The Authority
ONEIDA-HERKIMER SOLID WASTE AUTHORITY

Financial Report

December 31, 2016 and 2015

Oneida-Herkimer
Solid Waste Management Authority

Financial Report

December 31, 2016 and 2015

C O N T E N T S

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Oneida-Herkimer Solid Waste Management Authority (Authority) (a New York public benefit corporation), which comprise the statement of net position as of December 31, 2016 , the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, including the budgetary comparison information on pages 3 through 12, the schedule of funding progress on page 31, the schedule of proportionate share of the net pension liability on page 35, and the schedule of local government contributions on page 36 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Prior Year Financial Statements

The financial statements of the Authority as of and for the year ended December 31, 2015 were audited by other auditors whose report dated March 7, 2016 expressed an unmodified opinion on those statements.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

BST & Co. CPAs, LLP

Albany, New York
March 13, 2017

BST
ACCOUNTING / TAX / ADVISORY

Oneida-Herkimer
Solid Waste Management Authority

Management's Discussion and Analysis
December 31, 2016 and 2015

Introduction

On behalf of the Oneida-Herkimer Solid Waste Management Authority, I am pleased to submit this 2016 Annual Financial Report developed in compliance with accounting standards generally accepted in the United States of America. This year marks the 28th anniversary since the formation of the Authority.

In 2016, the Authority maintained stable solid waste tipping fees after three consecutive years of lowering its rates. This was the result of increasing and diversifying its revenues and reducing operating expenses. The Authority Board of Directors has reduced its tipping fee for solid waste by 16% since 2006.

The Authority remains in a very stable financial position. While lowering rates and keeping expenses in check, the Authority continued to provide a full range of services to handle all categories of waste generated by the region's individuals, businesses, industries, and institutions. The Authority continued its emphasis on reduction and recycling. The Authority Board remains committed to maintaining and enhancing the region's self-reliant integrated solid waste management system. Toward that end, in 2016, the Authority initiated a feasibility study to look at the viability of constructing a facility in Utica to divert commercial food waste from the landfill.

The Authority Board remains committed to long-term stable rates. The 2016 operating surplus and corresponding positive net asset position is a result of careful planning and the decision to establish reserves for future capital projects. Specifically, the Authority continued reserves for major landfill equipment replacement of $400,000 and the extension of the landfill liner for new waste disposal cells of $1,600,000. By reserving these funds from current disposal fees, it will reduce or eliminate the need to borrow for these projects in the future. The Authority has also reserved funds to defease some long-term bonds early, which will reduce future debt service expense. Related to diversifying revenue, the Authority Board approved an agreement to process Fulton County, New York's single stream recyclables. This new revenue, when added to the revenues for processing Lewis and Oswego Counties' recyclables, helped further cover operating expenses.

Finally, in 2016, the Authority through its host community agreement with the Village of Boonville, funded certain improvements at the intersection of NYS Routes 294 & 46, in lieu of developing a bypass road. The Authority and Village sought to make mutually beneficial modifications to the Agreement to improve transportation through the Village, while also benefitting the Village and the Erwin Library and Institute.

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, 2016 and 2015

Authority Profile

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

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

The Authority's 2016 budget was approximately $24.3 million and covered expenses for disposal of waste, recycling, household hazardous waste, composting, public education, administration, collection of waste, and recyclables in the City of Utica and Villages of Ilion, Frankfort, Herkimer, Mohawk, and Dolgeville, capital purchases, operations, maintenance, and debt service. The Authority currently owns nine operational solid waste management facilities and one closed facility. These facilities are as follows: an administration facility, a recycling center, three solid waste transfer stations, a green waste composting facility, a land clearing debris facility, a household hazardous waste facility, and a regional landfill; and a closed ash landfill.

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

Authority Board of Directors

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

Authority Profile - Continued

Name	Business Affiliation
Barbara Freeman *Chair, Governance Committee* *FOIL Appeals Committee*	Retired Teacher; Member, Village and Town of Boonville Environmental Councils
Nancy Novak *Governance Committee*	Manager Safety & Regulatory Compliance at Bonide Products, Inc.; Member, Mohawk Valley Environmental Information Exchange and Mohawk Valley Safety Professional Consortium
Robert J. Roberts, III *Audit Committee* *Vice Chair, Finance Committee*	Business Consultant, RJR & Associates
James Williams *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.

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

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

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, 2016 and 2015, and other significant pertinent financial information.

The 2016 financial report continues to reflect the strong operating results of the Authority. The Authority has increased its net position by approximately $3.88 million and $4.48 million for the years ended December 31, 2016 and 2015, respectively. This was the result of several factors including:

- The Authority's tipping fee revenues exceeded budget by $1,500,000. The Authority exceeded budgeted tonnage expectations for asbestos, soil/cover, sludge, municipal solid waste and C&D material.
- The Authority earned about $2,051,000 in recycling sales during 2016, which was $51,000 over the 2016 budget.
- The Authority sold Landfill Gas and shared in a Power Purchase Agreement, per its contract with Waste Management Renewable Energy, and generated $352,151 in revenue.
- The Authority sold carbon credits resulting in $241,272 of revenue during 2016.
- In 2016, the Authority processed recyclables for Oswego and Lewis Counties. The Authority earned $570,065 in processing fees.
- Expenses increased by about 4.5% over 2015 results.
- The Authority modified its existing Host Community Benefit Agreement with the Village of Boonville and had an additional $714,000 in one-time expenses.
- Salaries/wages and overtime increased about 2.7% from 2015.
- The Authority's fuel expense decreased by over $140,000, as a result of the declining cost of gas.
- Interest expense decreased by about $152,000 from 2015, resulting from the refinancing of the Authority's 2006 EFC bonds.
- The Authority also funded reserves for landfill equipment in the amount of $400,000 for 2016 and for the extension of the landfill liner in the amount of $1,600,000.
- The Authority, once again, fully funded its closure and post-closure funds for the Ash Landfill and Regional Landfill.

