ULSTER COUNTY RESOURCE RECOVERY AGENCY

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Teal, Becker & Chiaramonte™
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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UCRRA

Ulster County Resource Recovery Agency

Year in Review
2020-2021

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

Independent Auditors' Report

Report on the Audits of the Financial Statements

Opinions

We have audited the 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, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021 and 2020, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control–related matters that we identified during the audits.

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 4 through 18 and 40 and 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

Teal, Becker & Chiaramonte, CPAs PC

Albany, New York
March 25, 2022

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 continued challenges of COVID-19 public health crisis in 2021, the UCRRA Recycling Outreach Team remained adaptable and adjusted program offerings to continue outreach and educational initiatives. Many programs were held virtually through WEBEX teleconferencing systems. The team incorporated new social media strategies and other video content online. Additional safety protocols were in place, and the team continued to focus on updating the Agency's print media resources, adding many resources in Spanish, and acquiring new teaching tools for future educational programs.

- The UCRRA Recycling Outreach Team completed **50.5 hours** of direct community engagement programming in 2021: including **19 public speaking events/workshops, 18 facility tours of UCRRA recycling and organics recovery facilities, 1 special event (UCRRA Spring Compost Bin & Rain Barrel Sale) and 3 site visits to improve local recycling programs**.
- The Program's direct efforts (tours, classes) reached **576 adult participants and 138 youth participants** with its initiatives.
- The Recycling Outreach Team grew indirect outreach program opportunities; **3,751 newsletter 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 grew to **964 followers on Facebook, 855 followers on Instagram, and 16 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 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 an estimated **350+ phone calls** on the Recycling Hotline, and estimated over **150+ emails** just through the Contact Us Form on the UCRRA website alone. New program tracking efforts will be put into place in 2022 to further record program impact metrics.

Household Hazardous Waste (HHW) & Pharmaceutical Program

Hazardous wastes are substances that are toxic, flammable, chemically reactive, or corrosive. These hazardous substances should not be discarded in the trash or introduced into municipal water supplies by being poured down drains. 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 2021, the Agency conducted four HHW Collection Events - in April, June, August, and October, at its two facilities in Kingston and New Paltz. Eight hundred and seventy one (871) Ulster County residents participated in this program and approximately 55,075 lbs. of toxic wastes were recovered for safe disposal by vendor, Clean Harbors. Key metrics include; 3,891 lbs. hazardous aerosols, 11,850 lbs. flammable liquids, 4,886 lbs. pesticides (solids), 7,089 lbs. pesticides (liquid), 20,141 lbs. paint, 40 lbs. mercury devices, 2,046 lbs. fluorescent lighting, 80 lbs. used motor oil, 3,814 lbs. misc. acids & bases, and much more.

Composting Program

The Agency operates one of only 2 municipally-operated Extended Aerated Static Pile (EASP) composting facilities in New York 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 processed **3,383.36** tons of source separated organics in 2021. If this food waste were instead managed as municipal solid waste, it would have cost the public an estimated $355,252.80 in solid waste tipping fees. By composting this material, the Agency removed 99.66 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 9,500 gallons of diesel fuel, preventing 96.71 tons of carbon dioxide from long-hauling alone.

The Agency produced **1,707.54** tons of compost in 2021. Compost is sold in bulk, screened to 1/8 inch and is unblended. UCRRA's Grow Ulster Green Compost is sold to the general public, landscapers, farmers, and hobby gardeners for use in growing vegetables, flowers, trees/shrubs, turf, and more. As a proud partner of the US Composting Council's certified STA Compost Program, the Agency's compost bears the Seal of Testing Assurance. Compost is sampled quarterly and tested at a certified agronomy laboratory in Delaware. Compost Technical Data Sheets are available online at www.ucrra.org.

Electronics Recycling

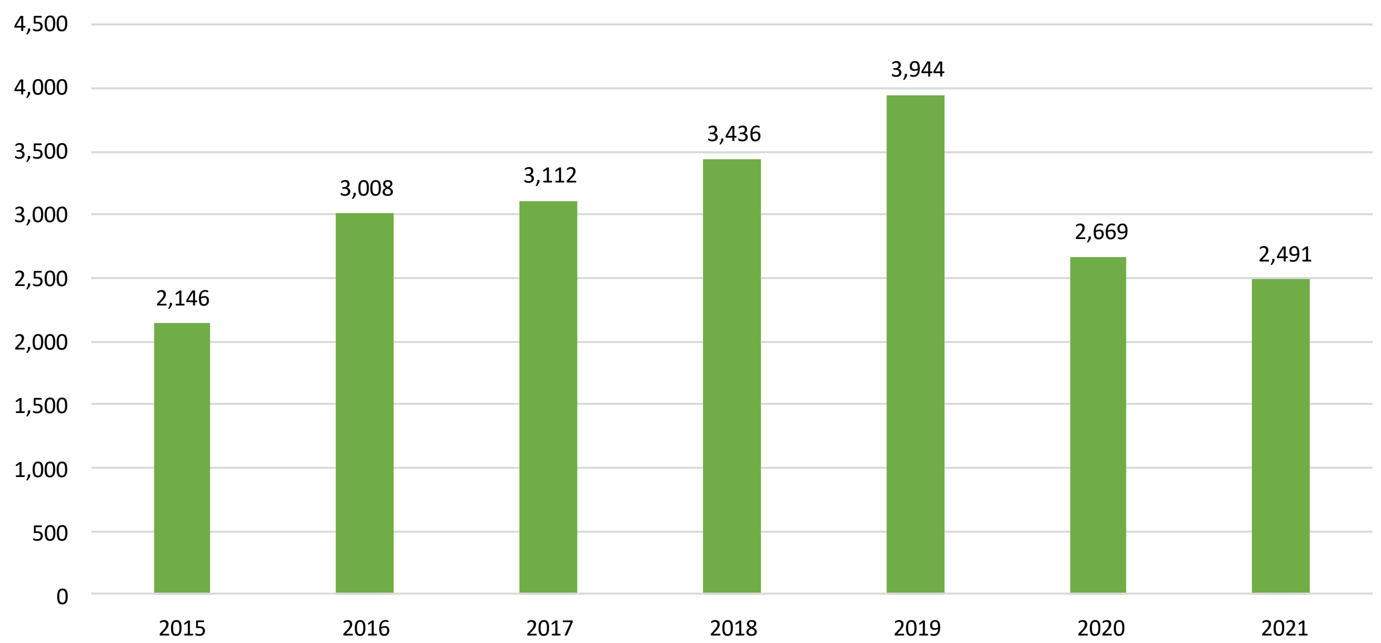
New York State consumers are required to recycle many electronic waste items, such as computers, computer peripherals, televisions, small scale servers, small electronic equipment, etc., in an environmentally responsible manner in accordance with the New York State Electronic Equipment Recycling and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

