

And up.
And up.
Recycling your newspaper really adds up.



Through the simple act of recycling, one person can make a big difference. Just place your newspapers, junk mail, magazines and other papers in an OCRRA blue bin to help conserve trees and create a brighter future for those who need it most.

Save the world a little each day.

See how at





Jake Barrett
OCRRA Chairperson

Report From the Chair

In the early 1990's, OCRRA was created by the New York State Legislature and was tasked with managing the solid waste produced in Onondaga County. This complex task is directed through the tireless effort of 15 dedicated, volunteer board members. In 2010, the Board welcomed three new members: Khristopher Dodson, Hanah Ehrenreich and Scott Gerharz. Thanks to the entire board for their commitment to the environment and to our community.

A significant date facing all county residents is the year 2015, a year when existing bonds mature and operating contracts expire at the Waste-to-Energy Facility. As your appointed officials, OCRRA Board members meet on a regular basis to deliberate on the future of waste generated in the county. Sustainability, cost-effectiveness and regulatory issues all come into play as we wrestle with keeping the well-oiled OCRRA machine humming.

Another noteworthy topic the Board spent significant hours exploring in 2010 is **contract renewals** with both Haulers and Material Recovery Facilities. The end result of these efforts is assurance that recyclables continue to be collected and processed in Onondaga County.

Recycling is a major part of OCRRA's operations and communications. In 2010, the *Blue Ribbon Recycler* program, which recognizes businesses that go above and beyond in recycling and waste reduction, culminated with the selection of eight *Recyclers of the Year*, each representing a different industry category. Honoring the *Recyclers of the Year* provides examples to other businesses on how to achieve recycling excellence, and possibly save money too.

One step that has a major impact on waste generation and monetary savings, but requires little effort, is setting copiers to double side all documents. Many companies also found collecting their redeemable containers allowed them to donate proceeds to charities, including Water For People (provides water services

to third world countries) and the Booker T. Washington Center (sends underprivileged kids on college visits that they could not otherwise afford on their own).

The *Blue Ribbon Recycler* program is but one of the many ways OCRRA advocates for the environment. 2010 was a year of accolades for OCRRA.

- 1) The **New York State Association for Reduction, Reuse and Recycling** (NYSAR3) honored OCRRA with the "Recycler of the Year, Team-Public Sector" award,
- 2) The **US Composting Council** bestowed the "2010 Composting Program of the Year" award on OCRRA,
- 3) **Keep America Beautiful**, a national, community-based volunteer organization honored OCRRA with two, first place awards in the following categories:

Litter Prevention-for the annual Earth Day Litter Clean-Up, which removed almost two million pounds of litter from our roadways and parks since 1994;

Waste Reduction and Recycling-for the new public education campaign "Save the World a Little Each Day," which helped our community recycle 14% more paper in 2009.

Each day our community contributes to OCRRA's mission of managing the solid waste produced in our county, whether by volunteering to pick up litter on Earth Day (and every day) or by recycling daily at home, at school and at work. OCRRA is proud to provide education and services to the community that help improve our environment.

Report From the Executive Director

In 2010, the New York State Department of Environmental Resources finalized its “Beyond Waste” solid waste management plan. This plan sets extremely aggressive waste reduction and composting goals with frequent acknowledgement that those goals will require abundant resources. To quote from the document:

“With municipal governments shouldering much of the burden of solid waste management, meeting new goals and making maximum use of new options for reducing the amount of waste disposed will necessitate significant State participation in the form of grants, training, planning assistance, and demonstration projects.”

From my perspective, these resources cannot be delivered soon enough. “Resource constrained” aptly describes operations, programming and investment in solid waste infrastructure throughout both the public and private sectors. OCRRA is not alone in considering an environmental oxymoron; the more we reduce and recycle waste, the more we penalize program revenues. As this annual report demonstrates, OCRRA walked the walk of its vision and mission by consistently reducing waste, recycling with best in class award-winning results and even adding recyclables and organics programs. OCRRA’s critical goal for the future is proper alignment of revenue with reward for its successful programs.

In this report, we hope the reader also can appreciate OCRRA’s significant cost reductions in operating expenses. The need to cut costs included an agency-wide salary freeze in 2010. OCRRA also severely reduced its spending in public education, contractual and professional services. In numerous instances, OCRRA sustained important environmental services, but with reduced frequency or scope of service, in order to cut costs.

Notable too in 2010 was the emergence of Extended Producer Responsibility (EPR),

which has the potential to change how many of OCRRA’s programs work. With the advent of New York State’s EPR legislation for e-waste, OCRRA ended its Community Collection Center (C3) operation. The closure was both an ending of approximately \$100,000 in annual program costs, and a beginning of the shift of end-of-life burdens.

Local municipalities and other solid waste organizations, like OCRRA, were once held responsible for the cost of proper disposal for these items. Now, thanks to EPR legislation, equipment manufacturers shoulder this economic responsibility, which will no doubt encourage innovative design concepts that allow for easier recyclability and more material recovery at the end of a product’s life. An added benefit for consumers is this will also increase the convenience factor; items will be able to be recycled more readily by consumers due to added drop-off locations and programs.

EPR is a powerful solid waste development, and its New York State evolution in 2011 will be extremely interesting to watch unfold. EPR legislation in other states currently embraces paints, mercury containing devices, carpet and batteries with versatile recycling infrastructure and reduced costs to taxpayers. Packaging and printed materials, governed by EPR in Canada and Europe, are on the docket in nearby states.

I close with thanks to the OCRRA Board and everyone in the community who volunteered and helped OCRRA achieve so much award-winning success, even in the difficult economics of 2010.

To read more about OCRRA and all that we have accomplished together, please check out our annual waste-to-energy reports, budgets and recycling reports, which are posted, just like this one, at www.OCRRA.org.



Tom Rhoads
Executive Director

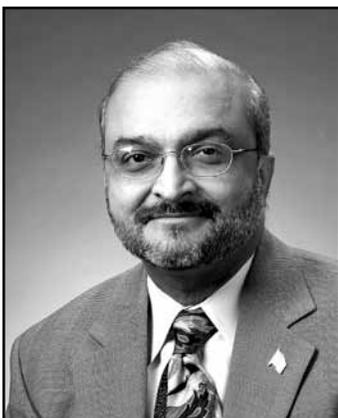
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Recycling

In 2010, local residents, businesses and schools joined together to “Save the World a Little Each Day,” by recycling over 530,000 tons of material. This environmental effort prevented the generation of over one million metric tons of carbon dioxide; the equivalent of removing over 189,000 passenger vehicles from the road (per US EPA WARM model).