Oneida-Herkimer
Solid Waste Management Authority

Management's Discussion and Analysis
December 31, 2016 and 2015

Financial Analysis

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

Table A-1
Condensed Statements of Net Position

	December 31,				
	2016	2016 vs. 2015	2015	2015 vs. 2014	2014
ASSETS AND DEFERRED OUTFLOWS					
Current assets	$ 32,385,079	14.28%	$ 28,337,548	14.44%	$ 24,761,748
Restricted assets	10,743,593	-2.35%	11,001,737	-11.20%	12,389,284
Capital assets, net	43,471,221	-3.64%	45,111,907	-2.89%	46,454,000
Non current assets	36,125	-15.44%	42,721	-14.15%	49,763
Total assets	86,636,018		84,493,913		83,654,795
Deferred outflows	2,376,155	357.00%	519,950	-25.63%	699,094
Total assets and deferred outflows	**$ 89,012,173**		**$ 85,013,863**		**$ 84,353,889**
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION					
Current liabilities	$ 4,115,788	7.32%	$ 3,835,066	-5.44%	$ 4,055,607
Long-term liabilities	35,844,428	-1.35%	36,335,311	-9.18%	40,008,561
Total liabilities	39,960,216	-0.52%	40,170,377	-8.84%	44,064,168
Deferred inflows	1,048,400	44.76%	724,244	10.44%	655,778
Net investment in capital assets	19,478,106		18,750,348		17,802,320
Net position, restricted	955,801		1,158,104		1,321,037
Net position, unrestricted	27,569,650		24,210,790		20,510,586
Total net position	48,003,557	8.80%	44,119,242	11.32%	39,633,943
Total liabilities, deferred inflows, and net position	**$ 89,012,173**	**4.70%**	**$ 85,013,863**	**0.78%**	**$ 84,353,889**

While total assets have remained relatively consistent since 2014, long-term liabilities have decreased approximately 10.4% during the same period principally due to scheduled payments on the Authority's long-term bonds.

Total net position has grown approximately $8.4 million since the end of 2014 as a result of favorable operations of the Landfill, consistent waste tonnage, strong recyclable sales, diversification of revenues, and a tight control over Authority expenses.

Financial Analysis - Continued

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

	Years Ended December 31,				
	2016	2016 vs. 2015	2015	2015 vs. 2014	2014
Operating revenue	$ 23,899,400	0.59%	$ 23,759,512	-4.08%	$ 24,769,082
Nonoperating revenue	851,612	25.61%	677,989	26.94%	534,086
Total revenues	24,751,012	1.28%	24,437,501	-3.42%	25,303,168
Depreciation expense	3,768,841	2.39%	3,680,874	-17.19%	4,445,013
Other operating expense	16,123,171	6.46%	15,145,237	-2.96%	15,606,593
Nonoperating expense	974,685	-13.45%	1,126,091	-17.48%	1,364,599
Total expenses	20,866,697	4.58%	19,952,202	-6.84%	21,416,205
Change in net position	**3,884,315**	**-13.40%**	**4,485,299**	**15.39%**	**3,886,963**
NET POSITION, *beginning of year*	44,119,242	11.32%	39,633,943	10.87%	35,746,980
NET POSITION, *end of year*	**$ 48,003,557**	**8.80%**	**$ 44,119,242**	**11.32%**	**$ 39,633,943**

The Authority's expenses increased by about 4.58% for 2016 in comparison to 2015. During 2016, the Authority modified its existing Host Community Benefit Agreement with the Village of Boonville and incurred $714,000 in one-time expenses which were not budgeted for.

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 done by the Treasurer of the Board. Those in excess of $5,000 are done by resolution of the full Board.

The 2016 and 2015 budgets are compared to actual results in Table A-3.

Oneida-Herkimer
Solid Waste Management Authority

Management's Discussion and Analysis
December 31, 2016 and 2015

Budgetary Highlights - Continued

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

	Year Ended December 31, 2016		
	Actual	**Amended Budget**	**$ Change**
Operating revenue	$ 23,899,400	$ 22,541,880	$ 1,357,520
Nonoperating revenue	851,612	275,250	576,362
Total revenues	24,751,012	22,817,130	1,933,882
Operating expenses			
Salaries, wages and benefits	6,127,465	6,130,764	(3,299)
Contractual services	5,853,465	5,909,056	(55,591)
Materials and supplies	901,151	1,466,000	(564,849)
Utilities	269,655	340,000	(70,345)
Repairs and maintenance	250,487	260,500	(10,013)
Host community benefits	1,414,438	1,450,000	(35,562)
Leachate disposal	377,480	337,500	39,980
Insurance	179,626	175,000	4,626
Other rental	71,413	78,250	(6,837)
Depreciation and amortization	3,768,841	-	3,768,841
Other operating expense	677,991	664,000	13,991
Nonoperating expenses	974,685	6,756,060	(5,781,375)
Total expenses	20,866,697	23,567,130	(2,700,433)
Change in net position	**$ 3,884,315**	**$ (750,000)**	**$ 4,634,315**

During 2016, the Authority appropriated $750,000 from Net Position to reflect a one-time amendment to a Host Community Benefit Agreement.

