

FINANCIAL REPORT
Audited
DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
(A Component Unit of Dutchess County, New York)
DUTCHESS COUNTY, NEW YORK
December 31, 2023

Audited for:

Board of Directors
Dutchess County Resource Recovery Agency

Audited By:
RBT CPAs, LLP
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Newburgh, NY 12550
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DUTCHESS COUNTY RESOURCE RECOVERY AGENCY

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Dutchess County Resource Recovery Agency
96 Sand Dock Road
Poughkeepsie, New York 12601-5444

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Dutchess County Resource Recovery Agency (the "Agency"), a component unit of Dutchess County, New York, as of and for the years ended December 31, 2023 and 2022, 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 referred to above present fairly, in all material respects, the financial position of the Agency as of December 31, 2023 and 2022, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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.

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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit 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 auditor's report that includes our opinion. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- 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 audit 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 audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the Agency's Total OPEB Liability and Related Ratios, Schedule of Proportionate Share of the Net Pension Liability, and Schedule of Employer Contributions on pages 4-8, 29, 30, and 31, 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Agency's internal control over financial reporting.

RBT CPAs, LLP

Newburgh, NY
March 22, 2023

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Our discussion and analysis of the Dutchess County Resource Recovery Agency (the “Agency”) financial performance provides an overview of the Agency’s financial activities for the years ended December 31, 2023 and 2022 as mandated by GASB#34. Please read this discussion and analysis along with the basic financial statements and the accompanying notes to those financial statements.

Financial Highlights

The facility received 5,578 less tons in 2023 but was credited with tonnage sent to another contractor facility such that tipping fees increased by \$3,780,620. Due to downtime for maintenance, 4,928 tons were not processed. Energy revenues decreased by \$1,526,189 due to facility shut-downs. The Agency received an additional \$100,195 in energy rebates in 2023. The Agency increased rates for tipping fees in 2023, based on the same adjustment factor used for service fees to the Operator.

Payments to the Operator (service fees) increased by \$3,021,772, mainly due to the CPI adjustment factor increase. There was a decrease in residue disposal costs of \$128,292 in 2023, due to less ash being produced and transported (the hauler fee increases each year as well).

	<u>2023</u>	<u>2022</u>	<u>Over/(Under)</u>
Net Agency Tonnage	96,021	101,599	(5,578)
Tonnage Diverted/Bypassed	44,007	29,199	14,808
Total Tonnage	<u>140,028</u>	<u>130,798</u>	<u>9,230</u>
Total Tonnage Processed	<u>96,471</u>	<u>101,399</u>	<u>(4,928)</u>
Energy Revenues	<u>\$ 705,284</u>	<u>\$ 2,231,473</u>	<u>\$ (1,526,189)</u>

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Overview of the Financial Statements

Statements of Net Position

The statements of net position present the assets, liabilities, deferred inflows of resources, deferred outflows of resources, 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 Dutchess County Resource Recovery 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 Agency's financial position (assets and deferred outflows minus liabilities and deferred inflows) and their availability for use by the Agency.

Statements of Net Position – Summary:

As of December 31	2023	2022	\$ Change	% Change
Assets:				
Current and Other Assets	\$ 10,419,166	\$ 8,410,429	\$ 2,008,737	23.88%
Capital Assets, Net of Accumulated Depreciation	7,477,158	9,265,438	(1,788,280)	-19.30%
Total Assets	17,896,324	17,675,867	220,457	1.25%
Deferred Outflows of Resources	141,907	180,272	(38,365)	-21.28%
Total Assets and Deferred Outflows of Resources	18,038,231	17,856,139	182,092	1.02%
Liabilities:				
Long-Term Debt Outstanding	4,620,081	6,050,106	(1,430,025)	-23.64%
Other Liabilities	3,080,218	2,366,852	713,366	30.14%
Total Liabilities	7,700,299	8,416,958	(716,659)	-8.51%
Deferred Inflows of Resources	5,849	58,684	(52,835)	-90.03%
Net Position:				
Net Investment in Capital Assets	5,031,208	5,539,738	(508,530)	-9.18%
Restricted Funds	1,337,677	1,510,131	(172,454)	-11.42%
Unrestricted	3,963,198	2,330,628	1,632,570	70.05%
Total Net Position	\$ 10,332,083	\$ 9,380,497	\$ 951,586	10.14%

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Statements of Revenue, Expenses, and Changes in Net Position

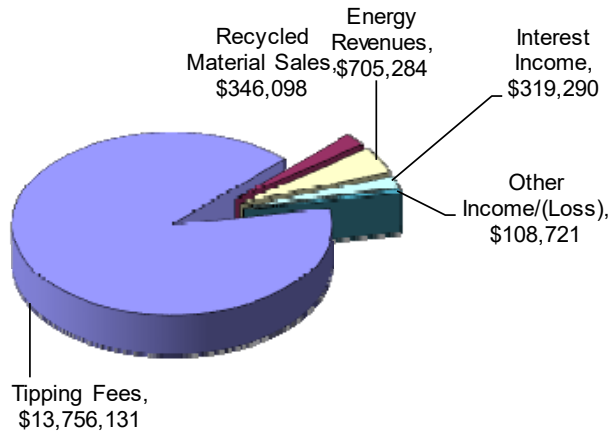
Changes in net position, as presented on the statements of net position, are based on the activity presented in the statements of revenue, expenses and changes in net position. The purpose of the statements is to present the revenue received by the Agency, both operating and non-operating, and the expenses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

Statements of Revenue, Expenses, and Changes in Net Position:

