The Authority
ONEIDA-HERKIMER SOLID WASTE AUTHORITY

# Financial Report

December 31, 2023 and 2022

# Oneida-Herkimer
# Solid Waste Management Authority

Financial Report

December 31, 2023 and 2022

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BST

## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited 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 years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of December 31, 2023 and 2022, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards*

***Auditor's Responsibilities for the Audit of the Financial Statements - Continued***

will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the authority's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis (MD&A) on pages 4 to 14, the schedules of proportionate share of the net pension liability on page 39, local government pension contributions on page 40, and other postemployment benefits liability on page 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 1, 2024, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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

Latham, New York
March 1, 2024

BST

The Authority™
ONEIDA-HERKIMER SOLID WASTE AUTHORITY

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Preserving the environment through integrated recovery and disposal.

**Management's Discussion and Analysis**

**December 31, 2023 and 2022**

**Introduction**

On behalf of the Oneida-Herkimer Solid Waste Management Authority (Authority), I am pleased to submit the 2023 Annual Report. This year marked the 35th anniversary since the formation of the Authority.

With rising inflation, increased costs of supplies, and changes in regulations, the Authority was able to keep tipping fees from increasing in 2023. Having a diversified revenue stream and planning for the future has kept the Authority financially stable.

In 2023, the Authority paid down principal on the only debt issue in the amount of $1,735,000. The remaining principal of $7,572,593 will be paid in full by April 1, 2026.

During 2023, the board approved designating from prior years' surplus adding $10,000,000 to the system wide equipment replacement reserve and an additional $1,000,000 to the Landfill Cell Extension fund. The Authority believes these reserves will assist in supporting the five-year Capital Plan and prevent any need to borrow for equipment in the future.

The Authority saw an increase in revenue from interest on investments in 2023 due to the increase and stabilization of interest rates. In 2023, interest earned was $1,679,749.

The Authority continues to receive healthy tonnages for Municipal Solid Waste, Construction and Demolition Debris, Sludge, and Contaminated Soil. These waste classes are an integral part in keeping rates stable and absorbing any increases in expenses due to inflation.

2023 marked the fourth full year of operation of the Authority's Food2Energy Facility. This facility allows us to accept bagged and packaged non-edible food waste and divert it from disposal at the Regional Landfill. The facility produces an organic slurry which is used to generate electricity at Oneida County's Wastewater Treatment Facility the Oneida County Water Pollution Control Plant. In 2023, the facility accepted and diverted 5,680 tons of organic food waste from the landfill. This was an increase from 2022 of 1,095 tons or 23.8%.

The recycling markets in 2023 declined in comparison to 2022. For 2023, the Authority earned $1,784,571 in recycling sales which decreased by $846,265 from 2022. The Markets showed a positive rebound in the 4th quarter. The Authority continues to accept Oneida-Herkimer recyclables at no charge.

I am proud of the accomplishments and hard work from the Authority's 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

# Oneida-Herkimer
# Solid Waste Management Authority

Management's Discussion and Analysis
December 31, 2023 and 2022

## Authority Profile

The Oneida-Herkimer Solid Waste Management Authority (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 2023 budget was $28.9 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 ten 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 source separated organics processing facility, 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 the City User fee, sale of bags, toter rental, investments, sale of recyclables, grants, sale of carbon credits, and the sale of landfill gas. The Authority receives no funds from the Counties.

| Name | Business Affiliation |
|---|---|
| **Kenneth A. Long, Chairman** | Retired Business Manager of Central Valley Central School District and former Herkimer County Legislator |
| **Vincent J. Bono, Vice Chairman**<br>*Vice Chairman, Audit Committee*<br>*Vice Chair, Finance Committee* | Partner in Bono Brothers LLC, Property Management Group; Chairman of the Herkimer County Legislature; and Chairman of the Herkimer County Industrial Development Agency |
| **Steven R. Boucher** | Assistant Professor of Business at Herkimer County Community College; Oneida County Legislator Oneida-Herkimer-Madison BOCES Board Member |
| **Neil C. Angell**<br>*Audit Committee*<br>*Finance Committee* | Town of Verona Dairy Farmer and former Oneida County Legislator; and former Member of the Agricultural Economic Development Committee |
| **James M. D'Onofrio**<br>*Chair- FOIL Appeals Committee* | President of Arlott Office Products |
| **James A. Franco**<br>*Audit Committee*<br>*Finance Committee*<br>*FOIL Appeals Committee* | Retired DPW Superintendent, Village of Herkimer |

## Authority Profile - Continued

| Name | Business Affiliation |
|---|---|
| **Barbara Freeman**<br>*Chair, Governance Committee*<br>*FOIL Appeals Committee* | Retired Teacher; Member, Village and Town of Boonville Environmental Councils |
| **Nancy A. Novak**<br>*Governance Committee* | Retired Manager Safety & Regulatory Compliance at Bonide Products, Inc.; Rome Community Theater Board Member Co-Leader and Delegate, Girl Scouts USA |
| **Richard G. Redmond, Treasurer**<br>*Chairman, Audit Committee*<br>*Chairman, Finance Committee* | Chief Operating Officer of Mohawk Valley Garden<br>General Manager of the Adirondack Bank Center<br>Decorated Retired Major, U.S. Army |
| **James Williams**<br>*Governance Committee* | Retired from the United States Postal Service; Vietnam War Army Veteran; and Member of the Ava Town Planning Board |

## 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, but not for the purposes of expressing an opinion on internal control over financial reporting.

The Finance Committee of the Authority Board of Directors is composed of three 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.

## 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, 2023 and 2022, and other significant pertinent financial information.

The 2023 financial report continues to reflect the strong operating results of the Authority. The Authority has increased its net position by $124,389 and $6.06 million for the years ended December 31, 2023 and 2022, respectively. This was the result of several factors including:

- Overall revenues decreased $1,206,745 or 3.84% in comparison to 2022, which was largely due to two large demolitions that took place in 2022, which resulted in increased tonnage in 2022, and decreased recycling sales all offset by increased interest earnings.

- The Authority's tipping fee revenues exceeded budget by $2,265,669. The Authority exceeded budget expectations for direct haul special waste, asbestos, source separated organics, municipal solid waste, and C&D material.

- The Authority earned $1,784,571 in recycling sales during 2023, which was $846,265 less than 2022. The decline is attributed to declines in market values of recyclable materials.

- Per its contract with Waste Management Renewable Energy to sell Landfill Gas and shared in a Power Purchase Agreement, the Authority generated $335,040 in revenue, which was $166,271 less than 2022.

- The Authority sold carbon credits resulting in $821,349 of revenue during 2023.

- In 2023, the Authority processed recyclables for Oswego, Lewis, and Fulton Counties. The Authority earned $885,975 in processing fees.

- In 2023, the Authority undertook a landfill capping project that resulted in $2.1 million in expenses.

- The Authority also funded reserves for landfill equipment in the amount of $1,000,000 for 2023 and for the extension of the landfill liner in the amount of $10,000,000 in response to the increasing cost of landfill equipment and cell construction.

- The Authority, once again, fully funded its closure and post-closure funds for the Ash Landfill and Regional Landfill.