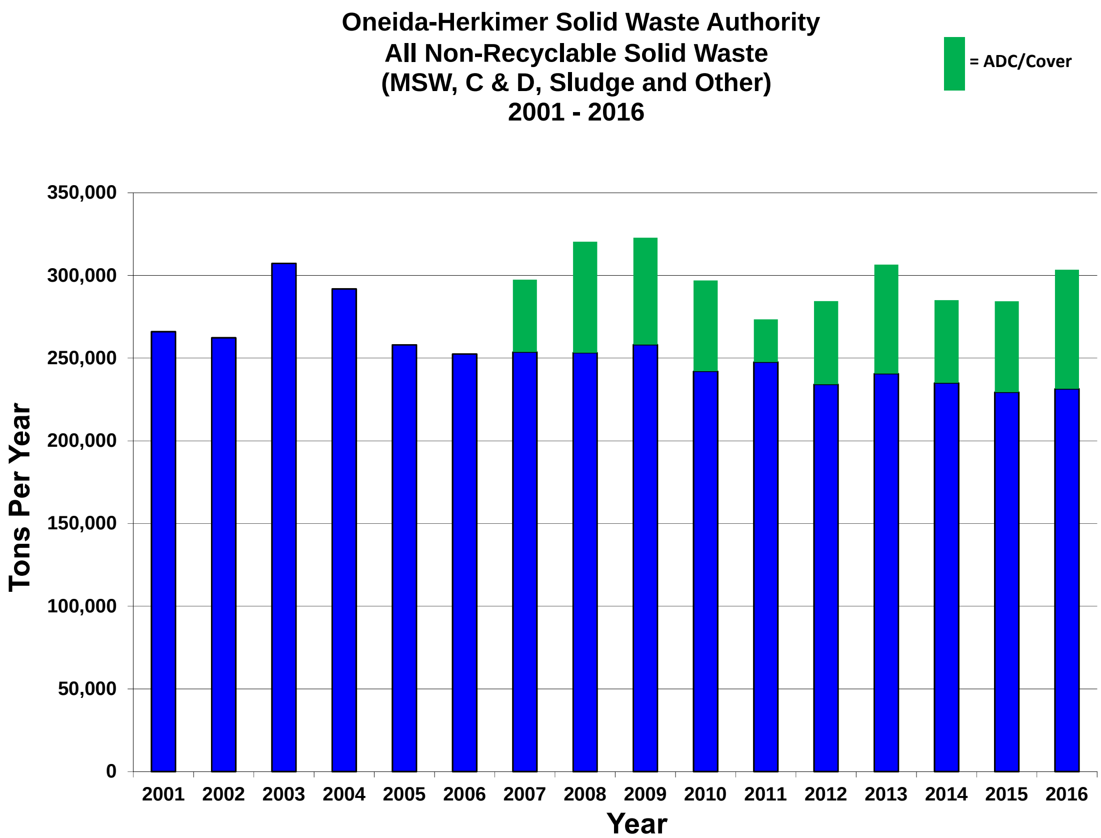
	Year Ended December 31, 2015		
	Actual	**Amended Budget**	**$ Change**
Operating revenue	$ 23,759,512	$ 23,141,660	$ 617,852
Nonoperating revenue	677,989	278,750	399,239
Total revenues	24,437,501	23,420,410	1,017,091
Operating expenses			
Personal	5,675,398	5,809,603	(134,205)
Contractual services	5,837,987	5,745,696	92,291
Materials and supplies	1,094,015	1,637,700	(543,685)
Utilities	280,218	308,000	(27,782)
Repairs and maintenance	220,725	214,900	5,825
Host community benefits	698,870	698,500	370
Leachate disposal	406,232	337,500	68,732
Insurance	168,937	169,000	(63)
Other rental	72,196	77,160	(4,964)
Depreciation and amortization	3,680,874	-	3,680,874
Other operating expense	690,659	680,800	9,859
Nonoperating expenses	1,126,091	7,741,551	(6,615,460)
Total expenses	19,952,202	23,420,410	(3,468,208)
Change in net position	**$ 4,485,299**	**$ -**	**$ 4,485,299**

Budgetary Highlights - Continued

To make an accurate comparison of actual expenditures to budget, the items discussed above, as well as principal payments on outstanding bonds, depreciation and amortization, and acquisition of capital assets, need to be adjusted to allow for comparison with the 2016 and 2015 amended budgets. These adjustments are as follows:

	Year Ended December 31, 2016	Year Ended December 31, 2015
Change in net position	$ 3,884,315	$ 4,485,299
Deduct: principal payments made on bonds	(2,445,000)	(3,692,407)
Add: depreciation expense	3,768,841	3,680,874
Deduct: acquisition of capital assets	(2,132,625)	(2,338,781)
Budget surplus	$ 3,075,531	$ 2,134,985

General Trends and Significant Events



Flow Control

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

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

During 2007, the case was finally and definitively decided.

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

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

Capital Assets

At the end of 2016 and 2015, the Authority had approximately $43.5 million and $45.1 million, respectively, invested in capital assets as indicated in Table A-4.

Table A-4
Capital Assets

	December 31,				
	2016	2016 vs. 2015	2015	2015 vs. 2014	2014
Land	$ 3,270,675	0.00%	$ 3,270,675	1.76%	$ 3,213,958
Land improvements	38,364,839	0.50%	38,173,536	0.74%	37,891,528
Building and improvements	22,451,203	1.00%	22,228,903	2.61%	21,663,480
Machinery and equipment	9,871,646	1.87%	9,690,630	1.48%	9,549,283
Vehicles	8,738,414	2.58%	8,518,693	11.43%	7,645,052
Office equipment	270,536	6.14%	254,879	9.64%	232,477
	82,967,313	1.01%	82,137,316	2.42%	80,195,778
Less accumulated depreciation and amortization	44,701,639	6.24%	42,077,684	8.59%	38,748,014
Capital assets in service, net	38,265,674	-4.48%	40,059,632	-3.35%	41,447,764
Construction work in progress	5,205,547		5,052,275		5,006,236
Total capital assets, net	$ 43,471,221	-3.64%	$ 45,111,907	-2.89%	$ 46,454,000

The Authority adopted a five-year capital plan with the passage of its annual budget. The five-year plan projects spending on capital projects between $1,200,000 and $5,800,000 per year. The funds for capital projects are covered by the system tipping fee and reserves.

