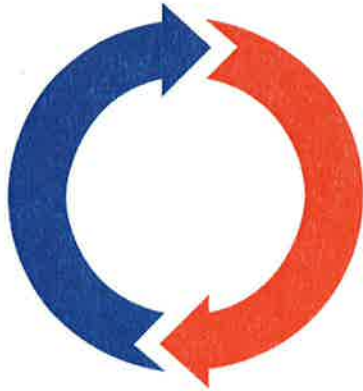




Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012



CONNECTICUT RESOURCES RECOVERY AUTHORITY

A Component Unit of the State of Connecticut

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2012

Submitted by:

James P. Bolduc
Chief Financial Officer

Nhan T. Vo-Le
Director of Accounting and Financial Reporting

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

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**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut**

**Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2012**

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Connecticut Resources Recovery Authority
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Introductory Section

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

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FAX (860) 757-7743

December 10, 2012

Board of Directors
Connecticut Resources Recovery Authority
100 Constitution Plaza, 6th Floor
Hartford, CT 06103

We are pleased to present the Connecticut Resources Recovery Authority's (the "Authority") Comprehensive Annual Financial Report prepared for the fiscal year ended June 30, 2012.

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 Bollam, Sheedy, Torani & Co. LLP, CPAs ("BST"), 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, 2012, 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 unqualified opinion that the Authority's financial statements as of and for the fiscal year ended June 30, 2012 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 is a body politic and corporate, created in 1973 by an act of the Connecticut Legislature, and is a public instrumentality and political subdivision of the State of Connecticut (the “State”). The Authority is responsible for implementing solid waste disposal, recycling and resource recovery systems, facilities and services. Revenues generated by Authority operations, primarily disposal fees, energy and recycling revenues provide for the support of the Authority and its operations on a self-sustaining basis. The State provides no revenues to the Authority, and the Authority has no taxing power. In carrying out its mission, the Authority utilizes private industry to construct and operate solid waste disposal and resource recovery facilities. The Authority has executed contracts with the operators/contractors of the resource recovery facilities, regional recycling centers, transfer stations and landfills containing various terms and conditions expiring through June 2016. Generally, operating charges are derived from various factors such as tonnage processed, energy produced and certain pass-through operating costs. The Authority contracts with Connecticut member municipalities; non-member municipalities (spot waste); and commercial haulers to provide solid waste management services and charges fees for these services. The Authority is authorized to issue tax-exempt bonds and notes to finance its activities upon approval of the State Treasurer.

The Authority is governed by an eleven member Board of Directors (“Board”). In addition, two *ad hoc* directors are eligible to serve on the Board for each of the Authority’s regional solid waste management projects.

The Authority oversees two comprehensive solid waste management projects, four divisions, a General Fund, and two inactive projects. Each of these projects/divisions is described below:

Mid-Connecticut Project

The Mid-Connecticut Project consists of a 2,850 ton per day municipal solid waste (“MSW”) / 2,030 ton per day refuse derived fuel resource recovery facility located in Hartford, Connecticut; a regional single stream recycling center; a network of four transfer stations; the Hartford Landfill¹; and the Ellington Landfill, which has been closed. The Mid-Connecticut Project serves 70 Connecticut municipalities in the greater Hartford area and around the State. The initial contracts with the municipalities begin to expire in November 2012. Several existing Mid-Connecticut Project towns and private haulers have signed the new MSA with the Authority’s Connecticut Solid Waste System (“CSWS”) effective November 16, 2012, following expiration of the Mid-Connecticut Project on November 15, 2012. The Mid-Connecticut resource recovery facility began commercial operation in October 1988 and generated power at an annual hourly average rate of 45.75 megawatts of electrical energy (net of in-plant usage) in fiscal year 2012.

Southeast Project

The Southeast Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill, which has been closed. The Southeast

¹ The Hartford Landfill accepted the last shipment of solid waste on December 31, 2008. The closure construction activities at the Hartford Landfill are expected to be completed by October 1, 2013.

Project provides solid waste disposal services to 12 Connecticut municipalities in the eastern portion of the State through service contract arrangements. The initial contracts with the municipalities begin to expire in November 2015. The Southeast facility began commercial operation in February 1992 and generated power at an annual hourly average rate of 15.42 megawatts of electrical energy (net of in-plant usage) in fiscal year 2012.

Property Division

The Property Division was created on January 1, 2009, following the expiration of the Bridgeport Project on December 31, 2008 and the simultaneous maturity of the Authority's bonds that had been issued to finance the construction of the Bridgeport Project. The Authority was the owner and holder of several funds, assets, and liabilities, including numerous landfill post-closure reserves related to the former Bridgeport Project, the Shelton transfer station, and the property located in Stratford. As these assets and liabilities were no longer project-specific, the Authority created the Property Division to reflect their status.

SouthWest Division

The Authority provides disposal services to 12 of the former 20 Bridgeport Project towns for disposal at the Wheelabrator facility located in Bridgeport. On December 31, 2008, the Authority and Wheelabrator Bridgeport entered into a First Amendment and Renewal of Site Lease; whereby Wheelabrator Bridgeport purchased the Authority's nominal interest in the Facility.

Landfill Division

The Landfill Division was created during fiscal year 2012 to account for specific costs associated with post-closure reserves for the Shelton, Waterbury, and Wallingford landfills. As a result, certain assets; liabilities; and net assets previously reported in the Property Division were transferred into the Landfill Division.

Recycling Division (South Unit)

A new division called the Recycling Division (South Unit) was created during fiscal year 2012 to account for the Stratford recycling activity that was originally part of the Bridgeport Project. As a result, certain assets, liabilities, and net asset related to the Stratford recycling, which was previously reported in the Property Division following the closure of the Bridgeport Project, were transferred into the Recycling Division (South Unit).

