

onondaga county resource recovery agency

ANNUAL REPORT 2007



www.ocrra.org

Report From the Chair

Fiscally sound, embracing new challenges and forging ahead as a leader of environmentally responsible solid waste management. That's the tone OCRRA set in 2007 and will be the continuing theme in the year to come.

Setting precise goals is foremost on our radar screen for the next three years. OCRRA's Board of Directors and management have established a series of ambitious steps which are intended to better ensure stable operations for years to come. Achieving these goals is OCRRA's steadfast objective. They are divided into five categories.

Those affecting the Waste To Energy operations including:

- An assessment of OCRRA's Waste To Energy Facility as to its physical condition, capacity and regulatory compliance looking down the road after 2015.
- An analysis of the community's view and the Board's policy toward Waste To Energy as an integral part of OCRRA's solid waste management plan.
- Issuing a Request For Proposals for the sale of a portion of electricity produced at the Waste To Energy Plant.

In the area of Public Education, OCRRA is striving for the following:

- ◆ Surveying the effectiveness of our BlueBinit® advertising campaign.
- ◆ Researching the prospects for success of a Buy Recycle campaign.
- ◆ Conducting a community wide survey on the barriers facing recycling.
- ◆ What else might be added to the Blue Bin?
- ◆ Determine the public's response to a waste minimization campaign.

People are critical assets. The OCRRA Board reflects the strong cross section of the community it serves. Agency personnel are required to understand that OCRRA exists to serve the community by offering a well run solid waste management organization whose operations are transparent and user-friendly. The goals in this category include:

- Identify staff development issues and prepare a suitable development plan.
- Board recommendations to appointing agencies of needed skills for board vacancies or replacements.
- Educating new and old Board members on our contractual obligations as they near maturity.
- Adopt a "people plan" for anticipating Agency retirements and departures.

OCRRA's real estate holdings, while modest, are critical nonetheless to our award winning program. The Ley Creek Transfer Station resides on a parcel of property adjacent to Onondaga County owned land which has been earmarked by a private developer for a green research park. The OCRRA Board has consistently supported the concept of any new development that would add jobs to our local economy. The developer's proposal initially included the Ley Creek Transfer Station, which annually processes more than 100,000 tons of primarily construction debris and is patronized by more than 400 customers per day. Without OCRRA's Ley Creek Transfer Station, the costs to businesses and what they charge customers would climb significantly as they travel long distances for a disposal option. Additionally, the Ley

Creek facility serves as the designated back-up for transferring Municipal Solid Waste onto tractor trailer rigs if the Waste To Energy plant's operations were interrupted for some unforeseen reason. For its part, upon learning of the nature of OCRRA's critical operations, the developer decided to build the research park adjacent to the transfer station. Ley Creek accordingly figures prominently in OCRRA's Real Estate Goals for the next three years. They are:

- ◆ Fully enclose the Ley Creek Transfer Station into a modern state of the art "green" operation.
- ◆ Explore land leases on OCRRA's undeveloped landfill site for bio-fuel combustion crops.
- ◆ Additional real estate goals are held in confidence to maintain OCRRA's ability to negotiate the best opportunities for the community it serves.

Recycling continues to be at the forefront of OCRRA's operations. During 2008 the Board is targeting three areas to increase recycling achievements:

- ◆ Placing even greater emphasis on increasing recycling in all schools within the county.
- ◆ Developing additional strategies to boost recycling in the workplace.
- ◆ Finding more ways to better sort and market our curbside and other recyclables.

OCRRA's Board is constantly advocating strong environmental policies. For years it has been urging the New York State Legislature to adopt an expanded bottle deposit law encompassing those non-carbonated drinks not covered by the existing law. During 2007, the Onondaga County Legislature joined

with the Syracuse Common Council to adopt a memorializing resolution supporting OCRRA's position. The Board is optimistic that in 2008, this long overdue measure will finally be embraced by both houses of the New York State legislature. With its passage, there will be a measurable increase in recycling and a significant reduction in litter.

I remain deeply in debt to the members of the Board of Directors who devote countless hours setting policy, developing new visions, and overseeing the operations. We are most fortunate to have a dedicated band of citizen volunteers representing a wide variety of disciplines. This diversity provides us with the greatest exposure to divergent points of view that are eventually melded into the OCRRA way. Since our last Annual Report, two familiar faces have departed. Stepping down after making significant contributions to the OCRRA Board were Earl R. Hall and Roger B. Eidt. We now welcome Mark Wilder as a new director.

We eagerly anticipate the challenges and opportunities awaiting us in the year ahead. It is heartening to witness the "green wave" of conservation and resource preservation beginning to materialize across the country. At OCRRA, we believe our businesses and residents are among the early pioneers of what has now become a national movement. It is the Board's vision that by 2010 we will be recognized as a world leader in local disposal options and recycling solutions making our community one of the best places to live and work.



John R. Brennan, Esq.
OCRRA Chairperson

Report From the Executive Director

A landmark U.S. Supreme Court decision...making it even easier to be green...adding a little vim and vigor to our recycling message. All significant achievements during the past year.

In 2007, the United States Supreme Court finally cleared away the cobweb of confusion surrounding the right of local municipalities to designate disposal sites for solid waste collected in their communities.

The issue before the Court was this: Is there a distinction between publicly owned waste disposal facilities and those in the private sector? The Court's response was a resounding yes. Had the Court ruled otherwise, it would not have had an immediate impact on OCRRA's operations. In future years, however, significant impacts on the Agency's revenue-raising abilities posed a real threat. The favorable ruling by the Supreme Court retains the "belt and suspenders" protection for OCRRA. OCRRA has negotiated a series of five year contracts with private trash haulers over the years while the issue of Flow Control remained in limbo. The Court's decision leaves intact the local law designating OCRRA's waste disposal facilities as the only option for public and private haulers collecting municipal solid waste in the 33 communities comprising the OCRRA system.

OCRRA filed an Amicus brief with the Court. The Court agreed with the OCRRA brief contending that an earlier Supreme Court decision on Flow Control did not address the issue of public versus private control. The Court siding with the OCRRA position that traditional police powers of government were not covered by the

Interstate Commerce Clause. The Court also concurred with OCRRA's position that solid waste management programs went well beyond the traditional landfilling method of years past.

Publicly operated solid waste management systems are the prime players in the movement to increase recycling, promote waste reduction, underwrite programs for safe disposal of household hazardous wastes, and advance other green concepts such as food waste composting. Again, the Court agreed with OCRRA's posture that if these programs were left solely to the private sector, they would founder in the struggle between sound environmental solutions and commercial haulers looking for the lowest possible tipping fee. The Court's ruling permits continuation of OCRRA's environmentally driven solid waste management programs. The decision doesn't mean huge fee increases will be coming in the future; in fact, the decision will even help stabilize lower tipping fees. In 2007, OCRRA's fees were 42% lower than their levels in the mid-1990's and less than half of 1993 bond projections.

OCRRA continues to augment its array of earth friendly programs. During 2007, residents were given a new outlet for recycling items that should remain out of the trash. The doors were opened to our new Community Collection Center. This facility provides residents with the opportunity to recycle throughout the year discards previously accepted only at special events. Expanding the chance to recycle these items all year long removes the barrier for those unable to make one of our special events days.

The Community Collection Center accepts a wide range of old electronic

devices such as computers, stereos, VCRs, DVD players, fax machines, copiers, and electronic game consoles. The Center also accepts spent fluorescent lamps. It contracts with a vendor to recycle the old lamps by recapturing the mercury, glass, and even the metallic ends.

Another popular reuse and recycling program OCRRA offers now goes year round. Previously, the book sharing and recycling program was a two week event in July. Now, residents drop off unwanted books at the Community Collection Center. Non-profit and charitable groups harvest those books and paperbacks appealing to their audience. Numerous groups combed through stacks of hardcover books and some even shipped scores of boxes overseas to countries where they are treated as if they were gold. Books and paperbacks not claimed for reuse are recycled into new products. A two week opportunity is now a twelve month program open to all residents in the community.

The Center also receives cell phones, household batteries, and smoke detectors; all items OCRRA seeks to keep out of the waste stream. And while it is named as a collection center, plenty of folks stop by for a second blue bin or recycling information.

OCRRA's public education program is a key component in its ongoing success of achieving a recycling rate that annually hovers around 65%. The community's population is not static, but changing from year to year. Continuing recycling success depends on constantly reinforcing our recycling message. In late 2006, OCRRA retained an outside advertising agency, the ABC Creative Group, to assist in building

even greater recycling awareness. Following an extensive market research study including a focus group and phone survey of over 400 residents in the OCRRA system, a new ad campaign was launched in 2007. The research responses provided the ad agency with the focus areas to improve recycling. The campaign's slogan is BlueBinit® and covers a broad spectrum of advertising media including radio, television, print, billboards, the heaviest trafficked local internet site, transit shelters and promotional giveaways urging the community "not to trash it, but BlueBinit®."

OCRRA's support of the green movement continues. The Agency has entered into long term leases with the County for its two compost sites. Prior to the execution of the leasing agreement, OCRRA's operation of the sites was based on a year to year licensing understanding with the County. The long term leases open the window to new opportunities for providing even more "green" programs sponsored by OCRRA.

The Amboy compost location, once the site of the Syracuse Airport in the 1920's, saw many changes. OCRRA undertook the demolition of hangers dating back a half century in 2007. The area is now clear of all unsound buildings. Plans are underway for rehabilitating the one building that could be salvaged. In 2007 a pilot food waste composting project, also at Amboy, accepted kitchen scraps from the New York State Fair. OCRRA also participated in an experimental food composting endeavor with the Food Bank of Central New York. Coming soon

Continued on page 6



Tom Rhoads
Executive Director

Continued from page 5

in Amboy's future is the production of biodiesel to fuel the heavy equipment at the compost operations. This will cut the need for petroleum based diesel fuel. Ultimately the goal is the production of bio-diesel fuels from fats, oil, and greases used by restaurants and other commercial enterprises. Recycling another waste into useable energy.

These are just two examples of the green theme underscoring OCRRA's operations. As you thumb through our Annual Report, you are going to read of a number of initiatives that were either started or enhanced during 2007.