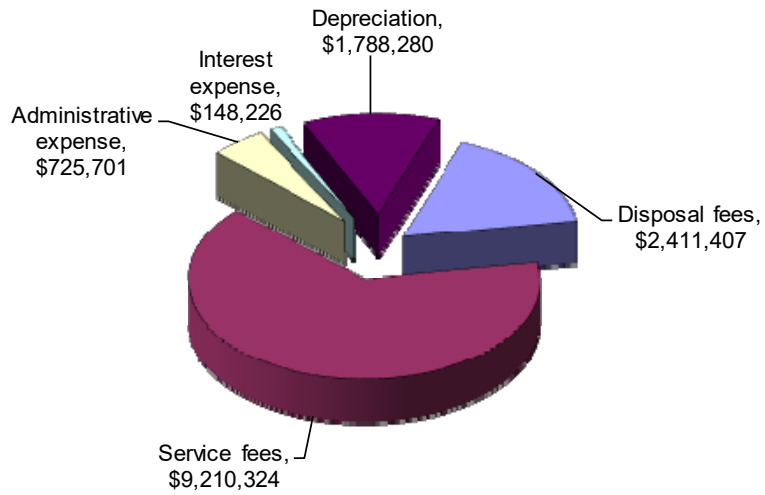
Years Ended December 31	2023	2022	\$ Change	% Change
Operating Revenue:				
Tipping Fees	\$ 13,756,131	\$ 9,975,511	\$ 3,780,620	37.90%
Recycled Materials Sales	346,098	272,104	73,994	27.19%
Energy Revenues	705,284	2,231,473	(1,526,189)	-68.39%
Total Operating Revenue	14,807,513	12,479,088	2,328,425	18.66%
Expenses:				
Disposal Fees	2,411,407	2,539,699	(128,292)	-5.05%
Service Fees	9,210,324	6,188,552	3,021,772	48.83%
Administrative Expense	725,701	729,303	(3,602)	-0.49%
Interest Expense	148,226	209,226	(61,000)	-29.16%
Depreciation	1,788,280	1,788,360	(80)	0.00%
Total Expenses	14,283,938	11,455,140	2,828,798	24.69%
Operating Income/(Loss)	523,575	1,023,948	(500,373)	-48.87%
Other Income:				
Interest Income	319,290	61,964	257,326	415.28%
Other Income	108,721	128,734	(20,013)	-15.55%
Total Other Income	428,011	190,698	237,313	124.44%
Change in Net Position	\$ 951,586	\$ 1,214,646	\$ (263,060)	-21.66%

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DCRRA - ACTUAL 2023 REVENUES



DCRRA - ACTUAL 2023 EXPENSES



**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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 non-capital and related financing activities and the third section reflects purchase of fixed assets and principal/interest on capital debt.

Net Cash Provided by Operating Activities	\$	2,946,373	\$	2,947,196
Net Cash Provided by Non-Capital Financing Activities		108,721		128,734
Net Cash Used in Capital and Related Financing Activities		(1,201,210)		(1,463,161)
Net Increase in Cash and Cash Equivalents		1,853,884		1,612,769
Cash and Cash Equivalents at Beginning of Year		7,263,713		5,650,944
Cash and Cash Equivalents at End of Year	\$	9,117,597	\$	7,263,713

Additional Information

This report is compiled for the use of the Agency's Governing Board, management, appropriate officials of the 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 Executive Director, Dutchess County Resource Recovery Agency.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF NET POSITION**

December 31,	2023	2022
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 518,739	\$ 2,859,152
Cash, Cash Equivalents and Investments, Restricted (Note II)	2,617,814	2,730,261
Accounts Receivable, Less Allowance of \$15,000 in 2023 and 2022	1,273,925	1,103,363
Prepaid Expenses	27,644	27,137
Total Current Assets	4,438,122	6,719,913
Non-Current Assets:		
Cash, Cash Equivalents and Investments, Restricted (Note II)	5,981,044	1,674,300
Property, Plant and Equipment, Net of Accumulated Depreciation (Note III)	7,477,158	9,265,438
Net NYS Employee Retirement System Asset (Note IV)	-	16,216
Total Non-Current Assets	13,458,202	10,955,954
TOTAL ASSETS	17,896,324	17,675,867
DEFERRED OUTFLOWS OF RESOURCES		
NYS Employee Retirement System (Note IV)	47,740	57,855
Deferred Loss on Refunding (Note VI)	94,167	122,417
TOTAL DEFERRED OUTFLOWS	141,907	180,272
TOTAL ASSETS AND DEFERRED OUTFLOWS	18,038,231	17,856,139
LIABILITIES		
Current Liabilities:		
Bonds Payable, Current Portion (Note VI)	1,280,000	1,220,000
Accounts Payable	276,973	258,543
Accrued Expenses Payable	1,087,095	465,162
Accrued Interest Payable	135,000	165,500
TOTAL CURRENT LIABILITIES	2,779,068	2,109,205
Non-Current Liabilities:		
Postemployment Benefit Obligations (Note V)	270,131	257,647
Bonds Payable, Less Current Portion (Note VI)	4,620,081	6,050,106
Net NYS Employee Retirement System Liability (Note IV)	31,019	-
TOTAL NON-CURRENT LIABILITIES	4,921,231	6,307,753
TOTAL LIABILITIES	7,700,299	8,416,958
DEFERRED INFLOWS OF RESOURCES		
NYS Employee Retirement System (Note IV)	5,849	58,684
TOTAL DEFERRED INFLOWS	5,849	58,684
NET POSITION		
Net Investment in Capital Assets	5,031,208	5,539,738
Restricted	1,337,677	1,510,131
Unrestricted	3,963,198	2,330,628
TOTAL NET POSITION	\$ 10,332,083	\$ 9,380,497

See Notes to Financial Statements

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

For the Years Ended December 31	2023	2022
Operating Revenues:		
Tipping Fees	\$ 13,756,131	\$ 9,975,511
Recycled Material Sales	346,098	272,104
Energy Revenues	705,284	2,231,473
Total Operating Revenues	<u>14,807,513</u>	<u>12,479,088</u>
Operating Expenses:		
Disposal Fees	2,411,407	2,539,699
Service Fees	9,210,324	6,188,552
Administrative Expenses	725,701	729,303
Interest Expense	148,226	209,226
Depreciation and Amortization	1,788,280	1,788,360
Total Operating Expenses	<u>14,283,938</u>	<u>11,455,140</u>
Operating Income/(Loss)	<u>523,575</u>	<u>1,023,948</u>
Non-Operating Revenues:		
Interest Income	319,290	61,964
Other Income	108,721	128,734
Total Non-Operating Revenues	<u>428,011</u>	<u>190,698</u>
Change in Net Position	951,586	1,214,646
Net Position, Beginning	<u>9,380,497</u>	<u>8,165,851</u>
Net Position, End of Year	<u>\$ 10,332,083</u>	<u>\$ 9,380,497</u>