General Fund

In addition to the Authority's operating projects and divisions, the Authority maintains a General Fund in which the costs of central administration are accumulated.

Bridgeport and Wallingford Projects

The Authority's contracts with the Bridgeport and Wallingford Projects' municipalities and operators ended on December 31, 2008 and June 30, 2010; respectively.

Please refer to Note 1A in the "Notes to the Financial Statements" in the Financial Section of this report for additional information on the Authority's solid waste management systems.

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, this serves the residents of 94 of the 169 municipalities of the State.

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 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 2011 was estimated at 3,581,000 an increase of 122,000 or 3.5% from the 3,459,000 figure of 2002. However, the State's population growth has slowed during the past four decades. The 2011 population density was 739 persons per square mile, compared with 88 for the United States as a whole.

Connecticut has an extensive network of expressways and major arterial highways that provide 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, New England and Canada. 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.

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 2010 was \$54,877 for Connecticut compared with \$39,791 for the nation. Per capita income in 2001 was \$43,561 for Connecticut compared with \$31,157 for the nation.

Major industries in the State include Manufacturing; Finance, Insurance and Real Estate (FIRE); Utilities; Retail Trade; Professional, Business and Personal Services; and Government. In 2010, three industries – Services; Manufacturing; and FIRE – accounted for 70.4% of total Gross State Product² in Connecticut compared to 66.3% for the nation and 68.9% in 2001.

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 fiscal year 2001. In fiscal year 2010, the State received \$11.1 billion of prime contract awards, which ranked the State eighth in total defense dollars awarded and second in per capita dollars awarded nationwide. The same fiscal year, the State had \$3,112 in per capita defense award, compared to the national average of \$1,032.

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 fell moderately low of 4.4% in 2002, compared to New England’s average of 4.8% and the national average of 5.8%. The current recession has seen the unemployment rate in Connecticut rise to 8.9% for 2011, compared with the New England average of 7.8% and the national average of 9.0% for the same time period.

Major Initiatives

- The Authority continues to search for new ways to optimize its resources. In early 2011, the Authority conducted a review of available landfill capping technologies in preparation for the final phase of closure and capping of the remaining 35 uncapped acres of the Hartford Landfill. The review resulted in the identification of two cost-effective landfill capping technologies: (1) closure turf and (2) solar/exposed membrane. Either technology could incorporate approximately one megawatt of photovoltaic electricity generation at a price comparable to a traditional soil/membrane cap. Such capping technologies are consistent with both of the Connecticut Department of Energy and Environmental Protection’s (“DEEP”) initiative to promote renewable energy and the City of Hartford’s future use vision for the landfill. Both the City and DEEP are supportive of the proposed capping technologies.

In July 2011, the Authority submitted a permit modification application to DEEP requesting a modification in the approved final closure technology. The Authority received DEEP’s approval of the closure plan modification in December 2011, which approved both alternative technologies. The Authority anticipates advertising a request for bids in February 2013 for construction of a solar cap over the remaining 35 uncapped acres of the landfill. The Authority will evaluate bidders’ submissions and select one of the solar cap technologies. Construction is expected to begin by July 1, 2013. It is expected that the Authority will receive certification of closure from DEEP for the entire landfill in January 2014.

² 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: University State of Connecticut General Obligation Bonds, 2012 Series D, E, and F dated September 2012.

The Authority anticipates revenue from the sale of electricity generated by the solar cap to offset operation and maintenance costs. In addition, this facility will produce Class 1 Zero Emission Renewable Energy Credits (“ZRECs”) that will be sold to Connecticut Light and Power (CL&P”) pursuant to a 15-year Standard Contract for the Purchase and Sale of ZRECs that the Authority has signed with CL&P.

- Miscellaneous revenue streams were sought in the form of landfill cover and may generate revenues through August 2013. This landfill cover consists of DEEP-approved soil which is used as grading and contouring material, in preparation for final closure, and that has been approved by DEEP for this purpose. These revenues will be used to pay for the Hartford Landfill closure and post-closure costs.
- Tip fees are designed to meet net cost of operations and have remained unchanged from the prior year’s tip fees. The fiscal year 2012 tip fees for the Mid-Connecticut and Southeast Projects were set at \$69.0 and \$60.0 per ton; respectively.
- The Authority’s contracts with its former operators of the Mid-Connecticut Waste Processing and Power Block / Energy Generating facilities (the “facilities”) expired in December 2011 and May 2012; respectively. In December 2010, the Authority entered into a contract with NAES Corporation³ (“NAES”) commencing December 31, 2011 and ending June 30, 2016 with 10 one-year extensions at the Authority’s sole option.
- The Authority has Municipal Service Agreements (“MSAs”) with 70 municipalities for use of the Mid-Connecticut Project facilities. Under the MSAs, the municipalities commit to deliver their waste to the Authority and the Authority commits to disposal of the waste from the municipalities. Most of the MSAs expire on November 15, 2012. The Authority developed new MSA for consideration by the municipalities. The Authority’s facilities are publicly-owned. Fifty of the Mid-Connecticut Project towns have signed the new MSA with the Authority’s Connecticut Solid Waste System (“CSWS”) effective November 16, 2012. In addition to these towns, dozens of private haulers throughout the existing Mid-Connecticut territory have signed contracts with the CSWS.

Long-Term Service Planning

The contractual life of the Authority’s projects (the term of the MSAs, power contracts, operating contracts and project bonds) started to expire in 2008. The Authority continues to evaluate how solid waste services will be provided to Connecticut municipalities beyond the term of the existing projects. The Authority’s management conducted meetings with its member cities and towns to discuss long-term planning with regard to solid waste flow. As required by State Statute, Future Planning Committees were created for the Mid-Connecticut Project to participate in the discussion of the future options for the member cities and towns and the Authority. Based on these discussions, the Authority developed several different contract options for its member cities and towns. These options were incorporated in the forming of the new CSWS.

