ULSTER COUNTY RESOURCE RECOVERY AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

TBC Teal, Becker & Chiaramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

A Higher Standard of Excellence

Ulster County Resource Recovery Agency

Year in Review
2015-2016

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To The Board of Directors
Ulster County Resource Recovery Agency
Kingston, New York

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of the Ulster County Resource Recovery Agency, a component Unit of the County of Ulster (the Agency), as of and for the year ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Ulster County Resource Recovery Agency, as of December 31, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension information on pages 3 through 14 and 37 and 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2017, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Teal, Becker & Chiaramonte, CPAs, P.C.

Albany, New York
March 23, 2017

What is the Agency?

In 1986, the Ulster County Legislature obtained authorization from the State Legislature for the creation of the Ulster County Resource Recovery Agency (the "Agency"), a public benefit corporation which was formed for the purpose of developing, financing, and implementing a comprehensive Countywide solid waste management program. In the mid-1980's, after new initiatives to close non-complying exiting landfills were undertaken by the NYSDEC and strict requirements for the siting, construction, and operation of new disposal facilities were enacted, many communities found it beyond their financial and managerial capability to continue to dispose of waste in traditional ways. Consequently, many of the local municipalities in Ulster County requested that the Ulster County government assume the responsibility for solid waste management, and the Agency was created by the New York State Legislature pursuant to Chapter 936 of the Public Authorities Law approved December of 1986. The Agency's organizational structure consists of a five-member Board of Directors, an Executive Director, Agency Counsel, and thirty administrative and operations personnel.

UCRRA's Mission

To protect public health and the environment and to promote sustainable materials management practices in Ulster County by efficiently managing solid waste materials with a focus on resource conservation.

A Message from the Executive Director

Board:

Chairman - Fred Wadnola

Vice Chairman - David Gordon, Esq.

Treasurer - Charles Landi

Member - Jack Hayes

Member - Brian Devine

Staff:

Executive Director - Timothy Rose, P.E.

Agency Counsel - Kenneth Gilligan, Esq.

Controller - Timothy DeGraff, C.P.A.

Operations Manager - Charlie Whittaker

Compliance Officer - Thomas Briggs

Chief Accounting Clerk - Amy Lopiano

Recycling Coordinator - Merlyn Akhtar

Data Analyst - Lisa Piratzky

Administrative Assistant - Melinda France

Clerical Secretary - Brenna Whitaker

Two thousand and sixteen proved to be a year of transition and progress for the Agency. The dynamics of the Board changed with three new appointments; two due to expired terms and one due to a resignation. The new Board has brought with it members of different backgrounds in both academia and career in nature which has no doubt resulted in new ideas and initiatives. The staff continues to provide the users of the solid waste and recycling systems with exceptional service through their commitment to efficiency, the environment, and fiscal responsibility.

Highlights of those projects and programs that have experienced positive results in 2016 can be seen in the following pages.

Ulster & New Paltz Transfer Stations, Material Recovery Facility, & Agency Closed Landfills

- Security fences were installed around the leachate tanks at the New Paltz and Ulster landfills.
- New security fences were installed at the access roads to the New Paltz and Ulster landfills.
- More than 80 new recycling roll-off boxes were bought at a cost of nearly $400,000 to service the 15 towns we are in contract with.
- An evaluation to determine the condition of the gas vents and solar flares at the Ulster landfill commenced.
- Security cameras were installed throughout the New Paltz and Ulster facilities.

Communications & Public Outreach

- The Agency participated in the St. Patrick's Day Parade in the Town of Wallkill to promote the Agency's Household Hazardous Waste Events and to distribute Agency recycling brochures.
- The Agency participated in Earth Day events at several local schools including but not limited to Kerhonkson Elementary, Phoenicia Elementary, and Bennett Elementary schools.
- The Agency conducted numerous tours of the facility throughout the year. Some of those that toured the facilities include the Town of Gardiner, Girl Scout Troops, Mt. Marion Green Team, Ellenville School, Saugerties School, Marist College, Councilmen from the Town of Cortlandt, and the Poughkeepsie Journal.
- The Agency participated in a Boy Scout Camporee, Olive Day (which was hosted by the town of Olive), and Sustainable Saturday (which was hosted by the County of Ulster). Information regarding Agency recycling and composting programs was distributed at these events.
- The Agency participated on a TV interview for the Town of Esopus public access TV.
- Numerous radio campaigns regarding recycling, HHW events, composting, and plastic bag recycling have aired throughout the year on various radio stations.

Household Hazardous Waste & Pharmaceutical Program

Product	Weight
Antifreeze	153 gal.
Pesticides (solid)	5,200 lbs.
Pesticides (liquid)	1,012 gal.
Fluorescent Bulbs	1,610 lbs.
Hazardous Paint	2,356 gal.
Hazardous Household Batteries	1,177 lbs.
Mercury-Containing Devices	55 lbs.
Other HHW (solid)	8,267 lbs.
Other HHW (liquid)	1,597 gal.
Misc. Solid Waste	704 lbs.
Pharmaceuticals	610 lbs.

In 2016, the Agency's three Household Hazardous Waste & Pharmaceuticals Collections, offered for free to Ulster County residents, recovered the following quantities of hazardous waste and expired or unused medications.

Cumulatively, the Agency's program helped prevent 17,623 lbs. and 5,118 gallons of hazardous materials from potentially being disposed of improperly and/or ending up in a landfill.

Recycling/Composting Program

- The Agency increased the compost facility's footprint for the active portion from 40 ft. x 90 ft. to 90 ft. x 125 ft.
- The Agency received 1,275.88 tons of source-separated food waste and sold approximately 850.85 tons.
- The Agency collected a total of 576,156 lbs. of electronics from residents, small businesses (less than 50 employees), local municipal governments, and non-profit organizations (less than 75 employees).

In closing, I'd like to thank the Board and staff for their continued commitment to providing exceptional service to the users of the solid waste and recycling systems. Many great initiatives have resulted because the Board and staff have come together to share their ideas to promote environmentally and fiscally sound solid waste and recycling paradigms.

Sincerely,

Timothy B. Rose, P.E., BCEE, QEP, M.P.A.
Executive Director

Overview of the Financial Statements

Statements of Net Position

The statements of net position present the assets, liabilities, and net position of the Agency at the end of each year. The purpose of the statements of net position is to present to the readers of the financial statements a fiscal snapshot of the Agency. From the data presented, readers of the statements of net position are able to determine the assets available to continue the operations of the Agency. They are also able to determine how much the Agency owes vendors, employees, and others. Finally, the statements of net position provide a picture of the net position (assets minus liabilities) and their availability for use by the Agency.

Condensed Statements of Net Position

	2016	2015
Assets:		
Assets, other than capital assets	10,442,210	9,718,353
Capital assets	9,741,717	9,326,438
Total assets:	20,183,927	19,044,791
Deferred outflows of resources	1,407,132	429,697
Liabilities:		
Current Liabilities	3,780,120	3,660,057
Long-term liabilities	12,065,232	13,568,423
Total liabilities:	15,845,352	17,228,480
Deferred inflows of resources	259,986	81,168
Net position (deficit):		
Investments in capital assets	9,741,717	9,326,438
Unrestricted (deficit)	(7,822,900)	(10,653,519)
Restricted	3,566,904	3,491,921
Total net positon:	5,485,721	2,164,840

Statements of Revenue, Expenses, and Changes in Net Position

Changes in total net position as presented on the statements of net position are based on the activity presented in the statements of revenue, expenses and changes in net position. The purpose of the statement is to present the revenue received by the Agency, both operating and non-operating, and the expenses paid by the Agency, operating and non-operating, and any other revenue, expenses, gains and losses received or spent by the Agency.