In 2020, the Agency began accepting electronic items for free, on Saturdays only from 8:00am-2:00pm outside of the Main Office, though the program was temporarily on pause until the spring due to the public health crisis, it eventually resumed as a seasonal program that runs April through November. Additionally, the Agency also practices waste diversion of any electronics that were tipped for disposal at the transfer stations. All electronics are consolidated and exported to Electronics Recyclers International (ERI) in Holliston, MA, Plainfield, IN, and Lincoln Park, NJ.

The Agency's electronics recycling program has been very successful. In 2021, UCRRA collected **179 tons** of electronic waste. Using the EPA's WARM model, this **is the greenhouse gas equivalency of 141.54 tons of avoided CO_2.**

The electronics recycling program is open to residents (regardless of Ulster County residency status), businesses (<50 employees) local government entities, and non profit organizations (<75 employees). Residents represented 99.28% of the total E-Waste program 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 deferred outflows of resources) and their availability for use by the Agency.

Condensed Statements Of Net Position

	2021	2020	2019
Assets:			
Assets, other than capital assets	$11,569,482	$10,775,684	$12,229,770
Capital assets	11,434,134	11,834,818	9,971,740
Total assets:	23,003,616	22,610,502	22,201,510
Deferred outflows of resources	1,698,237	1,361,335	481,439
Liabilities:			
Current liabilities	2,994,181	3,025,331	3,097,047
Long-term liabilities	3,807,095	6,904,781	6,476,533
Total liabilities:	6,801,276	9,930,112	9,573,580
Deferred inflows of resources	2,169,127	126,320	274,205
Net position:			
Net investment in capital assets	8,271,854	7,958,167	5,285,114
Unrestricted	3,941,633	2,579,787	4,268,401
Restricted	3,517,963	3,377,451	3,281,649
Total Net Position:	$15,731,450	$13,915,405	$12,835,164

Capital Activities

2021

The Agency completed its expansion of its compost operation in preparation of new laws being implemented by Ulster County and New York State in the area of organics diversion. Construction continues on a new recycling education center and compost bagging operation. Construction was delayed as the Agency needed approvals from NYS DEC for its permit renewal and related modifications. The following capital assets were purchased in 2021:

- Completion of concrete padding for expansion of composting operation
- New leachate tanker trailer
- New entrance gate located closer to the main road
- Installation of 36' X 36' building that will house the recycling education center and compost bagging operation
- Installation of gutters on the new recycling ed/compost bagging building and the Materials Recovery Facility
- New 550 gallon diesel fuel tank installed inside the vehicle maintenance facility for equipment fueling
- Installation of secondary containment monitors at the pump house for fire safety
- Installation of scale weight scoreboards at the New Paltz scale for better customer service/ communication

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 trammel screen for compost operation
- (2) 36 foot dump trailers

Capital Activities (continued)

- 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 the Agency's composting operation

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

Long Term Debt Activities

The Agency issued no debt during 2021 and 2020.

The Agency's 2002 Refunding Bond payments became interest heavy beginning in 2019, resulting in a further increase in interest expense. Over the past four years, interest expense has increased by $923,575.

The Agency paid off a capital lease in 2020.

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

Statements of Revenues, Expenses, and Changes in Net Position

Changes in total net position as presented on the Statements of Net Position are based on the activity presented in the Statements of Revenues, 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 Revenues, Expenses, and Changes in Net Position

	2021	2020	2019
Operating Revenue:			
Solid Waste Service Fees	$17,097,941	$15,874,337	$15,380,778
Other Operating Revenue	1,648,853	736,187	493,465
	18,746,794	16,610,524	15,874,243
Non-Operating Revenue:			
Investment Income	133,880	170,340	173,223
Grant Revenue	193,901	272,666	87,991
Gain on Disposal of Assets	1,500	6,212	28,274
	329,281	449,218	289,488
Total revenue:	19,076,075	17,059,742	16,163,731
Expenses:			
Operating Expenses	16,154,198	14,918,389	13,133,780
Non-Operating Expenses	1,105,832	1,061,112	1,040,185
Total expenses:	17,260,030	15,979,501	14,173,965
Increase in net position	1,816,045	1,080,241	1,989,766
Net position:			
Beginning of year	13,915,405	12,835,164	10,845,398
End of year	$15,731,450	$13,915,405	$12,835,164

Statements of Revenues, Expenses, and Changes in Net Position (continued)

2021

The Agency's net position improved by $1.8 million, from $13.9 million at December 31, 2020 to $15.7 million at December 31, 2021.

Total revenue in 2021 increased from the previous year by $2.02 million. During 2021, the Agency experienced an overall increase in volume and dramatic increases in recycling markets. In correlation, revenue increases were driven by volume and recycling market improvements.

Total expenses in 2021 increased from the previous year by $1.3 million. During 2021, the Agency realized contractual increases for transportation and disposal of MSW/C&D/Sludge. A majority of these increases were directly attributed to an increase in volume.

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.

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.