## 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 net position.

## Financial Analysis - Continued

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

| | December 31, | | | | |
|---|---|---|---|---|---|
| | **2023** | **2023 vs. 2022** | **2022** | **2022 vs. 2021** | **2021** |
| **ASSETS AND DEFERRED OUTFLOWS** | | | | | |
| Current assets | $ 44,507,292 | -2.59% | $ 45,691,551 | 13.67% | $ 40,197,341 |
| Noncurrent assets | 56,995,113 | -0.81% | 57,460,406 | -1.17% | 58,140,696 |
| Total assets | 101,502,405 | | 103,151,957 | | 98,338,037 |
| Deferred outflows | 2,733,119 | -8.53% | 2,988,065 | -24.87% | 3,977,305 |
| **Total assets and deferred outflows** | **$ 104,235,524** | | **$ 106,140,022** | | **$ 102,315,342** |
| **LIABILITIES, DEFERRED INFLOWS, AND NET POSITION** | | | | | |
| Current liabilities | $ 5,035,430 | 17.32% | $ 4,292,204 | -4.74% | $ 4,505,640 |
| Long-term liabilities | 15,415,660 | 5.70% | 14,584,456 | -11.89% | 16,553,168 |
| Total liabilities | 20,451,090 | 8.34% | 18,876,660 | -10.36% | 21,058,808 |
| Deferred inflows | 1,082,456 | -76.90% | 4,685,773 | -1.20% | 4,742,515 |
| Net investment in capital assets | 45,269,759 | | 42,997,453 | | 42,976,217 |
| Net position, restricted | 1,105,625 | | 1,079,223 | | 1,183,323 |
| Net position, unrestricted | 36,326,594 | | 38,500,913 | | 32,354,479 |
| Total net position | 82,701,978 | 0.15% | 82,577,589 | 7.92% | 76,514,019 |
| **Total liabilities, deferred inflows, and net position** | **$ 104,235,524** | **-1.79%** | **$ 106,140,022** | **3.74%** | **$ 102,315,342** |

Total assets have increased $3.1 million since 2021, and long-term liabilities have decreased 1,137,508, or 6.8%, during the same period principally due to scheduled payments on the Authority's long-term bonds.

Total net position has grown $6.1 million since the end of 2021 as a result of favorable operations of the Landfill, consistent waste tonnage, diversification of revenues, and a tight control over Authority expenses.

## Financial Analysis - Continued

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

| | Years Ended December 31, | | | | |
|---|---|---|---|---|---|
| | 2023 | 2023 vs. 2022 | 2022 | 2022 vs. 2021 | 2021 |
| Operating revenue | $ 28,156,843 | -10.02% | $ 31,292,169 | 9.02% | $ 28,702,612 |
| Nonoperating revenue | 2,069,436 | 1369.20% | 140,855 | -92.26% | 1,819,265 |
| Total revenues | 30,226,279 | -3.84% | 31,433,024 | 2.99% | 30,521,877 |
| Depreciation expense | 6,068,997 | 23.65% | 4,908,165 | 6.12% | 4,625,287 |
| Other operating expense | 23,891,581 | 17.69% | 20,300,584 | 5.78% | 19,191,785 |
| Nonoperating expense | 141,312 | -12.07% | 160,705 | -39.67% | 266,386 |
| Total expenses | 30,101,890 | 18.65% | 25,369,454 | 5.34% | 24,083,458 |
| **Change in net position** | **124,389** | **-97.95%** | **6,063,570** | **-5.82%** | **6,438,419** |
| **NET POSITION, *beginning of year*** | 82,577,589 | 7.92% | 76,514,019 | 9.19% | 70,075,600 |
| **NET POSITION, *end of year*** | **$ 82,701,978** | | **$ 82,577,589** | | **$ 76,514,019** |

The Authority's overall revenues decreased 3.84% or $1,206,745 from 2022. The Authority's overall expenses increased 18.65% or $4,732,436 from 2022, due to landfill capping costs as well as continued record high inflation experienced across the country.

## 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 by resolution of the full Board.

The 2023 and 2022 budgets are compared to actual results in Table A-3.

# Oneida-Herkimer
# Solid Waste Management Authority

## Management's Discussion and Analysis
## December 31, 2023 and 2022

**Budgetary Highlights - Continued**

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

| | Year Ended December 31, 2023 | | |
|---|---|---|---|
| | Actual | Amended Budget | $ Change |
| Operating revenue | $ 28,156,843 | $ 28,036,950 | $ 119,893 |
| Nonoperating revenue | 2,069,436 | 944,050 | 1,125,386 |
| Total revenues | 30,226,279 | 28,981,000 | 1,245,279 |
| Operating expenses | | | |
| Salaries, wages and benefits | 8,040,542 | 8,285,595 | (245,053) |
| Contractual services | 7,599,778 | 7,800,336 | (200,558) |
| Materials and supplies | 2,414,941 | 2,595,950 | (181,009) |
| Utilities | 298,485 | 353,900 | (55,415) |
| Repairs and maintenance | 257,387 | 284,000 | (26,613) |
| Host community benefits | 738,417 | 742,000 | (3,583) |
| Leachate disposal | 794,943 | 149,500 | 645,443 |
| Insurance | 282,065 | 318,491 | (36,426) |
| Depreciation | 6,068,997 | - | 6,068,997 |
| Change in post-closure accrual estimate | 2,143,112 | - | 2,143,112 |
| Debt service | - | 1,876,731 | (1,876,731) |
| Capital Projects | - | 456,000 | (456,000) |
| Reserves | - | 2,400,000 | (2,400,000) |
| Contingency | - | 280,712 | (280,712) |
| Bad debts | 244,605 | 252,010 | (7,405) |
| Other operating expense | 1,077,306 | 615,825 | 461,481 |
| Nonoperating expense - interest | 141,312 | - | 141,312 |
| Total expenses | 30,101,890 | 26,411,050 | 3,690,840 |
| **Change in net position** | **$ 124,389** | **$ 2,569,950** | **$ (2,445,561)** |