2010 marked the 20th Anniversary of OCRRA’s community-wide recycling program. Since 1990, over 12 million tons of residential, commercial and institutional waste have been kept out of the trash and recycled; avoided waste disposal costs exceed \$650 million!

As part of the 20th anniversary recycling celebration, OCRRA launched the “Best Blue Bin on the Block” contest. Teaming up with local businesses, including Byrne Dairy, Sheraton Syracuse University Hotel, Syracuse Crunch Hockey Team, Doubletree Hotel and Ichiban Japanese Steakhouse, OCRRA awarded prizes to randomly selected resi-

dents with perfectly prepared recycling bins, including a grand prize of two SONY VAIO computer notebooks, donated by RockTenn.

OCRRA’s recycling and waste reduction program was recognized by multiple organizations in 2010 for excellence in service and communication. The NY State Association for Reduction, Reuse, and Recycling (NYSAR3) awarded OCRRA’s Recycling staff the Recycler of the Year Award in the “Public Sector, Team” category. In addition, OCRRA received two awards from Keep America Beautiful; the First Place National Award for Litter Prevention, for the annual Earth Day Litter Clean-Up, and the First Place National Award for Waste Reduction and Recycling, for the success of the “Save the World a Little Each Day” public education campaign. Finally, OCRRA was awarded “Compost Program of the Year” from the US Composting Council, a national non-profit professional organization that promotes organics composting.



Cort and Maise Ruddy collecting litter along the Erie Canal banks during OCRRA’s 2010 Earth Day Litter Clean-Up.



JADAK, LLC employees (center), flanked by OCRRA’s Dave Nettle (left) and Andrew Radin (right), accept their 2010 Blue Ribbon Recycler of the Year (manufacturing category) award. JADAK was one of eight companies honored for their recycling prowess in 2010.

2010 Recycling Program Highlights:

New Item Added to Blue Bin Collection

In 2010, OCRRA announced the addition of #5 plastics to the list of mandatory recyclables. In July 2010, residents and businesses began recycling #5 plastics, such as wide-mouth margarine containers and yogurt containers. This decision was based on market research and consultations with the Material Recovery Facilities.

Over 1,000 Tons of Food Waste Composted

In 2008, OCRRA began accepting institutional and commercial food waste at its Amboy Compost Site using an extended aerated static pile system (EASP). The project continues to grow. In 2010, over 1,000 tons of commercial and institutional food waste was processed from a variety of local sources, including Syracuse University dining halls. OCRRA's EASP system is a valuable resource for the region's waste diversion efforts, and is con-

sistent with NY State's "Beyond Waste" plan to advance organic waste composting.

OCRRA projects that over 9,000 tons of institutional and commercial food waste will be processed annually at the site by the year 2015.

43 Local Businesses Certified as "Blue Ribbon Recyclers"

OCRRA's "Blue Ribbon Recycler Program" incentivizes businesses to achieve recycling excellence by providing recognition they can share with their customers. To date, there are over 40 certified Blue Ribbon Recyclers, and the list continues to grow.

Each applicant to the program must meet specific recycling and waste reduction criteria, such as providing recycling containers for all employees and purchasing recycled content paper.



Dwarfed by the Vermeer grinder, OCRRA's Tom Furgeson prepares to chip up yard waste at OCRRA's Amboy Compost Site. The Amboy Site manages community yard waste and food waste from local grocery stores, big box stores and educational institutions. Both the food and yard waste is processed into nutrient-rich compost that residents can utilize in gardening and landscaping projects.

Transfer Operations

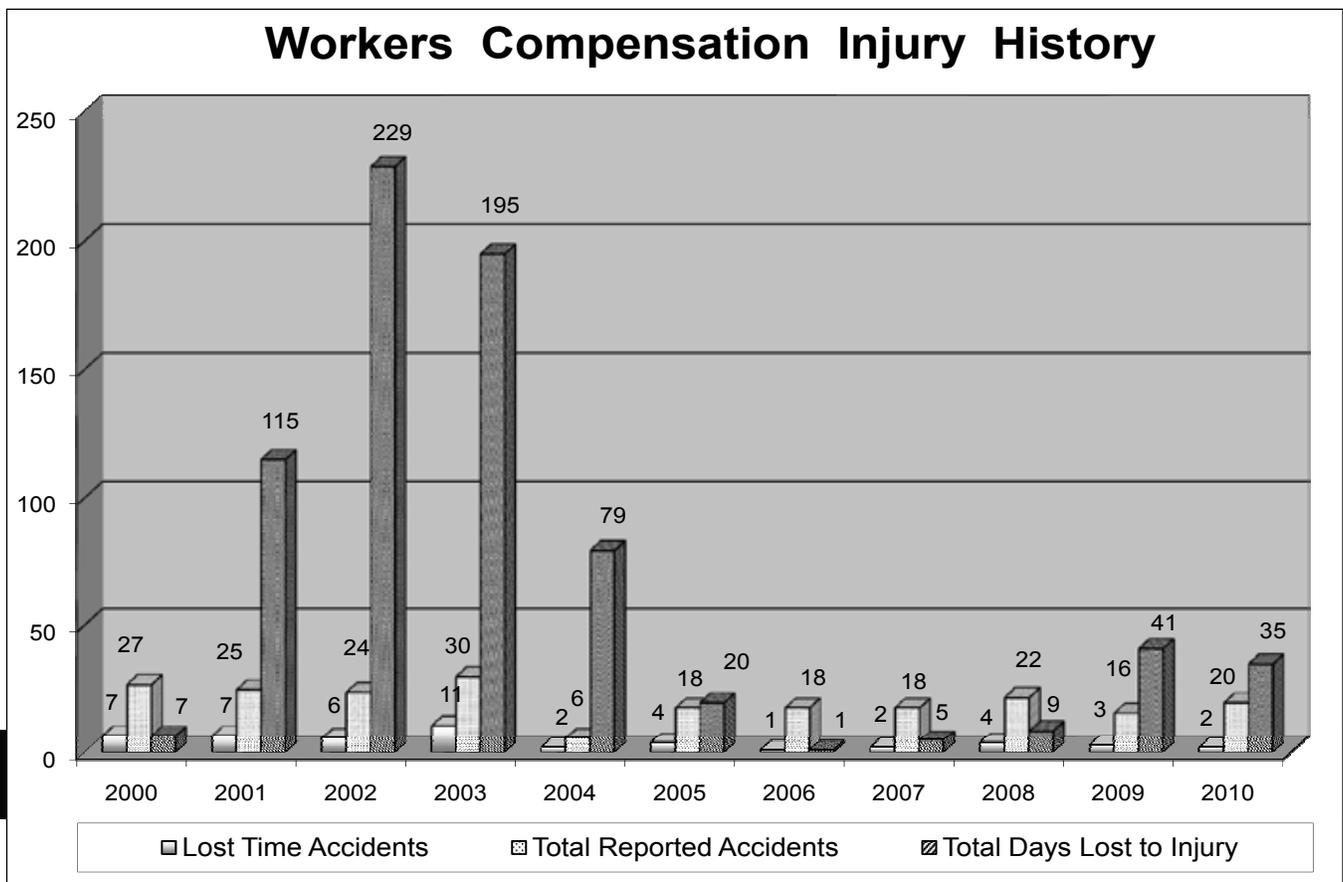
The economy continued to have a negative impact on OCRRA's Transfer Operations in 2010. Low volumes of MSW and Construction and Demolition Debris (C&D) continued from 2009 into 2010, although there was a slight increase in C&D intake in the last quarter of the year. We are hopeful that this signals an upturn in the economy.