³ NAES operates many power plants and trash-to-energy plants nationwide.

Long-Term Financial Planning

In light of the upcoming expiration of the Mid-Connecticut Project contracts, the Authority is reviewing its financial condition to ensure adequate funds are set aside to cover long-term financial obligations, which includes, but is not limited to, closure and post-closure costs associated with the landfills. During fiscal years 2008 and 2009, many of the landfill closure and post-closure cost estimates were adjusted due to: (1) the assumption by the Authority of the responsibility of all closure and post-closure care costs and (2) market interest rate decreases and consumer price index changes associated with the global economic recession. The Authority increased its contribution for several of the landfills for projected reserve shortfalls in administration costs, including estimated annual premiums for pollution liability insurance as well as post-closure monitoring and maintenance costs. The Authority continues to maintain landfill reserve balances against projected expenditures and make recommendations accordingly.

Market Competitive Tip Fees

The Authority establishes tip fees for the Mid-Connecticut Project, CSWS, Southeast Project, and the Recycling Division on a net cost of operations basis. In addition, the Authority has established disposal and administrative fees at the SouthWest Division, which escalate based on pre-determined indices. Furthermore, it has to be cognizant of pressures on deliveries from competitive market tip fees. The Authority balances these factors by implementing cost control initiatives and enhancing revenue streams. Furthermore, the Authority has been successful in its efforts to defease outstanding bonds of its Mid-Connecticut Project and refinancing the outstanding bonds of its Southeast Project.

The Authority experienced an increase in operating costs at the Mid-Connecticut Project due to the closing of the Hartford Landfill; however, the Authority was able to offset these increases with reductions in other expense lines and the use of Projects reserves. Due to the terms of the Authority's agreement with Wheelabrator which was effective on January 1, 2009, the Authority anticipates that the SouthWest Division will have stable tip fees for the upcoming fiscal years. The Authority, along with the SCRRA, has been able to establish stable tip fees at the Southeast Project for several years.

Solid Waste Management Plan

In December 2006, the DEEP completed an amendment of the State's Solid Waste Management Plan ("the SWMP"). It replaced the SWMP that was adopted in 1991. The DEEP is required by State Statute to prepare and adopt the SWMP. In preparing the SWMP, the DEEP adopted a twenty-year planning horizon for the SWMP. The SWMP sets out three goals: 1) significantly reduce the amount of Connecticut-generated solid waste requiring disposal through increased source reduction, reuse, recycling, and composting; 2) manage the solid waste that ultimately must be disposed in an efficient, equitable, and environmentally protective manner, consistent with the statutory solid waste hierarchy; and 3) adopt stable, long-term funding mechanisms that provide sufficient revenue for State, regional, and local programs while providing incentives for increased waste reduction and diversion. The statutory hierarchy for managing solid waste, in descending order from the most to the least preferable, is as follows:

- Source reduction
- Recycling
- Composting of yard waste or vegetable matter
- Bulky waste recycling
- Resource recovery or waste-to-energy plants
- Incineration and landfilling

The SWMP establishes a target of 58% MSW disposal diversion by fiscal year 2024, an increase of approximately 28% from the current MSW diversion rate. The SWMP includes over 75 strategies to be implemented by a variety of entities to achieve this goal.

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, 2011. This was the nineteenth consecutive year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Authority 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. We believe that our 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 Bollam, Sheedy, Torani & Co. LLP, CPAs. We also would like to thank the Board for their interest and support in planning and conducting the Authority’s finances and operations.

Respectfully Submitted,



James P. Bolduc
Chief Financial Officer



Nhan T. Vo-Le
Director of Accounting and Financial Reporting

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Linda C. Danison

President

Jeffrey R. Enos

Executive Director

Board of Directors and Executive Management As of June 30, 2012

Directors

The Honorable Don Stein, Chairman

John Adams

Louis J. Auletta

The Honorable Ryan Bingham

David B. Damer

Timothy Griswold

Theodore H. Martland

Andrew Nunn

The Honorable Pedro Segarra

The Honorable Scott Slifka

Ad Hoc Directors

Mid-Connecticut

Steve Wawruck, Jr.

