



**COMPREHENSIVE ANNUAL
FINANCIAL REPORT
Fiscal Year Ended
June 30, 2014**



**MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut**



A Component Unit of the State of Connecticut

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2014 and 2013

Submitted by:

Mark T. Daley
Chief Financial Officer

Deepa Krishna
Manager of Accounting and Financial Reporting

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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A Component Unit of the State of Connecticut

Comprehensive Annual Financial Report
Fiscal Years Ended June 30, 2014 and 2013

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Introductory Section

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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December 18, 2014

Board of Directors
Materials Innovation and Recycling Authority
100 Constitution Plaza, 6th Floor
Hartford, CT 06103

We are pleased to present the Materials Innovation and Recycling Authority's (the "Authority") Comprehensive Annual Financial Report prepared for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of the Authority. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed both to protect the Authority's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Authority's financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Because the cost of internal controls should not outweigh their benefits, the Authority's comprehensive framework of internal control has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Authority's financial statements have been audited by SaxBST LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority as of and for the fiscal year ended June 30, 2014 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements as of and for the fiscal year ended June 30, 2014 are fairly presented in conformity with GAAP. The independent auditors' report is presented in the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Authority's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE AUTHORITY

The Authority was created by the State of Connecticut (the "State") under Public Act 14-94 (the "Act") which became effective on June 6, 2014. The Authority constitutes a successor authority to the Connecticut Resources Recovery Authority (CRRA). In FY 2014 it assumed control over all of CRRA's assets, rights, duties, and obligations. It now continues CRRA's ongoing business. The Authority is a public instrumentality and political subdivision of the State and is included as a component unit in the State's Comprehensive Annual Financial Report.

Considering the nature and scope of the Authority's designation as CRRA's successor, the Authority's financial statements reflect all operating and non-operating revenues and expenses for the period ending June 30, 2014, and all assets, liabilities and the net position of the Authority as of June 30, 2014, including all financial activities of CRRA during this period prior to assumption by the Authority.

Under the Act, the Authority's purpose continues to be the planning, design, construction, financing, management, ownership, operation and maintenance of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan. The Authority continues to provide solid waste management services to municipalities, regions and persons within the state by receiving solid wastes at Authority facilities, recovering resources from such solid wastes, and generating revenues from such services sufficient for the Authority to operate on a self-sustaining basis.

The Act established a new consultative partnership between the Authority and the State's Department of Energy and Environmental Protection (DEEP) specifically for redevelopment of the Authority's Connecticut Solid Waste System (CSWS), and generally for the development of new waste management industries, technologies and commercial enterprises on property owned by the Authority. The Act charged DEEP with revising the State's solid waste management plan and undertaking these consultative efforts consistent with the revised plan. The Act also transferred CRRA's prior role in statewide recycling education to a newly created "Recycle CT Foundation". The Authority continued to provide recycling education facilities and services to its customers as of June 30, 2014.

CRRA's original core mission was to develop a network of resource recovery and related facilities within the State to move the State away from the process of landfilling its municipal solid waste. Facilities were constructed in Hartford, Preston, Bridgeport and Wallingford which have historically been known as the Mid Connecticut, Southeast, Bridgeport and Wallingford projects respectively. CRRA secured financing, facility developer, operator and customer contracts, and administered these projects throughout their various stages over the last four decades. While the initial underlying contracts for the Southeast Project remain in effect, those for Mid Connecticut, Bridgeport and Wallingford have expired resulting in a distribution and/or reformation of project assets which formed the foundation for CRRA's core project / division and financial structure as of the date the Authority assumed control. The Authority continues to recognize CRRA's core project / division and financial structure outlined below.

Mid Connecticut Project - CRRA retained title to the resource recovery facility in Hartford (South Meadows), all support facilities and land when the initial underlying project contracts expired. CRRA assigned these assets to its Property Division and put them into service in the

form of the **Connecticut Solid Waste System (CSWS)**. The CSWS presently provides solid waste disposal services to 51 municipalities in the State and is one of the primary operating divisions of the Authority. The Mid Connecticut Project also remains active administratively, under the Authority's control, for project close out activity including closure of the Hartford landfill and funds distribution.

Southeast Project - CRRA issued its Resource Recovery Revenue Bonds, and subsequently Refunding Bonds, (the "Bonds"), to finance construction of this resource recovery facility located in Preston and the supporting Special Capital Reserve Fund held by the State Treasurer. CRRA owned the facility and leased it to a private operator. The private operator runs the facility pursuant to a Service Agreement with CRRA, under which the CRRA is obligated to meet certain solid waste delivery requirements. To meet these requirements, the Southeastern Connecticut Regional Resource Recovery Authority (SCRRA) was established and SCRRA entered into agreements with its twelve member municipalities requiring them to deliver waste to SCRRA for disposal at the facility. Under a Bridge and Management Agreement between CRRA and SCRRA, the Authority causes the facility to be operated and maintained and SCRRA causes its members to deliver waste. The Authority has assumed CRRA's interests and obligations under the Bonds, lease, Service Agreement, Bridge and Management Agreement.

Bridgeport Project – CRRA retained title to the land and a major recycling facility located in Stratford upon expiration of initial project underlying contracts. It transferred title to the resource recovery facility to the operator, but retained rights to a portion of the facility's waste processing capacity through June 30, 2014. CRRA leased the land to the operator and used its retained facility capacity to serve the waste processing needs of twelve towns in the Southwest area of the State. The processing of waste through this retained facility capacity is reflected in CRRA's "Southwest Division" which was formed for this purpose but ceased operations on June 30, 2014. Revenue from the facility lease was assigned to the Property Division. The Authority has assumed CRRA's interests and obligations in these assets and reports this activity consistent with the structure noted above.

Wallingford Project – Title to the resource recovery facility and underlying land was transferred to the operator. While no fixed assets were retained by CRRA, the Authority has assumed CRRA's interests and obligations with respect to certain ongoing project close out and asset transfer activities.

Property Division – All Capital Assets retained by CRRA upon expiration of the Mid Connecticut and Bridgeport projects other than those associated with landfills are assigned to this division. The division derives net income primarily from the lease of property and electric generating peaking unit participation in various ISO New England energy markets. The Authority has assumed CRRA's interests and obligations in the Property Division and reports this activity consistent with the structure noted above.

Landfill Division – As of June 6, 2014 the Authority assumed CRRA's ownership interests in three closed landfills in the State, and certain adjoining properties, assigned to the Landfill Division. Certain plant and equipment installations associated with these landfills, and the leased Hartford landfill, are also assigned to this division. The Authority has also assumed CRRA's interests and obligations pursuant to State statute and related agreements with DEEP

concerning the transfer of CRRA's landfill post closure care obligations to DEEP and the transfer of funds reserved for post close care activities to the State.

The Authority is authorized to have a board consisting of eleven directors and eight ad-hoc members. The Governor appoints three directors and all eight ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. All appointments require the advice and consent of both houses of the General Assembly.

FACTORS AFFECTING FINANCIAL CONDITION

The Authority is subject to certain statutory obligations and contractual commitments that are intended to ensure reasonable prices for the facilities and services it provides, yet challenge the Authority's financial performance when considered in the context of the wholesale energy markets it participates in. These obligations, commitments and challenges are most prevalent within the CSWS. The CSWS business model relies on wholesale energy revenue to keep solid waste disposal fees below the levels that trigger customer contract termination provisions. There are limited options available to the Authority through other divisions to relieve pressure on tip fees when energy revenues are low.

The business model for CSWS provides that participating town waste disposal fees ("tip fees") are to be set at the level necessary to fund the net cost of operation of the CSWS. The net cost of operation is the total operating budget less non-disposal fee revenue where non-disposal fee revenue primarily consists of the sale of electricity generated from the CSWS waste to energy facility and use of the CSWS by non-members. Consequently, price volatility in the wholesale energy market directly impacts the tip fees charged to member towns. Some of the Authority's member town contracts include tip fee opt-outs above which the towns may terminate the contract. Unfortunately, wholesale energy prices in recent years have been sufficiently volatile to cause tip fees to approach this opt-out level. To address this matter, management established a "Tip Fee Stabilization Fund" which may be drawn upon to support the CSWS net cost of operation when wholesale energy prices are low, thereby avoiding the opt out price, and which is to be reimbursed as wholesale energy prices rebound. The Tip Fee Stabilization Fund was established within the Authority's Property Division with income from the Authority's electric generating peaking units (commonly known as the "Jets") as the primary source of funding.

The Jets operate subject to certain federal and State air quality and emissions regulations which require issuance of a "Trading Order" permitting them to run for a limited number of hours. While the Authority's existing Trading Order extends through May 31, 2017, the Capacity Supply Obligations it has incurred to ISO New England will soon extend through May 31, 2019. To address this matter, management has commenced initiatives to determine the feasibility of retrofitting the peaking units to meet air quality standards, "delisting" the peaking units from the pool of electric generating resources available to ISO New England, extending the Trading Order as a stop gap measure or transferring these Capacity Supply Obligations to third parties through established processes. These efforts will determine the sustainability of electric generating revenue from the Jets and therefore the Authority's ability to sustain the Tip Fee Stabilization Fund during extended periods of depressed wholesale energy prices.

In the intervening months between completion of the Authority's fiscal year 2014 audited financial report and completion of this Comprehensive Annual Financial Report, management has also completed the auction process to contract with a third party for the purchase of a portion of CSWS electric generation as a hedge against volatile wholesale energy prices. This process has resulted in a fixed price for approximately half of the CSWS electric generation at prices sufficient to maintain tip fees below opt-out levels for 18 months commencing January 1, 2015. The non-contracted portion of CSWS electric generation will continue to be sold in the wholesale energy markets. Additional cost control measures have been implemented to manage the budget model within the confines of the opt-out price. These cost control measures, however, are challenged by the age and utility of the CSWS waste to energy facility, the first such facility originally put in service by CRRRA through conversion of an existing coal plant in the mid-1980s.

The Authority is statutorily obligated to provide its facilities and services on a financially self-sufficient basis and to redistribute any surplus revenues it receives in a manner that reduces the price paid by the end users of its facilities and services. For FY 2014 operations, the Authority declared as surplus approximately \$422,000 in recycling revenues which were proportionally rebated to 37 member municipalities at the rate of \$10 for each ton of recyclable material delivered to the CSWS recycling facility. Subsequent to completion of the Authority's fiscal year 2014 audit, the Authority also distributed approximately \$600,000 in surplus funds to the five member municipalities of the Wallingford Project taking a major step forward in completing certain statutory and contractual obligations related to the close out and transfer of this project. In addition to the distribution of surplus funds, the Authority compensates its host communities (municipalities in which waste to energy and transfer station facilities are located) through payments in lieu of taxes (PILOTs). In FY 2014, the Authority paid a total of \$3.2 million in PILOTs to Hartford, Preston, Watertown, Essex and Torrington.

MAJOR INITIATIVES AND DEVELOPMENTS

During FY 2014, The Authority implemented certain actions mandated by the State of Connecticut in its Public Act 13-247 and Section 99 of Public Act 13-184. These acts required the Authority to transfer all legally required obligations resulting from the closure of its landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to DEEP, and to transfer up to \$35 million of the Authority's resources to the State's General Fund.

The transfer of post closure care obligations was addressed by a Memorandum of Understanding ("MOU") between the Authority and DEEP pursuant to which DEEP reimbursed the Authority for certain post closure care and maintenance work while the parties undertook a transition process for DEEP to assume responsibility for performance of the work. As of June 30, 2014, the Authority continued to perform landfill post closure work at four landfills subject to reimbursement by DEEP. However, the Hartford landfill had not been certified as closed, and the Authority had not entered the post- closure care period for this landfill. DEEP is required to reimburse the Authority for post-closure care work at the Hartford Landfill, and to transition to performance of the work, as of the date the Authority submits its Closure Certification Report to DEEP.

The transfer of up to \$35 million of the Authority's resources to the State as required by Public Act 13-184 was addressed by resolution of the Authority's Board of Directors. The Authority received written confirmation from the State that the transfer of \$31 million will fully satisfy the requirements of Public Act 13-184 and the Board directed the transfer of \$31 million in stages based on the occurrence of certain relevant milestones that included i) execution of the MOU, ii) issuance of a purchase order providing for reimbursement of the Authority's ongoing work during the transition period, iii) transfer of certain federal and state licenses, permits and orders, iv) termination of certain trust agreements, and v) action required by certain local government policy boards. As of June 30, 2014, all of these milestones have been achieved and the Authority has transferred \$31 million to the State.

The implementation of Public Acts 13-247 and 13-184 is reflected on the Authority's Financial Statements as of June 30, 2014 as a liquidation of \$31 million in trust and reserve funds previously held as financial assurance for post closure care obligations, a write off of \$35.8 million in long term liabilities associated with such post closure care obligations, and recognition of \$4.8 million in non-operating revenue representing the difference between such funds and liabilities. An inter-fund loan from the Authority's Hartford Landfill Post Closure Reserve to the Authority's Connecticut Solid Waste System (CSWS), representing start up working capital for CSWS, has also been written off the Authority's Financial Statements as there is no ongoing need for this post closure reserve. This \$7.9 million transaction is now reflected as a contribution from the Landfill Division to CSWS rather than a CSWS liability due to other funds as presented in the Authority's Financial Statements as of June 30, 2013.

The Authority's closure obligation for the Hartford landfill was not transferred to DEEP pursuant to these public acts and the Authority has made substantial progress in closing the landfill as fiscal year 2014 came to a close and since completion of the fiscal year 2014 audit. Construction of a one-megawatt solar energy-generating facility ("Solar EGF") on top of the landfill was completed with the Authority receiving approval from CL&P to interconnect the project to the electrical distribution system on June 17, 2014. This is the first Solar EGF to be built on a closed landfill in Connecticut and consists of 3,993 photovoltaic panels that will generate up to one megawatt of electricity. The Solar EGF will generate renewable energy credits or "RECs", which will be sold to CL&P under a Standard Contract for the Purchase and Sale of Connecticut Class 1 Renewable Energy Credits. The Authority subsequently completed its Closure Certification Report documenting all of the work undertaken to close the landfill in an environmentally sound manner consistent with applicable law and the closure plan developed for the project. The Closure Certification Report was submitted to DEEP on December 5, 2014 triggering its obligation under the MOU to reimburse the Authority for post closure work at the Hartford Landfill. While the Authority is no longer responsible for the post-closure care of its landfills, the public acts and related MOU did not result in the transfer of any real property or infrastructure constituting Capital Assets of the Authority's Landfill Division.

Looking forward, one of the core objectives of the Public Act 14-94 which created the Authority and established it as successor to CRRA was to set a process in motion, with specific roles and deadlines for the Authority, DEEP and the private sector that will bring about the redevelopment of the aging CSWS. The major milestones of this initiative include issuance of a Request for Proposals by January 1, 2016, completion of feasibilities by short-listed respondents by January 1, 2017, submission of final redevelopment proposals by July 1, 2017 and selection of a winning proposal by December 31, 2017. While the nature, cost and funding mechanisms for this

redevelopment are not yet determined, the underlying legislation did include proposal selection criteria sensitive to these matters. The Act requires DEEP to consider the level of investment proposed and whether the proposal is in the best interest of the municipalities under contract with the Authority, including maintenance or reduction of tip fees. The Act further provides that the selection of a final proposal by DEEP, in consultation with the Authority, is not to be construed as a legislative mandate that otherwise would increase the “opt out tip fee” established in certain municipal contracts. As this process moves forward, the Authority will need to remain vigilant in preserving and establishing the statutory, contractual and financial framework essential to a successful redevelopment project.

Relevant Financial Policies – The Authority has developed and maintains a strong policy portfolio aimed at safeguarding its assets, ensuring its financial statements, books and records are accurate and reliable, and that its financial interests and activities are planned and executed in accordance with management’s expectations. Specific written policies, reviewed on a periodic basis, address accounting and financial reporting, development of the annual budget and plan of operations, cash management and daily receipts, procurement, payments and wire transfers, expense reimbursements, fixed assets & tagging, as well as signatory approval authorizations. The Authority undertakes a comprehensive annual budgeting and annual five year forecasting process, both of which reflect all operating revenues and expenses, reserve requirements and the estimated net-cost tip fee to be borne by its member municipalities.

THE AUTHORITY’S ECONOMIC CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Authority operates.

Local Economy

The Authority’s “local economy” entails the entire State. The Authority’s solid waste management projects are situated in Hartford and Preston with additional capacity at facilities in Bridgeport and Wallingford. Collectively, these systems have served the residents of over 100 municipalities in the State.

Population Characteristics - Connecticut is a highly developed and urbanized state. It is situated directly between the financial centers of Boston and New York. Connecticut is bordered by the Long Island Sound, New York, Massachusetts and Rhode Island. More than one-quarter of the total population of the United States and more than 50% of the Canadian population live within 500 miles of the State.

The population of Connecticut in 2013 was estimated at 3,596,000 an increase of 100,000 or 3.0% from the 3,496,000 figure of 2004. However, the State’s population growth has slowed during the past four decades. The 2012 population density was 741 persons per square mile, compared with 88 for the United States as a whole.

Transportation and Utility Services - Connecticut has an extensive network of expressways and major arterial highways that provide easy access to local and regional markets. The power grid that supplies electricity to the entire State is owned and operated by both private and

municipal electrical companies. Transmission lines connect Connecticut with New York, Massachusetts, and Rhode Island. All electric utilities in the State are members of the New England Regional Power Pool (operated by ISO New England) and operate as part of the regional bulk power system, the Regional Transmission Organization for New England.

Personal Income - Connecticut has a high level of personal income; the historic average per capita income has consistently been among the highest in the nation. This is due to a concentration of relatively high paying manufacturing jobs along with a higher portion of residents working in the non-manufacturing sector in such areas as finance, insurance and real estate as well as educational services. A concentration of major corporate headquarters located within the State also contributes to the high level of income. Per capita income in 2012 was \$58,908 for Connecticut compared with \$42,693 for the nation. Per capita income in 2004 was \$46,174 for Connecticut compared with \$33,909 for the nation.

Major industries - Connecticut major industries include Manufacturing; Finance, Insurance and Real Estate (FIRE); Utilities; Retail Trade; Professional, Business and Personal Services; and Government. Production in the three concentrated industries – Services; Manufacturing; and FIRE – accounted for 69.5% of total Connecticut's Gross State Product¹ compared to 68.5% in 2005 and 60.0% for the nation in 2012. This demonstrates that Connecticut's economy is more heavily concentrated in a few industries than the nation as a whole and that this concentration has changed little in recent years.

Defense Industry - One important component of the manufacturing sector in Connecticut is the defense industry. The State is a leading producer of aircraft engines and parts, helicopters, and submarines. Approximately one-quarter of the State's manufacturing employees are employed in defense-related businesses. This sector's significance in the State's economy has declined considerably since the early 1980s as there has been a marked reduction in the amount of federal spending earmarked for defense related industries in the State. However, these amounts have been climbing since federal fiscal year 2001. In federal fiscal year 2012, the State received \$12.7 billion of prime contract awards that accounted as 4.0% of national total awards and ranked 7th in total defense dollars awarded, and 2nd in per capita dollars awarded nationwide. The same fiscal year, the State had \$3,531.8 in per capita defense awards, compared to the national average of \$998.6.

Unemployment Rates - The State's unemployment rate has mirrored the economic recession of the early 1990s, the economic boom of the late 1990s and the slowdown during the recession of the early 2000s. The unemployment rate in the State climbed to 5.5% in 2003, compared to New England's average of 5.4% and the national average of 6.0%. During the subsequent weak economic recovery of Connecticut's average unemployment rate fell to 8.0% for the first ten months of 2013 compared to the New England's average of 7.1% and the national average of 7.5% for the same period.

¹ Gross State Product is the current market value of all final goods and services produced by labor and property located within the State of Connecticut. Source: State of Connecticut General Obligation Bonds (GAAP Conversion Bonds – 2013 Series A) dated October 2013.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (“GFOA”) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Connecticut Resources Recovery Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2013. This was the twenty-first consecutive year that CRRA achieved this prestigious award. In order to be awarded a Certificate of Achievement, CRRA must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Authority believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program’s requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

We would like to express our gratitude to the many employees whose dedication and support contributed to the production of this report. We appreciate the assistance and dedication of the audit team from SaxBST LLP. We also would like to thank the Board of Directors for their interest and support in planning and conducting the Authority’s finances and operations.

Respectfully Submitted,



Mark T. Daley
Chief Financial Officer



Deepa Krishna
Manager of Accounting and Financial Reporting

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A Component Unit of the State of Connecticut

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Connecticut Resources
Recovery Authority**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2013

Executive Director/CEO

**Board of Directors and
Executive Management
As of June 30, 2014**

Directors

The Honorable Don Stein, Chairman
The Honorable John Adams
The Honorable Richard Barlow
Joel Freedman
The Honorable Jim Hayden
Andrew Nunn
Ralph Eno
Scott Shanley

Ad Hoc Directors

CSWS

Robert L. Painter

Bridgeport

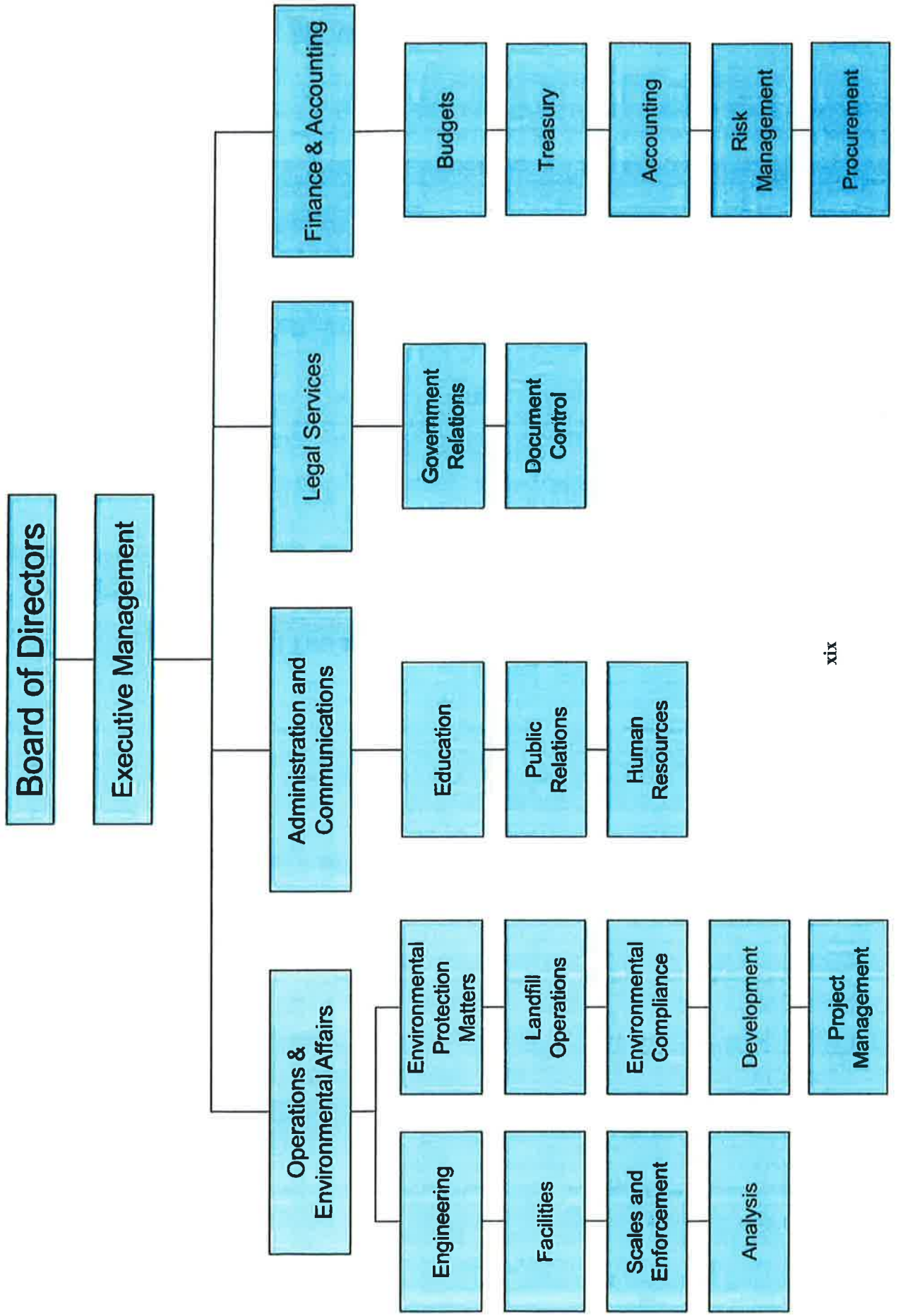
Stephen Edwards
Mark Tillinger

Executive Management

Thomas D. Kirk, President

Materials Innovation & Recycling Authority - Organization Chart

As of June 30, 2014



Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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Financial Section

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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ACCOUNTING • TAX • ADVISORY

Independent Auditor's Report

Board of Directors
Materials Innovation and Recycling Authority
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Materials Innovation and Recycling Authority (Authority) (formerly known as Connecticut Resources Recovery Authority), a component unit of the State of Connecticut, which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2014, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior Year Financial Statements

The financial statements of the Authority, as of and for the year ended June 30, 2013, were audited by Bollam, Sheedy, Torani & Co. LLP, which merged with Sax Macy Fromm & Co., PC to form SaxBST LLP as of January 1, 2014. Bollam, Sheedy, Torani & Co. LLP's report dated October 1, 2013, expressed an unmodified opinion on those statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 19 be presented to supplement the basic financial statements. Such information, although not 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 obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements. The combining schedules on pages 43 through 50 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2014, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

SaxBST LLP

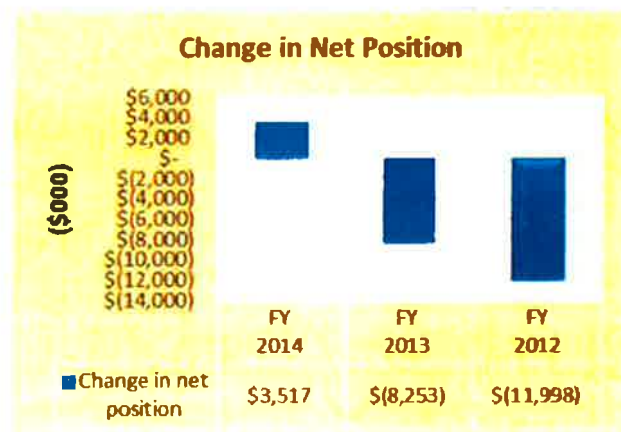
New York, New York
December 17, 2014



MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (MD&A) of the Materials Innovation and Recycling Authority’s (the “Authority”) financial performance provides an overview of the Authority’s financial activities for the year ended June 30, 2014. Please read it in conjunction with the Authority’s financial statements that follow this section. The MD&A is intended to provide meaningful information to the reader for the current year, and in comparison to prior years, thereby enhancing the reader’s understanding of the Authority’s financial position and the results of its operations. Effective June 6, 2014 the State of Connecticut designated the Authority as successor to the Connecticut Resources Recovery Authority (CRRA). Considering the nature and scope of the Authority’s designation as CRRA’s successor, described fully in Note 1.A, the Authority’s financial statements reflect all operating and non-operating revenues and expenses for the full fiscal year ending June 30, 2014, and all assets, liabilities, deferred inflows and the net position of the Authority as of June 30, 2014, including all financial activities of CRRA during this period prior to assumption by the Authority.