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
STATEMENTS OF CASH FLOWS**

For the Years Ended December 31	2023	2022
Cash Flows from Operating Activities:		
Receipts From Customers	\$ 14,636,951	\$ 12,397,709
Payments to Suppliers	(11,514,761)	(9,277,744)
Payments to Employees and Benefits	(175,817)	(172,769)
Net Cash Provided by Operating Activities	<u>2,946,373</u>	<u>2,947,196</u>
Cash Flows from Non-Operating Activities		
Funds Received from Non-Operating Activities	<u>108,721</u>	<u>128,734</u>
Net Cash Provided by Non-Operating Activities	<u>108,721</u>	<u>128,734</u>
Cash Flows from Capital and Related Financing Activities		
Principal Paid on Capital Debt	(1,220,000)	(1,165,000)
Interest Received on Reserves	319,290	61,964
Interest Paid on Capital Debt	(300,500)	(360,125)
Net Cash (Used in) Capital and Related Financing Activities	<u>(1,201,210)</u>	<u>(1,463,161)</u>
Net Increase in Cash and Cash Equivalents	1,853,884	1,612,769
Cash and Cash Equivalents, Beginning of Year	<u>7,263,713</u>	<u>5,650,944</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,117,597</u>	<u>\$ 7,263,713</u>
Presented as:		
Cash and Cash Equivalents – Unrestricted	\$ 518,739	\$ 2,859,152
Cash, Cash Equivalents and Investments – Current - Restricted	2,617,814	2,730,261
Cash, Cash Equivalents and Investments – Non Current - Restricted	5,981,044	1,674,300
Total	<u>\$ 9,117,597</u>	<u>\$ 7,263,713</u>
Reconciliation of Operating Loss to Net Cash Provided		
By Operating Activities		
Operating Income	\$ 523,575	\$ 1,023,948
Adjustments to Reconcile Operating Income/(Loss) to Net Cash Provided by Operating Activities:		
Depreciation	1,788,280	1,788,360
Interest Expense	148,225	209,226
Changes in Assets and Liabilities:		
Accounts Receivable	(170,562)	(81,379)
Prepaid Expenses	(507)	254
Deferred Outflows - Retirement System	10,115	16,377
Accounts Payable	18,430	(112,148)
Deferred Revenues	-	-
Non-Capital-Related Accrued Expenses Payable	621,933	101,689
Net Employee Retirement System Asset/(Liability)	47,235	(16,428)
Post Employment Benefit Obligations	12,484	23,702
Deferred Inflows - Retirement System	<u>(52,835)</u>	<u>(6,405)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 2,946,373</u>	<u>\$ 2,947,196</u>

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The Dutchess County Resource Recovery Agency ("the Agency") was established as a public benefit corporation to perform the function of solid waste management within the County of Dutchess, State of New York. The Agency constructed a solid waste disposal resource recovery plant to be used for that purpose. The construction of the plant was financed primarily by the issuance of Dutchess County Resource Recovery Agency revenue bonds and New York State Environmental Quality Bond Act ("EQBA") grant proceeds. The New York State Environmental Quality Bond Act grant proceeds have been recorded as contributed capital in these financial statements.

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles ("GAAP"), as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Agency is considered a component unit of the financial reporting entity known as Dutchess County. Inclusion in the financial reporting entity, Dutchess County, is determined based on financial accountability as defined by GASB Statement No. 14, "The Financial Reporting Entity" as amended. The Dutchess County Executive, and/or Members of the County Legislature appoint all of the Agency's Board Members. This level of control meets the criteria for financial accountability as defined by GASB Statement No. 14, as amended.

B. Proprietary Fund Accounting

As described above, the Agency performs the function of solid waste management for the residents of the County of Dutchess. Its operations are financed primarily through user charges (tipping fees). Under standards set by the GASB, the Agency is presented as an enterprise fund, a type of proprietary fund. Proprietary fund financial statements are prepared on the accrual basis of accounting, which records the financial effects of transactions and other events when these transactions and events occur. The measurement focus is the flow of economic resources.

The Agency considers all revenues as operating revenues, except that subsidies and grants which finance either capital or current operations are reported as non-operating revenues.

The Agency generally applies unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

C. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Agency considers all cash and cash equivalents, whether unrestricted or restricted, with an original maturity of three months or less to be cash equivalents.

D. Capital Assets

Capital Assets are reported at historical cost. The Agency depreciates capital assets using the straight-line method over the estimated useful lives of the assets. Capitalization thresholds and estimated lives for assets reported in the financial statements are as follows:

<u>Assets</u>	<u>Thresholds</u>	<u>Years</u>
Property	\$ 5,000	20
Plant	5,000	40
Equipment	5,000	3-40

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Revenues and Receivables

Revenues are generally derived from tipping fees charged to customers and electrical generation, and are considered to be operating revenues. Non-operating revenues include Dutchess County-funded revenues based on a contract with the County to provide a Net Service Fee to subsidize the Agency in event of a contractually calculated loss.

Receivables represent outstanding tipping fees. The Agency has established an allowance for uncollectible accounts in the event a customer is unable to pay the Agency for use of the facility.

F. Debt Issuance Costs

Costs incurred relating to the issuance of Agency bonds and bond anticipation notes are expensed as incurred, in accordance with GASB Statement No.65.

G. Equity Classifications

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

Net investment in capital assets – Consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds attributable to acquisition, construction or improvement of those assets, increased by deferred outflows of resources and costs incurred to obtain such financing, and decreased by deferred inflows of resources and un-amortized cost reimbursements.

Restricted – Consist of assets with constraints placed on their use either by (1) external groups such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets”.