Debt Administration

The Authority had $30,792,593 and $33,237,593 in outstanding Revenue Bonds at December 31, 2016 and 2015, 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 2016 and 2015. The management and staff of the Authority are happy to answer any other questions that may arise after reviewing this report. We can be reached as follows:

Phone: (315)733-1224 7:30 AM - 5:00 PM
Website: ohswa.org

Management Staff

William A. Rabbia, Executive Director
Patrick J. Donovan, Comptroller
James V. Biamonte, Environmental Coordinator

Oneida-Herkimer
Solid Waste Management Authority

Statements of Net Position

	December 31, 2016	December 31, 2015
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and cash equivalents	$ 7,970,669	$ 4,378,832
Investments	21,120,352	20,955,837
Receivables, net	2,609,935	2,711,793
Prepaid expenses and other assets	684,123	291,086
Total current assets	32,385,079	28,337,548
RESTRICTED ASSETS		
Cash and cash equivalents	3,031,047	2,870,857
Investments	7,692,937	8,117,077
Accrued interest receivable	19,609	13,803
Total restricted assets	10,743,593	11,001,737
NON-CURRENT ASSETS		
Capital assets, net	43,471,221	45,111,907
Other	36,125	42,721
Total non-current assets	43,507,346	45,154,628
DEFERRED OUTFLOWS	2,376,155	519,950
	$ 89,012,173	$ 85,013,863
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION		
CURRENT LIABILITIES		
Current installments of revenue bonds	$ 2,520,000	$ 2,445,000
Accounts payable and accrued liabilities	1,377,172	1,147,482
Accrued interest payable	218,616	242,584
Total current liabilities	4,115,788	3,835,066
LONG-TERM LIABILITIES		
Revenue bonds, less current installments	28,272,593	30,792,593
Premium on revenue bonds, net	46,770	57,677
Accrued closure and post-closure costs	3,804,180	3,774,410
Net pension liability	2,276,688	480,933
Accrued postemployment benefits	1,444,197	1,229,698
Total long-term liabilities	35,844,428	36,335,311
Total liabilities	39,960,216	40,170,377
DEFERRED INFLOWS	1,048,400	724,244
NET POSITION		
Net investment in capital assets	19,478,106	18,750,348
Restricted	955,801	1,158,104
Unrestricted	27,569,650	24,210,790
Total net position	48,003,557	44,119,242
	$ 89,012,173	$ 85,013,863

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, 2016	2015
OPERATING REVENUES		
Tipping fees, net	$ 16,030,911	$ 15,536,382
Solid waste service charge, City of Utica	2,111,299	2,065,223
Refuse bag sales	2,012,880	2,011,188
Toter revenues	695,761	654,952
Recyclable sales	2,051,046	1,968,180
Carbon credit sales	241,272	373,314
Landfill gas sales	352,151	635,670
Miscellaneous	404,080	514,603
	23,899,400	23,759,512
OPERATING EXPENSES		
Salaries, wages and benefits	6,127,465	5,675,398
Contractual services	5,853,465	5,837,987
Materials and supplies	901,151	1,094,015
Utilities	269,655	280,218
Repairs and maintenance	250,487	220,725
Host community benefits	1,414,438	698,870
Leachate disposal	377,480	406,232
Insurance	179,626	168,937
Other rental	71,413	72,196
Depreciation	3,768,841	3,680,874
Change in post-closure accrual estimate	66,332	67,166
Miscellaneous	611,659	623,493
	19,892,012	18,826,111
Operating income	**4,007,388**	**4,933,401**
NONOPERATING REVENUES (EXPENSES)		
Interest income	305,656	307,254
Interest expense	(968,089)	(1,119,049)
Other expense	(6,596)	(7,042)
Operating grants and other revenue	545,956	370,735
	(123,073)	(448,102)
Change in net position	**3,884,315**	**4,485,299**
NET POSITION, ***beginning of year***	44,119,242	39,633,943
NET POSITION, ***end of year***	**$ 48,003,557**	**$ 44,119,242**

See accompanying Notes to Financial Statements.

Oneida-Herkimer
Solid Waste Management Authority

Statements of Cash Flows

	Years Ended December 31, 2016	2015
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Received from customers	$ 24,375,971	$ 23,606,249
Paid to suppliers and vendors	(9,931,749)	(9,271,756)
Paid to employees, including benefits	(5,973,416)	(5,593,069)
	8,470,806	**8,741,424**
CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES		
Payments of revenue bond principal	(2,445,000)	(3,692,407)
Interest paid	(1,002,964)	(1,228,522)
Proceeds from sale of capital assets	20,688	84,670
Acquisition of capital assets	(2,132,625)	(2,338,781)
Operating grants and other revenues	281,647	370,735
	(5,278,254)	**(6,804,305)**
CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES		
Interest received	299,850	334,221
Change in restricted cash and cash equivalents	(160,190)	(146,385)
Purchases of certificates of deposit, net	(164,515)	(5,814,714)
Redemption of restricted investments, net	424,140	1,506,965
	399,285	**(4,119,913)**
Net increase (decrease) in cash and cash equivalents	**3,591,837**	**(2,182,794)**
CASH AND CASH EQUIVALENTS, *beginning of year*	4,378,832	6,561,626
CASH AND CASH EQUIVALENTS, *end of year*	**$ 7,970,669**	**$ 4,378,832**
CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$ 4,007,388	$ 4,933,401
Adjustments to reconcile operating income to net cash provided (used) by operating activities		
Depreciation	3,768,841	3,680,874
Provision for bad debts	197,534	208,051
(Gain) on sale of capital assets	(16,218)	(84,670)
Change in assets and liabilities		
Receivables	168,633	(137,059)
Prepaid expenses and other assets	(393,037)	124,792
Deferred inflows	(1,856,205)	39,480
Accounts payable and accrued liabilities	229,690	(187,958)
Deferred outflows	324,156	68,466
Accrued closure and post-closure costs	29,770	53,198
Net pension liability	1,795,755	(162,380)
Accrued postemployment benefits	214,499	205,229
	$ 8,470,806	**$ 8,741,424**

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

b. Basis of Accounting and Presentation of Financial Statements

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

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

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

Net position is classified as follows:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation reduced by the net outstanding debt balances.

- *Restricted net position* has externally placed constraints on use.

- *Unrestricted net position* consists of assets and liabilities that do not meet the definition of "restricted net position" or "net investment in capital assets."