In FY 2014, the Authority generated total operating revenue of \$123.4 million, and incurred \$106.1 million in operating expenses before depreciation, resulting in operating income before depreciation of \$17.3 million. After \$16.1 million in depreciation and amortization expenses, the Authority generated \$1.2 million in operating income. The Authority also generated net non-operating revenue of \$2.3 million resulting in a total increase in the Authority’s net position of \$3.5 million. Total operating revenues increased by 2.9%, while total operating expenses before depreciation decreased by 5.4%, from fiscal year 2013 to fiscal year 2014. The Authority out-performed budget expectations by generating operating revenues that were 4.6% above budget, incurring operating expenses before depreciation that were 6.3% below budget, and operating each of its projects and divisions on a financially self-sufficient basis according to budget. While the Authority’s total assets decreased by \$47.2 million (19.5%), its total liabilities decreased by \$50.7 million (68.4%).



The Authority out-performed budget expectations by generating operating revenues that were 4.6% above budget, incurring operating expenses before depreciation that were 6.3% below budget, and operating each of its projects and divisions on a financially self-sufficient basis according to budget. While the Authority’s total assets decreased by \$47.2 million (19.5%), its total liabilities decreased by \$50.7 million (68.4%).

The most significant economic factor with the potential to adversely affect the Authority is its reliance on wholesale energy revenue to keep solid waste disposal fees for its Connecticut Solid Waste System (CSWS) below the levels that trigger customer contract termination provisions, the limited options available to the Authority through its other divisions to relieve this pressure on tip fees when energy revenues are low, and an anticipated redevelopment of the CSWS in the context of this business model. Management’s response to this challenge, discussed further under the Economic Factors and Outlook section of this MD&A, has been to create a “Tip Fee Stabilization Fund”, undertake certain initiatives necessary to sustain this fund over the long term by strengthening the Authority’s existing project and division structure, and to position the

Authority administratively to hedge against wholesale energy price volatility dependent on market circumstances.

Using This Report

The Authority is an enterprise fund of the State of Connecticut. Enterprise funds are used in governmental accounting to present activities where fees are charged to external customers for goods that are sold or services that are rendered. Usually these activities are financed by debt that is secured solely by a pledge of the operating revenues of that activity.

The Authority's financial statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. The financial statements utilize the economic resources measurement focus and the accrual basis of accounting in conformity with generally accepted accounting principles as applied to governmental entities. This means that all assets and liabilities associated with the operation of the Authority are included on its Statement of Net Position, and that all revenues and expenses are recognized when earned and incurred, respectively, on its Statement of Revenues, Expenses and Changes in Net Position.

The Authority's Net Position is presented in three components (i) invested in capital assets, net of related debt, (ii) restricted, and (iii) unrestricted. Net position presented as invested in capital assets, net of related debt, consists of all significant capital assets owned by the Authority, net of accumulated depreciation, and reduced by any outstanding balances of bonds or other debt related to the acquisition, construction, or improvement of those assets. Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations that have an initial useful life beyond one year. Capital assets are depreciated over their useful lives and periodic depreciation expense is reported in the Statement of Revenues, Expenses and Changes in Net Position. Net Position is presented as restricted when constraints are placed on the Authority's assets by creditors, grantors, laws or imposed by law through constitutional provisions or enabling legislation.

The Statement of Revenues, Expenses and Changes in Net Position reflect the operating revenues and expenses and non-operating revenue and expenses of the Authority for the fiscal year with the difference representing the change in net position. That change, combined with the prior year-end net position total, reconciles to the net position total at the end of the current fiscal year.

The Statement of Cash Flows reports cash activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital financing activities and investing activities. The net result of these activities added to the beginning of the year cash balance reconciles to the cash balance at the end of the current fiscal year.

Unless otherwise stated, all values presented in this M,D&A are in thousands.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is important to understanding the information included in the financial statements. They are presented following this M,D&A and the Authority's financial statements.

Supplemental Information

Supplemental information includes a Combining Schedule of Net Position (summary), a Combining Schedule of Revenues, Expenses and Changes in Net Position, a Combining Schedule of Cash Flows, and a Combining Schedule of Net Position (detail). These schedules segment the Authority's financial activities for the year ended June 30, 2014 between the various operating divisions and waste to energy facilities (projects) comprising the Authority. This segmentation reflects the terms and conditions of facility operating contracts, service agreements, related documents and statutes generally providing for the financial self-sufficiency of such projects and divisions as described further in Note 1 A to the Financial Statements (Entity and Services). For FY 2014, these projects and divisions include:

- Authority's General Fund
- Connecticut Solid Waste System
- Mid Connecticut Project
- Southeast Project
- Southwest Division
- Authority's Property Division
- Authority's Landfill Division
- Recycling Division

Required Additional Reports

Required additional reports include a 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.

Statement of Net Position

The net position of the Authority is summarized in Table 1. Net position is a measurement of the financial condition of the Authority at one point in time. As indicated in Table 1, the Authority's net position as of June 30, 2014 (total assets less total liabilities) was \$171,766 which represents a \$3,518 (2.1%) increase from the prior year. The \$3,518 increase in Net Position is the result of a decrease in total assets of \$47,221 offset by a larger reduction in total liabilities of \$50,739.

TABLE 1
STATEMENT OF NET POSITION
As of June 30,
(Dollars in Thousands)

	2014	2013	2012
ASSETS			
Current unrestricted assets	\$ 81,282	\$ 111,531	\$ 101,160
Current restricted assets	2,694	6,705	22,875
Total current assets	<u>83,976</u>	<u>118,236</u>	<u>124,035</u>
Non-current assets:			
Restricted investments	-	8,184	8,177
Capital assets, net	110,475	114,859	119,385
Development costs, net	784	1,177	1,576
Total non-current assets	<u>111,259</u>	<u>124,220</u>	<u>129,138</u>
TOTAL ASSETS	<u>\$ 195,235</u>	<u>\$ 242,456</u>	<u>\$ 253,173</u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current unrestricted liabilities	\$ 13,281	\$ 29,955	\$ 7,792
Current restricted liabilities	4,096	2,870	16,413
Total current liabilities	<u>17,377</u>	<u>32,825</u>	<u>24,205</u>
Long-term unrestricted liabilities	3,500	31,195	42,713
Long-term restricted liabilities	-	8,083	8,183
Total long-term liabilities	<u>3,500</u>	<u>39,278</u>	<u>50,896</u>
TOTAL LIABILITIES	<u>20,877</u>	<u>72,103</u>	<u>75,101</u>
Deferred inflows	2,592	2,105	1,571
TOTAL LIABILITIES AND DEFERRED INFLOWS	<u>23,469</u>	<u>74,208</u>	<u>76,672</u>
NET POSITION			
Invested in capital assets, net of related debt	110,476	114,859	116,348
Restricted	548	5,058	11,050
Unrestricted	60,742	48,331	49,103
TOTAL NET POSITION	<u>171,766</u>	<u>168,248</u>	<u>176,501</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 195,235</u>	<u>\$ 242,456</u>	<u>\$ 253,173</u>

Assets

The Authority's total current and non-current assets are further summarized on Table 2. The \$47,221 reduction in total assets is primarily attributable to the expenditure of reserves held within the Authority's Mid Connecticut Project and its Landfill Division, which are reflected as cash and equivalents and restricted investments in Table 2. The expenditure of reserves from the Mid Connecticut Project relate to landfill closure work at the Hartford Landfill, as well as other

project closeout activities including settlements and defense of claims discussed further in Note 12. The Mid Connecticut Project's total assets declined by \$16,232 during fiscal year 2014. The expenditure of reserves from the Authority's Landfill Division relate primarily to a transfer of funds to the state as required by state legislation and discussed further in Notes 4 and 11, coupled with the advance of initial working capital to the Connecticut Solid Waste System reclassified as a contribution in FY 2014. The Landfill Division's total assets declined by \$41,032 during fiscal year 2014. These reductions were offset partially by a large increase in the Authority's prepaid expenses. The increase in prepaid expenses reflects recognition of operating funds advanced to the Authority's contract operator of the Hartford (South Meadows) waste to energy facility and the Authority's jet turbine – powered electric generating peaking units.

TABLE 2
SUMMARY OF CURRENT AND NON-CURRENT ASSETS
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2014	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)	2012	2013 Increase/ (Decrease) from 2012	2013 Percent Increase/ (Decrease)
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$ 58,827	\$ 87,559	\$ (28,732)	(32.8%)	\$ 76,331	\$ 11,228	14.7%
Accounts receivable, net of allowances	14,058	17,073	(3,015)	(17.7%)	14,009	3,064	21.9%
Inventory	6,069	6,544	(475)	(7.3%)	6,370	174	2.7%
Prepaid expenses	2,328	355	1,973	555.8%	4,450	(4,095)	(92.0%)
Total Unrestricted Assets	81,282	111,531	(30,249)	(27.1%)	101,160	10,371	10.3%
Restricted Assets:							
Cash and cash equivalents	2,694	6,705	(4,011)	(59.8%)	22,875	(16,170)	(70.7%)
TOTAL CURRENT ASSETS	83,976	118,236	(34,260)	(29.0%)	124,035	(5,799)	(4.7%)
NON-CURRENT ASSETS							
Restricted investments	-	8,184	(8,184)	(100.0%)	8,177	7	0.1%
Capital Assets:							
Depreciable, net	79,068	84,517	(5,449)	(6.4%)	85,262	(745)	(0.9%)
Nondepreciable	31,407	30,342	1,065	3.5%	34,123	(3,781)	(11.1%)
Development costs, net	784	1,177	(393)	(33.4%)	1,576	(399)	(25.3%)
TOTAL NON-CURRENT ASSETS	111,259	124,220	(12,961)	(10.4%)	129,138	(4,918)	(3.8%)
TOTAL ASSETS	\$ 195,235	\$ 242,456	\$ (47,221)	(19.5%)	\$ 253,173	(10,717)	(4.2%)

Liabilities

The Authority's total current and long term liabilities are further summarized on Table 3. The \$50,739 reduction in total liabilities is primarily attributable to reductions in the current and long term portion of liabilities associated with the closure and post closure care of the Authority's landfills. The current liability declined by \$15,448 largely due to the progress of work necessary to close the Hartford Landfill. The long term portion declined by \$35,778 largely due to the transfer of the Authority's landfill post closure obligations to the state Department of Energy and Environmental Protection discussed further in Notes 4 and 11. An additional contributing factor to the reduction in total liabilities is a \$2,932 (25.7%) reduction in accrued payables. This is largely due to the Authority's payment of a contractor's unamortized investment in recycling

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facility equipment, which was accrued in fiscal year 2013, and required as part of an early termination of this contract.

TABLE 3
SUMMARY OF CURRENT AND LONG-TERM LIABILITIES
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2014	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase (Decrease)	2012	2013 Increase/ (Decrease) from 2012	2013 Percent Increase (Decrease)
CURRENT LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	\$ 43	\$ 14,214	\$ (14,171)	(99.7%)	\$ 1,330	\$ 12,884	968.7%
Accounts payable	4,740	4,311	429	10.0%	1,658	2,653	160.0%
Accrued expenses and other current liabilities	8,498	11,430	(2,932)	(25.7%)	4,804	6,626	137.9%
Total payable from unrestricted assets	13,281	29,955	(16,674)	(55.7%)	7,792	22,163	284.4%
Payable from restricted assets:							
Bonds Payable, net	-	-	-	-	4,134	(4,134)	(100.0%)
Closure and post-closure care of landfills	-	-	-	-	1,298	(1,298)	(100.0%)
Accounts payable	-	33	(33)	(100.0%)	850	(817)	(96.1%)
Accrued expenses and other current liabilities	4,096	2,837	1,259	44.4%	10,185	(7,348)	(72.1%)
Total payable from restricted assets	4,096	2,870	1,226	42.7%	16,467	(8,165)	(49.6%)
TOTAL CURRENT LIABILITIES	17,377	32,825	(15,448)	(47.1%)	24,259	13,998	57.7%
LONG-TERM LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	-	27,695	(27,695)	(100.0%)	39,213	(11,518)	(29.4%)
Other liabilities	3,500	3,500	-	0.0%	3,500	-	0.0%
Total payable from unrestricted assets	3,500	31,195	(27,695)	(88.8%)	42,713	(11,518)	(27.0%)
Payable from restricted assets:							
Closure and post-closure care of landfills	-	7,367	(7,367)	(100.0%)	7,359	8	0.1%
Other liabilities	-	716	(716)	(100.0%)	824	(108)	(13.1%)
Total payable from restricted assets	-	8,083	(8,083)	(100.0%)	8,183	(100)	(1.2%)
TOTAL LONG-TERM LIABILITIES	3,500	39,278	(35,778)	(91.1%)	50,896	(11,618)	(22.8%)
TOTAL LIABILITIES	\$ 20,877	\$ 72,103	\$ (51,226)	(71.0%)	\$ 75,155	(3,052)	(4.1%)
Deferred inflows	2,592	2,105	487	23.1%	1,517	588	38.8%
TOTAL LIABILITIES AND DEFERRED INFLOWS	\$ 23,469	\$ 74,208	\$ (50,739)	(68.4%)	\$ 76,672	\$ (2,464)	(3.2%)

Statement of Revenues, Expenses and Changes in Net Position

The increase in net position shown on Table 1 was generated from the change in net position shown on Table 4, Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2014. Changes in net position represent the results of operations of the Authority (i.e. its net income). The increase in net position for fiscal year 2014 of \$3,518 represents a 142.6% increase from the prior year when the Authority's net position declined by \$8,253.

The increase in net position was achieved through a 2.9% increase in total operating revenue, coupled with a 5.4% decrease in total operating expenses, producing income before depreciation of \$17,280. Operating income (after depreciation) was \$1,179 in fiscal year 2014 which represents a \$8,511 (116.1%) increase from fiscal year 2013. The Authority's operating income of \$1,179 and its net non-operating revenue of \$2,339 combine to produce the \$3,518 increase in net position.

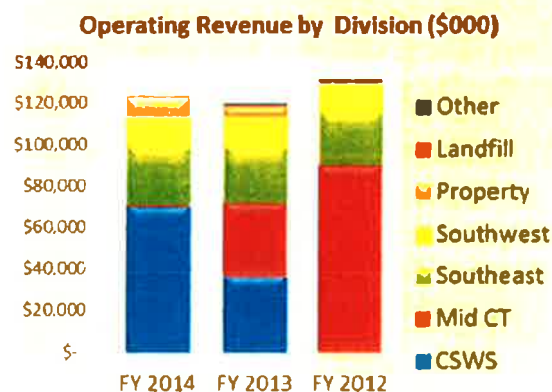
TABLE 4
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2014	2013	2012
Operating revenues	\$ 123,362	\$ 119,866	\$ 132,043
Operating expenses	106,082	112,113	127,799
Income (loss) before depreciation and amortization and other non-operating revenues and (expenses)	17,280	7,753	4,244
Depreciation and amortization	16,101	15,085	16,242
Income (loss) before other non-operating revenues and (expenses), net	1,179	(7,332)	(11,998)
Non-operating revenues (expenses), net	2,339	(921)	-
Change in net position	3,518	(8,253)	(11,998)
Total net position, beginning of year	168,248	176,501	188,499
Total net position, end of year	\$ 171,766	\$ 168,248	\$ 176,501

Revenues

Table 5 summarizes total operating and non-operating revenue.

Operating revenue increased by \$3,496 (2.9%) from fiscal year 2013 to fiscal year 2014. This increase is driven by a substantial \$14,190 (33.6%) increase in revenue from the sale of energy offset by reductions in member service charges, other service charges and other revenue. The increase in revenue from the sale of energy is largely attributed to energy produced by the Authority's CSWS and sold through ISO New England's wholesale energy markets. Abnormally cold temperatures in the winter of 2013 are credited with driving up wholesale energy prices. The average wholesale price received by CSWS during fiscal year 2014 was \$.0697 per kilowatt hour compared to \$.0358 per kilowatt hour in fiscal year 2013. While the wholesale price increased significantly, the energy produced declined by 3.2%. Energy produced by the Southeast Project remained under contract in fiscal year 2014, independent of the wholesale market, at an average rate of approximately \$.257 per kilowatt hour.



The reduction in member and other service charges is directly related to the Authority's transition from the Mid Connecticut Project to the CSWS as its primary operating facility. This transition is described further in Note 1.A. The Mid Connecticut Project closed in FY 2013 with

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the expiration of service agreements and retirement of debt. New service agreements were established with fees based on cost recovery formulas. Since the cost to operate the CSWS is lower than the cost to operate the Mid Connecticut Project, service fees and associated revenue declined in proportion to the lower cost base. Service fees generated through the Southeast Project and the Southwest Division remained relatively flat.

The reduction in other revenue is attributed to the acceptance of soil at the Hartford Landfill for disposal as part of the landfill's closure project. The Authority derived \$4,514 in revenue for this disposal service in FY 2013 which declined to \$1,071 in fiscal year 2014 as this aspect of the closure project was completed. Additional contributing factors are closure of the Authority's recycling operation in Stratford and reduced recycling volumes associated with the transition from the Mid Connecticut Project to the CSWS.

The increase in non-operating revenue is directly related the transfer of the Authority's landfill post closure care obligations and related reserves as detailed in Notes 4 and 11.

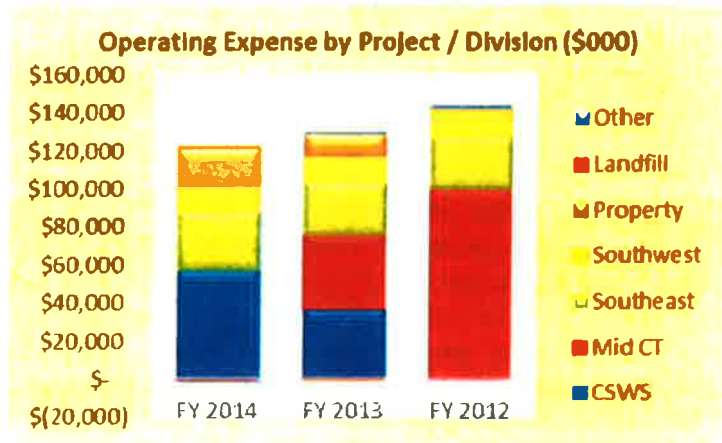
TABLE 5
SUMMARY OF OPERATING AND NON-OPERATING REVENUES
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2014	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)	2012	2013 Increase/ (Decrease) from 2012	2013 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	\$ 45,588	\$ 49,145	\$ (3,557)	(7.2%)	\$ 55,966	\$ (6,821)	(12.2%)
Other service charges	16,513	18,512	(1,999)	(10.8%)	20,860	(2,348)	(11.3%)
Energy sales	56,451	42,261	14,190	33.6%	46,547	(4,286)	(9.2%)
Other operating revenues	4,810	9,948	(5,138)	(51.6%)	8,670	1,278	14.7%
Total Operating Revenues	123,362	119,866	3,496	2.9%	132,043	(12,177)	(9.2%)
Non-Operating Revenues:							
Investment income	109	139	(30)	(21.6%)	192	(53)	(27.6%)
Gain on write-off of postclosure liabilities	4,751	-	4,751	100.0%	-	-	
Other income	190	67	123	183.6%	560	(493)	(88.0%)
Total Non-Operating Revenues	5,050	206	4,844	2351.5%	752	(546)	(72.6%)
Total Revenues	\$ 128,412	\$ 120,072	\$ 8,340	6.9%	\$ 132,795	\$ (12,723)	(9.6%)

Expenses

Table 6 summarizes total operating and non-operating expenses.

Operating expenses declined by \$6,031 (5.4%) from fiscal year 2013 to fiscal year 2014. Significant contributing factors to this reduction include reduced estimated liability for the closure of the Hartford Landfill, reversed accruals related to the resolution of contract operating charges associated with the Mid Connecticut Project and other savings associated with the transition from Mid Connecticut to CSWS.



The \$1,584 increase in non-operating expenses is related to settlement activity also with respect to the Mid Connecticut Project.

TABLE 6
SUMMARY OF OPERATING AND NON-OPERATING EXPENSES
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2014	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)	2012	2013 Increase/ (Decrease) from 2012	2013 Percent Increase/ (Decrease)
Operating Expenses:							
Solid waste operations	\$ 97,583	\$ 99,194	\$ (1,611)	(1.6%)	\$ 116,261	\$ (17,067)	(14.7%)
Maintenance and utilities	1,313	1,024	289	28.2%	900	124	13.8%
Landfill closure and post-closure	(3,392)	1,862	(5,254)	(282.2%)	415	1,447	348.7%
Legal services - external	3,012	1,209	1,803	149.1%	1,803	(594)	(32.9%)
Administrative and operational services	6,191	7,525	(1,334)	(17.7%)	7,019	506	7.2%
Distribution to:							
Member towns	-	810	(810)	100.0%	-	810	
SCRRRA	1,375	-	1,375	100.0%	1,401	(1,401)	0.0%
SWEROC	-	489	(489)	100.0%	-	489	0.0%
Total Operating Expenses	106,082	112,113	(6,031)	(5.4%)	127,799	(15,686)	(12.3%)
Depreciation and amortization	16,101	15,085	1,016	6.7%	16,242	(1,157)	(7.1%)
Non-Operating Expenses:							
Interest expense	-	87	(87)	(100.0%)	317	(230)	(72.6%)
Other expenses	2,711	1,040	1,671	160.7%	435	605	139.1%
Total Non-Operating Expenses	2,711	1,127	1,584	140.6%	752	375	49.9%
Total Expenses	\$ 124,894	\$ 128,325	(3,431)	(2.7%)	\$ 144,793	\$ (16,468)	(11.4%)

Budget versus Actual Performance

The Authority's total operating budget for FY 2014 was \$122,698 including operating revenue of \$117,906, interest of \$14, use of reserves totaling \$3,978 and inter-fund transfers of \$800.

The primary source of funding for the budget is the operating revenue generated by each project and division. Operating revenue provides 96% of total budget resources and includes solid waste delivery fees, energy sales, recycling sales and other revenue. Additional sources of funding include use of previously established reserve funds, and inter-fund transfers.

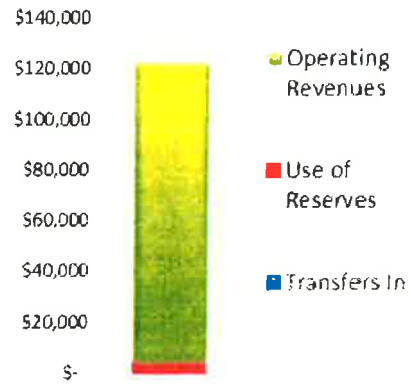
The operating budget provides balanced funding for the operating expense budgets of each project and division which total \$109,334, their reserve contributions which total \$8,704, their allocated share of the Authority's general administrative budget which totals \$3,860 and transfers out totaling \$800. Operating expenses represent 83% of the total budget and include solid waste operations, maintenance and utilities, closure and post closure care of landfills, legal services and project – specific administrative and operations services. Reserve contributions funded in the FY 2014 operating budget include set asides for the CSWS risk, legal and capital reserves, the Property Division capital and future development reserves, and severance reserves.

The Authority's budget provides for the administrative oversight of all projects and divisions including salaries and benefits, and non-personnel services.

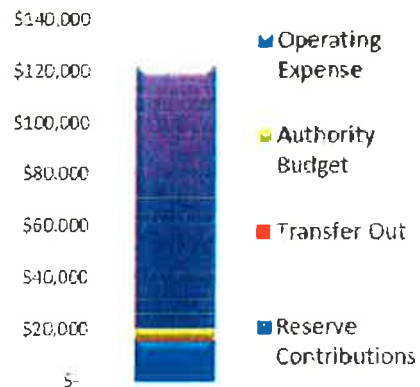
The CSWS consumes the largest portion of the total operating budget (\$65,392 or 53% including operating expenses and reserve contributions). The Southeast Project represents 24% of the total operating budget and the Southwest Project is 14%. Other divisions total 8% of the budget.

The budget structure for the waste to energy facilities (CSWS and Southeast) reflect the terms and conditions of applicable municipal service agreements and operating contracts that generally require fees for municipal waste disposal to be set at the level necessary to fund each

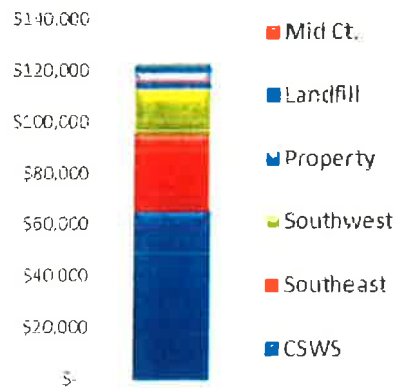
FY 2014 Budget Resources (\$000)



FY 2014 Budgeted Expenditures (\$000)



FY 2014 Project Budgets (\$000)



facility's net cost of operation. The net cost of operation represents the total operating budget less non disposal fee revenue where non disposal fee revenue primarily consists of the sale of electricity and use of the system by non-members.

The operating budget for the Southwest division funds the Authority's use of waste disposal capacity it preserved within the Bridgeport Waste to Energy facility upon expiration of the project's original development and operating contracts. The Authority contracts this capacity to municipal customers and passes through its fee disposal arrangement together with an administrative fee that supports the Authority's General Fund.

The operating budget for the Property Division is based on the estimated costs to operate the facilities assigned to the division. These costs are funded primarily through electric sales revenue from the Authority's jet turbine powered electric generating peaking units and facility lease income.

The operating budget for the Landfill Division is based primarily on long term estimates for the Authority to fulfill its landfill post closure care obligations established by federal and State laws and regulations. These costs have been pre-funded through prior project fees and set aside in reserve accounts and trust funds established for these purposes.