Generally speaking, operating revenues are received for providing goods and services to the various private customers and municipalities that use the Agency's facilities. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the Agency.

	2016	2015
Revenue:		
Operating revenue	14,016,578	13,994,484
Non-operating revenue	514,121	212,347
Total revenue:	14,530,699	14,206,831
Expenses:		
Operating expenses	11,133,131	10,128,964
Non-operating expenses	254,982	325,398
Total expenses:	11,388,113	10,454,362
Increase in net position	3,142,586	3,752,469
Reduction in estimated liability for land fill post-closure care costs	178,295	205,842
Net position (deficit):		
Beginning of year	2,164,840	(1,433,945)
Restatement of beginning balance	-	(359,526)
Net position - beginning of year - restated	2,164,840	(1,793,471)
End of year	5,485,721	2,164,840

Revenue Increased

2.3%

Expenses Increased

8.9%

Statements of Cash Flows

The final statement presented by the Agency is the statements of cash flows. The statements of cash flows present detailed information about the cash activities of the Agency during the year. The first section of the statements of cash flows deals with operating cash flows and shows the net cash provided by the operating activities of the Agency. The second section reflects the cash flows from capital and related financing activities and shows capital construction and capital asset acquisition. The third section reflects principal/interest on capital debt.

Condensed Statements of Cash Flows

	2016	2015
Net cash provided by operating activities	3,567,023	3,855,330
Net cash used in capital and related financing activities	(3,187,093)	(2,861,573)
Net cash provided by investing activities	122,456	117,176
Net increase in cash and equivalents	502,386	1,110,933
Cash and equivalents at beginning of year	5,273,367	4,162,434
Cash and equivalents at end of year	5,775,753	5,273,367

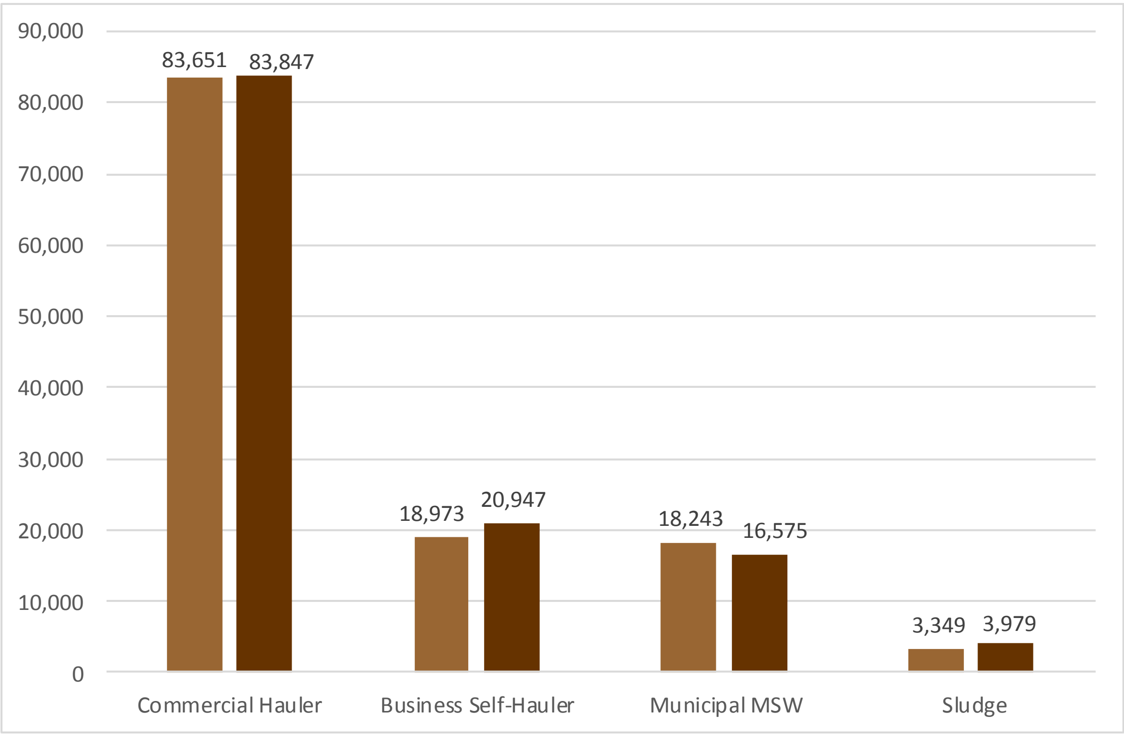
Financial Highlights

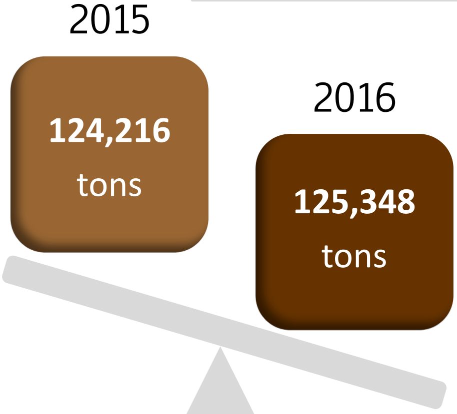
The Agency's net position improved by $3.3 million, from $2.2 million at December 31, 2015 to $5.5 million at December 31, 2016.

Total revenue in 2016 reflects a $300,000 increase from the previous year to $14.5 million. During 2016, the Agency experienced a minor increase in volume and related solid waste service fees, but this was offset due to a decrease in revenues from fuel surcharge. A majority of revenue increases were due to the receipt of grant monies related to Agency recycling and composting programs.

Total expenses in 2016 amounted to $11.4 million, a $900,000 increase from 2015. During 2016, the Agency realized contractual increases for transportation and disposal costs. A majority of expenditure increases were due to changes in the Agency's proportionate share of pension costs.