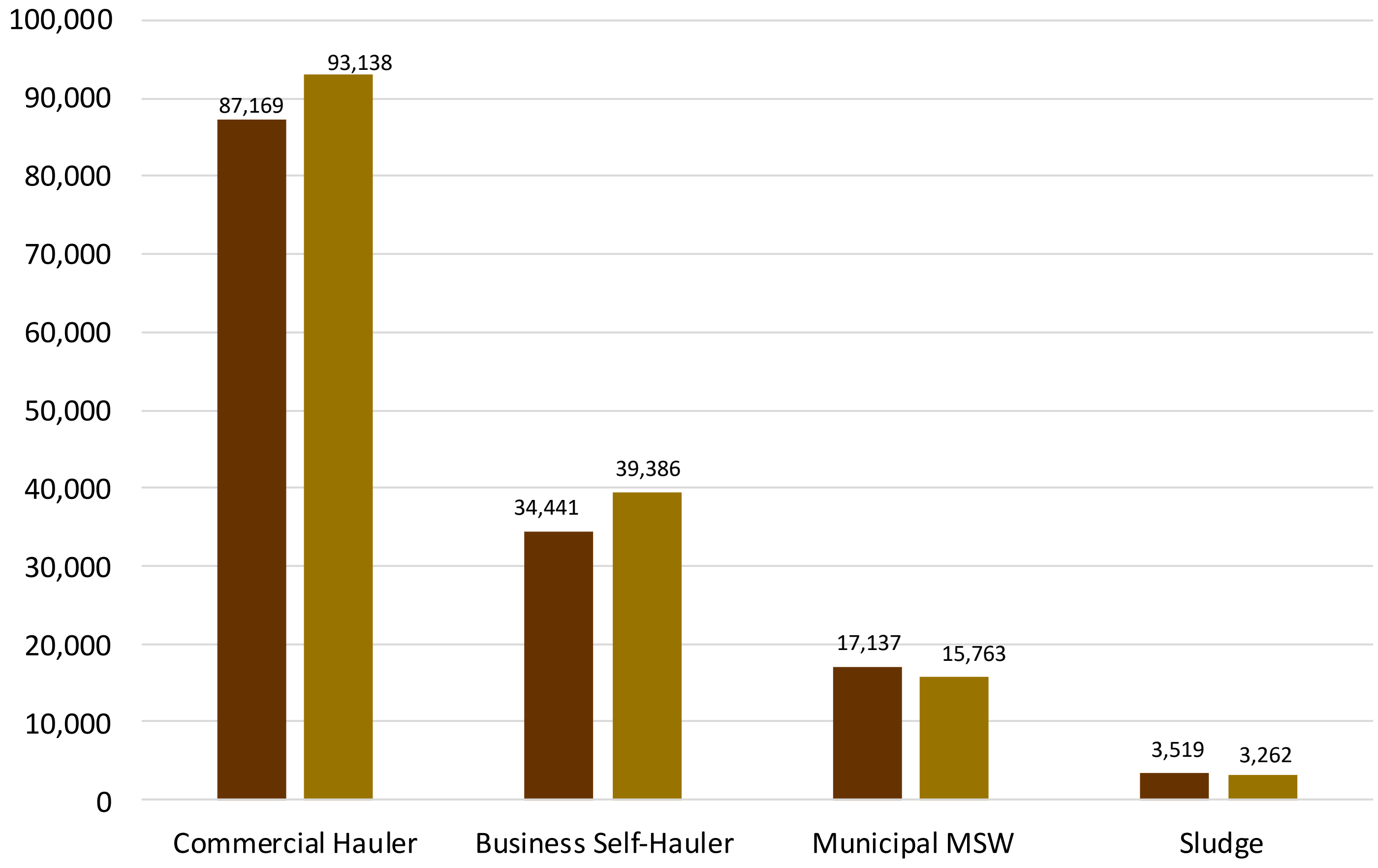
Net cash increased from 2020 to 2021 mainly due to grant money from prior years grants finally being received in 2021. An increase of approximately $389,000.

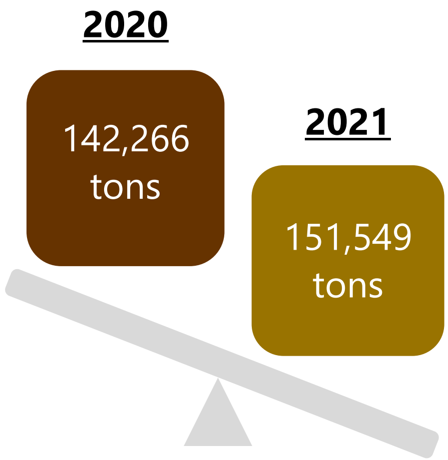
Net cash decreased from 2019 to 2020 mainly due to substantial investments into capital assets. An increase of more than $1.9 million.

Condensed Statements of Cash Flows

	2021	2020	2019
Net cash provided by operating activities	$2,419,588	$2,809,852	$3,277,338
Net cash provided by noncapital financing activities	425,199	36,131	87,991
Net cash used in capital and related financing activities	(2,309,285)	(4,495,395)	(2,579,769)
Net cash provided by investing activities	133,719	171,240	173,571
Net increase (decrease) in cash and equivalents	669,221	(1,478,172)	959,131
Cash and equivalents at beginning of year	5,947,486	7,425,658	6,466,527
Cash And Equivalents At End Of Year	$6,616,707	$5,947,486	$7,425,658