The budget for the Mid Connecticut Project reflects only a share of the Authority's general administrative budget. Additional spending from this division for project close out activities including settlements is approved on an as needed by the Board of Directors.

Table 7 summarizes the budget versus actual performance for each project and division. As indicated, all projects and divisions outperformed operating revenue budgets with the exception of the Southwest Division due to lower than anticipated waste processing. CSWS saw the benefit of increased wholesale electric prices due to an abnormally cold winter. The Property Division exceeded revenue budgets on the basis of reserve payments received through ISO New England for the peaking units. Mid Connecticut realized additional revenue through disposal of soils as part of the Hartford Landfill closure project. Total operating expenses were \$7,112 (6.5%) under budget in total with only the Southeast Project and Property Division exceeding initial budget estimates. Including all Net Non-Operating budget items, the Authority achieved a total budget surplus of \$8,824.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

Table 7
Materials Innovation and Recycling Authority
FY 2014 Budget versus Actual Performance (\$000)

Project / Division Budget	Total Operating Revenue	Project / Division Operating Expenses	Authority General Admin.	Total Operating Expenses	Income Before Depreciation	Non Operating (Net)*	Budget Balance
Authority General Fund	\$ -	\$ -	\$ 1	\$ 1	\$ (1)	\$ 1	\$ -
CSWS	\$ 64,582	\$ 56,170	\$ 2,136	\$ 58,306	\$ 6,276	\$ (6,276)	\$ -
Southeast Project	\$ 28,914	\$ 29,882	\$ 132	\$ 30,014	\$ (1,100)	\$ 1,100	\$ -
Southwest	\$ 17,688	\$ 17,111	\$ 577	\$ 17,688	\$ -	\$ -	\$ -
Property Division	\$ 6,722	\$ 3,950	\$ 354	\$ 4,304	\$ 2,418	\$ (2,418)	\$ -
Landfill Division	\$ -	\$ 2,221	\$ 396	\$ 2,617	\$ (2,617)	\$ 2,617	\$ -
Mid Ct. Project	\$ -	\$ -	\$ 264	\$ 264	\$ (264)	\$ 264	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 117,906	\$ 109,334	\$ 3,860	\$ 113,194	\$ 4,712	\$ (4,712)	\$ -

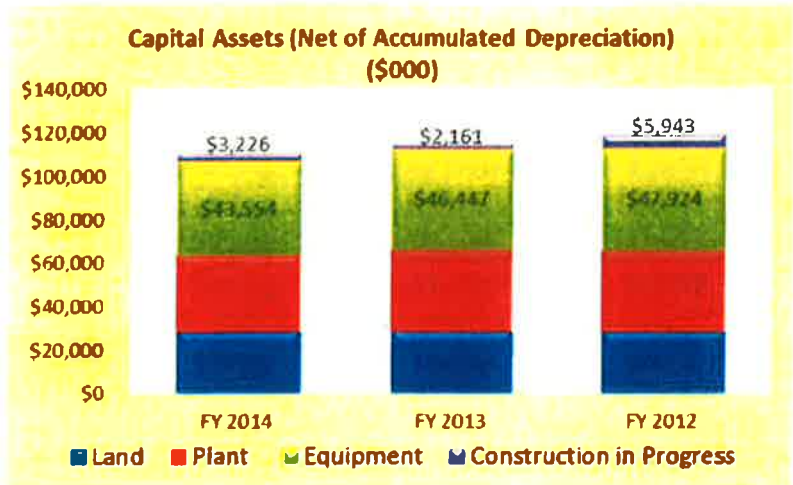
Project / Division Actual	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Budget	Income Before Depreciation	Non Operating (Net)*	Budget Balance
Authority General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CSWS	\$ 70,075	\$ 54,986	\$ 2,121	\$ 57,107	\$ 12,968	\$ (6,537)	\$ 6,431
Southeast Project	\$ 29,195	\$ 30,511	\$ 142	\$ 30,653	\$ (1,458)	\$ 1,039	\$ (419)
Southwest	\$ 13,389	\$ 12,907	\$ 572	\$ 13,479	\$ (90)	\$ -	\$ (90)
Property Division	\$ 9,677	\$ 4,449	\$ 588	\$ 5,037	\$ 4,640	\$ (4,768)	\$ (128)
Landfill Division	\$ 115	\$ 464	\$ 430	\$ 894	\$ (779)	\$ 1,477	\$ 698
Mid Ct. Project	\$ 1,096	\$ (967)	\$ 56	\$ (911)	\$ 2,007	\$ 333	\$ 2,340
Other	\$ (185)	\$ (177)	\$ -	\$ (177)	\$ (8)	\$ -	\$ (8)
Total	\$ 123,362	\$ 102,173	\$ 3,909	\$ 106,082	\$ 17,280	\$ (8,456)	\$ 8,824

Variance Over (Under) Budget	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Budget	Income Before Depreciation	Non Operating (Net)*	Budget Balance
Authority General Fund	\$ -	\$ -	\$ (1)	\$ (1)	\$ 1	\$ (1)	\$ -
CSWS	\$ 5,493	\$ (1,184)	\$ (15)	\$ (1,199)	\$ 6,692	\$ (261)	\$ 6,431
Southeast Project	\$ 281	\$ 629	\$ 10	\$ 639	\$ (358)	\$ (61)	\$ (419)
Southwest	\$ (4,299)	\$ (4,204)	\$ (5)	\$ (4,209)	\$ (90)	\$ -	\$ (90)
Property Division	\$ 2,955	\$ 499	\$ 234	\$ 733	\$ 2,222	\$ (2,350)	\$ (128)
Landfill Division	\$ 115	\$ (1,757)	\$ 34	\$ (1,723)	\$ 1,838	\$ (1,140)	\$ 698
Mid Ct. Project	\$ 1,096	\$ (967)	\$ (208)	\$ (1,175)	\$ 2,271	\$ 69	\$ 2,340
Other	\$ (185)	\$ (177)	\$ -	\$ (177)	\$ (8)	\$ -	\$ (8)
Total	\$ 5,456	\$ (7,161)	\$ 49	\$ (7,112)	\$ 12,568	\$ (3,744)	\$ 8,824

Operating revenue budget excludes interest income budgeted for the Authority General Fund, CSWS and Southeast Project. Non operating (Net) includes interest income, use of reserve funds and transfers in as additional budget resources, and transfers out, reserve contributions and landfill post closure liability adjustments as additional budgeted expenses

Capital Assets

The Authority's investment in capital assets (net of accumulated depreciation) as of June 30, 2014 totaled \$110,475. This represents a \$4,384 (3.8%) reduction from net capital assets as of June 30, 2013 which totaled \$114,859. The Authority's investment in capital assets includes land, plant, equipment and construction in progress.



The Authority owns land used for waste management and related purposes in Bridgeport, Ellington, Hartford, Essex, Stratford, Shelton, Torrington, Waterbury and Watertown. Its plants primarily include the waste to energy facility in Hartford, four transfer stations and two recycling facilities. Equipment includes vehicles and machinery used in the Authority's waste processing and recycling operations. Construction in Progress represents ongoing work for plant and equipment improvements or additions not yet in service. As of June 30, 2014 this primarily consisted of boiler and bag house improvements in the CSWS trash to energy facility.

The reduction in net capital assets is due to the recognition of depreciation and the sale and disposal of assets for fiscal year 2014 partially offset by additions to plant, equipment and construction in progress during fiscal 2014. These changes to capital assets are described more fully in Note 3.

Long-Term Debt Issuance, Administration and Credit Ratings

As detailed in the table on the following page, as of the fiscal year ended June 30, 2014, the Southeast Project had \$54,795 of total outstanding debt that is not carried on the Authority's books. This includes the Authority's Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series 2010A) supported by a Special Capital Reserve Fund (SCRF) with the State, and three series of Corporate Credit Revenue Bonds. The SCRF is a contingent liability of the State available to replenish any debt service reserve fund draws on bonds that have the SCRF designation. The funds used to replenish a debt service reserve draw are provided by the State's General Fund and are deemed appropriated by the Connecticut legislature. See Note 1A for additional information on the structure of the Southeast Project.

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2014

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	X= SCRF-Backed ¹	Date d	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)
SOUTHEAST PROJECT								
2010 Series A - Project Refunding ² CORPORATE CREDIT REVENUE BONDS	Aa3	AA	X	12/02/10	11/15/15	27,750	11,295	-
1992 Series A - Corporate Credit	Ba1	NR	--	09/01/92	11/15/22	30,000	30,000	-
2001 Series A - Covanta Southeastern Connecticut Company-I	Ba1	NR	--	11/15/01	11/15/15	6,750	6,750	-
2001 Series A - Covanta Southeastern Connecticut Company-II	Ba1	NR	--	11/15/01	11/15/15	6,750	6,750	-

TOTAL PRINCIPAL BONDS OUTSTANDING

54,795

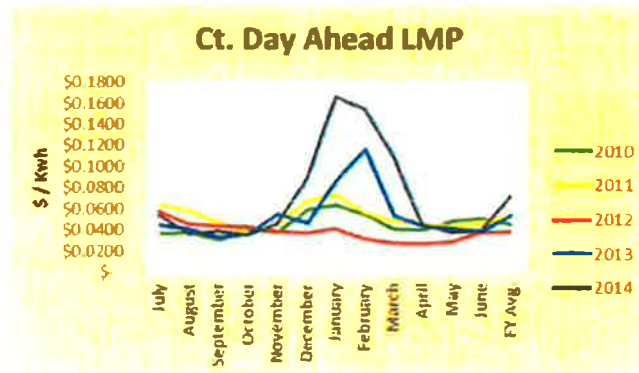
¹ SCRF = Special Capital Reserve Fund of the State of Connecticut.

² The 2010 Series A Bonds refunded the 1998 Series A Bonds originally issued in the amount of \$87,650,000 on August 18, 1998.

NR = Not Rated

Economic Factors and Outlook

The most significant economic factors with the potential to adversely affect the Authority are the CSWS business model's reliance on wholesale energy revenue to keep solid waste disposal fees below the levels that trigger customer contract termination provisions, the limited options available to the Authority through other divisions to relieve this pressure on tip fees when energy revenues are low, and an anticipated redevelopment of the CSWS in the context of this model.



The Connecticut Solid Waste System – The business model for CSWS provides that participating town waste disposal fees (“tip fees”) are to be set at the level necessary to fund the net cost of operation of the CSWS. The net cost of operation is the total operating budget less non-disposal fee revenue where non-disposal fee revenue primarily consists of the sale of electricity generated from the CSWS waste to energy facility and use of the CSWS by non-members. Consequently, price volatility in the wholesale energy market directly impacts the tip fees charged to member towns. Some of the Authority’s member town contracts include tip fee caps above which the towns may terminate the contract (“opt out tip fee”). In the last five fiscal years, average wholesale electric prices ranged from a high of \$0.0703 per Kwh to a low of \$0.0375 per Kwh. Based on the current FY 2015 business model, this is sufficient to reduce tip fees to a low of \$47 per ton (27% below the long term contract opt out), or to increase tip fees to a high of \$80 per ton (24% above the long term contract opt out). To address this matter, management has established a “Tip Fee Stabilization Fund” which may be drawn upon to support the CSWS net cost of operation when wholesale energy prices are low, thereby avoiding the opt out price, and which is to be reimbursed as wholesale energy prices rebound. The Tip Fee Stabilization Fund was established within the Authority’s Property Division with income

from the Authority's peaking units as the primary source of funding. The value of the Tip Fee Stabilization Fund at June 30, 2014 was \$2.4 million. Property Division Income will continue to flow to this fund in FY 2015 to an authorized level of \$7.0 million which management considers sufficient. Management is also preparing bid and contract documents for power purchase agreements with third parties for the potential direct purchase of a portion of the CSWS electric generation as a hedge against volatile wholesale energy prices. Additional cost control measures have been implemented to manage the budget model within the confines of the opt out price.

The Authority's Property Division – The primary source of revenue to the Property Division is participation in the wholesale energy markets of the Authority's peaking units. The majority of revenue from the peaking units is derived specifically from ISO New England's Forward Capacity Reserve and Real Time Reserve markets. In these reserve markets, wholesale energy providers are compensated to have electric generation capacity available, not to produce and export energy to the grid. The Authority's peaking units are infrequently called to produce energy because they are older and less economically efficient to operate than other power plants in New England. This inefficiency triggers certain federal and State air quality and emissions regulations requiring issuance of a "Trading Order" that permits the peaking units to run for a limited number of hours subject to the Authority's acquisition of "Discrete Emission Reduction Credits" (DERCs). While the Authority's existing Trading Order extends through May 31, 2017, the Capacity Supply Obligations it has incurred to ISO New England will soon extend through May 31, 2019. To address this matter, management has commenced a study to determine the feasibility of retrofitting the peaking units to meet air quality standards and eliminate the need for the Trading Order. Management has also begun assembling the data, analysis and reports necessary to "delist" the peaking units from the pool of electric generating resources available to ISO New England and avoid further extending the Authority's Capacity Supply Obligations if the retrofit is not feasible. Additional efforts are being undertaken to assess the feasibility of extending the Trading Order as a stop gap measure. The Authority may also enter ISO New England's Reconfiguration Auctions where Capacity Supply Obligations are transferred among wholesale energy producers, or may enter direct agreements to transfer such obligation(s) as necessary. These efforts will determine the sustainability of electric generating revenue to the Authority's Property Division and therefore its ability to sustain the Tip Fee Stabilization Fund during extended periods of depressed wholesale energy prices.

The Authority's Landfill Division – In FY 2014, under State mandate, the Authority transferred its landfill post closure care obligations with respect to five landfills to the State's Department of Energy and Environmental Protection (DEEP) and \$31 million (approximately 92%) of its landfill post closure care reserves to the State. The transfer of these obligations and reserves did not otherwise affect the Authority's ownership and/or leasehold interest in the landfills or reduce the Authority's landfill liability. See Notes 4 and 11 for additional information concerning these transfers. To address this matter, management has secured a pollution legal liability insurance policy including coverage for the five landfills for a term of thirty-eight months commencing August 1, 2014. The policy provides coverage of \$40 million per occurrence and \$40 million aggregate over the policy term with a \$250,000 deductible. The Authority estimates that its retained landfill post closure reserves are adequate to fund such coverage for at least the next ten years at existing premiums. When these reserves are expended, payment obligations for insurance and related expenses including premiums, deductibles and

claims outside of policy coverage will need to transfer from the Landfill Division to the CSWS or Property Division. The timing of such transfer is dependent on the timely closure of the Hartford landfill and assumption of those obligations by DEEP, the future cost of insurance coverage and any required payment of deductibles or claims.

Redeveloping CSWS

In FY 2014, the State passed Public Act 14-94 (the "Act") forming the Authority and designating it as successor to the Connecticut Resources Recovery Authority (CRRA). One of the core objectives of the Act is to set a process in motion, with specific roles and deadlines for the Authority, DEEP and the private sector that will bring about the redevelopment of the CSWS. The major milestones of this initiative are summarized below.

- By January 1, 2016 DEEP, in consultation with the Authority, is to issue a Request for Proposals to redevelop the CSWS.
- By January 1, 2017 not more than three short-listed respondents selected by DEEP are to conduct and complete any required feasibility studies with the Authority's cooperation. DEEP is required to hold a public hearing concerning the feasibility studies but the deadline is not specified in the legislation.
- By July 1, 2017 the short-listed respondents are to submit final proposals to DEEP.
- By September 15, 2017 DEEP is to submit a report on the nature and status of CSWS redevelopment proposals to the State legislature.
- By October 30, 2017 the State legislature may hold a public hearing concerning DEEP's status report.
- By December 31, 2017 DEEP may select one final proposal and direct the Authority to enter into an agreement with the applicable respondent for the redevelopment of the CSWS.

While the nature, cost and funding mechanisms for this redevelopment are not yet determined, the underlying legislation did include proposal selection criteria sensitive to these matters. The Act requires DEEP to consider the level of investment proposed and whether the proposal is in the best interest of the municipalities under contract with the Authority, including maintenance or reduction of tip fees. The Act further provides that the selection of a final proposal by DEEP, in consultation with the Authority, is not to be construed as a legislative mandate that otherwise would increase the "opt out tip fee" established in certain municipal contracts.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, 100 Constitution Plaza – 6th Floor, Hartford, CT 06103.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENT OF NET POSITION
AS OF JUNE 30, 2014 AND JUNE 30, 2013
(Dollars in Thousands)

EXHIBIT I
Page 1 of 2

ASSETS	2014	2013 Restated
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 58,827	\$ 87,559
Accounts receivable, net of allowances	14,058	17,073
Inventory	6,069	6,544
Prepaid expenses	2,328	355
Total Unrestricted Assets	81,282	111,531
Restricted Assets:		
Cash and cash equivalents	2,694	6,705
Total Restricted Assets	2,694	6,705
TOTAL CURRENT ASSETS	83,976	118,236
NON-CURRENT ASSETS		
Restricted Investments	-	8,184
Capital Assets:		
Depreciable, net	79,068	84,517
Nondepreciable	31,407	30,342
Development costs, net	784	1,177
TOTAL NON-CURRENT ASSETS	111,259	124,220
TOTAL ASSETS	\$ 195,235	\$ 242,456

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2014 AND JUNE 30, 2013
(Dollars in Thousands)

EXHIBIT I
Page 2 of 2

	2014	2013 Restated
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION		
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Closure and post-closure care of landfills	43	14,214
Accounts payable	4,740	4,311
Accrued expenses and other current liabilities	8,498	11,430
Total payable from unrestricted assets	13,281	29,955
Payable from restricted assets:		
Accounts payable	-	33
Accrued expenses and other current liabilities	4,096	2,837
Total payable from restricted assets	4,096	2,870
TOTAL CURRENT LIABILITIES	17,377	32,825
LONG-TERM LIABILITIES		
Payable from unrestricted assets:		
Post-closure care of landfills	-	27,695
Other liabilities	3,500	3,500
Total payable from unrestricted assets	3,500	31,195
Payable from restricted assets:		
Post-closure care of landfills	-	7,367
Other liabilities	-	716
Total payable from restricted assets	-	8,083
TOTAL LONG-TERM LIABILITIES	3,500	39,278
TOTAL LIABILITIES	20,877	72,103
DEFERRED INFLOW OF RESOURCES		
Deferred Inflows	2,592	2,105
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	23,469	74,208
NET POSITION		
Invested in capital assets, net of related debt	110,476	114,859
Restricted for:		
Covanta Wallingford escrow	500	500
Other restricted net position	48	225
City of Hartford Recycling education fund	-	143
Energy generating facility	-	1,646
Montville landfill post-closure	-	1,026
DEEP trust - landfills	-	817
Shelton landfill future use	-	701
Total Restricted	548	5,058
Unrestricted	60,742	48,331
TOTAL NET POSITION	171,766	168,248
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 195,235	\$ 242,456

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
(Dollars in Thousands)

EXHIBIT II

	<u>2014</u>	<u>2013</u> Restated
Operating Revenues		
Service charges:		
Members	\$ 45,588	\$ 49,145
Others	16,513	18,512
Energy sales	56,451	42,261
Other operating revenues	4,810	9,948
Total Operating Revenues	<u>123,362</u>	<u>119,866</u>
Operating Expenses		
Solid waste operations	97,583	99,194
Maintenance and utilities	1,313	1,024
Closure and post-closure care of landfills	(3,392)	1,862
Legal services - external	3,012	1,209
Administrative and Operational services	6,191	7,525
Distribution to SCRRA	1,375	-
Distribution to member towns	-	810
Distribution to SWEROC	-	489
Total Operating Expenses	<u>106,082</u>	<u>112,113</u>
Operating Income (Loss) before depreciation and amortization	17,280	7,753
Depreciation and amortization	16,101	15,085
Operating Income (Loss)	1,179	(7,332)
Non-Operating Revenues (Expenses)		
Investment income	109	139
Gain on transfer of post closure liabilities	4,751	-
Other income (expenses), net	(2,521)	(973)
Interest expense	-	(87)
Non-Operating Expenses, Net	<u>2,339</u>	<u>(921)</u>
Change in Net Position	3,518	(8,253)
Total Net Position, beginning of period	<u>168,248</u>	<u>176,501</u>
Total Net Position, end of period	<u>\$ 171,766</u>	<u>\$ 168,248</u>

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
(Dollars in Thousands)

EXHIBIT III

	2014	2013
Cash Flows Provided (Used) by Operating Activities		
Payments received from providing services	\$ 126,561	\$ 117,354
Payments to suppliers	(103,074)	(104,018)
Payments to employees	(4,106)	(2,841)
Distribution to member towns	-	(810)
Distribution to SWEROC	-	(489)
Distribution to SCRRA	(1,375)	-
Net Cash Provided by Operating Activities	18,006	9,196
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Proceeds from sales of equipment	595	49
Payments for landfill closure and post-closure care liabilities	(14,200)	(1,786)
Cash transfer to State for post-closure liabilities	(31,000)	-
Acquisition and construction of capital assets	(11,786)	(8,287)
Interest paid on long-term debt	-	(113)
Principal paid on long-term debt	-	(4,135)
Net Cash Used by Capital and Related Financing Activities	(56,391)	(14,272)
Cash Flows Used by Non-Capital Financing Activities		
Other interest and fees	(2,651)	(11)
Net Cash Used by Non-Capital Financing Activities	(2,651)	(11)
Cash Flows Provided (Used) by Investing Activities		
Proceeds from Investments	8,184	-
Interest on investments	109	145
Net Cash Provided (Used) by Investing Activities	8,293	145
Net decrease in cash and cash equivalents	(32,743)	(4,942)
Cash and cash equivalents, beginning of year	94,264	99,206
Cash and cash equivalents, end of year	\$ 61,521	\$ 94,264
Reconciliation of Operating income (loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 1,179	\$ (10,248)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation of capital assets	15,709	14,685
Amortization of development and bond issuance costs	392	400
Provision for closure and post-closure care of landfills	-	1,862
Other income (expenses)	-	18
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	3,014	(3,064)
Inventory	475	(174)
Prepaid expenses and other current assets	(1,973)	4,095
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(790)	1,622
Net Cash Provided by Operating Activities	\$ 18,006	\$ 9,196

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Materials Innovation and Recycling Authority (the "Authority") was created by the State of Connecticut (the "State") under Public Act 14-94 (the "Act"). The Authority constitutes a successor authority to the Connecticut Resources Recovery Authority (CRRA) which was created in 1973 under Chapter 446e of the State Statutes. The Authority is a public instrumentality and political subdivision of the State and is included as a component unit in the State's Comprehensive Annual Financial Report.

The Authority became CRRA's successor effective June 6, 2014 when it assumed control over all of CRRA's assets, rights, duties and obligations and continued CRRA's ongoing business. The Act and related statutes outlined below specified the transfer of responsibilities from CRRA to the Authority in a manner that assured continuity.

- The Authority's designation as CRRA's successor did not represent a grant of new authority by the State. The Authority replaced CRRA and CRRA no longer exists;
- Any effective orders or regulations of CRRA remain effective under the governance of the Authority;
- To the extent that CRRA was a party to any action or proceeding (civil or criminal), the Authority was substituted for CRRA in that action or proceeding;
- Any contract, right of action or matter undertaken or commenced by CRRA is now being undertaken and completed by the Authority;

- The officers and employees of CRRA have been transferred to the Authority; and
- All property of CRRA has been delivered to the Authority.

Considering the nature and scope of the Authority's designation as CRRA's successor, the Authority's financial statements reflect all operating and non-operating revenues and expenses for the period ending June 30, 2014, and all assets, liabilities and the net position of the Authority as of June 30, 2014, including all financial activities of CRRA during this period.

The Authority is authorized to have a board consisting of eleven directors and eight ad-hoc members. The Governor appoints three directors and all eight ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. All appointments require the advice and consent of both houses of the General Assembly. The Act made no changes to the composition of, or appointments to, the Authority's current Board of Directors.

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State is contingently liable to restore deficiencies in debt service reserves established for certain Authority bonds. The Authority has no taxing power.

Under the Act, the Authority's purpose continues to be the planning, design, construction, financing, management, ownership, operation and maintenance of solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State's Solid Waste Management Plan. The Authority continues to provide solid waste management services to municipalities, regions and persons within the state by receiving solid wastes at Authority facilities, recovering

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

resources from such solid wastes, and generating revenues from such services sufficient for the Authority to operate on a self-sustaining basis.

The Act established a new consultative partnership between the Authority and the State's Department of Energy and Environmental Protection (DEEP) specifically for redevelopment of the Authority's Connecticut Solid Waste System (CSWS) described below, and generally for the development of new waste management industries, technologies and commercial enterprises on property owned by the Authority. The Act charged DEEP with revising the State's solid waste management plan and undertaking these consultative efforts consistent with the revised plan. The Act also transferred responsibility for statewide recycling education to a newly created "Recycle CT Foundation". The Authority continues to provide educational facilities and services to its customers as of June 30, 2014.

CRRA's original core mission was to develop a network of resource recovery and related facilities within the State to move the State away from the process of landfilling its municipal solid waste. Facilities were constructed in Hartford, Preston, Bridgeport and Wallingford, Connecticut, which have historically been known as the Mid Connecticut, Southeast, Bridgeport and Wallingford projects respectively. CRRA secured financing, facility developer, operator and customer contracts, and administered these projects throughout their various stages over the last four decades. While the initial underlying contracts for the Southeast Project remain in effect, those for Mid Connecticut, Bridgeport and Wallingford have expired resulting in a distribution and/or reformation of project assets which formed the foundation for CRRA's core project / division and financial structure at the time of assumption by the Authority. The Authority continues to recognize CRRA's project / division and financial structure outlined below.

Mid Connecticut Project - CRRA retained title to the resource recovery facility in Hartford (South Meadows), all support facilities and land when the initial underlying project contracts expired. No property transferred to the facility operator. CRRA assigned these assets to its Property Division and put them into service in the form of the *Connecticut Solid Waste System (CSWS)*. Assets in service to the CSWS include the resource recovery facility, four transfer stations and a major recycling facility. The CSWS presently provides solid waste disposal services to 51 municipalities in the State and is the primary operating division of the Authority. All operating revenues and expenses of the CSWS, other than depreciation and amortization of assets, are assigned to the CSWS division. Mid Connecticut Project assets not in service to the CSWS include the Education and Trash Museum and certain jet turbine powered electric generating peaking units. All revenues and expenses associated with the assets not in service to CSWS are assigned to the Property Division. The Mid Connecticut Project remains active administratively for project close out activity including closure of the Hartford landfill and funds distribution.