Robert L. Painter

Bridgeport

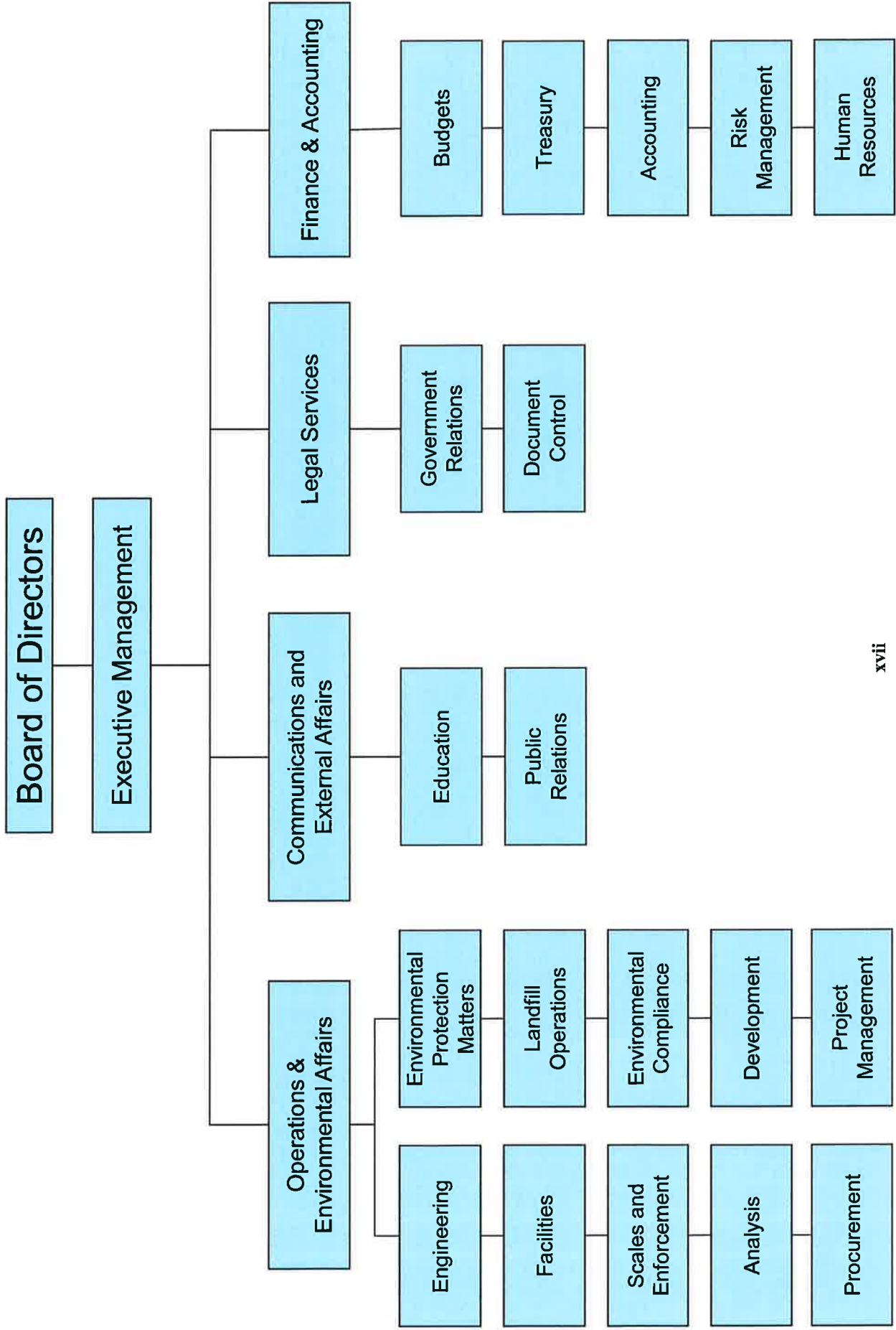
Stephen Edwards

Mark Tillinger

Executive Management

Thomas D. Kirk, President

Connecticut Resources Recovery Authority - Organization Chart



Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

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Financial Section

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

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BOLLAM, SHEEDY, TORANI & CO. LLP
Certified Public Accountants
New York, New York

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Connecticut Resources Recovery Authority
Hartford, Connecticut

We have audited the accompanying balance sheets of the Connecticut Resources Recovery Authority (Authority), a component unit of the State of Connecticut, as of June 30, 2012 and 2011, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2012, on our consideration of the Authority's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 26 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 audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying combining schedules on pages 53 through 60 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section, pages vii through xvii, and the Statistical Section, pages 63 through 97 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has 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.

Bollam Sheedy Torani & Co LLP

New York, New York
November 30, 2012

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the Connecticut Resources Recovery Authority's (the "Authority") activities and financial performance provides an introduction to the audited financial statements for the fiscal years ended June 30, 2012 and 2011. Following the MD&A are the basic financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

FINANCIAL POSITION SUMMARY

The Authority's fiscal year 2012 total assets decreased by \$18.9 million or 7.0% from fiscal year 2011 and total liabilities decreased by \$6.9 million or 8.3%. Total assets exceeded total liabilities by \$176.5 million as of June 30, 2012 as compared to \$188.5 million as of June 30, 2011 or a net decrease of \$12.0 million.

The fiscal year 2011 total assets decreased by \$36.4 million or 11.8% from fiscal year 2010 and total liabilities decreased by \$7.1 million or 7.8%. Total assets exceeded total liabilities by \$188.5 million as of June 30, 2011 as compared to \$217.8 million as of June 30, 2010, or a net decrease of \$29.3 million.

BALANCE SHEETS			
As of June 30,			
(Dollars in Thousands)			
	<u>2012</u>	<u>2011</u>	<u>2010</u>
ASSETS			
Current unrestricted assets	\$ 101,160	\$ 95,885	\$ 106,047
Current restricted assets	22,875	35,134	46,979
Total current assets	<u>124,035</u>	<u>131,019</u>	<u>153,026</u>
Non-current assets:			
Restricted cash and cash equivalents	-	14,724	22,434
Restricted investments	8,177	817	817
Capital assets, net	119,385	123,543	129,521
Development and bond issuance costs, net	1,576	1,984	2,727
Total non-current assets	<u>129,138</u>	<u>141,068</u>	<u>155,499</u>
TOTAL ASSETS	<u>\$ 253,173</u>	<u>\$ 272,087</u>	<u>\$ 308,525</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Current unrestricted liabilities	\$ 7,792	\$ 8,473	\$ 10,688
Current restricted liabilities	17,984	21,296	23,088
Total current liabilities	<u>25,776</u>	<u>29,769</u>	<u>33,776</u>
Long-term unrestricted liabilities	42,713	41,429	38,566
Long-term restricted liabilities	8,183	12,390	18,340
Total long-term liabilities	<u>50,896</u>	<u>53,819</u>	<u>56,906</u>
TOTAL LIABILITIES	<u>76,672</u>	<u>83,588</u>	<u>90,682</u>
NET ASSETS			
Invested in capital assets, net of related debt	116,348	117,634	120,895
Restricted	11,050	24,837	44,381
Unrestricted	49,103	46,028	52,567
TOTAL NET ASSETS	<u>176,501</u>	<u>188,499</u>	<u>217,843</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 253,173</u>	<u>\$ 272,087</u>	<u>\$ 308,525</u>