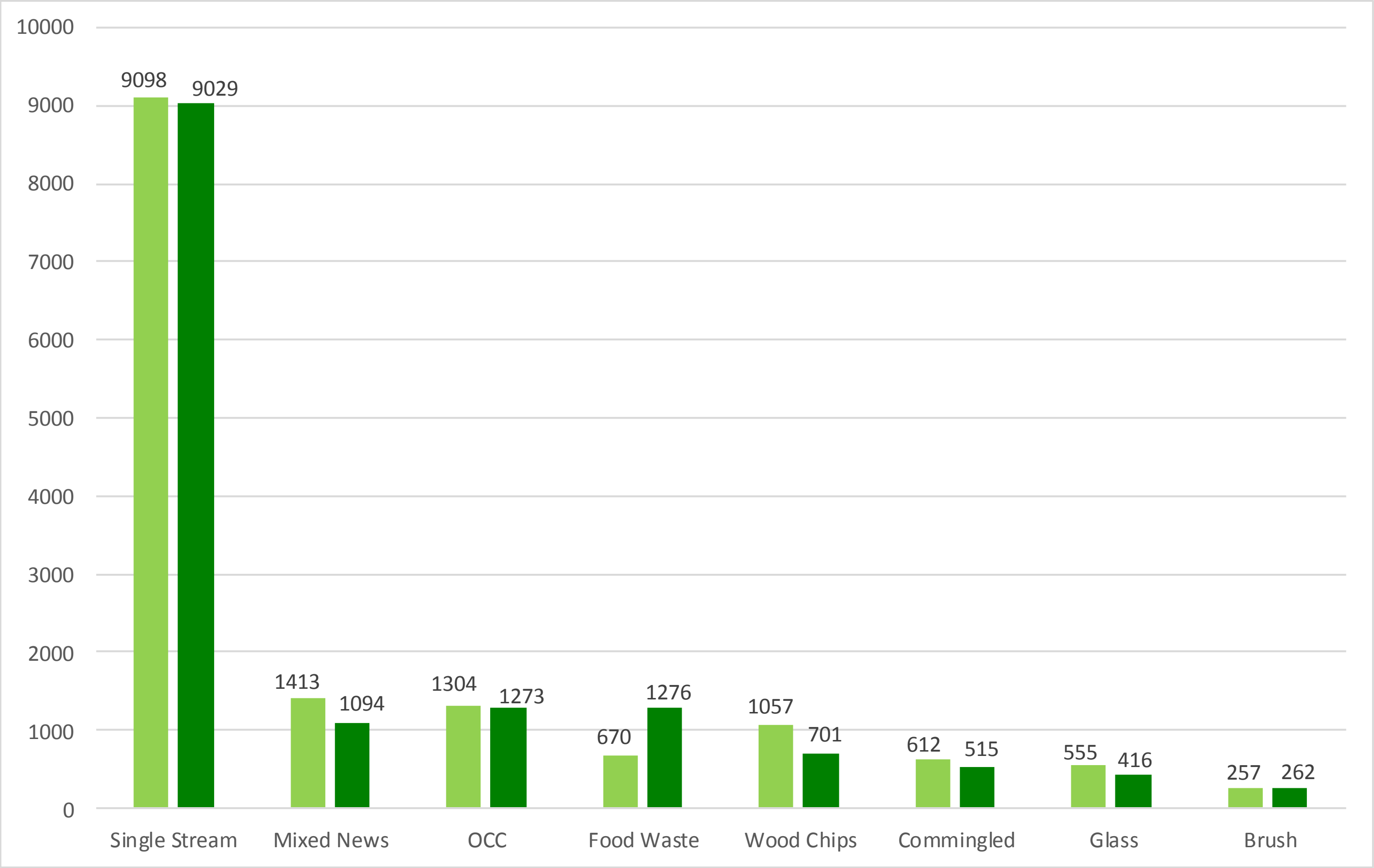
Waste



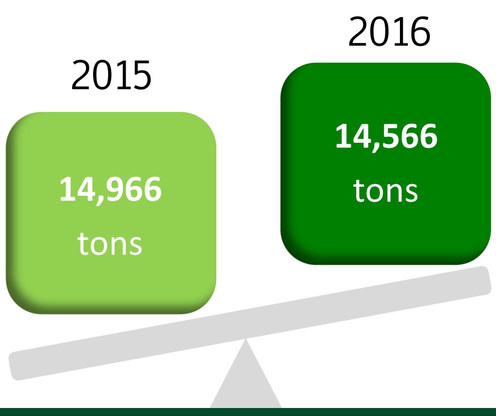


Waste volume increased 0.9% from the prior year. Predicting waste volume can be very difficult from year to year, but the implementation of Flow Control has allowed for less unpredictability. A majority of the increased volume was from sewage sludge. This increase came from a single local municipality and is expected to continue through 2017.

Recycling

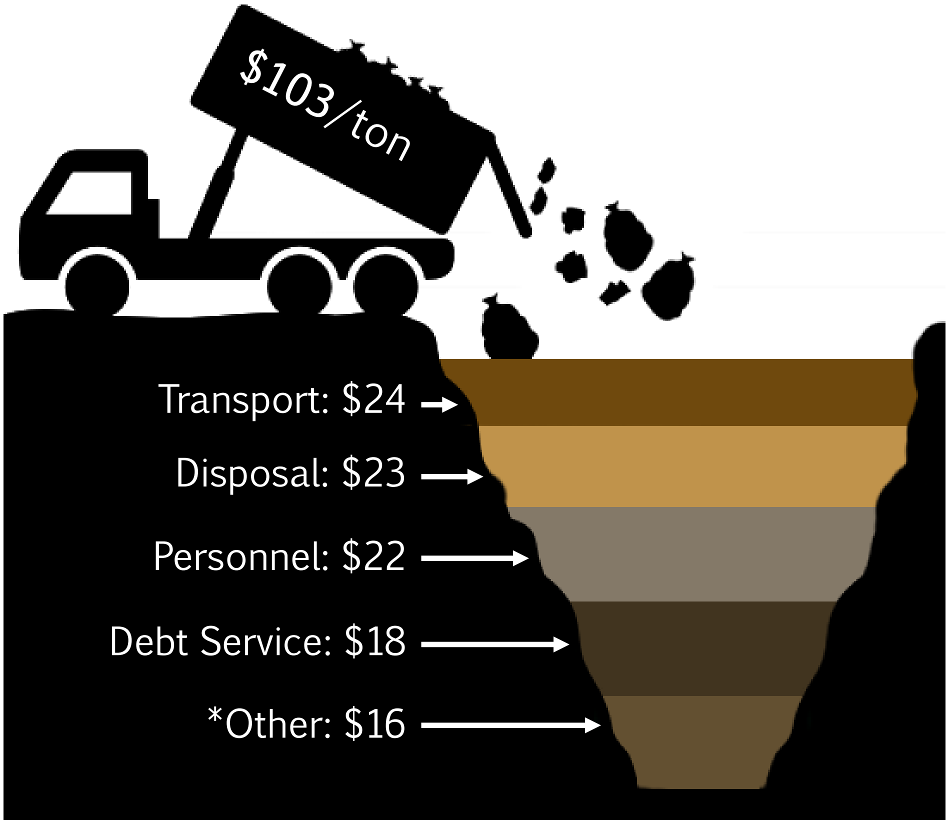


Dual stream recycling volume delivered to the Agency has continued on a downward trend due to increases in Single Stream Recycling ("SSR") by commercial haulers, the City of Kingston, and a few Town Transfer Stations. SSR volume has plateaued, while still adversely affecting other recycling volumes. In 2016, the Agency began the expansion of its composting program, which led to an increase in food waste volume and corresponding revenues. The Agency expects continued increases in its composting revenues in the years to come.



How We Calculate Our Tipping Fee

The Agency calculates its annual tipping fee rate/ton with the expectation to, at minimum, break even. The following chart breaks down the 2017 approved tipping fee rate with relation to its major cost categories. Overall, revenues and expenses are expected to remain constant from the prior year. A minor contractual increase in transportation and disposal costs was offset by lower debt service requirements. The result was a flat tip fee of $103/ton from 2016 to 2017.