Southeast Project

The initial underlying structure of this project remains in place. CRRA issued its Resource Recovery Revenue Bonds, and subsequently Refunding Bonds, (the "Bonds"), to finance construction of this resource recovery facility located in Preston and the supporting Special Capital Reserve Fund held by the State Treasurer. CRRA owned the facility and leased it to a private operator. The private operator runs the facility pursuant to a Service Agreement with CRRA, under which the CRRA is obligated to meet certain solid waste delivery requirements. To meet these requirements, the Southeastern Connecticut Regional Resource Recovery Authority (SCRRA) was established and SCRRA entered into agreements with its twelve member municipalities requiring them to deliver waste to SCRRA for disposal at the facility. Under a Bridge and Management Agreement between CRRA and SCRRA, the Authority causes the facility to be operated and

maintained and SCRRA causes its members to deliver waste. Based on this structure, CRRA's Balance Sheet has not included the Capital Assets comprising the facility as they will revert to operator ownership upon expiration of the underlying documents. Likewise, the Balance Sheet does not reflect the Current or Long Term Liabilities associated with these Capital Assets (debt service on the Bonds) which is secured solely by the pledge of revenue derived from the facility. CRRA's responsibility, among other things, has been to manage the flow of funds under the Bond Indenture. Accordingly, the Statement of Revenues, Expenses and Changes in Net Position includes revenues and funds distributed by the Authority pursuant to the Indenture. The Authority has assumed CRRA's interests and obligations under the Bonds, lease, Service Agreement, Bridge and Management Agreement and reports this activity consistent with the structure noted above.

Bridgeport Project – CRRA retained title to the land and a major recycling facility located in Stratford upon expiration of initial project underlying contracts. It transferred title to the resource recovery facility to the operator, but retained rights to a portion of the facility's waste processing capacity through June 30, 2014. CRRA leased the land to the operator and used its retained facility capacity to serve the waste processing needs of twelve towns in the Southwest area of the State. The processing of waste through this retained facility capacity is reflected in CRRA's "*Southwest Division*" which was formed for this purpose but ceased operations on June 30, 2014. Revenue from the facility lease was assigned to the Property Division. The Authority has assumed CRRA's interests and obligations in these assets and reports this activity consistent with the structure noted above.

Wallingford Project – Title to the resource recovery facility and underlying land was transferred to the operator. While no fixed assets were retained by CRRA, the Authority has assumed CRRA's interests and obligations with respect to certain ongoing project close out and asset transfer activities.

Property Division – All Capital Assets retained by CRRA upon expiration of the Mid Connecticut and Bridgeport projects other than those associated with landfills are assigned to this division. The division derives net income primarily from the lease of property and sale of jet turbine electric generating capacity in various ISO New England energy markets. The Authority has assumed CRRA's interests and obligations in the Property Division and reports this activity consistent with the structure noted above.

Landfill Division – As of June 6, 2014 the Authority assumed CRRA's ownership interests in three closed landfills in the State, and certain adjoining properties, assigned to the Landfill Division. Certain plant and equipment installations associated with these landfills, and the leased Hartford landfill, are also assigned to this division. The Authority has also assumed CRRA's interests and obligations pursuant to State statute and agreement with DEEP concerning the transfer of CRRA's landfill post closure care obligations to DEEP and the transfer of funds reserved for post close care activities to the State. See Note 4 for additional information.

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

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

The Authority is considered to be an Enterprise Fund. The Authority's activities are accounted for using a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues, and expenses.

Enterprise funds are established to account for operations that are financed and operated in a

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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.

The Authority's financial statements are prepared using an economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Interest on revenue bonds, used to finance the construction of certain asset, is capitalized during the construction period, net of interest earned on the investment of unexpended bond proceeds.

The Authority distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the disposal of solid waste. The principal operating revenues of the Authority are charges to customers for user services and sales of electricity. Operating expenses include the cost of solid waste operations, maintenance and utilities, closure and post-closure care of landfills, administrative expenses, distribution to member towns and/or other, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Estimates

The preparation of financial statements in conformity with GAAP 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 balance sheets and the reported amounts of revenues and expenses during the reporting period. Such estimates are subsequently revised as deemed necessary when additional information becomes available. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

All unrestricted and restricted highly liquid investments with maturities of three months or

less when purchased are considered to be cash equivalents.

E. Accounts Receivable, Net

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral from non-municipalities. The Authority has established an allowance for the estimated portion that is not expected to be collected of \$254,000 at June 30, 2014 and \$632,000 at June 30, 2013.

F. Inventory

The Authority's spare parts inventory is stated at the lower of cost or market using the weighted-average cost method. The Authority's fuel inventory is stated at the lower of cost or market using the FIFO method. Inventories at June 30, 2014 and 2013 are summarized as follows:

Inventories	Fiscal Year	
	2014 (000)	2013 (\$000)
Spare Parts	\$ 4,687	\$ 5,323
Fuel	1,382	1,221
Total	\$ 6,069	\$ 6,544

G. 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.

H. Restricted Positions

Under provisions of various bond indentures and certain other agreements, restricted assets are used for debt service, special capital reserve

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funds and other debt service reserve funds, development, construction and operating costs.

I. Development Costs

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning and permitting. When the project begins commercial operation, the development costs are amortized using the straight-line method over the estimated life of the project.

Development costs for fiscal 2014 and 2013 are presented in the following table:

Southeast Development Costs	Fiscal Year	
	2014 (\$000)	2013 (\$000)
Development Costs	\$ 10,006	10,006
Less accumulated amortization	9,222	8,829
Total development costs, net	\$ 784	\$ 1,177

A summary of future amortization for development is as follows:

Fiscal year ending June 30,	Southeast (\$000)
2015	392
2016	392
Total	\$ 784

J. Capital Assets

Capital assets with a useful life in excess of one year are capitalized at historical cost. Depreciation of exhaustible capital 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 capital assets are as follows:

Capital Assets	Years
Resources Recovery Buildings	30
Other Buildings	20
Resources Recovery Equipment	30
Gas and Steam Turbines	10-20
Recycling Equipment	10
Rolling Stock and Automobiles	5
Office and Other Equipment	3-5
Roadways	20

The Authority's capitalization threshold for property, plant, and equipment and for office furniture and equipment is \$5,000 and \$1,000, respectively. Improvements, renewals, and significant repairs that extend the useful life of a capital asset are capitalized; other repairs and maintenance costs are expensed as incurred. When capital assets are retired or otherwise disposed of, the related asset and accumulated depreciation is written off and any related gains or losses are recorded.

The Authority reviews its long-lived assets used in operations for impairment when there is an event or change in circumstances that indicates impairment in value. The Authority records impairment losses and reduces the carrying value of properties when indicators of impairment are present and the expected undiscounted cash flows related to those properties are less than their carrying amounts. In cases where the Authority does not expect to recover its carrying costs on properties held for use, the Authority reduces its carrying cost to fair value, and for properties held for sale, the Authority reduces its carrying value to the fair value less costs to sell. During the fiscal years ended June 30, 2014 and 2013, no impairment losses were recognized. Management does not believe that the value of its properties is impaired as of June 30, 2014.

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K. Compensated Absences

The Authority's liability for vested accumulated unpaid vacation and personal amounts is included in accrued expenses and other current

liabilities in the accompanying balance sheet. Compensated absences for fiscal 2013 and 2014 are presented in the following table:

Compensated Absences	Balance at July 1, 2014		Balance at June 30, 2013		Balance at June 30, 2014	
	Increases	Decreases	Increases	Decreases	Increases	Decreases
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Accrued vacation and personal time	\$ 172	\$ 111	\$ 288	\$ 328	\$ 11	\$ 28
Total	\$ 172	\$ 111	\$ 288	\$ 328	\$ 11	\$ 28

L. Net Position

The Authority's net position is stated in the three components including invested in capital assets, restricted net position and unrestricted net position.

Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restrictions of net position are limited to outside third party restrictions and represent the net position that has been legally identified for specific purposes. Restricted net position totaled \$548,000 and \$5.0 million as of June 30, 2014 and 2013, respectively.

As of June 30, 2014 and 2013, the Authority has no net position that is restricted by enabling legislation.

Unrestricted net position may be divided into designated and undesignated portions. Designated net position represent the Authority's self-imposed limitations on the use of otherwise unrestricted net position. Unrestricted net position has been designated by the Board of Directors of the Authority for various purposes. Such designations totaled \$25.7 million and \$22.3 million as of June 30, 2014 and 2013, respectively. Unrestricted net position at June 30, 2014 and 2013 are summarized as follows:

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Unrestricted Net Position	2014 (S000)	2013 (S000)
Undesignated	\$ 35,007	\$ 26,019
Designated:		
Capital Expenditures	-	3,130
Debt service stabilization	175	-
Enron litigation expense	394	438
Future loss contingencies	6,663	8,647
General	4,534	-
Improvements	5,343	-
Landfill development	296	296
Legal	508	-
Litigation reserve	790	3,135
Non-GASB #18 post-closure	1,783	4,115
Post-project closure	144	179
Project-closure	1,633	433
Recycling	190	189
Severances	874	-
Tip fee stabilization	2,408	-
Transition costs	-	1,750
	<u>25,735</u>	<u>22,312</u>
Total Unrestricted Net Position	<u>\$ 60,742</u>	<u>\$ 48,331</u>

M. New Accounting Pronouncements

Effective June 1, 2013, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65). As a result of adopting GASB 65, the Authority now presents resources that do not meet the availability criterion as deferred inflows of resources.

Effective June 1, 2013, the Authority adopted the provisions of GASB Statement No. 66, *Technical Corrections* (GASB No. 66). This statement establishes clarifications on two recently issued statements, statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement resolves conflicting guidance created as a result of the issuance of these two statements.

The Authority fully adopted GASB statements No.65 and 66 as of July 1,2013 and there was no significant impact to the financial statements.

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2014 and 2013:

Cash and Cash Equivalents	2014 (S000)	2013 (S000)
Unrestricted:		
Cash deposits	\$ 8,935	\$ 3,342
Cash equivalents:		
STIF *	<u>49,892</u>	<u>84,217</u>
	<u>58,827</u>	<u>87,559</u>
Restricted – current:		
Cash deposits	1,788	630
Cash equivalents:		
STIF *	584	6,075
Money Market Funds	<u>322</u>	<u>-</u>
	<u>2,694</u>	<u>6,705</u>
Restricted – non-current:		
Cash equivalents:		
U.S. Treasuries	<u>-</u>	<u>8,184</u>
	<u>-</u>	<u>8,184</u>
Total	<u>\$ 61,521</u>	<u>\$102,448</u>

* STIF - Short-Term Investment Fund of the State of Connecticut

A. Cash Deposits – Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Authority's investment policy does not have a deposit policy for custodial credit risk.

As of June 30, 2014 and 2013, approximately \$9.9 million and \$2.2 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

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Custodial Credit Risks	2014	2013
	(S000)	(S000)
Uninsured and Uncollateralized	\$ 8,495	\$ 1,888
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	1,427	350
Total	\$ 9,922	\$2,238

All of the Authority's deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

Investments in the Short-Term Investment Fund ("STIF"), U.S. Treasuries, and Money Market Funds as of June 30, 2014 and 2013 are included in cash and cash equivalents in the accompanying balance sheet. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the investment disclosures that follow.

B. Investments

Interest Rate Risk

As of June 30, 2014, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (S000)	Investment Maturities (In Years)		
		Less than 1	1 to 5	More than 10
STIF	\$ 50,476	\$ 50,476	\$ -	\$ -
Total	\$ 50,476	\$ 50,476	\$ -	\$ -

As of June 30, 2013, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (S000)	Investment Maturities (In Years)		
		Less than 1	1 to 5	More than 10
STIF	\$ 90,292	\$ 90,292	\$ -	\$ -
U.S. Treasuries	8,184	8,184	-	-
Total	\$ 98,476	\$ 98,476	\$ -	\$ -

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly, and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares. As of June 30, 2014 and 2013, STIF had a weighted average maturity of 40 days and 45 days; respectively. The U.S. Treasury Securities are U.S. Treasury Bills that had 90-day maturities as of June 30, 2013. The Money Market Funds invest exclusively in short-term U.S. Treasury obligations and repurchase agreements secured by U.S. Treasury obligations. This fund complies with Securities and Exchange Commission regulations regarding money market fund maturities, which requires that the weighted average maturity be 90 days or less. As of June 30, 2014, the weighted average maturity of this fund was 40 days.

The Authority's investment policy does not limit investment maturities as a means of

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managing its exposure to fair value losses arising from increasing interest rates. The Authority is limited to investment maturities as required by specific bond resolutions or as needed for immediate use or disbursement. Those funds not included in the foregoing may be invested in longer-term securities as authorized in the Authority's investment policy. The primary objectives of the Authority's investment policy are the preservation of principal and the maintenance of liquidity.

Credit Risk

The Authority's investment policy delineates the investment of funds in securities as authorized and defined within the bond resolutions governing the Southeast Projects for those funds established under the bond resolution and held in trust by the Authority's trustee. For all other funds, Connecticut state statutes permit the Authority to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service.

As of June 30, 2014, the Authority's investments, other than U.S. Treasuries, were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$ 50,476	AAA,m	Not Rated	Not Rated
Money Market Funds	\$ 322	AAA,m	Aaa-mf	AAAmnf

As of June 30, 2013, the Authority's investments, other than U.S. Treasuries, were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$ 90,292	AAA,m	Not Rated	Not Rated

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority's investment policy does not include provisions for custodial credit risk, as the Authority does not invest in securities that are held by counterparties. In accordance with GASB Statement No. 40, none of the Authority's investments require custodial credit risk disclosures. The STIF is not subject to regulatory oversight nor is it registered with the Securities and Exchange Commission as an investment company.

Concentration of Credit Risk

The Authority's investment policy places no limit on the amount of investment in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for Authority needs. As of June 30, 2014 and 2013, approximately 100% and 91.7%, respectively, of the Authority's investments are in the STIF, which is rated in the highest rating category by Standard & Poor's and provides daily liquidity, thereby satisfying the primary objectives of the Authority's investment policy.

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3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2013 and 2014.

	Balance at June 30, 2012 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2013 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2014 (\$000)
Depreciable assets:									
Plant	\$ 192,180	\$ 13	\$ 7,937	\$ (1,565)	\$ 195,566	-	\$ (1,212)	\$ (1,662)	\$ 193,115
Equipment	228,321	3,413	5,608	(891)	234,741	137	6,556	(1,631)	240,179
Total at cost	<u>420,501</u>	<u>3,425</u>	<u>11,545</u>	<u>(2,456)</u>	<u>430,307</u>	<u>137</u>	<u>10,577</u>	<u>(3,293)</u>	<u>433,224</u>
Less accumulated depreciation for:									
Plant	(151,842)	10,323	125	3,545	(137,496)	(6,460)	-	1,325	(162,631)
Equipment	(180,597)	18,486	-	789	(163,294)	(9,249)	\$ -	\$ 918	(176,625)
Total accumulated depreciation	<u>(332,439)</u>	<u>11,309</u>	<u>125</u>	<u>4,334</u>	<u>(345,790)</u>	<u>(15,709)</u>	<u>-</u>	<u>2,243</u>	<u>(339,256)</u>
Total depreciable assets, net	<u>\$ 88,062</u>	<u>\$ (11,384)</u>	<u>\$ 11,670</u>	<u>\$ (1,030)</u>	<u>\$ 84,517</u>	<u>\$ (15,572)</u>	<u>\$ 10,577</u>	<u>\$ (1,049)</u>	<u>\$ 93,968</u>
Nondepreciable assets:									
Land	\$ 28,100	\$ -	\$ -	\$ -	\$ 28,101	\$ -	\$ -	\$ -	\$ 28,101
Construction-in-progress	3,943	8,265	(12,047)	-	2,161	11,649	(10,583)	-	3,226
Total nondepreciable assets	<u>\$ 32,043</u>	<u>\$ 8,265</u>	<u>\$ (12,047)</u>	<u>\$ -</u>	<u>\$ 30,262</u>	<u>\$ 11,649</u>	<u>\$ (10,583)</u>	<u>\$ -</u>	<u>\$ 31,327</u>
Total depreciable and nondepreciable assets	<u>\$ 120,105</u>	<u>\$ (3,119)</u>	<u>\$ (377)</u>	<u>\$ (1,030)</u>	<u>\$ 114,779</u>	<u>\$ (3,923)</u>	<u>\$ (6)</u>	<u>\$ (1,049)</u>	<u>\$ 125,295</u>

Interest is capitalized on assets acquired with 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 on invested debt proceeds over the same period. During fiscal years 2014 and 2013, there was no capitalized interest as there was no new external borrowing.

4. LONG-TERM LIABILITIES FOR CLOSURE AND POST-CLOSURE CARE OF LANDFILLS

Federal, State and local regulations require the Authority to place final cover on its landfills when it stops accepting waste (including ash) and to perform certain maintenance and monitoring functions for periods that may extend to thirty years after closure.

GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Post-Closure Care Costs," applies to closure and post-closure care costs that are paid near or after the date a landfill stops accepting waste. In accordance with GASB Statement No. 18, the Authority estimates its liability for these closure and post-closure care costs and records any increases or decreases to the liability as an operating expense. For landfills presently open, such estimate is based on landfill capacity used as of the balance sheet date. The liability for these costs is reduced when the costs are actually paid, which is generally after the landfill is closed. Actual costs may be higher due to inflation or changes in permitted capacity, technology or regulation. At June 30, 2013, all five of the landfills had no capacity available since 100% of their capacity had been used.

The Connecticut Department of Energy and Environmental Protection ("DEEP") requires that certain financial assurance mechanisms be maintained by the Authority to ensure payment of closure and post-closure costs related to certain landfills. Additionally, DEEP requires that the Authority include closure costs for the Hartford Landfill in its applicable fiscal year budget.

The Authority has placed funds in reserve accounts for the Hartford, Ellington, Waterbury, and Wallingford Landfills for financial assurance purposes. These reserve accounts are reflected as cash and equivalents in the accompanying balance sheet as of June 30, 2013.

In addition, the Authority established Post-Closure Trust Funds as financial assurance mechanisms for the Shelton Landfill and the Wallingford Landfill. These trust funds are reflected as restricted investments in the accompanying balance sheet as of June 30, 2013.

During FY 2014, pursuant to applicable State statute as described further under Note 11, the Authority transferred its post closure care obligations for all of its landfills to DEEP and concurrently transferred \$31 million of the landfill reserve accounts and trust funds described above to the State's General Fund. The Authority's closure obligation for the Hartford landfill was not transferred. Accordingly, the accompanying balance sheet as of June 30, 2014 no longer recognizes liabilities associated with the post closure care of the Authority's landfills but continues to recognize the Hartford Landfill closure obligation. The nature and status of these statutes and their implementation are described fully under Note 11. Their effect on Authority's FY 2014 Financial Statements are as follows:

- \$7.5 million in funds held in trust by US Bank as financial assurance mechanisms for the Shelton Landfill and the Wallingford Landfill, and reflected as restricted investments as of June 30, 2013, have been liquidated and used by the Authority to satisfy its transfer obligation to the State's General Fund;
- \$23.5 million in funds held in reserve accounts for the Hartford, Ellington, Waterbury, and Wallingford Landfills, and reflected as cash and equivalents as of June 30, 2013, have been liquidated and used by the Authority to satisfy its transfer obligation to the State;

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- Landfill trust funds and reserve accounts not used to satisfy the Authority's transfer obligation to the State are no longer restricted and are being used to advance fund ongoing landfill work that is being reimbursed by DEEP during a transition period, to fund maintenance activity at the Hartford landfill pending completion of the Closure Certification Report and assumption of post closure obligations by DEEP, and to pay necessary ongoing insurance coverage;

- \$35.8 million in long term liabilities of the Authority for the post closure care of its landfills as of the effective date of transfer to DEEP have been removed from the Authority's Financial Statements;

- \$4.8 million in non-operating revenue has been recognized in the Authority's Landfill Division. This non-operating revenue reflects the difference between funds transferred by the Authority and the GASB 18 liabilities assumed by the State;

- An inter-fund loan from the Authority's Hartford Landfill Post Closure Reserve to the Authority's Connecticut Solid Waste System (CSWS), representing start up working capital for CSWS, has been written off the Authority's Financial Statements as there is no ongoing need for this post closure reserve. This \$7.9 million transaction is now reflected as a contribution

from the Landfill Division to CSWS rather than a CSWS liability due to other funds as presented in the Authority's Financial Statements as of June 30, 2013.

There were no capital assets transferred pursuant to these statutes.

The closure and post-closure care liabilities including the amounts paid and accrued for fiscal 2013 and 2014 for the landfills, are presented in the following table:

Landfill	Liability at June 30, 2012			Liability at June 30, 2013			Transfers (\$000)	Liability at June 30, 2014	Amounts Due Within One Year
	2012 (\$000)	Expense (\$000)	Paid (\$000)	2013 (\$000)	Expense (\$000)	Paid (\$000)		2014 (\$000)	(\$000)
Ellington	\$ 3,614	\$ (164)	\$ (150)	\$ 3,300	\$ -	\$ (187)	\$ (3,113)	\$ -	\$ -
Hartford	28,618	3,195	(1,205)	30,608	(3,392)	(9,392)	(17,781)	43	43
Shelton	10,906	(528)	(251)	10,128	-	(350)	(9,778)	-	-
Wallingford	5,111	(660)	(153)	4,298	-	(137)	(4,161)	-	-
Waterbury	951	19	(27)	942	-	(25)	(917)	-	-
Total	\$ 49,200	\$ 1,862	\$ (1,786)	\$ 49,276	\$ (3,392)	\$ (10,091)	\$ (35,750)	\$ 43	\$ 43

During the year ended June 30, 2014, the Authority revised its estimates for closure expenses to be incurred at the Hartford landfill. Previously accrued closure costs were reduced by approximately \$3.4 million.

5. MAJOR CUSTOMERS

Energy sales to ISO New England through our lead market participant Nextera Energy Power Marketing and Northeast Utilities totaled 29% and 16.80%; respectively, of the Authority's operating revenues for the fiscal year ended June 30, 2014. Energy sales to Northeast Utilities and Constellation totaled 16.31% and 12.19%; respectively, of the Authority's operating revenues for the fiscal year ended June 30, 2013.

Service charge revenues from All Waste, Inc. totaled 6.28% and 7.00% of the Authority's operating revenues for fiscal years ended June 30, 2014 and 2013; respectively.

6. RETIREMENT BENEFIT PLAN

The Authority is the Administrator of its 401(k) Employee Savings Plan. This defined contribution retirement plan covers all eligible employees.

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions are five percent of payroll plus a dollar for dollar match of employees' contributions up to five percent of employee wages. Authority contributions for the years ended June 30, 2014 and 2013 amounted to \$392,000 and \$410,000, respectively. Employees contributed \$390,000 to the plan in fiscal year 2014 and \$406,000 in fiscal year 2013. A separate report is not available to non-participants.

In addition, the Authority is a participating employer in the State of Connecticut's defined contribution 457(b) Plan, which allows Authority employees to participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457. All amounts of

compensation deferred under the 457(b) plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan; rather, fiduciary responsibility rests with the State Comptroller's office.

The Authority has no post-employment benefit plans as of June 30, 2014 and 2013.

7. RISK MANAGEMENT

The Authority is exposed to various risks of loss. The Authority endeavors to purchase commercial insurance for all insurable risks of loss that can be done so at reasonable expense. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years. The overall limit applies on a blanket basis, per occurrence, for property damage to all scheduled locations and provides coverage for business interruption and extra expense for the South Meadows facilities. The South Meadows waste-to-energy facility is the Authority's highest valued single facility.

The Authority is a member of the Connecticut Interlocal Risk Management Agency's ("CIRMA") 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 guaranteed cost program. The premium for each of the policy periods from July 1, 2014 through July 1, 2015 and July 1, 2013 through July 1, 2014 was \$66,000 and \$63,000, respectively.

8. COMMITMENTS

The Authority has various operating leases for office space and office equipment, which totaled \$294,000 and \$352,000 for fiscal years 2014 and 2013, respectively.

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The Authority also has agreements with various municipalities for payments in lieu of taxes (“PILOT”) for personal and real property. For the years ended June 30, 2014 and 2013, the PILOT payments, which are included in the solid waste operations in the accompanying statements of revenues, expenses and changes in net position, totaled \$ 3,304,000 and \$3,708,000, respectively. The City of Hartford PILOT agreement for the CSWS was effective as of November 27, 2013. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2014 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2015	396	2,544
2016	207	1,088
2017	17	1,133
2018	15	35
2019	15	35
Thereafter	120	280
Total	\$ 770	\$ 5,115

The Authority has executed contracts with the operators/contractors of the resources recovery facilities, regional recycling centers, transfer stations, and landfills containing 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.

The approximate amount of contract operating charges, including transition costs incurred in connection with a new Operations and Management Agreements effective in 2012 (“O & M Agreements”) to operate the South Meadows waste energy facility, included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2014 and 2013 was as follows:

Project	2014 (\$000)	2013 (\$000)
Connecticut Solid Waste System	\$ 46,208	\$ 30,439
Mid-Connecticut	(793)	19,703
Southeast	20,349	21,190
SouthWest	12,907	12,894
Property	1,054	883
Landfill	750	543
Recycling	-	576
Wallingford	-	-
Total	\$ 80,475	\$ 86,228

There are no construction contracts executed during fiscal year 2014.

9. OTHER FINANCING

The Authority served as a conduit issuer for several bonds pursuant to bond resolutions to fund the construction of waste processing facilities built and operated by independent contractors. The only bonds that remain outstanding relate to the Authority’s Southeast project. The revenue bonds were issued by the Authority to lower the cost of borrowing for the contractor/operator of the projects. The Authority was not involved in the construction activities, and construction requisitions by the contractor were made from various trustee accounts. See note 1A for additional information on the structure of Southeast project.