OCRRA's new user-friendly web site was unveiled on Earth Day. Featuring drop down menus, it provides the internet surfer with virtually all of the answers regarding waste reduction, waste disposal, recycling, and OCRRA's events throughout the year. It also lists our Annual Reports, budgets, and quickly links viewers to related web sites dealing with the environment and assorted aspects of the green movement. We invite you to visit our web site at www.ocrra.org.

We at OCRRA are consistently stressing the devotion and commitment of the residents and businesses in Onondaga County to protecting our environment and preserving our natural resources. This was never more evident than during last year's OCRRA-coordinated Earth Day community wide clean up following the winter months. A record setting 8,659 volunteers representing 418 groups donated their time and elbow grease to spruce up our neighborhoods, parks, and roadways. We are told that it is one of the largest such volunteer efforts, if

not in fact the largest, in the country. It is a reflection on the folks we are so pleased to serve.

Another new development for 2007 was the organization of a Greenhouse Gas (GHG) Committee. Unlike the other committee structures focused around OCRRA's administration, or management of discrete operations, this committee looked at solid waste with respect to the growing concerns about global climate change. The committee utilized expert members from the academic and technical community to help OCRRA better develop its opportunities and policy directions on the topic. An important result of the committee efforts was a report quantifying baseline GHG emissions. That report, prepared by a doctoral candidate, implies that OCRRA's 2006 solid waste management methods had a net reduction of over 2,000,000 metric tons of CO₂ equivalents, roughly equal to taking 400,000 cars off the road. We deeply appreciate the help of Dr Rick Smardon and Dr. Rachel May from Syracuse University/ESF; Kenneth Lynch and Mary Jane Peachy from the NYS DEC regional offices, Mark Lichtenstein and Sara Pesek from the Syracuse Center of Excellence, and Paul Thompson and Gerry Aloï, local energy planning and conservation experts in the development of committee discussions and directions.

OCRRA was "green" before it was fashionable. We like to think that as each year passes we are growing in stature as the community catalyst for advancing sound environmental solutions.

Volunteer Board of Directors



John R. Brennan, Esq.
*OCRRA Chairperson
Attorney at Law
Byrne, Costello, & Pickard, P.C.*



Dereth Glance
*OCRRA Vice Chairperson
Recycling Committee Chairperson
Executive Program Director
Citizens Campaign for the Environment*



Ravi Raman, P.E.
*OCRRA Treasurer
President
RAM-TECH Engineers, P.C.*



Anthony Mangano
*Administration Committee Chairperson
Vice President
Syracuse Hotel Corporation*



Mark Donnelly
*Audit Committee Chairperson
Carrier Corporation*



Jonathan Y. Kelley
*Operations Committee Chairperson
President
Velasko Concepts, Inc.*



Donald J. Hughes, P.E., Ph.D.
*Greenhouse Gas Committee
Chairperson
Senior Scientist
Onondaga Environmental Institute*

Volunteer Board of Directors



Robert Ripberger
*Carrier Corporation
(retired)*



Gwendolyn Raeford
*Science Teacher
G.W. Fowler High School*



John P. Copanas
*City Clerk
City of Syracuse*



Albert J. Antelmi
*Insurance Broker
Antelmi, Fusco, & Cazzola*



Jake Barrett
*Asset Manager
Catholic Charities*



Gary Lavine, Esq.
*Attorney at Law
Green · Seifter Attorneys, PLLC*



Mark Wilder, CPG
*Hydrogeologist/Geoscience Manager
Environmental Products & Services of
Vermont, Inc.*

- (1) Volunteers at the State Fair were decked out in BlueBinit® t-shirts while;
- (2) Visitors to the booth examined polar fleece jackets made out of recycled plastic bottles.
- (3) Syracuse University's Bill O'Connor was among the thousands using OCRRA's compost sites.

Over 10 Million Tons Recycled

In 2007, residents in communities across the country – and throughout the world – began to pay close attention to how their daily activities impact the environment. Many people are changing the way they live – what they drive, what they buy, what they eat – so they can be a little “greener” and step a little lighter on our planet. Here in Onondaga County, residents have long embraced opportunities to be “green.” Since 1991, the year OCRRA launched its community-wide recycling campaign, residents and businesses have recycled **over 10 million tons of material**. Prior to that, most of the waste items coming out of local businesses, factories, schools, and homes simply went into the trash.

In 2007, OCRRA challenged local residents, schools, and businesses to treat our corner of the planet even more gently, and to reuse, reduce, and recycle more. Again, and again, the community accepted OCRRA's environmental challenges, including dropping off over 475,000 pounds of old computers and TV sets at OCRRA's special collection events for recycling. In the wake of surging sales for the energy-efficient compact fluorescent light bulbs, OCRRA challenged residents to drop off their old fluorescents at local ACE and TruValue Hardware Stores. Through an OCRRA partnership with these neighborhood retail outlets, our community recycled over 4,000 spent fluorescent lamps, and kept over 300 pounds of mercury out of the trash.

OCRRA rallied residents through its BlueBinit® public education campaign to keep piling recyclables into their curbside recycling bins. As a result, residents again recycled over 40,000 tons of cans, bottles,

and paper items in 2007. These recycling totals are even more impressive in light of the ever-shrinking size and weight of the items that belong in the blue bin, including the daily newspaper, plastic bottles, and even cardboard; all are becoming thinner or smaller.

In 2007, the community recycled 65% of all the waste generated in homes, businesses, and schools. Approximately **665,000 tons were recycled** through mandatory and voluntary recycling (both residential and commercial) in the community. For the eleventh consecutive year, OCRRA met the New York State Department of Environmental Conservation's permit goal that calls for a least 40% processible recycling with a **43% reduction** in the processible Municipal Solid Waste (MSW) within the service area. In this category, mandatory curbside and commercial recycling totaled **224,000 tons**.

Maintaining this level of recycling achievement, year after year, is a true expression of the community's long term commitment to being “green.” Exceeding the 10 million ton recycling milestone represents significant progress towards achieving the Agency's vision.

These recycling totals also significantly reduce our community's carbon footprint. According to the U.S. Environmental Protection Agency, “recycling and waste prevention activities not only help people better manage the solid waste they generate, but these activities also reduce Greenhouse Gas (GHG) emissions. Typically, making goods from recycled materials takes less energy than making products from virgin materials. When manufacturers use less energy to make their products, they emit fewer



- (1) DeWitt Town Justice Jack Schultz and wife Sybil joined 8,657 other volunteers in the Earth Day trash bash.
- (2) The Martisco Lions Club, just one of 418 groups that made our community cleaner and greener.



1



2

greenhouse gases. For example, when manufacturers make a recycled content aluminum can instead of using virgin ore such as bauxite, they will prevent 13 tons of carbon dioxide from going into the atmosphere for every ton of recovered aluminum used." OCRRA estimates that our community recycled over 100 tons of aluminum cans in 2007, reducing carbon dioxide emissions by more than 1,300 tons.

Each year, OCRRA works closely with residents, schools, and businesses on a variety of special environmental programs and community partnerships. The purpose is to fulfill the Agency's mission of providing solid waste solutions that are environmentally sound, highly efficient, safe and innovative, all while utilizing the optimal mix of waste reduction, recycling, and disposal.

**Recycling Achievements in 2007:
20 Reasons (at least) for the
Community to Celebrate!**

1. Conducted another successful – and hugely popular – propane tank and room air conditioner drop off event; over 770 propane tanks, 386 room conditioners, and 377 dehumidifiers were dropped off for recycling. To date, our local collection is the most successful event of this type held anywhere in NY State. Chlorofluorocarbons (CFCs) were safely removed (CFCs in the upper atmosphere contribute to ozone depletion and heighten the "greenhouse gas effect").
2. One of the Agency's highest profile communication tools – the newsletter – reached out to even more resi-

dents in 2007 – and more cost effectively, too – through distribution in over 100,000 editions of the weekly Pennysaver publication, on a quarterly basis. The newsletter was previously mailed to over 55,000 residents each quarter.

3. Conducted three household hazardous waste collection events, serving over 3,000 residents, and safely removing huge quantities of potentially dangerous materials from the waste stream.
4. Again partnered with ProShred, Confidata and Shoppingtown Mall to provide over 1,000 residents with free shredding of confidential documents, as part of America Recycles Day; over 120,000 pounds of paper were recycled. Who knows how many residents were spared the frustration associated with identify theft, thanks to this program.
5. Launched the Agency's redesigned website, with improved navigation, and enhanced search features to help people find recycling outlets for their unwanted items. The site also enables visitors to make online reservations for the Agency's household hazardous waste collection events.
6. OCRRA lent heavy support to the ongoing GO GREEN INITIATIVE in local city schools; Recycling Specialists from the Agency offered guidance to custodians throughout the school district, and provided hundreds of recycling containers to collect paper, magazines, bottles and cans in the schools.
7. Collected hundreds of mercury thermostats and mercury thermometers at the Rock Cut Road Transfer

- (1) Peter Belgrader went trick or treating as a Blue Bin to boost the BlueBinit® campaign. Sister Courtney tagged along.
- (2) (l-r) Gillian Hall, Lauren Newton and Stephanie O'Malley of Brownie Troop 526 along with their bags of trash they collected on Earth Day.
- (3) Joslyn Nelson just one of many that safely destroyed personal papers at OCRRA's Shred-O-Rama.

Station. OCRRA teamed up with Bristol Myers Squibb and Onondaga County Department of Water Environment Protection to provide residents with hundreds of non-mercury thermometers in exchange for mercury thermometers. The mercury thermometer exchange helps prevent mercury contained in household thermometers from escaping into the environment when the thermometers are broken or thrown away.

8. Submitted thousands of dollars in grant requests to support a variety of Agency programs, including advertising and public education, household hazardous waste collection, computer recycling, compost site equipment and recycling personnel costs.
9. Assisted hundreds of businesses, schools, and apartments throughout Onondaga County with implementing or enhancing their recycling programs.
10. Collected over 100,000 pounds of batteries for recycling through the annual curbside collection and ongoing partnership with WEGMANS Supermarkets in the area.
11. OCRRA expanded the Earth Day Clean-Up from a one day to a two day event. This produced amazing results! Over 8,000 volunteers donated their time and effort and collected over 117,280 lbs., or 58.64 tons, of trash and 628 tires. Since OCRRA's Earth Day program began in the early 90's, volunteers have amassed over 1 million pounds of trash! Thanks to the volunteers and highway departments for their stellar team effort.
12. Distributed over 1,500 gallons of

recycled/reprocessed paint to local human service organizations and municipalities.

