

Ulster County Resource Recovery Agency

Comprehensive Annual Financial Report
for the Years Ended December 31, 2020 and 2019



A Component Unit
of the County of Ulster,
Located in the Town of Ulster, New York

www.UCRRA.org



Ulster County Resource Recovery Agency

A Component Unit of the County of Ulster

Town of Ulster, NY

www.UCRRRA.org

**Comprehensive Annual Financial Report
Years Ended December 31, 2020 and 2019**

Prepared by the
Accounting Department

Timothy DeGraff, CPA
Acting Executive Director/Controller

Brenna Whitaker
Administrative Assistant



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Introductory Section

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ULSTER COUNTY RESOURCE RECOVERY AGENCY

Board of Directors

Frederick Wadnola, M.S.Ed., C.A.S., Chair
Katherine Beinkafner, Ph.D., P.G., Vice Chair
Charles Landi, Treasurer
JoAnne Myers, Ph.D., Member
Lisa Mitten, LEED GA, MPP, MS-Ed., EMIT, Member



P.O. Box 6219, 999 Flatbush Road
Kingston, NY 12402

Administrative Staff

Timothy DeGraff, CPA, Acting Executive Director
Charles Whittaker, Director of Operations and Safety
Angelina Peone, Recycling Coordinator
Melinda France, Recycling Educator
Amy Lopiano, Chief Accounting Clerk

Legal Staff

Kenneth Gilligan, Esq.

Email: ucrra@ucrra.org
Website: www.ucrra.org

Phone: (845) 336-0600
Fax: (845) 336-4129

March 24, 2021

TO THE BOARD OF DIRECTORS OF THE ULSTER COUNTY RESOURCE RECOVERY AGENCY:

This Comprehensive Annual Financial Report (CAFR) for the Ulster County Resource Recovery Agency (The Agency) containing the results of financial transactions occurring during the year ended December 31, 2020 is hereby submitted to the Agency Board and all others interested in the financial condition of the Agency. This report is published in accordance with the requirements of the State of New York (State) enabling legislation creating the Agency, Article 9, Section 2800 of the Public Authorities Law. Pursuant to those requirements, this Comprehensive Annual Financial Report of the Agency has been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). This report consists of three sections: Introductory, Financial, and Statistical. The basic financial statements included in the Financial Section have been audited by Teal, Becker & Chiaramonte, CPAs, P.C.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Teal, Becker & Chiaramonte, CPAs, P.C., have issued an unmodified ("clean") opinion on the Agency's financial statements for the years ended December 31, 2020 and 2019. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

DESCRIPTION OF AUTHORITY

The Agency was formed for the purpose of developing, financing, and implementing a comprehensive countywide solid waste management program. In the mid-1980s, after new initiatives to close non-complying existing 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 (County) requested that the County government assume

the responsibility for the 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.

Prior to 2013, the Agency had to contract with commercial haulers to ensure that a sufficient amount of volume was coming into the Agency in order to meet its financial obligations. On December 4, 2012, the Ulster County Legislature voted on and passed a countywide flow control law and on December 18, 2012 the Ulster County Executive signed it into law. Subsequently the law was filed with the New York State Department of State (NYS DOS) on January 2, 2013 and on January 28, 2013 the Ulster County Clerk of the Legislature was officially notified by the NYSDOS that the law was filed which meant that as of said date, the law is now enforceable. The Flow Control Law mandates that all Municipal Solid Waste (MSW) generated within Ulster County must be brought to an Agency designated facility, which at present are the two Agency transfer stations. The tipping fees are set by the Agency's Board of Directors as part of the budgeting process to ensure that the corresponding fiscal year's financial obligations will be met. The major financial impacts of this law were an increase in solid waste service fees, the elimination of County subsidies, and the ability of the Agency to be self-sustaining.

Board of Directors: The Agency is governed by a five (5) member Board of Directors who are appointed by the Chairperson of the County Legislature and confirmed by the Legislature as a whole, for terms of three years.

Executive Director and Staff: An Executive Director, who serves at the Board's pleasure, is the Chief Executive Officer of the Agency and is responsible for implementing its policy decisions. The Executive Director's immediate staff includes a Controller, Director of Operations and Safety, Recycling Coordinator, Recycling Educator, and Compliance Officer. A complete organization chart of personnel appears within this introductory section.

Budgetary Information: The budget is compiled each year by Agency management and proposed to the Board of Directors by August. Based on the County's responsibility for the appointment of Agency Board Members and certain agreed upon debt related requirements, the Agency is considered a component unit of the County under the criteria established by the Governmental Accounting Standards Board (GASB). Due to this, the Board approved budget is submitted to the County Executive for review. This is followed by a public hearing process prior to the final budget approval in October by the Board of Directors.

SOLID WASTE ECONOMICS

The Agency operates two facilities that are both located within the County. With the flow control law being in effect in the County, local economic factors can have a direct effect on Agency solid waste volumes. The County has an approximate population of 180,000, and the Agency serves its residents with one regional transfer station in the northern part of the County (Town of Ulster) and one in the southern part of the County (Town of New Paltz).

The main revenue and cost driver for the Agency is volume. With a tipping fee of \$105/ton (plus a fuel surcharge), tipping fees and their corresponding revenues regularly amount to over 90% of total operating revenues. Expenditures related to volume (transportation costs, disposal costs, host community fees) regularly amount to over 60% of total operating expenses. Fluctuations in volume can have a major impact on the Agency's finances, but since the Agency started enforcing flow control in February 2013, MSW

volume has become more consistent. Volume fluctuations tend to follow along with current economic trends, but tend to have a larger influence on Construction and Demolition (C&D) debris than MSW. Over the last three years, solid waste volume has increased at the Agency. MSW volume has consistently been around 100,000 tons. C&D volume has increased by 23%, or 7,000 tons over this time. This has had a positive effect on finances.

During 2019, the Agency put out bids for transportation and disposal of its solid waste, beginning in 2020. Due to market conditions, bid results came in higher than 2019 rates, and substantially higher for transportation costs. The Agency realized an increase of \$9/ton in transportation costs. When combined with the increase in volume, the Agency's transportation expenses increased by \$1,368,645 from the prior year.

RECYCLING ECONOMICS

The Agency operates a Materials Recovery Facility (MRF) at its Town of Ulster site. The MRF is set up to process dual-stream recycling only. Dual-stream recycling means that residents keep fiber (mixed newspapers and old corrugated cardboard ("OCC")) in separate containers, while other recyclables, such as plastic, glass, and metal are kept in another container. Single stream recycling (SSR) is the main collection practice by commercial haulers. SSR means that all of the noted recyclables above are kept in one single container. The inability to process SSR at the Agency's MRF created a large loss in revenue streams and an increase in costs as SSR has no value. The Agency stopped accepting SSR on April 1, 2019.

With contracts in place, the Agency expects to receive the dual-stream recycling from municipalities, allowing the MRF to be on solid fiscal ground when market conditions are favorable. These contracts were renegotiated during 2020, and are in effect for the next five years. Market prices in 2020 were affected by the public health crisis for mixed newspaper and OCC. Mixed newspaper began the year as a cost, but demand increased as a direct result of the public health crisis. Prices were consistent after the first quarter of the year, ranging from \$0 and \$20 per ton. OCC rebounded and peaked at \$120 per ton before settling in between \$50 and \$70 per ton for the second half of 2020. Plastic prices remained favorable throughout 2020, but were volatile at times. Volume has increased substantially over the last two years due to the Agency's acceptance of dual-stream recycling only. Plastic revenues increased 52% from the prior year.

As the recycling industry continues to deal with challenges worldwide, the Agency's composting program continues to grow, helping to ease the burden of recycling volume losses. Food waste makes up approximately 22% of the waste stream. Diverting this volume from the landfill has become and will continue to be a major goal of the Agency, Ulster County, and New York State. Compost related revenues increased by 27% from the prior as the Agency's product is becoming more desired, especially by local farmers. Compost has historically been sold in bulk only, but the Agency purchased a bagging machine in 2019 which will lead to increased exposure for the program once in operation.

LONG TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The Agency 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. This commitment is taken into consideration on an everyday basis as we try to improve all aspects of the organization. This past year the Agency started and completed several large capital projects. The Agency

is planning to review options for a long term final disposal solution, with an eye towards 2025, when the remaining bond is paid off.

Operational improvements have been at the forefront in recent years. Ulster County and New York State passed laws related to the diversion of food waste. In accordance with these laws, the Agency needed to expand capacity for the expected increase in volume. There has always been a risk of odor problems, and increased processing increases the odor risk. In an effort to mitigate these odors, the Agency purchased a larger trommel screen and a hydraulic stacker. These two pieces of equipment substantially reduced processing times, lowering the risk of odors. The Agency also installed new LED lighting so that processing could occur earlier in the morning, reducing the amount of potential odors during normal commuting hours, as the Agency is located near the Kingston-Rhinecliff bridge toll. This expansion also included additional blacktopping to curb the pooling of water in the same area. The completion of this project is expected in early 2021.

The Agency utilizes three scales at its Ulster Transfer Station site. All three scales were in need of replacement as repairs and maintenance was becoming difficult due to obsolete parts. The project took approximately four months, and enhanced the services we provide. The scales were improved with higher safety railings; new concrete decks; improved approaches to the scales; digital scoreboards that display customer weights to the customer in real time; installation of new drainage pipes; and new fabricated metal stairs for improved customer safety.

A major initiative across 2019 and 2020 was the drafting of a new Local Solid Waste Management Plan (LSWMP). Cornerstone Engineering was hired to write the plan with input from a commission made up of Agency Board Members, Agency Executive Director, and Ulster County Legislators. The SWMP draft was completed and submitted to the NYS Department of Environmental Conservation for review. In 2020, the Agency approved the plan and the NYS Department of Environmental Conservation issued an “approvable letter”. The Plan will be in effect once approved by the Ulster County Legislature, which is expected in the beginning of 2021.

Major initiatives for 2021 center around the LSWMP. While awaiting the final approvals of the LSWMP, the Agency began working on first year implementation goals. One of those goals is a new recycling education building. The new recycling education building will also encompass the compost bagging operation, which will allow for onsite demonstrations to tour groups. It is hoped that this building will be completed by mid-2021. The Agency will begin researching new technologies for final disposal, the possibility of rail transport, and plan to consider the feasibility of an in County landfill. A focus on the collection of in County food waste is a top priority in 2021. Staff has begun work on a new program to set up food waste collection points at several town transfer stations and to be used at local festivals. These collection points would utilize small trailers that will contain at least 6 organic waste totes. These trailers will have tow hitches for easy transport by the towns to the Agency’s composting facility. Another initiative relates to the use of solar energy on Agency property. This process can take several years, but is considered a very favorable option for the Agency and the environment once installed.

RELEVANT FINANCIAL POLICIES

The Agency’s operating budget is used to calculate the tipping fee for the ensuing year. A breakdown of major costs as they relate to the tip fee can be found within the MD&A. Since tonnages are the Agency’s cost and revenue drivers, any deviation from budgeted tons will create a variance from budgeted figures.

2020 tonnages were 7.1% higher than budgeted amounts. This factor combined with a prior year surplus allowed the Agency to make major contributions to its composting operations.

As part of its agreement with the County, the Agency is required to fund reserves with a sufficient amount that can subsidize any shortfalls between revenues and expenses. It was mutually agreed that at least 25% of Agency expenses is an appropriate funding level for reserve accounts. The calculation period is for a twelve months ending each September 1st. The last calculation period had a requirement of \$3,991,431 in reserves. The Agency had an Operating Reserve balance of \$3,123,795 and an excess Debt Service Reserve balance of \$710,236 as of September 1, 2020. Based on these amounts, the Agency underfunded its Operating Reserve by \$157,400 for the 2020 fiscal year. Due to the public health crisis, the Agency opted to use funds from its Operating Reserve to pay for equipment that is usually covered by a grant from the New York State Department of Environmental Conservations. When these funds become available and are received by the Agency, it is anticipated that they will be deposited back into the Operating Reserve.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Agency for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2019. This was the second consecutive year that the Agency submitted for and received this prestigious award. In order to receive this award a government unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that this 2020 CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Agency, and the enthusiastic support of the Board of Directors. We wish to thank all those involved in providing the necessary data to prepare this report. The quality and timely preparation of the CAFR was also made possible by the dedicated service of Teal, Becker, and Chiamonte, CPAs, P.C., the Agency's independent auditors.

Respectfully submitted,



Timothy DeGraff, CPA
Acting Executive Director/Controller



Agency Board Members and Management As of December 31, 2020

Board Members

Fred Wadnola, M.S.Ed., C.A.S.

Chair

Term Expires: 12/31/2020

Katherine Beinkafner, Ph.D., P.G.

Vice Chair

Term Expires: 12/31/2022

Charles Landi

Treasurer

Term Expires: 12/31/2022

JoAnne Myers, Ph.D

Member

Term Expires: 12/31/2021

**Lisa Mitten, LEED GA, MPP, MS-Ed.,
EMIT**

Member

Term Expires: 12/31/2021

Agency Management

Timothy DeGraff, CPA

Acting Executive Director/Controller

Charles Whittaker

Director of Operations & Safety

Kenneth Gilligan, Esq.