The Authority is not obligated for the repayment of debt on these issues other than the revenues of Southeast project. In the event of default, and except in cases where the State has a contingent liability, the payment of debt is not guaranteed by the Authority or the State. Therefore, the Authority does not record the assets and liabilities related to these bond issues on its financial statements. The principal amounts of these bond issues outstanding at June 30, 2014 are as follows:

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Project	Amount (\$(00))
<hr/>	
Southeast -	
1992 Series A - Corp. Credit	\$ 30,000
2001 Series A - Covanta Southeastern Connecticut Company - I	6,750
2001 Series A - Covanta Southeastern Connecticut Company - II	6,750
2010 Series A - Project Refunding	<u>11,295</u>
 Total	 <u>\$ 54,795</u>

11. STATE PUBLIC ACTS

During FY 2014, The Authority implemented certain actions mandated by the State of Connecticut in its Public Act 13-247 and Section 99 of Public Act 13-184. These acts required the Authority to transfer all legally required obligations resulting from the closure of the Authority's landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to the State's Department of Energy and Environmental Protection (DEEP), and to transfer up to \$35 million of the Authority's resources to the State, to be credited to the resources of the State's General Fund, for the fiscal year ending June, 30, 2014. The Authority's closure obligations for the Hartford Landfill were not transferred.

The transfer of legal obligations resulting from the closure of landfills was addressed by a Memorandum of Understanding ("MOU") between the Authority and DEEP. The MOU became effective April 24, 2014 at which point in time DEEP began reimbursing the Authority for all post closure care and maintenance work at all landfills other than Hartford and the parties began a transition process to assign vendor contracts for the performance of landfill post closure care work to DEEP and to assign federal and state licenses, permits and orders ("Authorizations") related to the landfills to DEEP. As of June 30, 2014, the Authority continues to perform landfill post closure work

at these four landfills subject to reimbursement by DEEP pending assignment of vendor contracts, and by August 7, 2014 all solid waste Authorizations concerning the landfills had been transferred to DEEP. As of June 30, 2014 the Hartford landfill has not been certified as closed and the Authority has not entered the post-closure care period for this landfill. DEEP will assume the obligation to reimburse the Authority for all post-closure care work for Hartford as of the date the Authority completes its landfill closure work and submits its Closure Certification Report to DEEP. The transition of any vendor contracts and Authorizations concerning the Hartford landfill will begin as of the date DEEP certifies the Hartford landfill as closed. While the Authority is no longer responsible for the post-closure care of its landfills, the Public Act and related MOU did not result in the transfer of any real property or infrastructure constituting Capital Assets of the Authority's Landfill Division.

The transfer of up to \$35 million of the Authority's resources to the State as required by Public Act 13-184 was addressed by resolution of the Authority's Board of Directors. The Authority received written confirmation from the State that the transfer of \$31 million will fully satisfy the requirements of Public Act 13-184 and the Board directed the transfer of \$31 million in stages based on the occurrence of certain relevant milestones that included i) execution of the MOU, ii) issuance of a purchase order providing for reimbursement of the Authority's ongoing work during the transition period, iii) transfer of certain Authorizations, iv) termination of certain trust agreements, and v) action required by certain local government policy boards. As of June 30, 2014, all of these milestones have been achieved and the Authority has transferred \$31 million to the State.

The implementation of Public Acts 13-247 and 13-184 is reflected on the Authority's Financial Statements as of June 30, 2014 as a liquidation of \$31 million in trust and reserve funds previously held as financial assurance for post closure care obligations, a write off of long term liabilities associated with such post closure care

obligations, and recognition of non-operating revenue representing the difference between such funds and liabilities. See Note 4 for additional information.

12. CONTINGENCIES

Mid-Connecticut Project

On October 7, 2009, The Metropolitan District Commission ("MDC") initiated an arbitration proceeding against the Authority seeking a declaratory judgment that the Authority is responsible for certain post-employment benefits and other costs that MDC may incur following the expiration of its contract for the operation of a portion of the Mid-Connecticut Project on December 31, 2011. The MDC did not specify the amount of its monetary claim in its demand for a declaratory judgment in arbitration; however, the MDC subsequently asserted an amended demand for arbitration based on similar underlying legal arguments and asserting a claim for unspecified damages. On February 26, 2013, MDC also filed an application for a prejudgment remedy (the "PJR Application"), asserting that an attachment or garnishment of \$47 million, or more, is necessary to secure a remedy for its claims. MDC's application acknowledged, however, that it had only actually expended \$2.1 million of its alleged \$47 million claimed obligation. On April 1, 2013, the Authority filed a motion to dismiss MDC's PJR Application, which was granted on October 1, 2013. On October 22, 2013, MDC filed a new application for a prejudgment remedy, seeking an attachment of CRRA's assets to secure an alleged \$52 million obligation. The Authority filed a motion to dismiss the application on November 8, 2013; the court has not yet ruled on the motion. The parties are currently engaged in arbitration hearings on the question of liability only; testimony is anticipated to conclude in October 2014. If there is a determination of liability, additional discovery and arbitration hearings will be required. On February 7, 2012, the Authority sent letters to all Mid-Connecticut Project municipalities advising them that, in the event that the Authority is ultimately determined to be responsible for any portion of MDC's

claimed costs, each municipality will be responsible for their pro rata share of such costs.

The Authority has valid defenses and is vigorously defending against the MDC demands. At this time, the outcome of this arbitration is uncertain.

In March 2013, Tremont Public Advisors filed a complaint against the Authority in Connecticut Superior Court, claiming that the Authority illegally awarded a contract for Municipal Government Liaison Services and violated Connecticut's Antitrust Act, and seeking injunctions, damages, interest, and attorneys' fees and costs. The Authority denies the allegations and has asserted several defenses. On January 21, 2014, the Authority filed a motion to dismiss the complaint, which is pending. Limited discovery is ongoing.

CSWS

The Municipal Solid Waste Management Agreement ("MSA") between the Authority and the City of Waterbury expired on June 30, 2013. On July 30, 2013, the City underpaid the Authority's invoice for June waste disposal services, indicating that it disputed the remainder of the invoice. On May 30, 2014, the Authority filed a Demand for Arbitration, alleging breach of contract, and claiming \$240,468.41 in damages, together with late payment charges and costs of collection. The parties have agreed to attempt to mediate the dispute on September 16, 2014.

Bridgeport Project

In the early 1990's, the Authority was named as a Potentially Responsible Party in the now-combined federal and State of New Jersey suits to recover the costs of remediation of the landfill known as Combe Fill South. The Authority's liability was substantially resolved in the spring of 2009 as a result of a mediated global settlement. However, one of the settling parties is pursuing a contribution action against certain non-settling entities. The Authority continues to monitor remaining case activities to the extent they may implicate the Authority.

Other Issues; Subsequent Claims; Resolved Matters; Unasserted Claims and Assessments

The MDC has included in several monthly invoices to the Authority a claim for reimbursement of certain MDC legal and consulting fees. The Authority has disputed these charges on the grounds that they are not related to the MDC's obligation to operate, maintain, and repair the WPF during the term of the Authority-MDC Agreement.

In January 2006, the Authority's pollution liability insurance carrier, American International Specialty Lines Insurance Company ("AISLIC") settled with numerous commercial and residential neighbors of the Hartford Landfill who had filed suit against the Authority in 2001, claiming that the Authority negligently maintained and operated its Hartford Landfill and that the Hartford Landfill constituted a public nuisance. On May 4, 2006, AISLIC initiated a declaratory judgment action in federal district court seeking a declaration that AISLIC is not obligated to indemnify the Authority in connection with the settled lawsuit and that AISLIC should be awarded the amount it spent on defense and indemnification of the Authority. This matter was settled in November 2013.

On March 31, 2009, the Authority submitted a timely water discharge renewal application seeking the re-issuance of the Authority's National Pollutant Discharge Elimination System ("NPDES") Permit to the Connecticut Department of Environmental Protection, now known as the Connecticut Department of Energy and Environmental Protection ("DEEP"). Review of the Authority's permit renewal application by DEEP is ongoing, including whether the current location, design, construction and capacity of the cooling water intake structures at the Authority's South Meadows Facility represents best technology available ("BTA") for minimizing adverse environmental impact and, if not, what additional operational and/or technological measures reflecting BTA will need to be implemented at the Facility.

The Authority is also named in two injury complaints related to operation and maintenance of the waste to energy facility in South Meadows. The Authority has demanded indemnification from these complaints pursuant to the terms of the Agreement between the Authority and NAES Corporation providing for the operation and maintenance of this facility.

The Authority is subject to numerous federal, state and local environmental and other laws and regulations and management believes it is in substantial compliance with all such governmental laws and regulations.

13. RESTATEMENT

During 2013, the Authority exercised its right to terminate an operations and maintenance service agreement for its recycling center. Pursuant to the agreement, the Authority paid the operator approximately \$2.9 million for unrecovered investment costs and took ownership of equipment utilized by the contractor to operate the recycling center.

The Authority initially accrued for, and expensed, the contract termination payment during the year ended June 30, 2013. During 2014, the Authority determined that the contract termination payment was for equipment to be used in the recycling center and not a contract cost. Accordingly, the Authority has restated its financial statements for June 30, 2013 for the correction of the error as follows:

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	As Previously Reported	Adjustment	As Restated
Balance Sheet			
Depreciable capital assets, net	\$ 81,601	\$ 2,916	\$ 84,517
Net Position			
Invested in capital assets, net of related debt	\$ 111,943	\$ 2,916	\$ 114,859
Total net position	\$ 165,332	\$ 2,916	\$ 168,248
Statement of Revenues, Expenses and Changes in Net Position			
Solid waste operations	\$ 102,110	\$ (2,916)	\$ 99,194
Total operating expenses	\$ 130,114	\$ (2,916)	\$ 127,198
Operating loss	\$ (10,248)	\$ 2,916	\$ (7,332)
Change in net position	\$ (11,169)	\$ 2,916	\$ (8,253)

**14. NEW ACCOUNTING
PRONOUNCEMENTS ISSUED AND
NOT YET ADOPTED**

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this statement.

The scope of this statement also addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers

through pension plans that are administered through trusts that have certain characteristics as defined in the statement. It establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about pensions also are addressed. This statement is effective for periods beginning after June 15, 2014, with early implementation encouraged.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations, including mergers and acquisitions. This statement requires disclosures to be made that will enable financial statement users to evaluate the nature and financial effect of those transactions. This statement is effective for periods beginning after December 15, 2013, with earlier application encouraged.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This statement will require a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data indicate that it is more likely than not that the government will be required to make a payment on the guarantee. An obligation guaranteed in a nonexchange transaction will need to be reported until it is legally released as an obligor. This statement is effective for periods beginning after June 15, 2013, with earlier application encouraged.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB Statement No. 68.

This statement addresses an issue regarding the application of the transition provisions of statement No. 68, *Accounting and Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of the statement are to be adopted simultaneously with statement No. 68.

Management has not estimated the extent of the potential impact of these statements on the Authority's financial statements.

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION
AS OF JUNE 30, 2014
(Dollars in Thousands)

	Connecticut										Total	
	General Fund	Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations			
ASSETS												
CURRENT ASSETS												
Unrestricted Assets:												
Cash and cash equivalents	\$ 1,536	\$ 16,486	\$ 23,683	\$ 2,633	\$ 217	\$ 11,494	\$ 2,149	\$ 629	\$ -	\$ 58,827		
Accounts receivable, net of allowances	-	4,559	34	7,580	1,168	681	36	-	-	14,058		
Inventory	-	4,204	-	-	-	1,865	-	-	-	6,069		
Prepaid expenses	-	2,272	-	-	-	56	-	-	-	2,328		
Due from other funds	1,179	440	208	-	-	538	-	-	(2,365)	-		
Total Unrestricted Assets	2,715	27,961	23,925	10,213	1,385	14,634	2,185	629	(2,365)	81,282		
Restricted Assets:												
Cash and cash equivalents	-	124	70	1,938	-	548	-	14	-	2,694		
Total Restricted Assets	-	124	70	1,938	-	548	-	14	-	2,694		
TOTAL CURRENT ASSETS	2,715	28,085	23,995	12,151	1,385	15,182	2,185	643	(2,365)	83,976		
NON-CURRENT ASSETS												
Capital Assets:												
Depreciable:												
Plant	864	-	-	-	-	171,928	25,353	-	-	198,145		
Equipment	1,204	-	3,507	-	-	233,165	2,303	-	-	240,179		
	2,068	-	3,507	-	-	405,093	27,656	-	-	438,324		
Less: Accumulated depreciation	(2,048)	-	-	-	-	(329,552)	(27,656)	-	-	(359,256)		
Total Depreciable, net	20	-	3,507	-	-	75,541	-	-	-	79,068		
Nondepreciable:												
Land	-	-	-	-	-	12,072	16,109	-	-	28,181		
Construction in progress	-	-	-	-	-	3,226	-	-	-	3,226		
Total Nondepreciable	-	-	-	-	-	15,298	16,109	-	-	31,407		
Development costs, net	-	-	-	784	-	-	-	-	-	784		
TOTAL NON-CURRENT ASSETS	20	-	3,507	784	-	90,839	16,109	-	-	111,259		
TOTAL ASSETS	\$ 2,735	\$ 28,085	\$ 27,502	\$ 12,935	\$ 1,385	\$ 106,021	\$ 18,294	\$ 643	\$ (2,365)	\$ 195,235		

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2014
(Dollars in Thousands)

	Connecticut										Total
	General Fund	Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total	
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION											
CURRENT LIABILITIES											
Payable from unrestricted assets:											
Closure and post-closure care of landfills	\$ 57	1,912	43	698	1,141	35	119	7	-	43	
Accounts payable	694	3,347	3,933	48	89	213	174	-	-	4,740	
Accrued expenses and other current liabilities	424	1,405	117	28	-	192	140	59	(2,365)	8,498	
Due to other funds	1,175	6,664	4,864	774	1,230	440	433	66	(2,365)	13,281	
Payable from restricted assets:											
Accrued expenses and other current liabilities	-	124	70	3,888	-	-	-	14	-	4,096	
Total payable from restricted assets	-	124	70	3,888	-	-	-	14	-	4,096	
TOTAL CURRENT LIABILITIES	<u>1,175</u>	<u>6,788</u>	<u>4,934</u>	<u>4,662</u>	<u>1,230</u>	<u>440</u>	<u>433</u>	<u>80</u>	<u>(2,365)</u>	<u>17,377</u>	
LONG-TERM LIABILITIES											
Payable from unrestricted assets:											
Other liabilities	-	-	3,500	-	-	-	-	-	-	3,500	
Total payable from unrestricted assets	-	-	3,500	-	-	-	-	-	-	3,500	
TOTAL LONG-TERM LIABILITIES	<u>-</u>	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,500</u>	
TOTAL LIABILITIES	<u>1,175</u>	<u>6,788</u>	<u>8,434</u>	<u>4,662</u>	<u>1,230</u>	<u>440</u>	<u>433</u>	<u>80</u>	<u>(2,365)</u>	<u>20,877</u>	
Deferred Inflows	-	2,167	425	-	-	-	-	-	-	2,592	
TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES	<u>1,175</u>	<u>8,955</u>	<u>8,859</u>	<u>4,662</u>	<u>1,230</u>	<u>440</u>	<u>433</u>	<u>80</u>	<u>(2,365)</u>	<u>23,469</u>	

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2014
(Dollars in Thousands)

	General Fund	Connecticut Solid Waste System				SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
		Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division						
NET POSITION	21	3,507	-	-	90,839	16,109	-	-	-	110,476	
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-	
Restricted for:											
Operating surplus fund	-	-	-	-	-	-	-	-	-	-	
Covanta Wallingford escrow	-	-	-	-	500	-	-	-	-	500	
Other restricted net position	-	-	-	-	48	-	-	-	-	48	
Total Restricted	-	-	-	-	548	-	-	-	-	548	
Unrestricted	1,539	19,130	15,136	8,273	14,194	1,752	563	-	-	60,742	
TOTAL NET POSITION	1,560	19,130	18,643	8,273	105,581	17,861	563	-	-	171,766	
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	\$ 2,735	\$ 28,085	\$ 27,502	\$ 12,935	\$ 106,921	\$ 18,294	\$ 643	\$ (2,365)	\$	\$ 195,235	

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF JUNE 30, 2014
(Dollars in Thousands)

	General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southwest Project	SouthWest Division	Waste Management Division	Recycling Division	Unaudited	Total
Operating Revenues									
Service charges:									
Members	\$	23,012	\$	8,402	\$	13,389	\$	185	\$
Others		16,579	119						45,588
Energy sales		26,806	20,674					(185)	16,513
Other operating revenues		3,076	1,096						56,451
Total Operating Revenues		70,075	1,096	29,195	13,389	13,389	185	(185)	4,810
Operating Expenses									
Solid waste operations		52,261	47	28,970	12,907				97,583
Maintenance and utilities		690	6						1,313
Closure and post-closure care of landfills			(3,392)						(3,392)
Legal services - external		179		103					3,012
Administrative and Operational services		3,977	66	205	572				6,191
Distribution to SCRRA				1,375					1,375
Total Operating Expenses		57,107	(911)	30,653	13,479	13,479	5,037	(874)	106,082
Operating Income (Loss) before Depreciation and Amortization		12,968	2,007	(1,458)	(990)	(990)	4,640	(779)	17,280
Depreciation and amortization				392			15,592		16,101
Operating Income (Loss)	(117)	12,968	2,007	(1,850)	(990)	(990)	(10,952)	(779)	1,179
Non-Operating Revenues (Expenses)									
Investment income		39	38				14		109
Gain on transfer of post-closure liabilities							4,751		4,751
Settlement costs									
Other income (expenses)	(2)		(2,250)	44			(309)	(4)	(2,521)
Non-Operating Revenues (Expenses), net	(2)	39	(2,212)	44			(295)	(4)	2,339
Income (Loss) before Transfers	(119)	12,987	(205)	(1,802)	(990)	(990)	(11,247)	4,002	3,518
Contribution of initial working capital		7,881						(7,881)	
Transfers in (out)	874	(7,461)					6,585		
Change in Net Position	755	13,407	(203)	(1,802)	(990)	(990)	(4,662)	(8)	3,518
Total Net Position, beginning of period		805	5,723	18,846	10,075	245	110,243	21,741	166,248
Total Net Position, end of period	\$	1,560	\$	18,643	\$	8,273	\$	105,581	\$
									\$
									171,766

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014
(Dollars in Thousands)

	Connecticut										Total
	General Fund	Solid Waste System	Mid-Connecticut Project	Southeastern Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations		
Cash Flows Provided (Used) by Operating Activities											
Payments received from providing services	\$ 22	\$ 71,411	\$ 2,049	\$ 29,494	\$ 13,470	\$ 9,913	\$ 79	\$ 123	\$	\$	\$ 126,561
Payments received from other funds	6	171				(525)	7,881	67	(7,600)		
Payments to suppliers and employees	118	(56,803)	(3,233)	(27,800)	(13,471)	(5,212)	(689)	(90)			(107,180)
Payments to other funds	41	(7,548)	(8)	22		(532)	1	54	7,600		
Distribution to SCRRA				(1,375)							(1,375)
Net Cash Provided (Used) by Operating Activities	557	2,231	(1,192)	341	(1)	3,644	7,272	154			18,006
Cash Flows Used by Capital and Related Financing Activities											
Proceeds from sales of equipment						595					595
Payments for landfill closure and post-closure eme liabilities			(11,876)	(716)			(1,608)				(14,200)
Cash Transfer to State for post-closure liabilities			(3,507)			(8,279)	(31,000)				(31,000)
Acquisition and construction of capital assets											(11,786)
Interest paid on long-term debt											
Principal paid on long-term debt											
Net Cash Used by Capital and Related Financing Activities			(15,383)	(716)		(7,684)	(32,608)				(56,391)
Cash Provided (Used) by Non-Capital Financing Activities											
Other interest and fees	(2)		(2,250)	45		(443)	(4)				(2,651)
Cash inflow / (outflow)	874	420	2			6,585	17,881				
Net Cash Provided (Used) by Non-Capital Financing Activities	872	420	(2,248)	45		6,142	(7,885)				(2,651)
Cash Flows Provided by Investing Activities											
Proceeds from investments							8,184				8,184
Interest on investments		19	38	4		14	34				109
Net Cash Provided by Investing Activities		19	38	4		14	8,218				8,293
Net decrease in cash and cash equivalents	\$ 1,429	\$ 7,670	\$ (18,785)	\$ (326)	\$ (1)	\$ 2,116	\$ (25,003)	\$ 157	\$	\$	\$ (32,743)
Cash and cash equivalents, beginning of year	107	8,940	42,538	4,897	218	9,926	27,152	486			94,264
Cash and cash equivalents, end of year	\$ 1,536	\$ 16,610	\$ 23,753	\$ 4,571	\$ 217	\$ 12,042	\$ 2,149	\$ 643	\$	\$	\$ 61,521

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2014
(Dollars in Thousands)

EXHIBIT C
Page 2 of 2

	General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Operating (loss) income	\$ (117)	\$ 12,968	\$ 2,007	\$ (1,450)	\$ (90)	\$ (10,952)	\$ (779)	\$ (8)	\$ -	\$ 1,179
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:										
Depreciation of capital assets	117	-	-	392	-	15,592	-	-	-	15,709
Amortization of development and bond issuance costs	-	-	-	-	-	-	-	-	-	392
Provision for closure and post-closure care of landfills	-	-	-	-	-	-	-	-	-	-
Other income (expenses)	-	-	-	-	-	-	-	-	-	-
Changes in assets and liabilities, net of transfers:										
(Increase) decrease in:										
Accounts receivable, net	22	1,336	953	299	81	236	(36)	123	-	3,014
Inventory	-	621	-	-	-	(146)	-	-	-	475
Prepaid expenses and other current assets	-	(1,917)	-	-	-	(56)	-	-	-	(1,973)
Due from other funds	0	171	-	-	-	(525)	7,881	67	-	7,600
Increase (decrease) in:										
Accounts payable, accrued expenses and other liabilities:	118	1,600	(4,144)	1,478	8	27	205	(82)	-	(790)
Due to other funds	411	(7,548)	(8)	22	-	(532)	1	54	-	(7,600)
Net Cash Provided by Operating Activities	\$ 557	\$ 7,231	\$ (1,192)	\$ 341	\$ (1)	\$ 3,644	\$ 7,272	\$ 154	\$ -	\$ 18,006

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2014
(Dollars in Thousands)

	General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southwest Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Total
Net position invested in capital assets, net of related debt	\$ 21	\$ -	\$ 3,507	\$ -	\$ -	\$ 903,839	\$ 16,109	\$ -	\$ 1,110,476
Restricted net position:									
Current restricted cash and cash equivalents and investments:									
City of Hartford recycling education fund			70					14	70
Commodity revenue share									14
Covanta Wallingford escrow						500			500
Customer guarantee of payment		124							124
Operating surplus fund									322
Revenue fund									1,616
Town of Ellington trust - pooled funds						48			48
Total current restricted cash and cash equivalents		124	70			548		14	2,694
Less liabilities to be paid with current restricted assets:									
Other liabilities		124	70					14	2,146
Total liabilities to be paid with current restricted assets		124	70					14	2,146
Total restricted net position						548			548

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION (Continued)
AS OF JUNE 30, 2014
(Dollars in Thousands)

	General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Total
Unrestricted net position:									
Designated for:									
Debt service stabilization		175	\$	\$		\$		\$	\$ 175
Financing expenses		266		252		394			394
Finance loss contingencies		3,537	6,145			997			6,663
General						5,343			4,534
Improvement									5,343
Landfill development			296						296
Legal		508							508
Litigation reserve			790						790
Post-closure							1,783		1,783
Project/Post-project closure			1,629			148			1,777
Recycling								190	190
Severance	874								874
Trip fee stabilization									
Undesignated	665	14,644	6,276	8,021	155	2,408			24,088
	1,519	19,130	15,136	8,273	155	4,904	(10)	372	35,017
Total unrestricted net position									
	\$ 1,560	\$ 19,130	\$ 18,643	\$ 8,273	\$ 155	\$ 105,581	\$ 17,862	\$ 562	\$ 171,766

See Independent Auditor's Report



ACCOUNTING / TAX / ADVISORY

**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
Materials Innovation and Recycling Authority
Hartford, Connecticut

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 Materials Innovation and Recycling Authority (Authority), which comprise the statement of net position as of June 30, 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 24, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority'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*.

We noted certain matters that we reported to management of the Authority in a separate letter dated September 24, 2014.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SaxBST LLP

New York, New York
September 24, 2014

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut

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Statistical Section

This Authority's Comprehensive Annual Financial Report – Statistical Section – presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health.

<u>Contents</u>	<u>Pages</u>
Financial Trends	55 - 66
<p>These schedules contain trend information to help the readers understand and assess how the Authority's financial performance and well-being have changed over time.</p>	
Revenue Capacity	67 - 78
<p>These schedules contain information to help the readers understand and assess the Authority's significant revenue sources.</p>	
Debt Capacity	79 - 82
<p>These schedules present information to help the readers understand and assess the affordability of the Authority's current levels of outstanding debt and its ability to issue additional debt in the future.</p>	
Demographic Information	83 - 84
<p>The schedule offers demographic indicators to help the readers understand the environment within which the Authority's financial activities take place.</p>	
Operating Information	85 - 88
<p>These schedules contain information to help the readers understand and assess the Authority's significant expense sources and how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.</p>	

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut**

Exhibit 1 - Net Position

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Invested in capital assets, net of related debt:	\$ 893	\$ 927	\$ 836	\$ 765	\$ 640	\$ 588	\$ 438	\$ 283	\$ 138	\$ 21
Restricted	20	21	21	22	-	-	-	-	-	-
Unrestricted	(+15)	(256)	(64)	148	364	479	586	667	667	1,539
Total Net Position	470	692	793	935	1,004	1,067	1,024	950	805	1,560
Connecticut Solid Waste System ⁽¹⁾										
Invested in capital assets, net of related debt:	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	225	-
Unrestricted	-	-	-	-	-	-	-	-	5,498	19,130
Total Net Position	-	-	-	-	-	-	-	-	5,723	19,130
Mid-Connecticut Project ⁽²⁾										
Invested in capital assets, net of related debt:	86,710	75,294	123,358	115,611	115,156	103,090	100,430	99,564	-	3,507
Restricted	44,704	45,183	24,103	25,879	18,340	19,533	22,779	6,434	143	-
Unrestricted	45,362	68,109	18,247	30,827	40,699	42,397	29,410	36,468	18,704	15,136
Total Net Position	176,776	188,586	165,708	172,317	174,195	165,020	152,619	142,466	18,847	18,643
Southeast Project										
Invested in capital assets, net of related debt:	-	-	-	-	-	-	-	-	-	-
Restricted	260	1,104	649	723	955	1,329	1,228	3,088	1,026	-
Unrestricted	4,897	5,104	6,044	6,390	4,784	5,530	9,327	6,312	9,049	8,273
Total Net Position	5,157	6,208	6,693	7,113	5,739	6,859	10,555	9,400	10,075	8,273
SouthWest Division ⁽³⁾										
Invested in capital assets, net of related debt:	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	151	154	127	95	245	155
Total Net Position	-	-	-	-	151	154	127	95	245	155

⁽¹⁾ Commenced on November 16, 2012.