# Oneida-Herkimer
# Solid Waste Management Authority

## Management's Discussion and Analysis
## December 31, 2023 and 2022

**Budgetary Highlights - Continued**

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

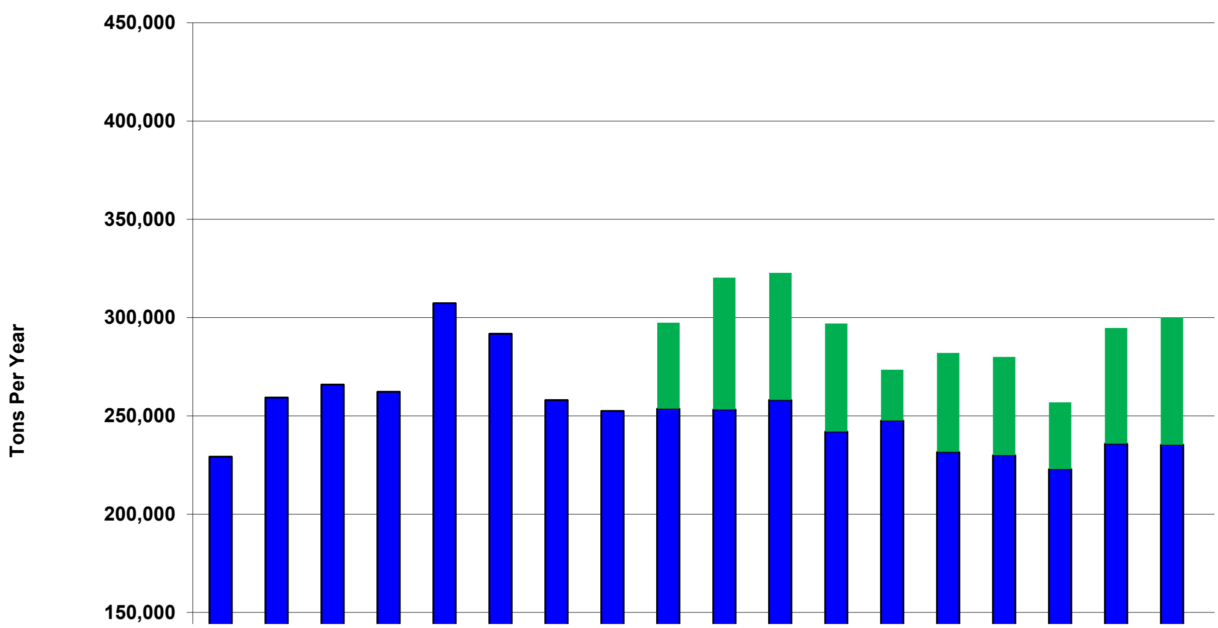
| | Year Ended December 31, 2022 | | |
|---|---|---|---|
| | Actual | Amended Budget | $ Change |
| Operating revenue | $ 31,292,169 | $ 23,709,800 | $ 7,582,369 |
| Nonoperating revenue | 140,855 | 821,900 | (681,045) |
| Total revenues | 31,433,024 | 24,531,700 | 6,901,324 |
| Operating expenses | | | |
| Salaries, wages and benefits | 6,767,587 | 8,032,428 | (1,264,841) |
| Contractual services | 7,112,747 | 7,115,054 | (2,307) |
| Materials and supplies | 2,566,128 | 1,839,610 | 726,518 |
| Utilities | 307,170 | 318,350 | (11,180) |
| Repairs and maintenance | 305,007 | 246,500 | 58,507 |
| Host community benefits | 730,466 | 732,000 | (1,534) |
| Leachate disposal | 741,362 | - | 741,362 |
| Insurance | 259,440 | 261,324 | (1,884) |
| Depreciation | 4,908,165 | - | 4,908,165 |
| Change in post-closure accrual estimate | 255,831 | - | 255,831 |
| Debt service | - | 1,850,777 | (1,850,777) |
| Capital Projects | - | 1,359,000 | (1,359,000) |
| Reserves | - | 2,400,000 | (2,400,000) |
| Contingency | | 328,401 | (328,401) |
| Bad debts | 217,283 | 216,066 | 1,217 |
| Other operating expense | 1,037,563 | 634,150 | 403,413 |
| Nonoperating expenses | 160,705 | - | 160,705 |
| Total expenses | 25,369,454 | 25,333,660 | 35,794 |
| **Change in net position** | **$ 6,063,570** | **$ (801,960)** | **$ 6,865,530** |

To make an accurate comparison of actual expenditures to budget, the items discussed above, as well as principal payments on outstanding bonds, depreciation and amortization, and acquisition of capital assets, need to be adjusted to allow for comparison with the 2023 and 2022 amended budgets. These adjustments are as follows:

| | Year Ended December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Change in net position | $ 124,389 | $ 6,063,570 |
| Deduct: scheduled principal payments made on bonds | (1,735,000) | (1,690,000) |
| Add: depreciation expense | 6,068,997 | 4,908,165 |
| Deduct: acquisition of capital assets | (6,730,181) | (3,173,484) |
| Budget surplus | $ (2,271,795) | $ 6,108,251 |

## General Trends and Significant Events

**ONEIDA-HERKIMER SOLID WASTE AUTHORITY**
**All Non-Recyclable Solid Waste**
**(MSW, C&D, Sludge and Other)**
**1999 - 2024**




## 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.

## Flow Control - Continued

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 2023 and 2022, the Authority had $48.2 million and $47.7 million, respectively, invested in capital assets, net of accumulated depreciation, as indicated in Table A-4.

**Table A-4**
**Capital Assets**

| | December 31, | | | | |
|---|---|---|---|---|---|
| | 2023 | 2023 vs. 2022 | 2022 | 2022 vs. 2021 | 2021 |
| Land | $ 3,393,829 | 0.02% | $ 3,393,056 | 0.00% | $ 3,393,056 |
| Land improvements | 56,641,688 | 12.83% | 50,203,026 | 0.77% | 49,821,649 |
| Building and improvements | 29,125,265 | 1.59% | 28,670,288 | 2.78% | 27,896,112 |
| Machinery and equipment | 13,153,455 | 0.10% | 13,140,545 | 6.35% | 12,356,033 |
| Vehicles | 14,234,600 | 21.36% | 11,729,031 | 10.37% | 10,627,262 |
| Office equipment | 250,733 | -32.97% | 374,070 | 0.00% | 374,070 |
| | 116,799,570 | 8.64% | 107,510,016 | 2.91% | 104,468,182 |
| Less accumulated depreciation and amortization | 68,668,619 | 3.85% | 66,124,848 | 7.26% | 61,651,720 |
| Capital assets in service, net | 48,130,951 | 16.30% | 41,385,168 | -3.34% | 42,816,462 |
| Construction work in progress | 165,209 | | 6,309,685 | | 6,639,309 |
| Total capital assets, net | $ 48,296,160 | 1.26% | $ 47,694,853 | -3.56% | $ 49,455,771 |

The Authority adopted a five-year capital plan with the passage of its annual budget. The five-year plan forecasts spending on capital projects between $5,872,000 and $7,041,000 per year. The funds for capital projects are covered by the system tipping fees and reserves.

## Debt Administration

The Authority had $7,572,593 and $9,307,593 in outstanding Revenue Bonds at December 31, 2023 and 2022, 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 2023 and 2022. 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

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Management Staff

Joshua J. Olbrys, Executive Director

Joseph M. Artessa, Comptroller

# Oneida-Herkimer
# Solid Waste Management Authority

## Statements of Net Position

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| **ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** | | |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | $ 6,928,888 | $ 8,957,871 |
| Investments | 32,975,857 | 31,408,212 |
| Receivables | | |
| Trade, net | 3,790,910 | 4,361,369 |
| Accrued interest | 258,826 | 211,110 |
| Prepaid expenses | 552,811 | 752,989 |
| Total current assets | 44,507,292 | 45,691,551 |
| **NON-CURRENT ASSETS** | | |
| Restricted assets | | |
| Cash and cash equivalents | 1,729,750 | 1,674,819 |
| Investments | 6,945,385 | 6,892,698 |
| Accrued interest receivable | 23,818 | 11,505 |
| Net pension asset | - | 1,186,531 |
| Capital assets, net | 48,296,160 | 47,694,853 |
| Total non-current assets | 56,995,113 | 57,460,406 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 2,733,119 | 2,988,065 |
| | $ 104,235,524 | $ 106,140,022 |
| **LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION** | | |
| **CURRENT LIABILITIES** | | |
| Current installments of revenue bonds | $ 1,780,000 | $ 1,735,000 |
| Accounts payable and accrued liabilities | 2,315,616 | 1,720,476 |
| Accrued interest payable | 28,754 | 30,424 |
| Unearned revenue | 911,060 | 806,304 |
| Total current liabilities | 5,035,430 | 4,292,204 |
| **LONG-TERM LIABILITIES** | | |
| Revenue bonds, less current installments | 5,792,593 | 7,572,593 |
| Accrued closure and post-closure costs | 4,008,024 | 3,993,142 |
| Net pension liability | 3,125,305 | - |
| Accrued postemployment benefits | 2,489,738 | 3,018,721 |
| Total long-term liabilities | 15,415,660 | 14,584,456 |
| Total liabilities | 20,451,090 | 18,876,660 |
| **DEFERRED INFLOWS OF RESOURCES** | 1,082,456 | 4,685,773 |
| **NET POSITION** | | |
| Net investment in capital assets | 45,269,759 | 42,997,453 |
| Restricted | 1,105,625 | 1,079,223 |
| Unrestricted | 36,326,594 | 38,500,913 |
| Total net position | 82,701,978 | 82,577,589 |
| | $ 104,235,524 | $ 106,140,022 |