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

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

Revenues are recognized when earned, and expenses are recognized when incurred. The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services. Tipping fees are presented net of disposal fees incurred by the Authority in relation to the waste brought to the Authority's facilities. Disposal fees totaled $1,583,073 and $1,579,386 for the years ended December 31, 2016 and 2015, respectively. Operating expenses include the cost of personal and contractual services, materials and supplies, utilities, change in post-closure accrual estimate, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. *Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of 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. *New Accounting Pronouncement*

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72). GASB 72 defines fair value and describes how fair value should be measured, what assets and liabilities should be measured at fair value, and what information should be disclosed in the notes to the financial statements.

The Authority adopted this accounting standard effective January 1, 2016.

e. *Cash, Cash Equivalents, and Investments*

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

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

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

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

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

f. Receivables, Net

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. The allowance for doubtful accounts was $348,255 and $348,048 at December 31, 2016 and 2015, respectively. Accounts receivable are written off when deemed uncollectible. During 2016 and 2015, the Authority wrote off $197,534 and $208,051, respectively, of City of Utica user fees. Recoveries of accounts receivable previously written off are recorded as a recovery of bad debt when received.

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

g. Capital Assets, Net

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

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

Plant	20 years
Machinery and equipment	3 - 20 years
Vehicles	5 years
Land improvements	15 years
Regional landfill	8 - 50 years

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

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

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

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

Bond issuance costs, other than prepaid insurance costs, are expensed as incurred in the statements of revenues, expenses, and changes in net position. Gains or losses on the refunding of bonds are reported as deferred inflows or outflows in the statements of net position and are amortized over the shorter of the remaining maturities of the refunded bonds or the newly issued bonds, utilizing the effective interest rate method. Amortization of deferred losses on refunded bonds is reported as a component of interest expense in the statements of revenues, expenses, and changes in net position. Deferred outflows on refunded bonds were not material as of December 31, 2016 and 2015.

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

i. Accrued Closure and Post-Closure Monitoring Costs

The Authority maintains the Ash Landfill (ALF) which reached full capacity at December 31, 1996, and the Regional Landfill (RLF), which began operating in late 2006. Based upon engineering estimates and actual usage, the Regional Landfill has a useful life of over seventy years. In accordance with New York State Department of Environmental Conservation (NYSDEC) Regulations, the Authority has, and will, implement landfill closure and post-closure requirements. At December 31, 2016 and 2015, the Authority accrued $3,804,180 and $3,774,410, respectively, for estimated closure and post-closure costs. Due to changes in technology or changes in regulations, actual costs may be different from the current accrual. Based on NYSDEC requirements, $3,877,737 and $4,030,642 in certificates of deposit and U.S. Agency securities have been restricted by the Authority for this purpose at December 31, 2016 and 2015, respectively.

j. Accrued Postemployment Benefits

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

k. Tax Status

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

l. Subsequent Events

The Authority has evaluated subsequent events for potential recognition or disclosure through March 13, 2017, 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 New York State Department of Environmental Conservation, the use of certain Authority assets is restricted for specific purposes as summarized below:

	December 31, 2016	December 31, 2015
Debt Service Reserve Fund		
Contingency fund to be utilized in case of default	3,584,850	$ 3,583,428
Construction Projects Fund and Bond Redemption and Improvement Fund		
Additional capital expenditures which may be incurred by the Authority	862,635	888,069
Other Funds		
Restricted assets required for debt service	2,398,762	2,485,795
Restricted assets for post-closure monitoring costs	3,877,737	4,030,642
Accrued interest on restricted assets	19,609	13,803
	$ 10,743,593	$ 11,001,737

Note 3 - Investments

The Authority had the following investments and maturities:

2016		Investment Maturities (in Years)			
Restricted Investments	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bill	$ 457,455	$ 457,455	$ -	$ -	$ -
U.S Treasury Bond State and Local Government Series	2,027,260	-	-	-	2,027,260
Certificates of Deposit	4,791,531	1,386,170	3,405,361	-	-
Federal Agency Securities	416,691	316,691	100,000	-	-
	$ 7,692,937	$ 2,160,316	$ 3,505,361	$ -	$ -
Unrestricted Investments					
Certificates of Deposit	$ 21,120,352	$ 21,120,352	$ -	$ -	$ -

2015		Investment Maturities (in Years)			
Restricted Investments	Fair Value	Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bill	$ 457,808	$ 457,808	$ -	$ -	$ -
U.S Treasury Bond State and Local Government Series	2,027,260	-	-	-	2,027,260
Certificates of Deposit	5,014,100	2,659,307	2,354,793	-	-
Federal Agency Securities	617,909	242,909	75,000	225,000	75,000
	$ 8,117,077	$ 3,360,024	$ 2,429,793	$ 225,000	$ 2,102,260
Unrestricted Investments					
Certificates of Deposit	$ 20,955,837	$ 20,955,837	$ -	$ -	$ -

Note 3 - Investments - Continued

a. Credit Risk

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

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

b. Custodial Credit Risk

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

c. Interest Rate Risk

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

d. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the Authority's investment in single issues. As of December 31, 2016 and 2015, the Authority had approximately 23% and 31% of its restricted investment portfolio in U.S. Treasury bills and U.S Treasury Bond State and Local Government Series, respectively. No other issuer makes up more than 5% of the Authority's restricted investment portfolio. The Authority's unrestricted investments consist entirely of certificates of deposit invested with the Bank of Utica. All certificates of deposit are fully collateralized. Management of the Authority monitors the credit ratings associated with its underlying investments.

e. Fair Value Hierarchy

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

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

Note 3 - Investments - Continued

e. Fair Value Hierarchy - Continued

Level 2 Inputs to the valuation methodology include:

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

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

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

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

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2016 and 2015:

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

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

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

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

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 25,911,883	$ -	$ 25,911,883
Federal Agency Securities	-	416,691	-	416,691
U.S. Treasury Bond State and Local Government Series	-	2,027,260	-	2,027,260
U.S. Treasury Bill	-	457,455	-	457,455
Total investments	$ -	$ 28,813,289	$ -	$ 28,813,289