13. OCRRA partnered with over a dozen local non profits, libraries, and schools, including H.W. Smith Elementary School, Hazard Branch Library, P.E.A.C.E Inc., Operation Paperback, and the American Filipino Association, in connection with book collection and recycling during month of July, resulting in thousands of books harvested for use in their literacy, educational, and enrichment missions.
14. Served over 30,000 visitors at the Agency's two yardwaste compost sites. Thousands of yards of yardwaste mulched for reuse in local gardens.
15. Participated in numerous area events and fairs, including the Golden Harvest Festival, Taste of Westcott Street (over 150 blue bins to college kids), and Home and Garden Show. OCRRA also established a great new exhibit area at the New York State Fair, including a deck constructed from plastic lumber, produced from recycled plastic bags. OCRRA partnered with the New York State Fair in 2007 to compost pre-consumer food waste generated at the annual event; over 2,000 pounds of vegetable peelings were recycled!
16. Continued support of a grant program to help small, local non-profit agencies cover recycling transport costs; the program has been embraced by human service agencies in our community, including the Samaritan Center, Boys & Girls Club, Hiawatha Seaway Boy Scouts, Girl Scouts, the Spanish Action League, and P.E.A.C. E. Inc.



- (1) OCRRA's Jeff Cooper and his worm composting activities are closely examined by students during the Environmental Field Days.
- (2) Recycling Director Andrew Radin hands out free Blue Bins at the Huntington Family Center Community barbeque.
- (3) Annette Waterman of the Pettit Branch library culls through unwanted books for library book sale.



17. OCRRA's recycling team took it to the streets, with door to door distribution of thousands of new blue bins where none were observed on trash collection day. We also conducted blue bin giveaways at NOJAIM's, a locally-owned supermarket serving residents in the City of Syracuse's urban neighborhoods, and at Huntington Family Center, which also serves inner-city residents.

18. The Agency's email blast system was ramped up to increase the frequency of communication to the list of over 11,000 email addresses. OCRRA Recycling Specialist Kristen Lawton oversees the program and shared her insights and knowledge about the Agency's email communication system at a state-wide recycling conference, to help other recycling coordinators enhance their outreach efforts in their local communities.

19. Striving to be recognized as a world leader in environmentally sound recycling and solid waste solutions, recycling team members provided high profile presentations at a number of national and statewide conferences in 2007, including the National Recycling Coalition conference, the New York State Federation Conference, and the New York State Reduce, Reuse, Recycling conference

20. OCRRA's recycling educator consultant, a New York certified teacher, spoke to 12,000 local students in 500 classes, bringing a message of recycling, resource conservation, and environmental stewardship.

Beyond these noteworthy activities, OCRRA provided our community with numerous other environmental services, including the following:

- ◆ Ran a recycling drop off six days/week, year round for mandatory recyclables at the Agency transfer stations. Provided a no-charge drop-off for household scrap metal and office paper from small businesses.
- ◆ Guaranteed a zero tip fee for haulers who deliver curbside recyclables to the Agency's contracted Material Recovery Facility.
- ◆ Coordinated a curbside collection of phone books during a six-week period that coincided with the distribution of the Verizon phone book.
- ◆ Ran a high-profile public education program to increase recycling that included billboards, radio and newspaper ads, the production of flyers, and promotional materials like pencils and badges that were distributed at the New York State Fair and to school children.
- ◆ OCRRA's Enforcement Officers conducted regular random inspections of trash for recyclables at the Resource Recovery Facility operated by Covanta Energy for OCRRA and curbside inspections for recycling compliance.

OCRRA serves as a recycling engine for our community, distributing recycling supplies, educational materials, and environmental programs that motivate residents, schools, and local businesses to maintain outstanding levels of recycling participation. These preserve precious natural resources, reduce greenhouse gases, and conserve energy – all for the benefit of future generations.

Ley Creek Transfer Station workers not only help out during special event days, such as computer recycling and propane tank collections, but are kept busy processing more than 100,000 tons of waste throughout the year.

Transfer Operations Annual Report 2007

During the year 2007, Transfer Operations continued to achieve its goals of safe and efficient operations at our two Transfer Stations while maintaining excellent customer service, in accordance with our Mission Statement. During the course of the year, our drivers traveled nearly 605,000 miles transporting ash residue and bypass material to an out of county landfill, processible material to the Waste to Energy facility and recovered metal and corrugated cardboard to appropriate recycling facilities. Customer comments continue to be favorable. Increased utilization of the Rock Cut Road facility by small users as well as the continuation of the popular Flat Rate system at Ley Creek contributed to less waiting time and better service to all of our customers.

It is extremely important to recognize the efforts of the Agency Safety Officer, the Safety Committee and all co-workers in making 2007 another extremely safe year for operations. During this year, there was a total of 18 accidents recorded. Only four of these were reportable under current PESH/OSHA requirements. Only two accidents resulted in lost time, for a total of six days. This is exceptional considering the nature of the solid waste industry and the dangers inherent in performing this necessary public service. The continual Safety Training consisting of a mix of in-house training and contracted training funded by a Hazard Abatement Board Grant Program has led to an increase in Safety Awareness throughout the entire Agency. This undoubtedly contributed to the safety of our workforce and customers. The goal is zero accidents and zero lost time.

LEY CREEK TRANSFER STATION

Construction & Demolition Debris (C&D) and oversized Municipal Solid Waste (MSW) were received and processed at the Ley Creek Transfer Station in 2007. The total intake at the station was nearly 102,000 tons. This material was processed and separated by the transfer station workers for delivery to several different facilities. The Waste To Energy Facility (WTE) received 86,904 tons of material from Ley Creek. In addition, 3,496 tons of scrap metal and corrugated cardboard were recovered and recycled. Two thousand one hundred seventeen (2,117) items containing CFC refrigerant were removed from the waste stream. A contractor extracted the CFC refrigerant in accordance with federal and state regulations for recycling and the metal shells were sent to a scrap metal recycler. In addition, 1,831 microwave ovens were recovered from the waste stream and recycled by an approved vendor. The by-pass waste was transported in Agency tractor-trailers to an out of county landfill. The number of customer vehicles served at Ley Creek was 67,579 including 28,197 Flat Rate customers, this equates to 42% of all traffic at the Ley Creek Transfer Station. The huge success of the Flat Rate system allows all customers to move in and out of the facility in a minimum amount of time while maintaining a high level of customer service and safety.

ROCK CUT ROAD TRANSFER STATION

The increased utilization of the Rock Cut Road Transfer Station by homeowners and other small users has diverted traffic from the Ley Creek facility. This has resulted in improved



- (1) OCRRA's John Blum signals to hauler dropping off bulky waste at Ley Creek.
- (2) One of the 400 vehicles waiting to be serviced daily at Ley Creek.
- (3) The boss becomes the chef as Transfer Station team member Tom Allen is served during the worker appreciation picnic.



1



2



3

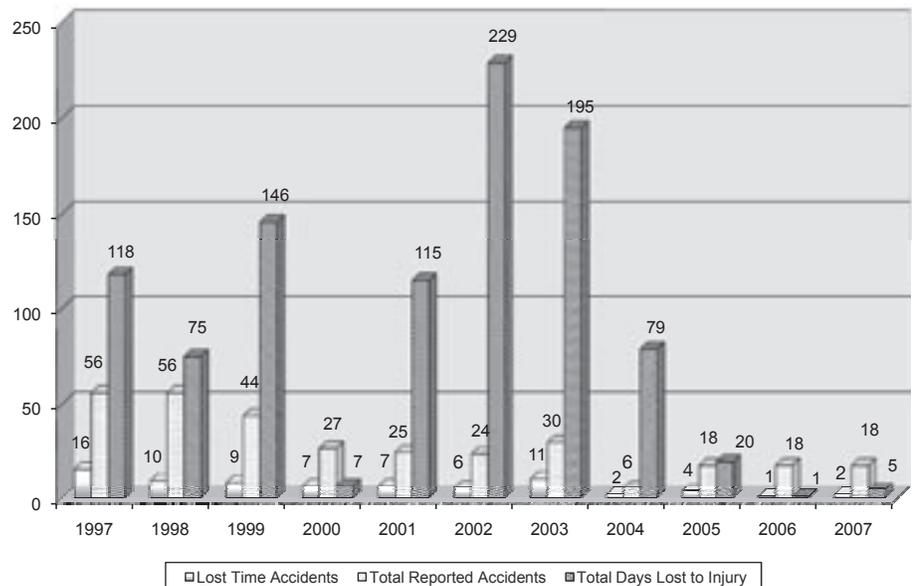
turn around times and customer service for all of our customers. The materials recovered from the Rock Cut Road Station in 2007 included 533 items containing CFC refrigerant, 109 tons of scrap metal, 458 microwave ovens and 178 tons of corrugated cardboard, in addition to the recyclable materials collected in the recycling bins.

Following testing and customer surveys in 2006, the Flat Rate payment system was phased into operations at Rock Cut Road during 2007. Starting in May, the scales were taken out of active service and all customer traffic at this facility was converted to the Flat Rate System only. Customer comments have been overwhelmingly favorable. The institution of this system in combination with some improvements to the physical plant and roadway structure speeds the tempo of operations while still maintaining safety at this facility.

The Rock Cut Road Transfer Station also houses the primary Agency maintenance shop and is the base for our fleet of ash transport dump trucks. During 2007, Agency drivers transported 91,722 tons of ash residue from the WTE facility to an out of county landfill.

The Transfer Operations team assists the other departments within the Agency. Transfer workers also assist the Recycling Team during special events, such as Household Hazardous Waste Days, the Earth Day trash bash, the free drop off of air conditioners, propane tanks, and dehumidifiers, and TV recycling collections. Transfer station personnel routinely provide maintenance support for the equipment and trucks operated by the Recycling Team in conjunction with compost site and battery collection operations.