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

FINANCIAL HIGHLIGHTS

The following is an overview of significant changes within the Balance Sheets as of June 30, 2012 and 2011:

ASSETS

A summary of assets and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

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

	2012	2011	2012 Increase/ (Decrease) from 2011	2012 Percent Increase/ (Decrease)	2010	2011 Increase/ (Decrease) from 2010	2011 Percent Increase/ (Decrease)
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$ 76,331	\$ 73,499	\$ 2,832	3.9%	\$ 78,462	\$ (4,963)	(6.3%)
Accounts receivable, net of allowances	14,009	17,528	(3,519)	(20.1%)	22,571	(5,043)	(22.3%)
Inventory	6,370	3,973	2,397	60.3%	3,870	103	2.7%
Prepaid expenses	4,450	885	3,565	402.8%	1,144	(259)	(22.6%)
Total Unrestricted Assets	101,160	95,885	5,275	5.5%	106,047	(10,162)	(9.6%)
Restricted Assets:							
Cash and cash equivalents	22,875	35,127	(12,252)	(34.9%)	46,954	(11,827)	(25.2%)
Accrued interest receivable	-	7	(7)	(100.0%)	25	(18)	(72.0%)
Total Restricted Assets	22,875	35,134	(12,259)	(34.9%)	46,979	(11,845)	(25.2%)
TOTAL CURRENT ASSETS	124,035	131,019	(6,984)	(5.3%)	153,026	(22,007)	(14.4%)
NON-CURRENT ASSETS							
Restricted cash and cash equivalents	-	14,724	(14,724)	(100.0%)	22,434	(7,710)	(34.4%)
Restricted investments	8,177	817	7,360	900.9%	817	-	0.0%
Capital Assets:							
Depreciable, net	85,262	91,400	(6,138)	(6.7%)	100,480	(9,080)	(9.0%)
Nondepreciable	34,123	32,143	1,980	6.2%	29,041	3,102	10.7%
Development and bond issuance costs, net	1,576	1,984	(408)	(20.6%)	2,727	(743)	(27.2%)
TOTAL NON-CURRENT ASSETS	129,138	141,068	(11,930)	(8.5%)	155,499	(14,431)	(9.3%)
TOTAL ASSETS	\$ 253,173	\$ 272,087	\$ (18,914)	(7.0%)	\$ 308,525	(36,438)	(11.8%)

Current unrestricted assets increased by \$5.3 million or 5.5% from fiscal year 2011, which decreased by \$10.2 million or 9.6% over fiscal year 2010. The fiscal year 2012 increase is primarily due to:

- Unrestricted cash and cash equivalents increased by \$2.8 million primarily as a result of the following:
 - Contributions of \$13.8 million for operating requirements at the Mid-Connecticut Project for costs associated with on-going legal matters; expiration of the project and transitioning from original operators to a new operator contract; capital expenditures; recycling education program; and funding solid waste reduction activities in support

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- of the Connecticut Department of Energy and Environmental Protection (“DEEP”) Solid Waste Management Plan; and
- Funds transfer, net of \$6.9 million. Of the \$6.9 million, net, \$8.7 million reflects funds transferred from Mid-Connecticut current restricted Revenue Fund for potential project exposure, risks, and liabilities (\$6.5 million), and operating and capital expenditures (\$2.2 million); respectively, less funds transferred to the Mid-Connecticut current restricted Revenue Fund to defray the estimated impact of fiscal year 2012 tip fees (\$1.8 million); and
 - Electric revenue increased by \$1.1 million at the Southeast Project as a result of higher electricity generated and increasing electricity rates; partially offset by:
 - Payments for equipment purchases, plant improvements, and transition costs at the Mid-Connecticut Waste Processing Facility (“WPF”) and Power Block Facility (“PBF”); spare parts inventory at the PBF; closure costs at the Hartford Landfill; and post-closure costs at the Shelton, Wallingford, and Waterbury Landfills (\$12.4 million); and
 - An increase in payments for ash and non-processible waste transportation and disposal services at the Mid-Connecticut Project as a result of higher waste deliveries and unanticipated outages (\$2.5 million); and
 - A distribution of Southeast Project prior year’s surplus funds (\$1.4 million) to Southeastern Connecticut Regional Resources Recovery Authority (“SCRRA”); and
 - Contributions to SCRRA Future Needs Reserve increased by \$2.2 million as a result of the continuous impact of increased electricity revenues due to higher electric rates and prior year project surpluses; and
 - A net decrease of \$0.5 million in cash balances at the General Fund, Bridgeport, and Wallingford Projects, as well as the Landfill, Property, and Recycling Divisions.
- Accounts receivable, net decreased by \$3.6 million. This occurred due to timely receipt of electric revenue at the Southeast Project, lower member waste deliveries at the Mid-Connecticut Project and SouthWest Division, decreased other operating revenues at the Property Division, which is partially offset by increased non-member charges and other operating revenues at the Mid-Connecticut Project.
 - Inventory, including spare parts and fuel inventory, increased by \$2.4 million. This increase is a result of spare parts acquired from the Connecticut Light and Power Company, the purchase of PBF spare parts inventory upon a contract expiration with a Mid-Connecticut former operator, and fuel purchases for the Jet Turbine Facility (“JTF”).
 - Prepaid expenses, reflecting payments to Mid-Connecticut vendors for insurance and contract operating charges that are applicable to future accounting periods, increased by \$3.6 million.

