

**CONNECTICUT RESOURCES
RECOVERY AUTHORITY**

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED

JUNE 30, 1998

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT



ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
JUNE 30, 1998

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Connecticut Resources Recovery Authority
179 Allyn Street, Suite 603
Hartford, CT 06103

We have audited the accompanying financial statements of Connecticut Resources Recovery Authority, a component unit of the State of Connecticut, as of and for the years ended June 30, 1998 and June 30, 1997, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Resources Recovery Authority as of June 30, 1998 and 1997, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report, dated September 15, 1998, on compliance and on internal control over financial reporting.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The combining financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements of Connecticut Resources Recovery Authority. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

September 15, 1998

Kostin, Ruffkes & Company, LLC



BALANCE SHEETS
JUNE 30, 1998 AND 1997
(In Thousands)

EXHIBIT I

ASSETS	1998	1997
Current Assets:		
Cash and cash equivalents	\$46,229	\$41,052
Service payments receivable	10,973	11,573
Loan receivable	0	5,604
Accrued interest and other assets	18,185	14,169
Total Current Assets	75,387	72,398
Restricted Assets:		
Cash and cash equivalents	69,729	74,711
Investments	7,701	19,110
Accrued interest receivable	826	879
Total Restricted Assets	78,256	94,700
Development and Bond Issuance Costs	14,988	16,812
Long-term Receivables	831	1,246
Property, Plant and Equipment, net	228,428	232,056
TOTAL ASSETS	\$397,890	\$417,212
LIABILITIES AND FUND EQUITY		
Current Liabilities:		
Current portion of bonds payable, net	\$16,687	\$40,329
Current portion of closure and postclosure care of landfills	4,676	2,678
Accounts payable and accrued expenses	23,246	18,461
Total Current Liabilities	44,609	61,468
Long-term Liabilities:		
Bonds payable, net	284,782	293,469
Closure and postclosure care of landfills	17,837	22,283
Other	4,610	3,320
TOTAL LIABILITIES	351,838	380,540
Fund Equity:		
Contributed Capital	1,961	2,108
Retained Earnings: -		
Reserved	17,467	18,277
Unreserved	26,624	16,287
Total Retained Earnings	44,091	34,564
TOTAL FUND EQUITY	46,052	36,672
TOTAL LIABILITIES AND FUND EQUITY	\$397,890	\$417,212

The accompanying notes are an integral part of these financial statements.



**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1998 AND 1997
(In Thousands)**

EXHIBIT II

	<u>1998</u>	<u>1997</u>
OPERATING REVENUES		
Service charges:		
Members	\$75,307	\$73,844
Other	15,004	17,220
Energy generation	45,747	45,514
Disposal fees	4,263	4,799
Other income	7,538	7,826
	<u>147,859</u>	<u>149,203</u>
 OPERATING EXPENSES		
Solid waste operations	96,334	89,185
Depreciation and amortization	17,078	16,192
Maintenance and utilities	7,167	7,971
Closure and postclosure care of landfills	(1,188)	10,430
Project administration	5,015	4,872
	<u>124,406</u>	<u>128,650</u>
 OPERATING INCOME	 23,453	 20,553
 NONOPERATING REVENUES (EXPENSES)		
Investment income	6,678	5,833
Settlement income	2,569	1,801
Bond interest expense	(19,606)	(20,631)
Other	(3,714)	11
	<u>(14,073)</u>	<u>(12,986)</u>
 NET INCOME	 9,380	 7,567
Add item affecting contributed capital - depreciation on equipment acquired through capital grants	147	167
Retained earnings, beginning of year	<u>34,564</u>	<u>26,830</u>
 RETAINED EARNINGS, END OF YEAR	 <u>\$44,091</u>	 <u>\$34,564</u>

The accompanying notes are an integral part of these financial statements.



**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998 AND 1997
(In Thousands)**

EXHIBIT III

	<u>1998</u>	<u>1997</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	\$23,453	\$20,553
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation of property, plant and equipment	15,954	15,047
Settlement income	2,569	1,801
Increase in other long-term liabilities	1,290	1,180
Reduction of development costs	1,216	1,115
Amortization of development and bond issuance costs	1,123	1,145
Provision for closure and postclosure care of landfills	(1,188)	10,430
Rebate to municipalities	(3,000)	0
(Increase) decrease in:		
Service payments receivable	601	924
Other assets	(3,581)	(2,907)
Increase in accounts payable and accrued expenses	4,988	2,848
Net Cash Provided by Operating Activities	<u>43,425</u>	<u>52,136</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Other interest and fees	(158)	(150)
Net Cash Used for Noncapital Financing Activities	<u>(158)</u>	<u>(150)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of bonds	8,000	209,675
Proceeds from sale of property and equipment	27	137
Bond issuance costs incurred	(516)	(2,177)
Payment of landfill closure and postclosure care liabilities	(1,260)	(982)
Acquisition and construction of capital assets	(12,931)	(5,510)
Interest paid on bonds	(18,968)	(20,552)
Principal paid on bonds	(41,173)	(237,062)
Refunding of debt	0	(7,246)
Net Cash Used for Capital and Related Financing Activities	<u>(66,821)</u>	<u>(63,717)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale and maturities of investment securities	23,650	4,261
Interest on investments	6,822	6,192
Reduction in loan receivable	5,604	10,063
Purchase of investment securities	(12,327)	(17)
Net Cash Provided by Investing Activities	<u>23,749</u>	<u>20,499</u>
Net Increase in Cash and Cash Equivalents	<u>195</u>	<u>8,768</u>
Cash and Cash Equivalents, Beginning of Year, (Unrestricted and Restricted)	<u>115,763</u>	<u>106,995</u>
CASH AND CASH EQUIVALENTS, END OF YEAR, (UNRESTRICTED AND RESTRICTED)	<u>\$115,958</u>	<u>\$115,763</u>

The accompanying notes are an integral part of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 1998 AND 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Connecticut Resources Recovery Authority (Authority) is a body politic and corporate, created in 1973 by the State Solid Waste Management Services Act, constituting Chapter 446e of the Connecticut General Statutes. The Authority is a public instrumentality and political subdivision of the State of Connecticut (State) and is included as a component unit in the State's Comprehensive Annual Financial Report. The Authority Board of Directors consists of thirteen full members and eight ad-hoc members. The Governor of the State appoints four full members and all eight ad-hoc members. Six full members are appointed by the State legislature and three full members are ex-officio. The Treasurer of the State approves the issuance of all Authority bonds and notes. The State is contingently liable to restore deficiencies for certain Authority bonds. The Authority has no taxing power.