Workers Compensation Injury History



Waste-to-Energy

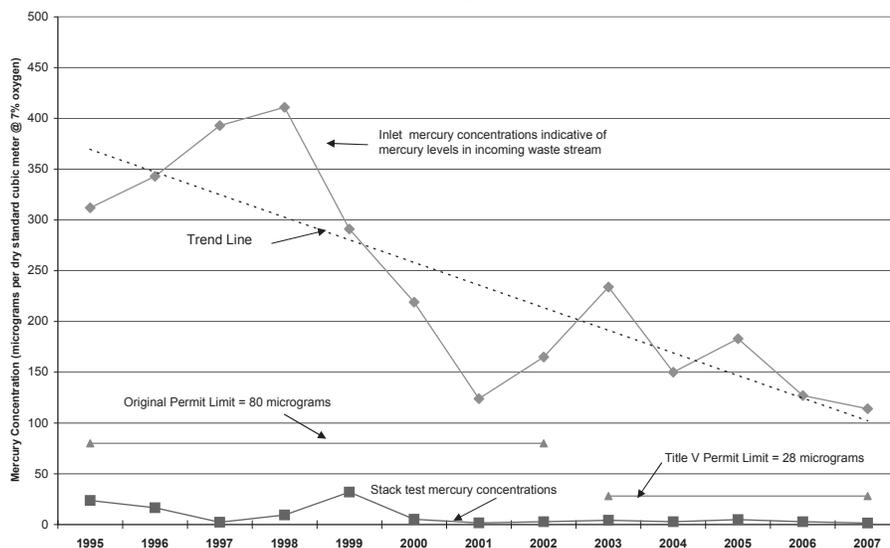
The Onondaga County Resource Recovery Facility, more commonly referred to as the Waste To Energy Facility, completed its 13th full year of continuous commercial operation. It is operated by Covanta Onondaga under a 20-year agreement with OCRRA. The plant uses a state-of-the-art mass burn combustion system that safely and effectively converts non-hazardous, non-recyclable solid waste into usable electricity. The electricity generated is sold to National Grid under provisions of a long-term contract. The facility also recovers ferrous metals and during mid-2008, a new non-ferrous recovery system should be operational. Solid waste combusted leaves the facility in the form of a non-hazardous ash residue which is about 10% by volume and 25% by weight of the incoming waste. Incorporated into the initial design and construction of the facility was an air pollution control system which would insure compliance with all federal and state emissions requirements in effect at the time. From the initial start-up of the plant in November, 1994, full compliance with those and more recent operational and environmental requirements have been met.

Yes, 2007 was another successful year for OCRRA's Waste-To-Energy Facility. During 2007, the plant

converted over 350,000 tons of solid waste into more than 222 million kilowatt-hours of electricity serving the needs of 25,000 homes in Central New York. This conversion of trash to energy was accomplished in concert with the local community's overall recycling rate of 65%, reinforcing the fact that Waste-To-Energy and recycling are not mutually exclusive waste disposal alternatives – they are indeed compatible and complementary. And by not landfilling the 350,000 tons of waste while generating electricity, the plant avoided emitting 450,000 tons of greenhouse gases (carbon dioxide equivalents), saved the equivalent of 400,000 barrels of oil or nearly 90,000 tons of coal to produce the same amount of electricity, and saved the equivalent of 600,000 cubic yards of landfill space. All this was accomplished while the facility maintained full compliance with one of the strictest air permits in the nation under provisions of the federal Clean Air Act.

While the energy production rate was slightly lower than the plant's average over the past several years, boiler availability was 93% with annual unscheduled downtime at an all-time low. High boiler availability is indicative of a well operated and maintained facility. OCRRA's outside consultant,

Measured Mercury Concentrations
Waste-to-Energy Facility



well versed in reviewing Waste-To-Energy facilities, confirms the plant, which began commercial operations in early 1995, continues to be maintained at levels consistent with high industry standards. This is further supported by observations and inspections conducted by the facility's principal regulatory agency, the New York State Department of Environmental Conservation, which has consistently found no non-compliance issues or environmental concerns. The ash residue is tested semi-annually and has always been shown to be non-hazardous, and the results of annual air emissions testing have always remained well below permitted levels, and far below those levels associated with the facility's Health Risk Assessment. OCRRA always has been and will always remain committed to maintaining the exemplary environmental performance of the plant.

To highlight the environmental performance of the plant, the following tables and graphs are presented. The levels of mercury in the incoming waste stream continue to exhibit a downward trend as more mercury is being taken out of the waste

stream through legislative action and recycling efforts. Even as the levels of mercury in the incoming waste stream are becoming less and less, the overall effectiveness of the facility's mercury air pollution control system using activated carbon continues to be 98 to 99%, or better.

According to the USEPA, Waste-To-Energy Facilities are a clean, reliable, renewable source of energy . . . that produces electricity with "less environmental impact than almost any other source of electricity." Furthermore, as stated in 2006 by the Integrated Waste Services Association, a leading national trade organization, "Waste-To-Energy technology represents the original "Green Energy" and is an important element in reducing dependence on fossil fuels, reducing air pollution, and providing low cost energy and steam."

Excellent environmental and operating performance track records coupled with one of the highest nationwide overall community recycling rates, OCRRA continues to provide its constituents with a viable, fiscally-sound, and environmentally responsible waste management services.

2007 Ash Residue Characterization Test Results

OCRRA Ash Residue Characterization Semi-Annual Test Results – April 2007

<u>Test Sample Constituent</u>	<u>Statistical Test Result (milligrams per liter)</u>	<u>Permit Limit</u>	<u>Pass or Fail</u>
Cadmium	0.25	1.0	Pass
Lead	2.17	5.0	Pass

OCRRA Ash Residue Characterization Semi-Annual Test Results – August 2007

<u>Test Sample Constituent</u>	<u>Statistical Test Result (milligrams per liter)</u>	<u>Permit Limit</u>	<u>Pass or Fail</u>
Cadmium	0.36	1.0	Pass
Lead	0.41	5.0	Pass

CONCLUSION:

Ash residue does not exhibit a hazardous characteristic thus allowing it to be managed as a non-hazardous solid waste

2007 ANNUAL STACK TEST RESULTS (Regulatory Title V Compliance)

Constituent	Average Measured Emissions			Permit Limit (1)	% of Limit (2) Facility Ave	Pass/ Fail?
	Unit 1	Unit 2	Unit 3			
Particulates (gr/cf)	0.00193	0.00205	0.00122	0.010	17.3	P
Particulates (mg/cm)	4.41	4.70	2.80	27	14.7	P
Sulfur Dioxide (ppm)	0.00	0.42	1.73	30	2.4	P
Sulfur Dioxide (lb/hr)	0.00	0.17	0.65	16.2	1.7	P
Nitrogen Oxides (ppm)	171	165	168	180	93.3	P
Nitrogen Oxides (lb/hr)	52.1	48.9	45.4	58	84.1	P
Carbon Monoxide (ppm)	3.1	9.0	9.6	45	16.1	P
Carbon Monoxide (lb/hr)	0.56	1.56	1.66	8.04	15.7	P
Polychlorinated Dibenzo-p-Dioxins and Furans						
(ng/cm) - Total	2.29	0.839	6.01	30	10.2	P
(µg/cm) - TEQs	0.0000319	0.0000120	0.000104	0.0004	12.3	P
(lb/hr) - TEQs	4.43E-09	1.81E-09	1.63E-08	1.29E-07	5.8	P
Hydrogen Chloride (ppm)	2.94	2.34	6.05	25	15.1	P
Hydrogen Chloride (lb/hr)	0.70	0.545	1.32	5.24	16.3	P
HCl Removal Efficiency (%)	99.6	99.6	99.0	95 (min)		P
Ammonia (ppm)	0.284	0.711	1.28	50	1.5	P
Ammonia (lb/hr)	0.032	0.0771	0.131	4.88	1.6	P
Cadmium (mg/cm)	0.000290	0.00137	0.00446	0.040	5.1	P
Cadmium (lb/hr)	4.62E-05	2.13E-04	6.41E-04	1.90E-03	15.8	P
Lead (mg/cm)	0.00299	0.0146	0.0541	0.44	5.4	P
Lead (lb/hr)	4.73E-04	2.28E-03	7.78E-03	3.81E-02	9.2	P
Mercury (µg/cm)	1.62	0.497	2.23	28	5.2	P
Mercury (lb/hr)	0.000255	0.0000776	0.000321	0.012	1.8	P
Mercury Removal Efficiency (%)	99.0	99.1	98.1	85 (min)		P
PM ₁₀ (gr/cf)	N	0.00193	0.00205	0.010	17.3	P
PM ₁₀ (lb/hr)	N	0.631	0.73	3.16	18.7	P

>>> Testing performed May 14-30, 2007

- (1) Permit limits obtained from Covanta Onondaga, LP, New York State Department of Environmental Conservation Title V Permit Number 7-3142-00028/00009, issued 1/8/2002 with Mod 1 effective date of 3/24/2003
- (2) Calculated as the average of each of three unit test results (each unit result is the average of three replicate test runs) over the Permit limit expressed as a percent

All concentrations expressed at 7% oxygen (O₂) dry standard volume

Units:

gr/cf	= pollutant concentration expressed in grains per cubic foot
ppm	= pollutant concentration expressed in parts per million
lb/hr	= pollutant emission rate expressed in pounds per hour
ng/cm	= pollutant emission rate expressed in nanograms (billionth's of a gram) per cubic meter
µg/cm	= pollutant emission rate expressed in micrograms (millionth's of a gram) per cubic meter
mg/cm	= pollutant emission rate expressed in milligrams (thousandth's of a gram) per cubic meter
Pass/Fail	= pollutant stack test result measured at levels below (Pass) or above (Fail) regulatory limit
min	= minimum percent (%) reduction between pre-air pollution control (APC) system and post-APC system or pollutant levels leaving Facility stack (represents measure of APC effectiveness)
TEQs	= Toxic Equivalents (measure of how dioxin/furan compounds vary in toxicity, a weighted value)
N	= Separate PM-10 testing not performed; PM-10 levels assumed to be 100% of Total Particulate (TP) test results; USEPA Method 5 for TP was used; Method 201A for PM-10 not used

Internal Audit Update

As a step towards realizing OCRRA's vision, the Audit Committee made significant strides in improving the internal audit function during 2007. After witnessing continued growth at OCRRA as well as increasing industry regulation, the Committee felt that the time had come to strengthen its oversight responsibilities.