OCRRA maintained our cost cutting initiatives from 2009 and further reduced our operational costs by leaving employee vacancies unfilled, unless there was an operational necessity to do so.

Customers responded enthusiastically to the Tuesday through Saturday operating schedule at the Rock Cut Road Transfer Station, which was instituted last year. Favorable comments regarding

this change in service hours continue to roll in. Our highly professional corps of drivers continued to demonstrate their skills by logging nearly 550,000 miles driven without a motor vehicle accident. In addition, lost time accidents at the Transfer Stations remained at low levels. These statistics reflect the safety consciousness of the workforce, which is reinforced by our ongoing, comprehensive Safety Training program. Our goal continues to be zero accidents.

The Ley Creek Transfer Station received 87,600 tons of C&D and oversized MSW in 2010. This material was sorted and processed for delivery either to the Waste-to-Energy Facility or to an out of county landfill. In addition, over 2,300 tons of scrap metal and corrugated cardboard were recovered by the



workers at Ley Creek for recycling. Scheduled replacement of some processing equipment was postponed and repairs to the facility were restricted to those which directly affected customer and employee safety and health. Old lighting systems are being replaced with more energy efficient systems in a continuing effort to reduce energy consumption and operating costs.

Moving forward, OCRRA will continue to provide excellent customer service at our Transfer Stations while working to improve upon our already impressive safety record. Continuing to search for methods and procedures to lower our operating costs without compromising safety and service is our mission.



Russell Johnson operates an excavator at the Ley Creek Transfer Station. Safe equipment operation helped OCRRA achieve low levels of lost time accidents in 2010.



Warren Wagner, Bill Culpepper and JP Voytko, of Black Shoe Builders, drop off roofing material at the Rock Cut Road Transfer Station in 2010. The Rock Cut Road Transfer Station consolidated its work week to a Tuesday through Saturday schedule, which allowed for expanded hours of operation on Saturdays. This reduced overtime costs and pleased customers.

Energy from Waste

The Onondaga County Waste-to-Energy (WTE) Facility, located off Route I-481 in Jamesville, is a key component of OCRRA's environmental-ly-sound and innovative resource recovery system. This WTE Facility utilizes a mass-burn combustion system to safely and efficiently generate steam, and ultimately electricity, from the non-recyclable materials in the waste stream. Without this Facility, the non-recyclable materials generated by the local community would be hauled many miles to out-of-County landfills, as was the case before the Facility was constructed. Instead, this Facility makes responsible and local management of the community's non-recyclable waste stream possible.

OCRRA's core values – integrity and honesty, environmental stewardship, fiscal responsibility, and excellence-in-service provide the foundation for operation of the WTE Facility. Each year, OCRRA posts detailed annual WTE Reports, as well as all of the annual air and ash testing results on www.OCRRA.org. OCRRA and Covanta Onondaga, the operator of the Facility, take great pride in the Facility's strong track record of operational and environmental ex-

cellence. In 2010, more than 700 visitors toured the Facility and learned firsthand about its operations.

Environmental Excellence

Paramount to Facility operations is ensuring that the Facility's emissions are protective of human health and the environment. A state-of-the-art air pollution control system is integrated into the Facility so that it may comply with one of the strictest air permits in the nation. This system consists of ammonia injection in the boiler, activated carbon and lime injection in the scrubber, and particulate filtering in the baghouse. Emissions from the Facility are carefully monitored through continuous emissions monitors (CEMs) and annual stack testing. The 2010 stack testing results indicate that the Facility continues to meet all its permit limits (see table), with many of the parameters well below the permit limits.

In addition to reducing the volume of material that must be hauled to out-of-County landfills by 90%, the Onondaga County WTE Facility generates enough electricity to power roughly 30,000 homes and the Facility itself. Utilization of non-recyclable



The Waste-to-Energy Facility in Jamesville is where Onondaga County's non-recyclable trash is converted into energy, generating enough electricity to power nearly 30,000 households and the Facility itself. Energy proceeds help fund OCRRA's recycling programs.