The Authority has responsibility for implementing solid waste disposal and resources recovery systems and facilities throughout the State in accordance with the State Solid Waste Management Plan. To accomplish its purposes, the Authority is empowered to determine the location of and construct solid waste management projects, to own, operate and maintain waste management projects or to make provisions for operation and maintenance by contracting with private industry. The Authority is required to be self-sufficient in its operation; that is, revenues from user services and sales of products, such as electricity, cover the cost of fulfilling the Authority's mission.

The Authority is comprised of four comprehensive solid waste disposal systems and an Administrative Pool. Each of the operating systems has a unique legal, contractual, financial and operational structure described as follows:

Mid-Connecticut Project

The Mid-Connecticut Project consists of a 2,000 ton per day refuse derived fuel Resources Recovery Facility located in Hartford, Connecticut, four transfer stations, the Hartford Landfill, the Ellington Landfill and a Regional Recycling Center located in Hartford, Connecticut. This system of facilities provides solid waste disposal services to over sixty Connecticut municipalities through service contract arrangements. The Authority owns the Waste Processing Facility portion of the Resources Recovery Facility, the transfer stations, the Ellington Landfill and the container processing portion of the Regional Recycling Center. The Authority leases the land for the Resources Recovery Facility, Essex transfer station and paper processing portion of the Regional Recycling Center. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. The Authority leases the paper processing facility of the Regional Recycling Center. Operation of the facilities is conducted by private vendors under various operating contracts. All revenue generated by the facilities accrues to the Authority. Certain operating contracts have provisions for revenue sharing with a vendor if prescribed operating parameters are achieved. The Authority has responsibility for all debt issued in the development of the Mid-Connecticut system.

Bridgeport Project

The Bridgeport Project consists of a 2,250 ton per day mass burn Resources Recovery Facility located in Bridgeport, Connecticut, eight transfer stations, the Shelton Landfill, the Waterbury Landfill and a Regional Recycling Center located in Stratford, Connecticut. The Bridgeport Project provides solid waste disposal services to eighteen Connecticut municipalities in Fairfield and New Haven Counties through service contract arrangements. The Authority holds title to all facilities in the Bridgeport system. The Resources Recovery Facility is leased to a private vendor under a long-term arrangement. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to pay for



the costs of the facility including debt service (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to member municipalities. The Authority pays the vendor a contractually specified disposal fee. Energy and nonmember town revenues accrue to the vendor.

Wallingford Project

The Wallingford Project consists of a 420 ton per day mass burn Resources Recovery Facility located in Wallingford, Connecticut and the Wallingford Landfill. Five Connecticut municipalities in New Haven County are provided solid waste disposal services by this system through service contract arrangements. The Authority leases the Wallingford Landfill and owns the Resources Recovery Facility. The Resources Recovery Facility is leased to a private vendor under a long-term arrangement. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is responsible for operating the facility and servicing the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The project's revenues are primarily service fees charged to users and fees for electrical energy generated. The Authority pays the vendor a contractually determined service fee.

Southeastern Project

The Southeastern Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill. The system provides solid waste disposal services to sixteen Connecticut municipalities in the southeast corner of the State through service contract arrangements. The Resources Recovery Facility is owned by the Authority. It is leased to a private vendor under a long-term lease. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to operate and maintain the facility and service the debt (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives revenues from service fees charged to participating municipalities and pays the vendor a service fee for the disposal service. Electrical energy and nonmember town revenues accrue to the vendor with certain contractually prescribed credits to the service fee for these revenue types.

Administrative Pool

The Authority has an Administrative Pool in which the costs of central administration are accumulated. These costs are allocated to the Authority's projects based on time expended.

B. Measurement Focus, Basis of Accounting and Basis of Presentation

The accounts of the Authority are organized as Enterprise Funds, each of which is considered a separate accounting entity. Each fund is accounted for by a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses.

Enterprise funds are established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services on a continuing basis are financed or recovered primarily through user charges.

Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when incurred. Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, are capitalized during the construction period, net of interest earned on the investment of unexpended bond proceeds.

The financial statements are presented in accordance with Alternative #1 under Governmental Accounting Standards Board (GASB) Statement No. 20, and the Authority follows (1) all GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those which conflict with a GASB pronouncement.

C. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, all unrestricted and restricted highly liquid investments and those with a maturity of three months or less when purchased are considered to be cash equivalents.



D. Receivables

Receivables are reported at their gross value and are reduced by the estimated portion that is expected to be uncollectible. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral.

Service payments receivable are stated net of an allowance for uncollectibles of \$80,000 at June 30, 1998 and \$40,000 at June 30, 1997.

E. Inventory

Inventory is valued at the lower of cost (first-in/first out) or market.

F. Investments

Investments are stated at fair value. Gains or losses on sales of investments are determined using the specific identification method.

Interest on investments is recorded as revenue in the year the interest is earned, unless capitalized as an offset to capitalized interest expense on assets acquired with tax-exempt debt.

G. Restricted Assets

Under provisions of various bond indentures and certain other agreements, restricted assets are used for debt service, special capital reserve funds and other debt service reserve funds, development, construction and operating costs.

H. Development Costs

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning, permitting and bond administration costs, are capitalized. When the project begins commercial operations, the costs are amortized using the straight-line method over twenty to twenty-five year periods.