⁽²⁾ Ended on November 15, 2012.

⁽³⁾ Created during fiscal year 2009.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 1 Continued - Net Position

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Property Division ⁽¹⁾										
Invested in capital assets, net of related debt	-	-	-	-	15,375	15,072	16,766	5,663	98,612	90,839
Restricted	-	-	-	-	870	872	1,728	500	2,146	548
Unrestricted	-	-	-	-	(1,572)	2,016	4,319	1,561	9,485	14,194
Total Net Position	-	-	-	-	14,673	17,960	22,813	7,724	110,243	105,581 ^(1a)
Landfill Division ⁽²⁾										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	10,838	16,109	16,109
Restricted	-	-	-	-	-	-	-	1,028	1,518	-
Unrestricted	-	-	-	-	-	-	-	2,797	4,115	1,753
Total Net Position	-	-	-	-	-	-	-	14,663	21,742	17,862
Recycling Division ⁽²⁾										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total Net Position	-	-	-	-	-	-	-	-	-	-
Bridgeport Project ⁽³⁾										
Invested in capital assets, net of related debt	13,761	14,594	15,486	16,824	11	-	-	-	-	-
Restricted	2,534	2,865	2,995	2,979	174	174	-	-	-	-
Unrestricted	(1,590)	256	927	(1,149)	4,748	1,508	393	-	-	-
Total Net Position	14,705	17,715	19,408	18,654	4,933	1,682	393	-	-	-
Wallingford Project ⁽⁴⁾										
Invested in capital assets, net of related debt	1,979	2,091	2,370	2,375	2,178	2,145	-	-	-	-
Restricted	14,118	14,734	15,556	16,273	16,307	15,107	-	-	-	-
Unrestricted	17,563	22,408	28,243	31,805	7,481	7,829	968	-	-	-
Total Net Position	33,660	39,233	46,169	50,453	25,966	25,081	968	-	-	-
TOTAL AUTHORITY:										
Invested in capital assets, net of related debt	103,345	92,906	142,050	135,575	133,360	120,895	117,634	116,348	114,859	110,476
Restricted	61,636	63,907	43,324	45,876	36,646	37,015	25,735	11,050	5,058	548
Unrestricted	65,787	95,621	53,397	68,021	56,655	59,933	45,130	49,103	48,331	60,742
Net Position	\$230,768	\$252,434	\$238,771	\$249,472	\$226,661	\$217,843	\$188,499	\$176,501	\$168,248	\$171,766

⁽¹⁾ Created during fiscal year 2009.

^(1a) Increase due to the transfers of certain assets, liabilities, and net position from the former Mid-Connecticut Project.

⁽²⁾ Created during fiscal year 2012.

⁽³⁾ Ended on December 31, 2008.

⁽⁴⁾ Ended on June 30, 2010.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 - Changes in Net Position**

**Last Two Fiscal Years
(Dollars in Thousands)**

	Fiscal Year Ended June 30,	
	2013	2014
Connecticut Solid Waste System ⁽¹⁾		
Operating Revenues		
Service charges:		
Members	\$ 14,127	\$ 23,612
Others	10,915	16,579
Energy sales	9,346	26,806
Other operating revenues	2,207	3,078
Total operating revenues	36,595	70,075
Operating Expenses		
Solid waste operations	32,897	52,261
Maintenance and utilities	342	690
Other costs ⁽²⁾	3,020	4,156
Total operating expenses	36,259	57,107
Operating Income	336	12,968
Non-Operating Revenues		
Investment income	6	19
Net Non-Operating Revenues	6	19
Income before Transfers	342	12,987
Contribution of initial working capital	0	7,881
Transfers in (out)	5,381	(7,461)
Changes in Net Position	\$ 5,723	\$ 13,407

⁽¹⁾ Commenced on November 16, 2012.

⁽²⁾ Other Costs includes legal expenses as well as administrative and operational services.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Position**

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Mid-Connecticut Project ⁽¹⁾										
Operating Revenues										
Service charges:										
Members	\$ 42,133	\$ 42,691	\$ 40,221	\$ 36,552	\$ 34,269	\$ 31,979	\$ 34,004	\$ 33,781	\$ 12,676	\$ -
Others	18,259	18,099	18,255	17,590	19,094	17,517	19,843	21,025	7,669	-
Energy sales	20,496	24,849	24,067	28,773	30,773	30,258	29,223	28,171	8,945	-
Other operating revenues	5,683	7,467	8,503	6,496	6,596	4,668	6,341	7,104	6,277	1,096
Total operating revenues	86,571	93,106	91,046	89,411	90,732	84,422	89,411	90,081	35,567	1,096
Operating Expenses										
Solid waste operations ⁽²⁾	59,094	60,164	58,221	59,361	64,778	73,936	74,162	76,017	24,512	47
Depreciation and amortization	16,080	16,072	16,397	16,365	15,806	16,296	17,101	15,418	5,467	-
Maintenance and utilities	1,730	1,997	1,833	3,559	926	1,272	1,103	845	610	6
Closure and post-closure care of landfills	385	178	34,194	3,122	7,065	(683)	746	434	2,555	(3,392)
Other costs ⁽³⁾	4,985	8,769	9,523	7,419	8,267	7,471	7,377	7,680	3,916	2,428
Total operating expenses	82,274	87,180	120,168	89,826	96,842	98,292	100,489	100,394	37,060	(911)
Operating Income (Loss)	4,297	5,926	(29,122)	(415)	(6,110)	(13,870)	(11,078)	(10,313)	(1,493)	2,007
Non-Operating Revenues (Expenses)										
Enron claims	82,760	-	-	-	-	-	-	-	-	-
Litigation-related settlements, net	-	-	39,075	4,745	4,250	-	-	-	-	-
Investment income	3,063	5,214	5,431	3,891	1,533	338	214	157	80	38
Other income (expenses), net	(89)	5,457	638	(332)	3,064	5,092	(1,004)	320	(550)	(2,250)
Litigation-related judgment	-	-	(35,800)	-	-	-	-	-	-	-
Interest expense	(8,819)	(4,787)	(1,952)	(1,280)	(859)	(735)	(533)	(317)	(87)	-
Net Non-Operating Revenues and (Expenses)	76,915	5,884	7,392	7,024	7,988	4,695	(1,323)	160	(557)	(2,212)
Income (Loss) before Special Items and Transfers	81,212	11,810	(21,730)	6,609	1,878	(9,175)	(12,401)	(10,153)	(2,050)	(205)
Special Items:										
Gain on sale of Enron claims	28,502	-	-	-	-	-	-	-	-	-
Defeasance of debt	(6,081)	-	(1,148)	-	-	-	-	-	-	-
Total Special Items	22,421	-	(1,148)	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	-	-
Changes in Net Position	\$ 103,633	\$ 11,810	\$ (22,878)	\$ 6,609	\$ 1,878	\$ (9,175)	\$ (12,401)	\$ (10,153)	\$ (118,653)	\$ (203)

⁽¹⁾ Ended on November 15, 2012.

⁽²⁾ Includes legal expenses through fiscal year 2005. Starting FY2006, legal expenses are reported under Other Costs.

⁽³⁾ Please see note (2) above. Other Costs includes legal expenses as well as administrative and operational services.

⁽⁴⁾ Restated- See Note 13 to Financial Statement

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Position
Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Southeast Project										
Operating Revenues										
Service charges:										
Members	\$ 10,666	\$ 10,635	\$ 10,504	\$ 9,924	\$ 9,174	\$ 9,214	\$ 8,056	\$ 8,272	\$ 8,493	\$ 8,402
Others	1,143	856	720	1,031	81	144	96	103	115	119
Other operating revenues	-	-	-	-	15,519	16,514	17,301	18,376	19,550	20,674
Total operating revenues	11,809	11,491	11,224	10,955	24,774	25,872	25,453	26,751	28,158	29,195
Operating Expenses										
Solid waste operations ⁽¹⁾	10,176	9,481	9,869	9,649	25,416	24,185	23,141	25,989	26,900	28,970
Depreciation and amortization	448	448	448	448	448	448	418	392	392	392
Maintenance and utilities	-	-	-	-	-	-	-	-	-	-
Other costs ⁽²⁾	183	136	104	160	138	154	237	140	203	308
Distribution to SCRRA	-	-	-	-	-	-	-	1,401	-	1,375
Total operating expenses	10,807	10,065	10,421	10,257	26,002	24,787	23,796	27,922	27,495	31,045
Operating Income (Loss)	1,002	1,426	803	698	(1,228)	1,085	1,657	(1,171)	663	(1,850)
Non-Operating Revenues and (Expenses)										
Investment income	308	117	134	136	226	58	18	3	2	4
Other income (expenses), net	500	-	2	-	-	325	(179)	13	10	-
Interest expense	(665)	(492)	(454)	(414)	(372)	(328)	(153)	-	-	44
Net Non-Operating Revenues and (Expenses)	143	(375)	(318)	(278)	(146)	55	(314)	16	12	48
Income (Loss) before Transfers	1,145	1,051	485	420	(1,374)	1,140	1,343	(1,155)	675	(1,802)
Special item:										
Gain on early retirement of debt	-	-	-	-	-	-	2,333	-	-	-
Total special item	-	-	-	-	-	-	2,333	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Changes in Net Position	1,145	1,051	485	420	(1,374)	1,140	3,676	(1,155)	675	(1,802)

⁽¹⁾ Includes legal expenses through fiscal year 2005. Starting FY2006, legal expenses are reported under Other Costs.
⁽²⁾ Please see note (1) above. Other Costs includes legal expenses and administrative and operational services.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Position
Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,					
	2009	2010	2011	2012	2013	2014
South West Division ⁽¹⁾						
Operating Revenues						
Service charges:						
Members	\$ 6,632	\$ 14,664	\$ 14,361	\$ 13,618	\$ 13,603	\$ 13,389
Total operating revenues	<u>6,632</u>	<u>14,664</u>	<u>14,361</u>	<u>13,618</u>	<u>13,603</u>	<u>13,389</u>
Operating Expenses						
Solid waste operations	6,458	14,179	13,850	13,218	12,894	12,907
Other costs ⁽²⁾	25	483	540	433	559	572
Total operating expenses	<u>6,483</u>	<u>14,662</u>	<u>14,390</u>	<u>13,651</u>	<u>13,453</u>	<u>13,479</u>
Operating Income (Loss)	149	2	(29)	(33)	150	(90)
Non-Operating Revenues						
Investment income	2	1	2	1	-	-
Non-Operating Revenues	<u>2</u>	<u>1</u>	<u>2</u>	<u>1</u>	<u>-</u>	<u>-</u>
Income (Loss)	151	3	(27)	(32)	150	(90)
Changes in Net Position	\$ 151	\$ 3	\$ (27)	\$ (32)	\$ 150	\$ (90)

⁽¹⁾ Created during fiscal year 2009.

⁽²⁾ Other Costs includes legal expenses and administrative and operational services.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Position**

Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,					
	2009	2010	2011	2012	2013	2014
Property Division ⁽¹⁾						
Operating Revenues						
Service charges:						
Members	\$ -	\$ -	\$ 468	\$ 295	\$ 246	\$ 185
Energy sales	-	-	-	-	4,420	8,971
Other operating revenues	1,324	2,298	2,874	443	434	521
Total operating revenues	1,324	2,298	3,342	738	5,100	9,677
Operating Expenses						
Solid waste operations	1,018	1,692	2,368	303	1,273	3,383
Depreciation and amortization	153	303	299	265	9,073	15,592
Maintenance and utilities	78	86	134	16	-	630
Closure and post-closure care of landfills	2,276	(1,153)	(532)	-	-	-
Other costs ⁽²⁾	116	416	429	397	1,281	1,024
Total operating expenses	3,641	1,344	2,698	981	11,627	20,629
Operating Income (Loss)	(2,317)	954	644	(243)	(6,527)	(10,952)
Non-Operating Revenues and (Expenses)						
Investment income	60	49	47	3	6	14
Other income (expenses), net	-	197	(32)	(9)	(437)	(309)
Net Non-Operating Revenues (Expenses)	60	246	15	(6)	(431)	(295)
Income (Loss) before Transfers	(2,257)	1,200	659	(249)	(6,958)	(11,247)
Transfers in (out)	16,930	2,087	4,194	(14,840)	106,561	6,585
Changes in Net Position	\$ 14,673	\$ 3,287	\$ 4,853	\$ (15,089)	\$ 99,603 ⁽³⁾	\$ (4,662)

⁽¹⁾ Created during fiscal year 2009.

⁽²⁾ Other Costs includes legal expenses and administrative and operational services.

⁽³⁾ Increase due to the transfers of certain assets, liabilities, and net position from the former Mid-Connecticut Project.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Position**

Last Three Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	2012	2013	2014
Landfill Division ⁽¹⁾			
Operating Revenues			
Other operating revenues	6	\$ 322	\$ 115
Total operating revenues	6	322	115
Operating Expenses			
Solid waste operations	86	332	203
Maintenance and utilities	(24)	-	(24)
Closure and post-closure care of landfills	(19)	(693)	-
Other costs ⁽²⁾	34	356	715
Total operating expenses	77	(5)	894
Operating Income (Loss)	(71)	327	(779)
Non-Operating Revenues and (Expenses)			
Investment income	25	45	34
Gain on transfer of post closure liabilities	-	-	4,751
Other (expenses), net	(154)	(4)	(4)
Net Non-Operating Revenues (Expenses)	(129)	41	4,781
Income (Loss) before Transfers	(200)	368	4,002
Transfers in	14,863	6,711	(7,881)
Changes in Net Position	\$ 14,663	\$ 7,079	\$ (3,879)

⁽¹⁾ Created during fiscal year 2012.

⁽²⁾ Other Costs includes legal expenses and administrative and operational services.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut**

Exhibit 2 - Changes in Net Position

Last Three Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	2012	2013	2014
Recycling Division ⁽¹⁾			
Operating Revenues			
Other operating revenues	\$ 1,117	\$ 708	\$ -
Total operating revenues	<u>1,117</u>	<u>708</u>	<u>-</u>
Operating Expenses			
Solid waste operations	846	573	(3)
Maintenance and utilities	63	72	11
Other costs ⁽²⁾	137	209	-
Distribution to SWEROC	-	489	-
Total operating expenses	<u>1,046</u>	<u>1,343</u>	<u>8</u>
Operating Income (Loss)	71	(635)	(8)
Non-Operating Revenues and (Expenses)			
Investment income	2	-	-
Net Non-Operating Revenues	<u>2</u>	<u>-</u>	<u>-</u>
Income (Loss) before Transfers	73	(635)	(8)
Transfers in	<u>1,130</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>\$ 1,203</u>	<u>\$ (635)</u>	<u>\$ (8)</u>

⁽¹⁾ Created during fiscal year 2012.

⁽²⁾ Other Costs includes legal expenses and administrative and operational services

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Position
 Last Eight Fiscal Years
 (Dollars in Thousands)

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Bridgeport Project ⁽¹⁾								
Operating Revenues								
Service charges:								
Members	\$ 30,535	\$ 31,280	\$ 32,267	\$ 31,330	\$ 18,722	\$ -	\$ -	\$ -
Others	12,207	14,680	15,172	15,856	7,558	-	-	-
Ash disposal reimbursement	4,025	4,229	4,485	4,704	2,511	-	-	-
Other operating revenues	3,260	3,638	3,860	4,526	2,621	(39)	-	-
Total operating revenues	50,027	53,827	55,784	56,416	31,412	(39)	-	-
Operating Expenses								
Solid waste operations ⁽²⁾	44,356	46,595	53,079	53,503	24,513	(553)	51	29
Depreciation and amortization	858	849	854	867	464	11	-	-
Maintenance and utilities	301	297	560	283	157	-	-	-
Closure and post-closure care of landfills	(180)	1,498	84	1,235	-	-	-	-
Other costs ⁽³⁾	1,122	1,935	3,052	1,701	796	37	30	1
Distribution to member towns	-	-	-	-	-	1,639	1,236	-
Total operating expenses	46,457	51,174	57,629	57,589	25,930	1,134	1,317	30
Operating Income (Loss)	3,570	2,653	(1,845)	(1,173)	5,482	(1,173)	(1,317)	(30)
Non-Operating Revenues and (Expenses)								
Investment income	286	591	775	605	212	9	2	-
Other income (expenses), net	(1,870)	65	2,979	(59)	(2,444)	-	-	-
Interest expense	(378)	(299)	(216)	(127)	(41)	-	-	-
Net Non-Operating Revenues and (Expenses)	(1,962)	357	3,538	419	(2,273)	9	2	-
Income (Loss) before Transfers	1,608	3,010	1,693	(754)	3,209	(1,164)	(1,315)	(30)
Transfers in (out)	-	-	-	-	(16,930)	(2,087)	26	(363)
Changes in Net Position	\$ 1,608	\$ 3,010	\$ 1,693	\$ (754)	\$ (13,721)	\$ (3,251)	\$ (1,289)	\$ (393)

⁽¹⁾ Ended on December 31, 2008

⁽²⁾ Includes legal expenses through fiscal year 2005. Starting FY2006, legal expenses are reported under Other Costs

⁽³⁾ Please see note (2) above. Other Costs includes legal expenses and administrative and operational services.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 - Changes in Net Position

Last Eight Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,							
	2005	2006	2007	2008	2009	2010	2011	2012
Wallingford Project ⁽¹⁾								
Operating Revenues								
Service charges:								
Members	\$ 8,560	\$ 8,907	\$ 8,856	\$ 8,649	\$ 8,439	\$ 8,536	\$ -	\$ -
Others	53	24	59	177	255	114	-	-
Energy generation	13,302	13,096	13,790	11,189	8,276	2,431	-	-
Other operating revenues	58	115	44	39	9	2	-	-
Total operating revenues	<u>21,973</u>	<u>22,142</u>	<u>22,749</u>	<u>20,054</u>	<u>16,979</u>	<u>11,083</u>	-	-
Operating Expenses								
Solid waste operations ⁽²⁾	16,196	17,249	16,887	15,732	12,911	12,146	147	41
Depreciation and amortization	309	299	303	323	326	33	-	-
Maintenance and utilities	6	19	8	20	7	7	-	-
Closure and post-closure care of landfills	(25)	(47)	361	757	1,166	(659)	-	-
Other costs ⁽³⁾	542	641	650	811	917	534	182	-
Distribution to member towns	-	-	-	-	26,675	-	19,420	-
Total operating expenses	<u>17,028</u>	<u>18,161</u>	<u>18,209</u>	<u>17,643</u>	<u>42,002</u>	<u>12,061</u>	<u>19,749</u>	<u>41</u>
Operating Income (Loss)	<u>4,945</u>	<u>3,981</u>	<u>4,540</u>	<u>2,411</u>	<u>(25,023)</u>	<u>(978)</u>	<u>(19,749)</u>	<u>(41)</u>
Non-Operating Revenues and (Expenses)								
Investment income	796	1,698	2,492	2,048	778	98	22	1
Other income (expenses), net	(184)	(7)	(25)	(133)	(230)	(5)	(166)	(138)
Interest expense	(160)	(99)	(71)	(42)	(12)	-	-	-
Net Non-Operating Revenues and (Expenses)	<u>452</u>	<u>1,592</u>	<u>2,396</u>	<u>1,873</u>	<u>536</u>	<u>93</u>	<u>(144)</u>	<u>(137)</u>
Income (Loss) before Special Item and Transfers	<u>5,397</u>	<u>5,573</u>	<u>6,936</u>	<u>4,284</u>	<u>(24,487)</u>	<u>(885)</u>	<u>(19,893)</u>	<u>(175)</u>
Special Item:								
Early retirement of debt	(47)	-	-	-	-	-	-	-
Total Special Item	<u>(47)</u>	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	(4,220)	(790)
Changes in Net Position	<u>\$ 5,350</u>	<u>\$ 5,573</u>	<u>\$ 6,936</u>	<u>\$ 4,284</u>	<u>\$ (24,487)</u>	<u>\$ (885)</u>	<u>\$ (24,113)</u>	<u>\$ (968)</u>

⁽¹⁾ Ended on June 30, 2010.
⁽²⁾ Includes legal expenses through fiscal year 2005. Starting FY2006, legal expenses are reported under Other Costs.
⁽³⁾ Please see note (2) above. Other Costs includes legal expenses and administrative and operational services.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Position
Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses										
Solid waste operations	11	10	13	-	-	-	-	-	-	-
Depreciation and amortization	169	182	187	181	201	201	191	167	153	117
Total operating expenses	180	192	200	181	201	201	191	167	153	117
Operating Loss	(180)	(192)	(200)	(181)	(201)	(201)	(191)	(167)	(153)	(117)
Non-Operating Revenues and (Expenses)										
Investment income	18	44	56	38	7	3	1	-	-	-
Other income, net	361	370	245	285	263	261	147	93	8	(2)
Net Non-Operating Revenues	379	414	301	323	270	264	148	93	8	(2)
Income (Loss) before Transfers	199	222	101	142	69	63	(43)	(74)	(145)	(119)
Transfers in (out)	-	-	-	-	-	-	-	-	-	874
Changes in Net Position	\$ 199	\$ 222	\$ 101	\$ 142	\$ 69	\$ 63	\$ (43)	\$ (74)	\$ (145)	\$ 755
TOTAL AUTHORITY:⁽¹⁾										
Operating Revenues	170,380	180,566	180,803	176,836	171,853	138,300	132,567	132,311	120,053	123,547
Operating Expenses	156,746	166,772	206,627	175,496	201,101	152,481	162,630	144,309	127,385	122,368
Operating Income (Loss)	13,634	13,794	(25,824)	1,340	(29,248)	(14,181)	(30,063)	(11,998)	(7,332)	1,179
Non-Operating Revenues and (Expenses), Net	75,927	7,872	1,309	9,361	6,437	5,363	(1,614)	-	(921)	2,339
Income (Loss) before Special Item and Transfers	89,561	21,666	(12,515)	10,701	(22,811)	(8,818)	(31,677)	(11,998)	(8,253)	3,518
Special Items	22,374	-	(1,148)	-	-	-	2,333	-	-	-
Changes in Net Position	\$ 111,935	\$ 21,666	\$ (13,663)	\$ 10,701	\$ (22,811)	\$ (8,818)	\$ (29,344)	\$ (11,998)	\$ (8,253)	\$ 3,518

⁽¹⁾ Fiscal year 2013 amounts are restated- see Note 13 to Financial Statements

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 3 - Historical Waste Summary
Last Ten Fiscal Years

Exhibit 3A - Member Municipal Solid Waste Deliveries (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	Southeast	SouthWest ⁽³⁾	Bridgeport ⁽⁴⁾	Wallingford ⁽⁵⁾	Total
2005	598,449	-	177,755	-	419,176	152,871	1,348,251
2006	605,998	-	177,207	-	417,753	156,341	1,357,299
2007	578,543	-	173,912	-	405,322	152,715	1,310,492
2008	542,084	-	165,405	-	381,997	146,649	1,236,135
2009	504,421	-	152,894	103,593	178,277	140,673	1,079,858
2010	507,985	-	148,629	232,770	-	142,295	1,031,679
2011	493,185	-	139,242	224,348	-	-	856,775
2012	490,003	-	138,635	207,444	-	-	836,082
2013	183,733	227,171	135,027	200,525	-	-	746,456
2014	-	376,625	131,785	195,129	-	-	703,539

Exhibit 3B - Contract Solid Waste Deliveries (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	Southeast	Bridgeport ⁽⁴⁾	Total
2005	243,384	-	18,168	196,704	458,256
2006	247,055	-	13,214	230,596	490,865
2007	244,120	-	10,801	234,412	489,333
2008	228,783	-	14,725	238,331	481,839
2009	249,154	-	1,455	111,094	361,703
2010	261,912	-	2,400	-	264,312
2011	274,531	-	1,597	-	276,128
2012	277,904	-	1,722	-	279,626
2013	91,639	148,318	1,911	-	241,868
2014	-	256,376	2,065	-	258,441

Exhibit 3C - Short-Term Waste Deliveries (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	Southeast	Bridgeport ⁽⁴⁾	Wallingford ⁽⁵⁾	Total
2005	12,737	-	65,556	108,552	938	187,783
2006	7,199	-	70,396	125,358	413	203,366
2007	8,196	-	84,307	118,685	1,012	212,200
2008	29,542	-	83,044	133,172	3,160	248,918
2009	50,014	-	116,055	77,759	5,782	249,610
2010	19,005	-	123,758	-	5,565	148,328
2011	20,606	-	127,329	-	-	147,935
2012	62,191	-	130,502	-	-	192,693
2013	21,665	41,794	118,642	-	-	182,101
2014	-	59,423	138,532	-	-	197,955

⁽¹⁾ Ended on November 15, 2012.

⁽²⁾ CSWS: Connecticut Solid Waste System commenced on November 16, 2012.

⁽³⁾ Created during fiscal year 2009.

⁽⁴⁾ Ended on December 31, 2008.