We began with changing the reporting structure of the Internal Auditor to a direct report to the Audit Committee. In May, the Committee established a higher level qualified Internal Auditor position to meet the Agency's needs and was granted authority to retain a qualified outside independent contractor to act as an Internal Auditor while the hiring process took place. By the fall, Dermody, Burke & Brown, CPAs, LLC, (DB&B) was retained as interim Internal

Auditor and completed a macro-level risk assessment.

During October, an Internal Auditor, with over ten years of internal audit experience, was hired by OCRRA. DB&B brought our Internal Auditor up to speed with the risk assessment and together worked on an audit at one of our transfer stations. Improvements suggested by DB&B and the Internal Auditor were made to the existing Audit Committee Charter and an Internal Audit Policy & Procedures document was created. Prior to working on an audit of the area with the highest risk, they created an audit plan for 2008 which was approved by the Committee in December.

We are very proud of the progress that we made in 2007 and look forward to an exciting year to come.



INDEPENDENT AUDITOR'S REPORT

Members of the Board
Onondaga County Resource Recovery Agency
North Syracuse, New York

We have audited the accompanying financial statements of Onondaga County Resource Recovery Agency (the "Agency" or "OCRRA") as of and for the years ended December 31, 2007 and 2006 as listed in the table of contents. These financial statements are the responsibility of the Agency's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the accompanying statements of net assets and the related statements of revenues, expenses and changes in net assets, and cash flows present fairly, in all material respects, the financial position of Onondaga County Resource Recovery Agency at December 31, 2007 and 2006, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and the schedule of funding progress are not required parts of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

Testone, Marshall & Discenza CPAs

February 21, 2008
Syracuse, New York

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

ANALYSIS OF FINANCIAL POSITION

One of the most important questions asked about the Agency's finances is "*Is the Agency, as a whole, better off or worse off as a result of the year's activities?*" The Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Net Assets report information about the Agency's activities in a way that will help answer this question. These two statements report the net assets of the Agency and changes in them. You can think of the Agency's net assets - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the Agency's net assets are one indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, population growth, consumer behavior and new or changed legislation or regulation.

The Agency's total net assets increased from last year by \$2,069,557. The Agency's total net assets were \$30,219,066 and \$28,149,509 on December 31, 2007 and 2006, respectively.

Table 1

	2007	2006
Current Assets	\$ 38,288,340	\$ 36,353,829
Assets limited as to use	8,067,519	8,287,372
Property, plant and equipment – net	7,841,287	7,991,535
Bond issuance costs – net of accumulated amortization	919,012	1,044,340
Other Post Employment Benefits	251,252	-
Facility lease – net of current portion	76,368,250	83,082,760
Total Assets	\$ 131,735,660	\$ 136,759,836
	2007	2006
Current Liabilities	14,327,948	13,921,602
Long-term liabilities	87,188,646	94,688,725
Total Liabilities	101,516,594	108,610,327
Net Assets – Invested in Capital Assets	7,841,287	7,991,535
Unrestricted	14,310,260	11,870,602
Restricted	8,067,519	8,287,372
Total Net Assets	30,219,066	28,149,509

Changes in the Agency's net assets can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Assets for the years 2007 and 2006.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE (CONT'D)

Table 2

	2007	2006
Operating Revenues	\$ 35,056,282	\$ 34,274,000
Other Revenues	5,948,007	6,523,086
Total Revenues	<u>41,004,289</u>	<u>40,797,086</u>
Operating Expenses	35,808,066	34,998,698
Other Expenses	3,126,667	3,433,874
Total Expenses	<u>38,934,733</u>	<u>38,432,572</u>
Change in Net Assets	2,069,556	2,364,514
Net Assets – Beginning of Year	28,149,509	25,784,995
Net Assets – End of Year	<u>\$ 30,219,065</u>	<u>\$ 28,149,509</u>

The increase in the Agency's net assets in 2007 was due primarily to consistent tonnage delivered to the system, excellent recycling markets, and a \$3 per ton increase in MSW tip fees combined with increased investment revenues due to higher interest rates.

THE AGENCY'S FUNDS

The Agency does not utilize Funds or Fund Accounting. The Agency maintains funds on deposit with a Trustee as required by contractual obligations entered into as part of the Agency restructuring as detailed in the financial statements. As of December 31, 2007, Agency funds held by the trustee of \$8,067,519 are recorded as Restricted under the Agency's Net Assets. These restricted assets decreased by \$219,853 during 2007 due to the Indenture of Trust agreement between the Agency and U.S. Bank National Association (the Trustee) that requires Agency operating surpluses to be maintained on deposit with the Trustee until any necessary payments are made on the Subordinate Bonds. Payment on the Subordinate Bonds as a result of 2007 operations will be made on May 1, 2008.

Budgetary Highlights

In 2007 the Agency had budgeted for a Subordinate Bond payment of approximately \$724,000 and an increase in net assets of \$1,424,000. The Agency ended the year ahead of budget for revenues and below budget for expenses resulting in a Subordinate Bond payment of approximately \$2.0 million and an increase in net assets of over \$2.0 million.

Capital Assets

At the end of 2007 the Agency had \$7.8 million in capital assets consisting primarily of two transfer stations and various pieces of operating equipment. During 2007 Property, Plant & Equipment, net decreased by \$150,000 which reflects acquisitions of approximately \$850,000, retirements, and depreciation charges of approximately \$1,000,000.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

FINANCIAL ANALYSIS OF THE AGENCY AS A WHOLE (CONT'D)

Debt

During 2007 the Agency reduced outstanding senior lien revenue refunding bonds by \$6,645,000 and a net reduction on the subordinate debt of \$1,643.

The Agency will reduce Series 2003B bonds by \$2,031,844 based on the 2007 operating surplus as calculated and made part of the restructured debt and service agreement. The Agency will make this payment during 2008.

The payment on the Series 2003B bonds is calculated annually based on operational income as defined under agreement with the bondholders. Many of the Agency expense categories, including payroll costs and fuel are capped based on 2003 levels adjusted for inflation. While Agency expenses are allowed to exceed these caps, the Agency is not allowed to deduct these excess operating expenses when calculating the payment due.

Direct Finance Lease

In December 1992 the Agency issued Project Revenue Bonds for the purpose of constructing a waste-to-energy facility. The Agency leased the facility to Covanta Onondaga L.P. under a long-term lease expiring May 1, 2015. The annual lease payments approximate debt service payments and Covanta Onondaga L.P. is responsible for paying debt service on the bonds in lieu of making payments on the lease. Notes 5 and 6 to the Financial Statements should be read carefully for a full understanding of the Direct Finance Lease and its relationship to the series 2003A and 2003B Bonds.

The Direct Finance Lease is captured in the Capital Waste-to Energy operations cost of approximately \$23,719,000, including a Capital Charge of approximately \$11,533,300 representing the portion of the Direct Finance Lease attributable to debt service principal and interest on the Series 2003A & B Bonds in 2007.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The industry in which OCRRA operates is highly regulated and highly competitive. The 2003 restructured debt and service agreement for the operation of the Waste-to-Energy facility gave the Agency a better platform to successfully operate in this economic sector while still providing its important environmental benefits.

The 2008 Budget develops the revenue and expense requirements to continue OCRRA's efforts to provide sound environmental solid waste disposal solutions to our community. Next year's budget communicates several critical themes:

1. **Environmental Stewardship is Central to OCRRA's Mission**
The annual cost of protecting the environment and public health as measured in our 2008 Budget would be dwarfed by the costs of cleanups or illness if the infrastructure of the Onondaga County trash system reverted to the system in place before OCRRA. To further improve upon its environmental education program in 2008, OCRRA continues with an advertising agency to provide market research and media materials to better educate the community on recycling and waste reduction through its existing *Bluebinit* campaign.
2. **Retaining System Trash Tonnage**
The Budget for 2008 is built on the continuation of important business relationships with our core customers: the thirty-three member municipalities in the OCRRA system and the haulers who have contracted to deliver trash and recyclables from these municipalities. OCRRA must remain cost competitive with landfill disposal charges and may utilize alternate tools such as contracts, local laws, or user fees to retain revenues. In 2008, OCRRA will slightly increase fees for municipal solid waste disposal in order to meet its financial needs, yet remain sensitive to customer expectations. OCRRA's customer service remains critically important to obtaining all system goals, both financial and environmental.
3. **Financial Stability**
OCRRA's values place cost effectiveness and fiscal responsibility at a premium. The 2008 Budget reflects the Agency's continued financial stability. Although net operating income was negative in 2007 as a result of 2007 non-operating revenue (primarily interest earnings), net assets increased by \$2,069,557. It is anticipated in the 2008 Budget that OCRRA will perform with similar operating and net results in the coming year.
4. **Investment in Human Resources**
Approximately twenty-five percent of OCRRA's workforce will be eligible for retirement over the next five years. For 2008, additional investment and effort is being placed on recruitment, training and development to build the skills and leadership necessary to fill those potential future vacancies.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**

5. Investment in Real Estate

OCRRA's Board of Directors has determined that improvement and rehabilitation of its existing real estate holdings is critical to OCRRA's sustained success. In 2008, OCRRA's Capital Plan includes \$558,000 of investment in our Transfer Station structure and infrastructure. The Five-Year Capital Plan adopted by the Board anticipates a further \$450,000 of investment buildings and infrastructure through 2012.

OCRRA is also anticipating significant investment in the Amboy Compost Site. The Five-Year Capital Plan anticipates \$660,000 in investment on this real estate through 2009. A \$1.8 million investment in a Community Collection Center is in the planning stages and scheduled for 2010.

6. Energy Prices

In 2007 OCRRA's annual average price received was \$62.25 per MWh for the electric energy it sold. In 2006 OCRRA's average price per MWh was \$53.66. So in 2006, OCRRA was paid the contract floor price of \$60 per MWh. In February 2009 OCRRA's energy contracts go to a pure market based price with no contractual floor.

CONTACT REGARDING THE AGENCY'S FINANCES

This financial report is designed to provide County residents, customers and creditors with a general overview of OCRRA's finances. If you have questions about this report or need additional financial information, contact the Agency's Public Information Officer at 100 Elwood Davis Road, North Syracuse, NY 13212-4312.