At June 30, 1998 and 1997, accumulated amortization of development costs for the projects is as follows:

Project (000's)	1998	1997
Mid-Connecticut	\$1,709	\$1,552
Wallingford	2,550	2,267
Southeastern	<u>2,947</u>	<u>2,555</u>
Total	<u>\$7,206</u>	<u>\$6,374</u>

I. Property, Plant and Equipment

Property, Plant and Equipment with a useful life in excess of one year are capitalized at historical cost. Depreciation of exhaustible fixed assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives of landfills are based on the estimated years of available disposal capacity. The estimated useful lives of other property, plant and equipment are as follows:

Property, Plant and Equipment	Years
Resources Recovery Buildings	30
Other Buildings	20
Resources Recovery Equipment	30
Recycling Equipment	10
Rolling Stock and Automobiles	5
Office and Other Equipment	5
Roadways	20

J. Other Financing

The Authority has issued several bonds pursuant to Indenture Agreements with a Trustee to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily under Lease or Loan Agreements between the Authority and the operators. Certain of these bonds are secured by letters of credit.



The Authority does not become involved in the construction activities or the repayment of the debt (other than the portion allocable to Authority purposes). Debt service is administered by a Trustee. The Authority has not guaranteed repayment in the event of default; therefore, the Authority does not record the debt or the related capital lease receivable in its financial statements.

The portion of all bond issues allocable to Authority purposes is recorded as long-term debt.

K. Compensated Absences

The Authority's liability for vested accumulated unpaid vacation, sick pay, and other employee benefit amounts is recorded on an accrual basis.

L. Fund Equity

The changes in Contributed Capital for the years ended June 30, 1998 and 1997 are as follows:

Contributed Capital (000's)	1998	1997
Beginning of year	\$2,108	\$2,276
Amortization of capital grants	<u>(147)</u>	<u>(168)</u>
End of year	<u>\$1,961</u>	<u>\$2,108</u>

Unreserved retained earnings represent the net assets available to finance future operations or for distribution.

Reservations of retained earnings are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. Reserved retained earnings at June 30, 1998 and 1997 are summarized as follows:

Reserved Retained Earnings (000's)	1998	1997
Debt principal payment	\$10,843	\$12,481
Operating and maintenance	2,735	2,585
Equipment replacement	2,611	2,468
Landfill custodian accounts	576	451
Regional recycling center equipment	351	292
Mercury Public Awareness Account	<u>351</u>	<u>0</u>
Total	<u>\$17,467</u>	<u>\$18,277</u>

M. Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The Connecticut General Statutes authorize the Authority to invest funds in obligations of the United States or any state or other tax-exempt political subdivision under certain conditions. Funds may also be deposited in the Short Term Investment Fund (STIF) administered by the Office of the Treasurer of the State.

STIF is an investment pool of short-term money market instruments which may include adjustable rate asset-backed, corporate, Federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and generally are reset daily, monthly, quarterly and semi-annually. The adjustable rate securities exposure to credit and legal risks is similar to that of fixed rate securities of the same issuer.

The Authority's primary investment tools are STIF and treasury securities.



A. Deposits

At June 30, 1998 and 1997, the carrying amounts of the Authority's deposits were \$2,928,000 and \$21,633,000 respectively, and the bank balances were \$3,778,000 and \$24,083,000, respectively. Of the bank balances, \$200,000 and \$228,000 were covered by Federal Depository Insurance at risk category 1 at June 30, 1998 and 1997, respectively. The remaining bank balances of \$3,578,000 and \$23,855,000 at June 30, 1998 and 1997, respectively, were categorized at risk category 3.

Category 3 deposits are those bank balances which are uninsured and are either uncollateralized, or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the name of the Authority. The minimum amounts of the Authority's category 3 bank balances collateralized at June 30, 1998 and 1997 were \$378,000 and \$706,000, respectively. The remaining category 3 bank balances of \$3,200,000 and \$23,149,000 at June 30, 1998 and 1997, respectively, were uncollateralized.

The following table is a summary of GASB Statement No. 3 deposits reconciled to Total Cash and Cash Equivalents (unrestricted and restricted) at June 30, 1998 and 1997.

(000's)	1998	1997
Deposits	\$2,928	\$4,633
Certificate of Deposit (nonnegotiable)	<u>0</u>	<u>17,000</u>
Total Deposits	2,928	21,633
STIF	110,785	109,007
U.S. Treasury and other Obligations	2,245	2,123
Certificate of Deposit (classified as an investment in balance sheet)	<u>0</u>	<u>(17,000)</u>
Total Cash and Cash Equivalents (unrestricted and restricted)	<u>\$115,958</u>	<u>\$115,763</u>

B. Investments

Investments, under GASB Statement No. 3, are categorized to give an indication of the level of risk assumed by the Authority at year end. Category 1 includes investments which are insured or registered or for which securities are held by the Authority or its agent in the Authority's name. Category 2 includes uninsured and unregistered investments for which the securities are held by counterparty's trust department or agent in the Authority's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty's trust department or agent, but not in the Authority's name.

At June 30, 1998 and 1997, investments, as defined by GASB Statement No. 3, were U.S. Treasury Notes in the fair value amount of \$7,701,000 and \$2,110,000, respectively, which are classified in Risk Category 3. The Investments on the Balance Sheet at June 30, 1997 include a \$17,000,000 six-month nonnegotiable certificate of deposit which under GASB Statement No. 3 has been included in the deposits table above.

3. PROPERTY, PLANT & EQUIPMENT

A summary of property, plant and equipment at June 30, 1998 and 1997 is presented as follows:

Classification (000's)	1998	1997
Land	\$21,937	\$21,937
Plant	181,627	166,909
Equipment	162,278	161,506
Construction in progress	<u>0</u>	<u>3,498</u>
Subtotal	365,842	353,850
Less accumulated depreciation	<u>(137,414)</u>	<u>(121,794)</u>
Property, Plant & Equipment, net	<u>\$228,428</u>	<u>\$232,056</u>



Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the projects with interest earned in invested proceeds over the same period.

During fiscal 1998 and 1997, there was no interest capitalized in property, plant and equipment.

4. LONG-TERM DEBT

The principal long-term obligations of the Authority are special obligation revenue bonds issued to finance the design, development and construction of resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts and monies pledged in the bond indentures.