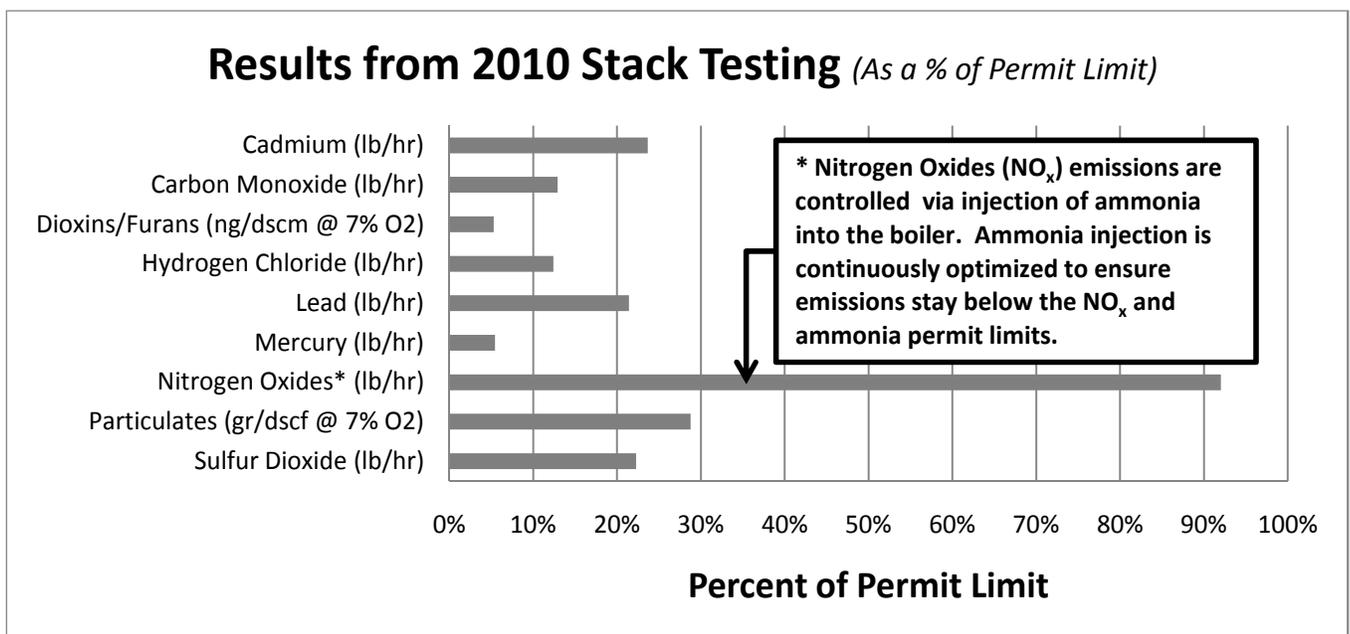
materials as a fuel source for electricity generation reduces dependence on fossil fuels and increases energy independence. WTE is also a technology that reduces greenhouse gases. Although the combustion process generates carbon dioxide emissions, there are avoided greenhouse gas emissions due to the prevention of landfill methane emissions, the displacement of electricity that would otherwise have been generated using fossil fuels and the recovery of metals for recycling. Ultimately, there is an overall reduction in greenhouse gases – generally about one ton of greenhouse gas emissions are avoided per ton of trash processed.

Operational Excellence

2010 marks the Facility’s sixteenth year of safe, reliable and efficient operations. Despite another difficult economic year with historically low trash tonnages, the Facility maintained its strong operational track record. In 2010, the Facility processed 315,385 tons of non-hazardous, non-recyclable waste (enough to overfill the Syracuse Carrier Dome) and, in doing so, generated 218,118 megawatt hours of

electricity – enough to power nearly 30,000 households and the Facility itself. The Facility’s metal recovery systems recovered 9,000 tons of ferrous and non-ferrous metal for recycling, which would have otherwise ended up in a landfill. Lastly, 77,534 tons (24.6% of the original trash weight) of non-hazardous ash residue were sent to a landfill for use as alternative daily cover (see table for ash testing results). The beneficial reuse of the ash residue means that other materials, such as clean soil, do not need to be used for landfill daily cover.

Coupling environmental and operational excellence at the Onondaga County WTE Facility with one of the highest nationwide overall community recycling rates, OCRRA certainly succeeds in achieving its mission of serving the local community with a world-class resource recovery system.



Onondaga County WTE Facility 2010 Annual Stack Test Results

	Constituent	Average Measured Emissions ¹			Permit Limit ²	Pass/Fail? P/F	
		Unit 1	Unit 2	Unit 3			
TESTED ANNUALLY	FEDERAL	Cadmium (mg/dscm @ 7% O ₂)	5.50E-04	6.51E-03	1.26E-03	3.50E-02	P
		Cadmium (lb/hr)	8.41E-05	1.06E-03	2.05E-04	1.90E-03	P
		Carbon Monoxide (lb/hr)	1.01E+00	1.09E+00	1.01E+00	8.04E+00	P
		Dioxins/Furans (ng/dscm @ 7% O ₂)	2.42E+00	1.03E+00	1.30E+00	3.00E+01	P
		Hydrogen Chloride (ppmdv @ 7% O ₂)	3.11E+00	2.37E+00	2.53E+00	2.50E+01	P
		Hydrogen Chloride (lb/hr)	7.14E-01	5.94E-01	6.39E-01	5.24E+00	P
		Hydrogen Chloride Removal Efficiency (%)	99.5	99.7	99.7	>=95	P
		Lead (mg/dscm @ 7% O ₂)	1.44E-02	1.13E-01	2.36E-02	4.00E-01	P
		Lead (lb/hr)	2.22E-03	1.84E-02	3.84E-03	3.81E-02	P
		Mercury (lb/hr)	< 9.49E-05	4.21E-04	1.35E-04	4.00E-03	P
		Nitrogen Oxides (lb/hr)	5.44E+01	5.25E+01	5.32E+01	5.80E+01	P
		Particulates (gr/dscf @ 7% O ₂)	2.99E-04	6.81E-03	1.52E-03	1.00E-02	P
		PM ₁₀ (gr/dscf @ 7% O ₂)	4.65E-04	3.18E-03	5.33E-04	1.00E-02	P
		PM ₁₀ (lb/hr)	1.87E-01	1.29E+00	2.17E-01	3.16E+00	P
		Sulfur Dioxide (lb/hr)	3.47E+00	6.91E+00	4.50E-01	1.62E+01	P
STATE	Ammonia (ppmdv @ 7% O ₂)	< 8.90E-01	< 8.44E-01	1.47E+00	5.00E+01	P	
	Ammonia (lb/hr)	< 9.55E-02	< 9.87E-02	1.73E-01	4.88E+00	P	
	Dioxins/Furans-2,3,7,8 TCDD TEQ (ng/dscm @ 7% O ₂)	2.79E-02	2.27E-02	1.58E-02	4.00E-01	P	
	Dioxins/Furans-2,3,7,8 TCDD TEQ (lb/hr)	4.47E-09	3.38E-09	2.61E-09	1.29E-07	P	
	Mercury (µg/dscm @ 7% O ₂)	< 6.20E-01	2.59E+00	8.20E-01	2.80E+01	P	
	Mercury Removal Efficiency (%)	> 99.5	98.2	99.1	>=85	P	
	Zinc (lb/hr)	6.73E-03	6.97E-02	4.21E-02	1.42E-01	P	

UNITS:

gr/dscf = grains per dry standard cubic foot
 ppmdv = parts per million dry volume
 lb/hr = pounds per hour
 ng/dscm = nanograms per dry standard cubic meter
 µg/dscm = micrograms per dry standard cubic meter
 mg/dscm = milligrams per dry standard cubic meter
 @ 7% O₂ = concentration corrected to 7% oxygen