H. Income Taxes

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

I. Insurance

The Agency assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance and/or in contractual agreement with the plant operator. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Workers compensation coverage is provided through a retrospective policy, wherein premiums are recorded based on the ultimate cost of the experience to date of workers in similar occupations.

J. Postemployment Benefit Obligations

Other Postemployment Benefits (“OPEB”) cost, chiefly health care premiums for retirees, is required to be measured and disclosed based on an actuarial valuation. Annual OPEB cost generally is equal to the annual service cost calculated in accordance with certain parameters.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Use of Estimates

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

L. Subsequent Events

The Agency has evaluated subsequent events for disclosure and/or recognition in the financial statements from December 31, 2023 through March 22, 2024, the date on which the financial statements were available to be issued.

II. CASH, CASH EQUIVALENTS AND INVESTMENTS

Statutes authorize the Agency to maintain deposits with financial institutions and to invest in certificates of deposit, obligations of New York State, the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations. The Agency has investments in money market funds, which invests at least 99.5% of assets in U.S. Treasury Bills.

In addition, the Agency, through the General Bond Resolution adopted August 6, 1998, is authorized to invest funds held under the Resolution in "Qualified Investments". Qualified Investments include the above described investments as well as certain types of commercial paper, money market accounts, and investment agreements.

In January 1999, the Agency entered into a Flexible Draw Investment Agreement between the Agency, a commercial entity, and the Bond Trustee, which provides for the investment of certain restricted funds until the maturity date of the bonds. The Agency has obtained a financial guaranty insurance policy, which provides for payment of amounts due under the agreement, if not made when due.

Cash deposits are secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation insurance. The Agency's deposits are categorized below to give an indication of the level of risk assumed by the Agency.

- 1) Insured or collateralized with securities held by the Agency or by its agent in the Agency's name;
- 2) Collateralized with securities held by the pledging institution's trust department or agent in the Agency's name;
- 3) Uncollateralized.

Investments are categorized into these three categories of credit risk:

- 1) Insured or registered, or securities held by the Agency or its agent in the Agency's name; included in Category 1 are funds invested in securities of the United States Government and its agencies, and repurchase agreements collateralized by U.S. obligations;
- 2) Uninsured and registered, with securities held by the counter-party's trust department or agent in the Agency's name;
- 3) Uninsured and unregistered, with securities held by the counter-party or by its trust department or agent, but not in the Agency's name.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

II. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Balances as of December 31, 2023				
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Cash and Cash Equivalent Balances:				
Cash In Banks	<u>\$ 250,000</u>	<u>\$ 1,243,586</u>	<u>\$ -</u>	<u>\$ 1,493,586</u>
Cash and Cash Equivalent Total:	<u>250,000</u>	<u>1,243,586</u>	<u>-</u>	<u>1,493,586</u>
Investments:				
Money Market Funds	<u>-</u>	<u>7,627,855</u>	<u>-</u>	<u>7,627,855</u>
Investments Total	<u>-</u>	<u>7,627,855</u>	<u>-</u>	<u>7,627,855</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 250,000</u>	<u>\$ 8,871,441</u>	<u>\$ -</u>	<u>\$ 9,121,441</u>

Balances as of December 31, 2022				
	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Total</u>
Cash and Cash Equivalent Balances:				
Cash In Banks	<u>\$ 250,000</u>	<u>\$ 3,817,568</u>	<u>\$ -</u>	<u>\$ 4,067,568</u>
Cash and Cash Equivalent Total:	<u>250,000</u>	<u>3,817,568</u>	<u>-</u>	<u>4,067,568</u>
Investments:				
Money Market Funds	<u>-</u>	<u>3,201,925</u>	<u>-</u>	<u>3,201,925</u>
Investments Total	<u>-</u>	<u>3,201,925</u>	<u>-</u>	<u>3,201,925</u>
Total Cash, Cash Equivalents, and Investments	<u>\$ 250,000</u>	<u>\$ 7,019,493</u>	<u>\$ -</u>	<u>\$ 7,269,493</u>

Bank balances differ from the Agency's cash balances by the amount of outstanding items clearing in the following month.

Disclosures relating to risk and type of investments as presented above are indicative of activity and positions held during the year.

Restricted Assets

In accordance with the terms of the general bond resolution, bond and note proceeds, accrued interest receivable, the initial collection of tipping fees and energy revenues, and investments are administered and reported upon by a trustee on behalf of the Agency and are restricted.

The Debt Service Reserve Funds are funded in an amount equal to the greater of any annual principal and interest or sinking fund payments, but limited to 10% of the original principal amount of the 2017 Refunding bonds. The Reserve and Contingency Fund is funded in an amount at least equal to 10% of the debt service payments required for the current year. However, since these funds are not anticipated to be used in the subsequent year, they have been classified as restricted noncurrent assets on the statements of net position.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

II. CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

Restricted Assets (Continued)

The proceeds from collections of energy revenues, which had not yet been released by the trust, and funds available for the January 1, 2023 and 2022 bond principal and interest payments, are included in Restricted Current Cash and Cash Equivalents.

Restricted Assets are summarized as follows:

Current- Restricted Assets	2023	2022
Series 2017 Bonds Debt Service Funds	\$ 1,415,873	\$ 1,385,648
Energy Revenues	1,201,941	1,344,613
Total Current - Restricted Assets	<u>\$ 2,617,814</u>	<u>\$ 2,730,261</u>
Non-Current Restricted Assets		
Series 2017 Bonds Debt Service Reserve	\$ 1,674,050	\$ 1,674,300
Revenue Fund Reserve	4,306,994	-
Total Non-Current - Restricted Assets	<u>\$ 5,981,044</u>	<u>\$ 1,674,300</u>

III. PROPERTY, PLANT AND EQUIPMENT

Activities involving Property, Plant and Equipment for the year ended December 31, 2023, are as follows:

	Balance as of December 31, 2022	Increases	Decreases	Balance as of December 31, 2023
Property	\$ 517,591	\$ -	\$ -	\$ 517,591
Plant	63,847,539	-	-	63,847,539
Equipment	61,487	-	-	61,487
	<u>64,426,617</u>	-	-	<u>64,426,617</u>
Less: Accumulated Depreciation	(55,161,179)	(1,788,280)	-	(56,949,459)
Property, Plant, Equipment Net	<u>\$ 9,265,438</u>	<u>\$ (1,788,280)</u>	<u>\$ -</u>	<u>\$ 7,477,158</u>

IV. EMPLOYEE RETIREMENT SYSTEMS

Plan Description

The Agency is required to participate in the New York State and Local Employees' Retirement System ("ERS") and the Public Employees' Group Life Insurance Plan System ("Systems"). These are cost-sharing multiple-employer retirement systems. The Systems provide 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 Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of its funds. The Systems issue 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, NY 12244.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

IV. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

Funding Policy

The Systems are generally noncontributory. Tiers I-IV are noncontributory after ten years of participation and tier V is required to contribute 3% of their salary, and tier VI is required to contribute a minimum of 3.5% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates of participating employers expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by those employers to the pension accumulation fund.

The Agency is required to contribute to the System at an actuarially determined rate. The required contributions for the current and prior two plan years ended March 31:

2023	\$	14,869
2022	\$	20,096
2021	\$	17,408

The Agency's contributions made to the System were equal to 100% of the contributions required for those years.

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

At December 31, 2023, the Agency reported a liability of \$31,019 for its proportionate share of the net pension liability. This amount is recorded as a long-term liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as April 1, 2022. 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, 2023 and 2022, respectively, the Agency's proportion was .00014460 and .00019840 percent of the Employers' Retirement System asset.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

IV. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

For the years ended December 31, 2023 and 2022, the Agency recognized pension expense of \$17,912 and \$9,721 respectively. At December 31, the Agency reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>2023</u>	<u>2022</u>
Deferred Outflows of Resources:		
Differences between Expected and Actual Experience	\$ 3,304	\$ 1,228
Changes of Assumptions	15,065	27,063
Net Difference Between Projected and Actual Investment Earnings	-	-
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	19,691	18,412
Employer Contributions Subsequent to the Measurement Date	9,680	11,152
Total Deferred Outflows of Resources	<u><u>\$ 47,740</u></u>	<u><u>\$ 57,855</u></u>
Deferred Inflows of Resources:		
Differences between Expected and Actual Experience	\$ 871	\$ 1,593
Changes of Assumptions	166	457
Net Difference between Projected and Actual Investment Earnings on Pension Plan Investments	182	53,100
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	4,630	3,534
Total Deferred Inflows of Resources	<u><u>\$ 5,849</u></u>	<u><u>\$ 58,684</u></u>

\$9,680 and \$11,152 reported as deferred outflows of resources related to pensions resulting from the Agency's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability, in the years ended December 31, 2024 and 2023, respectively. 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:	
2023	\$ 9,784
2024	2,830
2025	9,713
2026	9,884
	<u><u>\$ 32,211</u></u>

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

IV. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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

Actuarial Assumptions

The total pension liability at March 31, 2023 and 2022, was determined by using an actuarial valuation as of April 1, 2022 and 2021, with update procedures used to roll forward the total pension liability to March 31, 2023 and 2022. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the valuation were as follows:

Measurement Date	<u>ERS</u>	<u>ERS</u>
	March 31, 2023	March 31, 2022
Investment Rate of Return	5.9% compounded annually net of investment expense	5.9% compounded annually net of investment expense
Projected Salary Increases	4.4%	4.4%
Decrement Tables	April 1, 2015- March 31, 2020 System's Experience	April 1, 2015- March 31, 2020 System's Experience
Inflation Rate	2.9%	2.7%
Mortality Improvement	Society of Actuaries Scale of MP - 2021	Society of Actuaries Scale of 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 returns net of investment expense 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 of the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 and 2022 are summarized below:

Asset Class	<u>Target Allocation</u>		<u>Long-Term Expected Real Rate of Return</u>	
	2023	2022	2023	2022
Domestic equity	32%	32%	4.30%	3.30%
International equity	15%	15%	6.85%	5.85%
Private equity	10%	10%	7.50%	6.50%
Real estate	9%	9%	4.60%	5.00%
Opportunistic/Absolute Return Strategy	3%	3%	5.38%	4.10%
Credit	4%	4%	5.43%	3.78%
Real assets	3%	3%	5.84%	5.80%
Cash	1%	1%	0.00%	-1.00%
Fixed Income	23%	23%	1.50%	0.00%
Total	<u>100%</u>	<u>100%</u>		

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

IV. EMPLOYEE RETIREMENT SYSTEMS (CONTINUED)

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 these 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.

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 and 5.9 percent for 2023 and 2022, respectively, as well as what the Agency's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

Measurement Date	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
March 31, 2023			
Agency's Proportionate Share of the Net ERS Pension Liability/(Asset)	\$ 74,959	\$ 31,019	\$ (5,698)
	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Measurement Date March 31, 2022			
Agency's Proportionate Share of the Net ERS Pension Liability/(Asset)	\$ 41,740	\$ (16,216)	\$ (64,693)

Pension plan fiduciary net position

The components of the current-year net pension liability of the employers as of March 31, 2023 and 2022, were as follows:

	Dollars in Thousands	
	Employees' Retirement System	
	March 31, 2023	March 31, 2022
Employers' total pension liability	\$ 232,627,259	\$ 223,874,888
Plan net position	211,183,223	232,049,473
Employers' net pension liability/(asset)	\$ 21,444,036	\$ (8,174,585)
Ratio of plan	90.78%	103.65%

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

V. POST EMPLOYMENT BENEFITS

Plan Description

The Agency provides postemployment health insurance coverage to retired employees through a self-administered single employer plan in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the Agency's policy. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

Benefits Provided

The Agency's OPEB plan subsidizes the cost of healthcare to eligible retired employees and their spouses. Eligibility is based on the respective rules of the New York State and Local Employees Retirement System (ERS) as well as the provisions of the Agency's agreements with its employees. The following eligibility rule currently applies to the Agency's employees:

-Staff: eligibility for retirement under ERS; 10 years of Agency service

Medical and prescription drug benefits are offered to retirees on an Agency-subsidized basis. Upon attaining age 65 or upon disability retirement, Medicare (Parts A and B) becomes the primary provider for hospital insurance and supplementary medical insurance, with the Agency's plan providing an additional layer of coverage. The Agency reimburses retirees and their spouses for Medicare Part B premiums.