*See accompanying Notes to Financial Statements.*

# Oneida-Herkimer
# Solid Waste Management Authority

## Statements of Revenues, Expenses, and Changes In Net Position

| | Years Ended December 31, 2023 | Years Ended December 31, 2022 |
|---|---|---|
| **OPERATING REVENUES** | | |
| Tipping fees, net | $ 17,835,187 | $ 20,453,439 |
| Solid waste service charge, City of Utica | 2,551,491 | 2,302,605 |
| Refuse bag sales | 2,673,719 | 2,623,507 |
| Toter revenues | 1,094,425 | 1,038,939 |
| Recyclable sales | 1,784,571 | 2,630,836 |
| Carbon credit sales | 821,349 | 808,970 |
| Landfill gas sales | 335,040 | 501,311 |
| Miscellaneous | 1,061,061 | 932,562 |
| | 28,156,843 | 31,292,169 |
| **OPERATING EXPENSES** | | |
| Salaries, wages and benefits | 8,040,542 | 6,767,587 |
| Contractual services | 7,599,778 | 7,112,747 |
| Materials and supplies | 2,414,941 | 2,566,128 |
| Utilities | 298,485 | 307,170 |
| Repairs and maintenance | 257,387 | 305,007 |
| Host community benefits | 738,417 | 730,466 |
| Leachate disposal | 794,943 | 741,362 |
| Insurance | 282,065 | 259,440 |
| Depreciation | 6,068,997 | 4,908,165 |
| Change in post-closure accrual estimate | 2,143,112 | 255,831 |
| Other | 1,321,911 | 1,254,846 |
| | 29,960,578 | 25,208,749 |
| **Operating income (loss)** | **(1,803,735)** | **6,083,420** |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| Investment (loss) income | 1,679,750 | (54,845) |
| Interest expense | (141,312) | (160,705) |
| Operating grants | 389,686 | 195,700 |
| | 1,928,124 | (19,850) |
| **Change in net position** | **124,389** | **6,063,570** |
| **NET POSITION,** ***beginning of year*** | 82,577,589 | 76,514,019 |
| **NET POSITION,** ***end of year*** | **$ 82,701,978** | **$ 82,577,589** |

*See accompanying Notes to Financial Statements.*

# Oneida-Herkimer
# Solid Waste Management Authority

## Statements of Cash Flows

| | Years Ended December 31, 2023 | 2022 |
|---|---|---|
| **CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES** | | |
| Received from customers | $ 28,832,058 | $ 31,749,727 |
| Paid to suppliers and vendors | (15,332,620) | (14,192,465) |
| Paid to employees, including benefits | (7,606,060) | (7,209,911) |
| | **5,893,378** | **10,347,351** |
| **CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Payments of revenue bond principal | (1,735,000) | (1,690,000) |
| Interest paid | (142,982) | (162,027) |
| Proceeds from sale of capital assets | 351,658 | 176,040 |
| Acquisition of capital assets | (6,730,181) | (3,173,484) |
| Operating grants and other revenues | 389,686 | 195,700 |
| | **(7,866,819)** | **(4,653,771)** |
| **CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES** | | |
| Interest received | 1,619,721 | 759,217 |
| Proceeds from investment maturities | 16,019,129 | 15,161,783 |
| Purchase of investments | (17,639,461) | (22,523,243) |
| | **(611)** | **(6,602,243)** |
| **Net decrease in cash and cash equivalents** | **(1,974,052)** | **(908,663)** |
| **CASH AND CASH EQUIVALENTS, *beginning of year*** | 10,632,690 | 11,541,353 |
| **CASH AND CASH EQUIVALENTS, *end of year*** | **$ 8,658,638** | **$ 10,632,690** |
| **CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES** | | |
| Operating income (loss) | $ (1,803,735) | $ 6,083,420 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | |
| Depreciation | 6,068,997 | 4,908,165 |
| Provision for bad debts | 244,605 | 217,283 |
| Gain on disposal of capital assets | (291,781) | (149,803) |
| Change in assets and liabilities | | |
| Receivables | 325,854 | 230,192 |
| Prepaid expenses | 200,178 | (197,047) |
| Deferred outflows | 254,946 | 989,240 |
| Accounts payable and accrued liabilities | 595,140 | (267,197) |
| Unearned revenues | 104,756 | 10,083 |
| Deferred inflows | (3,603,317) | (56,742) |
| Accrued closure and post-closure costs | 14,882 | (45,421) |
| Net pension asset/liability | 4,311,836 | (1,200,885) |
| Accrued postemployment benefits | (528,983) | (173,937) |
| | **$ 5,893,378** | **$ 10,347,351** |

*See accompanying Notes to Financial Statements.*

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

*a. Nature of Business*

The Oneida-Herkimer Solid Waste Management Authority, a component unit of Oneida County, New York (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 ten facilities, the Western Transfer Station (WTS), the Eastern Transfer Station (ETS), Materials Recovery Facility (MRF), Source Separated Organics Processing Facility (SSO), 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 conformity 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 deferred outflows and liabilities and deferred inflows that do not meet the definition of "restricted net position" or "net investment in capital assets."

**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 from the City of Utica and the five Village (see notes 8a and b). Disposal fees totaled $1,512,757 and $1,514,504 for the years ended December 31, 2023 and 2022, respectively. Operating expenses include the cost of personnel and contractual services, materials and supplies, utilities, change in post-closure accrual estimate, administrative expenses, depreciation on capital assets, and other costs related to solid waste administration. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

*c. Estimates*

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows 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 and Cash Equivalents*

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

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 the Federal Deposit Insurance Corporation (FDIC) 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.

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

*f. Receivables, Net*

Trade receivables 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 $290,238 and $263,101 at December 31, 2023 and 2022, respectively. Trade receivables are written off when deemed uncollectible. During 2023 and 2022, the Authority wrote off $244,605 and $217,283, respectively, of City of Utica user fees. Recoveries of trade receivables previously written off are recorded as a recovery of bad debt when received.

A trade 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 trade receivables 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. Expenditures for acquisitions, renewals, and betterments are capitalized, whereas maintenance and repair costs are expensed as incurred. The Authority uses a capitalization threshold of $5,000 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.

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.

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

*h. Bond Issuance Costs, 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.

Deferred outflows of resources are defined as a consumption of assets by the Authority that is applicable to a future reporting period. Deferred inflows of resources are defined as an acquisition of assets by the Authority that is applicable to a future reporting period. Deferred outflows of resources increase net position, similar to assets, and deferred inflows of resources decrease net position, similar to liabilities.

Deferred outflows and inflows include changes in assumptions related to the net pension asset/liability (Note 6) and post-employment benefits (Note 7).