⁽⁵⁾ Ended on June 30, 2010.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 3 Continued - Historical Waste Summary
Last Ten Fiscal Years**

Exhibit 3D - Total Municipal Solid Waste Deliveries (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	Southeast ⁽³⁾	SouthWest ⁽⁴⁾	Bridgeport ⁽⁵⁾	Wallingford ⁽⁶⁾	Total
2005	854,570	-	261,479	-	724,432	153,809	1,994,290
2006	860,252	-	260,817	-	773,707	156,754	2,051,530
2007	830,859	-	269,020	-	758,419	153,727	2,012,025
2008	800,409	-	263,174	-	753,500	149,809	1,966,892
2009	803,589	-	270,404	103,593	367,130	146,455	1,691,171
2010	788,901	-	274,787	232,770	-	147,860	1,444,318
2011	788,322	-	268,168	224,348	-	-	1,280,838
2012	830,098	-	270,859	207,444	-	-	1,308,401
2013	297,037	417,283	255,580	200,525	-	-	1,170,425
2014	-	692,424	272,382	195,129	-	-	1,159,935

Exhibit 3E - Municipal Solid Waste Processed (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	Southeast ⁽³⁾	Bridgeport ⁽⁵⁾	Wallingford ⁽⁶⁾	Total
2005	797,644	-	258,468	717,704	149,279	1,923,095
2006	809,046	-	255,697	728,553	139,570	1,932,866
2007	794,027	-	265,184	733,669	142,178	1,935,058
2008	734,656	-	259,215	742,073	143,326	1,879,270
2009	800,895	-	262,259	368,314	146,855	1,578,323
2010	789,334	-	268,984	-	148,618	1,206,936
2011	786,139	-	261,253	-	-	1,047,392
2012	823,972	-	264,246	-	-	1,088,218
2013	304,983	420,809	251,569	-	-	977,361
2014	-	680,554	262,739	-	-	943,293

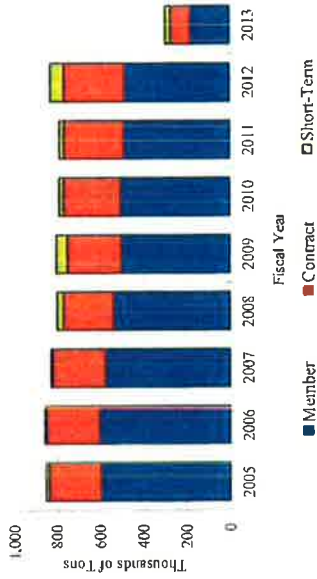
Exhibit 3F - Recyclables Processed (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	SouthWest ⁽⁴⁾	Bridgeport ⁽⁵⁾	Total
2005	78,485	-	-	61,467	139,952
2006	76,461	-	-	59,604	136,065
2007	76,659	-	-	57,655	134,314
2008	88,183	-	-	59,713	147,896
2009	82,916	-	19,260	28,620	130,796
2010	83,405	-	36,335	-	119,740
2011	91,214	-	33,680	-	124,894
2012	113,214	-	24,708	-	137,922
2013	42,325	48,592	25,968	-	116,886
2014	-	50,432	-	-	50,432

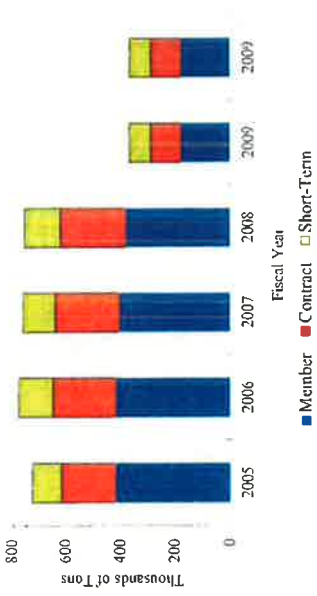
⁽¹⁾ Ended on November 15, 2012.
⁽²⁾ CSWS: Connecticut Solid Waste System commenced on November 16, 2012.
⁽³⁾ Includes Operator deliveries.
⁽⁴⁾ Created during fiscal year 2009.
⁽⁵⁾ Ended on December 31, 2008.
⁽⁶⁾ Ended on June 30, 2010.

Materials Innovation and Recycling Authority
 A Component Unit of the State of Connecticut
 Exhibit 4 – Waste Delivery Summary
 Last Ten Fiscal Years

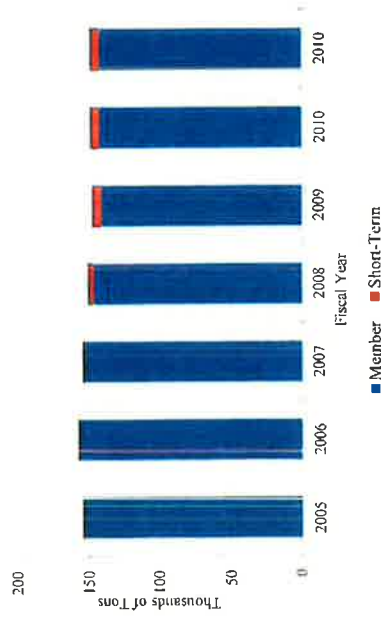
Mid-Connecticut Project ⁽¹⁾



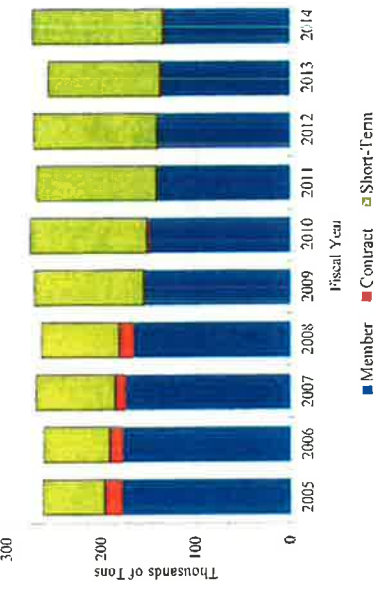
Bridgeport Project ⁽²⁾



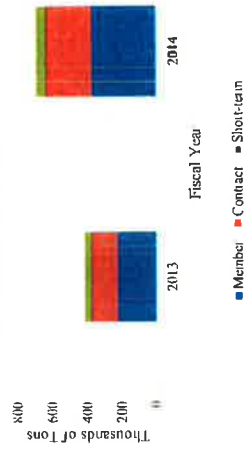
Wallingford Project ⁽³⁾



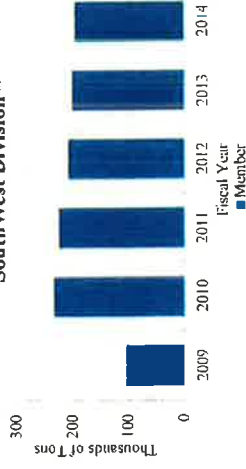
Southeast Project



Connecticut Solid Waste System ⁽⁴⁾

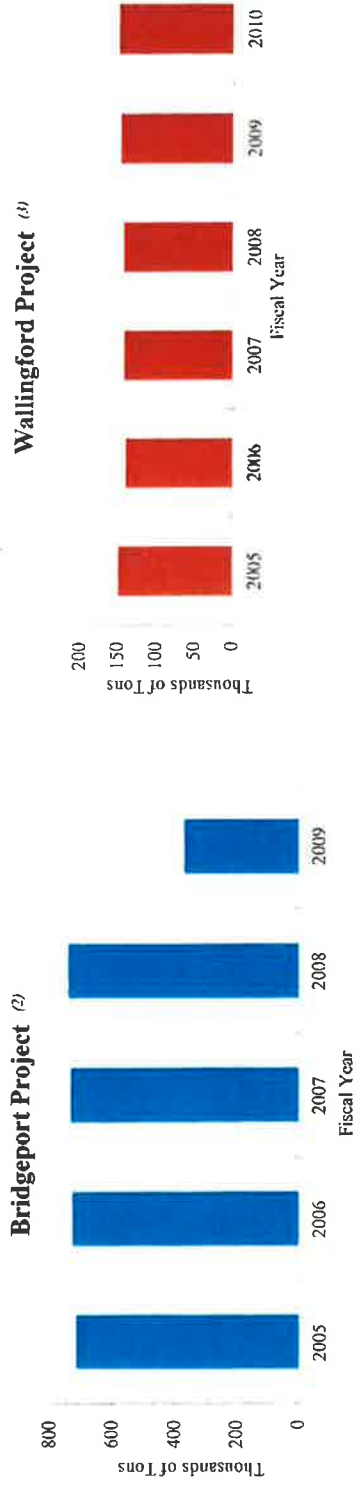
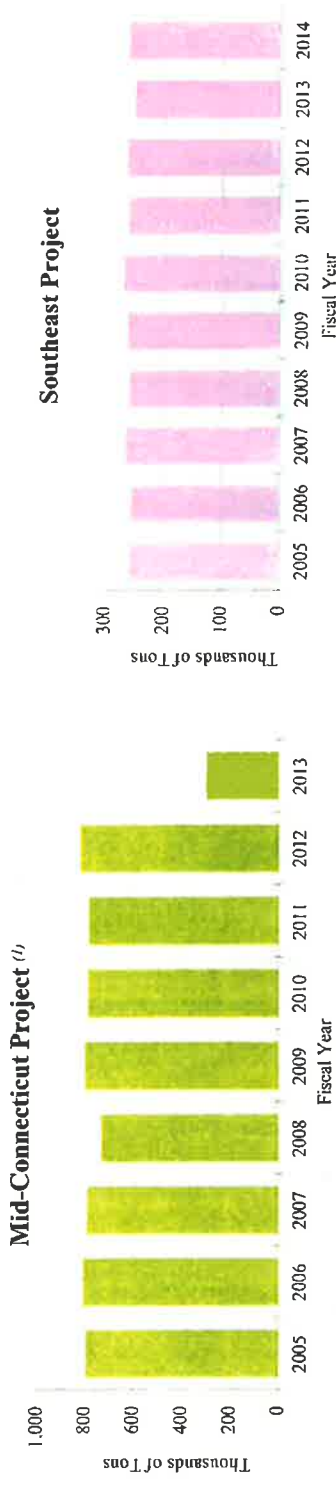


SouthWest Division ⁽⁵⁾



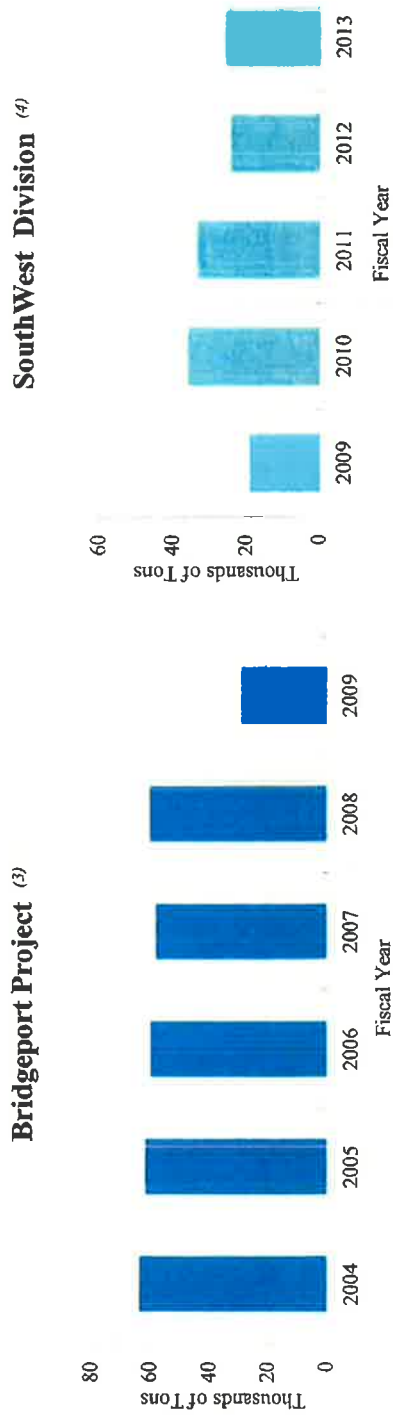
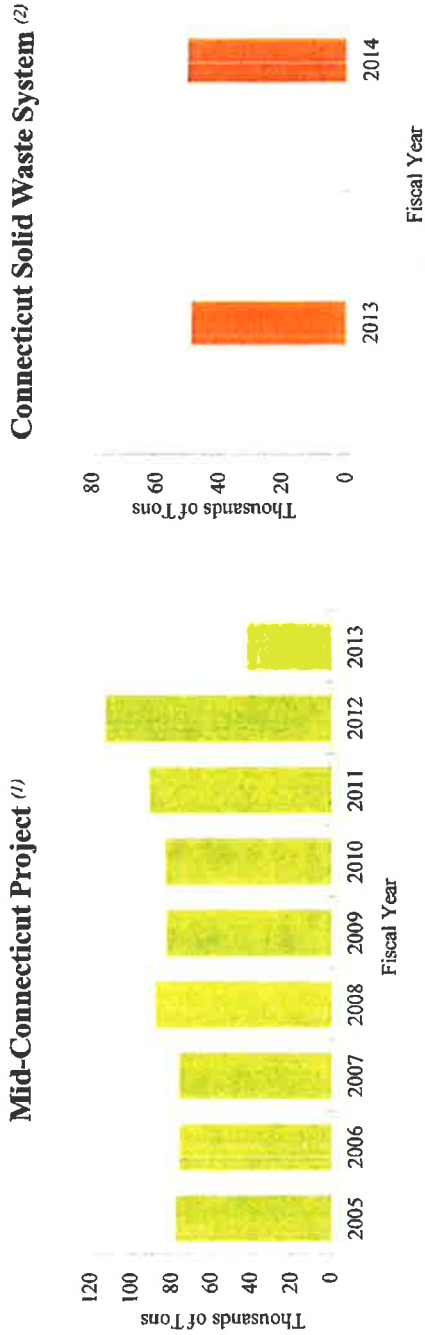
⁽¹⁾ Ended on November 15, 2012
⁽²⁾ Ended on December 31, 2008.
⁽³⁾ Ended on June 30, 2010
⁽⁴⁾ Commenced on November 16, 2012
⁽⁵⁾ Created during fiscal year 2009

Materials Innovation and Recycling Authority
 A Component Unit of the State of Connecticut
 Exhibit 4 Continued - Waste Processed Summary
 Last Ten Fiscal Years



(1) Ended on November 15, 2012.
 (2) Ended on December 31, 2008.
 (3) Ended on June 30, 2010.
 (4) Commenced on November 16, 2012.

**Materials Innovation and Recycling Authority
 A Component Unit of the State of Connecticut
 Exhibit 4 Continued - Recyclables Processed Summary
 Last Ten Fiscal Years**



⁽¹⁾ Ended on November 15, 2012.
⁽²⁾ Commenced on November 16, 2012.
⁽³⁾ Ended on December 31, 2008.
⁽⁴⁾ Created during fiscal year 2009.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 5 - Energy Generation, Net of In-plant Usage
Last Ten Fiscal Years
(Total annual megawatts)**

Fiscal Year	Connecticut Solid Waste System ⁽¹⁾	Mid-Connecticut ⁽²⁾	Bridgeport ⁽³⁾	Wallingford ⁽⁴⁾	Southeast	Total
2005	-	413,654	454,600	67,248	131,884	1,067,386
2006	-	409,407	491,567	61,788	130,491	1,093,253
2007	-	402,991	486,135	62,495	130,988	1,082,609
2008	-	358,380	495,581	59,714	133,765	1,047,440
2009	-	396,643	246,436	58,415	129,266	830,760
2010	-	390,426	-	57,979	137,800	586,205
2011	-	388,457	-	-	132,680	521,137
2012	-	400,785	-	-	135,083	535,868
2013	227,837	143,540	-	-	128,817	500,194
2014	359,646	-	-	-	132,760	492,406

⁽¹⁾ Commenced on November 16, 2012.

⁽²⁾ Ended on November 15, 2012.

⁽³⁾ Ended on December 31, 2008.

⁽⁴⁾ Ended on June 30, 2010.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 6 - Top Five Sources of Member Waste ⁽¹⁾
Current Year and Nine Years Ago**

Connecticut Solid Waste System ⁽³⁾	Fiscal Year Ended June 30, 2014				
	Southeast		South West		
Hartford	23.56%	Groton	19.68%	Bridgeport	28.46%
Torrington	6.43%	Norwich	17.46%	Fairfield	17.44%
Glastonbury	5.04%	New London	15.25%	Milford	11.43%
Farmington	4.38%	Montville	11.71%	Stratford	11.26%
Bloomfield	4.10%	Stonington	8.74%	Trumbull	8.68%
	43.51%		72.84%		77.27%

Mid-Connecticut	Fiscal Year Ended June 30, 2005				
	Bridgeport		Wallingford		
Hartford	17.84%	Bridgeport	16.49%	Wallingford	26.80%
West Hartford	8.11%	Greenwich	12.94%	Hamden	21.99%
East Hartford	6.04%	Milford	12.82%	Meriden	21.85%
Enfield	5.38%	Fairfield	11.25%	North Haven	16.74%
Torrington	5.25%	Norwalk	10.21%	Cheshire	12.48%
	42.63%		63.72%		99.87%
				Groton	19.40%
				Norwich	18.98%
				New London	14.12%
				Waterford	11.46%
				Stonington	9.06%
					73.02%

⁽¹⁾ Percentage represents ratio of Member Deliveries / Total Member Deliveries.

⁽²⁾ Ended on November 15, 2012.

⁽³⁾ Commenced on November 16, 2012.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 7 - Per Ton Service Charge for Member Waste
Last Ten Fiscal Years**

Fiscal Year	Mid-Connecticut	Connecticut Solid Waste System ⁽²⁾				Bridgeport	Wallingford
	⁽¹⁾	South West ⁽³⁾	Southeast	South West ⁽³⁾	Bridgeport	Wallingford	
2005	\$ 70.00	\$ -	\$ 60.00	\$ -	\$ 72.50	\$ 56.00	
2006	\$ 70.00	\$ -	\$ 60.00	\$ -	\$ 74.00	\$ 57.00	
2007	\$ 69.00	\$ -	\$ 60.00	\$ -	\$ 78.00	\$ 58.00	
2008	\$ 69.00	\$ -	\$ 60.00	\$ -	\$ 81.00	\$ 59.00	
2009	\$ 72.00	\$ -	\$ 60.00	\$ 63.00	\$ 98.50	\$ 60.00	
2010	\$ 69.00	\$ -	\$ 60.00	\$ 63.00	\$ -	\$ 60.00	
2011	\$ 69.00	\$ -	\$ 60.00	\$ 64.16	\$ -	\$ -	
2012	\$ 69.00	\$ -	\$ 60.00	\$ 65.11	\$ -	\$ -	
2013	\$ 69.00	\$ 62.50	\$ 60.00	\$ 66.41	\$ -	\$ -	
2014	\$ -	\$ 63.50	\$ 58.00	\$ 67.31	\$ -	\$ -	

⁽¹⁾ Ended on November 15, 2012.

⁽²⁾ Commenced on November 16, 2012.

⁽³⁾ Created during fiscal year 2009.

⁽⁴⁾ Ended on December 31, 2008.

⁽⁵⁾ Ended on June 30, 2010.

⁽⁶⁾ Average of Tier 1 Short-term ÷ Tier 1 Long-term + Tier 3 + Tier 2

**Materials Innovation and Recycling Authority
 A Component Unit of the State of Connecticut
 Exhibit 8 - Average Per Ton Service Charge for Member Waste ⁽¹⁾
 Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Rate</u>
2005	\$64.63
2006	\$65.25
2007	\$66.25
2008	\$67.25
2009	\$70.70
2010	\$63.00
2011	\$64.39
2012	\$64.70
2013	\$64.48
2014	\$62.94

⁽¹⁾ Average of total Authority's per ton service charge for member waste. Please see Exhibit 7 for service charge.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut**

Exhibit 9 - Revenues by Source ⁽¹⁾

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Total Revenues	Member Service and Other Charges	% of Annual	Energy Sales	% of Annual	Landfill Revenue	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other	% of Annual	
												Operating Revenues
Mid-Connecticut Project⁽²⁾												
2005	\$ 89,634	\$ 60,392	67.38%	\$ 20,496	22.87%	\$ 1,241	1.38%	\$ 3,061	3.41%	\$ 4,444	4.96%	
2006	\$ 98,320	\$ 60,790	61.83%	\$ 24,849	25.27%	\$ 1,101	1.12%	\$ 4,507	4.58%	\$ 7,073	7.19%	
2007	\$ 96,477	\$ 58,476	60.61%	\$ 24,067	24.95%	\$ 778	0.80%	\$ 3,247	3.37%	\$ 9,909	10.27%	
2008	\$ 93,302	\$ 54,142	58.03%	\$ 28,773	30.84%	\$ 569	0.61%	\$ 3,621	3.88%	\$ 6,197	6.64%	
2009	\$ 92,265	\$ 53,363	57.85%	\$ 30,773	33.35%	\$ 2,532	2.74%	\$ 2,105	2.28%	\$ 3,492	3.78%	
2010	\$ 84,760	\$ 49,496	58.40%	\$ 30,258	35.70%	\$ 519	0.61%	\$ 1,926	2.27%	\$ 2,561	3.02%	
2011	\$ 89,625	\$ 53,847	60.08%	\$ 29,223	32.61%	\$ 676	0.75%	\$ 2,906	3.24%	\$ 2,973	3.32%	
2012	\$ 90,238	\$ 54,806	60.73%	\$ 28,171	31.22%	\$ 824	0.91%	\$ 3,480	3.86%	\$ 2,957	3.28%	
2013	\$ 35,647	\$ 20,345	57.08%	\$ 8,945	25.09%	\$ 4,564	12.80%	\$ 870	2.44%	\$ 923	2.59%	
2014	\$ 1,134	\$ -	0.01%	\$ -	0.00%	\$ 1,096	96.65%	\$ -	0.00%	\$ 38	3.35%	
Southeast Project												
2005	\$ 12,117	\$ 11,809	97.46%	-	-	\$ -	-	\$ -	-	\$ 308	2.54%	
2006	\$ 11,608	\$ 11,491	98.99%	-	-	\$ -	-	\$ -	-	\$ 117	1.01%	
2007	\$ 11,358	\$ 11,224	98.82%	-	-	\$ -	-	\$ -	-	\$ 134	1.18%	
2008	\$ 11,091	\$ 10,955	98.77%	-	-	\$ -	-	\$ -	-	\$ 136	1.23%	
2009	\$ 25,000	\$ 9,255	37.02%	15,519 ⁽³⁾	62.08%	\$ -	-	\$ -	-	\$ 226	0.90%	
2010	\$ 25,930	\$ 9,358	36.09%	16,514	63.69%	\$ -	-	\$ -	-	\$ 58	0.22%	
2011	\$ 25,471	\$ 8,152	32.01%	17,301	67.92%	\$ -	-	\$ -	-	\$ 18	0.07%	
2012	\$ 26,754	\$ 8,375	31.30%	18,376	68.69%	\$ -	-	\$ -	-	\$ 3	0.01%	
2013	\$ 28,160	\$ 8,608	30.57%	19,550	69.42%	\$ -	-	\$ -	-	\$ 2	0.01%	
2014	\$ 29,199	\$ 8,521	29.18%	20,674	70.80%	\$ -	-	\$ -	-	\$ 4	0.01%	

⁽¹⁾ Excludes non-operating revenues except investment income.

⁽²⁾ Ended on November 15, 2012.

⁽³⁾ Prior to FY2009, energy sales were reported on the statements of revenues, expenses and changes in net position as net from Operating Expenses - Solid Waste Operations. Starting FY2009, energy sales are reported on the statements of revenues, expenses and changes in net position as operating revenues.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 9 Continued - Revenues by Source ⁽¹⁾**

Fiscal Years 2009 - 2014

(Dollars in Thousands)

Fiscal Year	Total Revenues	Member and Other Service Charges	% of Annual	Energy Sales	% of Annual	Landfill Revenue	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other Revenues	% of Annual	
												Annual
Connecticut Solid Waste System ⁽²⁾												
2013	\$ 36,601	\$ 25,042	68.43%	\$ 9,346	25.53%	\$ -	-	\$ 912	2.49%	\$ 1,301	3.55%	
2014	\$ 70,094	\$ 40,191	57.35%	\$ 26,806	38.24%	\$ -	-	\$ 1,291	1.84%	\$ 1,806	2.58%	
SouthWest Division ⁽³⁾												
2009	\$ 6,634	\$ 6,632	99.97%	\$ -	-	\$ -	-	\$ -	-	\$ 2	0.03%	
2010	\$ 14,665	\$ 14,664	99.99%	\$ -	-	\$ -	-	\$ -	-	\$ 1	0.01%	
2011	\$ 14,363	\$ 14,361	99.99%	\$ -	-	\$ -	-	\$ -	-	\$ 2	0.01%	
2012	\$ 13,619	\$ 13,618	99.99%	\$ -	-	\$ -	-	\$ -	-	\$ 1	0.01%	
2013	\$ 13,603	\$ 13,603	100.00%	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
2014	\$ 13,389	\$ 13,389	100.00%	\$ -	-	\$ -	-	\$ -	-	\$ -	-	
Property Division ⁽⁴⁾												
2009	\$ 1,384	\$ -	-	\$ -	-	\$ -	-	\$ 665	48.05%	\$ 719	51.95%	
2010	\$ 2,347	\$ -	-	\$ -	-	\$ -	-	\$ 1,527	65.06%	\$ 820	34.94%	
2011	\$ 3,389	\$ 468	13.81%	\$ -	-	\$ -	-	\$ 1,797	53.02%	\$ 1,124	33.17%	
2012	\$ 741	\$ 295	39.81%	\$ -	-	\$ -	-	\$ -	-	\$ 446	60.19%	
2013	\$ 5,106	\$ 246	4.82%	\$ 4,420	86.56%	\$ -	-	\$ -	-	\$ 440	8.62%	
2014	\$ 9,691	\$ 185	1.91%	\$ 8,971	92.57%	\$ -	-	\$ -	-	\$ 535	5.52%	
Landfill Division ⁽⁵⁾												
2012	\$ 31	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 31	100.00%	
2013	\$ 367	\$ -	-	\$ -	-	\$ 288	78.48%	\$ 34	9.26%	\$ 45	12.26%	
2014	\$ 183	\$ -	-	\$ -	-	\$ -	0.00%	\$ 34	18.58%	\$ 149	81.42%	
Recycling Division ⁽⁶⁾												
2012	\$ 1,119	\$ -	-	\$ -	-	\$ -	-	\$ 1,117	99.82%	\$ -	0.18%	
2013	\$ 708	\$ -	-	\$ -	-	\$ -	-	\$ 708	100.00%	\$ -	-	
2014	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	n/a	\$ -	-	

⁽¹⁾ Excludes non-operating revenues except investment income

⁽²⁾ Commenced on November 16, 2012

⁽³⁾ Created during fiscal year 2009

⁽⁴⁾ Created during fiscal year 2012.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 9 Continued - Revenues by Source ⁽¹⁾**

Fiscal Years 2005 - 2012
(Dollars in Thousands)

Fiscal Year	Total Revenues	Member and Other Service Charges	% of Annual	Energy Sales	% of Annual	Ash Disposal Revenue	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other Operating Revenues	% of Annual	
												Annual
Bridgeport Project ⁽²⁾												
2005	\$ 50,313	\$ 42,742	84.95%	-	-	\$ 4,025	8.00%	\$ 2,089	4.15%	\$ 1,457	2.90%	
2006	\$ 54,418	\$ 45,960	84.46%	-	-	\$ 4,229	7.77%	\$ 2,443	4.49%	\$ 1,786	3.28%	
2007	\$ 56,558	\$ 47,439	83.88%	-	-	\$ 4,485	7.93%	\$ 2,647	4.68%	\$ 1,987	3.51%	
2008	\$ 57,021	\$ 47,186	82.75%	-	-	\$ 4,704	8.25%	\$ 3,256	5.71%	\$ 1,875	3.29%	
2009	\$ 31,624	\$ 26,280	83.10%	-	-	\$ 2,511	7.94%	\$ 1,752	5.54%	\$ 1,081	3.42%	
Wallingford Project ⁽³⁾												
2005	\$ 22,769	\$ 8,613	37.83%	13,302	58.42%	-	-	-	-	\$ 854	3.75%	
2006	\$ 23,840	\$ 8,931	37.46%	13,096	54.93%	-	-	-	-	\$ 1,813	7.60%	
2007	\$ 25,241	\$ 8,915	35.32%	13,790	54.63%	-	-	-	-	\$ 2,536	10.05%	
2008	\$ 22,102	\$ 8,826	39.93%	11,189	50.62%	-	-	-	-	\$ 2,087	9.45%	
2009	\$ 17,757	\$ 8,694	48.96%	8,276	46.61%	-	-	-	-	\$ 787	4.43%	
2010	\$ 11,181	\$ 8,650	77.36%	2,431	21.74%	-	-	-	-	\$ 100	0.89%	

⁽¹⁾ Excludes non-operating revenues except investment income.