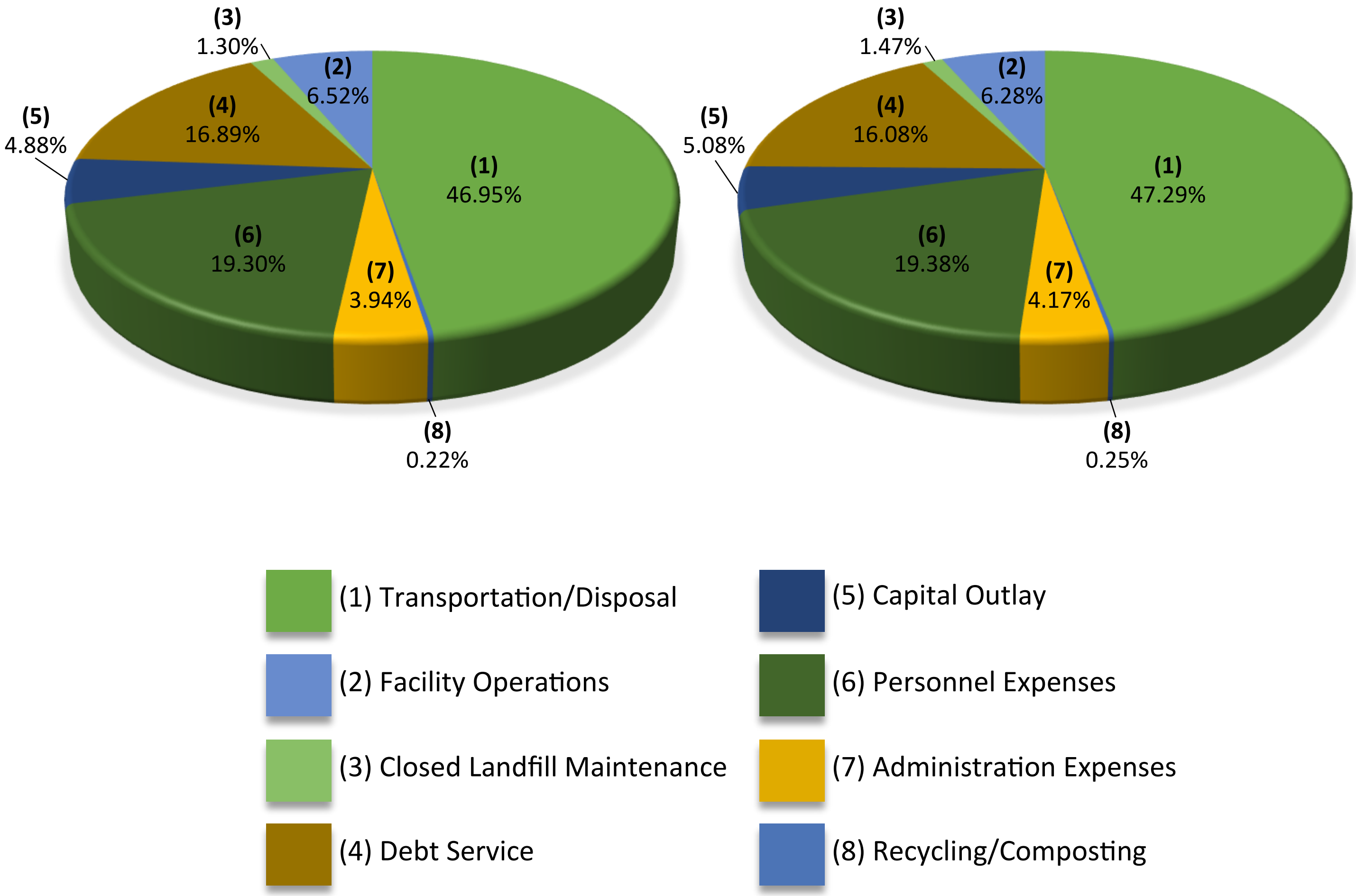


*Other
Capital Outlay: $6
Administrative Costs: $5
Closed Landfill Maintenance/Monitoring: $2
Transfer Station Costs: $2
Host Community Benefit: $1

Budget

The Agency completed a very successful 2016 and anticipates consistent continued results in the upcoming year. The Agency's budget is highly contingent on volume received at the Agency's two regional transfer stations. Over 80% of Agency costs are tied to contractual agreements, making the budgeting of these items less susceptible to high variances with the actual results when volume is consistent. The implementation of Flow Control has allowed for consistent volume and more precise budgeting. The Agency currently has separate five year agreements for transportation and disposal of waste. Based on these major cost certainties and the revenue consistency associated with Flow Control, the Agency is expecting tipping fees to remain static over the next three years.

2016 2017



Additional Information

The report is compiled for the use of the Agency's Governing Board, management, appropriate officials of the County of Ulster and State of New York, and members of the public interested in the Agency's affairs. Questions with regard to this financial report or requests for additional information may be addressed to the Controller, Ulster County Resource Recovery Agency, P.O. Box 6219, 999 Flatbush Road, Kingston, New York 12402.

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Statements Of Net Position

December 31

	2016	2015
Assets		
Current assets:		
Cash and equivalents	$ 5,775,753	$ 5,273,367
Investments	2,542,949	2,542,949
Receivables, net of allowance of $500 in 2016 and $300 in 2015	1,682,129	1,440,185
Accrued interest	38,577	38,677
Prepaid expense	402,802	423,175
Total current assets	10,442,210	9,718,353
Capital assets, net	9,741,717	9,326,438
Total assets	$ 20,183,927	$ 19,044,791
Deferred Outflows of Resources		
Unamortized loss on bond defeasement	$ 51,251	$ 85,417
Pension - Employees' Retirement System, gross	1,355,881	344,280
Total Deferred Outflows of Resources	$ 1,407,132	$ 429,697
Liabilities		
Current liabilities:		
Accounts payable	$ 566,727	$ 499,179
Accrued interest	55,207	79,160
Host community benefits payable	13,370	14,613
Customer advances	7,800	12,800
Other payables	45,212	29,738
Current installments of long-term debt	2,294,955	2,247,327
Current installment of long-term pension	37,592	34,807
Current portion of landfill post-closure care costs	173,421	187,136
Current portion of workers' compensation assessment	-	10,512
Compensated absences	585,836	544,785
Total current liabilities	3,780,120	3,660,057
Long-term debt, excluding current installments, net of premium	8,101,192	10,209,349
Long-term pension, excluding current portion	770,475	808,067
Landfill post-closure care costs, excluding current portion	1,907,631	2,245,632
Workers' compensation assessment, excluding current portion	-	36,598
Net pension liability - proportionate share - Employees' Retirement System	1,285,934	268,777
Total liabilities	$ 15,845,352	$ 17,228,480
Deferred inflows of resources		
Pension - Employees' Retirement System, gross	$ 259,986	$ 81,168
Net position:		
Investments in capital assets	$ 9,741,717	$ 9,326,438
Restricted for:		
Landfill closure	-	96,145
Debt repayment	3,566,904	3,395,776
Unrestricted (deficit)	(7,822,900)	(10,653,519)
Total Net Position	$ 5,485,721	$ 2,164,840

The accompanying notes are an integral part of these financial statements

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Statements of Revenue, Expenses And Changes In Net Position