The components of deferred outflows and inflows are as follows:

| | December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Deferred outflows of resources | | |
| Net pension asset/liability related | $ 2,375,902 | $ 2,505,520 |
| Other post employment benefits related | 357,217 | 482,545 |
| | $ 2,733,119 | $ 2,988,065 |
| Deferred inflows of resources | | |
| Net pension asset/liability related | $ 125,010 | $ 4,039,565 |
| Other post employment benefits related | 957,446 | 646,208 |
| | $ 1,082,456 | $ 4,685,773 |

*i. Unearned Revenues*

Unearned revenues include billings 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.

*j. 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. The Authority complies with the landfill closure and post-closure regulations of the New York State Department of Environmental Conservation (NYSDEC). At December 31, 2023 and 2022, the Authority accrued $4,008,024 and $3,993,142, respectively, for estimated closure and post-closure costs. The costs include equipment, final cover and post closure monitoring and maintenance incurred near or after the date the Authority stops accepting waste. Due to changes in technology or changes in regulations, actual costs may be different from the current accrual.

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

*j. Accrued Closure and Post-Closure Monitoring Costs - Continued*

In compliance with NYSDEC requirements, $4,129,109 and $3,957,324 in certificates of deposit and U.S. Agency securities have been restricted by the Authority for this purpose at December 31, 2023 and 2022, respectively.

*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 1, 2024, the date the financial statements were available to be issued.

## Note 2 - Restricted Assets

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

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| *Debt Service Reserve Fund* | | |
| Contingency fund to be utilized in case of default | $ 2,027,260 | $ 2,027,261 |
| *Construction Projects Fund and Bond Redemption and Improvement Fund* | | |
| Additional capital expenditures which may be incurred by the Authority | 948,408 | 1,094,050 |
| *Other Funds* | | |
| Restricted - debt service | 1,570,358 | 1,488,882 |
| Restricted - closure and post-closure monitoring costs | 4,129,109 | 3,957,324 |
| Accrued interest on restricted assets | 23,818 | 11,505 |
| | $ 8,698,953 | $ 8,579,022 |

## Note 3 - Investments

Fair value of the Authority's investments and related maturities at December 31, 2023 and 2022 is as follows:

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | | Investment Maturities (in Years) | | |
| Restricted Investments | Fair Value | Less than 1 | 1 to 5 | 6 to 10 |
| U.S. Treasury Bond State and Local Government Series | $ 2,027,259 | $ - | $ 2,027,259 | $ - |
| Certificates of Deposit | 4,518,497 | 1,864,022 | 2,384,264 | 270,211 |
| Federal Agency Securities | 399,629 | 73,249 | 252,700 | 73,680 |
| | $ 6,945,385 | $ 1,937,271 | $ 4,664,223 | $ 343,891 |

## Note 3 - Investments - Continued

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | | Investment Maturities (in Years) | | |
| Unrestricted Investments | Fair Value | Less than 1 | 1 to 5 | 6 to 10 |
| Certificates of Deposit | $ 11,166,690 | $ 4,262,390 | $ 6,904,300 | $ - |
| U.S. Treasury Notes | 21,809,167 | 14,131,117 | 7,678,050 | - |
| | $ 32,975,857 | $ 18,393,507 | $ 14,582,350 | $ - |

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | | Investment Maturities (in Years) | | |
| Restricted Investments | Fair Value | Less than 1 | 1 to 5 | 6 to 10 |
| U.S. Treasury Bond State and Local Government Series | $ 2,027,260 | $ - | $ 2,027,260 | $ - |
| Certificates of Deposit | 4,480,626 | 969,633 | 3,510,993 | - |
| Federal Agency Securities | 384,812 | 48,012 | 202,311 | 134,489 |
| | $ 6,892,698 | $ 1,017,645 | $ 5,740,564 | $ 134,489 |
| Unrestricted Investments | | | | |
| Certificates of Deposit | $ 17,146,682 | $ 7,637,826 | $ 9,508,856 | $ - |
| U.S. Treasury Notes | 14,261,530 | 986,170 | 13,275,360 | - |
| | $ 31,408,212 | $ 8,623,996 | $ 22,784,216 | $ - |

*a. Credit Risk*

All of the Authority's investment related 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.

**Note 3 - Investments - Continued**

*d. Concentration of Credit Risk*

Concentration of credit risk is the risk of loss attributed to the Authority's investment in single issues. At December 31, 2023 and 2022, certificates of deposit held at four financial institutions accounted for approximately 39% and 56% of investments, respectively. All certificates of deposit are fully collateralized. At December 31, 2023 and 2022, U.S. Treasury Notes held at two financial institutions accounted for approximately 54% and 37% of investments, respectively. No other issuer makes up more than 10% of the Authority's investment portfolio. Management of the Authority monitors the credit ratings associated with its underlying investments.

*e. Fair Value of Financial Instruments*

The framework for measuring fair value includes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

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.

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, 2023 and 2022:

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

- Certificates 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*:* 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 Notes: Valued at the quoted closing price reported in the active market in which the individual security is traded.

## Note 3 - Investments - Continued

*e. Fair Value of Financial Instruments - Continued*

The methods described above may produce a fair value calculation that may not be reflective of future fair values. Furthermore, while the Authority believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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

| | December 31, 2023 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. Treasury Bond State and Local Government Series | $ - | $ 2,027,259 | $ - | $ 2,027,259 |
| Certificates of Deposit | - | 15,685,187 | - | 15,685,187 |
| Federal Agency Securities | - | 399,629 | - | 399,629 |
| U.S. Treasury Notes | 21,809,167 | - | - | 21,809,167 |
| Total investments | $ 21,809,167 | $ 18,112,075 | $ - | $ 39,921,242 |

| | December 31, 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. Treasury Bond State and Local Government Series | $ - | $ 2,027,260 | $ - | $ 2,027,260 |
| Certificates of Deposit | - | 21,627,308 | - | 21,627,308 |
| Federal Agency Securities | - | 384,812 | | 384,812 |
| U.S. Treasury Notes | 14,261,530 | - | - | 14,261,530 |
| Total investments | $ 14,261,530 | $ 24,039,380 | $ - | $ 38,300,910 |

## Note 4 - Capital Asset, Net

Capital assets, net, summarized by facility are as follows:

| | December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | MRF, GWC, and HHW | ETS and WTS | Regional Landfill | Other | Total |
| Capital assets not being depreciated | | | | | |
| Land | $ - | $ - | $ 2,996,859 | $ 396,970 | $ 3,393,829 |
| Construction in progress | 115,386 | - | 49,823 | - | 165,209 |
| Total capital assets not being depreciated | 115,386 | - | 3,046,682 | 396,970 | 3,559,038 |
| Capital assets being depreciated | | | | | |
| Land improvements | 689,266 | 664,185 | 55,240,663 | 47,574 | 56,641,688 |
| Buildings and improvements | 8,299,561 | 13,460,891 | 6,971,873 | 392,940 | 29,125,265 |
| Equipment and machinery | 10,031,092 | 1,696,287 | 1,326,818 | 99,258 | 13,153,455 |
| Vehicles | 2,432,492 | 3,055,083 | 8,215,801 | 531,224 | 14,234,600 |
| Office equipment | 14,734 | 7,780 | 23,782 | 204,437 | 250,733 |
| | 21,467,145 | 18,884,226 | 71,778,937 | 1,275,433 | 113,405,741 |
| Less accumulated depreciation | 14,033,676 | 11,471,287 | 42,191,068 | 972,588 | 68,668,619 |
| Total capital assets being depreciated | 7,433,469 | 7,412,939 | 29,587,869 | 302,845 | 44,737,122 |
| Total capital assets, net | $ 7,548,855 | $ 7,412,939 | $ 32,634,551 | $ 699,815 | $ 48,296,160 |