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 25,969,938	$ -	$ 25,969,938
Federal Agency Securities	-	617,909	-	617,909
U.S. Treasury Bond State and Local Government Series	-	2,027,260	-	2,027,260
U.S. Treasury Bill	-	457,808	-	457,808
Total investments	$ -	$ 29,072,914	$ -	$ 29,072,914

Note 4 - Capital Asset, Net

Capital assets, net, are as follows:

	December 31, 2016				
	MRF, GWC, and HHW	ETS and WTS	Regional Landfill	Other	Total
Capital assets not being depreciated					
Land	$ -	$ -	$ 2,873,705	$ 396,970	$ 3,270,675
Construction in progress	162,144	-	5,043,403	-	5,205,547
Total capital assets not being depreciated	162,144	-	7,917,108	396,970	8,476,222
Capital assets being depreciated					
Land improvements	726,126	414,884	37,218,343	5,486	38,364,839
Buildings and improvements	7,543,851	7,853,161	6,737,541	316,650	22,451,203
Equipment and machinery	8,756,864	362,856	636,415	115,511	9,871,646
Vehicles	1,613,003	1,578,232	4,681,616	865,563	8,738,414
Office equipment	36,210	13,843	73,613	146,870	270,536
	18,676,054	10,222,976	49,347,528	1,450,080	79,696,638
Less accumulated depreciation and amortization	9,366,257	8,887,391	25,291,985	1,156,006	44,701,639
Total capital assets being depreciated	9,309,797	1,335,585	24,055,543	294,074	34,994,999
Total capital assets, net	$ 9,471,941	$ 1,335,585	$ 31,972,651	$ 691,044	$ 43,471,221

	December 31, 2015				
	MRF, GWC, and HHW	ETS and WTS	Regional Landfill	Other	Total
Capital assets not being depreciated					
Land	$ -	$ -	$ 2,873,705	$ 396,970	$ 3,270,675
Construction in progress	27,338	-	5,024,937	-	5,052,275
Total capital assets not being depreciated	27,338	-	7,898,642	396,970	8,322,950
Capital assets being depreciated					
Land improvements	703,588	360,645	37,103,817	5,486	38,173,536
Buildings and improvements	7,524,667	7,665,713	6,721,873	316,650	22,228,903
Equipment and machinery	8,699,798	348,164	540,735	101,933	9,690,630
Vehicles	1,466,029	1,573,237	4,574,870	904,557	8,518,693
Office equipment	36,210	13,844	72,338	132,487	254,879
	18,430,292	9,961,603	49,013,633	1,461,113	78,866,641
Less accumulated depreciation and amortization	8,975,805	8,651,630	23,336,366	1,113,883	42,077,684
Total capital assets being depreciated	9,454,487	1,309,973	25,677,267	347,230	36,788,957
Total capital assets, net	$ 9,481,825	$ 1,309,973	$ 33,575,909	$ 744,200	$ 45,111,907

A summary of changes in the Authority's capital assets are as follows:

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

Note 4 - Capital Asset, Net - Continued

	December 31, 2015			
	Balance December 31, 2014	Additions	Retirement/ Disposal	Balance December 31, 2015
Capital assets not being depreciated				
Land	$ 3,213,958	$ 56,717		$ 3,270,675
Construction in progress	5,006,236	46,039	-	5,052,275
Total capital assets not being depreciated	$ 8,220,194	$ 102,756	$ -	$ 8,322,950
Capital assets being depreciated				
Land improvements	37,891,528	282,008		38,173,536
Buildings and improvements	21,663,480	565,423		22,228,903
Equipment and machinery	9,549,283	141,347		9,690,630
Vehicles	7,645,052	1,224,845	(351,204)	8,518,693
Office equipment	232,477	22,402		254,879
	76,981,820	2,236,025	(351,204)	78,866,641
Less accumulated depreciation and amortization	38,748,014	3,680,874	(351,204)	42,077,684
Total capital assets being depreciated	38,233,806	(1,444,849)	-	36,788,957
Total capital assets, net	$ 46,454,000	$ (1,342,093)	$ -	$ 45,111,907

The amounts in construction in progress principally relate to costs to construct landfill cells for the Authority's RLF and improvements to the WTS. The Authority's fourth cell was placed in service in 2014. The Authority's fifth cell is not in service.

Note 5 - Revenue Bonds

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

	Balance December 31, 2014	Additions	Reductions	Balance December 31, 2015	Additions	Reductions	Balance December 31, 2016
2011 Revenue Bonds	$ 9,660,000	$ -	$ (715,000)	$ 8,945,000	$ -	$ (740,000)	$ 8,205,000
2007 Revenue Bonds	4,265,000	-	(245,000)	4,020,000	-	(255,000)	3,765,000
2006 EFC Revenue Bonds	23,005,000	-	(23,005,000)	-	-	-	-
2015 EFC Revenue Bonds	-	20,272,593	-	20,272,593	-	(1,450,000)	18,822,593
	$ 36,930,000	$ 20,272,593	$(23,965,000)	$ 33,237,593	$ -	$ (2,445,000)	$ 30,792,593

Revenue bonds of the Authority are summarized as follows:

2007 Revenue Bonds

The 2007 revenue bonds were originally issued at $5,730,000 to refinance outstanding notes, finance the costs incurred in connection with the issuance of the bonds, and to fund the debt service reserve fund. Interest is payable semi-annually at interest rates ranging from 4.125% to 4.20%. Remaining principal payments range from $270,000 to $430,000, payable annually on April 1 through 2027.

2011 Revenue Bonds

The 2011 revenue bonds were originally issued at $10,725,000 principally to finance the design, procurement, and installation of a single-stream recyclables processing system. Bond proceeds were also used to fund the debt service reserve fund and to fund costs incurred in connection with the issuance. Interest is payable semi-annually at interest rates ranging from 4% to 5%. Remaining principal payments range from $765,000 to $1,080,000, payable annually on April 1 through 2025.

