyclable materials from the various counties. The agreements provide for fixed, per ton payments to the Authority through 2020. Amounts received by the Authority from the sale of the recycled material are credited back to the counties using monthly averages received by the Authority from the sale of all recyclable commodities. Recyclable sales are reported net of amounts credited to the counties under these agreements. Processing fees for 2017 and 2016 were \$783,116 and \$570,065, respectively.

g. Litigation

The Authority is involved in certain suits and claims arising from a variety of sources. It is the opinion of management and counsel that the liabilities that may arise from such actions would not result in losses that would materially affect the financial position of the Authority or the results of its operations.

h. Environmental Risks

Certain facilities are subject to federal, state, and local regulations relating to the discharge of materials into the environment. Compliance with these provisions has not had, nor does the Authority expect such compliance to have, any material effect upon the capital expenditures or financial condition of the Authority. The Authority believes that its current practices and procedures for control and disposition of regulated wastes comply with applicable federal, state, and local requirements.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

Notes to Financial Statements
December 31, 2017 and 2016

Note 8 - Commitments, Contingencies, Risks, and Uncertainties - Continued

i. Purchase of Electricity

Pursuant to a solar power purchase agreement with a third party, the Authority is required to purchase power from the third party who installed and operates a solar panel system on Authority owned property at contractual rates over the term of the agreement. The agreement has an initial term of twenty years with two additional five-year renewal options. The Authority began purchasing power generated from the system in 2017.

j. Organics Processing Facility

In February 2018, the Authority signed a contract with a third party for the design, procurement, construction and installation of a source separated organics processing facility. The contract price is approximately \$3,400,000, and the project is expected to be completed in February 2019.

Note 9 - Accounting Standards Issued But Not Yet Implemented

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). GASB 75 establishes financial reporting standards for other postemployment benefits ("OPEB") plans for state and local governments. This standard replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended. The statement establishes standards for recognizing and measuring liabilities, deferred inflows and outflows of resources, and expense/expenditures, as well as identifying the methods and assumptions required to project benefit payments, discount projected benefit payments, to their actuarial present value, and attribute that present value to periods of employee service. Additionally, GASB 75 lays out requirements for additional note disclosures and required supplementary information. These requirements are effective for fiscal years beginning after June 15, 2017.

GASB Statement 82, *Pension issues - an amendment of GASB Statements No. 67, No. 68, and No. 73*. GASB 82 addresses practice issues raised during implementation of Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Statement 82 is effective for reporting periods beginning after June 15, 2016, except for the requirements for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 85, *Omnibus ("GASB 85")*. GASB 85 addresses practices issues identified during the implementation and application for certain GASB statements. The requirements of GASB 85 are effective for fiscal years beginning after June 15, 2017.

Management has not estimated the extent of the potential impact of these statements on the Authority's financial statements.

**Oneida-Herkimer
Solid Waste Management Authority**
(A Component Unit of the County of Oneida, New York)

**Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability**

| | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Contractually required contribution | \$ 549,859 | \$ 540,463 | \$ 558,657 | \$ 699,094 | \$ 685,093 | \$ 602,389 | \$ 545,793 | \$ 388,528 | \$ 239,807 | \$ 297,422 |
| Contributions in relation to the contractually December 31, 2017, required contribution | 549,859 | 540,463 | 558,657 | 699,094 | 685,093 | 602,389 | 545,793 | 388,528 | 239,807 | 297,422 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| Authority's covered-employee payroll | 3,836,397 | 3,695,136 | 3,419,002 | 3,640,306 | 3,458,769 | 3,399,133 | 3,544,966 | 3,599,666 | 3,559,412 | 3,430,879 |
| Contribution as a percentage of covered- employee payroll | 14.33% | 14.63% | 16.34% | 19.20% | 19.81% | 17.72% | 15.40% | 10.79% | 6.74% | 8.67% |

**Oneida-Herkimer
Solid Waste Management Authority**

(A Component Unit of the County of Oneida, New York)

**Required Supplementary Information
Schedule of Local Government Pension Contributions**

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------|--------------|--------------|
| Authority's proportion of the net pension liability | 0.0141556% | 0.0148470% | 0.0142362% |
| Authority's proportionate share of the net pension liability | \$ 1,330,098 | \$ 2,276,668 | \$ 480,933 |
| Authority's covered-employee payroll | \$ 3,836,397 | \$ 3,695,136 | \$ 3,419,002 |
| Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 34.67% | 61.61% | 14.07% |
| Plan fiduciary net position as a percentage of the total pension liability | 94.7% | 90.7% | 97.9% |

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.



**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**

Board of Directors
Oneida-Herkimer Solid Waste Management Authority
Utica, 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 Oneida-Herkimer Solid Waste Management Authority (Authority), a component unit of the County of Oneida, New York, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 7, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BST & CO. CPAs, LLP

Albany, New York
March 7, 2018