Contribution rates, as of December 31, 2023, for new retirees are as follows:

Group	Provider Options	Years of Service	Age	Agency Contributions (Fixed)				Reimburse Part B Premium		
				Individual	Spouse	Individual and Children	Family	Individual	Spouse	Surviving Spouse
All Employees	NYSHIP	10 - 14	Under 65	\$ 677.58	N/A	N/A	\$ 1,096.95	N	N	N
		10 - 14	Over 65	235.90	N/A	N/A	429.50	Y	Y	Y
		15 - 19	Under 65	-	N/A	N/A	-	N	N	N
		15 - 19	Over 65	283.08	N/A	N/A	552.21	Y	Y	Y
		20 - 24	Under 65	-	N/A	N/A	-	N	N	N
		20 - 24	Over 65	300.26	N/A	N/A	674.93	Y	Y	Y
		25 +	Under 65	-	N/A	N/A	-	N	N	N
		25 +	Over 65	377.44	N/A	N/A	797.64	Y	Y	Y

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

V. POST EMPLOYMENT BENEFITS (CONTINUED)

Contribution rates, as of December 31, 2022, for new retirees are as follows:

Group	Provider Options	Years of Service	Age	Agency Contributions (Fixed)				Reimburse Part B Premium		
				Individual	Spouse	Individual and Children	Family	Individual	Spouse	Surviving Spouse
All Employees	NYSHIP	10 - 14	Under 65	\$ 598.87	N/A	N/A	\$ 967.88	N	N	N
		10 - 14	Over 65	197.07	N/A	N/A	389.05	Y	Y	Y
		15 - 19	Under 65	-	N/A	N/A	-	N	N	N
		15 - 19	Over 65	236.48	N/A	N/A	500.20	Y	Y	Y
		20 - 24	Under 65	-	N/A	N/A	-	N	N	N
		20 - 24	Over 65	275.90	N/A	N/A	611.36	Y	Y	Y
		25 +	Under 65	-	N/A	N/A	-	N	N	N
		25 +	Over 65	315.31	N/A	N/A	722.51	Y	Y	Y

The Agency's contribution is equivalent to that portion of health insurance premiums paid that are allocated to retirees, estimated to be \$32,140 and \$34,732 during the years ended December 31, 2023 and 2022, respectively.

Employees Covered by Benefit Terms

At December 31, the following employees were covered by benefit terms:

	<u>2023</u>	<u>2022</u>
Active employees	1	1
Retired	4	4
Total employees covered by benefit terms	<u>5</u>	<u>5</u>

Total OPEB Liability

The Agency obtained an actuarial valuation report as of December 31, 2023. The liability for other postemployment benefits was measured as of December 31, 2023. The liability for other postemployment benefits is \$270,131 reflected in the Statement of Net Position.

The discount rate was based on a review of the yield derived from the 20 Year AA Municipal GO Bond Rate Index per Fidelity Investments.

Mortality Rates were based the Pub-2010 Public Retirement Plans Mortality Table, with mortality improvement projected for 10 years.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

V. POST EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2023	2022
Projected Salary Increases, Including Wage Inflation	3.50%	3.00%
Discount Rate	3.50%	3.40%
Healthcare Cost Trend Rates	<p>Pre-65: Ranging from 5.2% to 3.0% for Pharmacy, medical, dental and vision for 2023, reduced incrementally to an ultimate rate of 4.2% to 3.0% after 10 years</p> <p style="text-align: center;">Post-65: Same</p>	<p>Pre-65: Ranging from 5.2% to 3.0% for Pharmacy, medical, dental and vision for 2022, reduced incrementally to an ultimate rate of 4.2% to 3.0% after 10 years</p> <p style="text-align: center;">Post-65: Same</p>
Current Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement	Retirees pay based on specific cost sharing agreement
Future Retiree's Share of Benefit Related Costs	Retirees pay based on specific cost sharing agreement	Retirees pay based on specific cost sharing agreement

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

V. POST EMPLOYMENT BENEFITS (CONTINUED)

Changes in the Total OPEB Liability:

Changes in the Current OPEB Liability

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Balance - Beginning	\$ 257,647	\$ 233,945
Changes for the Year:		
Service Cost	-	-
Interest	8,218	4,875
Changes of Benefit Terms	-	-
Changes in Assumptions or Other Inputs	36,406	53,559
Benefit Payments	<u>(32,140)</u>	<u>(34,732)</u>
Net Changes	<u>12,484</u>	<u>23,702</u>
Balance - Ending	<u>\$ 270,131</u>	<u>\$ 257,647</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following table presents the total OPEB liability of the Agency, as well as what the Agency's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current discount rate.

As of December 31, 2023:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 292,949	\$ 270,131	\$ 249,829

As of December 31, 2022:

	1% Decrease 1.25%	Discount Rate 2.25%	1% Increase 3.25%
Total OPEB Liability	\$ 279,135	\$ 257,647	\$ 238,572

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

V. POST EMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following table presents the total OPEB liability of the Agency, as well as what the Agency’s total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the healthcare cost trend rate.

As of December 31, 2023:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 248,600	\$ 270,131	\$ 293,918

As of December 31, 2022:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 237,416	\$ 257,647	\$ 280,042

VI. BONDS PAYABLE

Revenue Bond Terms – 2017 Series

In May 2017, the Agency issued the 2017 Series Refunding Bonds in the amount of \$12,130,000 to refund the outstanding principal amount of the Agency’s 2007 Series bonds. The 2007 Series bonds had been issued to fund improvements required by compliance with the Clean Air Act (US Code Title 42, Chapter 85, as amended). The Agency received a bond premium in the amount of \$1,500,243, paid certain costs of issuance and established a debt reserve fund as part of the refunding. The Agency incurred a loss on refunding as a result of this transaction in the amount of \$282,501 which is being amortized as described below. The unamortized balance as of December 31, 2023 and 2022 was \$94,167 and \$122,417, respectively.

