The Authority

ONEIDA-HERKIMER SOLID WASTE AUTHORITY

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

Financial Report

December 31, 2017 and 2016

Oneida-Herkimer
Solid Waste Management Authority

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

Financial Report

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Independent Auditor's Report

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by *Government Auditing Standards*

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

BST & Co. CPAs, LLP

Albany, New York
March 7, 2018

ACCOUNTING / TAX / ADVISORY

The Authority
ONEIDA-HERKIMER SOLID WASTE AUTHORITY

1600 Genesee Street, Utica, New York 13502
T 315.733.1224 | F 315.733.2305
ohswa.org

Preserving the environment through integrated recovery and disposal.

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

Introduction

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

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

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

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

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

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

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

Kenneth A. Long
Chairman

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

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

Authority Profile

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

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

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

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

Authority Board of Directors

Name	Business Affiliation
Kenneth A. Long, Chairman	Business Manager of Central Valley Central School District and former Herkimer County Legislator
Vincent J. Bono, Vice Chairman *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*	Director of Special Projects, Adjusters International
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, 2017 and 2016, and other significant pertinent financial information.

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

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

Financial Analysis

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

Table A-1
Condensed Statements of Net Position

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

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

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

Financial Analysis - Continued

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

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

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

Budgetary Highlights

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

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

Budgetary Highlights - Continued

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

	Year Ended December 31, 2017		
	Actual	Amended Budget	$ Change
Operating revenue	$ 26,023,193	$ 22,502,060	$ 3,521,133
Nonoperating revenue	479,728	313,250	166,478
Total revenues	26,502,921	22,815,310	3,687,611
Operating expenses			
Salaries, wages and benefits	6,386,643	6,239,417	147,226
Contractual services	6,103,008	5,700,454	402,554
Materials and supplies	1,151,131	1,260,137	(109,006)
Utilities	255,043	275,500	(20,457)
Repairs and maintenance	224,036	279,700	(55,664)
Host community benefits	718,808	706,010	12,798
Leachate disposal	433,133	360,000	73,133
Insurance	178,853	180,000	(1,147)
Other rental	74,824	78,750	(3,926)
Depreciation	3,468,782	-	3,468,782
Other operating expense	736,564	684,800	51,764
Nonoperating expenses	808,574	7,050,542	(6,241,968)
Total expenses	20,539,399	22,815,310	(2,275,911)
Change in net position	**$ 5,963,522**	**$ -**	**$ 5,963,522**

	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			
Personal	6,127,465	6,130,764	(3,299)
Contractual services	5,853,465	5,909,056	(55,591)
Materials and supplies	901,151	1,466,000	(564,849)
Utilities	269,655	340,000	(70,345)
Repairs and maintenance	250,487	260,500	(10,013)
Host community benefits	1,414,438	1,450,000	(35,562)
Leachate disposal	377,480	337,500	39,980
Insurance	179,626	175,000	4,626
Other rental	71,413	78,250	(6,837)
Depreciation	3,768,841	-	3,768,841
Other operating expense	677,991	664,000	13,991
Nonoperating expenses	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**