For The Years Ended December 31

	2016	2015
Operating revenue:		
Charges for sales and services:		
Sales of recyclable materials	$ 447,314	$ 343,459
Solid waste service fees	13,524,706	13,583,309
Other revenue	44,558	67,716
Total operating revenue	14,016,578	13,994,484
Operating expenses:		
Costs of sales and services	7,106,444	6,903,327
Salaries and wages	1,681,879	1,643,282
Administration	658,275	561,122
Depreciation	574,882	520,321
Benefits	1,111,651	500,912
Total operating expenses	11,133,131	10,128,964
Operating income	2,883,447	3,865,520
Nonoperating revenue (expenses):		
Investment income	122,356	117,179
Gain on disposal of assets	105,698	56,279
Grant revenue	286,067	38,889
Interest expense	(254,982)	(325,398)
Total nonoperating revenue (expenses)	259,139	(113,051)
Increase in net position	3,142,586	3,752,469
Decrease in estimated liability for landfill post-closure care costs	178,295	205,842
Net position (deficit):		
Beginning of year	2,164,840	(1,433,945)
Restatement of beginning balance due to change in accounting principle	-	(359,526)
Total net position - beginning of year, as restated	2,164,840	(1,793,471)
End Of Year	$ 5,485,721	$ 2,164,840

The accompanying notes are an integral part of these financial statements

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Statements Of Cash Flows

For The Years Ended December 31

	2016	2015
Cash flows from operating activities:		
Receipts from services	$ 13,769,634	$ 13,984,993
Payments to suppliers	(7,647,525)	(7,620,522)
Payment to employees	(2,555,086)	(2,509,141)
Net cash provided by operating activities	3,567,023	3,855,330
Cash flows from capital and related financing activities:		
Purchases of capital assets	(829,851)	(191,956)
Proceeds from disposal of assets	107,637	15,857
Grant revenue	286,067	38,889
Landfill post-closure care costs	(173,421)	(187,136)
Principal paid on long-term debt	(2,296,969)	(2,191,864)
Principal paid on long-term pension	(34,807)	(32,229)
Interest paid on long-term obligations	(245,749)	(313,134)
Net cash used in capital and related financing activities	(3,187,093)	(2,861,573)
Cash flows from investing activities - investment income received	122,456	117,176
Net increase in cash and equivalents	502,386	1,110,933
Cash and equivalents at beginning of year	5,273,367	4,162,434
Cash and equivalents at end of year	$ 5,775,753	$ 5,273,367
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 2,883,447	$ 3,865,520
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	574,882	520,321
Pension expense	185,354	(353,861)
C-I-P reclass	74,191	-
Changes in:		
Receivables	(241,944)	(16,491)
Prepaid expenses	20,373	28,634
Accounts payable and other payables	81,779	(210,011)
Workers' compensation assessment	(47,110)	(9,636)
Customer advances	(5,000)	7,000
Compensated absences	41,051	23,854
Net Cash Provided By Operating Activities	$ 3,567,023	$ 3,855,330

The accompanying notes are an integral part of these financial statements

(1) Organization

The Ulster County Resource Recovery Agency (the Agency), a Public Benefit Corporation, was established on December 31, 1986, for the purpose of establishing a solid waste management plan, and to develop, finance, construct, and operate facilities and projects to implement the plan in the County of Ulster, New York (the County). On December 14, 1992, the Agency began landfill operations under its interim "landfill consolidation plan" at the Town of New Paltz landfill. In February 1993 and May 1993, commencement of landfill operations under this plan began at the Towns of Ulster and Lloyd, respectively. All three landfill operations were closed as of December 31, 1996. As of January 1, 1997, the Agency started transporting solid waste to other counties.

(2) Summary of Significant Accounting Policies

(a) Financial Reporting Entity

The Agency is governed by Article 13-g of the Public Authorities Law (Act) and other laws of the State of New York, as indicated in such Act. The governing body is referred to herein as the "Board of Directors." The scope of activities included within the accompanying financial statements are those transactions which comprise Agency operations, and are governed by, or significantly influenced by, the Board of Directors.

The financial reporting entity includes all funds, functions and organizations over which the Agency officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters. No other governmental organizations have been included or excluded from the reporting entity.

The Agency is considered a component unit of the County and is included in the financial statements of the County. The Agency's Board of Directors is appointed by the Chairperson of the County Legislature and confirmed by the Legislature as a whole, for terms of three years. As such, the County can impose its will indirectly on the Agency.

The accompanying basic financial statements of the Agency have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

(2) Summary of Significant Accounting Policies (Continued)

(a) Financial Reporting Entity, Continued

The Agency reports as a special purpose government engaged in business-type activities, as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The basic financial statements of the Agency consist of statements of net position, statements of revenue, expenses and changes in net position, that distinguishes between operating and nonoperating revenues and expenses, and statements of cash flows, using the direct method of presenting cash flows from operations. The business type activity presentation includes all of the Agency's funds and account groups.

The Agency's policy for defining operating activities in the statements of revenue, expenses and changes in net position are those that generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Certain other transactions are reported as non-operating activities in accordance with GASB Statement No. 34. These non-operating activities include the Agency's operating revenues from net investment income, grant revenue, interest expense, and gains from the disposal of assets.

GASB Statement No. 34 requires that resources be classified for accounting and financial reporting purposes into the following four net asset categories:

- Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair, or improvement of those assets. See unrestricted below.
- Restricted - Net position 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.
- Unrestricted - All other categories of net position. Included in unrestricted net position are amounts not available for other purposes. The liability for debt is shown as a reduction of unrestricted since it was not possible to distinguish the amount that is related to capital assets.

(b) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles.

(2) Summary of Significant Accounting Policies, Continued

(c) Budgetary Policies

The budget policies are as follows:

- Agency administration compiles a proposed budget for approval by the Board of Directors by August of each year for the ensuing year consistent with accounting principles generally accepted in the United States of America.
- The budget is then submitted to the County Executive for review. This is followed by a public hearing process. Finally, the budget is adopted in October of each year by the Board of Directors.

(d) Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Significant estimates used in preparing these financial statements include those assumed in calculating the landfill post-closure care cost liability. Accordingly, actual results could differ from those estimates.

(e) Cash and Equivalents

For financial statement purposes, the Agency considers all highly liquid investments with maturities of three months or less to be cash equivalents. Due to debt service reserve requirements, varying amounts of cash equivalents may need to be restricted throughout the year.

(f) Receivables and Allowance for Doubtful Accounts

Receivables are stated at the amount management estimates will be collected on outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable.

(2) Summary of Significant Accounting Policies, Continued

(g) Capital Assets

Capital assets are stated at cost, or in the case of gifts, fair value at the date of the receipt. The Agency's policy is to capitalize equipment which has a cost in excess of $1,000 and has a useful life of at least three years. Building renovations, building additions, machinery and equipment, heavy equipment, computers, software, vehicles, trailers, and furniture and fixtures with a unit cost of greater than $1,000 are capitalized. Agency capital assets, with the exception of land, are depreciated on a straight-line basis over their useful lives, which range from 3 to 50 years.

(h) Interfund Transfers

During the course of operations, the Agency has minimal transactions between funds, including expenditures and transfers of revenues to provide services, construct assets, and repay debt. This interfund activity has no effect on the basic financial statements as a whole and, therefore, was eliminated from the entity wide financial statements.

(i) Net Position

Restricted/Unrestricted Resources - Portions of net position are segregated for future use; and are, therefore, not available for current appropriation or expenditure. If an expense is incurred for purposes for which both restricted and unrestricted assets are available, the policy is to follow a Board of Directors resolution when deciding which assets to use.

(j) Advertising Costs

Advertising costs are expensed as incurred.