Certain of the Authority's bonds are further secured by special capital reserve funds. Each fund is equal to the highest annual amount of debt service remaining on the

issue. The State is contingently liable to restore any deficiencies that exist in these funds in any one year in the event that the Authority is unable to do so. Certain Authority bonds are insured. Bond principal amounts recorded as long-term debt at June 30, 1998 and 1997, which are backed by a special capital reserve fund, are as follows:

Project (000's)	1998	1997
Mid-Connecticut	\$248,552	\$274,247
Bridgeport	5,435	6,820
Wallingford	5,488	5,741
Southeastern	<u>17,069</u>	<u>18,475</u>
Total	<u>\$276,544</u>	<u>\$305,283</u>

The annual requirements to amortize long-term debt recorded by the Authority as of June 30, 1998, including interest payments of \$142,499,000 are as follows:

Year Ending June 30 (000's)	Mid- Connecticut	Bridgeport	Wallingford	Southeastern	Interest	Total
1999	12,324	2,570	282	1,511	17,861	34,548
2000	13,416	2,755	379	1,626	16,707	34,883
2001	14,233	2,420	404	1,744	15,557	34,358
2002	14,013	2,595	3,430	519	14,344	34,901
2003	13,698	1,470	2,460	556	13,130	31,314
2004-2008	80,348	9,245	4,839	3,518	47,945	145,895
2009-2013	100,520	2,305	694	4,773	16,605	124,897
2014-2016	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,822</u>	<u>350</u>	<u>3,172</u>
Total	<u>\$248,552</u>	<u>\$23,360</u>	<u>\$12,488</u>	<u>\$17,069</u>	<u>\$142,499</u>	<u>\$443,968</u>
Interest Rates	4.5-8.8%	6.4-8%	6.5-7.125%	7.4-8.0%		



The long-term debt amounts for the Mid-Connecticut Project in the two tables above have been reduced by the deferred amount on refundings of bonds in the amount of \$6,333,000 and \$7,177,000 at June 30, 1998 and 1997, respectively.

In July 1997, the Authority issued \$8,000,000 of Mid-Connecticut 1997 Series A Bonds with an average interest rate of 4.6%. The final maturity on these bonds is November 15, 2006. The proceeds from this issue funded construction activity at the Hartford Landfill.

The Authority has a revolving line of credit in the amount of \$10,000,000 which is available for the Bridgeport Project. The line expires in February 2000. At June 30, 1998 and 1997, there were no amounts outstanding on the line of credit.

5. LONG-TERM LIABILITIES FOR CLOSURE AND POSTCLOSURE CARE OF LANDFILLS

State and federal regulations require the Authority to place final cover on its landfills when it stops accepting

waste and to perform certain maintenance and monitoring functions for periods which may extend to thirty years after closure.

GASB Statement No. 18 - "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", applies to closure and postclosure care costs which are paid near or after the date a landfill stops accepting waste. In accordance with GASB Statement No. 18, the Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date. This amount increases the liability on the balance sheet for closure and postclosure care of landfills. These costs are generally paid when the landfill is closed and may continue for up to thirty years thereafter. The liability for these costs is reduced when these costs are actually incurred.

The closure and postclosure care expenses and the amounts paid or accrued for fiscal 1997 and 1998 for the landfills, are separately presented in the following table:

Project/Landfill (000's)	Liability at July 1, 1996	Expense	Paid or Accrued	Liability at June 30, 1997	Expense	Paid or Accrued	Liability at June 30, 1998
Mid-Connecticut:							
Hartford	\$1,862	\$1,751	\$0	\$3,613	\$125	\$0	\$3,738
Ellington	2,998	2,759	(154)	5,603	(1,313)	(631)	3,659
Bridgeport:							
Shelton	6,672	4,032	(681)	10,023	570	(482)	10,111
Waterbury	105	16	0	121	2	0	123
Wallingford	<u>3,876</u>	<u>1,872</u>	<u>(147)</u>	<u>5,601</u>	<u>(572)</u>	<u>(147)</u>	<u>4,882</u>
Total	<u>\$15,513</u>	<u>\$10,430</u>	<u>(\$982)</u>	<u>\$24,961</u>	<u>(\$1,188)</u>	<u>(\$1,260)</u>	<u>\$22,513</u>



The estimated remaining costs to be recognized in the future as closure and postclosure care of landfills expense, the percent of landfill capacity used and the remaining years of life at June 30, 1998 are scheduled below:

Project/Landfill (000's)	Remaining Costs to be Recognized	Capacity Used		Estimated Years of Remaining Life	
		Ash	Other	Ash	Other
Mid-Connecticut:					
Hartford	\$1,883	72%	94%	7.0	1.0
Ellington	0	----	100%	----	closed
Bridgeport:					
Shelton	0	100%	----	closed	----
Waterbury	182	----	42%	----	17.0
Wallingford	<u>125</u>	100%	97%	closed	0.5
Total	<u>\$2,190</u>				

Actual costs may be higher due to inflation or changes in permitted capacity, technology or regulation.

The State of Connecticut Department of Environmental Protection (DEP) requires that certain financial assurance mechanisms be maintained by the Authority to ensure payment of closure and postclosure costs related to certain landfills. Additionally, DEP requires that the Authority budget for anticipated closure costs for Mid-Connecticut's Hartford Landfill and the Bridgeport Project's Shelton Landfill.

For Mid-Connecticut's Hartford and Ellington Landfills and Bridgeport's Waterbury Landfill, at June 30, 1998, trust accounts valued at \$109,000, \$345,000 and \$123,000, respectively, (\$0, \$335,000 and \$117,000, respectively, at June 30, 1997) were held for financial assurance purposes. At June 30, 1998, and 1997, restricted cash equivalents in the amount of \$528,000 and \$459,000, respectively, were held for closure costs at the Shelton Landfill. These trust accounts and restricted cash equivalents are all included in restricted assets on the balance sheet.

At June 30, 1998 and 1997, letters of credit for \$445,000 were outstanding which related to closure and postclosure costs of Bridgeport's original Shelton Landfill.

In addition to the above accounts and letters of credit, the Authority meets certain financial assurance requirements at June 30, 1998 and 1997 by meeting specified criteria pursuant to Section 258.74 of the federal EPA Subtitle D regulations.