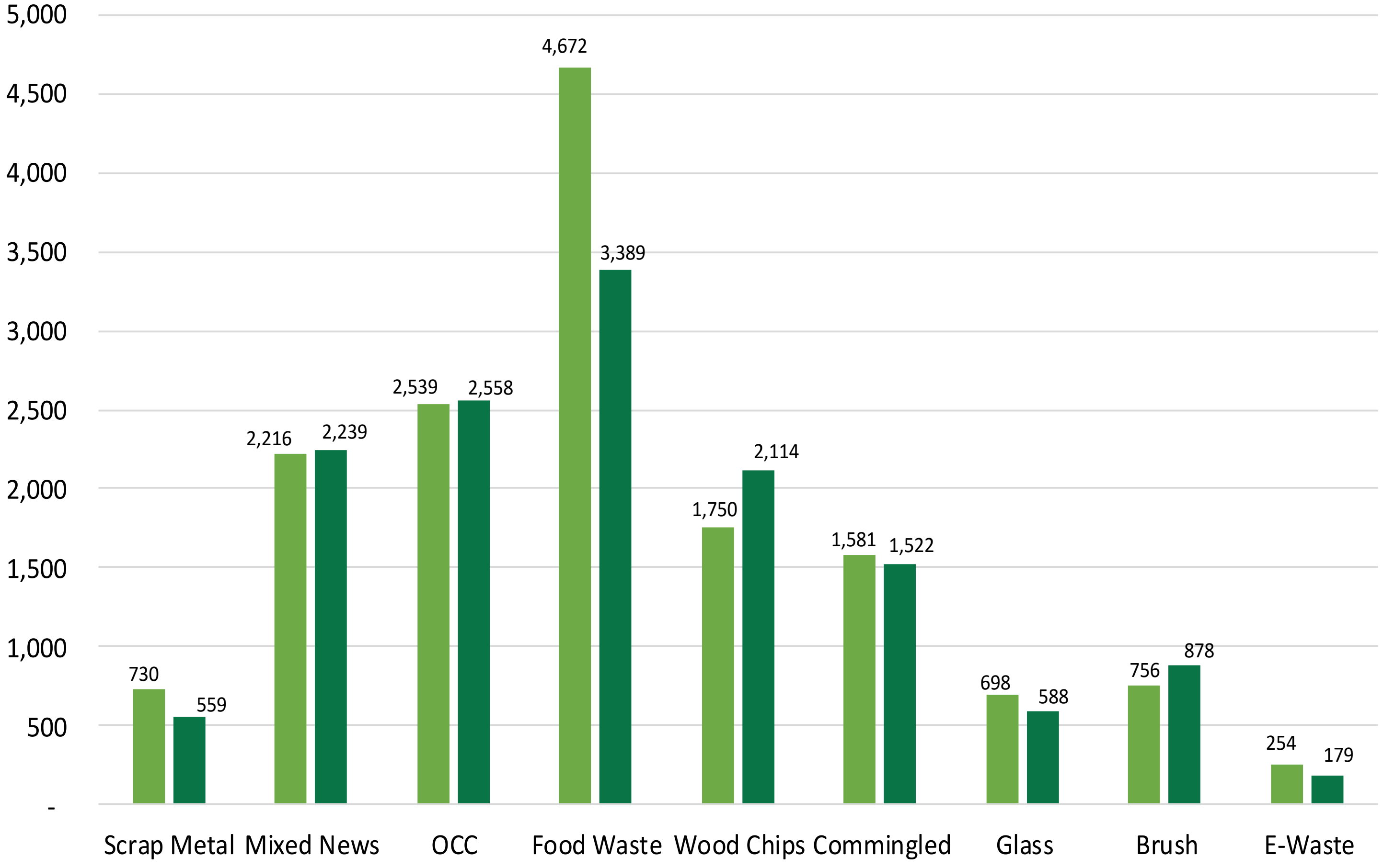
Solid Waste



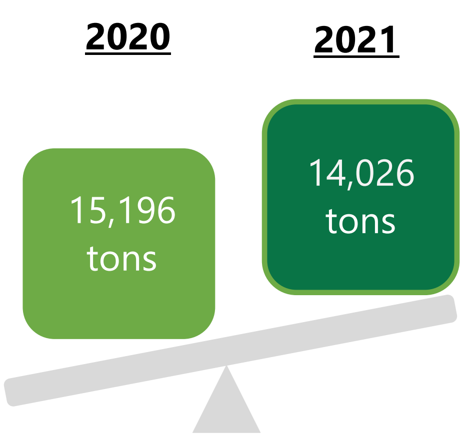


Overall, waste volume increased by 6.5% from the prior year. Predicting waste volume can be very difficult from year to year, but the implementation of Flow Control has allowed for less unpredictability. The public health crisis due to COVID-19 continued to impact the makeup of waste. Commercial hauler volume was up due to businesses reopening. Business self-haulers and related 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. This was a continuing trend from 2020. It can be expected that volume will return to pre-pandemic levels in 2022.