NOTES:

¹ Based on three test runs
² NYSDEC Title V Permit #7-3142-00028/00009 - Draft Renewal

2010 Ash Residue Characterization Test Results

Semi-Annual Test Results - May 2010

Constituent	Test Result	Permit Limit	Pass or Fail
Cadmium	0.12 mg/L	1 mg/L	Pass
Lead	0.25 mg/L	5 mg/L	Pass

Semi-Annual Test Results - Sept./Oct. 2010

Constituent	Test Result	Permit Limit	Pass or Fail
Cadmium	0.60 mg/L	1 mg/L	Pass
Lead	0.25 mg/L	5 mg/L	Pass

CONCLUSION

Ash residue does NOT exhibit a hazardous characteristic. As such, it should continue to be managed as a non-hazardous solid waste.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the statements of net assets of the Onondaga County Resource Recovery Agency ("OCRRA") as of and for the years ended December 31, 2010 and 2009 and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of 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 financial statements referred to above present fairly, in all material respects, the financial position of Onondaga County Resource Recovery Agency as of December 31, 2010 and 2009, and the change in its financial position, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated February 28, 2011, on our consideration of OCRRA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

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 accounting principles generally accepted in the United States of America. 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.

February 28, 2011
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 OCRRA's finances is "*Is OCRRA, 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 OCRRA's activities in a way that will help answer this question. These two statements report the net assets of OCRRA and changes in them. You can think of OCRRA'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 OCRRA'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.

OCRRA's total net assets decreased from last year by \$2,251,125. OCRRA's total net assets were \$24,949,099 and \$27,200,224 on December 31, 2010 and 2009, respectively.

Table 1

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current Assets	\$ 31,659,494	\$ 34,254,724	\$37,578,468
Assets limited as to use	2,494,426	2,385,328	9,590,170
Property, plant and equipment - net	8,029,421	8,876,993	7,752,936
Bond issuance costs - net of accumulated amortization	543,028	668,356	793,684
Facility lease - net of current portion	<u>60,387,219</u>	<u>66,002,013</u>	<u>69,358,701</u>
Total Assets	<u>\$103,113,588</u>	<u>\$112,187,414</u>	<u>\$125,073,959</u>
	<u>2010</u>	<u>2009</u>	<u>2008</u>
Current Liabilities	\$12,401,874	\$12,519,734	\$14,484,994
Long-term liabilities	<u>65,762,615</u>	<u>72,467,456</u>	<u>78,866,643</u>
Total Liabilities	78,164,489	84,987,190	93,351,637
Net Assets - Invested in Capital Assets	8,029,421	8,876,993	7,752,936
Unrestricted	14,425,252	15,937,903	14,379,216
Restricted	<u>2,494,426</u>	<u>2,385,328</u>	<u>9,590,170</u>
Total Net Assets	<u>\$24,949,099</u>	<u>\$27,200,224</u>	<u>\$31,722,322</u>

Changes in OCRRA's net assets can be determined by reviewing the following condensed Statement of Revenues, Expenses and Changes in Net Assets for the years 2010 and 2009.

(Continued)

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

ANALYSIS OF FINANCIAL POSITION (CONT'D)

Table 2

	<u>2010</u>	<u>2009</u>	<u>2008</u>
Operating Revenues	\$29,950,113	\$27,983,587	\$36,517,980
Other Revenues	<u>3,297,894</u>	<u>4,121,146</u>	<u>5,094,265</u>
Total Revenues	\$33,248,007	\$32,104,733	\$41,612,245
Operating Expenses	33,508,915	34,162,124	37,305,113
Other Expenses	<u>1,990,217</u>	<u>2,464,707</u>	<u>2,803,876</u>
Total Expenses	\$35,499,132	\$36,626,831	\$40,108,989
Change in Net Assets	(2,251,125)	(4,522,098)	1,503,256
Net Assets – Beginning of Year	<u>27,200,224</u>	<u>31,722,322</u>	<u>30,219,066</u>
Net Assets – End of Year	<u>\$24,949,099</u>	<u>\$27,200,224</u>	<u>\$31,722,322</u>

While the decrease in OCRRA's net assets in 2010 was due primarily to weak energy markets during 2010, there was a significant overall improvement compared to 2009. In addition the scrap metal and other recyclables markets rebounded during 2010. OCRRA's revenues increased, its expenses decreased and the loss in 2010 was less than half of the 2009 results.

OCRRA'S FUNDS

OCRRA does not utilize Funds or Fund Accounting. OCRRA maintains funds on deposit with a Trustee as required by contractual obligations entered into as part of OCRRA's restructuring as detailed in the financial statements. As of December 31, 2010, OCRRA funds held by the trustee of \$2,494,426 are recorded as Restricted under OCRRA's Net Assets. These restricted assets increased by \$109,098 during 2010 due to the Indenture of Trust agreement between OCRRA and U.S. Bank National Association (the Trustee) that requires OCRRA operating surpluses to be maintained on deposit with the Trustee until any necessary payments are made on the Subordinate Bonds. As there was no operating surplus in 2010, no payment will be made on the Subordinate Bonds and restricted assets showed little change from 2009.

Budgetary Highlights

OCRRA's 2010 adopted budget was based on the 2009 results and anticipated little improvement in the global economy. While the 2010 budget forecast a \$4.5 million decrease in net assets for the year, the end result was a decrease in net assets of less than half that forecast at \$2.2 million.

(Continued)

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

OCRRA'S FUNDS (CONT'D)

Capital Assets

At the end of 2010, OCRRA had \$8.03 million in capital assets consisting primarily of two transfer stations and various pieces of operating equipment. During 2010 Property, Plant & Equipment, net decreased by approximately \$848,000 which reflects cash acquisitions of \$113,000 and retirements and depreciation charges of \$961,000.

Debt

During 2010 OCRRA reduced outstanding senior lien revenue refunding bonds by \$7,330,000 and a net increase on the subordinate debt of \$2,090,202 consisting of accreted interest for the year.

OCRRA will not reduce the Series 2003B bonds in 2011 based on the 2010 operating deficit as calculated and made part of the restructured debt and service agreement.

Direct Finance Lease

In December 1992 OCRRA 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 \$22,070,000, including a Capital Charge of approximately \$9,320,000 representing the portion of the Direct Finance Lease attributable to debt service principal and interest on the Series 2003A Bonds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The 2011 Budget develops the revenue and expense requirements to continue OCRRA's efforts to provide sound environmental solid waste disposal solutions to our community while recognizing the current economic realities.