(k) Subsequent Events

The Agency has evaluated events after December 31, 2016, and through March 23, 2017, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(3) Cash Equivalents and Investments

The Agency's investment policies are governed by New York State statutes and the Agency's investment policy adopted August 6, 1993. Cash equivalents and investments at year-end were either fully insured by Federal Deposit Insurance Corporation (FDIC) and/or are collateralized with U.S. Government obligations held in the Agency's custodial bank in the Agency's name. Coverage was less than 100% of the balances on deposit. Investments consist primarily of guaranteed investment contracts (GICs) purchased directly by the Agency. Cash equivalents and investments are categorized into these three categories of custodial risk:

(1) Insured or registered, or investments held by the Agency, or the Agency's agent in the Agency's name.
(2) Uninsured and unregistered, with the investments held by the financial institution's trust department or agent in the Agency's name.
(3) Uninsured and unregistered, with investments held by the financial institution or its trust department or agent, but not in the Agency's name.

At December 31, 2016, the Agency's cash equivalents and investment balances were as follows:

	Category			Reported Amount/
	1	2	3	Fair Value
Cash and equivalents	$4,035,688	$1,740,065	$ -	$5,775,753
Investments	-	2,542,949	-	2,542,949
Total	$4,035,688	$4,283,014	$ -	$8,318,702

At December 31, 2015, the Agency's cash equivalents and investment balances were as follows:

	Category			Reported Amount/
	1	2	3	Fair Value
Cash and equivalents	$3,640,533	$1,632,834	$ -	$5,273,367
Investments	-	2,542,949	-	2,542,949
Total	$3,640,533	$4,175,783	$ -	$7,816,316

(4) Capital Assets

Capital asset activity for the years ended December 31 is as follows:

	2016			
	Beginning Balances	**Additions**	**Retirements**	**Ending Balances**
Land	$ 683,172	$ -	$ -	$ 683,172
Buildings	10,654,688	26,067	(48,594)	10,632,161
Machinery and equipment	3,555,442	619,740	(378,977)	3,796,205
Trailers	552,655	-	-	552,655
Computers	47,281	-	(2,431)	44,850
Software	39,536	-	-	39,536
Vehicles	1,362,476	322,506	-	1,684,982
Furniture and fixtures	74,655	27,505	(23,780)	78,380
Infrastructure	22,416	31,345	-	53,761
Construction in process	74,191	39,128	(74,191)	39,128
Total capital assets	17,066,512	1,066,291	(527,973)	17,604,830
Less accumulated depreciation:				
Buildings	3,194,980	277,861	(47,035)	3,425,806
Machinery and equipment	2,709,711	223,646	(378,977)	2,554,380
Trailers	419,392	23,765	-	443,157
Computers	31,936	6,160	(2,431)	35,665
Software	37,952	1,056	-	39,008
Vehicles	1,281,930	36,479	-	1,318,409
Furniture and fixtures	60,714	4,010	(23,400)	41,324
Infrastructure	3,459	1,905	-	5,364
Total accumulated depreciation	7,740,074	574,882	(451,843)	7,863,113
Capital Assets, Net	$ 9,326,438	$ 491,409	$ (76,130)	$ 9,741,717

(4) Capital Assets, Continued

	2015			
	Beginning Balances	Additions	Retirements	Ending Balances
Land	$ 683,172	$ -	$ -	$ 683,172
Buildings	10,577,587	77,101	-	10,654,688
Machinery and equipment	3,536,587	360,063	(341,208)	3,555,442
Trailers	552,655	-	-	552,655
Computers	47,281	-	-	47,281
Software	39,536	-	-	39,536
Vehicles	1,328,238	34,238	-	1,362,476
Furniture and fixtures	74,655	-	-	74,655
Infrastructure	19,751	2,665	-	22,416
Construction-in-process	74,191	-	-	74,191
Total capital assets	16,933,653	474,067	(341,208)	17,066,512
Less accumulated depreciation				
Buildings	2,917,855	277,125	-	3,194,980
Machinery and equipment	2,854,862	188,479	(333,630)	2,709,711
Trailers	395,627	23,765	-	419,392
Computers	24,851	7,085	-	31,936
Software	33,625	4,327	-	37,952
Vehicles	1,266,175	15,755	-	1,281,930
Furniture and fixtures	57,984	2,730	-	60,714
Infrastructure	2,404	1,055	-	3,459
Total Accumulated depreciation	7,553,383	520,321	(333,630)	7,740,074
Capital Assets, Net	$ 9,380,270	$ (46,254)	$ (7,578)	$ 9,326,438

(5) Deferred Outflow of Resources

As of December 31, 2016, the Agency had deferred outflows of resources amounting to $51,251 related to the unamortized loss on defeasement recognized in 2016 in connection with the advance refunding of a portion of the 2002 Serial Bonds.

In addition, the Agency had deferred outflows of resources amounting to $1,355,881 at December 31, 2016 related to the NYS Employees' Retirement System. See Note (6).

(6) Retirement Plan

(a) Plan Description and Benefits Provided

The Agency is a participant in the New York State and Local Retirement System (the System). Employees had the option to buy past service credits with the retirement system at no cost to the Agency. This is a cost sharing multiple public employer cost-sharing retirement system. The System provides retirement benefits as well as death and disability benefits. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). As set forth in the NYSRSSL, the Comptroller of the State of New York (the Comptroller) serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for the custody and control of their funds. The 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, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976 and prior to January 1, 2010, who have less than ten years of service or membership, are required to contribute 3% of their salary throughout their active membership. Employees who joined on or after January 1, 2010 and before April 1, 2012 are required to contribute 3.5% throughout their active membership. Those joining on or after April 1, 2012 are required to contribute between 3% and 6%, dependent upon their salary, for their entire working career. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31st. Employer contribution rates ranged from 9.3% to 16.0% of salaries for the year ended December 31, 2016 and 10.5% to 18.8% of salaries for the year ended December 31, 2015. Contributions for the current year and two preceding years were equal to 100% of the contributions required, and were as follows:

2016	$ 343,636
2015	391,230
2014	389,080

Participating employers are required to make payments on a current basis, while amortizing existing unpaid amounts relating to the fiscal years when the local employer opts to participate in the program. The total unpaid liability as of December 31, 2016 and 2015 was $808,067 and $842,874, respectively.

(6) Retirement Plan (Continued)

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

At December 31, 2016 and 2015, the Agency reported a liability of $1,285,934 and $268,777, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2016 and 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of as of that date. The Agency’s proportion of the net pension liability was based on a projection of the Agency’s long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2016 and 2015, the Agency’s proportion was 0.0080119 and 0.0079561 percent, respectively.