6. RETAINED DEFICITS OF INDIVIDUAL PROJECT

The June 30, 1998 and 1997 accumulated deficits of the Wallingford Project were \$918,000 and \$2,682,000, respectively. The decrease in the project's retained deficit results from a reduction in operating expenses related to closure and postclosure care of the Wallingford Landfill.

7. MAJOR CUSTOMER

Steam and electricity revenues from the Connecticut Light & Power Company totaled 31% of the Authority's operating revenues for the years ended June 30, 1998 and 1997.



8. SETTLEMENT INCOME (LOSS)

During 1998, the Authority's Administrative Pool provided \$664,000 of funds to settle two environmental claims related to past operations of the Bridgeport Project.

Under a release and settlement agreement, the Authority's Mid-Connecticut Project received \$561,000 during fiscal 1998 from a facility operator.

Under a June 1998 decision by the State's Department of Public Utility Control, the Authority recorded settlement income of \$342,000 in the Southeastern Project.

During fiscal 1998 and 1997, the Authority received \$2,330,000 and \$880,000 respectively, from the Southeastern Project's regional authority. This resulted from agreements entered into in fiscal 1996 between the regional authority and private entities.

In November 1996, the Authority received a settlement payment of \$796,000 in connection with the Bridgeport Project, originating from sales tax refunds from the State of Connecticut assessed between 1992 and 1994.

On July 19, 1995, the Authority entered into a Settlement Agreement related to a resource recovery facility constructed in the State by a private vendor. Under this agreement, the Wallingford Project received \$125,000 in fiscal 1997.

9. RETIREMENT PLAN

The Authority has a defined contribution retirement plan covering all eligible staff members in the form of a 401(k) plan. To be eligible, the staff member must be 18 years of age and have been a full time employee for six months.

Contributions are made at a rate of 10 percent of payroll. Authority contributions for the year ended June 30, 1998 amounted to \$279,000 based on covered payroll of \$2,793,000. Covered payroll represents 96.4 percent of total payroll in 1998. Authority contributions for the year ended June 30, 1997 amounted to \$303,000 based on covered payroll of \$3,031,000. Covered payroll represents 98.3 percent of total payroll in 1997. Employees contributed \$158,000 to the plan in fiscal 1998 and \$156,000 in fiscal 1997.

10. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and, natural disasters. The Authority purchases commercial insurance for all its risks of loss. There were no significant reductions in insurance coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The Authority is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed in 1980 by the Connecticut Conference of Municipalities for the purpose of establishing and administering an interlocal risk management program pursuant to the provisions of Section 7-479a et. Seq. of the Connecticut General Statutes.

The Authority is a member of CIRMA's Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is a dividend program and losses and reserves incurred in each coverage period are evaluated at 18, 30, and 42 months after the effective date of coverage. If the Authority's losses are low, it is entitled to receive dividends which reduce future premium expenses. The deposit contributions (premiums) paid were \$39,000 and \$47,000 for the years ended June 30, 1998 and 1997, respectively. The premiums are subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that amount to the limit of liability of \$10 million per occurrence.

11. COMMITMENTS

The Authority has various operating leases for office space, land, landfills and office equipment. For the years ended June 30, 1998 and 1997, operating lease payments totaled \$1,268,000 and \$1,236,000, respectively.



Future minimum rental commitments under noncancelable operating leases as of June 30, 1998 are as follows:

Fiscal Year (000's)	Amount
1999	\$1,159
2000	1,037
2001	1,028
2002	1,028
2003	1,027
Thereafter	<u>7,147</u>
Total	<u>\$12,426</u>

The Authority leases the Bridgeport Regional Recycling Center and its equipment to a private vendor. Under this operating lease, the Authority earned rental income of \$1,055,000 and \$1,051,000 for the years ended June 30, 1998 and 1997, respectively. The cost of the plant and equipment under lease is \$3,025,000 and \$1,924,000, respectively, at June 30, 1998. The carrying value at June 30, 1998 of this plant and equipment under lease is \$2,214,000 and \$820,000, respectively. The future minimum rental income on noncancelable leases at June 30, 1998 is \$10,183,000 due in fiscal years 1999 through 2008 in equal annual amounts of \$1,018,000.

The Authority reached agreement regarding the termination of the Wallingford Projects's steam supply agreement in fiscal 1993. Under this agreement, the Authority paid \$423,000 in fiscal 1998, \$397,000 in fiscal 1997 and is committed to pay \$450,000 in fiscal 1999, \$480,000 in fiscal 2000 and \$510,000 in fiscal 2001.

12. OTHER FINANCING

The Authority has issued several bonds pursuant to Indenture Agreements to fund the construction of waste

processing facilities by an independent contractor/operator. The revenue bonds are issued by the Authority to lower the cost of borrowing for the contractor/operator of the projects. The Authority does not become involved in the construction activities, and construction requisitions by the contractor are made from various trustee accounts.

The Authority does not become involved in the repayment of debt on these issues except for the portion of the bonds allocable to Authority purposes. Payment of the debt is not guaranteed by the Authority or the State in the event of default except in cases where the State has a contingent liability discussed below. Therefore, the Authority does not record the assets and liabilities related to these bond issues in its financial statements. The amounts of these bond issues outstanding at June 30, 1998 (excluding portions allocable to Authority purposes), with final maturity dates are as follows:

Project (000's)	Amount
BRIDGEPORT	
1985 Series A	\$110,575
1985 Series B	<u>46,530</u>
	<u>157,105</u>
WALLINGFORD	
1986 Series A	28,794
1986 Series B	1,558
1986 Series One - Subordinated	3,440
1986 Series Two - Subordinated	<u>2,930</u>
	<u>36,722</u>
SOUTHEASTERN	
1988 Series A (Project Revenue)	82,061
1988 Series A (Corp. Credit)	14,785
1992 Series A (Corp. Credit)	<u>30,000</u>
	<u>126,846</u>
TOTAL	<u>\$320,673</u>



All of the Wallingford bond issues and the Southeastern Project Revenue bond issue are secured by a special capital reserve fund. The State of Connecticut is contingently liable for any deficiencies of funds as further explained in Note 4.