Agency Counsel



Agency Organizational Chart

As of 12/31/20

Board of Directors	
Frederick Wadnola, M.S.Ed., C.A.S. Chair	
Katherine Beinkafner, Ph.D., P.G Vice Chair	JoAnne Myers, Ph.D. Member
Charles Landi Treasurer	Lisa Mitten, LEED GA, MPP, MS-Ed., EMIT Member

Executive
Timothy DeGraff, CPA Acting Executive Director

Legal
Kenneth Gilligan, Esq. Agency Counsel

Operations
Charles Whittaker Director of Operations & Safety

Flow Control/ Recycling Compliance
Vacant Compliance Officer

Recycling Education
Melinda France Recycling Educator

Recycling Administration
Angelina Peone Recycling Coordinator

Administration
Timothy DeGraff, CPA Controller

Transfer Stations
Vacant Lead Transfer Station Operator

Leachate Hauling
Eric Shaw Driver/Operator A

Vehicle Maintenance Facility
Jeffrey Borchardt Mechanic
Gregory Warren Mechanic
Barry Paradies Jr. Mechanic

Scale House Operations/Roll-off Transportation
Donald Markle Jr. Lead Scalehouse Operator

Material Recovery Facility
William Maggiore MRF Laborer
Wayne Ward, Jr. MRF Laborer
Joseph Kern Sorting Line Worker
Giovanni Buonocore Sorting Line Worker
Isaiah Rosado Sorting Line Worker
Cameron Pink Sorting Line Worker
Joshua Kamae Sorting Line Worker

Buildings & Grounds /Maintenance
William Whittaker Maintenance Mechanic
Vacant Buildings & Grounds Keeper

Lisa Piratzky Data Analyst
Amy Lopiano Chief Accounting Clerk
Brenna Whitaker Administrative Assistant
Michelle Bouchard Clerical Secretary (Part-Time)

Robert Gleason Driver/Operator
Thomas Nerone Driver/Operator
Taylor Dailey Driver/Operator
Andrew Tubby Transfer Station Operator
Donnie Markle III Driver/Operator (Part Time)

Scale House Operations
Marylee Warren Scale House Operator I
Engel Delgado Scale House Operator I
Melanie Rieker Scale House Operator I
Marcela Martinez-Cruz Scale House Operator I

Roll-off Transportation
Bruce Wolf Driver/Operator
Michael Lenahan Driver/Operator
Pedro Cedeno Driver/Operator



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Ulster County Resource Recovery Agency
New York**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

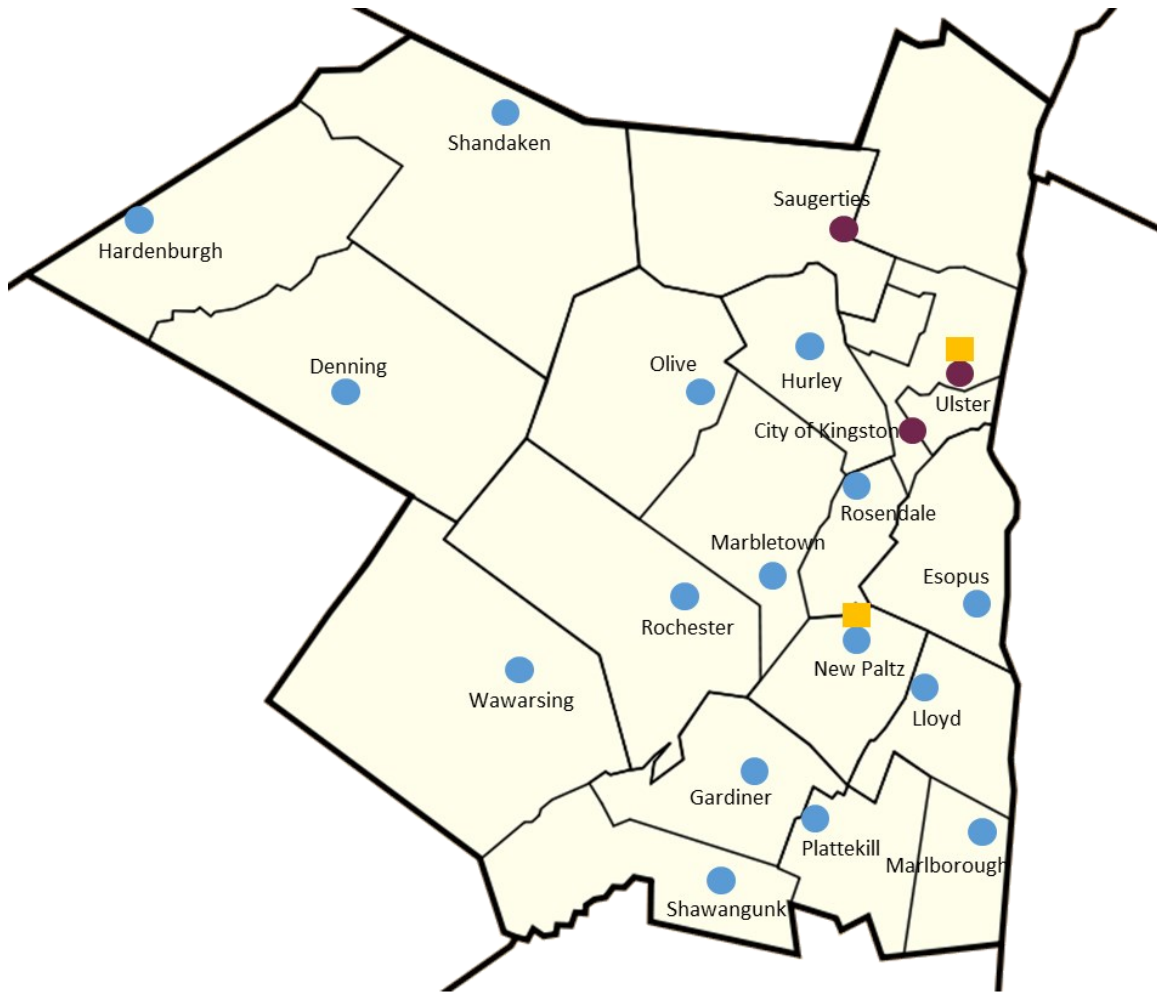
December 31, 2019

Christopher P. Morrill

Executive Director/CEO



Town Transfer Stations & UCRRA Facilities



- Municipal owned & operated facilities
- Municipal owned & operated facilities, serviced by UCRRA
- UCRRA facilities



Glossary of Terms

Closed Landfills

In 1997 the Agency took responsibility for the post-closure monitoring and maintenance of the former Ulster and New Paltz landfills, with an obligation of 30 years.

Commercial Haulers

Companies that offer curbside pick-up of household waste and recycling. Any company that picks up household waste, either from residences or businesses, in Ulster County is subject to the Flow Control Law. These haulers must have a permit with the Agency. This also includes companies that rent and transport roll-off containers. Roll-offs are commonly used to contain loads of C&D or other waste types.

Compost

An aerobic method (requiring the presence of air) of decomposing organic solid wastes. It can therefore be used to recycle organic material. The process involves decomposition of organic material into a humus-like material, known as compost, which is a good fertilizer for plants.

Construction & Demolition Debris (C&D)

All non-hazardous solid waste resulting from construction and demolition activities. C&D is not covered under The Flow Control Law.

Dual-Stream Recycling

A system in which fiber (newspaper, mixed paper, (e.g., junk mail, cereal boxes, home office paper, etc.) and OCC (old corrugated cardboard) is separated into a different container from all other recyclables (food/beverage containers, aluminum/steel cans, glass bottles/jars, and certain plastics). The two material streams are picked up and placed in separate compartments on the recycling truck, and taken to a MRF where the containers go through a variety of automated sorting equipment and hand-picking before being baled or containerized and sent to market.

E-waste

Discarded electrical or electronic devices. In New York State, consumers are required to recycle electronic waste, such as computers, computer peripherals, televisions, small scale servers, and small electronic equipment, etc., in an environmentally responsible manner. The Agency offers free e-waste recycling to residents, businesses, and non-profits. Collected items are delivered to a facility that specializes in bringing materials down to the separated commodity level such as plastic, metal, and glass, which are then sent to downstream processors.

Flow Control

Flow controls are legal provisions that allow state and local governments to designate the places where municipal solid waste (MSW) is taken for disposal. On February 1, 2013, the Ulster County Flow Control Law (Local Law No. 10 of 2012) was enacted. This ensures that all MSW created in Ulster County must be disposed of at the Agency. The Flow Control Law allows all users to pay the same rate for disposal, and ended tax-payer subsidies making the Agency self-sustaining.



Glossary of Terms (continued)

Leachate

The liquid that drains or 'leaches' from a landfill. Leaching occurs when water percolates through any permeable material within the landfill. Since the Agency has an agreement to service the former Ulster and New Paltz landfills, it is responsible for hauling leachate from these sites to the City of Kingston Wastewater Treatment Plant for processing.

Materials Recovery Facility (MRF)

Specialized plant that receives, separates, and prepares recyclable materials for marketing to end-user manufacturers. Some MRF's are built to process single-stream recycling, dual-stream recycling, or both. UCRRA operates a dual-stream only MRF.

Municipal Solid Waste (MSW)

Waste consisting of everyday items that are discarded by the public. In Ulster County, MSW is covered under the Flow Control Law.

Sewage Sludge

The residual, semi-solid material that is produced as a by-product during sewage treatment of industrial or municipal wastewater.

Single Stream Recycling (SSR)

A system in which all recyclables, including newspaper, cardboard, plastic, aluminum, junk mail, etc., are placed in a single bin. These recyclables are collected by a single truck and taken to a Materials Recovery Facility (MRF) to be sorted into various commodity streams for sale to markets, where it is processed into feedstock which can be used in the manufacturing of new products. The Agency's MRF is not able to process SSR.

Self Haulers

Companies such as contractors, landscapers, or other businesses who haul their own waste. This also applies to municipalities who are not serviced by UCRRA and instead haul their own waste to the Agency. These businesses are not subject to the permitting portion of the Flow Control Law. However, the Agency does offer credit accounts to businesses who prefer to be billed monthly.

Town Transfer Stations (MRDCs)

Facilities owned and operated by individual towns to allow their residents to drop off household waste and recycling. In Ulster County, there are nineteen MRDCs. The Agency has an agreement with sixteen of these towns to service their transfer stations.



Financial Section

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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 business-type activities of the Ulster County Resource Recovery Agency, a component Unit of the County of Ulster (the Agency), as of and for the years ended December 31, 2020 and 2019, 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 business-type activities of the Ulster County Resource Recovery Agency, as of December 31, 2020 and 2019, 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 16 through 30 and 53 and 54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ulster County Resource Recovery Agency's basic financial statements. The introductory section on pages 1 through 12, and the statistical section on pages 58 through 74, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and the statistical section have not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2021, 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 solely 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.





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 existing 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.

Mission Statement

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.



Communications & Public Outreach

Despite the challenges of the COVID-19 public health crisis in 2020, the UCRRA Recycling Outreach Team remained adaptable and adjusted program offerings to continue outreach and educational initiatives. In-person gatherings were replaced with webinars and virtual classes through WEBEX teleconferencing systems. The team incorporated new social media strategies, such as starting a Youtube channel and uploading class videos and other video content online. Additional safety protocols were added during facility tours that took place later in the year, and the team focused on updating the Agency website, new print media resources, and acquiring new teaching tools for future educational programs.

- The UCRRA Recycling Outreach team completed 47 hours of direct community engagement programming in 2020 including: 18 public speaking events/workshops, 17 facility tours of UCRRA's recycling and organics recovery facilities, and 4 site visits to improve recycling programs.
- The program reached 431 adult participants and 40 youth participants with its direct community engagement initiatives.
- The Recycling Outreach Team grew indirect outreach program opportunities; 3,717 newsletter subscribers (+551 new subscribers) received quarterly e-news about recycling, composting, waste reduction and other communications about UCRRA services like household hazardous waste events and the UCRRA electronics recycling program. UCRRA social media audience has grown to 888 followers on Facebook, 620 followers on Instagram, and 14 subscribers on Youtube.
- Monthly Public Service Announcements and promotions for UCRRA Services were aired across four local and regional radio stations (reaching over 2,006,400 estimated listeners) and monthly print advertising reached an estimated 62,000+ local readers (Sunday Freeman, Ulster Publishing Circulation, and The Kingston Matter Digest)
- UCRRA was mentioned in more than 27 news articles in local news media publications in 2020.
- UCRRA utilized the Recycle Right NY Campaign (a program of NYSDEC to reduce recycling contamination) on social media and in other advertisements. The outreach materials feature a different item of interest each month, with customizable text and graphics for public use.
- The Recycling Outreach Team responded to over 350 phone calls on the Recycling Hotline, 75 emails through the Contact Us through the UCRRA website, and in person at the UCRRA office.



Household Hazardous Waste (HHW) & Pharmaceutical Program

The Agency offers HHW Collection Events as a safe, convenient, and free way for Ulster County households to dispose of hazardous materials such as: fluorescent lightbulbs, rechargeable batteries, oil based paints and stains, cleaning chemicals, and much more. In 2020, the Agency had planned and received approvals to conduct three HHW & Pharmaceutical Collection Events - in April, July, and October. However, due to the public health crisis and consequent closings/shutdowns, social distancing guidelines, and other operational strains on the Agency's essential services, these events were all cancelled at the discretion of the Agency's Executive Director and Board of Directors. Residents were instructed on alternative safe disposal options when applicable, and advised to wait until a time when the program can be safely resumed.

Composting Program

The Agency operates one of only 2 municipally-operated Extended Aerated Static Pile (EASP) composting facilities in NY State. The Agency accepts organics, including food waste and compostable products from commercial entities (local schools, restaurants, grocery stores, etc.) at a cost 80.5% lower than the cost to dispose of trash. The end product is a finished compost which the Agency sells in bulk as a valuable soil amendment. The Agency's finished compost is tested quarterly by AgroLab, and holds the US Composting Council's Seal of Testing Assurance. Test results are published on the Agency's website.

The Agency processed 4,665 tons of source separated organics in 2020. If this food waste was instead managed as municipal solid waste, it would have cost the public \$489,825 in tipping fees. By composting this material, the Agency removed 132 tractor trailer transport vehicles off the road (35 tons per vehicle) that would have traveled to Seneca Meadows Landfill for disposal. This represents a conservation of 12,662 gallons of diesel fuel, preventing 128 tons of carbon dioxide. The total cost avoidance to the Agency for 2020 alone is approximately \$298,560 (hauling, landfill fees, fuel).



Electronics Recycling

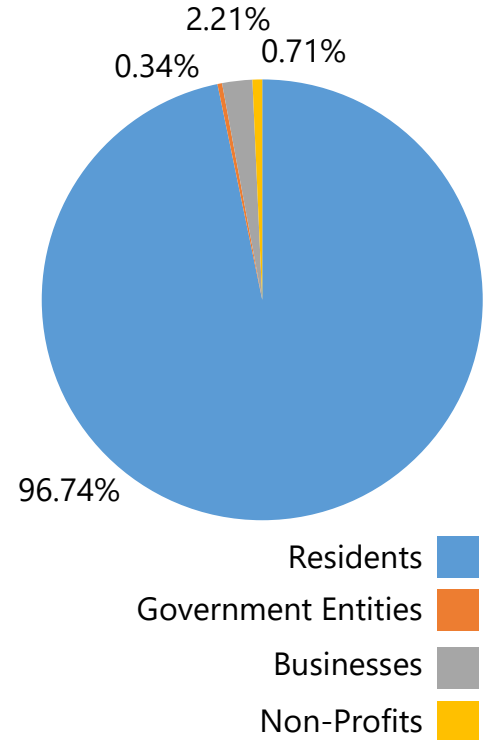
NYS consumers are required to recycle many electronic waste items, such as computers, computer peripherals, televisions, small scale servers, small electronic equipment, etc., in an environmentally responsible manner in accordance with the NYS Electronic Equipment Recycling and Reuse Act (Environmental Conservation Law, Article 27, Title 26).