OCRRA operates in a highly complex contractual business setting with rigid regulatory oversight. Its' waste disposal infrastructure was very expensive to site and construct, leading to high fixed costs of operation. Budgets are designed around historic waste levels. For the years 2004 through 2008 these normally predictable amounts of trash, recyclables, energy revenues and recovered material values tracked consistently with the past decade. Every once in a while those historic assumptions are challenged by unsettled economics that financially impact OCRRA's operations before settling back into more predictable patterns.

(Continued)

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (CONT'D)

OCRRA's 2011 Budget is balanced and does not anticipate the use of reserves. While continuing to be fiscally conservative the Budget reflects both a steady upturn in energy rates and new four-year Hauler Contracts, signed by all Haulers that guarantee OCRRA a steady stream of municipal solid waste at prices seven percent higher in 2011. These two enhanced revenues, combined with strict expenditure controls are expected to stabilize OCRRA's financial condition.

OCRRA has adequate reserves to weather even a prolonged recession. Yet by necessity difficult times drive change. Should conditions improve, or get worse, OCRRA will consider case by case program reviews to provide high levels of environmental performance with watchful stewardship of public service fees and reserves.

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 OCRRA'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, 2010 AND 2009**

ASSETS

	2010	2009
CURRENT ASSETS:		
Cash and cash equivalents	\$ 20,073,060	\$ 23,304,067
Accounts receivable (net of an allowance for bad debts of \$50,000 in 2010 and 2009)	2,392,886	1,670,752
Electric revenue receivable	699,256	697,877
Other receivables	43,570	65,789
Accrued interest receivable	-	187,852
Prepaid expenses	745,722	998,387
Facility lease, current portion (NOTE 5)	7,705,000	7,330,000
Total current assets	31,659,494	34,254,724
 ASSETS LIMITED AS TO USE:		
Funds held by trustee under indenture (NOTE 3)	2,494,426	2,385,328
PROPERTY, PLANT AND EQUIPMENT, net (NOTE 4)	8,029,421	8,876,993
BOND ISSUANCE COSTS, net (NOTE 1)	543,028	668,356
FACILITY LEASE, net of current portion (NOTE 5)	60,387,219	66,002,013
TOTAL	\$ 103,113,588	\$ 112,187,414

(Continued)

LIABILITIES AND NET ASSETS

	<u>2010</u>	<u>2009</u>
CURRENT LIABILITIES:		
Bonds payable - Series A, current portion (NOTE 6)	\$ 7,705,000	\$ 7,330,000
Deferred revenue, current portion	1,164,612	1,164,612
Accounts payable	2,870,966	3,319,511
Accrued interest	315,584	376,666
Accrued expenses and other current liabilities	345,712	328,945
Total current liabilities	<u>12,401,874</u>	<u>12,519,734</u>
LONG-TERM LIABILITIES:		
Bonds payable - Series A, net of current portion (NOTE 6)	30,165,000	37,870,000
Bonds payable - Series B, net of current portion (NOTE 6)	31,429,030	29,338,828
Other postemployment benefits (NOTE 8)	286,543	211,974
Deferred revenue, net of current portion	3,882,042	5,046,654
Total liabilities	<u>78,164,489</u>	<u>84,987,190</u>
NET ASSETS:		
Invested in capital assets, net of related debt	8,029,421	8,876,993
Restricted	2,494,426	2,385,328
Unrestricted	14,425,252	15,937,903
Total net assets	<u>24,949,099</u>	<u>27,200,224</u>
TOTAL	<u>\$ 103,113,588</u>	<u>\$ 112,187,414</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, 2010 AND 2009

	2010	2009
OPERATING REVENUES:		
Tipping fees	\$ 19,860,552	\$ 19,572,968
Electric revenue	7,832,026	6,614,551
Recovered material revenue	1,644,853	965,781
Grant revenue	71,095	372,003
Compost Revenue	147,535	99,738
Other	394,052	358,546
Total operating revenues	29,950,113	27,983,587
OPERATING EXPENSES:		
Personal services	4,894,482	4,897,824
Contractual services:		
Landfill contracts	2,866,319	2,917,656
Other contractual services	194,020	251,135
Materials and supplies	530,479	537,630
Professional fees	99,380	133,054
Recycling and composting	325,431	521,503
Hazardous waste disposal	138,800	185,786
Repairs and maintenance	160,916	127,772
Utilities	149,334	156,598
Insurance	208,696	189,622
Operating leases	141,191	176,442
Depreciation and amortization	1,058,312	1,207,056
Taxes and other payments to Host Communities	335,765	332,379
Other	335,739	636,160
Waste-to-Energy operations cost (NOTE 5)	22,070,051	21,891,507
Total operating expenses	33,508,915	34,162,124
OPERATING LOSS	(3,558,802)	(6,178,537)
OTHER REVENUE (EXPENSE):		
Interest income - cash and repurchase agreements	6,453	24,588
Interest income - non-system	116,929	377,755
Interest income - lease receivable	1,990,217	2,464,707
Interest expense	(1,990,217)	(2,464,707)
Gain on sale of machinery and equipment	19,683	89,484
Gain on refunding of long-term debt	1,164,612	1,164,612
Other revenue - net	1,307,677	1,656,439
DECREASE IN NET ASSETS	(2,251,125)	(4,522,098)
NET ASSETS - BEGINNING	27,200,224	31,722,322
NET ASSETS - END	\$ 24,949,099	\$ 27,200,224

See Notes to Financial Statements

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from tipping fees	\$ 19,138,418	\$ 19,603,257
Receipts from electric revenue	7,830,647	6,693,245
Other operating receipts	2,279,753	1,813,377
Payments to vendors and suppliers	(5,473,555)	(6,602,120)
Payments to employees	(3,921,838)	(3,944,432)
Payments for Waste-to-Energy (WTE) operations	(12,749,838)	(12,388,623)
Payments for insurance and employee benefits	(1,089,702)	(1,032,582)
Net cash provided by operating activities	6,013,885	4,142,122
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Payments on bonds outstanding	(7,330,000)	(8,992,112)
Proceeds from the sale of machinery and equipment	47,296	89,484
Purchase of property, plant and equipment	(113,024)	(2,205,785)
Payments for interest on bonds outstanding	(2,051,299)	(2,523,530)
Net cash utilized in capital and related financing activities	(9,447,027)	(13,631,943)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net change in funds held by trustee	(109,098)	7,204,842
Proceeds from interest on invested funds	311,233	550,714
Net cash provided by investing activities	202,135	7,755,556
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,231,007)	(1,734,265)
CASH AND CASH EQUIVALENTS - BEGINNING	23,304,067	25,038,332
CASH AND CASH EQUIVALENTS - END	\$ 20,073,060	\$ 23,304,067