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The fiscal year 2011 decrease was primarily due to:

- Unrestricted cash and cash equivalents decreased by \$5.0 million primarily as a result of the following:
 - Payments of \$7.6 million for equipment purchases and plant improvements at the Mid-Connecticut WPF and PBF (\$4.5 million), closure costs at the Hartford Landfill (\$2.6 million), and post-closure costs at the Shelton Landfill (\$0.5 million); and
 - A transfer of \$3.3 million to Mid-Connecticut Project current restricted Revenue Fund to pay for Mid-Connecticut capital expenditures incurred during fiscal year 2011; and
 - Distributions of Authority's project-related funds to its former Wallingford and Bridgeport Projects member towns of \$5.0 million and \$1.0 million, respectively; and
 - A transfer of \$1.7 million to Property Division non-current restricted Post-Closure Trust Fund as a result of a new Stewardship Permit at the Wallingford Landfill; and
 - Funds transfer for a total of \$0.8 million to Mid-Connecticut Project current restricted Revenue Fund to offset fiscal year 2012 debt payments (\$0.4 million) and to use as a credit in the Mid-Connecticut Project adopted tip fee of \$69 per ton of solid waste delivered (\$0.4 million); partially offset by:
 - A \$5.2 million receipt from the DEEP in October 2010 as reimbursement for costs previously incurred by the Authority in the closure of the Hartford Landfill (\$5.0 million) and the Waterbury Landfill (\$0.2 million); and
 - Contributions of \$4.6 million toward operating cash requirements at the Mid-Connecticut Project for capital expenditures associated with the Mid-Connecticut facilities, future Energy Generating Facility ("EGF") operating costs, and recycling education program; and
 - Operating Fund balances increased by a total of \$4.1 million at two projects; the Southeast Project (\$2.8 million) and the SouthWest Division (\$1.3 million). The increase at the Southeast Project was due to project surplus, timing in payments to certain member towns for credit associated with fiscal year 2011 waste delivered and Southeast Project operator for the balance of fiscal year 2011 service fee. The increase at the SouthWest Division was due to timing in payment for contract operating charges; and
 - A transfer of \$1.1 million from Mid-Connecticut Project current restricted Revenue Fund for fiscal year 2010 contributions toward operating cash requirements for future EGF operating costs.

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- Accounts receivable, net decreased by \$5.0 million primarily due to:
 - A decrease of \$4.4 million at the Mid-Connecticut Project as a result of the \$5.0 million receipt from the DEEP in October 2010 as State grant-in-aid to reimburse for costs previously incurred by the Authority in the closure of the Hartford Landfill; partially offset by an increase of \$0.4 million in service payment receivables as a result of no tip fee subsidy credit to the Mid-Connecticut Project's member and contract towns and higher spot waste revenues as a result of waste delivery settlements with various hauling companies for diversion of waste from the Authority's Mid-Connecticut Project less the impact of lower member waste deliveries occurring state-wide; and
 - A decrease of \$0.8 million at the Wallingford Project resulting from the closure of the project as of June 30, 2010.
- Inventory remained relatively flat, increasing by \$103,000.
- Prepaid expenses remained fairly flat, decreasing by \$259,000.

Current restricted assets decreased by \$12.3 million or 34.9% from fiscal year 2011, which decreased by \$11.8 million or 25.2% from fiscal year 2010. The fiscal year 2012 decrease is primarily due to:

- Payments for various expenses as follows:
 - Regular principal and interest due on the Authority's Mid-Connecticut bonds in November 2011 (\$4.1 million); and
 - Reconstruction of a fuel tank, rebuilding of two power turbines, and fuel purchases at the JTF (\$4.2 million); and
 - Prepayments to the Mid-Connecticut operator for July 2012 operational and capital expenditures pursuant to the Mid-Connecticut Operations and Management Agreement (\$3.5 million); and
- Various funds transfer as follows:
 - \$6.5 million to Mid-Connecticut current unrestricted Risk Fund (the "Risk Fund") for potential project exposure, risks, and liabilities; and
 - \$2.2 million to Mid-Connecticut current unrestricted Facility Modifications Fund for capital expenditures incurred during fiscal year 2012 and Jets Operating Fund to subsidize fiscal year 2012 expenditures, (\$0.5 million) and (\$1.7 million); respectively; and
- Use of funds from the Mid-Connecticut current restricted Revenue Fund to pay for costs and fees incurred during fiscal year 2012 (\$6.8 million); partially offset by:
- The \$1.8 million transferred from the Risk Fund to defray the estimated impact of fiscal year 2012 tip fees; and

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- Contributions of \$2.8 million at the EGF and JTF and the Southeast Montville Landfill for capital costs (\$2.4 million) and monitoring and maintenance of the Montville Landfill post-closure care costs (\$0.4 million); respectively; and
- A total of \$7.4 million reclassified from Mid-Connecticut non-current Special Capital Reserve Fund and other Trustee accounts for the final year's debt service payments on the Mid-Connecticut 1996 Series A Project Refinancing (the "Mid-Connecticut bonds") due in November 2012 (\$4.4 million) and remaining trustee funds that will be released to the Authority after the Mid-Connecticut bonds are paid off in pursuant with the Mid-Connecticut bond indentures (\$3.0 million); respectively; and
- Timely receipt of electric revenue at the Southeast Project (\$2.8 million).