### Note 4 - Capital Asset, Net - Continued

| | December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | MRF, GWC, and HHW | ETS and WTS | Regional Landfill | Other | Total |
| Capital assets not being depreciated | | | | | |
| Land | $ - | $ - | $ 2,996,086 | $ 396,970 | $ 3,393,056 |
| Construction in progress | 51,853 | - | 6,257,832 | - | 6,309,685 |
| Total capital assets not being depreciated | 51,853 | - | 9,253,918 | 396,970 | 9,702,741 |
| Capital assets being depreciated | | | | | |
| Land improvements | 897,813 | 731,836 | 48,520,317 | 53,060 | 50,203,026 |
| Buildings and improvements | 8,125,030 | 13,304,232 | 6,865,346 | 375,680 | 28,670,288 |
| Equipment and machinery | 9,868,424 | 1,741,338 | 1,411,519 | 119,264 | 13,140,545 |
| Vehicles | 1,988,331 | 2,146,256 | 6,856,276 | 738,168 | 11,729,031 |
| Office equipment | 39,130 | 20,908 | 81,512 | 232,520 | 374,070 |
| | 20,918,728 | 17,944,570 | 63,734,970 | 1,518,692 | 104,116,960 |
| Less accumulated depreciation | 14,370,204 | 11,236,625 | 39,181,700 | 1,336,319 | 66,124,848 |
| Total capital assets being depreciated | 6,548,524 | 6,707,945 | 24,553,270 | 182,373 | 37,992,112 |
| Total capital assets, net | $ 6,600,377 | $ 6,707,945 | $ 33,807,188 | $ 579,343 | $ 47,694,853 |

A summary of changes in the Authority's capital assets for the years ended December 31, 2023 and 2022 is as follows:

| | Balance December 31, 2022 | Additions | Retirements/ Disposals | Balance December 31, 2023 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 3,393,056 | $ 773 | $ - | $ 3,393,829 |
| Construction in progress | 6,309,685 | 588,148 | (6,732,624) | 165,209 |
| Total capital assets not being depreciated | 9,702,741 | 588,921 | (6,732,624) | 3,559,038 |
| Capital assets being depreciated | | | | |
| Land improvements | 50,203,026 | 6,850,290 | (411,628) | 56,641,688 |
| Buildings and improvements | 28,670,288 | 850,076 | (395,099) | 29,125,265 |
| Equipment and machinery | 13,140,545 | 903,420 | (890,510) | 13,153,455 |
| Vehicles | 11,729,031 | 4,235,793 | (1,730,224) | 14,234,600 |
| Office equipment | 374,070 | 34,305 | (157,642) | 250,733 |
| | 104,116,960 | 12,873,884 | (3,585,103) | 113,405,741 |
| Less accumulated depreciation | 66,124,848 | 6,068,996 | (3,525,225) | 68,668,619 |
| Total capital assets being depreciated | 37,992,112 | 6,804,888 | (59,878) | 44,737,122 |
| Total capital assets, net | $ 47,694,853 | $ 7,393,809 | $ (6,792,502) | $ 48,296,160 |

## Note 4 - Capital Asset, Net - Continued

| | Balance December 31, 2021 | Additions | Retirements/ Disposals | Balance December 31, 2022 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 3,393,056 | $ - | $ - | $ 3,393,056 |
| Construction in progress | 6,639,309 | 572,971 | (902,595) | 6,309,685 |
| Total capital assets not being depreciated | 10,032,365 | 572,971 | (902,595) | 9,702,741 |
| Capital assets being depreciated | | | | |
| Land improvements | 49,821,649 | 381,377 | - | 50,203,026 |
| Buildings and improvements | 27,896,112 | 774,176 | - | 28,670,288 |
| Equipment and machinery | 12,356,033 | 840,301 | (55,789) | 13,140,545 |
| Vehicles | 10,627,262 | 1,507,254 | (405,485) | 11,729,031 |
| Office equipment | 374,070 | - | - | 374,070 |
| | 101,075,126 | 3,503,108 | (461,274) | 104,116,960 |
| Less accumulated depreciation | 61,651,720 | 4,908,165 | (435,037) | 66,124,848 |
| Total capital assets being depreciated | 39,423,406 | (1,405,057) | (26,237) | 37,992,112 |
| Total capital assets, net | $ 49,455,771 | $ (832,086) | $ (928,832) | $ 47,694,853 |

Construction in progress principally relates to costs incurred to construct cells at the Authority's RLF, which remains in progress.

## Note 5 - Revenue Bonds

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

| | Balance December 31, 2021 | Additions | Reductions | Balance December 31, 2022 | Additions | Reductions | Balance December 31, 2023 |
|---|---|---|---|---|---|---|---|
| 2015 EFC Revenue Bonds | 10,997,593 | - | (1,690,000) | 9,307,593 | - | (1,735,000) | 7,572,593 |
| | $ 10,997,593 | $ - | $ (1,690,000) | $ 9,307,593 | $ - | $ (1,735,000) | $ 7,572,593 |

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.

Principal installments range from $1,780,000 to $3,962,593 and are payable annually on April 1 through 2026. Interest is payable semi-annually at interest rates ranging from 4.54% to 4.77%, gross of subsidy credit and refunding benefit. 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. The Authority received a subsidy credit of $143,680 and $182,382 for the years ended December 31, 2023 and 2022, respectively, and a refunding benefit of $134,183 and $160,988 for the years ended December 31, 2023 and 2022, respectively.

Certain assets and all 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.

**Note 5 - Revenue Bonds - Continued**

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

| | Principal | Interest * | Total |
|---|---|---|---|
| For the year ending December 31, | | | |
| 2024 | 1,780,000 | 317,900 | 2,097,900 |
| 2025 | 1,830,000 | 232,429 | 2,062,429 |
| 2026 | 3,962,593 | 94,488 | 4,057,081 |
| | 7,572,593 | $ 644,817 | $ 8,217,410 |
| Less current installments | 1,780,000 | | |
| Revenue Bonds, less current installments | $ 5,792,593 | | |

* EFC interest is reported gross of the subsidy credit and a refunding benefit, which over the remaining life of the bonds will be $520,057.

**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 https://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 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.

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

*Contributions - Continued*

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 required contributions, and were as follows:

| | | |
|---|---|---|
| 2023 | $ | 505,054 |
| 2022 | | 694,977 |
| 2021 | | 598,541 |

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

At December 31, 2023 and 2022, the Authority reported a liability and an asset of $3,125,305 and $1,186,531 for its proportionate share of the net pension asset and liability, respectively. The net pension asset and liability were measured as of March 31, 2023 and 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension asset and 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, 2023 and 2022, the Authority's proportion was 0.0145742% and 0.0145149%, respectively.

For the years ended December 31, 2023 and 2022, the Authority recognized pension expense of $1,115,613 and $68,444, respectively.