Note 5 - Revenue Bonds - Continued

EFC Revenue Bonds

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

Principal installments range from $1,485,000 to $3,962,593 and are payable annually on April 1 through 2026. Interest is payable semi-annually at interest rates ranging from 4.22% to 4.769%. The Authority receives a subsidy credit and a refunding benefit toward its annual debt service cost from, and is charged an annual administrative fee by EFC.

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

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

	Principal	Interest	Total
For the year ending December 31,			
2017	$ 2,520,000	$ 1,373,476	$ 3,893,476
2018	2,595,000	1,260,305	3,855,305
2019	2,685,000	1,138,394	3,823,394
2020	2,780,000	1,011,246	3,791,246
2021	2,875,000	881157	3,756,157
2021 through 2025	16,907,593	2,233,606	19,141,199
2026 through 2027	430,000	9,030	439,030
	30,792,593	$ 7,907,214	$ 38,699,807
Less current installments	2,520,000		
Revenue Bonds, less current installments	$ 28,272,593		

Note 6 - New York State Employees' Retirement System

Plan Description and Benefits Provided

The Authority participates in the New York State and Local Employees Retirement System (System), a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute.

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

Contributions

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

2016	$	540,463
2015		558,657
2014		699,094

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

At December 31, 2016 and 2015, the Authority reported liabilities of $2,276,668 and $480,933 for its proportionate share of the net pension liability, respectively. The net pension liabilities were measured as of March 31, 2015 and 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At December 31, 2016 and 2015, the Authority's proportion was 0.0141847% and 0.0142362%, respectively.

For the years ended December 31, 2016 and 2015, the Authority recognized pension expense of $801,961 and $435,757, respectively.

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

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

At December 31, 2016 and 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	December 31, 2016		December 31, 2015	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 11,505	$ 269,863	$ 15,395	$ -
Change of assumptions	607,124	-	-	
Net difference between projected and actual investment earnings on pension plan investments	1,350,656	-	83,532	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,523	47,537	2,030	-
Employer contributions subsequent to the measurement date	405,347	-	418,993	-
Total	$ 2,376,155	$ 317,400	$ 519,950	$ -

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,	
2017	$ 419,639
2018	419,639
2019	419,639
2020	394,491

Actuarial Assumptions

The total pension liability at March 31, 2016 was determined by using an actuarial valuation as of April 1, 2015, with update procedures used to roll forward the total pension liability to March 31, 2016. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2015 valuation were as follows:

Actuarial Cost Method	Entry age normal
Inflation Rate	2.5 percent
Salary Scale ERS	3.8 percent, indexed by service
Investment rate of return, including inflation	7.00 percent compounded annually, net of expenses
Decrement	Developed from the Plan's 2010 experience study of the period April 1, 2010 through March 31, 2014
Mortality improvement	Society of Actuaries Scale MP-2014

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

Actuarial Assumptions - Continued

Annuitant mortality rates are based on April 1, 2005 - March 31, 2010 System's experience with adjustments for mortality improvements based on MP-2014.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2016 are summarized below:

Asset Type	Target Allocation	Long-Term Expected Real Rate
Domestic equity	38.00%	7.30%
International equity	13.00%	8.55%
Private equity	10.00%	11.00%
Real estate	8.00%	8.25%
Absolute return strategies	3.00%	6.75%
Opportunistic portfolio	3.00%	8.60%
Real assets	3.00%	8.65%
Bonds and mortgages	18.00%	4.00%
Cash	2.00%	2.25%
Inflation-Indexed bonds	2.00%	4.00%
	100.00%	

Discount Rate

The discount rate used to calculate the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

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

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

	1% Decrease (6%)	Discount (7%)	1% Increase (8%)
Authority's proportionate share of the net pension liability (asset)	$ 5,133,766	$ 2,276,688	$ (137,421)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the Employee's Retirement System as of March 31, 2016 and 2015 were as follows (dollars in thousands):

Employers' total pension liability	$ 172,303,544	$ 164,591,054
Plan net position	(156,253,265)	(161,213,259)
Employers' net pension liability	$ 16,050,279	$ 3,377,795
Ratio of plan net position to the employers' total pension liability	90.7%	97.9%

Note 7 - Accrued Postemployment Benefits

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

Funding Policy - Currently, the Authority's cost of its postemployment benefits program is determined on a pay-as-you-go basis and is, therefore, unfunded. However, to demonstrate financial responsibility, the Authority established a Postretirement Benefits Reserve to designate certain cash balances to fund the program's future liabilities. The balance of this designation was approximately $77,000 at both December 31, 2016 and 2015. Although these funds are designated for this purpose, they are reflected in unrestricted net position and can be used for operations if needed. During 2016 and 2015, premiums paid by the Authority on behalf of current retirees totaled $28,104 and $13,619, respectively.

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

Note 7 - Accrued Postemployment Benefits - Continued

Annual required contribution and OPEB expense cost	$ 214,499
Net OPEB obligation, *beginning of year*	1,229,698
Net OPEB obligation, *end of year*	$ 1,444,197

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ended December 31, 2016 and 2015, were as follows:

Fiscal Year	Annual OPEB Cost	Expected Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2016	$ 231,377	$ 16,878	7.29%	$ 1,444,197
December 31, 2015	218,628	13,399	6.13%	1,229,698

Funded Status and Funding Progress - As of December 31, 2016, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $2,229,821 and $2,125,344 at December 31, 2016 and 2015, respectively, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the Plan) was $1,254,416 and $1,204,337 at December 31, 2016 and 2015, respectively, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 183% and 176%, respectively.

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

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial computations under GASB No. 45 were provided by the Authority's independent actuaries for the years ended December 31, 2016 and 2015.

The following simplifying assumptions were made:

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

Note 7 - Accrued Postemployment Benefits - Continued

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

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

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

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

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

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

Based on the historical and expected returns of the Authority's short-term investment portfolio, a discount rate of 4% was used. The projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2016 was twenty-three years.