(Concluded)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF NET ASSETS
DECEMBER 31, 2007 AND 2006**

ASSETS	<u>2007</u>	<u>2006</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 25,157,607	\$ 24,238,061
Accounts receivable (net of an allowance for bad debts of \$50,000 in 2007 and 2006)	1,933,321	1,692,910
Electric revenue receivable	1,384,297	1,125,990
Grants receivable	104,000	100,906
Other receivables	2,300	-
Accrued interest receivable	425,099	574,477
Prepaid expenses	604,872	272,220
Facility lease, current portion (NOTE 5)	8,676,844	8,349,265
Total current assets	<u>38,288,340</u>	<u>36,353,829</u>
ASSETS LIMITED AS TO USE:		
Investments held by trustee under indenture (NOTE 3)	8,067,519	8,287,372
PROPERTY, PLANT AND EQUIPMENT, net (NOTE 4)	7,841,287	7,991,535
BOND ISSUANCE COSTS, net (NOTE 1)	919,012	1,044,340
OTHER POSTRETIREMENT EMPLOYMENT BENEFITS, net (NOTE 8)	251,252	-
FACILITY LEASE, net of current portion (NOTE 5)	<u>76,368,250</u>	<u>83,082,760</u>
TOTAL	<u>\$ 131,735,660</u>	<u>\$ 136,759,836</u>

LIABILITIES AND NET ASSETS

	<u>2007</u>	<u>2006</u>
CURRENT LIABILITIES:		
Bonds payable - Series A, current portion (NOTE 6)	\$ 6,645,000	\$ 6,325,000
Bonds payable - Series B, current portion (NOTE 6)	2,031,844	2,024,265
Deferred revenue, current portion	1,164,612	1,164,612
Accounts payable	3,666,985	3,597,311
Accrued interest	490,208	542,916
Accrued expenses and other current liabilities	329,299	267,498
Total current liabilities	<u>14,327,948</u>	<u>13,921,602</u>
LONG-TERM LIABILITIES:		
Bonds payable - Series A, net of current portion (NOTE 6)	52,180,000	58,825,000
Bonds payable - Series B, net of current portion (NOTE 6)	27,314,013	27,323,235
Other postretirement employment benefits (NOTE 8)	318,755	-
Deferred revenue, net of current portion	<u>7,375,878</u>	<u>8,540,490</u>
Total liabilities	<u>101,516,594</u>	<u>108,610,327</u>
NET ASSETS:		
Invested in capital assets, net of related debt	7,841,287	7,991,535
Unrestricted	14,310,260	11,870,602
Restricted	<u>8,067,519</u>	<u>8,287,372</u>
Total net assets	<u>30,219,066</u>	<u>28,149,509</u>
TOTAL	<u>\$ 131,735,660</u>	<u>\$ 136,759,836</u>

See Notes to Financial Statements

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
OPERATING REVENUES:		
Tipping fees	\$ 20,280,730	\$ 19,888,890
Electric revenue	12,535,016	12,431,673
Recovered material revenue	1,527,803	960,679
Grant revenue	360,268	563,272
Other	352,465	429,486
Total operating revenues	<u>35,056,282</u>	<u>34,274,000</u>
OPERATING EXPENSES:		
Personal services	4,608,232	4,409,727
Contractual services:		
Landfill contracts	3,119,736	3,090,326
Other contractual services	303,755	299,671
Materials and supplies	672,743	550,027
Professional fees	155,308	133,017
Recycling and composting	345,583	442,257
Hazardous waste disposal	207,875	227,713
Repairs and maintenance	141,633	126,030
Utilities	151,357	122,193
Insurance	255,567	232,830
Operating leases	124,127	96,038
Depreciation and amortization	969,178	895,540
Taxes and other payments to Host Communities	325,555	318,199
Other	708,763	664,081
Waste-to-Energy operations cost (NOTE 5)	23,718,654	23,391,049
Total operating expenses	<u>35,808,066</u>	<u>34,998,698</u>
OPERATING LOSS	<u>(751,784)</u>	<u>(724,698)</u>
OTHER REVENUE (EXPENSE):		
Interest income - cash and repurchase agreements	388,646	433,225
Interest income - nonsystem	1,234,782	1,104,044
Interest income - lease receivable	3,126,667	3,433,874
Interest expense	(3,126,667)	(3,433,874)
Gain on sale of machinery and equipment	33,301	387,331
Gain on refunding of long-term debt	1,164,612	1,164,612
Other revenue - net	<u>2,821,341</u>	<u>3,089,212</u>
INCREASE IN NET ASSETS	2,069,557	2,364,514
NET ASSETS - BEGINNING	<u>28,149,509</u>	<u>25,784,995</u>
NET ASSETS - END	<u>\$ 30,219,066</u>	<u>\$ 28,149,509</u>

See Notes to Financial Statements

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from tipping fees	\$ 20,040,319	\$ 19,920,379
Receipts from electric revenue	12,276,709	14,530,557
Other operating receipts	2,235,142	1,984,321
Payments to vendors and suppliers	(6,519,411)	(6,025,858)
Payments to employees	(3,694,374)	(3,598,974)
Payments for Waste-to-Energy (WTE) operations	(12,185,366)	(11,869,741)
Payments for insurance and employee benefits	(1,040,120)	(1,049,182)
Net cash provided by operating activities	<u>11,112,899</u>	<u>13,891,502</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments on bonds outstanding	(8,346,334)	(9,678,540)
Proceeds from the sale of machinery and equipment	33,301	387,331
Purchase of property, plant and equipment	(693,604)	(1,869,886)
Payments for interest on bonds outstanding	(3,179,375)	(3,484,000)
Net cash utilized in capital and related financing activities	<u>(12,186,012)</u>	<u>(14,645,095)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in investments	219,853	154,910
Proceeds from interest on invested funds	1,772,806	1,538,379
Net cash provided by investing activities	<u>1,992,659</u>	<u>1,693,289</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	919,546	939,696
CASH AND CASH EQUIVALENTS - BEGINNING	<u>24,238,061</u>	<u>23,298,365</u>
CASH AND CASH EQUIVALENTS - END	<u>\$ 25,157,607</u>	<u>\$ 24,238,061</u>

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (751,784)	\$ (724,698)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	969,178	895,540
Interest Income Adjustment-DFL Series A	52,708	50,126
WTE operations used to reduce lease costs	11,533,291	11,521,308
Other postemployment benefits expense	67,503	-
Changes in operating assets and liabilities:		
Accounts receivable	(240,411)	55,862
Other receivables	(263,701)	2,109,775
Prepaid expenses	(332,652)	(141,731)
Accounts payable, accrued expenses and other postemployment benefits	78,767	125,320
Total adjustments	<u>11,864,683</u>	<u>14,616,200</u>
Net cash provided by operating activities	<u>\$ 11,112,899</u>	<u>\$ 13,891,502</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

The Agency recognized a gain of \$1,164,612 in 2007 and 2006 related to the deferred gain on refunding of long-term debt.

See Notes to Financial Statements

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

The Onondaga County Resource Recovery Agency was statutorily created in 1981 as a public benefit corporation under New York State law. The Agency's purpose was to implement the County's multi-faceted solid waste management plan. The Agency began active operations in 1990.

Under an agreement between the Agency and the County of Onondaga, the Agency is responsible for implementing the County Solid Waste Management Program, as well as the construction, operation and otherwise ensuring the availability of solid waste management and recycling facilities for participating municipalities in the County of Onondaga, State of New York. Under current contracts the Agency's operations service the thirty-three participating municipalities in Onondaga County.

Measurement Focus and Basis of Accounting

The Agency operates as a proprietary fund. Proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Fund equity is classified as net assets.

The Agency utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or an economic asset is used.

The Agency's policy is to apply the provisions of Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Agency considers all short-term investments with an original maturity of three months or less to be cash equivalents.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and Cash Equivalents (Cont'd)

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

Unrestricted and restricted cash equivalents are covered or collateralized by either federal depository insurance, securities held by the pledging bank's trust department in the Agency's name, or U.S. Government and/or federal agency securities held by the Trustee.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. They are periodically evaluated for collectibility based on past credit history with customers and their current financial condition.

Investments

Investments, which consist of United States Treasury Bills and certificates of deposit, are stated at cost, which approximates fair value.

Bond Issuance Costs

Bond issuance costs are amortized on a straight-line basis over the term of the related debt. Accumulated amortization at December 31, 2007 and 2006 amounted to \$532,643 and \$407,315, respectively.

Property, Plant and Equipment

Property, plant and equipment over \$5,000 are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets which range from 4 to 25 years.

Deferred Revenue

In connection with the Agency's 2003 refunding of its debt (see Note 6), the facility lease was modified (see Note 5) resulting in a gain that has been deferred and will be reflected in revenue over the term of the lease.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Assets Limited as to Use

Assets limited as to use represent funds restricted as to use under the Agency's Revenue Bond Agreements.

Net Assets

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets - capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - net assets with constraints placed on the use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - all other assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Landfill and Related Costs

The Agency has secured the required permit for the construction of an in-county landfill to be located in the Town of Van Buren (the "Landfill"). Currently, the Agency transports the ash from the Waste-to-Energy Facility and other non-recyclable waste that cannot be processed at the facility to the Seneca Meadows Landfill, near Waterloo, New York under a long-term contract. Construction of the in-county landfill will occur when environmental and economic factors dictate that it is in the best interest of Onondaga County businesses and residents.

The cost of the designated site is included in property, plant and equipment (see Note 4). Engineering and consulting fees related to siting, environmental studies and permitting of the Landfill are capitalized. According to Governmental Accounting Standards Board Statement No. 18, *Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs*, should the Agency decide to transport waste to the Landfill, the Agency is required to accrue a portion of the estimated total of closure and postclosure care in each period that waste is accepted at the site. Recognition of such a liability shall begin on the date the Landfill begins accepting waste. As of December 31, 2007 there has been no waste delivered to the Landfill.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Federal Income Taxes

The Agency is exempt from federal income taxes under Internal Revenue Service Code Section 115.

Concentration

The top four haulers combined delivered approximately 68% of the total municipal solid waste to the Agency during the year ended December 31, 2007.