Recycling/Diversion

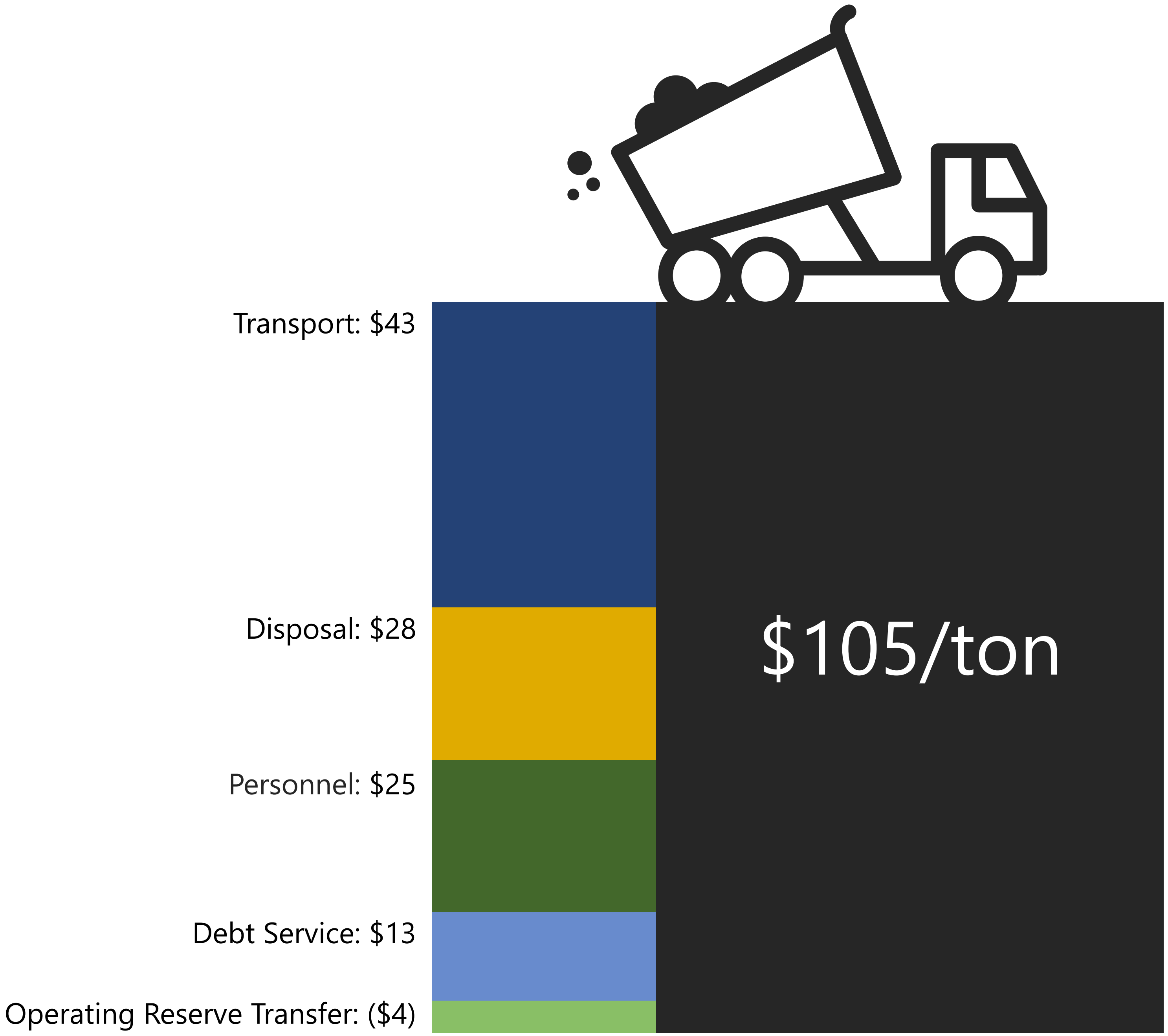


Recycling/Diversion volumes as a whole decreased from the prior year. The main commodities (news, OCC, and commingle) were consistent with 2020. The biggest change in volume was a decrease in food waste that was received. Food waste volumes can be affected by a number of variables, including customer route changes and cheaper disposal alternatives outside the County. The Agency's biggest customer pulled volume at the beginning of the year, leading to a 27% decrease in food waste from 2020 to 2021.

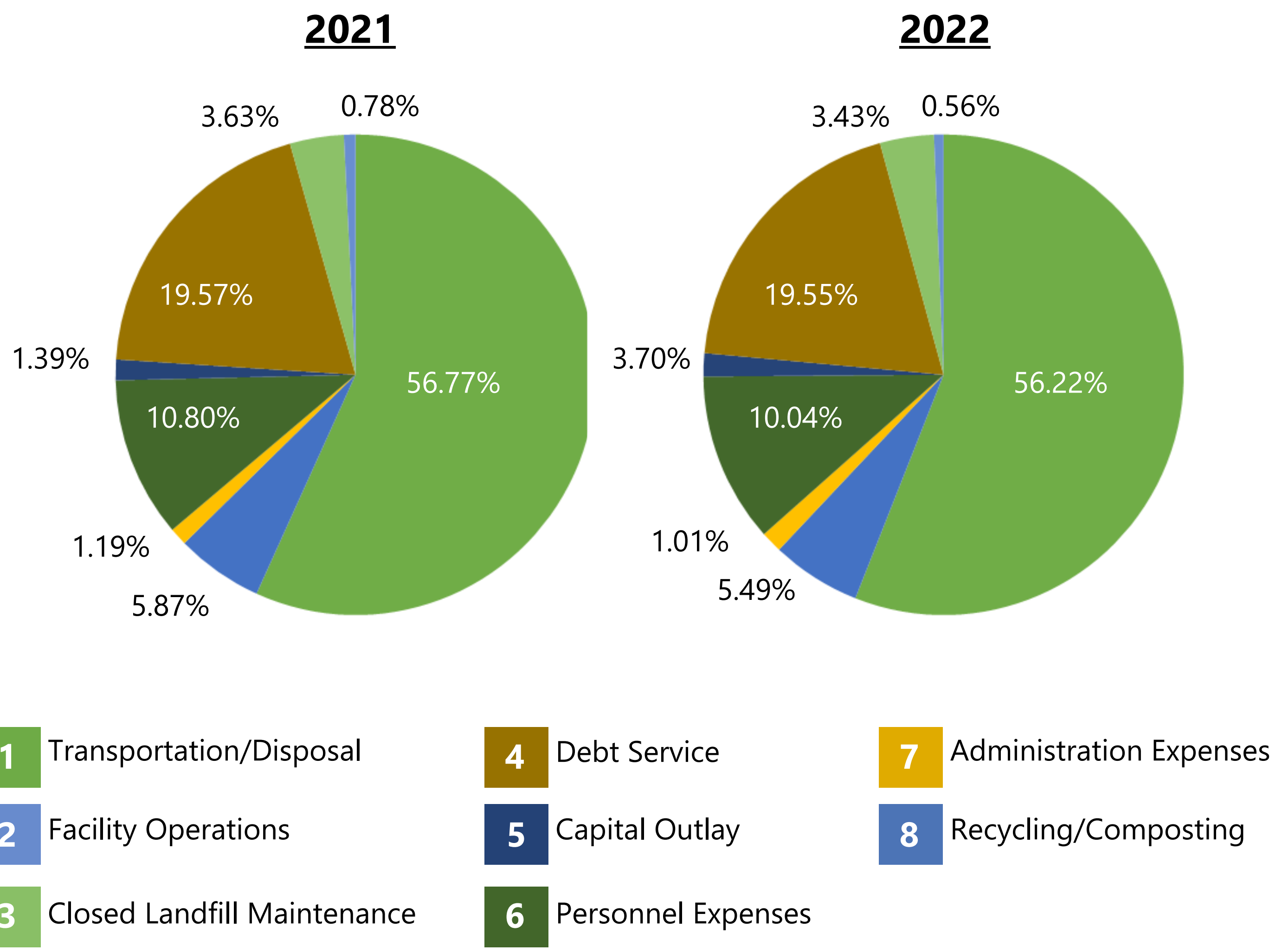


How We Calculate Our Tipping Fee

The Agency calculates its annual tipping fee rate/ton with the expectation to, at minimum, break even. The following chart breaks down the 2022 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