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

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

Note 8 - Commitments, Contingencies, Risks, and Uncertainties

a. City of Utica Contract

Prior to the approval of the current contract with the City of Utica, in 1991 the Authority passed a resolution to pay the City of Utica in recognition of Utica being host to the Recycling Center, Eastern Transfer Station, and Green Waste Compost Facility. The resolution established a payment of $1 per ton by the Authority to Utica for all materials delivered to the facilities in Utica with a guaranteed minimum of $100,000 per year. The resolution specified the payment for as long as the Authority uses the Eastern Transfer Station for transport of waste out of the region. The Authority made Host Community Benefit payments in the amount of $183,057 and $181,072 during the years ended December 31, 2016 and 2015, respectively. There was $47,515 and $47,519 due to the City of Utica at December 31, 2016 and 2015, respectively, and is included in accounts payable and accrued liabilities.

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

The Agreement is effective for a twenty-five year period beginning April 1, 1996. Under the Agreement, the Authority receives the City's solid waste service charge revenue to cover the costs of waste removal and the revenues generated from the sale of refuse bags to residents used to dispose of residential waste. For the years ended December 31, 2016 and 2015, the cost of waste removal was $3,635,596 and $3,616,493 offset by solid waste service charge revenues of $2,108,430 and $2,063,679 and refuse bag sales of $1,450,796 and $1,444,582, respectively.

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

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

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

In the event that revenues do not cover expenses related to this contract, the Villages will increase fees for refuse bags and toter rentals to cover future losses. For the years ended December 31, 2016 and 2015, the cost of waste removal was $1,188,397 and $1,183,958, offset by refuse bag sales of $652,084 and $566,606, and toter rental fees of $695,761 and $654,952, respectively.

c. Sale of Climate Reserve Tonnes

The Authority has entered into agreements with a third party for the sale of Climate Reserve Tonnes (carbon credits). The agreements are in effect through September 30, 2017. For the years ended December 31, 2016 and 2015, $241,272 and $373,314, respectively, was earned related to the sale of carbon credits.

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

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

The Authority has entered into an agreement with a third party (Lessee) which provides for the Lessee to construct, own, and operate an electric generation facility on property adjacent to the Authority's landfill and gas extraction facilities. All landfill gas generated at the landfill is purchased by the Lessee who makes payments to the Authority based on the electricity generated and the electricity sold. The agreement continues for ten years after the commercial operation date (May 2012). For the years ended December 31, 2016 and 2015, $352,151 and $635,670, respectively, was earned related to the sale of landfill gas.

e. Host Community Benefit Agreements

In connection with the operation of the Regional Landfill Facility (RLF), the Authority has entered into various long-term agreements with certain municipalities impacted by the RLF. The agreements generally provide for minimum payments to the municipalities for a period of 25 years and contain provisions for additional or reduced payments in the event accepted tonnage varies from contractually stated amounts. Host community benefit expense was $1,168,610 and $455,000 in 2016 and 2015, respectively.

During 2015, the Authority amended one of its host community benefit agreements. The amendment required the Authority to fund costs associated with the acquisition of property and improvements to an intersection that leads to the RLF, as well as a one-time payment to the host municipality. Additional costs incurred by the Authority during 2016 for the improvements, acquisition of property, and host community payments were $713,610 and are classified within host community benefits.

f. Intergovernmental Recycling Agreements

The Authority entered into an intergovernmental agreement with two counties whereby the Authority will accept, process, and market residential recyclable materials from the various counties. The agreements provides for fixed, per ton payments to the Authority through 2020 Amounts received by the Authority from the sale of the recycled material are credited back to the counties using monthly averages received by the Authority from the sale of all recyclable commodities. Recyclable sales are reported net of amounts credited to the counties under this agreement. Processing fees for 2016 and 2015 were $570,065 and $460,426, respectively.

g. Litigation

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

h. Environmental Risks

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

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

i. Purchase of Electricity

In 2014, the Authority entered into a solar power purchase agreement with a third party. Pursuant to the agreement, the third party will install and operate a solar panel system on Authority owned property. The agreement has an initial term of twenty years with two additional five-year renewal options. Power from the system will be sold to the Authority at contractual rates over the term of the agreement.

j. Revenue Bonds

In December 2016, the Board designated approximately $6,000,000 of unrestricted cash and investments to defease future debt payments.

Note 9 - Accounting Standards Issued But Not Yet Implemented

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

GASB Statement No. 80, *Blending Requirements for Certain Component Units* ("GASB 80"). GASB 80 provides clarity on how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The requirements of GASB 80 are effective for fiscal years beginning after June 15, 2016.

GASB Statement No 82, *Pension Issues* ("GASB 82"). GASB 82 addresses practice issues raised during implementation of the GASB's pension accounting and financial reporting standards for state and local governments. The requirements of GASB 82 are effective for fiscal years beginning after June 15, 2016.

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Contractually required contribution	$ 540,463	$ 558,657	$ 699,094	$ 685,093	$ 602,389	$ 545,793	$ 388,528	$ 239,807	$ 297,422	$ 272,226
Contributions in relation to the contractually required contribution	540,463	558,657	699,094	685,093	602,389	545,793	388,528	239,807	297,422	272,226
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Authority's covered-employee payroll	3,695,136	3,419,002	3,640,306	3,458,769	3,399,133	3,544,966	3,599,666	3,559,412	3,430,879	2,968,435
Contribution as a percentage of covered-employee payroll	14.63%	16.34%	19.20%	19.81%	17.72%	15.40%	10.79%	6.74%	8.67%	9.17%

See Independent Auditor's Report.

Oneida-Herkimer
Solid Waste Management Authority

Required Supplementary Information
Schedule of Local Government Contributions

	2016	2015
Authority's proportion of the net pension liability	0.0118470%	0.0142362%
Authority's proportionate share of the net pension liability	$ 2,276,668	$ 480,933
Authority's covered-employee payroll	$ 3,695,136	$ 3,419,002
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.61%	14.07%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	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.

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 statement of net position of the Oneida-Herkimer Solid Waste Management Authority (Authority) as of December 31, 2016, the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 13, 2017.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BST & Co. CPAs, LLP

Albany, New York
March 13, 2017

ACCOUNTING / TAX / ADVISORY