13. SERVICE CONTRACT COMMITMENTS

The Authority has various contracts with the operators of the waste processing and power block facilities, regional recycling centers, transfer stations and landfills under various terms and conditions expiring through November 2015. Generally, operating charges are derived from various factors such as tonnage processed, energy produced and certain pass-through operating costs.

Approximate contract operating charges included in solid waste operations and maintenance and utilities expenses for the years ended June 30, 1998 and 1997 are as follows:

Project (000's)	1998	1997
Mid-Connecticut	\$37,083	\$36,526
Bridgeport	22,294	19,867
Wallingford	12,567	12,830
Southeastern	<u>8,637</u>	<u>7,926</u>
Total	\$80,581	\$77,149

14. SEGMENT INFORMATION - ENTERPRISE FUNDS

The Authority has four operating enterprise funds which are intended to be self-supporting through service fees charged to operate resources recovery and recycling facilities. In addition, the Authority has an Administrative Pool. Financial segment information as of and for the year ended June 30, 1998 (with comparative totals for the prior year) for these projects and the Administrative Pool is as follows:

(000's)	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeastern Project	Administrative Pool	Total 1998	Total 1997
Operating revenues	\$83,346	\$33,959	\$16,652	\$13,902	\$0	\$147,859	\$149,203
Depreciation and amortization expense	13,379	1,833	318	1,361	187	17,078	16,192
Operating income (loss)	19,922	3,401	1,961	269	(2,100)	23,453	20,553
Operating transfers:							
Out	0	0	0	(50)	(567)	(617)	(933)
In	322	178	53	14	50	617	933
Net income (loss)	5,975	2,284	1,764	1,974	(2,617)	9,380	7,567
Property, plant & equipment:							
Additions	12,825	104	2	0	59	12,990	5,541
Deletions	(820)	(72)	(47)	(13)	(46)	(998)	(672)
Bonds payable (including current portion)	248,552	23,360	12,488	17,069	0	301,469	333,798
Total equity (deficit)	28,241	3,932	(918)	4,867	9,930	46,052	36,672
Net working capital (deficiency)	10,216	(1,781)	5,763	7,174	9,406	30,778	10,930
Total Assets	\$292,817	\$41,912	\$18,307	\$33,512	\$11,342	\$397,890	\$417,212



15. CONTINGENCIES

Under a solid waste disposal agreement the Bridgeport Project member towns had an annual guaranteed tonnage commitment to the facility operator to deliver 515,000 tons of municipal solid waste. During fiscal 1992 through 1998, solid waste deliveries fell short of the commitment of 515,000 tons.

In February 1994, the Authority and the facility operator reached an agreement which unconditionally released the Authority from shortfall obligations for fiscal 1992 and 1993 in the approximate amount of \$7,933,000. In addition, the agreement reduced the annual guaranteed tonnage commitment from 515,000 tons of municipal solid waste to 400,000 tons, beginning in fiscal 1994. The agreement also has provisions for any guaranteed tonnage delivery shortfall obligations for fiscal 1994 forward. In the event the municipal solid waste deliveries for fiscal year 1994 forward fall below 400,000 tons, amounts, if any, due for this shortfall would be reflected as an offset to the Municipal Share balance.

The Municipal Share balance is derived by a contractually established formula and reflects the municipal share of revenues received by the facility operator from certain specified sources. The Municipal Share balance will reduce future service fees payable to the operator after fiscal 1998. The facility operator reports that as of June 30, 1997, the Municipal Share balance was \$23,610,000. This balance is reflective of the terms of the negotiated agreement.

The facility operator has contended that Trustee approval is required for the negotiated agreement to be effective. However, the operator has adjusted facility operations to abide by the terms of the agreement. In the absence of an effective agreement, the facility operator could claim approximately \$39,207,000 due for shortfalls from fiscal 1992 through 1998.

Authority bond counsel has determined that consent of the Trustee to the negotiated agreement is not required and that, all conditions to the effectiveness of this agreement have been met. Management believes the agreement is effective. Accordingly, the Authority has not made any provision for shortfalls.

The Federal Energy Regulatory Commission (FERC) issued a ruling in fiscal 1995 on a suit regarding the electricity purchase rate paid by CL&P to the

Southeastern Project. In June 1998, the Authority entered into a memorandum of understanding with CL&P to settle this matter. If approved by the State's Department of Public Utilities Control, the Authority could make a cash payment to CL&P of \$700,000 and realize settlement income of approximately \$3,900,000.

In April 1997, the Authority entered into a contract with a private vendor to permit, construct and operate an ash recycling facility as part of the Mid-Connecticut Project. This contract obligates the Authority to pay the vendor up to \$7,574,000 upon the satisfaction of certain conditions within prescribed time frames. These conditions include, but are not limited to, the permitting for construction of the facility and use of the recycled ash product and the satisfaction of facility performance tests. Management cannot predict the likelihood of the vendor meeting these conditions.

The Authority is also involved in other legal and administrative proceedings and claims of various types. While any litigation contains an element of uncertainty, based upon the opinion of legal counsel, management presently believes that the outcome of these proceedings and claims will not have a material adverse effect on the Authority's financial position.

16. SUBSEQUENT EVENT

In August 1998, the Authority issued \$87,650,000 Southeastern 1998 Series A bonds (of which \$9,755,000 is allocable to Authority purposes) with an average interest rate of 5.3%. The proceeds of the 1998 bonds, together with \$2,257,000 of other Authority funds (\$461,000 restricted) were deposited into an irrevocable trust. These amounts were used to refund \$89,835,000 of Southeastern 1988 Series A bonds (of which \$10,013,000 is allocable to Authority purposes) with an average interest rate of 8%.

The refunding resulted in a difference of \$1,800,000 between the reacquisition price and the net carrying amount of the old debt allocable to Authority purposes. This amount will be charged to interest expense through fiscal 2016 using the proportionate-to-stated interest method. This refunding will reduce the Authority's solid waste operations expense and allocable debt service payments by \$34,000,00 through fiscal 2016 and generated an economic gain (the difference between the present values of the debt service payments of the 1988 and the 1998 bonds) of \$16,000,000.