For the year ended December 31, 2016 and 2015, the Agency recognized pension benefit (expense) of ($439,630) and $65,405, respectively. At December 31, 2016 and 2015, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2016		2015	
	Deferred Outflows Of Resources	Deferred Inflows Of Resources	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 6,498	$ 152,426	$ 8,604	$ -
Changes of assumption	342,920	-	-	-
Net difference between projected and actual earnings on plan investments	762,887	-	46,683	-
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	1,198	107,560	-	81,168
Agency's contributions subsequent to the measurement date	242,378	-	288,993	-
Total	$ 1,355,881	$ 259,986	$ 344,280	$ 81,168

(6) Retirement Plan (Continued)

(b) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Agency contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:

2017	$211,786
2018	211,786
2019	211,786
2020	218,159

(c) Actuarial Assumptions

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

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

Inflation	2.5%
Salary scale	3.8% in ERS
Investment rate of return including inflation	7.0% compounded annually, net of investment expenses
Cost of living adjustments	1.3% annually
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Sale MP-2014

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

(6) Retirement Plan (Continued)

(c) Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target allocation	Long-Term Expected Real Rate Of return
Domestic Equity	38%	7.30%
International Equity	13%	8.55%
Private Equity	10%	11.00%
Real Estate	8%	8.25%
Absolute Return Strategies	3%	6.75%
Opportunistic Portfolio	3%	8.60%
Real Assets	3%	8.65%
Bonds and Mortgages	18%	4.00%
Cash	2%	2.25%
Inflation-Indexed Bonds	2%	4.00%
	100%	

(d) Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

(6) Retirement Plan (Continued)

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

The following presents the Agency's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Agency's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate 1-percentage point lower (6.0%) or 1-percentage point higher (8.0) than the current rate:

	1% Decrease (6.0%)	**Current Assumption (7.0%)**	**1% Increase (8.0%)**
Employer's proportionate share of the net pension asset/(liability)	$(2,899,688)	$(1,285,934)	$77,619

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of March 31, 2016 were as follows:

	(Dollars in Millions) Employees Retirement System
Employers' total pension liability	$(172,304)
Plan net position	156,253
Employers' net pension asset/(liability)	$ (16,051)
Ratio of plan net position to the Employers' total pension asset/(liability)	(90.70%)

(6) Retirement Plan (Continued)

(g) Restatement of Net Position

For the fiscal year ended December 31, 2015, the Agency implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions-Amendment to GASB Statement No. 27. The implementation of Statement No. 68 resulted on the reporting of an asset, deferred outflow of resources, liability, and deferred inflow of resources related to the Agency's participation in the New York State Employees' Retirement System. The Agency's net position at the beginning of 2015 has been restated as follows:

Net position (deficit) beginning of year, as previously stated	$(1,433,945)
GASB Statement No. 68 implementation:	
Beginning System liability	(359,526)
Net Position, Beginning of Year, As Restated	$(1,793,471)

(7) Long-Term Debt

Long-term debt at December 31, 2016 and 2015 consists of the following:

(a) Long-Term Debt

Serial bonds, term bonds, capital appreciation bonds, and long-term notes - The Agency borrows money in order to acquire or construct assets or to pay for landfill closure costs. This enables the cost of these capital assets to be borne by the present and future users, who will benefit from the capital assets. The assets of the Agency have been pledged as security for the outstanding debt.

(7) Long-Term Debt (Continued)

(b) Changes

The changes in the Agency's indebtedness during the years ended December 31 are summarized as follows:

	2016				
	Balances January 1	Additions	Deductions	Balances December 31	Due Within One Year
Term notes	$ 275,000	$ -	$ (135,000)	$ 140,000	$ 140,000
Term bonds	479,990	-	(275,000)	204,990	204,990
Serial bonds	5,905,000	-	(1,720,000)	4,185,000	1,785,000
Capital appreciation bonds	5,448,755	-	-	5,448,755	-
Capital lease	269,861	236,440	(135,739)	370,562	133,735
Subtotal	12,378,606	-	(2,265,739)	10,349,307	2,263,725
Unamortized premium	78,070	-	(31,230)	46,840	31,230
Total	$12,456,676	$236,440	$(2,296,969)	$10,396,147	$2,294,955

	2015				
	Balances January 1	Additions	Deductions	Balances December 31	Due Within One Year
Term notes	$ 410,000	$ -	$ (135,000)	$ 275,000	$ 135,000
Term bonds	749,990	-	(270,000)	479,990	275,000
Serial bonds	7,570,000	-	(1,665,000)	5,905,000	1,720,000
Capital appreciation bonds	5,448,755	-	-	5,448,755	-
Capital lease	126,384	234,111	(90,634)	269,861	86,097
Subtotal	14,305,129	234,111	(2,160,634)	12,378,606	2,216,097
Unamortized premium	109,300	-	(31,230)	78,070	31,230
Total	$14,414,429	$234,111	$(2,191,864)	$12,456,676	$2,247,327

(7) Long-Term Debt (Continued)

(c) Maturity

The following is a summary of maturity of indebtedness as of December 31, 2016:

Description of issue	Issue date	Final maturity	Interest rate	Outstanding at 12/31/16
Term bonds	12/30/1998	08/01/2016	2.23%	$ -
Term bonds	07/01/1999	03/01/2017	2.20%	204,990
Term note	05/01/2000	03/01/2017	2.82%	140,000
Serial bonds	12/18/2002	03/01/2018	3.75 - 5.25%	665,000
Serial bonds	07/21/2006	03/01/2021	4.50 - 5.00%	880,000
Serial bonds	05/25/2012	03/01/2018	2.00 - 3.00%	2,640,000
Capital appreciation bonds	12/18/2002	03/01/2025	4.96 - 5.29%	5,448,755
Capital lease	09/19/2013	09/19/2017	3.017%	43,386
Capital lease	03/23/2015	03/23/2019	3.13%	140,378
Capital lease	03/01/2016	03/01/2020	2.49%	186,798
				10,349,307
Unamortized bond premium				46,840
Total Long-Term Debt, Net				$10,396,147

The maturities of these issues as of December 31, 2016 are as follows:

	Principal	Interest	Total
2017	$ 2,263,725	$ 139,724	$ 2,403,449
2018	1,942,889	66,330	2,009,219
2019	1,081,067	1,005,502	2,086,569
2020	994,974	1,042,843	2,037,817
2021	904,371	1,079,904	1,984,275
2022 - 2026	3,162,281	6,252,719	9,415,000
	10,349,307	9,587,022	19,936,329
Unamortized bond premium	46,840	-	46,840
Total	$10,396,147	$9,587,022	$19,983,169

Interest payments are higher in later years. The capital appreciation bonds accrue interest but do not have scheduled payments.

(7) Long-Term Debt, Continued

(d) Advance Refunding of Debt

The Agency entered into agreements in prior years with M & T Bank (as escrow agent) for the advance refunding of bonds. The purpose of this advance refunding was to reduce aggregate debt service payments. M & T Bank is Trustee of the escrow funds paid to them by the Agency for the payment of the debt. The balances of the defeased bonds (2000 bond issue) not yet paid at December 31, 2016 amounted to $-0-.

The Agency entered into an agreement in 2012 with M & T Bank (as escrow agent) for the advance refunding of bonds. The purpose of this advance refunding was to reduce aggregate debt service payments. M & T Bank is Trustee of the escrow funds paid to them by the Agency for the payment of the debt. The balances of the defeased bonds (2002 refunded bonds) not yet paid at December 31, 2016 amounted to $2,660,000.

The escrow assets and liabilities for the defeased obligations are not included in the Agency's financial statements. Any differences between the cash flow requirements of the defeased debt and replacement debt are unknown.

(8) Customer Advances

As of December 31, 2016 and 2015, the Agency had advances amounting to $7,800 and $12,800, respectively.

The December 31, 2016 and 2015 balances consist of payments received from customers in 2016 for their 2017 permits and payments received from customers in 2015 for their 2016 permits, respectively. The issuances of these permits began in February 2013 and were issued as part of the new countywide flow-control law.