The Agency completed a very successful 2021 amidst the backdrop of the continued public health crisis. The Agency's budget is highly contingent on volume received at the Agency's two regional transfer stations. Over 87% of Agency costs are tied to contractual agreements and debt service, making the budgeting of these items less susceptible to high variances with the actual results when volume is consistent. The implementation of Flow Control has allowed for consistent volume and more precise budgeting. However, the COVID-19 fiscal years led to the Agency outperforming its last two budgets, creating surpluses that allowed the Agency to invest in Capital Improvements and keep tipping fees static. Volume is expected to return to pre-pandemic levels, and contractual transportation/disposal cost increases will also increase tipping fees to help offset these known increased costs over the final two 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	**2021**	**2020**
Current assets:		
Unrestricted assets:		
Cash and equivalents	$ 5,641,693	$ 5,112,984
Receivables, net of allowance of $37,645 and $55,729, respectively	1,989,050	1,669,364
Due from related party	-	184,558
Grants receivable	5,237	51,977
Accrued interest	38,741	38,580
Prepaid expense	340,342	340,770
Compost inventory	36,456	-
Total Unrestricted Assets	8,051,519	7,398,233
Restricted Assets:		
Cash and equivalents	975,014	834,502
Investments	2,542,949	2,542,949
Total Restricted Assets	3,517,963	3,377,451
Total Current assets:	11,569,482	10,775,684
Non-Current assets		
Capital assets, net	11,434,134	11,834,818
Total Non-Current assets	11,434,134	11,834,818
Total Assets	23,003,616	22,610,502
Deferred outflows of resources		
Pension	1,698,237	1,361,335
Total Deferred Outflows Of Resources	$ 1,698,237	$ 1,361,335
Liabilities		
Current liabilities:		
Accounts payable	$ 662,012	$ 583,378
Accrued interest	778,322	748,119
Host community benefits payable	21,832	18,760
Customer advances	13,900	6,900
Other payables	91,401	71,302
Current installments of long-term debt	669,066	714,371
Current portion of landfill post closure care costs	217,798	270,272
Compensated absences	539,850	612,229
Total current liabilities	2,994,181	3,025,331
Non-Current liabilities:		
Long-term debt, excluding current installments	2,493,214	3,162,280
Landfill post closure care costs, excluding current portion	1,306,788	1,891,904
Net pension liability - proportionate share - Employees Retirement System	7,093	1,850,597
Total Non-Current liabilities:	3,807,095	6,904,781
Total Liabilities	$ 6,801,276	$ 9,930,112
Deferred inflows of resources:		
Inventory for sale	$ 36,456	$ -
Pension	2,132,671	126,320
Total Deferred Inflows Of Resources	$ 2,169,127	$ 126,320
Net position:		
Net investment in capital assets	$ 8,271,854	$ 7,958,167
Restricted for:		
Debt repayment	2,942,187	2,801,250
Landfill Post Closure	575,776	576,201
Unrestricted	3,941,633	2,579,787
Total Net Position	$ 15,731,450	$ 13,915,405

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

	2021	2020
Operating revenue:		
Charges for sales and services:		
Sales of recyclable materials	$ 1,179,331	$ 678,513
Solid waste service fees	17,097,941	15,874,337
Other revenue	49,730	57,674
Landfill post closure care costs	419,792	-
Total operating revenue	18,746,794	16,610,524
Operating expenses:		
Costs of sales and services	11,340,194	10,021,995
Salaries and wages	2,146,505	1,935,941
Administration	778,617	701,139
Depreciation	921,469	798,887
Benefits	967,413	1,375,089
Landfill post closure care costs	-	85,338
Total operating expenses	16,154,198	14,918,389
Operating income	2,592,596	1,692,135
Nonoperating revenue (expenses):		
Investment income	133,880	170,340
Gain on disposal of assets	1,500	6,212
Grant revenue	193,901	272,666
Interest expense	(1,105,832)	(1,061,112)
Total nonoperating revenue (expenses)	(776,551)	(611,894)
Increase in net position	1,816,045	1,080,241
Beginning of year	13,915,405	12,835,164
End Of Year	$ 15,731,450	$ 13,915,405

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

	2021	2020
Cash flows from operating activities:		
Receipts from services	$ 18,434,108	$ 16,783,874
Payments to suppliers	(12,672,197)	(10,935,284)
Payments to employees	(3,342,323)	(3,038,738)
Net cash provided by operating activities	2,419,588	2,809,852
Cash flows from noncapital financing activities:		
Grant income	425,199	36,131
Net cash provided by noncapital financing activities	425,199	36,131
Cash flows from capital and related financing activities:		
Purchases of capital assets	(520,785)	(2,668,717)
Proceeds from disposal of assets	1,500	12,964
Principal paid on long-term debt	(714,371)	(809,975)
Interest paid on long-term obligations	(1,075,629)	(1,029,667)
Net cash used in capital and related financing activities	(2,309,285)	(4,495,395)
Cash flows from investing activities - investment income received, net	133,719	171,240
Net increase (decrease) in cash and cash equivalents	669,221	(1,478,172)
Cash, cash equivalents and restricted cash at beginning of year	5,947,486	7,425,658
Cash, Cash Equivalents And Restricted Cash At End Of Year	$ 6,616,707	$ 5,947,486
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 2,592,596	$ 1,692,135
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation expense	921,469	798,887
Pension expense	(174,055)	309,254
Changes in:		
Receivables, net	(319,686)	176,650
Prepaid expenses	428	34,899
Accounts payable and other payables	101,805	36,405
Customer advances	7,000	(3,300)
Compensated absences	(72,379)	(50,144)
Landfill post closure care costs	(637,590)	(184,934)
Net Cash Provided By Operating Activities	$ 2,419,588	$ 2,809,852

The accompanying notes are an integral part of these financial statements

(1) Organization

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

(2) Summary Of Significant Accounting Policies

(a) Financial Reporting Entity

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

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

(2) Summary Of Significant Accounting Policies, Continued

(a) Financial Reporting Entity, Continued

The Agency reports as a special purpose government engaged in business-type activities, as defined by GASB Statement No. 34. Business-type activities are those that are financed in whole or in part by fees charged to external parties for goods or services. The basic financial statements of the Agency consist of statements of net position, statements of revenues, 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 revenues, 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 expenses 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 three net asset categories:

- Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets. See unrestricted below.
- Restricted - Net position with constraints placed on their use either by (1) external groups such as creditors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted - All other categories of net position. Included in unrestricted net position are amounts not available for other purposes. The liability for debt is shown as a reduction of unrestricted since it was not possible to distinguish the amount that is related to capital assets.

