

Board
HANDOUT

NOV 18 2010

FROM: Jim Belduc

CONNECTICUT RESOURCES

RECOVERY AUTHORITY

FINANCIAL STATEMENTS

THREE MONTHS ENDED SEPTEMBER 30, 2010

TOGETHER WITH

INDEPENDENT ACCOUNTANT'S REVIEW REPORT



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CONNECTICUT RESOURCES RECOVERY AUTHORITY'S
WALLINGFORD PROJECT



BALANCE SHEET
SEPTEMBER 30, 2010
(Dollars in Thousands)

ASSETS

CURRENT ASSETS

Unrestricted Assets:

Cash and cash equivalents	\$ 6,425
Accounts receivable, net of allowance	<u>2</u>

Total Unrestricted Assets 6,427

Restricted Assets:

Cash and cash equivalents	<u>14,469</u>
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Total Current Assets 20,896

NON-CURRENT ASSETS

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TOTAL ASSETS \$ 20,896

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accrued expenses and other current liabilities	<u>\$ 417</u>
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LONG-TERM LIABILITIES

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TOTAL LIABILITIES 417

NET ASSETS

Restricted for:

Tip fee stabilization	<u>14,463</u>
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Unrestricted 6,016

Total Net Assets 20,479

TOTAL LIABILITIES AND NET ASSETS \$ 20,896

See Independent Accountant's Review Report and accompanying Notes to Financial Statements

**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S
WALLINGFORD PROJECT**



**STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2010
(Dollars in Thousands)**

Cash Flows From Operating Activities:	
Payments received from providing services	\$ 641
Payments to suppliers for goods and services	(820)
Payments to employees for services	(15)
Net Cash Used by Operating Activities	<u>(194)</u>
 Cash Flows From Investing Activities:	
Interest on investments	<u>12</u>
Net Cash Provided by Investing Activities	<u>12</u>
 Cash Flows From Capital and Related Financing Activities	
	<u>-</u>
 Cash Flows From Non-Capital Financing Activities:	
Cash outflow	<u>(8,046)</u>
Net Cash Used by Non-Capital Financing Activities	<u>(8,046)</u>
 Net decrease in cash and cash equivalents	 (8,228)
 Cash and cash equivalents, beginning of period	 <u>29,122</u>
 Cash and cash equivalents, end of period	 <u>\$ 20,894</u>
 Reconciliation of Operating Loss to Net Cash Provided (Used) By Operating Activities:	
Operating loss	\$ (228)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
(Increase) decrease in:	
Accounts receivable, net	829
Prepaid expenses	49
Decrease in accrued expenses and other current liabilities	<u>(844)</u>
 Net Cash Used by Operating Activities	 <u>\$ (194)</u>

See Independent Accountant's Review Report and accompany Notes to Financial Statements.

**CONNECTICUT RESOURCES RECOVERY AUTHORITY'S
WALLINGFORD PROJECT**



C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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 sheet 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. The Authority has established an allowance for the estimated portion of the Project's accounts receivable that is not expected to be collected of \$20,000 at September 30, 2010.

F. Restricted Assets

Under provisions of various agreements, restricted assets are used for development, construction, and operating costs.

G. Net Assets

Unrestricted net assets may be divided into designated and undesignated portions. Designated net assets represent the Authority's self-imposed limitations on the use of otherwise unrestricted net assets of the Project. Unrestricted net assets have been designated by the Board of Directors of the Authority for various purposes. Such designations totaled \$2.8 million as of September 30, 2010. Unrestricted designated net assets are summarized as follows:

Unrestricted Designated Net Assets	(\$000)
Future use	\$ 1,533
Post project	732
Future loss contingencies	<u>549</u>
Total	<u>\$ 2,814</u>

Restrictions of net assets are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. Restricted net assets totaled \$14.5 million as of September 30, 2010.

H. Allocation of Expenses

The accompanying financial statements include allocations of salary expenses incurred by the Authority that pertain to the operation of the Project. Allocations are made based on a weighted average of significant operating criteria determined by the Authority's management.

Authority expenses that are allocated to the Project consist of salaries of management, accounting, and environmental personnel employed by the Authority. Allocations of such expenses for the three months ended September 30, 2010, totaled \$15,300.

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of September 30, 2010:

Cash and Cash Equivalents	(\$000)
Unrestricted:	
Cash deposits	\$ 17
Cash equivalents:	
STIF *	<u>6,408</u>
	<u>6,425</u>
Restricted - current:	
Cash deposits	6
Cash equivalents:	
STIF *	<u>14,463</u>
	<u>14,469</u>
Total:	<u>\$ 20,894</u>

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

CONNECTICUT RESOURCES RECOVERY AUTHORITY'S
WALLINGFORD PROJECT



defined within the bond resolutions governing the Project 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 September 30, 2010, the Project's investments were rated as follows:

Security	Fair	Moody's		
	Value (\$000)	Standard & Poor's	Investor Service	Fitch Ratings
STIF	\$ 6,408	AAAm	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 Project 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 Project's investments require custodial credit risk disclosures.

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 the Project needs. As of September 30, 2010, 100% of the Project'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.

CONNECTICUT RESOURCES RECOVERY AUTHORITY'S
WALLINGFORD PROJECT



SCHEDULE OF NET ASSETS
SEPTEMBER 30, 2010
(Dollars in Thousands)

Restricted net assets:

Current restricted cash and cash equivalents:

Tip fee stabilization

\$ 14,463

Less liabilities to be paid with current restricted assets

-

Total Restricted Net Assets

14,463

Unrestricted net assets:

Designated for:

Future loss contingencies

549

Future use

1,533

Post project

732

Undesignated

3,202

Total Unrestricted Net Assets

6,016

Total Net Assets

\$ 20,479