(9) Unrestricted Net Deficit

The Agency's unrestricted net deficit as of December 31 consists of the following:

	2016	2015
General unrestricted	$ 4,654,299	$ 4,235,925
Related to outstanding debt	(10,396,147)	(12,456,676)
Landfill post-closure care costs	(2,081,052)	(2,432,768)
Total	$ (7,822,900)	$(10,653,519)

(10) Compensated Absences

Employees of the Agency are entitled to reimbursement of unused sick and vacation time at the time of retirement or other termination of service. The Agency's policy is to accrue the cost of compensated absences as earned and vested by the Agency's employees. This amount is included as a payable in the accompanying statements of net position in the amount of $585,836 and $544,785 as of December 31, 2016 and 2015, respectively.

(11) Contingencies

Contingencies at December 31, 2016 consist of the following:

(a) Risk Financing and Related Insurance

The Agency maintains insurance policies with commercial insurers. The Agency's deductible for environmental liability insurance is $100,000. Other deductibles for various policies range from $1,000 to $5,000 for each event.

(b) Landfill Closure and Post-Closure Care Costs

New York State and Federal laws required the Agency to place a final cover on its landfill sites when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The Agency is currently in the post-closure phase at each of the landfills. The post-closure period goes throughout the year 2028. In 2016 and 2015, the annual post-closure monitoring and maintenance cost for all three landfills was $173,421 and $187,136, respectively. In 2010, a study was initiated to analyze the projected costs. Current projections prepared by the Agency, of annual post-closure monitoring and maintenance costs for all three landfills, are $173,421 for each of the remaining 12 years as follows:

	Ulster Landfill	**New Paltz Landfill**	**Lloyd Landfill**	**Total**
Environmental monitoring	$ 7,700	$ 6,000	$7,309	$ 21,009
Leachate disposal	75,075	57,250	-	132,325
Facility maintenance	13,325	6,762	-	20,087
Total Annual Cost	$96,100	$70,012	$7,309	$173,421

(11) Contingencies (Continued)

(b) Landfill Closure and Post-Closure Care Costs, Continued

The liability for landfill post-closure care costs at December 31, 2016 consists of the following:

Total annual cost	$ 173,421
Remaining years	12
Total liability	2,081,052
Less: current portion	(173,421)
Landfill Post-Closure Care Costs, Excluding Current Portion	$1,907,631

(c) Workers' Compensation Assessment

For the years 1999-2007, the Agency participated in a Workers' Compensation Trust that became inactive on December 31, 2008. The Trust has seen adverse claims development for the years in which the Agency was a member. Due to the continuation of these claims, the Trust's reserves were weakened and assessments have now been required. As a Member of the Trust, the Agency is legally obligated to meet this assessment demand as part of its joint and several liability agreements under the New York State Workers' Compensation Law, the Trust Agreement, and the Indemnity Agreement the Agency executed upon joining the Trust. The Agency's membership obligations exist until all claims of the Trust are liquidated or transferred to an insurance carrier. During 2013, a Memorandum of Understanding (MOU) was drafted. The MOU was executed in 2014 and was originally in effect until July 1, 2015. In September 2015, a rider to the MOU was executed, effectively extending the MOU until June 1, 2016. During 2016, all obligations were transferred to an insurance carrier and a settlement was offered to all members. The Agency agreed to the settlement terms as offered, and were issued a full release. Agency obligations amounted to $-0- and $47,110 as of December 31, 2016 and 2015, respectively.

(d) Litigation

In the normal course of business, it is not uncommon for the Agency to incur litigation surrounding certain events. There are outstanding lawsuits involving amounts that have been filed against the Agency. Based on the facts presently known, management and in-house legal counsel do not expect these matters to have a material adverse effect on the Agency's financial condition or results of operations.

(12) Concentrations of Credit Risk

The Agency has a credit risk with respect to receivables, due to its concentration of customers within a single industry and the possible effect of economic factors in a single geographic area.

(13) Grant Revenue

The Agency received grant revenue from two different sources for programs as follows:

(a) Municipal Waste Reduction and Recycling Program

This program is funded by the New York State Department of Environmental Conservation's Environmental Protection Fund. In accordance with Ulster County's Mandatory Source Separation and Recycling Law, the Agency continues to develop its programs with regards to waste reduction and recycling education. Grant revenue received represents a 50% reimbursement of Agency disbursements with regards to operating this program. The Agency received $119,674 for this program during the year ended December 31, 2016. No funds were received for this program during the year ended December 31, 2015.

(b) Household Hazardous Waste State Assistance Program

The Agency received grant revenue from Household Hazardous Waste State Assistance Program. This program is funded by the New York State Department of Environmental Conservation's Environmental Protection Fund. The Agency administers household hazardous waste events several times per year. This collection provides a safe disposal alternative for electronics, hazardous pesticides, solvents, and other household chemicals to the residents of Ulster County. Grant revenue received represents a 50% reimbursement of Agency disbursements with regards to operating these events. The Agency received $37,216 and $38,889 for this program during the years ended December 31, 2016 and 2015, respectively.

(c) Ulster County Food Waste Composting Project

This project is funded by the New York State Department of Environmental Conservation's Environmental Protection Fund. The pilot project commenced in 2012 and the Agency began accepting food waste in August 2012. The project has been very successful for the Agency, and an expansion of the project commenced in 2016. Grant revenue received represents a 50% reimbursement of Agency disbursements with regards to operating this project. The Agency received $129,176 for this project during the year ended December 31, 2016. No funds were received for this project during the year ended December 31, 2015.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Schedule of Ulster County Resource Recovery Agency's (UCRRA) Contributions

NYSLRS Pension Plan
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2015*	**2016***
Contractually required contributions	$ 288,993	$ 242,378
Contributions in relation to the contractually required contributions	288,993	242,378
Contributions Deficiency (Excess)	$ -	$ -
UCRRA's covered-employee payroll	$1,512,837	$1,553,441
Contributions as a percentage of covered-employee payroll	19.10%	15.60%

* The amounts presented for the fiscal year were determined as of the measurement date March 31.

See paragraph on supplementary schedules included in independent auditors' report

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Schedule of Ulster County Resource Recovery Agency's (UCRRA)
Proportionate Share of the Net Pension Liability

NYSLRS Pension Plan
Last 10 Fiscal Years
(Dollar amounts in thousands)

	2015*	**2016***
UCRRA's proportion of the net pension (liability) asset	0.0079561%	0.0080119%
UCRRA's proportionate share of the net pension (liability) asset	$ (268,777)	$(1,285,934)
UCRRA's covered-employee payroll	$1,512,837	$1,553,441
UCRRA's proportionate share of the net pension (liability) asset as a percentage of its covered-employee payroll	17.77%	82.78%
Plan fiduciary net position as a percentage of the total pension liability	97.95%	90.69%

* The amounts presented for the fiscal year were determined as of the measurement date March 31.

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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*

To The Board of Directors
Ulster County Resource Recovery Agency

Independent Auditors' Report

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Ulster County Resource Recovery Agency, a Component Unit of the County of Ulster (the Agency), as of and for the year ended December 31, 2016, and the related notes to the financial statements which, collectively comprise the Agency's basic financial statements, and have issued our report thereon dated March 23, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control 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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Teal, Becker & Chiaramonte, CPAs, PC

Albany, New York
March 23, 2017