The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ 332,869 | $ 87,770 | $ 89,858 | $ 116,550 |
| Change of assumptions | 1,517,850 | 16,775 | 1,980,188 | 33,414 |
| Net difference between projected and actual investment earnings on pension plan investments | - | 18,361 | - | 3,885,393 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 62,916 | 2,104 | 56,132 | 4,208 |
| Employer contributions subsequent to the measurement date | 462,267 | - | 379,342 | - |
| Total | $ 2,375,902 | $ 125,010 | $ 2,505,520 | $ 4,039,565 |

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

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

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, | |
| 2024 | $ 427,039 |
| 2025 | (147,233) |
| 2026 | 653,016 |
| 2027 | 855,803 |
| | $ 1,788,625 |

*Actuarial Assumptions*

The total pension liability at March 31, 2023 and 2022 was determined by using actuarial valuations as of April 1, 2022 and 2021, respectively, with update procedures used to roll forward the total pension liability to March 31, 2023 and 2022. The actuarial valuations used the following actuarial assumptions, which are consistent from year to year, expect as noted:

| | |
|---|---|
| Actuarial Cost Method | Entry age normal |
| Inflation Rate | 2.9 percent (2023); 2.7 percent (2022) |
| Salary Scale | 4.4 percent (2023); 4.4 percent (2022), indexed by service |
| Investment rate of return, | 5.90 percent compounded annually, net of expenses |
| Cost of living adjustment | 1.5 percent (2023); 1.4 percent (2022) annually |
| Decrement | Based on FY 2015-2020 experience |
| Mortality improvement | |
| 2023 | Society of Actuaries Scale MP-2021 |
| 2022 | Society of Actuaries Scale MP-2020 |

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.

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

*Actuarial Assumptions - Continued*

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below:

| Asset Type | Target Allocation | Long-Term Expected Real Rate |
|---|---|---|
| Domestic equity | 32.00% | 4.30% |
| International equity | 15.00% | 6.85% |
| Private equity | 10.00% | 7.50% |
| Real estate | 9.00% | 4.60% |
| Opportunistic/Absolute return strategies | 3.00% | 5.38% |
| Credit | 4.00% | 5.43% |
| Real assets | 3.00% | 5.84% |
| Fixed Income | 23.00% | 1.50% |
| Cash | 1.00% | 0.00% |
| | 100.00% | |

*Discount Rate*

The discount rate used to calculate the total pension liability was 5.90% at December 31, 2023 and 2022, respectively. 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 Asset/Liability to the Discount Rate Assumption*

The following presents the Authority's proportionate share of the net pension liability at December 31, 2023 calculated using the discount rate of 5.90%, 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 (4.90%) or 1-percentage-point higher (6.90%) than the current rate:

| | 1% Decrease (4.9%) | Current Discount (5.9%) | 1% Increase (6.9%) |
|---|---|---|---|
| Authority's proportionate share of the net pension liability (asset) | $ 7,552,521 | $ 3,125,305 | $ (574,150) |

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

*Pension Plan Fiduciary Net Position*

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

| | 2023 | 2022 |
|---|---|---|
| Employers' total pension liability | $ 232,627,259 | $ 223,874,888 |
| Plan net position | (211,183,223) | (232,049,473) |
| Employers' net pension (asset) liability | $ 21,444,036 | $ (8,174,585) |
| Ratio of plan net position to the employers' total pension liability | 90.78% | 103.65% |

## Note 7 - Other Postemployment Benefits (OPEB)

The Authority provides health care benefits for eligible retired employees comprised of a 50% monthly premium contribution toward their health insurance costs. 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 benefit plan is administered and accounted for as a single-employer defined benefit plan. A summary of active employees and retired employees covered under this benefit plan is as follows:

| | December 31, | |
|---|---|---|
| | 2023 | 2022 |
| Actives | 16 | 16 |
| Retirees | 8 | 8 |
| Total | 24 | 24 |

The contribution requirements of benefit plan members and the Authority are established pursuant to applicable collective bargaining and employment agreements. The required rates of the employer and the members may vary depending on the applicable agreement. The Authority is not required to fund the benefit plan other than the pay-as-you-go amount necessary to provide current benefits to retirees. For the years ended December 31, 2023 and 2022, the Authority paid $72,435 and $55,923, respectively, on behalf of the plan members. The benefit plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the benefit plan.

**Note 7 - Other Postemployment Benefits (OPEB) - Continued**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

At December 31, 2023 and 2022, the Authority reported a liability of $2,489,7381 and $3,018,721 for its OPEB liability, respectively. The OPEB liability was measured as of January 1, 2023 by an actuarial valuation as of that date. For the years ended December 31, 2023 and 2022, the Authority recognized OPEB expense of $1,206 and $114,754, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | December 31, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| | Deferred Outflows of Resources | Deferred Inflows of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | $ - | $ 284,913 | $ - | $ 432,232 |
| Changes of assumptions or other inputs | 263,594 | 672,533 | 410,110 | 213,976 |
| Employer contributions subsequent to the measurement date | 93,623 | - | 72,435 | - |
| | $ 357,217 | $ 957,446 | $ 482,545 | $ 646,208 |

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

| Year ending December 31, | |
|---|---|
| 2024 | $ (161,377) |
| 2025 | (135,780) |
| 2026 | (108,784) |
| 2027 | (133,842) |
| 2028 | (92,255) |
| 2029 and thereafter | (61,814) |
| Total | $ (693,852) |

*Actuarial Assumptions*

The total OPEB liability was determined using the following actuarial assumptions, which are consistent from year to year, expect as noted:

| Assumptions | Factor |
|---|---|
| Valuation Date | January 1, 2022 |
| Measurement Date | January 1, 2023 |
| Reporting Date | December 31, 2023 |
| Actuarial Cost Method | Entry Age Normal - Level Percent of Pay |
| Discount Rate | |
| 2023 | 3.72% |
| 2022 | 2.06% |

## Note 7 - Other Postemployment Benefits (OPEB) - Continued

*Actuarial Assumptions - Continued*

| Assumptions | Factor |
|---|---|
| Health Care Cost Trend Rates | Society of Actuaries Long-Run Medical Cost Trend Model |
| Salary Scale | 3.50% |
| Inflation | 2.50% |
| Mortality | Pub-2010 Mortality Table for healthy retirees: sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis. |

*Schedule of Changes in Net OPEB Liability*

| | December 31, 2023 | December 31, 2022 |
|---|---|---|
| Beginning of the year | $ 3,018,721 | $ 3,192,658 |
| Charges for the year: | | |
| Service cost | 95,391 | 110,652 |
| Interest | 63,405 | 69,437 |
| Changes to benefit terms | - | - |
| Differences between expected and actual experience | - | (150,562) |
| Changes in assumption and other inputs | (615,344) | (147,541) |
| Benefit payments | (72,435) | (55,923) |
| Net changes | (528,983) | (173,937) |
| End of year | $ 2,489,738 | $ 3,018,721 |

*Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate*

The following presents the OPEB Liability of the plan as of December 31, 2023 using current health care cost trend rates as well as what the OPEB liability would be if it were calculated using health care cost trend rates that are 1% lower and 1% higher than the current rate:

| | 1% Decrease | Current Trend Rate | 1% Increase |
|---|---|---|---|
| Authority's proportionate share of the OPEB liability | $ 1,777,168 | $ 2,489,738 | $ 3,416,138 |

## Note 7 - Other Postemployment Benefits (OPEB) - Continued

*Sensitivity of the Employer's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Trend Rate and Discount Rate - Continued*

The following presents the OPEB liability of the plan as of December 31, 2023, calculated using the discount rate of 3.72%, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.72%) or 1-percentage-point higher (4.72%) than the current rate:

| | 1% Decrease (2.72%) | Discount Rate (3.72%) | 1% Increase (4.72%) |
|---|---|---|---|
| Authority's proportionate share of the OPEB liability | $ 2,912,637 | $ 2,489,738 | $ 2,155,522 |

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

*a. City of Utica Contract*

The Authority maintains a contract with the City of Utica (City) through March 31, 2033 to provide for collection of waste and recyclables and associated billing throughout the City. In accordance with the contract, and in recognition of the City being host to the Recycling Center, Eastern Transfer Station, and Green Waste Compost Facility, the Authority pays the City Host Community Benefits of $1 per ton for all materials delivered to those facilities as long as the Authority uses the Eastern Transfer Station for transport of waste out of the region, with a guaranteed minimum of $100,000 per year. The Authority made Host Community Benefit payments in the amount of $210,230 and $204,631 during the years ended December 31, 2023 and 2022, respectively. There was $53,891 and $49,776 due to the City at December 31, 2023 and 2022, respectively, which is included in accounts payable and accrued liabilities.