Environmental and Regulatory Risk

The Agency operates in an environmentally sensitive industry and is subject to extensive federal, state and local laws and regulations adopted for the protection of the environment. The laws and regulations are primarily applicable to discharge of emissions into the air and management of solid waste but can also include those related to water use, discharges to water and hazardous waste management. Certain of these laws have extensive and complicated requirements relating to obtaining operating permits, monitoring, record keeping and reporting. Management believes that its facilities are in material compliance with permits and other applicable environmental laws.

2. OPERATING CONSIDERATIONS

The Onondaga County Solid Waste Management System (the "System") has implemented a multi-layer "flow control" arrangement to ensure that all legal means of requiring delivery of waste into the System are utilized. First, the Agency has "delivery agreements" with all 33 Participating Municipalities in Onondaga County. Those "delivery agreements" commit each municipality to "deliver or cause the delivery" of municipal solid waste ("MSW") from their community to the System. Most of the residential MSW is delivered to the System pursuant to municipal pick-up, municipally contracted pick-up, and solid waste districts, implemented in accordance with the "delivery agreements". In addition, in 2000 - 2001, all 33 municipalities enacted approved, in-state waste site designation laws committing delivery of all of their MSW to the System, if the MSW is to be disposed of within the State. Also, in 2003, the Onondaga County Legislature enacted a local "flow control" law, based closely on the language and criteria found in the Oneida-Herkimer Law that directed all municipal solid waste in the 33 Participating Municipalities to the Agency's public Waste-To-Energy Facility. This type of arrangement was reviewed and deemed Constitutional by the U.S. Supreme Court in its April, 2007 Oneida-Herkimer case. Finally, the Agency has, as additional security, entered into five-year delivery contracts directly with all of the area's trash haulers, wherein they have contractually committed through 2010 to deliver all MSW picked up in the 33 Participating Municipalities to the System.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

3. ASSETS LIMITED AS TO USE

Assets limited as to use are held by a trustee in accordance with the terms of the Revenue Bonds Master Bond Resolution (see Note 6). The use of the assets held by trustee includes the following funds at December 31:

	<u>2007</u>	<u>2006</u>
Funds to pay principal, interest and sinking fund payments on the Senior Lien Revenue Refunding Bonds (2003A Series) to the extent that funds are not otherwise available in other designated funds	\$ 227,562	\$ 527,225
Funds accumulated from system revenues to pay for debt service obligations of the Subordinate Lien Revenue Refunding Bonds (2003B Series)	1,586,507	1,587,550
Accumulation of earnings from system revenues to satisfy general Agency obligations	6,253,450	6,172,597
Total	<u>\$ 8,067,519</u>	<u>\$ 8,287,372</u>

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment activity for the year ended December 31, 2007 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land	\$ 396,190	\$ -	-	\$ 396,190
Landfill site	3,749,591	-	-	3,749,591
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	621,425	-	-	621,425
Buildings and improvements	1,480,766	304,765	1,749	1,783,782
Machinery and vehicles	6,157,536	426,472	451,179	6,132,829
Furniture and fixtures	89,950	-	-	89,950
Computer equipment	188,386	-	7,727	180,659
Leasehold Improvements	-	9,766	-	9,766
Land improvements	68,799	-	-	68,799
Construction in progress	149,873	102,473	149,873	102,473
Total property, plant and equipment	<u>13,098,276</u>	<u>843,476</u>	<u>610,528</u>	<u>13,331,224</u>
Less: Accumulated depreciation	<u>5,106,741</u>	<u>843,850</u>	<u>460,654</u>	<u>5,489,937</u>
Property, plant and equipment - net	<u>\$ 7,991,535</u>	<u>\$ (374)</u>	<u>149,874</u>	<u>\$ 7,841,287</u>

The Agency collects rental income and incurs maintenance on certain properties which are located on the agency's landfill site.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

5. FACILITY LEASE AND SERVICE AGREEMENT

In December 1992, the Agency issued Project Revenue Bonds for the purpose of constructing a Waste-to-Energy Facility (the "Facility") and funding certain reserves and other related costs. Pursuant to various agreements, Covanta Onondaga, L.P. (the "Partnership") also funded certain project costs and constructed the Facility. The Agency leased the Facility and equipment to the Partnership under a long-term lease expiring May 1, 2015 with the Partnership having the option to purchase the Facility for \$1.

In October 2003, the Agency and the Partnership negotiated new lease and service agreements as part of the Agency's debt restructuring (see Note 6). The duration of the agreements remains unchanged, expiring May 2015.

Pursuant to the facility lease agreement the real property comprising a portion of the facility is leased to the Partnership.

Pursuant to the service agreement the Partnership operates and maintains the facility for the processing of solid waste delivered by the Agency to the Facility.

All revenues of the Facility, which include rates, fees, charges and other realized income received by the Agency from or for the ownership, operation, use or services of the Facility, in excess of expenses, are to be paid directly to the Trustee for the benefit of the Partnership and Trustee. The Partnership is also entitled to 10% of the net revenues received from the sale of electricity and 50% of the net revenues received from the sale of recovered materials during the lease period. Pursuant to the Master Bond Resolution, such amounts will provide for monthly payment of the Service Fee related to the Facility. As the Partnership is responsible for paying debt service on the 2003A Bonds in lieu of making payments on its lease receivable, a portion of the actual cash payment is held by the Trustee for satisfaction of the principal and interest on the 2003A Bonds. Obligations to the 2003B bondholders as a result of operations, as defined in Note 6, will also be paid from the funds held by the Trustee on May 1 of the following year.

According to the terms of the service agreement, if the service agreement is terminated by the Agency as a result of an event of default by the Partnership, the Partnership is required to pay the Agency \$1,000,000 plus the lesser of the Agency's actual damages arising from the Event of Default and Termination of the Agreement and the Maximum Liability Cap on the date of termination.

The Agency's obligation is unconditional and requires payment by the Agency if there is no waste delivered; the Agency remains responsible for debt service until the 2003A Bonds are repaid.

The obligations of the Partnership under the service agreement and facility lease are guaranteed to the Agency and Trustee by Covanta Energy Corporation.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

5. FACILITY LEASE AND SERVICE AGREEMENT (CONT'D)

Calculations of payments under the service agreement are based on an assumed delivery of 310,000 tons of waste per year. If less is delivered, the Agency must reimburse the Partnership the shortfall in its share of the electric revenue. For delivery in excess of that amount, the Agency will pay an additional waste processing fee.

The waste-to-energy operations cost is composed of the following:

	<u>2007</u>	<u>2006</u>
Operating and pass through costs	\$ 11,348,937	\$ 11,048,327
Additional waste processing fee	836,426	821,414
Capital charge	<u>11,533,291</u>	<u>11,521,308</u>
Total	<u>\$ 23,718,654</u>	<u>\$ 23,391,049</u>

Future minimum annual lease payments due from the Partnership are as follows at December 31, 2008:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2008	11,819,662
2009	9,789,375
2010	9,786,000
2011	9,789,875
2012	9,784,875
Thereafter	<u>69,029,652</u>
Total future minimum lease payments	119,999,439
Unearned income	<u>34,954,345</u>
Net investment in lease	85,045,094
Current portion	<u>8,676,844</u>
Long-term portion	<u>\$ 76,368,250</u>

The payments due for the year ending December 31, 2008 include approximately \$2,032,000 required to be received pursuant to the satisfaction of the Series 2003B Bonds (see Note 6).

6. BONDS PAYABLE

On October 10, 2003, the Agency issued series 2003A Senior Lien Revenue Refunding Bonds totaling \$82,115,000 and series 2003B Subordinate Lien Revenue Refunding Bonds totaling \$30,000,000. The 2003A bonds bear interest at a rate of 5%. The 2003B bonds will be converted at their accreted value to current interest paying bonds in 2015. Prior to 2015 interest will accrue, but shall not be payable, at the rate of 7% on the 2003B bonds.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006**

6. BONDS PAYABLE (CONT'D)

In order to secure the 2003A Bonds, the Agency has pledged all revenues of the system (operating revenues), which include all rates, fees, charges, and other realized income received by the Agency for the use of the solid waste system including facility revenues.

The 2003B Bonds are payable solely out of revenues and receipts, funds or monies derived by the Agency under the Lease Agreement (Note 5) and from amounts otherwise available under the indenture for the payment of the series 2003B Bonds. At maturity, the Partnership is responsible for payment of the remaining balance of Subordinate Lien Revenue Bonds.

In the event that the Agency's operations produce a surplus, a payment will be made on May 1 of the following year reducing the outstanding 2003B Bonds obligation. As per the Master Bond Resolution, the computation of the surplus will not include depreciation, amortization, or other revenue that is produced outside the Agency's normal operations.

Increase in net assets (surplus) prior to computation of current obligation on 2003B Bonds:	\$ 4,098,468
Add: Depreciation	843,850
Amortization	125,328
Deduct: Gain on Refunding	(1,164,612)
Interest income - non-system	(1,234,782)
Gain on sale of machinery and equipment	<u>(33,301)</u>
Contractually defined surplus	2,634,951
Series B Share	<u>77%</u>
Current Year Liability	2,028,913
Prior Year Liability	<u>2,931</u>
Bonds Payable - Series 2003B, current portion	<u>\$ 2,031,844</u>

The bond proceeds of \$112,115,000 were combined with assets limited as to use to pay off project revenue bonds of approximately \$123,900,000 issued by the Agency in 1992 and approximately \$1,450,000 in underwriting fees, insurance, and other issuance costs. As a result, the Agency recorded an economic gain (difference between the present values of the debt service payments on the old and new debt). The Agency recognized \$1,164,612 for the years ended December 31, 2007 and 2006.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

6. BONDS PAYABLE (CONT'D)

Activity relative to Bond debt for the year ended December 31, 2007 was as follows:

	Balance at December 31, 2006	Additions	Reductions	Balance at December 31, 2007
Senior Lien Revenue Refunding Bonds	\$ 65,150,000	\$ -	\$ 6,325,000	\$ 58,825,000
Subordinate Lien Revenue Refunding Bonds	<u>29,347,500</u>	<u>2,019,691</u>	<u>2,021,334</u>	<u>29,345,857</u>
Total	\$ <u>94,497,500</u>	\$ <u>2,019,691</u>	\$ <u>8,346,334</u>	\$ <u>88,170,857</u>

The Series 2003A Bonds maturing in 2010 and 2015 are subject to mandatory redemption in part by lot on May 1 annually from mandatory sinking fund installments which extend through 2015 as follows:

YEAR ENDING DECEMBER 31,	INTEREST	PRINCIPAL
2008	\$ 2,859,250	\$ 6,645,000
2009	2,522,875	6,980,000
2010	2,169,500	7,330,000
2011	1,798,375	7,705,000
2012	1,408,375	8,090,000
2013	998,750	8,505,000
2014	568,250	8,935,000
2015	<u>115,875</u>	<u>4,635,000</u>
Total	\$ <u>12,441,250</u>	\$ <u>58,825,000</u>

Covenants require the Agency to impose charges sufficient to pay debt service, enforce certain contractual obligations that assure continued flow of Onondaga County waste into the system, prepare annual budgets and maintain proper books and records, and to furnish appropriate financial information to the Trustee on an annual basis. These bonds are not actively traded and therefore a market value is not readily available.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006**

7. RETIREMENT PLANS

Pension Plan

The Agency participates in the New York State and Local Employees' Retirement System (the "Retirement System"), which is a cost sharing, multiple public employer defined benefit plan. The Retirement System provides retirement benefits as well as death and disability benefits. Membership in and annual contributions to the Retirement System are required by the New York State Retirement and Social Security Law (NYSRSSL). The Retirement System offers a range of plans and benefits related to years of service and final average salary. All benefits generally vest after five years of credited service.