In 2020, the Agency accepted electronic items for free Monday through Friday 8:00am-3:00pm at the Main Office, though the program was temporarily suspended in the spring due to the public health crisis, and eventually resumed as a program offered on Saturdays only, which closed seasonally as of November 30, 2020. Additionally, the Agency also diverts electronics from disposal at the transfer stations whenever possible. All electronics are consolidated and exported to Electronics Recyclers International (ERI) in Holliston, MA and Plainfield, IN.

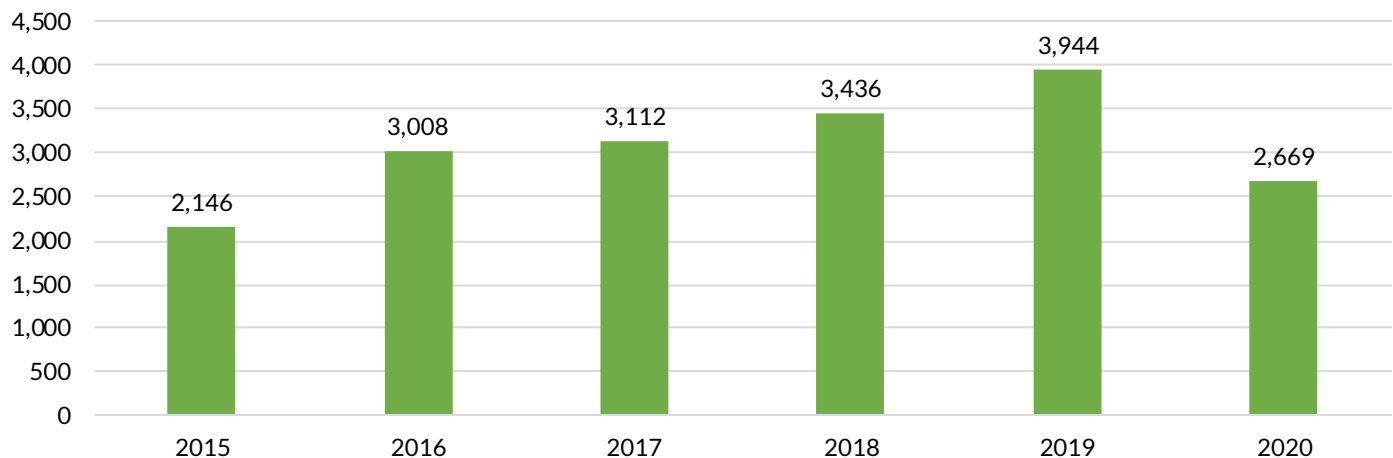
The Agency's electronics recycling program has been very successful. In 2020, UCRRA collected **198 tons** of electronic waste, including 73 tons (146,258 pounds) of computers, 60 tons (121,314 pounds) or small consumer electronic equipment, and 64 tons (128,857 pounds) of televisions.

The program is open to residents (regardless of Ulster County residency status), businesses (<50 employees) local government entities, and non profit organizations (<75 employees).

2020 Users



Total E-Waste Program Users





Overview of the Financial Statements

Statements of Net Position

The statements of net position presents 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

	2020	2019	2018
Assets:			
Assets, other than capital assets	\$10,775,684	\$12,229,770	\$11,292,746
Capital assets	<u>11,834,818</u>	<u>9,971,740</u>	<u>9,893,603</u>
Total assets:	<u>22,610,502</u>	<u>22,201,510</u>	<u>21,186,349</u>
Deferred outflows of resources	<u>1,361,335</u>	<u>481,439</u>	<u>821,138</u>
Liabilities:			
Current Liabilities	3,025,331	3,097,047	3,123,307
Long-term liabilities	<u>6,904,781</u>	<u>6,476,533</u>	<u>7,165,220</u>
Total liabilities:	<u>9,930,112</u>	<u>9,573,580</u>	<u>10,288,527</u>
Deferred inflows of resources	<u>126,320</u>	<u>274,205</u>	<u>873,562</u>
Net position (deficit):			
Investments in capital assets	11,834,818	9,971,740	9,893,603
Unrestricted	(1,296,864)	(418,225)	(2,253,006)
Restricted	<u>3,377,451</u>	<u>3,281,649</u>	<u>3,204,801</u>
Total net positon:	<u>\$13,915,405</u>	<u>\$12,835,164</u>	<u>\$10,845,398</u>



Capital Activities

2020

2019 earmarked funds and anticipated grant reimbursements were used as a means to make major investments into the Agency's composting operation, and to replace all three scales at its Ulster Transfer Station site. The Agency has also begun construction on a new building with a dual purpose: a recycling education center and a compost bagging operation.

The following capital assets were purchased in 2020:

- Additional security cameras and upgraded camera system NVR servers
- Vehicle Maintenance Facility storage shed
- Three new scales with decks, safety railings, and improved approaches
- Caterpillar dozer and Caterpillar roller
- Volvo L110 wheeled loader, Telestack radial stacker, and Phoenix trommel screen for compost operation
- (2) 36 foot dump trailers
- Desktop PC's/laptops for administrative staff and scale houses
- (2) Mack tractors
- Bobcat 4x4 utility vehicle
- Expansion of property border fencing
- Blacktopping and concrete pads for the expansion of Agency's composting operation

2019

Due to forecasted substantial increases in transportation and disposal costs beginning in 2020, the Agency made a conscious effort to invest in capital purchases in order to shift those budgeted funds to operating costs. The Agency also earmarked 2019 surplus funds for capital asset purchases in 2020 for 2019 ordered equipment. The following capital assets were purchased in 2019:

- Completion of the replacement of fuel depot pumps
- Continued improvements to camera system; camera additions, camera upgrades, and changes of location
- Video intercom system installed at Ulster Transfer Station scale house
- (5) rolloff boxes purchased for glass transport/disposal
- New excavator
- New Towmaster trailer
- New lowboy trailer
- Compost bagging machine for new bagging operation
- (2) New rolloff trucks



Capital Activities (continued)

The Agency had two incidents in 2019 that resulted in the salvage of capital assets and the receipt of insurance proceeds that totaled \$76,645:

- Rolloff truck fire (total loss)
- Tractor accident while under the care of a vendor for repairs

For additional information about the Agency's capital activities, see "Note 4 – Capital Assets" in the Notes to the Financial Statements.

Long Term Debt Activities

The Agency issued no debt during 2020 and 2019.

The Agency's 2002 Refunding Bond payments became interest heavy beginning in 2019, resulting in a further increase in interest expense. Over the past three years, interest expense has increased by \$878,855.

The Agency paid off a capital lease in 2019 and in 2020.

For additional information about the Agency's capital activities, see "Note 7 – Long Term Debt" in the Notes to the Financial Statements.



Statements of Revenue, Expenses, & 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 earned by the Agency, both operating and non-operating, and the expenses incurred by the Agency, operating and non-operating, and any other revenue, expenses, gains and losses earned or incurred by the Agency.

Generally speaking, operating revenue is 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.

Condensed Statements of Revenue, Expenses, & Changes in Net Position

	2020	2019	2018
Revenue:			
Operating Revenue	\$16,610,524	\$15,874,243	\$15,984,910
Non-Operating Revenue	<u>449,218</u>	<u>289,488</u>	<u>193,413</u>
Total revenue:	<u>17,059,742</u>	<u>16,163,731</u>	<u>16,178,323</u>
Expenses:			
Operating Expenses	14,918,389	13,133,780	13,503,535
Non-Operating Expenses	<u>1,061,112</u>	<u>1,040,185</u>	<u>683,416</u>
Total expenses:	<u>15,979,501</u>	<u>14,173,965</u>	<u>14,186,951</u>
Increase in net position	1,080,241	1,989,766	1,991,372
Net position:			
Beginning of year	<u>12,835,164</u>	<u>10,845,398</u>	<u>8,854,026</u>
End of year	<u>\$13,915,405</u>	<u>\$12,835,164</u>	<u>\$10,845,398</u>



Statements of Revenue, Expenses, & Changes in Net Position (continued)

2020

The Agency's net position improved by \$1.1 million, from \$12.8 million at December 31, 2019 to \$13.9 million at December 31, 2020.

Total revenue in 2020 increased from the previous year by \$900,000. During 2020, the Agency experienced an overall increase in volume. Revenue increases were driven by volume, a tipping fee increase, recycling market improvements, and new grant revenue.

Total expenses in 2020 increased from the previous year by \$1.8 million. During 2020, the Agency realized substantial contractual increases (approx. \$11/ton) for transportation and disposal of MSW/C&D. A majority of these increases (\$1.4 million) were directly attributed to the increase in transportation costs of MSW/C&D.

2019

The Agency's net position improved by \$2.0 million, from \$10.8 million at December 31, 2018 to \$12.8 million at December 31, 2019.

Total revenue in 2019 remained consistent with the previous year at \$16.2 million. During 2019, the Agency experienced an increase in volume which increased solid waste service fees. An increase in interest rates on deposits from an Agency bank led to increased interest revenue. These increases were offset by a further deteriorating recycling market that led to decreases in recycling revenues.

Total expenses in 2019 remained consistent with the previous year at \$14.1 million. During 2019, the Agency realized contractual increases for transportation and disposal of MSW/C&D. These increases were offset by the transportation and disposal cost savings related to not accepting single stream recycling after the first quarter of 2019. Estimated long term landfill post closure care costs decreased substantially, but were offset by increases in debt service related interest expense.



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 grant activities. The third section reflects the cash flows from capital and related financing activities and shows capital construction and capital asset acquisition/disposal. The fourth section reflects cash flows from interest earned on investments.

Net cash decreased from 2019 to 2020 mainly due to substantial investments into capital assets. And increase of more than \$1.9 million.

Net cash increased from 2018 to 2019 mainly due to a decrease in debt service payments of approximately \$657,000.

Condensed Statements of Cash Flows

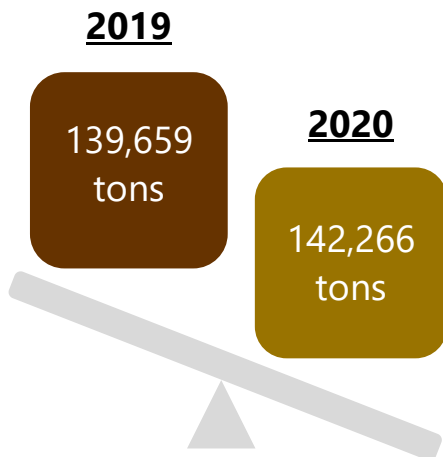
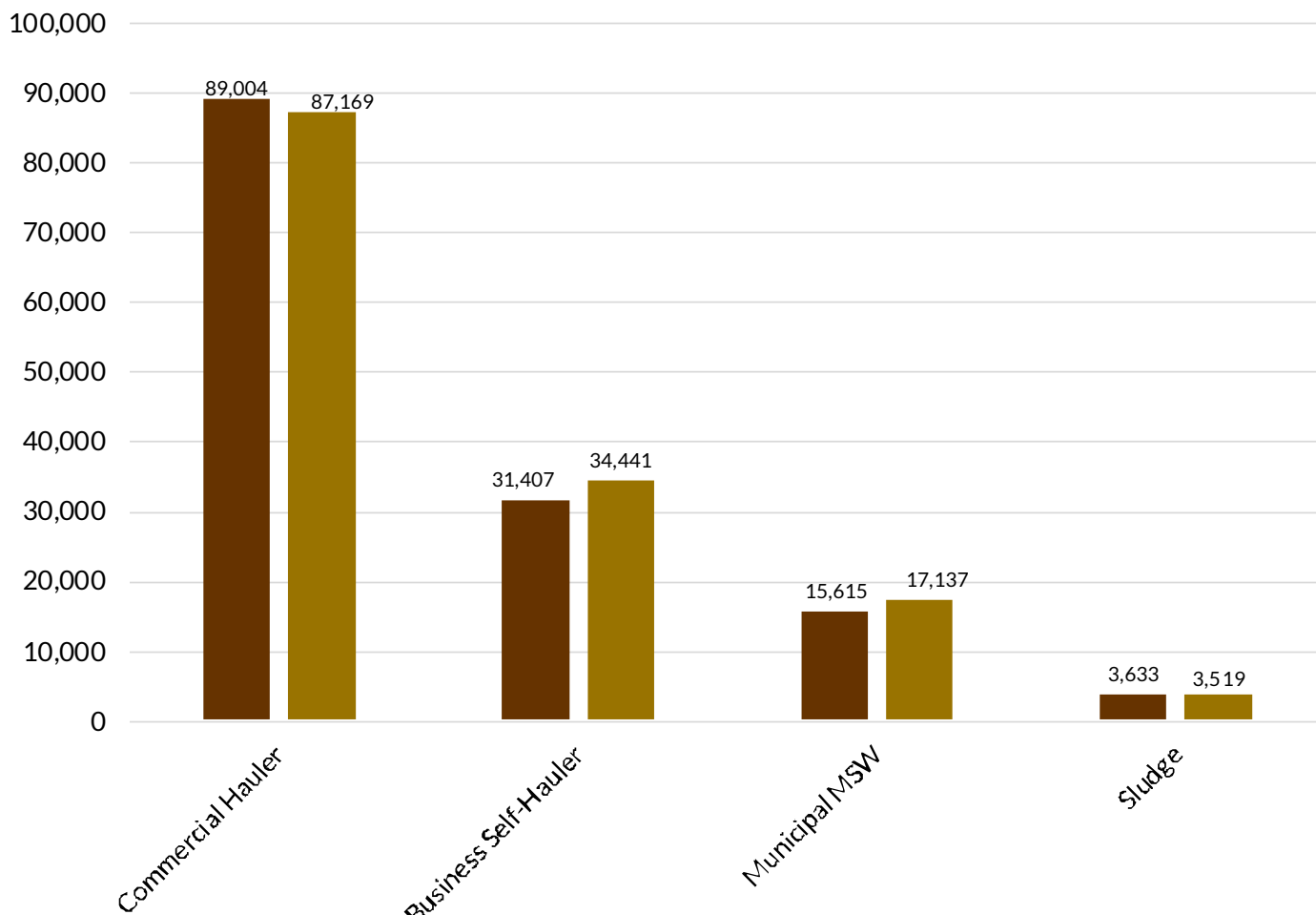
	2020	2019	2018
Net cash provided by operating activities	\$2,809,852	\$3,277,338	\$3,380,059
Net cash provided by noncapital financing activities	36,131	87,991	45,558
Net cash used in capital and related financing activities	(4,495,395)	(2,579,769)	(3,636,262)
Net cash provided by investing activities	<u>171,240</u>	<u>173,571</u>	<u>141,967</u>
Net increase (decrease) in cash and equivalents	(1,478,172)	959,131	(68,678)
Cash and equivalents at beginning of year	<u>7,425,658</u>	<u>6,466,527</u>	<u>6,535,205</u>
Cash and equivalents at end of year	<u>\$5,947,486</u>	<u>\$7,425,658</u>	<u>\$6,466,527</u>

Net cash decreased from 2019 to 2020 mainly due to substantial investments in to capital assets. An increase of more than \$1.9 million.