(b) Basis of Accounting

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

(2) Summary Of Significant Accounting Policies, Continued

(c) Budgetary Policies

The budget policies are as follows:

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

(d) Estimates

The preparation of financial statements in 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:

(2) Summary of Significant Accounting Policies, Continued

(g) Capital Assets, Continued

	Years
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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Agency has four items that qualify for reporting in this category. First, is related to pension 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 period between the Agency's contributions and its proportion share of total contributions to the pension system not included in pension expense. Second, is differences between the expected and actual experience of System members. Third, 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 or fund balance that applies to a future period(s) and so will not be recognized as inflow of resources (revenue) until that time. The Agency has four items that qualify for reporting in this category.

(2) Summary of Significant Accounting Policies, Continued

First, is related to pension 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 period between the Agency's contributions and its proportion share of total contributions to the pension system not included in pension expense. Second, the net difference between projected and actual investment earnings on pension plan investments. Third, the changes in plan assumptions, and last, inventory available for sale.

(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, 2021, and through March 25, 2022, which is the date the financial statements were available to be issued, and determined that any events or transactions occurring during this period that would require recognition or disclosure are properly addressed in these financial statements.

(3) Cash Equivalents and Investments

The Agency's investment policies are governed by New York State statutes and the Agency's investment policy was 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, 2021 and December 31, 2020. Investments consist primarily of guaranteed investment contracts (GICs) purchased directly by the Agency.

At December 31, 2021, the Agency's cash equivalents and investment balances were as follows:

	Unrestricted	Restricted	Total
Cash and equivalents	$5,641,693	$975,014	$6,616,707
Investments	-	2,542,949	2,542,949
Total	$5,641,693	$3,517,963	$9,159,656

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

(4) Capital Assets

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

	Total 12/31/19	Additions	Deletions	Total 12/31/20	Additions	Deletions	Total 12/31/21
Capital Assets that are not depreciated:							
Land	$1,238,172	$-	$-	$1,238,172	$-	$-	$1,238,172
Construction in progress	-	355,858	-	355,858	29,739	(320,582)	65,015
Total	1,238,172	355,858	-	1,594,030	29,739	(320,582)	1,303,187
Capital Assets that are depreciated:							
Buildings	10,863,667	649,130	(114,031)	11,398,766	727,856	-	12,126,622
Machinery and equipment	4,186,574	1,108,423	(141,723)	5,153,274	-	(32,387)	5,120,887
Trailers	558,903	172,792	-	731,695	76,397	-	808,092
Computers and software	96,184	11,592	(4,324)	103,452	-	-	103,452
Vehicles	1,958,570	309,137	-	2,267,707	-	-	2,267,707
Furniture and fixtures	56,357	-	-	56,357	-	-	56,357
Infrastructure	61,764	61,785	-	123,549	7,375	-	130,924
Subtotal	17,782,019	2,312,859	(260,078)	19,834,800	811,628	(32,387)	20,614,041
Less accumulated depreciation:							
Buildings	4,224,576	291,898	(107,279)	4,409,195	324,366	-	4,733,561
Machinery and equipment	2,849,010	326,640	(141,723)	3,033,927	394,870	(32,387)	3,396,410
Trailers	516,249	35,159	-	551,408	40,132	-	591,540
Computers and software	79,265	6,098	(4,324)	81,039	6,821	-	87,860
Vehicles	1,332,249	130,190	-	1,462,439	144,648	-	1,607,087
Furniture and fixtures	32,844	4,271	-	37,115	4,271	-	41,386
Infrastructure	14,258	4,631	-	18,889	6,361	-	25,250
Subtotal	9,048,451	798,887	(253,326)	9,594,012	921,469	(32,387)	10,483,094
Total depreciable capital assets, net	8,733,568	1,513,972	(6,752)	10,240,788	(109,841)	-	10,130,947
Total Capital Assets, Net	$9,971,740	$1,869,830	$(6,752)	$11,834,818	$(80,102)	$(320,582)	$11,434,134

(5) Deferred Outflow and Deferred Inflow of Resources

As of December 31, 2021, the Agency had deferred outflows of resources amounting to $1,698,237, and deferred inflows of resources amounting to $2,132,671 related to the NYS Employees' Retirement System. See Note (6). The Agency also had deferred inflows of resources amounting to $36,456 related to inventory for sale.

(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 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 9.6% to 18.20% of salaries for the years ended December 31, 2021 and 2020. Contributions for the current year and two preceding years were greater than or equal to 100% of the contributions required, and were as follows:

2021	$294,617
2020	265,272
2019	249,347

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.

(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, 2021 and 2020, the Agency reported a liability of $7,093 and $1,850,597, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2021 and 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation 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, 2021 and 2020, the Agency's proportion was 0.0071229 and 0.0069885 percent, respectively.

For the years ended December 31, 2021 and 2020, the Agency recognized pension expense of $113,623 and $570,545, respectively. At December 31, 2021, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Resources		
Differences between expected and actual experience	$86,619	$-
Changes of assumptions	1,304,092	24,596
Net difference between projected and actual earnings on Plan investments	-	2,037,399
Changes in proportion and differences between the Agency's contributions and proportionate share of contributions	12,909	70,676
Agency's contributions subsequent to the measurement date	294,617	-
Total	$1,698,237	$2,132,671

(6) Retirement Plan (Continued)

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

	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

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:

2022	($150,886)
2023	(61,259)
2024	(121,916)
2025	(394,989)

(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, 2020, with updated procedures used to roll forward the total pension liability to March 31, 2021. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2020 valuation were as follows:

Inflation	2.7%
Salary scale	4.4% in ERS
Investment rate of return including inflation	5.9% compounded annually, net of investment expenses
Cost of living adjustments	1.4% annually
Decrements	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Sale MP-2020

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	32%	4.05%
International equity	15	6.30
Private equity	10	6.75
Real estate	9	4.95
Opportunistic/ARS portfolio	3	4.50
Credit	4	3.63
Real assets	3	5.95
Fixed Income	23	0.00
Cash	1	0.50
	100%	

(6) Retirement Plan (Continued)

(d) Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. 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 5.9%, 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 (4.9%) or 1-percentage point higher (6.9%) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset/(liability)	$(1,968,619)	$(7,093)	$1,801,894

(f) Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of March 31, 2021 were as follows:

	(Dollars in Millions) Employees Retirement System
Employers' total pension liability	$(220,680)
Plan net position	220,581
Employers' net pension asset/(liability)	$(99)
Ratio of plan net position to the Employers' total pension asset/(liability)	(99.96%)

(7) Long-Term Debt

Long-term debt at December 31, 2021 and 2020 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:

	2021				
Business-Type Activities	**Balances**	**Additions**	**Deductions**	**Balances December 31**	**Due Within One Year**
Capital appreciation bonds	$3,876,651	$-	$(714,371)	$3,162,280	$669,066
Total	$3,876,651	$-	$(714,371)	$3,162,280	$669,066

	2020				
	Balances	**Additions**	**Deductions**	**Balances December 31**	**Due Within One Year**
Business-Type Activities					
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

(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, 2021:

Description of issue	Issue date	Final maturity	Interest rate	Outstanding at 12/31/21
Capital appreciation bonds	12/18/2002	03/01/2025	4.96 - 5.29%	$3,162,280
Total Long-Term Debt, Net				$3,162,280

The maturities of these issues as of December 31, 2021 are as follows:

	Principal	Interest	Total
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
	$3,162,280	$6,252,720	$9,415,000

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

Interest paid	$1,075,629
Less: interest accrued in the prior year	(717,086)
Plus: interest accrued in the current year	747,289
Total Expense	$1,105,832

(8) Customer Advances

As of December 31, 2021 and 2020, the Agency had advances amounting to $13,900 and $6,900 respectively.

The December 31, 2021 and 2020 balances consist of payments received from customers in 2021 for their 2022 permits and payments received from customers in 2020 for their 2021 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 Position

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

	2021	2020
General unrestricted	$9,204,275	$9,194,816
Related to outstanding debt	(3,162,280)	(3,876,652)
Landfill post-closure care costs	(2,100,362)	(2,738,377)
	$3,941,633	$2,579,787

(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 $539,850 and $612,229 as of December 31, 2021 and 2020, respectively.

(11) Contingencies

Contingencies at December 31, 2021 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 2021 and 2020, the annual post-closure monitoring and maintenance cost for both landfills was $217,798 and $270,272, 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 $217,798 for each of the remaining 7 years as follows:

	Ulster landfill	**New Paltz landfill**	**Total**
Environmental monitoring	$5,080	$6,205	$11,285
Leachate disposal	72,055	115,591	187,646
Facility maintenance	13,031	5,836	18,867
Total Annual Cost	$90,166	$127,632	$217,798

The liability for landfill post-closure care costs at December 31, 2021 consists of the following:

Total annual cost	$217,798
Remaining years	7
Total liability	1,524,586
Less current portion	(217,798)
Landfill post-closure care costs, excluding current portion	$1,306,788

(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 five 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 $48,406 and $84,841 for this program during the years ended December 31, 2021 and December 31, 2020, 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 $-0- and $184,558 for this program during the years ended December 31, 2021 and 2020, respectively.

(c) Food Scraps Reduction and Home Composting Education Project

This project is funded by the New York State Department of Environmental Conservation's P2I 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 $5,237 and $3,267 for this program during the years ended December 31, 2021 and December 31, 2020, respectively.

(13) Grant Revenue (Continued)

(d) Zero Waste Seminar Project

This project is funded by the New York State Department of Environmental Conservation's P2I Grant Program. This is a county-wide campaign for the public to receive a high level of instruction on waste reduction and reuse as a pollution prevention strategy. Grant revenue received represents a 50% reimbursement of Agency disbursements with regards to operating this program. The Agency received $17,873 and $-0- for this program during the years ended December 31, 2021 and December 31, 2020, respectively.

(e) Household Hazardous Waste State Assistance Program

The Agency received grant revenue from Household Hazardous Waste State Assistance Program. This program is funded by the New York State Department of Environmental Conservation's Environmental Protection Fund. The Agency administers household hazardous waste events several times per year. This collection provides a safe disposal alternative for electronics, hazardous pesticides, solvents, and other household chemicals to the residents of Ulster County. Grant revenue received represents a 50% reimbursement of Agency disbursements with regards to operating these events. The Agency received $122,385 and $-0- for this program during the years ended December 31, 2021 and 2020, respectively.

(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 years ended December 31, 2021 and 2020, the Agency had a Due From Related Party in the amount of $-0- and $184,558, respectively.

(15) Grants Receivable

Grants Receivable relate to grant reimbursements for 2021 expenditures that were received after December 31, 2021. Expenditures were reimbursed for the Food Scraps Reduction and Home Composting Education Project grant in the amount of $5,237.

(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, 2021 And 2020

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

	2021*	**2020***	**2019***	**2018***	**2017***	**2016***	**2015***
Contractually required contribution	$294,617	$265,272	$249,347	$245,094	$238,269	$242,378	$288,993
Contributions in relation to the contractually required contribution	$294,617	$265,272	$249,347	$245,094	$238,369	$242,378	$288,993
Contribution Deficiency (Excess)	$-	$-	$-	$-	$-	$-	$-
Covered payroll	$1,857,709	$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	15.86%	14.62%	14.58%	14.79%	15.57%	15.60%	19.10%

Note: 2015 was the initial implementation year.

*The amounts presented for the fiscal year were determined as of December 31.

See paragraph on supplementary schedules included in independent auditors' report

ULSTER COUNTY RESOURCE RECOVERY AGENCY

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

December 31, 2021 And 2020

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

	2021*	**2020***	**2019***	**2018***	**2017***	**2016***	**2015***
Proportion percentage of net pension liability	0.0071233%	0.0069885%	0.0072483%	0.0072122%	0.0074789%	0.0080119%	0.0079561%
Proportion amount of net pension liability	$(7,093)	(1,850,597)	(513,562)	(232,770)	(702,730)	(1,285,934)	(268,777)
Covered payroll	$1,857,709	$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	0.38%	101.98%	30.02%	14.05%	45.93%	82.78%	17.77%
Pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.69%	97.95%

Note: 2015 was the initial implementation year

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

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, 2021, 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 25, 2022.

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

Teal, Becker & Chiaramonte, CPAs PC

Albany, New York
March 25, 2022

**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, 2021 and 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 25, 2022.

In connection with our audits, 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 audits were 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.

Teal, Becker & Chiaramonte, CPAs PC

Albany, New York
March 25, 2022