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Connecticut Resources Recovery Authority

COMBINING BALANCE SHEETS

JUNE 30, 1998

(with Comparative Totals for June 30, 1997)

(In Thousands)

EXHIBIT A
Page 1 of 2

ASSETS	Administrative Pool	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeastern Project	Total 1998	Total 1997
Current Assets:							
Cash and cash equivalents	\$10,766	\$16,231	\$5,492	\$5,099	\$8,641	\$46,229	\$41,052
Service payments receivable	0	5,014	2,954	1,163	1,842	10,973	11,573
Accounts receivable	0	6,616	0	1,532	1,188	9,336	9,178
Loan receivable	0	0	0	0	0	0	5,604
Accrued interest and other receivables	2	151	0	0	3,963	4,116	698
Prepaid expenses	50	323	31	683	17	1,104	1,044
Inventory	0	3,629	0	0	0	3,629	3,249
Total Current Assets	10,818	31,964	8,477	8,477	15,651	75,387	72,398
Restricted Assets:							
Cash and cash equivalents	351	49,891	7,085	5,639	6,763	69,729	74,711
Investments	0	6,964	45	692	0	7,701	19,110
Accrued interest receivable	0	293	27	126	380	826	879
Total Restricted Assets	351	57,148	7,157	6,457	7,143	78,256	94,700
Development and Bond Issuance Costs	0	4,054	101	3,368	7,465	14,988	16,812
Long-term Receivables	0	0	0	0	831	831	1,246
Property, Plant and Equipment:							
Land	0	6,923	15,014	0	0	21,937	21,937
Plant	0	149,152	25,704	0	6,771	181,627	166,909
Equipment	649	158,894	2,704	31	0	162,278	161,506
Construction in progress	0	0	0	0	0	0	3,498
	649	314,969	43,422	31	6,771	365,842	353,850
Less accumulated depreciation	(476)	(115,318)	(17,245)	(26)	(4,349)	(137,414)	(121,794)
Property, Plant and Equipment, net	173	199,651	26,177	5	2,422	228,428	232,056
TOTAL ASSETS	\$11,342	\$292,817	\$41,912	\$18,307	\$33,512	\$397,890	\$417,212



Connecticut Resources Recovery Authority

COMBINING BALANCE SHEETS

JUNE 30, 1998

EXHIBIT A
Page 2 of 2

(with Comparative Totals for June 30, 1997)
(In Thousands)

LIABILITIES AND FUND EQUITY	Administrative Pool	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeastern Project	Total 1998	Total 1997
Current Liabilities:							
Current portion of: -							
Bonds payable, net	\$0	\$12,324	\$2,570	\$282	\$1,511	\$16,687	\$40,329
Closure and postclosure care of landfills	0	797	3,302	577	0	4,676	2,678
Accounts payable and accrued expenses	1,412	8,627	4,386	1,855	6,966	23,246	18,461
Total Current Liabilities	1,412	21,748	10,258	2,714	8,477	44,609	61,468
Long-term Liabilities:							
Bonds payable, net	0	236,228	20,790	12,206	15,558	284,782	293,469
Closure and postclosure care of landfills	0	6,600	6,932	4,305	0	17,837	22,283
Other	0	0	0	0	4,610	4,610	3,320
TOTAL LIABILITIES	1,412	264,576	37,980	19,225	28,645	351,838	380,540
Fund Equity (Deficit):							
Contributed Capital	795	1,166	0	0	0	1,961	2,108
Retained Earnings (Deficit):							
Reserved: -							
Debt principal payment	0	8,210	1,513	176	944	10,843	12,481
Operating and maintenance	0	2,735	0	0	0	2,735	2,585
Equipment replacement	0	2,611	0	0	0	2,611	2,468
Landfill custodian accounts	0	453	123	0	0	576	451
Regional recycling center equipment	0	351	0	0	0	351	292
Mercury Public Awareness Account	351	0	0	0	0	351	0
Total Reserved	351	14,360	1,636	176	944	17,467	18,277
Unreserved	8,784	12,715	2,296	(1,094)	3,923	26,624	16,287
Total Retained Earnings (Deficit)	9,135	27,075	3,932	(918)	4,867	44,091	34,564
TOTAL FUND EQUITY (DEFICIT)	9,930	28,241	3,932	(918)	4,867	46,052	36,672
TOTAL LIABILITIES AND FUND EQUITY	\$11,342	\$292,817	\$41,912	\$18,307	\$33,512	\$397,890	\$417,212



Connecticut Resources Recovery Authority

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS (DEFICIT)

EXHIBIT B

FOR THE YEAR ENDED JUNE 30, 1998
(with Comparative Totals for June 30, 1997)

(In Thousands)

	Administrative Pool	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeastern Project	Total 1998	Total 1997
Operating revenues:							
Service charges:-							
Members	\$0	\$27,473	\$27,307	\$8,115	\$12,412	\$75,307	\$73,844
Others	0	12,556	0	958	1,490	15,004	17,220
Energy generation	0	38,279	0	7,468	0	45,747	45,514
Disposal fees	0	0	4,263	0	0	4,263	4,799
Other income	0	5,038	2,389	111	0	7,538	7,826
Total operating revenues	0	83,346	33,959	16,652	13,902	147,859	149,203
Operating expenses:							
Solid waste operations	1,913	41,251	26,830	14,395	11,945	96,334	89,185
Depreciation and amortization	187	13,379	1,833	318	1,361	17,078	16,192
Maintenance and utilities	0	6,983	179	5	0	7,167	7,971
Closure and postclosure care of landfills	0	(1,188)	572	(572)	0	(1,188)	10,430
Project administration	0	2,999	1,144	545	327	5,015	4,872
Total operating expenses	2,100	63,424	30,558	14,691	13,633	124,406	128,650
OPERATING INCOME (LOSS)	(2,100)	19,922	3,401	1,961	269	23,453	20,553
Nonoperating revenues (expenses):							
Investment income	639	4,320	581	673	465	6,678	5,833
Settlement income (loss)	(664)	561	0	0	2,672	2,569	1,801
Bond interest expense	0	(15,585)	(1,793)	(860)	(1,368)	(19,606)	(20,631)
Other	25	(3,565)	(83)	(63)	(28)	(3,714)	11
Net nonoperating revenues (expenses)	0	(14,269)	(1,295)	(250)	1,741	(14,073)	(12,986)
Income (loss) before operating transfers	(2,100)	5,653	2,106	1,711	2,010	9,380	7,567
Operating transfers in (out)	(517)	322	178	53	(36)	0	0
NET INCOME (LOSS)	(2,617)	5,975	2,284	1,764	1,974	9,380	7,567
Add item affecting contributed capital - depreciation on equipment acquired through capital grants	0	147	0	0	0	147	167
Retained earnings (deficit), beginning of year	11,752	20,953	1,648	(2,682)	2,893	34,564	26,830
RETAINED EARNINGS (DEFICIT), END OF YEAR	\$9,135	\$27,075	\$3,932	(\$918)	\$4,867	\$44,091	\$34,564



**COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998**
(with Comparative Totals for June 30, 1997)

EXHIBIT C
Page 1 of 2

(In Thousands)

	Administrative Pool	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeastern Project	Total 1998	Total 1997
CASH FLOWS FROM OPERATING ACTIVITIES							
Operating income (loss)	(\$2,100)	\$19,922	\$3,401	\$1,961	\$269	\$23,453	\$20,553
Adjustments to reconcile operating income to net cash provided by (used for) operating activities:							
Depreciation of property, plant and equipment	187	12,986	1,808	4	969	15,954	15,047
Settlement income	(664)	561	0	0	2,672	2,569	1,801
Increase in other long-term liabilities	0	0	0	0	1,290	1,290	1,180
Reduction of development costs	1,216	0	0	0	0	1,216	1,115
Amortization of development and bond issuance costs	0	392	25	314	392	1,123	1,145
Provision for closure and postclosure care of landfills	0	(1,188)	572	(572)	0	(1,188)	10,430
Rebate to municipalities	0	(3,000)	0	0	0	(3,000)	0
(Increase) decrease in:							
Service payments receivable	0	716	(313)	(193)	391	601	924
Prepaid expenses	(47)	12	(2)	(23)	0	(60)	22
Accounts receivable	0	214	0	(227)	(145)	(158)	(1,308)
Inventory	0	(380)	0	0	0	(380)	(229)
Accrued interest and other receivables	0	(8)	0	9	(2,984)	(2,983)	(1,392)
Increase (decrease) in:							
Accounts payable and accrued expenses	893	83	(718)	16	4,714	4,988	2,848
Net Cash Provided by (Used for) Operating Activities	(515)	30,310	4,773	1,289	7,568	43,425	52,136
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Operating transfers from other funds	50	322	178	53	14	617	933
Other interest and fees	0	(23)	(80)	(28)	(27)	(158)	(150)
Operating transfers to other funds	(567)	0	0	0	(50)	(617)	(933)
Net Cash Provided by (Used for) Noncapital Financing Activities	(517)	299	98	25	(63)	(158)	(150)



Connecticut Resources Recovery Authority

COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 1998
(with Comparative Totals for June 30, 1997)
(In Thousands)

EXHIBIT C
Page 2 of 2

	Administrative Pool		Mid-Connecticut Project		Bridgeport Project		Wallingford Project		Southeastern Project		Total	
	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997	1998	1997
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES												
Proceeds from sale of bonds	0	0	8,000	0	0	0	0	0	0	0	8,000	209,675
Proceeds from sale of property and equipment	0	0	17	10	0	0	0	0	0	0	27	137
Bond issuance costs incurred	0	0	(109)	0	0	0	0	(407)	0	(516)	(516)	(2,177)
Payment of landfill closure and postclosure care liabilities	0	0	(631)	(481)	(148)	0	0	0	0	(1,260)	(1,260)	(982)
Acquisition and construction of capital assets	0	0	(12,825)	(104)	(2)	0	0	0	0	(12,931)	(12,931)	(5,510)
Interest paid on bonds	0	0	(14,791)	(1,934)	(859)	(1,384)	(18,968)	(20,552)	(237,062)	(41,173)	(41,173)	(7,246)
Principal paid on bonds	0	0	(34,539)	(4,975)	(253)	0	0	0	0	0	0	(7,246)
Refunding of debt	0	0	0	0	0	0	0	0	0	0	0	(7,246)
Net Cash Used for Capital and Related Financing Activities	0	0	(54,878)	(7,484)	(1,262)	(3,197)	(66,821)	(63,717)	(66,821)	(63,717)	(66,821)	(63,717)
CASH FLOWS FROM INVESTING ACTIVITIES												
Proceeds from sale and maturities of investment securities	0	0	22,255	0	44	1,351	4,261	6,192	10,063	23,650	23,650	4,261
Interest on investments	639	639	4,427	589	673	494	6,822	10,063	17,246	23,650	23,650	4,261
Reduction in loan receivable	0	0	5,604	0	0	0	5,604	10,063	17,246	23,650	23,650	4,261
Purchase of investment securities	0	0	(12,282)	(45)	0	0	(12,327)	(17)	(17)	(12,327)	(12,327)	(17)
Net Cash Provided by Investing Activities	639	639	20,004	544	717	1,845	23,749	20,499	20,499	23,749	23,749	20,499
Net Increase (Decrease) in Cash and Cash Equivalents	(393)	(393)	(4,265)	(2,069)	769	6,153	195	8,768	8,768	195	195	8,768
Cash and Cash Equivalents, Beginning of Year, (Unrestricted and Restricted)	11,510	11,510	70,387	14,646	9,969	9,251	115,763	106,995	106,995	115,763	115,763	106,995
CASH AND CASH EQUIVALENTS, END OF YEAR, (UNRESTRICTED AND RESTRICTED)	\$11,117	\$11,117	\$66,122	\$12,577	\$10,738	\$15,404	\$115,958	\$115,763	\$115,958	\$115,958	\$115,958	\$115,763