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating loss	\$ (3,558,802)	\$ (6,178,537)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization	1,058,312	1,207,056
WTE operations used to reduce lease costs	9,320,213	9,502,884
Other postemployment benefits expense	74,569	76,703
Changes in operating assets and liabilities:		
Accounts receivable	(722,134)	30,289
Other receivables	20,840	96,003
Prepaid expenses	252,665	(347,296)
Accounts payable and accrued expenses	(431,778)	(244,980)
Total adjustments	<u>9,572,687</u>	<u>10,320,659</u>
Net cash provided by operating activities	<u>\$ 6,013,885</u>	<u>\$ 4,142,122</u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:

The Agency recognized a gain of \$1,164,612 in 2010 and 2009 related to the deferred gain on refunding of long-term debt.

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

OCRRA was statutorily created in 1981 as a public benefit corporation under New York State law. OCRRA's purpose was to implement the County's multi-faceted solid waste management plan. OCRRA began active operations in 1990. OCRRA is exempt from federal income taxes under Internal Revenue Service Code Section 115.

Under an agreement between OCRRA and the County of Onondaga, OCRRA 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 OCRRA's operations service the thirty-three participating municipalities in Onondaga County.

Measurement Focus and Basis of Accounting

OCRRA 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.

OCRRA 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.

OCRRA'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.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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

Cash and Cash Equivalents (Cont'd)

Cash and cash equivalents consist of cash held in checking and money market accounts. Statutes authorize OCRRA 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 OCRRA'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 collectability based on past credit history with customers and their current financial condition.

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, 2010 and 2009 amounted to \$908,627 and \$783,299, 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 OCRRA'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, 2010 AND 2009**

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 OCRRA'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 their 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

OCRRA 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, OCRRA 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 OCRRA decide to transport waste to the Landfill, OCRRA 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, 2010 there has been no waste delivered to the Landfill.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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

Concentration

The top five haulers combined delivered approximately 67% of the total municipal solid waste to OCRRA during the year ended December 31, 2010.

Environmental and Regulatory Risk

OCRRA 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, OCRRA 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 OCRRA'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, OCRRA has, as additional security, entered into four-year delivery contracts directly with all of the area's trash haulers, wherein they have contractually committed through 2014 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, 2010 AND 2009

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 the Trustee includes the following funds at December 31:

	<u>2010</u>	<u>2009</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	\$ 550	\$ 62,645
Funds accumulated from System revenues to pay for debt service obligations of the Subordinate Lien Revenue Refunding Bonds (2003B Series)	1,647,405	1,583,698
Accumulation of earnings from System revenues to satisfy general OCRRA obligations	846,471	738,985
Total	<u>\$ 2,494,426</u>	<u>\$ 2,385,328</u>

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance
Land	\$ 396,190	\$ -	\$ -	\$ 396,190
Landfill site	3,854,290	-	-	3,854,290
Landfill site costs	195,760	-	-	195,760
Landfill buildings and improvements	621,425	-	-	621,425
Buildings and improvements	2,414,123	46,587	15,498	2,445,212
Machinery and vehicles	6,838,958	18,128	-	6,857,086
Furniture and fixtures	137,967	-	-	137,967
Computer equipment	105,923	-	-	105,923
Leasehold improvements	427,010	61,243	-	488,253
Land improvements	68,799	48,310	68,799	48,310
Construction in progress	81,073	-	61,243	19,830
Total property, plant and equipment	<u>15,141,518</u>	<u>174,268</u>	<u>145,540</u>	<u>15,170,246</u>
Less accumulated depreciation	<u>6,264,525</u>	<u>932,984</u>	<u>56,684</u>	<u>7,140,825</u>
Property, plant and equipment, net	<u>\$ 8,876,993</u>	<u>\$ (758,716)</u>	<u>\$ 88,856</u>	<u>\$ 8,029,421</u>

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

OCRRA collects rental income and incurs maintenance on certain properties which are located on OCRRA's landfill site.

5. FACILITY LEASE AND SERVICE AGREEMENT

In 1992, OCRRA 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. OCRRA 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 2003, OCRRA and the Partnership negotiated new lease and service agreements as part of OCRRA'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 OCRRA to the Facility.

All revenues of the Facility, which include rates, fees, charges and other realized income received by OCRRA 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, 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 1st of the following year.

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

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

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009**

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

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

During 2010, OCRRA reached a settlement with Covanta Energy Corporation over damages payable due to a deficiency in electricity production in the amount of \$114,000.

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, OCRRA must reimburse the Partnership the shortfall in its share of the electric revenue. For delivery in excess of that amount, OCRRA will pay an additional waste processing fee.

The Waste-to-Energy operations cost is composed of the following:

	<u>2010</u>	<u>2009</u>
Operating and pass through costs	\$ 12,639,244	\$ 12,206,308
Additional waste processing fee	110,594	182,315
Capital charge	<u>9,320,213</u>	<u>9,502,884</u>
Total	<u>\$ 22,070,051</u>	<u>\$ 21,891,507</u>

Future minimum annual lease payments due from the Partnership are as follows at December 31, 2010:

<u>YEAR ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2011	\$ 9,309,567
2012	9,498,375
2013	9,503,750
2014	9,503,250
2015	<u>46,063,972</u>
Total future minimum lease payments	83,878,914
Unearned income	<u>15,795,695</u>
Net investment in lease	68,083,219
Current portion	<u>7,705,000</u>
Long-term portion	<u>\$ 60,378,219</u>

No payment is due for the year ending December 31, 2010 pursuant to the satisfaction of the Series 2003B Bonds (see Note 6).

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009**

6. BONDS PAYABLE

In 2003, OCRRA 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.

In order to secure the 2003A Bonds, OCRRA has pledged all revenues of the System (operating revenues), which include all rates, fees, charges, and other realized income received by OCRRA 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 OCRRA 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 OCRRA'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 OCRRA's normal operations.