The fiscal year 2011 decrease was primarily due to:

- Tip Fee Stabilization Fund at the Wallingford Project decreased by \$14.5 million due to distribution of funds to the former Wallingford Project member towns; and
- Debt Service Fund balances decreased by a total of \$3.0 million at two projects; the Mid-Connecticut Project (\$2.6 million) and the Southeast Project (\$0.4 million). This decrease is as a result of regular principal and interest payments due on Authority bonds in November 2010 and May 2011 less additional debt service deposits for regular principal payments due in November 2011; partially offset by:
- A \$3.5 million reclassified from Mid-Connecticut non-current restricted assets for capital expenditures to be incurred during fiscal year 2012; and
- Revenue Fund balance at the Mid-Connecticut Project increased by \$1.8 million mainly due to a combination of the following:
 - Funds transfer of \$2.8 million and \$0.5 million from the Mid-Connecticut Project current unrestricted Landfill Development Fund and Risk Fund, respectively, to pay for Mid-Connecticut capital expenditures incurred during fiscal year 2011; and
 - A balance in advanced payments of \$0.7 million from the Mid-Connecticut customers for future solid waste deliveries; and
 - A transfer of \$0.7 million from Mid-Connecticut non-current restricted General Fund to offset Mid-Connecticut Project fiscal year 2012 debt service; and
 - Funds released by Authority Trustee from the Mid-Connecticut non-current restricted Equipment Replacement Fund and Operating and Maintenance Fund totaled \$544,000 (\$272,000 each) for amount in excess of minimum funding requirement of \$1.5 million for each fund as defined in the Mid-Connecticut Bond Resolution; and

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- A transfer of \$0.4 million from Mid-Connecticut Project current unrestricted Debt Service Stabilization Fund to offset fiscal year 2012 debt payments; partially offset by:
- Non-transference from Mid-Connecticut current unrestricted Debt Service Stabilization Fund (\$2.5 million) due to depletion of funds in prior periods; and
- The transfer of \$1.1 million to Mid-Connecticut Project current unrestricted Jets Operating Fund. This transfer represents fiscal year 2010 contributions toward operating cash requirements for future EGF operating costs; and
- Contributions toward reserve requirements of \$0.5 million at the Mid-Connecticut Project for recycling education program and Southeast Project for monitoring and maintenance of the Montville landfill post-closure care costs.

Non-current assets decreased by \$11.9 million or 8.5% from fiscal year 2011, which decreased by \$14.4 million or 9.3% from fiscal year 2010. The fiscal year 2012 decrease occurred primarily due to:

- Restricted cash and cash equivalents decreased by \$14.7 million due to:
 - Purchases of \$7.3 million U.S. Treasury Bills for landfill post-closure trust funds, which is classified as non-current restricted investments; and
 - The reclassification of \$7.4 million of debt service reserve funds to current restricted assets for the final debt service payment on the Mid-Connecticut bonds due in November 15, 2012 (\$4.4 million) and the other Trustee funds that will be released to the Authority after the bonds are paid off (\$3.0 million).
- Capital assets, net, consisting of depreciable and nondepreciable assets, decreased by \$4.1 million. The component of net capital assets fluctuated as follows:
 - Capital assets – depreciable, net decreased by \$6.1 million primarily due to \$15.8 million of depreciation expense; partially offset by \$1.4 million in equipment purchases and plant improvements and a reclassification of \$8.2 million in construction in progress (“CIP”) from the nondepreciable capital assets. The \$8.2 million CIP projects represent capital projects that have been completed as of June 30, 2012 including purchases of a new primary superheater for PBF boilers, installation of a fuel tank as well as rebuilding a spare jet engine and turbines at the JTF, and installation of a video monitoring system at the WPF; partially offset by:
 - Capital assets – nondepreciable increased by \$2.0 million due to an increase in construction in progress of \$10.1 million; partially offset by the \$8.2 million reclassification of CIP to the depreciable capital assets, net.
- Development and bond issuance costs, net, slightly decreased by \$0.4 million due to amortization.
- Restricted investments increased by \$7.4 million due to the purchases of U.S. Treasury Bills for the landfill post-closure trust funds with maturities over three months.

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The fiscal year 2011 decrease occurred primarily due to:

- Restricted cash and cash equivalents decreased by \$7.7 million. This decrease occurred primarily due to:
 - Payments of \$5.3 million for fuel tank at the Jet Turbine Facility; turbine controls upgrade and new turbine diaphragms at the EGF; and rebuild two free (power) turbines at the Jet Turbine Facility; and
 - The \$3.5 million reclassified to Mid-Connecticut current restricted assets for capital expenditures to be incurred during fiscal year 2012; and
 - A decrease in Special Capital Reserve Fund of \$886,000 at the Southeast Project resulting from the refunding of the Southeast Project 1998 Series A Bonds in December 2010; and
 - The transfer of \$0.7 million to the Mid-Connecticut current restricted General Fund to offset Mid-Connecticut Project fiscal year 2012 debt service; and
 - The \$544,000 released by the Trustee to the Mid-Connecticut current restricted Revenue Fund for amount in excess of minimum funding requirement of \$1.5 million for each fund as defined in the Mid-Connecticut Bond Resolution; partially offset by:
 - A purchase of \$1.7 million U.S. Treasury Bill for the Wallingford Landfill Post-Closure Trust Fund; and
 - A \$1.7 million contribution to Jets reserve to cover for some of the replacement costs for the fuel tank and turbine rebuild.
- Restricted investments remained unchanged.
- Capital assets, net, consisting of depreciable and nondepreciable assets, decreased by \$6.0 million. The component of net capital assets fluctuated as follows:
 - Capital assets – depreciable, net decreased by \$9.1 million due to a \$17.6 million of depreciation expense and a \$1.2 million loss on write-off of various Mid-Connecticut assets as a result of plant improvements and equipment disposals and sales; partially offset by \$2.1 million in plant improvements and equipment purchases and a reclassification of \$7.6 million in construction in progress (“CIP”) from the nondepreciable capital assets. The \$7.6 million CIP projects represent capital projects that have been completed or substantially completed as of June 30, 2011.
 - Capital assets – nondepreciable increased by \$3.1 million due to an increase in CIP of \$10.7 million; partially offset by the \$7.6 million reclassification of CIP to the depreciable capital assets, net. The balance in CIP of \$3.1 million represents installation of fuel tank and rebuild of a spare jet engine at the JTF as well as other miscellaneous projects.