The 2017 Series Bonds are payable from and secured by an express lien on the unexpended proceeds of the bonds held by the Trustee; the Agency’s right to receive and/or enforce receipt of revenues; and the Agency’s rights and remedies under certain agreements. In addition, the Agency is required to fulfill certain covenants as described below.

Bond Covenants

The Agency has covenanted under the indenture that it will fix, collect and maintain tipping fees and other operating revenues earned from the disposal of solid waste at the plant plus investment earnings will equal or exceed the sum of (i) all operating expenses of the Agency contained in the budget for such bond year, (ii) an amount equal to 110% of the debt service requirement for such bond year and (iii) amounts, if any, necessary to fund the debt service reserve fund to the debt service reserve requirement or to fund the reserve and contingency fund to the reserve and contingency fund requirement.

The Agency must obtain additional certifications regarding events of default occurring, landfill capacity and the quantity of waste processed. The Agency must maintain various accounts, described as Restricted Assets in Note II, which are subject to minimum funding requirements. At December 31, 2023 and 2022, these reserves exceeded their funding requirements.

Further, upon events of default occurring, the Bond Trustee and/or bondholders have certain remedies, including calling the outstanding bonds and receiving payment. No events of default have occurred during 2023 or 2022.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

VI. BONDS PAYABLE (CONTINUED)

Bond Maturities

Bonds payable, with interest payable semiannually on January 1 and July 1, consist of the following as of December 31, 2023 and 2022:

<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>2017 Series Outstanding December 31, 2023</u>	<u>2017 Series Outstanding December 31, 2022</u>
Serial Bonds				
5.00%	2017	2023	\$ -	\$ 1,220,000
5.00%	2017	2024	1,280,000	1,280,000
5.00%	2017	2025	1,350,000	1,350,000
5.00%	2017	2026	1,415,000	1,415,000
5.00%	2017	2027	1,355,000	1,355,000
			5,400,000	6,620,000
Add: Unamortized bond premium			500,081	650,106
Less: Current Maturities of Bonds Payable			(1,280,000)	(1,220,000)
			\$ 4,620,081	\$ 6,050,106

Future Annual Amortization required payments for Bonds Payable:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,280,000	\$ 238,000	\$ 1,518,000
2025	1,350,000	172,250	1,522,250
2026	1,415,000	103,125	1,518,125
2027	1,355,000	33,875	1,388,875
Totals	\$ 5,400,000	\$ 547,250	\$ 5,947,250

Bond Interest Expense

Interest expense is composed of the following:

	<u>2023</u>	<u>2022</u>
Interest Paid, January 1 and July 1	300,500	360,125
Less Interest accrued - prior year	(165,500)	(194,625)
Plus Interest accrued - current year	135,000	165,500
Less Amortization of bond premium	(150,024)	(150,024)
Plus amortization of loss on refunding	28,250	28,250
Total Interest Expense	\$ 148,226	\$ 209,226

Both the bond premium and the loss on refunding are being amortized over the term of the related debt of ten years.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

VII. COMMITMENTS

Solid Waste Disposal Service Agreement

The Agency and Dutchess County entered into a solid waste disposal service agreement dated December 1, 1984, the most recent amendment being dated January 7, 2016. The County agreed to deliver at least 140,000 tons per year of solid waste to the plant and to pay net service fees to the Agency amounting to the excess of payments for debt service and reserves, fees to the contractor and accrued expenses over tipping fees, energy and other revenues. It is the Agency's obligation to process and to provide for disposal of the solid waste. The terms of the agreement were extended during 2007 to remain in effect through July 1, 2027.

Operations Service Agreement

The Agency has entered into an operations service agreement with a commercial corporation wherein the corporation has agreed to operate the resource recovery plant, and the Agency is required to provide the plant with a guaranteed amount of solid waste, provide an ash landfill, and pay fees to the corporation.

The Agency has contracted to pay to the operator \$68.25 plus a CPI adjustment factor increase per net ton of solid waste processed, \$0.83 per ton of net Agency processed tonnage for turbine generator maintenance fees plus adjustments based upon changes in labor and material price indexes calculated on each, plus 25% of net revenues from electric and metals recycling sales.

The Agency's current operating permit allows for up to 164,000 tons to be processed at the plant. However, the Agency is required to supply 140,000 tons, or pay the corporation for each ton of such tonnage shortfall, a per ton amount that is equal to the total service fee. During 2023, the Agency caused to have delivered 140,028 and 130,798 tons in 2022.

Power Sales Agreement

The Agency and a commercial corporation have entered into a power sales agreement dated November 1, 1984. The Agency agrees to sell all electricity produced by the plant in excess of its own requirements to the corporation at a price based on tariffs filed with the New York State Public Service Commission. The power sales agreement expired effective January 14, 2020. The Agency and the commercial corporation have continued to operate under the terms of the expired agreement.

Transportation and Disposal of Ash Residue

The Agency has a contract with Royal Carting for the transportation and disposal of ash residue. The latest contract extension period is through December 31, 2024 with four annual options to extend at the Agency's option, and includes disposal at any of five landfills.

VIII. ECONOMIC DEPENDENCY

As described in Note X – Related-Party Transactions, the Agency is entitled to receive net service fees from Dutchess County based on a contractual formula, generally when revenues are insufficient to cover operating expenses and debt service requirements. These payments are subject to approval by resolution of the Dutchess County Legislature.

IX. CONTINGENCIES

Operating Permits

The Agency is required to maintain operating permits for its small power production and solid waste management facility. The NYSDEC Part 360 Operating permit expires April 2025. The Title V Air Control permit was renewed and expires March 2027. The renewal term is 5 years.