⁽²⁾ Ended on December 31, 2008.

⁽³⁾ Ended on June 30, 2010

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 10 - Revenue Bond Coverage Ratios (Combined)

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Gross Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Requirements ⁽³⁾			Total	Coverage ⁽⁴⁾
				Principal	Interest			
2005	\$ 173,412	\$ 137,443	\$ 35,969	\$ 21,660	\$ 10,373	\$ 32,033	1.12	
2006	\$ 187,757	\$ 148,449	\$ 39,308	\$ 5,494	\$ 5,399	\$ 10,893 ⁽⁵⁾	3.61	
2007	\$ 189,402	\$ 188,149 ⁽⁶⁾	\$ 1,253	\$ 5,653	\$ 2,981	\$ 8,634 ⁽⁵⁾	0.15	
2008	\$ 182,208	\$ 155,966	\$ 26,242	\$ 4,941	\$ 1,836	\$ 6,777	3.87	
2009	\$ 174,521	\$ 156,878	\$ 17,643	\$ 3,003	\$ 1,216	\$ 4,219	4.18	
2010	\$ 138,678 ⁽⁷⁾	\$ 133,372	\$ 5,306	\$ 4,143	\$ 987	\$ 5,130	1.03	
2011	\$ 132,373 ⁽⁸⁾	\$ 123,465	\$ 8,908	\$ 5,324	\$ 677	\$ 6,001	1.48	
2012	\$ 132,235	\$ 126,398	\$ 5,837	\$ 3,915	\$ 335	\$ 4,250	1.37	
2013	\$ 120,005	\$ 113,730	\$ 6,275	\$ 4,135	\$ 113	\$ 4,248	1.48	
2014	\$ 123,471	\$ 104,707	\$ 18,764	\$ -	\$ -	\$ - ⁽⁹⁾	n/a	

⁽¹⁾ Includes operating revenues and investment income, excludes non-operating revenues.

⁽²⁾ Excludes depreciation and amortization, write-off of development costs, interest expense, as well as distributions to member towns and others.

⁽³⁾ Excludes early retirement/defeasance of debt and State Loans pay-off.

⁽⁴⁾ Does not include transfers from reserves and other sources to maintain coverage requirements.

⁽⁵⁾ Decrease primarily as a result of defeasance of debt.

⁽⁶⁾ Increase primarily due to Authority assuming responsibility for all closure and post-closure care costs at the Hartford Landfill (approximately \$31.0 million) and increased administration costs at all five landfills.

⁽⁷⁾ Decrease primarily due to the closure of the Bridgeport Project.

⁽⁸⁾ Decrease primarily due to closure of Wallingford Project.

⁽⁹⁾ Mid-CT project ended as of 11/15/12 and bonds are fully paid.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 11 - Revenue Bond Ratings
As of June 30, 2014**

PROJECT	OUTSTANDING SERIES	MOODYS RATING	STANDARD & POORS RATING
Southeast	2010 Series A Refunding *	Aa3	AA
	Corporate Credit Revenue Bonds: **		
	1992 Series A - Corporate Credit Bonds	Ba1	Not Rated
	2001 Series A - Corporate Credit Bonds		
	Covanta Southeastern	Ba1	Not Rated
	Connecticut Company-I		
	2001 Series A - Corporate Credit Bonds		
	Covanta Southeastern	Ba1	Not Rated
	Connecticut Company-II		

* These bonds are not carried on the Authority's books.

** The Authority was a conduit issuer for these Bonds. They are not carried on the Authority's books.

Source: Standard and Poors
Moody's
Covanta Southeast Connecticut Company

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 12 - Outstanding Debt by Type**

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Mid-Connecticut			Southeast			Bridgeport			Wallingford			Total Outstanding Debt	Per Capita ⁽⁷⁾
	Special Obligation Bonds	Subordinate Bonds ⁽¹⁾	Special Obligation Bonds ⁽²⁾	Subordinate Bonds	Special Obligation Bonds ⁽³⁾	Subordinate Bonds	Special Obligation Bonds ⁽⁴⁾	Subordinate Bonds	Special Obligation Bonds ⁽⁴⁾	Subordinate Bonds	Total Outstanding Debt			
2005	\$ 69,415 ⁽⁵⁾	\$ 18,558	\$ 7,227	\$ -	\$ 2,605	\$ 4,640	\$ 2,688	\$ -	\$ -	\$ -	\$ 105,133	45		
2006	\$ 69,415	\$ 15,939	\$ 6,725	\$ -	\$ 1,970	\$ 3,535	\$ 2,055	\$ -	\$ -	\$ -	\$ 99,639	42		
2007	\$ 15,290 ⁽⁶⁾	\$ 13,320	\$ 6,194	\$ -	\$ 1,280	\$ 2,380	\$ 1,397	\$ -	\$ -	\$ -	\$ 39,861	16		
2008	\$ 15,290	\$ -	\$ 5,639	\$ -	\$ 535	\$ 1,170	\$ 712	\$ -	\$ -	\$ -	\$ 23,346	9		
2009	\$ 15,290	\$ -	\$ 5,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,343	8		
2010	\$ 11,765	\$ -	\$ 4,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,200	7		
2011	\$ 8,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,050	4		
2012	\$ 4,135	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,135	2		
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-		
2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-		

⁽¹⁾ Commencing in Fiscal Year 2003, Mid-Connecticut Project Subordinated Bonds also includes the principal balances due on State Loans received.

⁽²⁾ In December 2010, the Authority issued \$27.8 million of 2010 Series A Project Refunding Bonds as a conduit for the Southeast Project. This issuance refunded the Southeast Project's outstanding 1998 Series A Bonds. Of which, 11.129% of these bonds were on Authority's book and 88.871% were on the books of Covanta Southeastern Connecticut Company. Due to contractual arrangements, the 2010 Series A Bonds are not carried on the Authority's books.

⁽³⁾ Represents Authority's on-book portion of approximately 3.7%. Approximately 96.3% of these bonds are on the books of Wheelabrator Bridgeport.

⁽⁴⁾ Represents Authority's on-book portion of 15.313%. 84.687% of these bonds are on the books of Covanta Projects of Wallingford.

⁽⁵⁾ In March 2005, the Authority fully defeased its outstanding Mid-Connecticut Project Bonds 1997 Series A (\$2.1 million) and 2001 Series A (\$13.2 million) and partially defeased its outstanding Mid-Connecticut Project bonds 1996A (\$81.5 million).

⁽⁶⁾ In July 2006, the Authority defeased its outstanding Mid-Connecticut Project Bonds 1996 Series A (\$54.125 million).

⁽⁷⁾ Please see Exhibit 14 Demographic Information for population data.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 13 - Special Capital Reserve Fund Debt Limit Information

Last Ten Fiscal Years

(Dollars in Thousands)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Special Capital Reserve Funds (SCRFP) limit ⁽¹⁾	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000
Project:										
Mid-Connecticut Project										
1996 Series A	\$ 69,415	\$ 69,415	\$ 15,290	\$ 15,290	\$ 15,290	\$ 11,765	\$ 8,050	\$ 4,134	\$ -	\$ -
1997 Series A	-	-	-	-	-	-	-	-	-	-
Southeast Project										
2010 Series A - Project Refunding ⁽²⁾	-	-	-	-	-	-	27,750	22,760	17,100	11,295
1998 Series A	64,940	60,430	55,675	50,675	45,405	39,855	-	-	-	-
1989 Series A	-	-	-	-	-	-	-	-	-	-
TOTAL SCRFP-BACKED DEBT	134,355	129,845	70,965	65,965	60,695	51,620	35,800	26,894	17,100	11,295
Legal debt margin	\$ 590,645	\$ 595,155	\$ 654,035	\$ 659,035	\$ 664,305	\$ 673,380	\$ 689,200	\$ 698,106	\$ 707,900	\$ 713,705
Total outstanding as a percentage of SCRFP limit	18.53%	17.91%	9.79%	9.10%	8.37%	7.12%	4.94%	3.71%	2.36%	1.56%

⁽¹⁾ Per Connecticut General Statutes Section 22a-272(b), the aggregate amount of bonds outstanding at any time secured by Special Capital Reserve Funds shall not exceed \$725 million.

⁽²⁾ This issue refunded the 1998 Series A bonds. The 2010 Series A bonds are not carried on the Authority's books.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 14 - Demographic Information
Last Ten Fiscal Years**

Fiscal Year	Mid-Connecticut ⁽¹⁾			Connecticut Solid Waste System ⁽²⁾			Southeast			Southwest ⁽³⁾			Bridgeport ⁽⁴⁾			Wallingford ⁽⁵⁾		
	Population Served	Average Unemployment Rate	# of Towns	Population Served	Average Unemployment Rate	# of Towns	Population Served	Average Unemployment Rate	# of Towns	Population Served	Average Unemployment Rate	# of Towns	Population Served	Average Unemployment Rate	# of Towns	Population Served	Average Unemployment Rate	# of Towns
2005	1,199,845	4.2	70	264,468	4.5	15	264,468	4.5	15	683,657	4.0	18	215,195	4.6	5			
2006	1,203,325	3.8	70	265,026	4.2	15	265,026	4.2	15	822,947	3.5	20	215,574	4.2	5			
2007	1,205,963	3.9	70	245,291	4.3	14	245,291	4.3	14	821,740	3.7	20	215,282	4.3	5			
2008	1,219,637	5.1	70	248,799	5.9	14	248,799	5.9	14	815,807	5.2	20	214,437	5.8	5			
2009	1,204,329	7.1	70	245,597	7.4	14	245,597	7.4	14	816,014	7.0	20	214,934	7.6	5			
2010	1,208,813	7.5	70	248,233	8.2	14	248,233	8.2	14	457,634	7.8	12	215,244	8.4	5			
2011	1,227,363	6.9	70	225,284	8.0	12	225,284	8.0	12	465,484	7.2	12	215,244	7.6	5			
2012	1,225,351	6.9	70	224,580	8.5	12	224,580	8.5	12	468,863	7.2	12	215,244	7.6	5			
2013	1,223,750	6.8	70	220,126	8.2	12	220,126	8.2	12	471,623	7.1	12	215,244	7.6	5			
2014 ⁽⁶⁾				220,087	5.9	12	220,087	5.9	12	474,096	5.3	12	215,244	7.6	5			

⁽¹⁾ Ended on November 15, 2012

⁽²⁾ Commenced on November 16, 2012

⁽³⁾ Created during fiscal year 2009

⁽⁴⁾ Ended on December 31, 2008.

⁽⁵⁾ Ended on June 30, 2010

⁽⁶⁾ Source: Population provided by the State Department of Public Health and based on estimates as of July 1, 2013

Unemployment data provided by the State Department of Labor for September 2014

**Materials Innovations and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 15 - Top Ten Non-Governmental Employers
Current Year and Nine Years Ago**

	2014			2005		
	Employees in Connecticut ⁽¹⁾	Rank	Percentage of Total Authority Employment	Employees in Connecticut ⁽²⁾	Rank	Percentage of Total Authority Employment
<u>Employer</u>						
United Technologies Corp.	25,000	1	0.16%	26,126	1	0.20%
Yale New Haven Health System	18,869	2	0.21%	-	-	-
Hartford Healthcare	18,597	3	0.21%	-	-	-
Yale University	14,787	4	0.27%	11,250	5	0.46%
Wal-Mart Stores Inc.	9,289	5	0.42%	-	-	-
General Dynamics Electric Boat	8,896	6	0.44%	-	-	-
Foxwoods Resort Casino	7,600	7	0.68%	11,500	4	0.45%
The Travelers Cos. Inc	7,400	8	0.00%	-	-	-
Mohegan Sun	7,300	9	0.54%	10,500	6	0.50%
Hartford Financial Services	7,000	10	0.75%	11,500	3	0.45%
Stop & Shop Cos. Inc	-	-	-	15,057	2	0.35%
SBC Communicatons Inc	-	-	-	8,000	7	0.65%
General Electric Co	-	-	-	7,285	8	0.71%
Aetna Inc	-	-	-	7,200	9	0.72%
Pfizer Global research Inc	-	-	-	6,500	10	0.80%
Total	124,738		3.69%	114,918		5.29%

⁽¹⁾ Hartford Business Journal (HBJ) - May 2014

⁽²⁾ Hartford Business Journal (HBJ) - July 2005

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut**

Exhibit 16 - Expenses by Function ⁽¹⁾

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Total Expenses	Solid Waste Operations ⁽²⁾	% of Annual	Maintenance & Utilities	% of Annual	Other Costs ⁽³⁾	% of Annual	Landfill Closure & Post-closure		% of Annual	Debt Service	% of Annual	Distribution to Member Towns and Others		% of Annual
								Annual	Post-closure				Annual	Annual	
Mid-Connecticut Project ⁽⁴⁾															
2005	\$ 92,957	\$ 59,094	63.57%	1,730	1.86%	\$ 4,985	5.36%	\$ 385	0.41%	\$ 26,763	28.79%	\$ -	\$ -	\$ -	-
2006	\$ 78,514	\$ 60,164	76.63%	1,997	2.54%	\$ 8,769	11.17%	178	0.23%	\$ 7,406	9.43%	\$ -	\$ -	\$ -	-
2007	\$ 108,344 ⁽⁵⁾	\$ 58,221	53.74%	1,833	1.69%	\$ 9,523	8.79%	34,194	31.56%	\$ 4,573	4.22%	\$ -	\$ -	\$ -	-
2008	\$ 88,061	\$ 59,361	67.41%	3,559	4.04%	\$ 7,419	8.42%	3,122	3.55%	\$ 14,600	16.58%	\$ -	\$ -	\$ -	-
2009	\$ 81,895	\$ 64,773	79.10%	926	1.13%	\$ 8,267	10.09%	7,065	8.63%	\$ 859	1.05%	\$ -	\$ -	\$ -	-
2010	\$ 86,256	\$ 73,935	85.72%	1,272	1.47%	\$ 7,471	8.66%	(683)	-0.79%	\$ 4,260	4.94%	\$ -	\$ -	\$ -	-
2011	\$ 87,636	\$ 74,162	84.62%	1,103	1.26%	\$ 7,377	8.42%	746	0.85%	\$ 4,248	4.85%	\$ -	\$ -	\$ -	-
2012	\$ 89,208	\$ 76,017	85.21%	845	0.95%	\$ 7,680	8.61%	434	0.49%	\$ 4,232	4.74%	\$ -	\$ -	\$ -	-
2013	\$ 38,731	\$ 27,428	70.82%	610	1.57%	\$ 3,916	10.11%	2,555	6.60%	\$ 4,222	10.90%	\$ -	\$ -	\$ -	-
2014	\$ (911)	\$ 47	-5.16%	6	-0.66%	\$ 2,428	-266.52%	(3,392)	372.34%	\$ -	0.00%	\$ -	\$ -	\$ -	-
Southeast Project															
2005	\$ 11,710	\$ 10,176	86.90%	-	-	\$ 183	1.56%	-	-	\$ 1,351	11.54%	\$ -	\$ -	\$ -	-
2006	\$ 10,611	\$ 9,481	89.35%	-	-	\$ 136	1.28%	-	-	\$ 994	9.37%	\$ -	\$ -	\$ -	-
2007	\$ 10,956	\$ 9,869	90.08%	-	-	\$ 104	0.95%	-	-	\$ 983	8.97%	\$ -	\$ -	\$ -	-
2008	\$ 10,779	\$ 9,649	89.52%	-	-	\$ 160	1.48%	-	-	\$ 970	9.00%	\$ -	\$ -	\$ -	-
2009	\$ 26,512	\$ 25,416 ⁽⁶⁾	95.87%	-	-	\$ 138	0.52%	-	-	\$ 958	3.61%	\$ -	\$ -	\$ -	-
2010	\$ 25,285	\$ 24,185	95.65%	-	-	\$ 154	0.61%	-	-	\$ 946	3.74%	\$ -	\$ -	\$ -	-
2011	\$ 25,140	\$ 23,141	92.05%	-	-	\$ 237	0.94%	-	-	\$ 1,762	7.01%	\$ -	\$ -	\$ -	-
2012	\$ 27,530	\$ 25,989	94.40%	-	-	\$ 140	0.51%	-	-	\$ -	-	\$ -	\$ -	\$ 1,401	5.09%
2013	\$ 27,103	\$ 26,900	99.25%	-	-	\$ 203	0.75%	-	-	\$ -	-	\$ -	\$ -	\$ -	-
2014	\$ 30,653	\$ 28,970	94.51%	-	-	\$ 308	1.00%	-	-	\$ -	-	\$ -	\$ -	\$ 1,375	4.49%

⁽¹⁾ Excludes depreciation and amortization and non-operating expenses. Debt service includes principal repayments.

⁽²⁾ Includes legal expenses through fiscal year 2005. Starting FY2006, legal expenses are reported under Other Costs.

⁽³⁾ Please see note (2) above. Other Costs includes legal expenses and administrative and operational services.

⁽⁴⁾ Ended on November 15, 2012.

⁽⁵⁾ Increased due to higher landfill closure and post-closure costs as a result of Authority assuming responsibility for all closure and post-closure care costs at the Hartford Landfill (approximately \$31.0 million) and increased administration costs at all five landfills.

⁽⁶⁾ Prior to FY2009, energy sales were reported on the statements of revenues, expenses and changes in net position as net from Operating Expenses - Solid Waste Operations. Starting FY2009, energy sales are reported on the statements of revenues, expenses and changes in net position as operating revenues.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 16 Continued - Expenses by Function ⁽¹⁾**

Fiscal Years 2009 - 2014

(Dollars in Thousands)

Fiscal Year	Total Expenses	Solid Waste Operations	% of Annual	Maintenance & Utilities	% of Annual	Other Costs ⁽²⁾	% of Annual	Landfill Closure & Post-closure	% of Annual	Distribution to Member Towns and Others	
										Annual	Annual
Connecticut Solid Waste System ⁽³⁾											
2013	\$ 36,259	\$ 32,897	90.73%	\$ 342	0.94%	\$ 3,020	8.33%	\$ -	8.33%	\$ -	\$ -
2014	\$ 57,107	\$ 52,261	109.27%	\$ 690	0.00%	\$ 4,156	7.28%	\$ -	7.28%	\$ -	\$ -
SouthWest Division ⁽⁴⁾											
2009	\$ 6,483	\$ 6,458	99.61%	\$ -	0.00%	\$ 25	0.39%	\$ -	0.39%	\$ -	\$ -
2010	\$ 14,662	\$ 14,179	96.71%	\$ -	0.00%	\$ 483	3.29%	\$ -	3.29%	\$ -	\$ -
2011	\$ 14,390	\$ 13,850	96.25%	\$ -	0.00%	\$ 540	3.75%	\$ -	3.75%	\$ -	\$ -
2012	\$ 13,651	\$ 13,218	96.83%	\$ -	0.00%	\$ 433	3.17%	\$ -	3.17%	\$ -	\$ -
2013	\$ 13,453	\$ 12,894	95.84%	\$ -	0.00%	\$ 559	4.16%	\$ -	4.16%	\$ -	\$ -
2014	\$ 13,479	\$ 12,907	95.76%	\$ -	0.00%	\$ 572	4.24%	\$ -	4.24%	\$ -	\$ -
Property Division ⁽⁵⁾											
2009	\$ 3,488	\$ 1,018	29.18%	\$ 78	2.24%	\$ 116	3.33%	\$ 2,276	65.25%	\$ -	\$ -
2010	\$ 1,041	\$ 1,692	162.54%	\$ 86	8.26%	\$ 416	39.96%	\$ (1,153)	-110.76%	\$ -	\$ -
2011	\$ 2,399	\$ 2,368	98.71%	\$ 134	5.59%	\$ 429	17.88%	\$ (532)	-22.18%	\$ -	\$ -
2012	\$ 716	\$ 303	42.32%	\$ 16	2.23%	\$ 397	55.45%	\$ -	-	\$ -	\$ -
2013	\$ 2,554	\$ 1,273	49.84%	\$ -	0.00%	\$ 471	18.44%	\$ -	-	\$ 810	31.71%
2014	\$ 5,037	\$ 3,383	67.16%	\$ 630	12.51%	\$ 1,024	20.33%	\$ -	-	\$ -	\$ -
Landfill Division ⁽⁶⁾											
2012	\$ 77	\$ 86	111.69%	\$ (24)	-31.17%	\$ 34	44.16%	\$ (19)	-24.68%	\$ -	\$ -
2013	\$ (5)	\$ 332	-	\$ -	0.00%	\$ 356	-	\$ (693)	-	\$ -	\$ -
2014	\$ 894	\$ 203	22.71%	\$ (24)	-2.68%	\$ 715	79.98%	\$ -	-	\$ -	\$ -
Recycling Division ⁽⁶⁾											
2012	\$ 1,046	\$ 846	80.88%	\$ 63	6.02%	\$ 137	13.10%	\$ -	-	\$ -	\$ -
2013	\$ 1,343	\$ 573	42.67%	\$ 72	5.36%	\$ 209	15.56%	\$ -	-	\$ 489	36.41%
2014	\$ 8	\$ (3)	-37.50%	\$ 11	137.50%	\$ -	0.00%	\$ -	-	\$ -	\$ -

⁽¹⁾ Excludes depreciation and amortization and non-operating expenses. Debt service includes principal payments

⁽²⁾ Other Costs includes legal expenses and administrative and operational services

⁽³⁾ Commenced on November 16, 2012

⁽⁴⁾ Created during fiscal year 2009

⁽⁵⁾ Created during fiscal year 2012

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 16 Continued - Expenses by Function ⁽¹⁾**

Fiscal Years 2004 - 2010

(Dollars in Thousands)

Fiscal Year	Total Expenses	Solid Waste Operations ⁽²⁾	% of Annual	Maintenance & Utilities	% of Annual	Other Costs ⁽³⁾	% of Annual	Landfill Closure & Post-closure		Debt Service	% of Annual	Distribution to Member Towns	% of Annual
								Annual	Annual				
Bridgeport Project ⁽⁴⁾													
2005	\$ 47,647	\$ 44,356	93.09%	\$ 301	0.63%	\$ 1,122	2.35%	\$ (180)	-0.38%	\$ 2,048	4.30%	\$ -	-
2006	\$ 52,364	\$ 46,595	88.98%	\$ 297	0.57%	\$ 1,935	3.70%	\$ 1,498	2.86%	\$ 2,039	3.89%	\$ -	-
2007	\$ 58,836	\$ 53,079	90.22%	\$ 560	0.95%	\$ 3,052	5.19%	\$ 84	0.14%	\$ 2,061	3.50%	\$ -	-
2008	\$ 58,804	\$ 53,503	90.99%	\$ 283	0.48%	\$ 1,701	2.89%	\$ 1,235	2.10%	\$ 2,082	3.54%	\$ -	-
2009	\$ 27,212	\$ 24,513	90.07%	\$ 157	0.58%	\$ 796	2.93%	\$ -	-	\$ 1,746	6.42%	\$ -	-
Wallingford Project ⁽⁵⁾													
2005	\$ 18,239	\$ 16,196	88.80%	\$ 6	0.03%	\$ 542	2.97%	\$ (25)	-0.14%	\$ 1,520	8.33%	\$ -	-
2006	\$ 18,594	\$ 17,249	92.77%	\$ 19	0.10%	\$ 641	3.45%	\$ (47)	-0.25%	\$ 732	3.94%	\$ -	-
2007	\$ 18,635	\$ 16,887	90.62%	\$ 8	0.04%	\$ 650	3.49%	\$ 361	1.94%	\$ 729	3.91%	\$ -	-
2008	\$ 18,046	\$ 15,732	87.19%	\$ 20	0.11%	\$ 811	4.49%	\$ 757	4.19%	\$ 726	4.02%	\$ -	-
2009	\$ 42,400 ⁽⁶⁾	\$ 12,911	30.45%	\$ 7	0.02%	\$ 917	2.16%	\$ 1,166	2.75%	\$ 724	1.71%	\$ 26,675	62.91%
2010	\$ 12,028	\$ 12,146	100.98%	\$ 7	0.06%	\$ 534	4.44%	\$ (659)	-5.48%	\$ -	-	\$ -	-

⁽¹⁾ Excludes depreciation and amortization and non-operating expenses. Debt service includes principal repayments.

⁽²⁾ Includes legal expenses through fiscal year 2005. Starting FY2006, legal expenses are reported under Other Costs.

⁽³⁾ Please see note (2) above. Other Costs includes legal expenses and administrative and operational services.

⁽⁴⁾ Ended on December 31, 2008. During fiscal years 2010 and 2011, \$1.639 million and \$1.263 million of Bridgeport Project surplus funds were distributed to the former Bridgeport Project member towns, respectively.

⁽⁵⁾ Ended on June 30, 2010. During fiscal year 2011, \$19.42 million of Wallingford Project surplus funds were distributed to the former Wallingford Project member towns.

⁽⁶⁾ Increased due to distribution to the former Wallingford member towns of \$26.675 million during fiscal year 2009.

**Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 17 - Full-Time Employees by Function
Last Ten Fiscal Years**

	Fiscal Year Ended June 30.									
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Administration	5	5	3	3	4	4	3	5	4	4
Communications External Affairs	3	3	3	3	3	3	3	2	2	1
Environmental Affairs	6	6	6	6	7	7	7	7	7	6
Finance and Accounting	13	13	15	16	13	14	13	10	8	8
Legal	3	3	4	4	3	3	3	3	3	3
Operations	22	24	23	21	23	20	18	19	18	17
Total	<u>52</u>	<u>54</u>	<u>54</u>	<u>53</u>	<u>53</u>	<u>51</u>	<u>47</u>	<u>46</u>	<u>42</u>	<u>39</u>