Net cash increased from 2018 to 2019 mainly due to a decrease in debt service payments of approximately \$657,000.



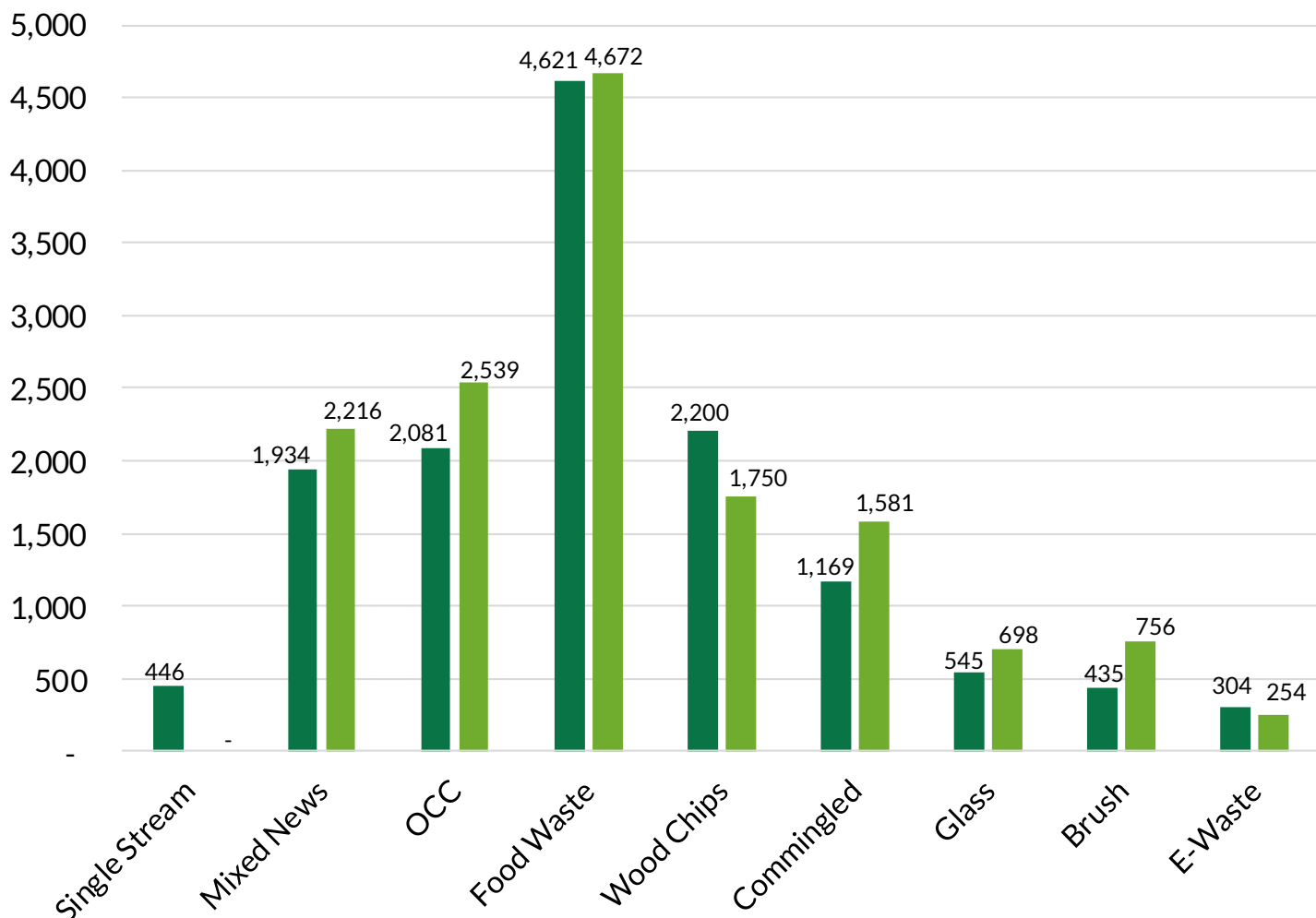
Solid Waste



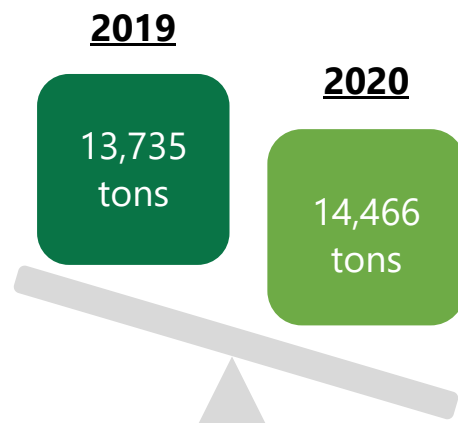
Overall, waste volume increased by 1.9% from the prior year. Predicting waste volume can be very difficult from year to year, but the implementation of Flow Control has allowed for less unpredictability. The public health crisis due to COVID-19 led to changes within the makeup of waste. Commercial hauler volume was down due to businesses being closed; municipal volume was up due to residents being home more and a migration to upstate New York; C&D volume was up due to several assumed factors related to the public health crisis, with remodeling by current and new home owners as the leading cause.



Recycling



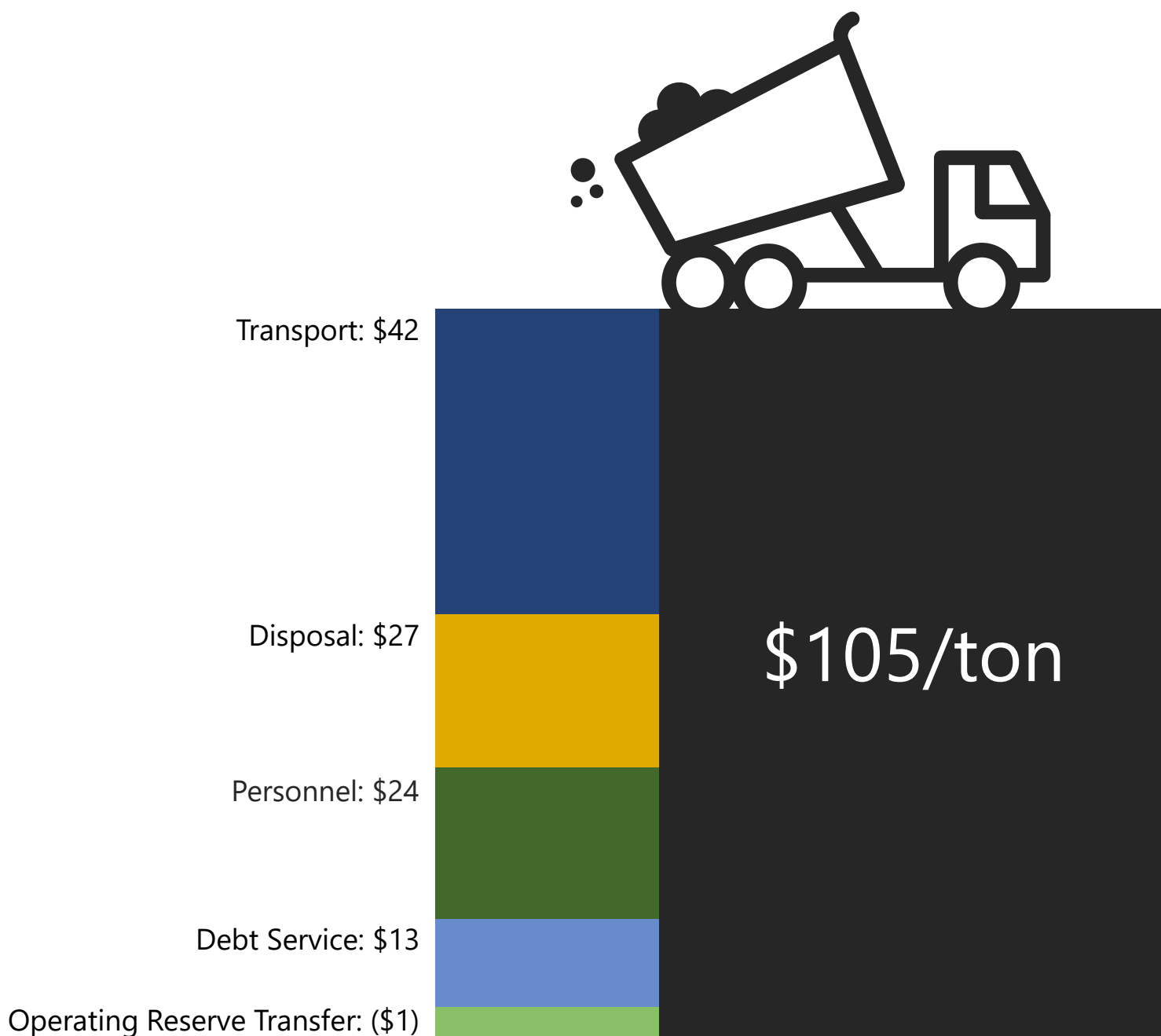
Recycling volumes as a whole increased from the prior year. This increase is attributable to the public health crisis and a full year of no single stream recycling being accepted at the Agency's recycling facility. Residents being at home more increased recycling at town transfer stations, especially OCC, as residents increased online ordering of goods.





How We Calculate Our Tipping Fee

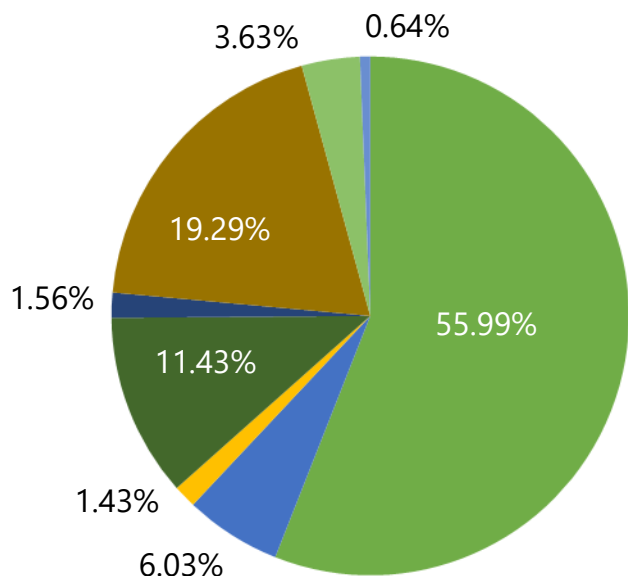
The Agency calculates its annual tipping fee rate/ton with the expectation to, at minimum, break even. The following chart breaks down the 2021 approved tipping fee rate with relation to its major cost categories. Contractual increases for transportation, disposal, and personnel costs were offset by a budgeted transfer from the Agency's Operating Reserve Funds. This allowed the Agency to approve a budget with a flat tipping fee from the prior year.



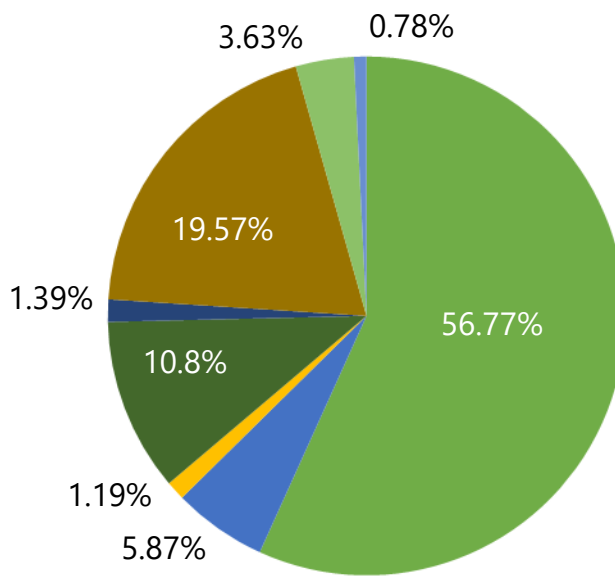


Budget

2020



2021



- | | | |
|--------------------------------------|-----------------------------|----------------------------------|
| 1 Transportation/Disposal | 4 Debt Service | 7 Administration Expenses |
| 2 Facility Operations | 5 Capital Outlay | 8 Recycling/Composting |
| 3 Closed Landfill Maintenance | 6 Personnel Expenses | |

The Agency completed a very successful 2020 amidst the backdrop of the public health crisis. The Agency's budget is highly contingent on volume received at the Agency's two regional transfer stations. Over 85% of Agency costs are tied to contractual agreements, making the budgeting of these items less susceptible to high variances with the actual results when the volume is consistent. The implementation of Flow Control has allowed for consistent volume and more precise budgeting. During 2019, the Agency bid out its transportation and disposal contracts. These costs created a substantial increase in transportation and disposal costs beginning in 2020, and will increase each year over the remaining four years of the contracts. The Agency is anticipating an increase in tipping fees to help offset increased costs over the final three years of these contracts.