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, 2023 and 2022, the cost of waste removal was $4,557,857 and $4,224,654 offset by solid waste service charge revenues of $2,551,491 and $2,302,605 and refuse bag sales of $2,097,396 and $2,032,629, 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, which expire at various times between March 2023 and December 2025. 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.

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

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

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, 2023 and 2022, the cost of waste removal was $1,682,730 and $1,550,700, offset by refuse bag sales of $576,323 and $590,878, and toter rental fees of $1,094,425 and $1,038,939, 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 July 2024. For the years ended December 31, 2023 and 2022, $821,349 and $808,970, respectively, was earned related to the sale of carbon credits.

*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). Beyond the initial ten-year term, there is the option of two additional five-year renewals. For the years ended December 31, 2023 and 2022, $335,040 and $501,311, respectively, was earned related to the sale of landfill gas.

In 2024, the Authority entered into a Gas Rights and Development Agreement with a third-party under which the Authority will receive minimum royalty payments each year for the collection and sale of landfill gas. The agreement, which is expected to commence in 2025, will grant a lease of land owned by the Authority at its landfill to the third party.

*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 $460,000 in 2023 and 2022.

*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 December 31, 2028 - Oswego County, December 31, 2026 - Fulton County and December 31, 2027 - Lewis County. 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 2023 and 2022 were $885,975 and $841,230, respectively.

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

*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.

**Note 9 - Accounting Standards Issued But Not Yet Implemented**

GASB Statement No. 99, *Omnibus 2022*. This statement addresses a variety of topics. The requirements of this statement related to the extension of the sue of LIBOR, accounting for Supplement Nutrition Assistance Program distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of the provisions of GASB Statement No. 34, *Basis Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended, and terminology updates related to GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments* (GASB 53), and GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, were effective upon issuance of the statement in April 2022. The requirements of this statement related to leases, PPPs, and SBITAs are effective for reporting periods beginning after June 15, 2022. The requirements of this statement related to financial guarantees and the classification of reporting of derivative instruments within the scope of GASB 53 are effective for reporting periods beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections.* The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and change to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting – understandability, reliability, relevance, timeliness, consistency, and comparability. This statement also addresses corrections of errors in previously issued financial statements. This statement prescribes the accounting and financial reporting for (1) each type of accounting changes and (2) error corrections. This statement requires that

**Note 9 - Accounting Standards Issued But Not Yet Implemented - Continued**

(a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements. This statement requires disclosures in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about quantitative effects of beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information and supplementary information. For periods that are earlier than those included in the basic financial statements, information presented as required supplementary information and supplementary information should be restated for error corrections, if practicable, but not for changes in accounting principles. The requirements of this statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 101, *Compensated Absences.* This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

**Note 9 - Accounting Standards Issued But Not Yet Implemented - Continued**

GASB Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending. This statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

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

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|
| Authority's proportion of the net pension (asset) liability | 0.0145742% | 0.0145149% | 0.0144157% | 0.0143403% | 0.0145098% | 0.0143100% | 0.0141556% | 0.0148470% | 0.0142362% |
| Authority's proportionate share of the net pension (asset) liability | $ 3,125,305 | $ (1,186,531) | $ 14,354 | $ 3,797,385 | $ 1,028,066 | $ 461,847 | $ 1,330,098 | $ 2,276,668 | $ 480,933 |
| Authority's covered-employee payroll | $ 4,990,165 | $ 4,575,207 | $ 4,458,927 | $ 4,267,962 | $ 4,100,777 | $ 4,064,975 | $ 3,836,397 | $ 3,695,136 | $ 3,419,002 |
| Authority's proportionate share of the net pension (asset) liability as a percentage of its covered-employee payroll | -62.63% | 25.93% | 0.32% | 88.97% | 25.07% | 11.36% | 34.67% | 61.61% | 14.07% |
| Plan fiduciary net position as a percentage of the total pension liability | 90.78% | 103.65% | 99.95% | 86.39% | 96.30% | 98.20% | 94.70% | 97.90% | 97.90% |

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

*See Independent Auditor's Report.*

# Oneida-Herkimer
# Solid Waste Management Authority

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

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | $ 505,054 | $ 694,977 | $ 598,541 | $ 567,018 | $ 571,218 | $ 549,859 | $ 540,463 | $ 558,657 | $ 699,094 | $ 685,093 |
| Contributions in relation to the contractually required contribution | 505,054 | 694,977 | 598,541 | 567,018 | 571,218 | 549,859 | 540,463 | 558,657 | 699,094 | 685,093 |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| Authority's covered-employee payroll | 4,990,165 | 4,575,207 | 4,458,927 | 4,267,962 | 4,100,777 | 4,064,975 | 3,836,397 | 3,695,136 | 3,419,002 | 3,640,306 |
| Contribution as a percentage of covered-employee payroll | 10.12% | 15.19% | 13.42% | 13.29% | 13.93% | 13.53% | 14.09% | 15.12% | 20.45% | 18.82% |

*See Independent Auditor's Report.*

# Oneida-Herkimer
# Solid Waste Management Authority

## Required Supplementary Information
## Schedule of Other Postemployment Benefits Liability

| | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Beginning of the year | $ 3,018,721 | $ 3,192,658 | $ 2,378,044 | $ 2,387,667 | $ 2,537,410 | $ 2,365,128 |
| Charges for the year | | | | | | |
| Service cost | 95,391 | 110,652 | 73,448 | 57,809 | 72,019 | 67,811 |
| Interest | 63,405 | 69,437 | 66,627 | 98,953 | 88,718 | 91,554 |
| Changes to benefit terms | - | - | 494,303 | - | - | - |
| Differences between expected and actual experience | - | (150,562) | - | (498,831) | - | (254,514) |
| Changes in assumption and other inputs | (615,344) | (147,541) | 219,837 | 396,388 | (249,668) | 289,164 |
| Benefit payments | (72,435) | (55,923) | (39,601) | (63,942) | (60,812) | (21,733) |
| Net changes | (528,983) | (173,937) | 814,614 | (9,623) | (149,743) | 172,282 |
| End of year | $ 2,489,738 | $ 3,018,721 | $ 3,192,658 | $ 2,378,044 | $ 2,387,667 | $ 2,537,410 |
| Covered payroll | 1,231,940 | 1,262,913 | 1,463,987 | 1,451,516 | 1,407,237 | 1,299,431 |
| OPEB liability as a percentage of covered payroll | 202.10% | 239.03% | 218.08% | 163.83% | 169.67% | 195.27% |

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

*See Independent Auditor's Report.*

## 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, 2023, 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 1, 2024.

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

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

Latham, New York
March 1, 2024