As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Retirement System. The Comptroller shall adopt and may amend rules and regulations for the control of the funds. The Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

All participating employers in the Retirement System are jointly and severally liable for any actuarial unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement System. The Retirement System is noncontributory except for employees who joined the Employees' Retirement System after July 26, 1976, who contribute 3% of their salary during the first 10 years of service. Employee contributions are deducted by the Agency from employees' paychecks and are sent currently to the Retirement System.

The Agency is required to contribute at an actuarially determined rate. The required contributions for the current and two preceding years were:

<u>YEAR ENDED DECEMBER 31,</u>	<u>AMOUNT</u>
2007	\$ 289,870
2006	309,072
2005	321,767

Deferred Compensation Plan

The Agency's employees may elect to participate in the New York State Deferred Compensation Plan under Section 457 of the Tax Law.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006**

8. OTHER POSTRETIREMENT EMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to providing pension benefits, the Agency provides health insurance benefits to certain retired employees and their beneficiaries hired before April 10, 2002 under a single-employer defined benefit healthcare plan, the Onondaga County Resource Recovery Postretirement Healthcare Benefits Plan. The plan is administered by the Agency.

Funding Policy

Eligible employees who retire from employment between the ages of 55 and 61 may waive their COBRA rights and continue their health insurance benefits (exclusive of dental coverage) by paying the full cost of the coverage. As of January 1, 2007, these employees at age 62 may continue coverage until they become Medicare eligible by paying 25% of the coverage. Once these employees are eligible for Medicare they lose their coverage and receive payments equal to \$50 per month until their death. In future years, contributions are assumed to remain at the 1/1/2007 level.

Annual Pension Cost and Net Pension Obligation

The Agency's annual pension cost and net pension obligation to the plan for the current year were:

Annual required contribution	\$ 78,073
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	78,073
Contributions made	<u>(10,570)</u>
Increase in net OPEB obligation	67,503
Net OPEB obligation – beginning of year	<u>-</u>
Net OPEB obligation – end of year	<u>\$ 67,503</u>
Annual OPEB cost	\$ 78,073
Percentage of annual OPEB cost contributed	13.54%

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2007 AND 2006**

8. OTHER POSTRETIREMENT EMPLOYMENT BENEFITS (OPEB) (CONT'D)

The annual required contribution for the current year was determined as part of the January 1, 2007 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included 4.0% investment rate of return (net of administrative expenses), an annual healthcare cost trend rate of 10% and a prescription drug trend rate of 12%, reduced by decrements to an ultimate rate of 5% after eight years. All rates include a 3.25% inflation assumption. The remaining amortization period at December 31, 2007 was four years.

The valuation 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 Agency are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of sharing of costs between the Agency and plan at the time of valuation and on the pattern of sharing of costs between the Agency and plan members to that point. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Additional Information

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Amortization Period	Single Amortization Period
Amortization Period (in years)	5.00
Amortization Period Status	Open
Method used to determine Actuarial Value of Assets	N/A

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

The Agency leases equipment and office facilities under operating leases. Rental payments under these agreements were approximately \$124,000 and \$96,000 during 2007 and 2006, respectively. Obligations under all cancelable and noncancelable long-term operating leases are as follows at December 31, 2007:

YEAR ENDING DECEMBER 31,		AMOUNT
2008	\$	150,000
2009		150,000
2010		150,000
2011		7,700
2012		5,000
Thereafter		<u>50,000</u>
Total	\$	<u>512,700</u>

Landfill Contracts

The Agency has contracted with Seneca Meadows Landfill, Inc. at established rates for disposal services for incinerator ash residue and other system bypass wastes. The contract also includes disposal capacity for bypass and other solid waste to the Seneca Meadows Landfill ("Landfill"). Costs incurred under this agreement were \$3,007,736 during 2007. The Agency has extended the contract with Seneca Meadows Landfill through May 2011. The per ton incinerator ash residue disposal charge will range from \$21 to \$30, and the per ton solid waste/bypass solid waste disposal charge will range from \$31 to \$40, over the term of the extended contract.

Host Community Agreements

The Agency entered into a Host Community Agreement (the "Agreement") with the Town of Onondaga ("Onondaga") which defines each party's rights and obligations related to construction and operation of the waste-to-energy facility in Onondaga. The term of the agreement began in December 1992 upon commencement of construction of the waste-to-energy facility and continues for 25 years from that date. Annual payments to Onondaga under the terms of the Agreement total \$100,000 plus certain annual escalation costs.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

9. COMMITMENTS AND CONTINGENCIES (CONT'D)

The Agency entered into an Interim Host Community Agreement (the "Interim Agreement") with the Town of Van Buren ("Van Buren") in 1998. The Interim Agreement provides for annual payments to Van Buren during the period prior to development of the landfill facility. The Interim Agreement includes provisions for annual increases based upon a five-year rolling average of Van Buren tax rate; in no case, shall such annual increase be greater than 2%, according to the Interim Agreement. The Host Community Interim Agreement was extended pursuant to an automatic renewal provision through the year 2012.

The Agency recorded PILOT's to Van Buren in the amount of \$45,778 and \$44,880 in 2007 and 2006, respectively. The Agency also made payments of approximately \$135,000 and \$131,000 in 2007 and 2006, for Fire District assessments. The Agency anticipates similar payments will be made in 2008.

Property Stabilization

Effective August 1997, the Agency approved a property stabilization program to assist a limited number of property owners who live immediately adjacent to the landfill site. Payments under the plan make up a portion of the difference between the fully assessed value of a property and the actual sales price. In 2007 and 2006, no such payments were made.

Litigation

The Agency is a party to various proceedings arising in the normal course of business. It is not likely that the outcome of the aforementioned proceedings will have a significant impact on the financial position of the Agency. The Agency's defense counsel continues to vigorously contest these proceedings.

Other

In 2005 a local developer proposed a research park in a location that includes both County owned land as well as the parcel on which the Agency's Ley Creek Transfer Station is located. The Agency has taken the position that it would prefer to have its transfer station stay in its present position which is proximate to the center of the County and easily accessible to Interstates 81 and 90. In late 2007, in an environmental assessment review, the developer indicated a willingness to exclude the Agency's Ley Creek site from the Project. The Agency is working closely with the County to ensure continued access through a shared access road that would be used by the Agency's facility, the County, and the adjoining proposed research park development. The development remains conceptual.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

10. NATIONAL GRID AGREEMENT

The Agency and National Grid participate in an electricity purchase agreement. This contract provides that National Grid will purchase approximately 210,000,000 kwh per calendar year at a minimum of six cents per kilowatt hour through 2009, and at market rate thereafter. National Grid and the Agency have established the upper limit for the agreement at 243,000,000 kwh. In 2007 the Agency received an annual average sale price of 6.225 cents per kilowatt hour.

11. RECLASSIFICATION

Certain amounts for the year ended December 31, 2006 have been reclassified from previously issued financial statements. These reclassifications had no impact on the change in net assets or net assets as previously reported.

(Concluded)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF FUNDED STATUS
DECEMBER 31, 2007 AND 2006**

	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>
December 31, 2007	1/1/2007	-	\$ 318,755	0%



TESTONE
MARSHALL
DISCENZA
CPAS
HELPING OUR CLIENTS'
VISIONS ADD UP

**INDEPENDENT AUDITORS 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***

Members of the Board
Onondaga County Resource Recovery Agency
North Syracuse, New York

We have audited the financial statements of the Onondaga County Resource Recovery Agency (the "Agency") as of and for the year ended December 31, 2007 and have issued our report thereon dated February 21, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Agency's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Agency's financial statements that is more than inconsequential will not be prevented or detected by the Agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of 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*.

We noted certain matters that we reported to management of the Agency in a separate letter dated February 21, 2008.

This report is intended solely for the information and use of the Agency's board of directors and management and is not intended to be and should not be used by anyone other than these specified parties.

Jestone, Marshall & Discenza LLP

February 21, 2008.
Syracuse, New York



OCRRRA Management

A. Thompson Rhoads
Executive Director

William J. Bulsiewicz, Esq.
Legal Counsel

Catherine M. Strong
Executive Secretary

DIRECTORS

Andrew J. Radin
Recycling & Waste Reduction

Warren D. Simpson
Business Officer

Joseph A. Fontanella
Transfer Operations

Andrus R. Brigham
Public Information

David J. Carleo, P.E.
Environmental Engineer

About the Cover

This smiling face was one of three different billboards scattered throughout the City of Syracuse. All carrying the same message—Recycle! Do it for your neighborhood...your children...your community. If you need a new Blue Bin, visit OCRRRA's web site or call our office. The billboards are just one facet of the BlueBinit® campaign seeking to boost recycling even higher. Virtually all forms of media are used in this advertising blitz.



Printed on
Recycled Paper