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
For The Years Ended December 31

Assets	2020	2019
Current assets:		
Unrestricted Assets:		
Cash and equivalents	\$ 5,112,984	\$ 6,686,958
Receivables, net of allowance of \$55,729 and \$99,085, respectively	1,669,364	1,846,014
Due From Related Party	184,558	
Grants Receivable	51,977	
Accrued interest	38,580	39,480
Prepaid expense	340,770	375,669
Total Unrestricted Assets	7,398,233	8,948,121
Restricted Assets:		
Cash and equivalents	834,502	738,700
Investments	2,542,949	2,542,949
Total Restricted Assets	3,377,451	3,281,649
Total Current assets:	10,775,684	12,229,770
Non Current assets		
Capital assets, net	11,834,818	9,971,740
Total Non Current assets	11,834,818	9,971,740
Total assets	22,610,502	22,201,510
Deferred outflows of resources		
Pension	1,361,335	481,439
Total Deferred Outflows of Resources	\$ 1,361,335	\$ 481,439
Liabilities		
Current liabilities:		
Accounts payable	\$ 583,378	\$ 559,338
Accrued interest	748,119	716,674
Host community benefits payable	18,760	14,707
Customer advances	6,900	10,200
Other payables	71,302	62,990
Current installments of long term debt	714,371	809,975
Current portion of landfill post closure care costs	270,272	260,790
Compensated absences	612,229	662,373
Total current liabilities	3,025,331	3,097,047
Non Current liabilities:		
Long term debt, excluding current installments	3,162,280	3,876,651
Landfill post closure care costs, excluding current portion	1,891,904	2,086,320
Net pension liability proportionate share Employees Retirement System	1,850,597	513,562
Total Non Current liabilities:	6,904,781	6,476,533
Total liabilities	\$ 9,930,112	\$ 9,573,580
Deferred inflows of resources		
Pension	\$ 126,320	\$ 274,205
Total Deferred Inflows of Resources	\$ 126,320	\$ 274,205
Net position (deficit):		
Investments in capital assets	11,834,818	9,971,740
Restricted for:		
Debt repayment	2,801,250	2,707,292
Landfill Post Closure	576,201	574,357
Unrestricted (deficit)	(1,296,864)	(418,225)
Total net position	\$ 13,915,405	\$ 12,835,164

The accompanying notes are an integral part of these financial statements

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Statements Of Revenues, Expenses And Changes in Net Position
For The Years Ended December 31

	<u>2020</u>	<u>2019</u>
Operating revenue:		
Charges for sales and services:		
Sales of recyclable materials	\$ 678,513	\$ 419,018
Solid waste service fees	15,874,337	15,380,778
Other revenue	57,674	74,447
	<u>16,610,524</u>	<u>15,874,243</u>
Total operating revenue		
Operating expenses:		
Costs of sales and services	10,021,995	8,687,452
Salaries and wages	1,935,941	1,913,476
Administration	701,139	726,070
Depreciation	798,887	640,512
Benefits	1,375,089	1,053,730
Landfill post closure care costs	85,338	112,540
	<u>14,918,389</u>	<u>13,133,780</u>
Total operating expenses		
Operating income	<u>1,692,135</u>	<u>2,740,463</u>
Nonoperating revenue (expenses):		
Investment income	170,340	173,223
Gain on disposal of assets	6,212	28,274
Grant revenue	272,666	87,991
Interest expense	(1,061,112)	(1,040,185)
	<u>(611,894)</u>	<u>(750,697)</u>
Total nonoperating revenue (expenses)		
Increase in net position	1,080,241	1,989,766
Beginning of year	<u>12,835,164</u>	<u>10,845,398</u>
End of year	<u>\$ 13,915,405</u>	<u>\$ 12,835,164</u>

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

	2020	2019
Cash flows from operating activities:		
Receipts from services	\$ 16,783,874	\$ 15,902,462
Payments to suppliers	(10,935,284)	(9,808,941)
Payment to employees	(3,038,738)	(2,816,183)
	2,809,852	3,277,338
Cash flows from noncapital financing activities:		
Grant Income	36,131	87,991
Net cash provided by noncapital financing activities	36,131	87,991
Cash flows from capital and related financing activities:		
Purchases of capital assets	(2,668,717)	(767,020)
Proceeds from disposal of assets	12,964	76,645
Principal paid on long term debt	(809,975)	(906,067)
Interest paid on long term obligations	(1,029,667)	(983,327)
Net cash used in capital and related financing activities	(4,495,395)	(2,579,769)
Cash flows from investing activities - investment income received, net	171,240	173,571
Net (decrease) increase in cash and equivalents	(1,478,172)	959,131
Cash, cash equivalents and restricted cash at beginning of year	7,425,658	6,466,527
Cash, cash equivalents and restricted cash at end of year	\$ 5,947,486	\$ 7,425,658
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 1,692,135	\$ 2,740,463
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	798,887	640,512
Pension expense	309,254	21,135
Changes in:		
Receivables	176,650	21,519
Prepaid expenses	34,899	240
Accounts payable and other payables	36,405	13
Customer Advances	(3,300)	6,700
Compensated absences	(50,144)	(4,994)
Landfill post closure care costs	(184,934)	(148,250)
Net cash provided by Operating Activities	\$ 2,809,852	\$ 3,277,338

The accompanying notes are an integral part of these financial statements

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements

December 31, 2020 and 2019

(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 Agency meets the criteria set forth in generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB) for inclusion as a component unit within the County's basic financial statements based on the County's responsibility for the appointment of the Agency's board members, and their approval of certain debt issuances. As such, the Agency is included in the County's basic financial statements. The accompanying financial statements present the financial position and the changes in net position and cash flows of the Agency only.

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 the accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(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 non-operating revenue 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.

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.

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(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 conformity 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, Cash Equivalents and Investments

For financial statement purposes, the Agency considers all highly liquid investments with maturities of three months or less to be cash equivalents. Certain cash balances are maintained in trustee bank accounts for the purposes of landfill post closure care costs only, therefore these accounts have been deemed restricted cash. 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.

(g) Capital Assets

Capital assets are stated at cost, or in the case of donated capital assets, acquisition value. 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/additions, machinery and equipment, computers, software, vehicles, trailers, furniture and fixtures, and infrastructure 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. The estimated lives by general classification are as follows:

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

(g) Capital Assets, Continued

	<u>Years</u>
Buildings	5 - 50
Machinery and Equipment	5 - 20
Trailers	8
Computers	5
Software	3
Vehicles	8
Furniture and Fixtures	10
Infrastructure	20

(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 Board of Directors resolution when deciding which assets to use.

(j) Deferred Outflows and Inflows of Resources

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has five items that qualify for reporting in this category. First, is related to pension reported in the Statement of Net Position. This represents the effect of the net change in the Agency's proportion of the collective net pension asset or liability and difference during the measurement period between the Agency's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Second, is differences between the expected and actual experience of System members, third, the net difference between projected and actual investment earnings on pension plan investments, fourth, the Agency's contributions to the pension system (ERS Systems) subsequent to the measurement date, and last, changes in plan assumptions.

In addition to liabilities, the Statements of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(2) Summary of Significant Accounting Policies, Continued

not be recognized as an inflow of resources (revenue) until that time. The Agency has two items that qualify for reporting in this category. The first item is related to pensions reported in the Statements of Net Position. This represents the effect of the net change in the Agency's proportion of the collective net pension asset or liability and difference during the measurement periods between the Agency's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second difference relates to changes in plan assumptions.

(k) Advertising Costs

Advertising costs are expensed as incurred.

(l) Reclassifications

Certain reclassifications, when applicable, are made to the prior year financial statement presentation to correspond to the current year's format. Reclassifications, when made, have no effect on total net position or operating income.

(m) Future Changes in Accounting Standards

GASB has issued Statement No. 87, Leases, effective for the year ended December 31, 2022.

The Agency will evaluate future pronouncements and the impact the pronouncements may have on its financial statements and will implement them as applicable and when material.

(n) Subsequent Events

The Agency has evaluated events after December 31, 2020, and through March 24, 2021 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.

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(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 102% or more of the balances on deposit at December 31, 2020. Investments consist primarily of guaranteed investment contracts (GICs) purchased directly by the Agency.

At December 31, 2020, the Agency's cash equivalents and investment balances were as follows:

	Unrestricted	Restricted	Total
Cash and equivalents	\$5,112,984	\$834,502	\$5,947,486
Investments	-	2,542,949	2,542,949
Total	\$5,112,984	\$3,377,451	\$8,490,435

At December 31, 2019, the Agency's cash equivalents and investment balances were as follows:

	Unrestricted	Restricted	Total
Cash and equivalents	\$6,686,958	\$738,700	\$7,425,658
Investments	-	2,542,949	2,542,949
Total	\$6,686,958	\$3,281,649	\$9,968,607

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(4) Capital Assets

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

	Total			Total			Total
	12/31/18	Additions	Deletions	12/31/19	Additions	Deletions	12/31/20
Capital Assets that are not depreciated:							
Land	\$1,238,172	-	-	1,238,172	-	-	1,238,172
Construction in Progress	\$78,938	-	(78,938)	-	355,858	-	355,858
Total	\$1,317,110	-	(78,938)	1,238,172	355,858	-	1,594,030
Capital Assets that are depreciated:							
Buildings	\$10,804,956	139,411	(80,700)	10,863,667	649,130	(114,031)	11,398,766
Machinery and Equipment	\$4,020,773	376,565	(210,764)	4,186,574	1,108,423	(141,723)	5,153,274
Trailers	\$554,155	4,748	-	558,903	172,792	-	731,695
Computers and Software	\$95,761	8,184	(7,761)	96,184	11,592	(4,324)	103,452
Vehicles	\$1,771,606	377,050	(190,086)	1,958,570	309,137	-	2,267,707
Furniture and Fixtures	\$56,357	-	-	56,357	-	-	56,357
Infrastructure	\$61,764	-	-	61,764	61,785	-	123,549
Subtotal	\$17,365,372	905,958	(489,311)	17,782,019	2,312,859	(260,078)	19,834,800
Less accumulated depreciation:							
Buildings	\$3,965,167	284,426	(25,017)	4,224,576	291,898	(107,279)	4,409,195
Machinery and Equipment	\$2,774,046	233,040	(158,076)	2,849,010	326,640	(141,723)	3,033,927
Trailers	\$492,187	\$24,062	-	516,249	35,159	-	551,408
Computers and Software	\$81,283	5,743	(7,761)	79,265	6,098	(4,324)	81,039
Vehicles	\$1,436,453	85,882	(190,086)	1,332,249	130,190	-	1,462,439
Furniture and Fixtures	\$28,573	4,271	-	32,844	4,271	-	37,115
Infrastructure	\$11,170	3,088	-	14,258	4,631	-	18,889
Subtotal	\$8,788,879	640,512	(380,940)	9,048,451	798,887	(253,326)	9,594,012
Total depreciable Capital Assets, net	\$8,576,493	265,446	(108,371)	8,733,568	1,513,972	(6,752)	10,240,788
Total Capital Assets, net	\$9,893,603	265,446	(187,309)	9,971,740	1,869,830	(6,752)	11,834,818

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(5) Deferred Outflow and Deferred Inflow of Resources

As of December 31, 2020, the Agency had deferred outflows of resources amounting to \$1,361,335, and deferred inflows of resources amounting to \$126,320 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 (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 31. Employer contribution rates ranged from 9.3% to 16.10% of salaries for the years ended December 31, 2020 and 2019. Contributions for the current year and two preceding years were greater than or equal to 100% of the contributions required, and were as follows:

2020	\$265,272
2019	249,347
2018	245,094

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.

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(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, 2020 and 2019, the Agency reported a liability of \$1,850,597 and \$513,562 respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2020 and 2019 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, 2020 and 2019, the Agency's proportion was 0.0069885 and 0.0072483 percent, respectively.

For the years ended December 31, 2020 and 2019, the Agency recognized pension expense of \$570,545 and \$269,419, respectively. At December 31, 2020, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Resources		
Differences between expected and actual experience	\$108,915	
Changes of assumptions	37,262	32,175
Net difference between projected and actual earnings on Plan investments	948,706	
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	1,180	94,145
Agency's contributions subsequent to the measurement date	265,272	
Total	\$1,361,335	126,320

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(6) Retirement Plan (Continued)

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

	2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Resources		
Differences between expected and actual experience	\$101,131	34,474
Changes of assumptions	129,088	-
Net difference between projected and actual earnings on Plan investments	-	131,808
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	1,873	107,923
Agency's contributions subsequent to the measurement date	249,347	-
Total	\$481,439	274,205

Agency contributions subsequent to the measurement date will be recognized as a reduction of net pension liability in the year ended December 31, 2021. 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:

2021	\$401,120
2022	238,980
2023	327,148
2024	267,767

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(6) Retirement Plan (Continued)

(c) Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as of April 1, 2019, with updated procedures used to roll forward the total pension liability to March 31, 2020. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2019 valuation were as follows:

Inflation	2.5%
Salary scale	4.2% in ERS
Investment rate of return including inflation	6.8% 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. 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	36%	4.05%
International equity	14	6.15
Private equity	10	6.75
Real estate	10	4.95
Absolute return strategies	2	3.25
Opportunistic portfolio	3	4.65
Real assets	3	5.95
Bonds and mortgages	17	0.75
Cash	1	0.00
Inflation-indexed bonds	4	0.50
	100%	

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(6) Retirement Plan (Continued)

(d) Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. 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.

(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 6.8%, 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 (5.8%) or 1-percentage point higher (7.8%) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension asset/(liability)	\$(3,396,367)	(1,850,597)	(426,935)

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of March 31, 2020 were as follows:

	(Dollars in Millions)
Employers' total pension liability	\$(194,596)
Plan net position	168,116
Employers' net pension asset/(liability)	\$(26,480)
Ratio of plan net position to the Employers' total pension asset/(liability)	(86.39%)

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(7) Long-Term Debt

Long-term debt at December 31, 2020 and 2019 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.

(b) Changes

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

Business-Type Activities	2020			Balances December 31	Due Within One Year
	Balances	Additions	Deductions		
Capital appreciation bonds	\$4,638,189	-	\$(761,538)	\$3,876,651	\$714,371
Notes from direct borrowings	\$48,437	-	(48,437)	-	-
Total	\$4,686,626	-	\$(809,975)	\$3,876,651	\$714,371

Business-Type Activities	2019			Balances December 31	Due Within One Year
	Balances	Additions	Deductions		
Capital appreciation bonds	\$5,448,755	-	\$(810,566)	\$4,638,189	\$761,538
Notes from direct borrowings	\$143,938	-	(95,501)	48,437	48,437
Total	\$5,592,693	-	\$(906,067)	\$4,686,626	\$809,975

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(7) Long-Term Debt (Continued)

The Agency does not have any unused lines of credit.

(c) Maturity

The following is a summary of maturity of indebtedness as of December 31, 2020:

Description of issue	Issue date	Final maturity	Interest rate	Outstanding at 12/31/20
Capital appreciation bonds	12/18/2002	03/01/2025	4.96 - 5.29%	\$3,876,651
Total Long-Term Debt, Net				<u><u>\$3,876,651</u></u>

The maturities of these issues as of December 31, 2020 are as follows:

	Principal	Interest	Total
2021	\$714,371	1,075,629	1,790,000
2022	\$669,066	1,120,934	1,790,000
2023	\$628,129	1,161,871	1,790,000
2024	\$593,904	1,196,096	1,790,000
2025	\$1,271,181	2,773,819	4,045,000
	<u><u>\$3,876,651</u></u>	<u><u>7,328,349</u></u>	<u><u>11,205,000</u></u>

Interest on long-term debt for the year ended was composed of:

Interest paid	\$1,029,667
Less: interest accrued in the prior year	\$(685,641)
Plus: interest accrued in the current year	<u>\$717,086</u>
Total Expense	<u><u>\$1,061,112</u></u>

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(8) Customer Advances

As of December 31, 2020 and 2019, the Agency had advances amounting to \$6,900 and \$10,200, respectively.