Operations Service Agreement – Annual Reconciliations

The Agency employs an independent party to prepare an annual report summarizing waste processed, utility usage, supplemental compensation, and other items relating to revenues and expenses of the Operator. The Agency records a receivable and expense accrual covering amounts shown to be due to and due from Operator. The Agency and the current Operator have agreed upon and accepted the 2022 annual reconciliation.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
NOTES TO FINANCIAL STATEMENTS**

X. RELATED PARTY TRANSACTIONS

As more fully described in Note VIII - Economic Dependency, Dutchess County is responsible for net service fees due to the Agency. These fees amounted to \$-0- and \$-0- during 2023 and 2021, respectively. At December 31, 2023 and December 31, 2022, respectively, the Agency was owed \$-0- and \$-0- from Dutchess County.

During 2023 and 2022, the Agency participated in the health and dental insurance plans administered by Dutchess County and was charged \$79,799 and \$89,167, respectively.

XI. NEW REPORTING STANDARDS

The GASB has issued Statements 96 through 103, with varying implementation dates, none of which are expected to have any substantive effects on the Agency's net position.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
SCHEDULE OF CHANGES IN THE AGENCY'S TOTAL OPEB LIABILITY AND RELATED RATIOS**

<u>Total OPEB Liability</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Service Cost	\$ -	\$ -	\$ 82,323	\$ 82,323	\$ 82,323	\$ 82,323
Interest	8,218	4,875	9,341	9,063	7,967	11,610
Changes of Benefit Terms	-	-	-	-	(43,499)	(140,571)
Changes in Assumptions or Other Inputs	36,406	53,559	(70,250)	(40,003)	(9,084)	(36,153)
Benefit Payments	<u>(32,140)</u>	<u>(34,732)</u>	<u>(32,794)</u>	<u>(51,318)</u>	<u>(57,265)</u>	<u>(68,478)</u>
Net Change in Total OPEB Liability	12,484	23,702	(11,380)	65	(19,558)	(151,269)
Total OPEB liability - beginning	<u>257,647</u>	<u>233,945</u>	<u>245,325</u>	<u>245,260</u>	<u>264,818</u>	<u>416,087</u>
Total OPEB liability - ending	<u>\$ 270,131</u>	<u>\$ 257,647</u>	<u>\$ 233,945</u>	<u>\$ 245,325</u>	<u>\$ 245,260</u>	<u>\$ 264,818</u>
Covered Payroll	\$ 83,452	\$ 83,452	\$ 113,035	\$ 109,699	\$ 106,504	\$ 108,653
Total OPEB Liability as a percentage of covered payroll	323.70%	308.74%	206.97%	223.63%	230.28%	243.73%

Notes to Schedule:

Changes in Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

12/31/18	4.19%
12/31/19	3.00%
12/31/20	3.00%
12/31/21	2.25%
12/31/22	3.40%
12/31/23	3.50%

No assets are accumulated in a Trust that meets the criteria in paragraph 4 of GASB Statement 75 to pay related benefits.

DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

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

Plan Year Ended	Proportion of the Net Pension (Asset) Liability	Proportionate Share of the Net Pension (Asset) Liability	Actual Covered Employee Payroll	Net Pension (Asset) Liability as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
3/31/2023	0.0001446%	\$ 31,019	\$ 87,841	35.31%	90.78%
3/31/2022	0.0001984%	\$ (16,216)	\$ 116,089	-13.97%	103.65%
3/31/2021	0.0002134%	\$ 212	\$ 112,568	0.19%	99.95%
3/31/2020	0.0002420%	\$ 64,086	\$ 109,699	58.42%	86.39%
3/31/2019	0.0002562%	\$ 18,149	\$ 106,504	17.04%	96.27%
3/31/2018	0.0002656%	\$ 8,572	\$ 110,214	7.78%	98.24%
3/31/2017	0.0002419%	\$ 22,726	\$ 154,959	14.67%	94.70%
3/31/2016	0.0004802%	\$ 77,066	\$ 209,503	36.79%	90.70%
3/31/2015	0.0520500%	\$ 17,583	\$ 282,986	6.21%	97.90%

*The amounts presented for each fiscal year were determined as of the System's measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

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

Fiscal Year Ended	Contractually Required Contribution	Actual Employer Contribution	Contribution deficiency (excess)	Covered Employee Payroll	Contributions as a Percentage of its Covered Payroll
12/31/2023	\$ 14,869	\$ 14,869	\$ -	\$ 87,841	16.93%
12/31/2022	\$ 20,096	\$ 20,096	\$ -	\$ 116,089	17.31%
12/31/2021	\$ 17,408	\$ 17,408	\$ -	\$ 112,568	15.46%
12/31/2020	\$ 16,580	\$ 16,580	\$ -	\$ 109,699	15.11%
12/31/2019	\$ 17,159	\$ 17,159	\$ -	\$ 106,504	16.11%
12/31/2018	\$ 26,030	\$ 26,030	\$ -	\$ 110,214	23.62%
12/31/2017	\$ 41,623	\$ 41,623	\$ -	\$ 154,959	26.86%
12/31/2016	\$ 62,345	\$ 62,345	\$ -	\$ 209,503	29.76%
12/31/2015	\$ 56,026	\$ 56,026	\$ -	\$ 282,986	19.80%

*The amounts presented for each fiscal year were determined as of the System's measurement date.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the Agency will present information for those years for which information is available.

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Dutchess County Resource Recovery Agency
96 Sand Dock Road
Poughkeepsie, New York 12601-5444

We have audited, in accordance with the 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 Dutchess County Resource Recovery Agency, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Dutchess County Resource Recovery Agency's basic financial statements, and have issued our report thereon dated March 22, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dutchess County Resource Recovery Agency's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dutchess County Resource Recovery Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Dutchess County Resource Recovery 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 entity'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, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Dutchess County Resource Recovery 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 Dutchess County Resource Recovery Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RBT CPAs, LLP

Newburgh, New York

March 22, 2024

**DUTCHESS COUNTY RESOURCE RECOVERY AGENCY
DUTCHESS COUNTY, NEW YORK
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

A. Internal Control Findings

No internal control findings noted.

B. Compliance Findings

No compliance findings noted