Decrease in net assets prior to computation of current obligation on 2003B Bonds:	\$ (2,251,125)
Add: Depreciation	932,984
Amortization	125,328
Deduct: Gain on refunding	(1,164,612)
Interest income - non-system	(116,929)
Gain on sale of machinery and equipment	<u>(19,683)</u>
Contractually defined surplus (deficit)	(2,494,037)
Series B Share	<u>77%</u>
Current year liability	<u>\$ -</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 OCRRA in 1992 and approximately \$1,450,000 in underwriting fees, insurance, and other issuance costs. As a result, OCRRA recorded an economic gain (difference between the present values of the debt service payments on the old and new debt).

(Continued)

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

6. BONDS PAYABLE (CONT'D)

Activity relative to bonds payable for the year ended December 31, 2010 was as follows:

	<u>Balance at December 31, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at December 31, 2010</u>
Senior Lien Revenue Refunding Bonds	\$ 45,200,000	\$ -	\$ 7,330,000	\$ 37,870,000
Subordinate Lien Revenue Refunding Bonds	<u>29,338,828</u>	<u>2,090,202</u>	<u>-</u>	<u>31,429,030</u>
Total	<u>\$ 74,538,828</u>	<u>\$ 2,090,202</u>	<u>\$ 7,330,000</u>	<u>\$ 69,299,030</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:

<u>YEAR ENDING DECEMBER 31,</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
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>\$ 4,889,625</u>	<u>\$ 37,870,000</u>

Covenants require OCRRA 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, 2010 AND 2009**

7. RETIREMENT PLANS

Pension Plan

OCRRA 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 OCRRA from employees' paychecks and are sent currently to the Retirement System.

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

YEAR ENDED DECEMBER 31,	AMOUNT
2010	\$ 382,802
2009	246,691
2008	263,151

Deferred Compensation Plan

OCRRA'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, 2010 AND 2009**

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

In addition to providing pension benefits, OCRRA 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 OCRRA. OCRRA's Board of Directors has the authority to establish and amend the plan's benefits.

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. OCRRA contributes 75% of the cost of premiums for eligible retired plan members and their spouses. For the year ended December 31, 2010, the Agency contributed \$3,504.

Annual Pension Cost and Net Pension Obligation

OCRRA's annual other post-employment benefit (OPEB) cost is calculated based on the annual required contribution of the employer (ARC). OCRRA has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is expected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of OCRRA's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in OCRRA's net OPEB obligation:

Annual required contribution	\$ 78,073
Contributions made	<u>(3,504)</u>
Increase in net OPEB obligation	74,569
Net OPEB obligation - beginning of year	<u>211,974</u>
Net OPEB obligation - end of year	<u>\$ 286,543</u>
Annual OPEB cost	\$ 78,073
Percentage of annual OPEB cost contributed	4.50%

(Continued)

ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

OCRRA's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, the net OPEB obligation for the fiscal year 2010 and the two preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
12/31/2008	\$ 78,073	13.19%	\$ 135,271
12/31/2009	78,073	1.75	211,974
12/31/2010	78,073	4.50	286,543

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

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 63.4 years.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Eligibility - Retirees are entitled to benefits until the age of 65 years.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2010 AND 2009**

8. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONT'D)

Healthcare cost trend rate -The expected rate of increase in healthcare insurance premiums was a rate of 10% initially, reduced to an ultimate rate of 5% after eight years.

Health insurance premiums - 2010 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of OCRRA's cash and cash equivalents, a discount rate of 4% was used. The remaining amortization period at December 31, 2010 was one year.

9. COMMITMENTS AND CONTINGENCIES

Operating Leases

OCRRA leases equipment and office facilities under operating leases. Rental payments under these agreements were approximately \$140,000 and \$150,000 during 2010 and 2009, respectively. Obligations under all cancelable and non-cancelable long-term operating leases are as follows at December 31, 2010:

YEAR ENDING DECEMBER 31,	AMOUNT
2011	\$ 82,050
2012	79,800
2013	17,500
2014	5,000
2015	5,000
Thereafter	33,000
Total	<u>\$ 222,350</u>

Landfill Contracts

OCRRA 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. Costs incurred under this agreement were \$2,812,000 during 2010. OCRRA 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.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

9. COMMITMENTS AND CONTINGENCIES (CONT'D)

Host Community Agreements

OCRRA 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.

OCRRA 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.

OCRRA recorded PILOT's to Van Buren in the amount of \$53,856 and \$47,623 in 2010 and 2009, respectively. OCRRA also made payments to Onondaga of approximately \$129,000 and \$132,000 in 2010 and 2009, for fire and water district assessments. OCRRA anticipates similar payments will be made in 2011.

Property Stabilization

In 1997, OCRRA 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 2010 and 2009, no such payments were made.

Litigation

OCRRA 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 OCRRA. OCRRA's defense counsel continues to vigorously contest these proceedings.

(Continued)

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

10. NATIONAL GRID AGREEMENT

OCRRA 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 the market rate. National Grid and OCRRA have established the upper limit for the agreement at 243,000,000 Kwh. In 2010 OCRRA received an annual average sale price of 4.507 cents per kilowatt hour.

**ONONDAGA COUNTY RESOURCE RECOVERY AGENCY
 REQUIRED SUPPLEMENTAL INFORMATION - SCHEDULE OF FUNDING PROGRESS
 DECEMBER 31, 2010**

	<u>Actuarial Value of Assets</u>	<u>Unfunded Actuarial Accrued Liability</u>	<u>Funded Ratio</u>
December 31, 2008	-	\$ 318,755	0%
December 31, 2009	-	318,755	0%
December 31, 2010	-	319,366	0%



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**INDEPENDENT AUDITOR’S 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 (“OCRRA”) as of and for the years ended December 31, 2010 and 2009 and have issued our report thereon dated February 28, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered OCRRA’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of OCRRA’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of OCRRA’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 OCRRA’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 OCRRA’s financial statements that is more than inconsequential will not be prevented or detected by OCRRA’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 OCRRA’s internal control.

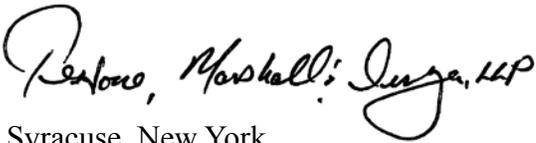
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies 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 OCRRA'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 OCRRA in a separate letter dated February 28, 2011.

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



Syracuse, New York
February 28, 2011

OCRRA Management

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Executive Director

William J. Bulsiewicz, Esq.
Legal Counsel

Warren D. Simpson
Business Officer

Amy K. Miller
Environmental Engineer

Catherine M. Strong
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Joseph A. Fontanella
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