The December 31, 2020 and 2019 balances consist of payments received from customers in 2020 for their 2021 permits and payments received from customers in 2019 for their 2020 permits, respectively. The issuances of these permits began in February 2013 and were issued as part of the new countywide flow-control law. In subsequent periods, when the Agency has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

(9) Unrestricted Net Deficit

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

	2020	2019
General unrestricted	\$5,318,165	\$7,189,868
Related to outstanding debt	(3,876,652)	(4,686,626)
Landfill post-closure care costs	(2,738,377)	(2,921,467)
	<u>\$(1,296,864)</u>	<u>\$(418,225)</u>

(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 \$612,229 and \$662,373 as of December 31, 2020 and 2019, respectively.

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(11) Contingencies

Contingencies at December 31, 2020 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 2020 and 2019, the annual post-closure monitoring and maintenance cost for both landfills was \$270,272 and \$260,790, 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 the two remaining landfills, are \$270,272 for each of the remaining 8 years as follows:

	Ulster landfill	New Paltz landfill	Total
Environmental monitoring	\$6,120	\$5,080	\$11,200
Leachate disposal	99,012	119,197	218,209
Facility maintenance	29,703	11,160	40,863
Total annual cost	\$134,835	\$135,437	\$270,272

The liability for landfill post-closure care costs at December 31, 2020 consists of the following:

Total annual cost	\$270,272
Remaining years	<u>8</u>
Total liability	\$2,162,176
Less current portion	<u>\$(270,272)</u>
Landfill post-closure care costs, excluding current portion	<u>\$1,891,904</u>

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(11) Contingencies (Continued)

(c) 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 three 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% reimbursements of Agency disbursements with regards to operating this program. The Agency received \$84,841 and \$35,549 for this program during the year ended December 31, 2020 and December 31, 2019, respectively.

(b) Climate Smart Communities Grant Program (Ulster County Pass-Through)

The Agency received grant revenue from the County of Ulster via the New York State Department of Environmental Conservation's Climate Smart Communities grant program. The Agency operates a commercial composting operation at its Kingston facility. The intent of this grant is to provide funding to the Agency in order to expand and improve its current operation with additional equipment and a finished compost bagging facility. The Grant requires that 100% of the grant amount be matched by the County of Ulster and/or the Agency. Grant revenue received represents a 100% reimbursement of Agency disbursements after match. The Agency received \$184,558 and \$52,442 for this program during the year ended December 31, 2020 and 2019, respectively.

(c) Food Scraps Reduction and Home Composting Education Project

This project is funded by the New York State Department of Environmental Conservation's P21 Grant Program. In accordance with Ulster County's Food Waste Prevention and Recovery Act, and New York State's Food Donation and Food Scrap Recycling Law, the Agency continues to develop its programs with regards to food waste reduction and home composting education. Grant revenue received represents a 50% reimbursement of Agency disbursements with regards to operating this program. The Agency received \$3,267 and \$-0- for this program during the year ended December 31, 2020 and December 31, 2019, respectively.

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Notes to Financial Statements, Continued

December 31, 2020 and 2019

(14) Related Party/Ulster County Grant Agreement

The Agency, along with certain other agencies, entered into a grant agreement with the County. The County receives grant funding from the Department of Environmental Conservation to promote composting practices within the community at local businesses and with the expansion of composting services at the Agency. The County reimburses the Agency with grant funding received for the purchase of equipment (toters, compost bagger, trommel screen, etc.), to support operations, and to develop composting programs at local businesses. The goal of the grant is to remove food waste from the solid waste stream. For the year ended December 31, 2020, the Agency has a Due From Related Party in the amount of \$184,558.

(15) Grants Receivable

Grants Receivable relate to grant reimbursements for 2020 expenditures that were received after December 31, 2020. Expenditures were reimbursed for the following grants:

Municipal Waste and Reduction and Recycling Program	\$51,939
Food Scraps Reduction and Home Composting Education Project	<u>\$38</u>
Total	<u>\$51,977</u>

(16) Risks and Uncertainties

As a result of the spread of the COVID-19 coronavirus that started in March of 2020, economic uncertainties have arisen which could negatively impact current and future operating results. The extent of the impact of COVID-19 on the Agency's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak which are uncertain and cannot be predicted at this time.

REQUIRED SUPPLEMENTARY INFORMATION

ULSTER COUNTY RESOURCE RECOVERY AGENCY

Schedule of Ulster County Resource Recovery Agency's (UCRRA) Contributions
December 31, 2020 and 2019

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

As of December 31,	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$265,272	249,347	245,094	238,269	242,378	288,993
Contributions in relation to the contractually required contribution	<u>\$265,272</u>	<u>249,347</u>	<u>245,094</u>	<u>238,369</u>	<u>242,378</u>	<u>288,993</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$1,814,628	1,710,627	1,656,723	1,530,091	1,553,441	1,512,837
Contributions as a percentage of covered payroll	14.62%	14.58%	14.79%	15.57%	15.60%	19.10%

Data prior to 2015 is unavailable.

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 December 31, 2020 and 2019

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

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015
Proportion percentage of net pension liability	0.0069885%	0.0072483%	0.0072122%	0.0074789%	0.0080119%	0.0079561%
Proportion amount of net pension liability	\$1,850,597	513,562	232,770	702,730	1,285,934	268,777
Covered payroll	\$1,814,628	1,710,627	1,656,723	1,530,091	1,553,441	1,512,837
UCRRA's proportionate share of the net pension liability as a percentage of its covered payroll	101.98%	30.02%	14.05%	45.93%	82.78%	17.77%
Pension liability	86.39%	96.27%	98.24%	94.70%	90.69%	97.95%

Data prior to 2015 is unavailable

See paragraph on supplementary schedules included in independent auditors' report



**Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit
Of Financial Statements Performed In Accordance
With *Government Auditing Standards***

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, 2020, 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 24, 2021.

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

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 financial statements. 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.

A handwritten signature in cursive script that reads "Ted Becker, Charmonite CPAs PC".

Albany, New York
March 24, 2021



**Independent Auditors' Report on Compliance
With Laws and Regulations Related to
Investment Guidelines for Public Authorities**

To The Board Of Directors
Ulster County Resource Recovery Agency

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 years ended December 31, 2020 and 2019, 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 24, 2021.

In connection with our audit, nothing came to our attention that caused us to believe that the Agency failed to comply with the Agency's Investment Guidelines, and the New York State (NYS) Comptroller's Investment Guidelines and Section 2925 of the NYS Public Authorities Law (collectively, the Investment Guidelines), which is the responsibility of the Agency's management, insofar as they relate to the financial accounting knowledge of noncompliance with such Investment Guidelines. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Agency's noncompliance with the Investment Guidelines, insofar as they related to accounting matters.

This report is intended solely for the information and use of the Board of Directors, management, and the New York State Comptroller's Office and is not intended to be and should not be used by anyone other than those specified parties.

Albany, New York
March 24, 2021



Statistical Section

This part of the Authority’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority’s overall financial health.

Contents	Page
<u>Financial Trends</u>	60-63
These schedules contain trend information to help the reader understand how the Authority’s financial performance and well-being have changed over time.	
<u>Revenue Capacity</u>	65
These schedules contain information to help the reader assess the Authority's most significant local revenue source, the municipal solid waste.	
<u>Debt Capacity</u>	67
These schedules present information to help the reader assess the affordability of outstanding debt and the Authority's ability to issue additional debt in the future.	
<u>Demographic and Economic Information</u>	69-70
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority’s financial activities take place.	
<u>Operating Information</u>	72-74
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority’s financial report relates to the services the Authority provides and the activities it performs.	



Financial Trends



Changes in Net Position

	2020	2019	2018	2017
Revenues				
Sales of recyclable materials	\$678,513	419,018	616,538	842,399
Solid waste service fees	15,874,337	15,380,778	15,299,711	14,368,753
County net service fees	-	-	-	-
Other revenue	57,674	74,447	68,661	78,730
	16,610,524	15,874,243	15,984,910	15,289,882
Other Revenues				
Investment income	170,340	173,223	142,482	131,285
Gain on disposal of assets	6,212	28,274	5,373	13,520
Grant revenue	272,666	87,991	45,558	40,813
	449,218	289,488	193,413	185,618
Total Revenues	17,059,742	16,163,731	16,178,323	15,475,500
Expenses				
Costs of sales and services	10,021,995	8,687,452	8,747,896	7,729,966
Salaries and wages	1,935,941	1,913,476	1,799,432	1,719,900
Administration	701,139	726,070	636,721	654,073
Depreciation	798,887	640,512	632,143	612,373
Benefits	1,375,089	1,053,730	998,435	1,046,782
Landfill post closure care costs	85,338	112,540	688,908	161,844
	14,918,389	13,133,780	13,503,535	11,924,938
Other Expenses				
Interest expense	1,061,112	1,040,185	683,416	182,257
Bond issuance cost	-	-	-	-
Loss on disposal of assets	-	-	-	-
	1,061,112	1,040,185	683,416	182,257
Total Expenses	15,979,501	14,173,965	14,186,951	12,107,195
Increase in Net Position	1,080,241	1,989,766	1,991,372	3,368,305
Net Position at Year End Composed of:				
Net Investments in Capital Assets	11,834,818	9,971,740	9,893,603	9,430,055
Restricted	3,377,451	3,281,649	3,204,801	3,742,549
Unrestricted (deficit)	(1,296,864)	(418,225)	(2,253,006)	(4,318,578)
	\$13,915,405	12,835,164	10,845,398	8,854,026



Changes in Net Position (continued)

2016	2015	2014	2013	2012	2011
447,314	343,459	646,276	845,121	999,478	1,703,145
13,524,706	13,583,309	13,401,107	12,755,202	12,073,009	13,046,628
-	-	-	-	2,474,330	1,366,153
44,558	67,716	80,103	86,757	59,383	38,735
14,016,578	13,994,484	14,127,486	13,687,080	15,606,200	16,154,661
122,356	117,179	115,450	115,968	115,813	115,966
105,698	56,279	-	21,900	-	4,402
286,067	38,889	128,939	37,212	32,228	30,024
514,121	212,347	244,389	175,080	148,041	150,392
14,530,699	14,206,831	14,371,875	13,862,160	15,754,241	16,305,053
7,106,444	6,903,327	7,859,478	7,905,082	8,761,567	10,020,015
1,681,879	1,643,282	1,618,265	1,572,149	1,636,740	1,812,799
658,275	561,122	586,425	671,947	520,608	531,439
574,882	520,321	552,000	643,759	455,768	506,756
1,111,651	500,912	885,781	897,717	925,119	977,041
(178,295)	(205,842)	(738,960)	1,236,784	(635,477)	997,920
10,954,836	9,923,122	10,762,989	12,927,438	11,664,325	14,845,970
254,982	325,398	405,909	413,657	642,774	672,581
-	-	-	-	99,439	-
-	-	7,882	-	-	-
254,982	325,398	413,791	413,657	742,213	672,581
11,209,818	10,248,520	11,176,780	13,341,095	12,406,538	15,518,551
3,320,881	3,958,311	3,195,095	521,065	3,347,703	786,502
9,741,717	9,326,438	9,380,270	9,748,944	9,742,062	10,009,329
3,566,904	3,491,921	3,322,759	3,277,203	5,779,222	5,006,320
(7,822,900)	(10,653,519)	(14,136,974)	(17,655,187)	(20,671,389)	(23,300,653)
5,485,721	2,164,840	(1,433,945)	(4,629,040)	(5,150,105)	(8,285,004)
	***			***	***

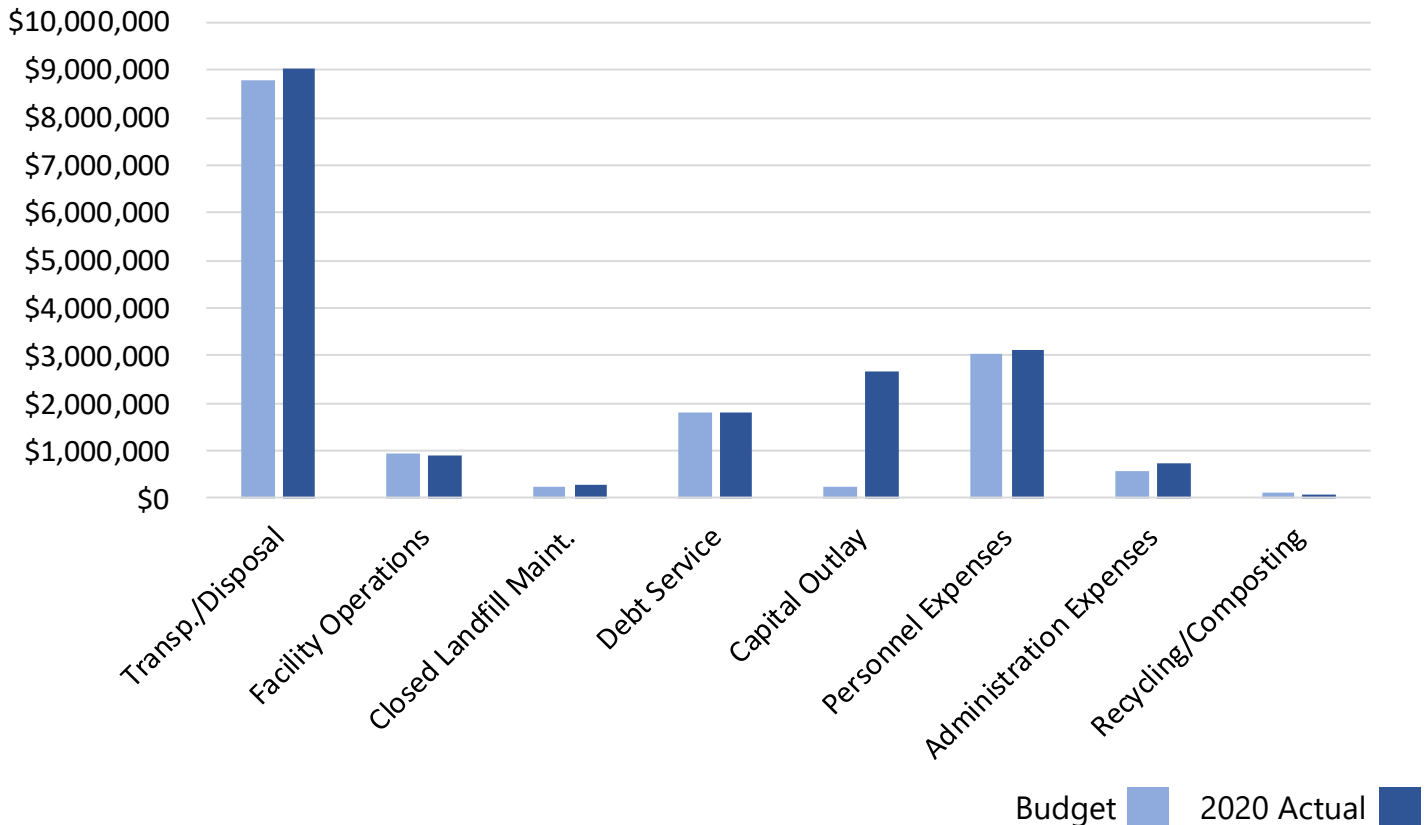
***Includes restatement of beginning balance due to change in accounting principal prior period adjustment