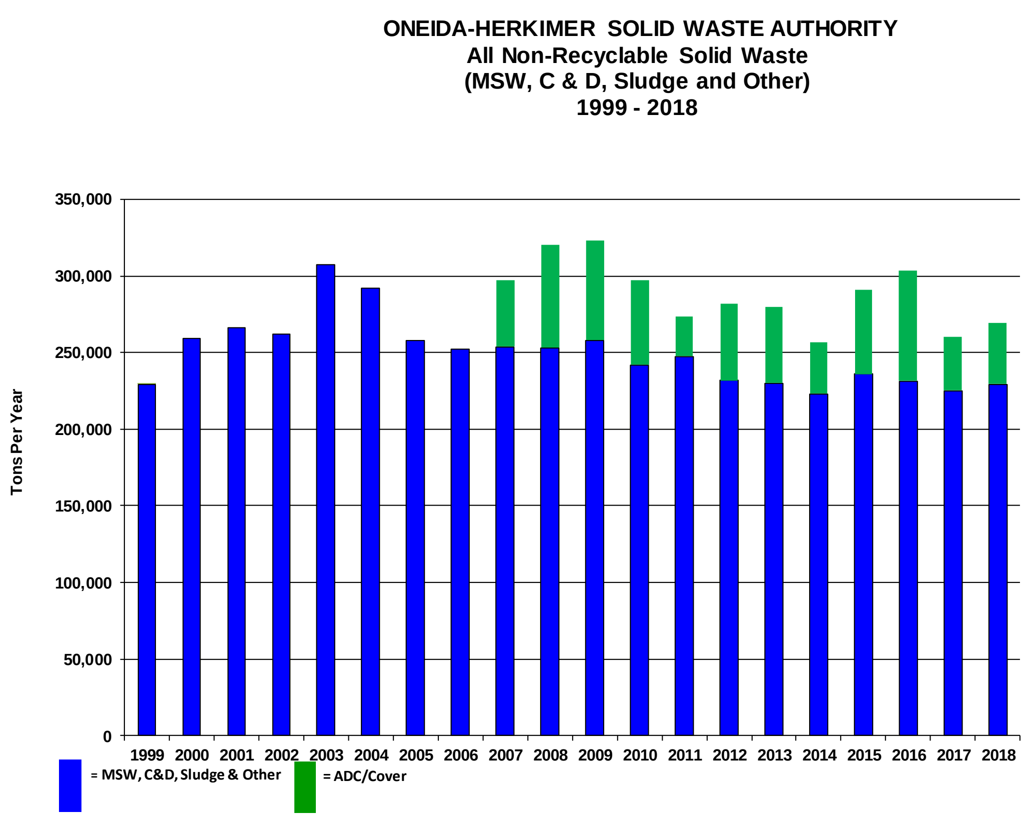
Budgetary Highlights - Continued

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

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

(a) Excludes early defeasance of $3,495,000 for 2007 Bond issuance.
(b) Excludes approximately $592,000 of capital expenditures from the Board authorized supplemental appropriation of $725,000 of 2017 recyclables and carbon credits surplus revenue for the acquisition of capital assets.

General Trends and Significant Events



Flow Control

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

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

During 2007, the case was finally and definitively decided.

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

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

Capital Assets

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

Table A-4
Capital Assets

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

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

Debt Administration

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

Final Comments

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

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

Management Staff

William A. Rabbia, Executive Director
Joseph M. Artessa, Comptroller
James V. Biamonte, Environmental Coordinator
Pasquale A. Lisandrelli, Principal Accounting Supervisor
Andrew J. Opperman, Solid Waste Engineer

Oneida-Herkimer
Solid Waste Management Authority

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

Statements of Net Position

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

See accompanying Notes to Financial Statements.

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

Statements of Revenues, Expenses, and Changes In Net Position

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

See accompanying Notes to Financial Statements.

Oneida-Herkimer
Solid Waste Management Authority

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

Statements of Cash Flows

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

See accompanying Notes to Financial Statements.

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 $1,551,262 and $1,583,073 for the years ended December 31, 2017 and 2016, respectively. Operating expenses include the cost of personnel and contractual services, materials and supplies, utilities, change in post-closure accrual estimate, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

c. Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates.

d. Fair Value Measurement

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

e. Cash, Cash Equivalents, and Investments

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

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

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

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

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

f. Receivables, Net

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

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

g. Capital Assets, Net

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

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

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

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

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

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

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

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

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

i. Accrued Closure and Post-Closure Monitoring Costs

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

j. Accrued Postemployment Benefits

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

k. Tax Status

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

l. Subsequent Events

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

Note 2 - Restricted Assets

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

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

Note 3 - Investments

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

December 31, 2017

Restricted Investments	Fair Value	Investment Maturities (in Years) Less than 1	1 to 5	6 to 10	More than 10
U.S. Treasury Bond State and Local Government Series	$ 2,027,260	$ -	$ -	$ -	$ 2,027,260
Certificates of Deposit	5,209,189	3,428,207	1,964,923	-	-
Federal Agency Securities	442,088	75,000	175,000	175,000	17,088
	$ 7,678,537	$ 3,503,207	$ 2,139,923	$ 175,000	$ 17,088
Unrestricted Investments					
Certificates of Deposit	$ 20,274,696	$ 20,274,696	$ -	$ -	$ -

December 31, 2016

Restricted Investments	Fair Value	Investment Maturities (in Years) 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	$ -	$ 2,027,260
Unrestricted Investments					
Certificates of Deposit	$ 21,120,352	$ 21,120,352	$ -	$ -	$ -

Note 3 - Investments - Continued

a. Credit Risk

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

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

b. Custodial Credit Risk

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

c. Interest Rate Risk

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

d. Concentration of Credit Risk

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

e. Fair Value Hierarchy

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

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

Note 3 - Investments - Continued

e. Fair Value Hierarchy - Continued

Level 2 Inputs to the valuation methodology include:

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

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

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

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

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

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

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

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

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

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Certificates of Deposit	$ -	$ 25,483,885	$ -	$ 25,483,885
Federal Agency Securities	-	442,088	-	442,088
U.S. Treasury Bond State and Local Government Series	-	2,027,260	-	2,027,260
Total investments	$ -	$ 27,953,233	$ -	$ 27,953,233

	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

Note 4 - Capital Asset, Net

Capital assets, net, are as follows:

	December 31, 2017				
	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	138,405	-	2,069,956	-	2,208,361
Total capital assets not being depreciated	138,405	-	4,943,661	396,970	5,479,036
Capital assets being depreciated					
Land improvements	819,211	490,419	42,371,685	30,122	43,711,437
Buildings and improvements	7,587,764	8,052,892	6,743,768	316,650	22,701,074
Equipment and machinery	8,859,520	410,901	756,181	150,549	10,177,151
Vehicles	2,008,151	1,776,537	4,856,394	866,859	9,507,941
Office equipment	36,210	16,800	73,613	142,964	269,587
	19,310,856	10,747,549	54,801,641	1,507,144	86,367,190
Less accumulated depreciation	10,043,049	9,128,583	27,233,454	1,214,943	47,620,029
Total capital assets being depreciated	9,267,807	1,618,966	27,568,187	292,201	38,747,161
Total capital assets, net	$ 9,406,212	$ 1,618,966	$ 32,511,848	$ 689,171	$ 44,226,197

	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	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

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

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

Note 4 - Capital Asset, Net - Continued

	Balance December 31, 2015	Additions	Retirements/ Disposals	Balance December 31, 2016
Capital assets not being depreciated				
Land	$ 3,270,675	$ -		$ 3,270,675
Construction in progress	5,052,275	153,272	-	5,205,547
Total capital assets not being depreciated	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	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

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

Note 5 - Revenue Bonds

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

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

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 was payable semi-annually at interest rates ranging from 4.125% to 4.20%. The 2007 revenue bonds were defeased in 2017.

2011 Revenue Bonds

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

Note 5 - Revenue Bonds - Continued

EFC Revenue Bonds

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

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

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

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

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

Note 6 - New York State Employees' Retirement System

Plan Description and Benefits Provided

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

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

Contributions

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

2017	$	549,859
2016		540,463
2015		558,567

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

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

At December 31, 2017 and 2016, the Authority's proportion was 0.0141556% and 0. 0141847%, respectively.

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

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

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

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

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

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

For the year ending December 31,	
2018	$ 236,195
2019	236,195
2020	211,096
2021	(182,556)
	$ 500,930

Actuarial Assumptions

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

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

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

Actuarial Assumptions - Continued

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2017, are summarized below:

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

Discount Rate

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

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

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

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

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

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

Pension Plan Fiduciary Net Position

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

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

Note 7 - Accrued Postemployment Benefits

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

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

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

Note 7 - Accrued Postemployment Benefits - Continued

	2017	2016
Annual required contribution and OPEB expense cost	$ 222,966	$ 214,499
Net OPEB obligation, *beginning of year*	1,444,197	1,229,698
Net OPEB obligation, *end of year*	$ 1,667,163	$ 1,444,197

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

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

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

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

Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. Actuarial computations under GASB No. 45 were provided by the Authority's independent actuaries for the years ended December 31, 2017 and 2016.

Note 7 - Accrued Postemployment Benefits - Continued

The following simplifying assumptions were made:

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

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

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

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

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

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

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

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

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

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

Note 8 - Commitments, Contingencies, Risks, and Uncertainties

a. City of Utica Contract

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

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

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

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

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

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

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

c. Sale of Climate Reserve Tonnes

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

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

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

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

e. Host Community Benefit Agreements

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

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

f. Intergovernmental Recycling Agreements

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

g. Litigation

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

h. Environmental Risks

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

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

i. Purchase of Electricity

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

j. Organics Processing Facility

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

Note 9 - Accounting Standards Issued But Not Yet Implemented

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

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

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

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

Oneida-Herkimer
Solid Waste Management Authority

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

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

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

See Independent Auditor's Report.

Oneida-Herkimer
Solid Waste Management Authority

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

Required Supplementary Information
Schedule of Local Government Pension Contributions

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

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

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, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated March 7, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

BST & Co. CPAs, LLP

Albany, New York
March 7, 2018