Budget vs. Actual Expenses

	2020 Budget	2020 Actual	Variance	2019 Budget	2019 Actual	Variance
Transportation/Disposal	\$8,768,831	9,023,132	(254,301)	7,219,724	7,643,081	(423,357)
Facility Operations	944,734	880,531	64,203	869,029	1,033,253	(164,224)
Closed Landfill Maintenance	224,750	264,632	(39,882)	176,700	258,249	(81,549)
Debt Service	1,790,000	1,790,000	-	1,790,000	1,790,000	-
Capital Outlay	244,642	2,651,546	(2,406,904)	1,099,394	820,078	279,316
Personnel Expenses	3,021,056	3,110,538	(89,482)	3,020,357	2,948,178	72,179
Administration Expenses	568,600	718,703	(150,103)	610,972	700,773	(89,801)
Recycling/Composting	100,000	63,902	36,098	45,000	81,516	(36,516)

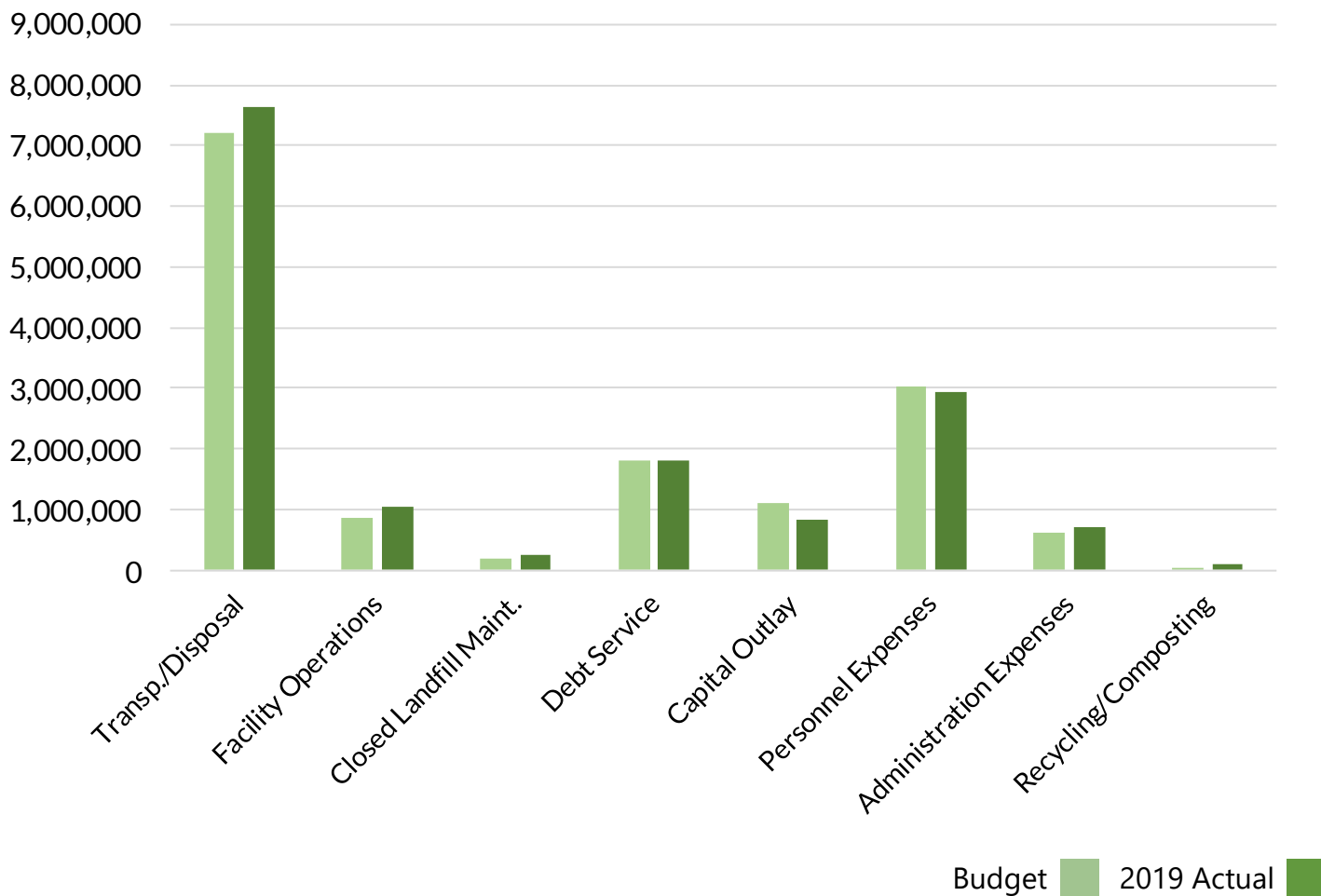
2020 Expenses





Budget vs. Actual Expenses (continued)

2019 Expenses



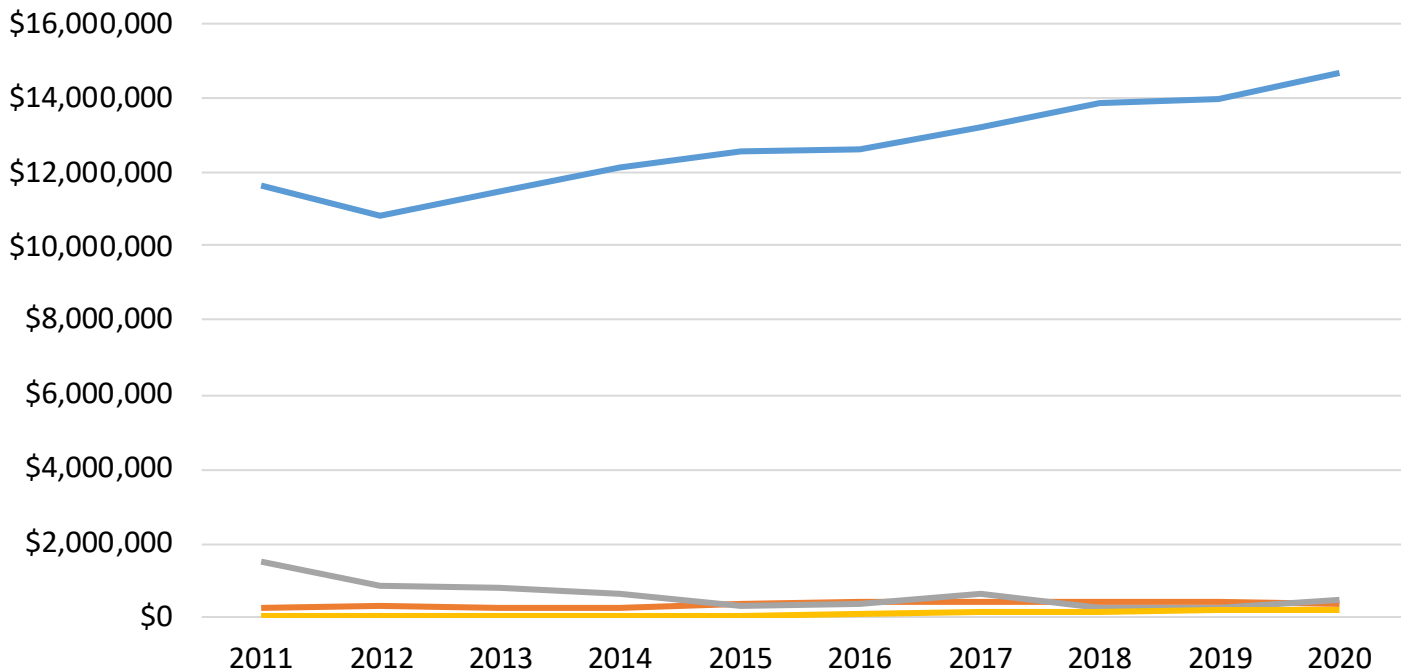
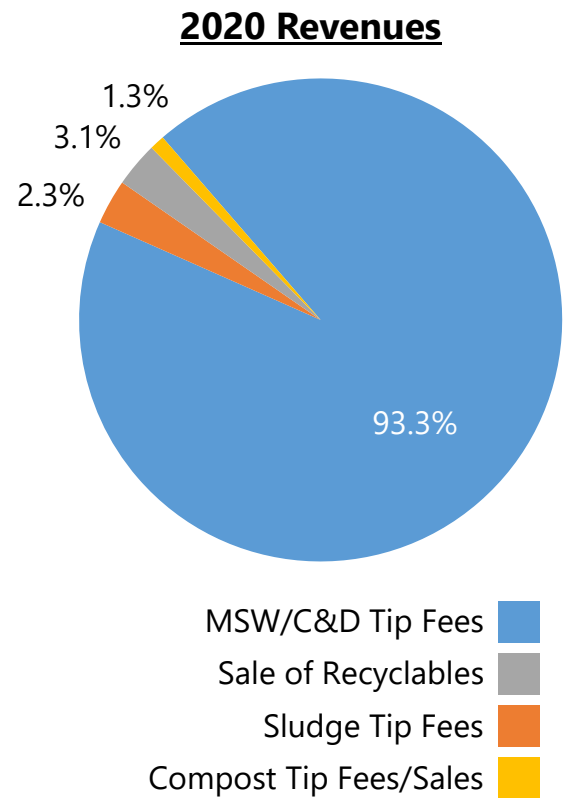


Revenue Capacity



Revenues by Source

	MSW/C&D Tip Fees	Sludge Tip Fees	Sale of Recyclables	Compost Tip Fees/
2020	\$14,623,835	369,153	480,211	204,135
2019	\$13,957,315	374,180	234,141	161,231
2018	\$13,817,254	379,652	217,692	130,336
2017	\$13,178,205	409,460	604,841	102,856
2016	\$12,581,355	409,909	371,673	61,741
2015	\$12,526,726	344,938	282,568	42,500
2014	\$12,082,491	235,235	600,216	27,292
2013	\$11,453,508	252,098	798,012	26,054
2012	\$10,775,871	275,702	837,749	7,079
2011	\$11,593,725	221,674	1,459,244	-





Debt Capacity



Revenue Bond Coverage

Fiscal Year	Revenue	Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Debt Service Coverage Ratio
				Principal	Gross Interest	Total	
2020	\$17,177,747	16,712,986	464,761	761,538	1,028,462	1,790,000	0.26
2019	\$16,077,888	13,485,810	2,592,078	810,566	979,434	1,790,000	1.45
2018	\$16,073,467	13,669,577	2,403,890	1,850,000	46,550	1,896,550	1.27
2017	\$15,446,543	12,534,968	2,911,575	2,130,000	129,360	2,259,360	1.29
2016	\$14,416,253	11,537,953	2,878,300	2,130,000	202,178	2,332,178	1.23
2015	\$14,050,247	10,536,613	3,513,634	2,070,000	270,543	2,340,543	1.50
2014	\$14,256,770	11,487,473	2,769,297	2,455,000	339,522	2,794,522	0.99
2013	\$13,820,022	11,616,139	2,203,883	2,425,000	415,752	2,840,752	0.78
2012	\$15,098,880	12,222,165	2,876,715	2,250,000	498,566	2,748,566	1.05
2011	\$16,218,509	13,486,599	2,731,910	2,175,000	672,581	2,847,581	0.96



Demographic and Economic Information

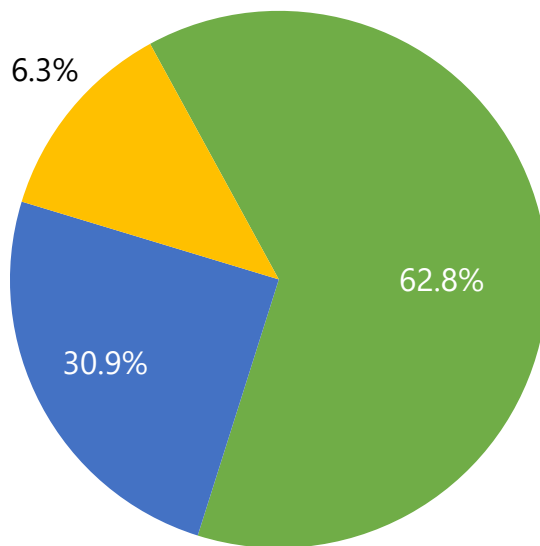


MSW/C&D Tonnages by Source

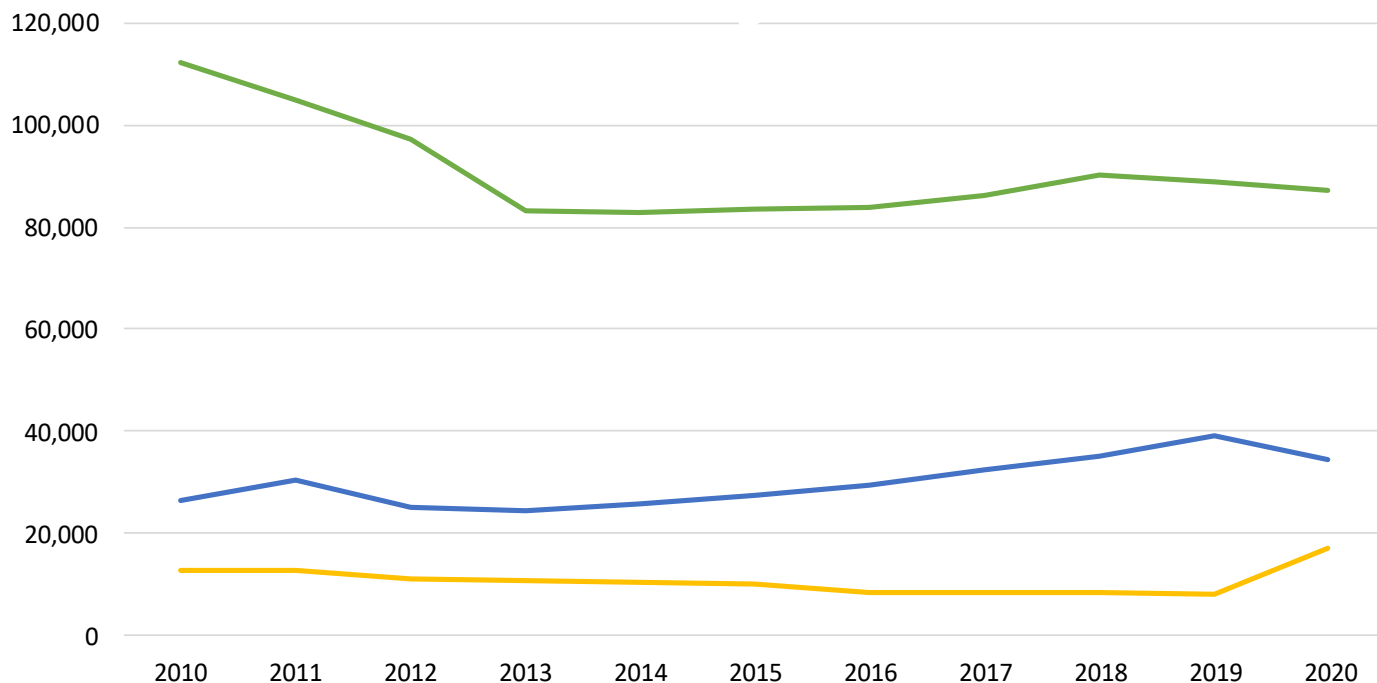
	Commercial Haulers	Self Haulers	MRDC's
2020	87,170	42,865	8,713
2019	89,004	39,194	7,828
2018	90,158	34,897	8,294
2017	86,362	32,491	8,343
2016	83,847	29,216	8,305
2015	83,651	27,403	9,813
2014	82,852	25,558	10,471
2013	83,099	24,519	10,525
2012	97,230	25,111	11,119
2011	104,937	30,526	12,655

All units in tons

2020 Tonnages



Commercial Haulers ■
 Self Haulers ■
 MRDC's ■

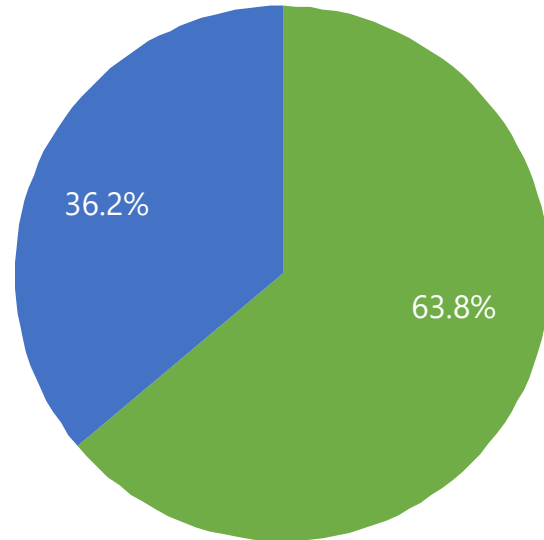




MSW/C&D Tonnages by Facility

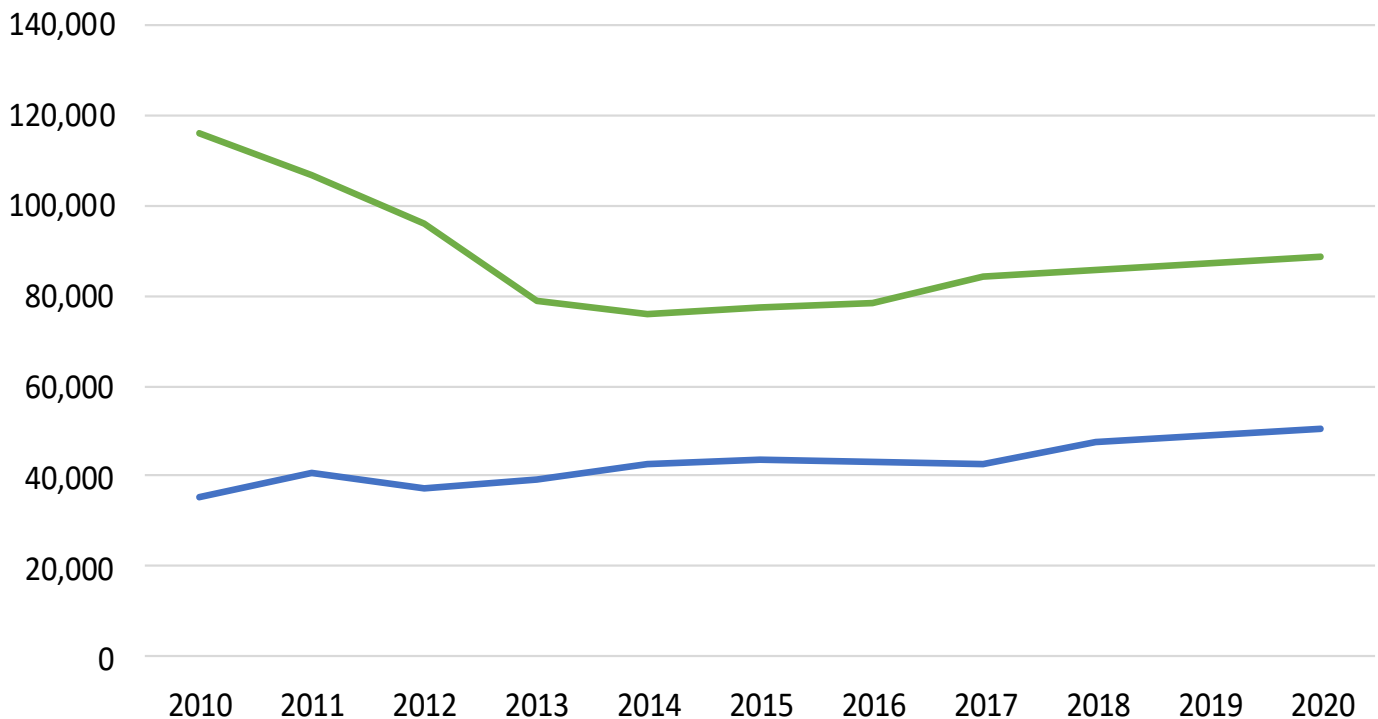
	Ulster Transfer Station	New Paltz Transfer Station
2020	88,468	50,280
2019	86,937	49,089
2018	85,873	47,476
2017	84,370	42,826
2016	78,215	43,152
2015	77,272	43,596
2014	75,984	42,914
2013	78,813	39,326
2012	96,036	37,424
2011	106,861	40,938

2020 Tonnages



Ulster Transfer Station ■
 New Paltz Transfer Station ■

All units in tons





Operating Information

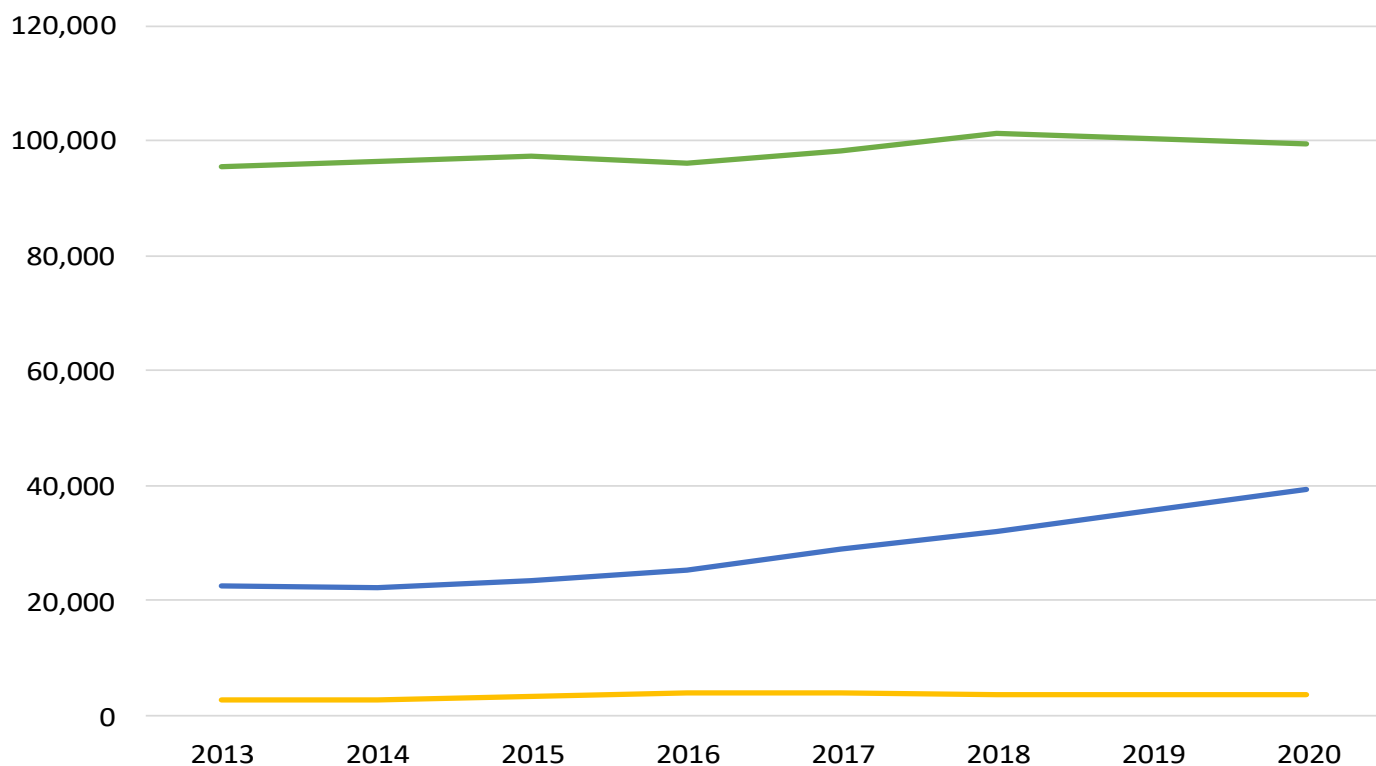
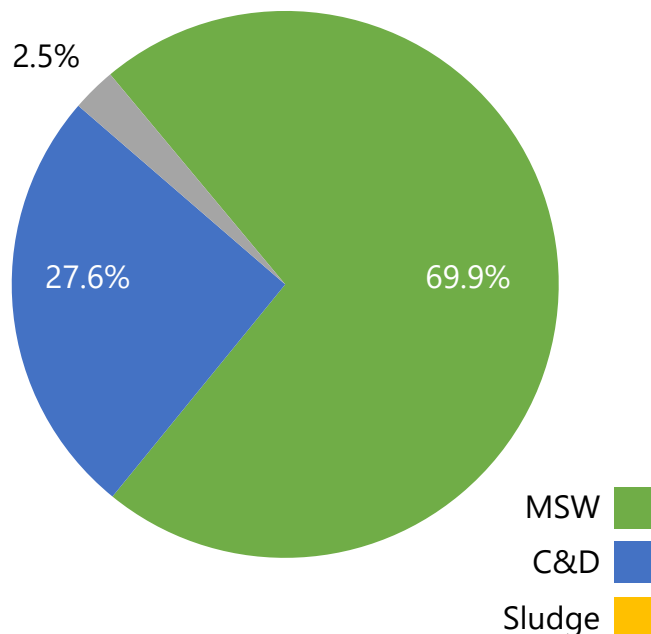


Solid Waste Tonnages by Category

	MSW	C&D	Sewage Sludge	Total
2020	99,524	39,224	3,520	142,268
2019	100,462	35,564	3,633	139,659
2018	101,379	31,970	3,686	137,035
2017	98,265	28,931	3,975	131,171
2016	96,098	25,269	3,979	125,346
2015	97,306	23,563	3,350	124,219
2014	96,544	22,337	2,644	121,525
2013	95,486	22,654	2,654	120,794

All units in tons

2020 Tonnages





MRF Cost Center Analysis

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Recycling Service Fees	\$210,963	121,513	5,317	-	-	-	151,576	286,245	51,305	-
Sales of Processed Recyclables	1,438,023	774,415	754,780	571,279	263,147	351,853	565,231	164,842	185,981	383,678
Total Revenues	<u>1,648,986</u>	<u>895,928</u>	<u>760,097</u>	<u>571,279</u>	<u>263,147</u>	<u>351,853</u>	<u>716,807</u>	<u>451,087</u>	<u>237,286</u>	<u>383,678</u>
Transportation/ Disposal Costs	123,615	9,493	898	180	154	340	888	378,278	94,928	66,831
Personnel Expenses	539,917	386,455	328,238	305,629	294,366	309,841	312,544	349,848	346,556	459,477
Operating Costs	184,388	160,632	121,104	122,756	110,464	78,729	96,263	111,262	91,938	104,968
Total Expenses	<u>847,920</u>	<u>556,580</u>	<u>450,240</u>	<u>428,565</u>	<u>404,984</u>	<u>388,910</u>	<u>409,695</u>	<u>839,388</u>	<u>533,422</u>	<u>631,276</u>
Excess (Deficient) Revenue Over Expenses	<u>\$801,066</u>	<u>339,348</u>	<u>309,857</u>	<u>142,714</u>	<u>(141,837)</u>	<u>(37,057)</u>	<u>307,112</u>	<u>(388,301)</u>	<u>(296,136)</u>	<u>(247,598)</u>



Compost Cost Center Analysis

	2016	2017	2018	2019	2020
Tipping Fees	\$36,016	73,978	88,838	109,655	123,550
Compost Sales	25,725	28,878	41,496	51,576	80,585
Grant Revenues	-	-	-	52,442	184,558
Total Revenues	61,741	102,856	130,334	213,673	388,693
Personnel Expenses	21,236	34,485	52,651	55,920	128,238
Operating Costs	7,212	11,565	51,112	48,673	21,308
Capital Outlay	39,128	204,880	6,130	52,442	811,533
Total Expenses	67,576	250,930	109,893	157,035	961,079
Excess (Deficient) Revenue Over Expenses	<u>\$(5,835)</u>	<u>(148,074)</u>	<u>20,441</u>	<u>56,638</u>	<u>(572,386)</u>