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- Development and bond issuance costs, net decreased by \$0.7 million due to amortization expense and a write-off of unamortized bond issuance costs as a result of the Southeast Project refunding.

LIABILITIES

A summary of liabilities and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

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

	2012	2011	2012 Increase/ (Decrease) from 2011	2012 Percent Increase/ (Decrease)	2010	2011 Increase/ (Decrease) from 2010	2011 Percent Increase/ (Decrease)
CURRENT LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	\$ 1,330	\$ 4,193	\$ (2,863)	(68.3%)	\$ 5,593	\$ (1,400)	(25.0%)
Accounts payable	1,658	1,671	(13)	(0.8%)	1,730	(59)	(3.4%)
Accrued expenses and other current liabilities	4,804	2,609	2,195	84.1%	3,365	(756)	(22.5%)
Total payable from unrestricted assets	7,792	8,473	(681)	(8.0%)	10,688	(2,215)	(20.7%)
Payable from restricted assets:							
Bonds payable, net	4,134	3,906	228	5.8%	4,280	(374)	(8.7%)
Closure and post-closure care of landfills	1,298	1,196	102	8.5%	4,650	(3,454)	(74.3%)
Accounts payable	850	3,650	(2,800)	(76.7%)	1,009	2,641	261.7%
Accrued expenses and other current liabilities	11,702	12,544	(842)	(6.7%)	13,149	(605)	(4.6%)
Total payable from restricted assets	17,984	21,296	(3,312)	(15.6%)	23,088	(1,792)	(7.8%)
TOTAL CURRENT LIABILITIES	25,776	29,769	(3,993)	(13.4%)	33,776	(4,007)	(11.9%)
LONG-TERM LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	39,213	37,929	1,284	3.4%	38,566	(637)	(1.7%)
Other liabilities	3,500	3,500	-	0.0%	-	3,500	100.0%
Total payable from unrestricted assets	42,713	41,429	1,284	3.1%	38,566	2,863	7.4%
Payable from restricted assets:							
Bonds payable, net	-	4,134	(4,134)	(100.0%)	11,664	(7,530)	(64.6%)
Closure and post-closure care of landfills	7,359	7,358	1	0.0%	5,672	1,686	29.7%
Other liabilities	824	898	(74)	(8.2%)	1,004	(106)	(10.6%)
Total payable from restricted assets	8,183	12,390	(4,207)	(34.0%)	18,340	(5,950)	(32.4%)
TOTAL LONG-TERM LIABILITIES	50,896	53,819	(2,923)	(5.4%)	56,906	(3,087)	(5.4%)
TOTAL LIABILITIES	\$ 76,672	\$ 83,588	\$ (6,916)	(8.3%)	\$ 90,682	(7,094)	(7.8%)

Current liabilities decreased by \$4.0 million or 13.4% compared to fiscal year 2011, which also decreased by \$4.0 million or 11.9% compared to fiscal year 2010. The fiscal year 2012 decrease from 2011 is due to:

- **Current liabilities payable from unrestricted assets** decreased by \$0.7 million due to:
 - Closure and post-closure care of landfills decreased by \$2.9 million primarily as a result of delayed closure activities as the Authority prepares for final closure at the

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Hartford Landfill by bringing soil in and using the soil to adjust the grade of the landfill to accept the final cap.

- Accounts payable and accrued expenses and other current liabilities increased by \$2.2 million due to timing in payments for goods and services received.
- **Current liabilities payable from restricted assets** decreased by \$3.3 million. This occurred due to:
 - Accounts payable and accrued expenses and other current liabilities decreased by \$3.6 million as a result of disbursements of funds for goods and services received.
 - Bonds payable, net, remained fairly constant, increasing by \$228,000. This increase reflects a reclassification of debt service from long-term restricted liabilities for the Mid-Connecticut 1996 Series A Bonds Project Refinancing that is due on November 15, 2012; partially offset by the regular principal payment made on the Authority's Mid-Connecticut bonds in November 2011.
 - Closure and post-closure care of landfills, remained relatively flat, increasing by \$102,000.

The fiscal year 2011 decrease from 2010 was due to:

- **Current liabilities payable from unrestricted assets** decreased by \$2.2 million due to:
 - Closure and post-closure care of landfills decreased by \$1.4 million primarily as a result of lower construction and engineering costs at the Hartford Landfill as the closure activities are approximately 65% completed.
 - Accounts payable and accrued expenses and other current liabilities decreased by \$0.8 million mainly due to the closure of the Wallingford Project as of June 30, 2010.
- **Current liabilities payable from restricted assets** decreased by \$1.8 million. This occurred due to:
 - Bonds payable, net, remained fairly constant, decreasing by \$374,000.
 - Closure and post-closure care of landfills decreased by \$3.5 million primarily as a result of lower construction and engineering costs at the Hartford Landfill.
 - Accounts payable and accrued expenses and other current liabilities increased by \$2.0 million due to timing in payments for goods and services received at the Southeast Project and the SouthWest Division.

Long-term liabilities decreased by \$2.9 million or 5.4% compared to fiscal year 2011, which decreased by \$3.1 million or 5.4% compared to fiscal year 2010. The fiscal year 2012 decrease from 2011 is primarily due to:

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- **Long-term liabilities payable from unrestricted assets** increased by \$1.3 million due to a reduction in the long-term portion of closure and post-closure care costs as a result of payments for closure and post-closure costs less the impact of decreased current closure and post-closure care costs.
- **Long-term liabilities payable from restricted assets** decreased by \$4.2 million as a result of the following:
 - Bonds payable, net decreased by \$4.1 million. This decrease occurred due to the reclassification of the debt service amount to current restricted liabilities for the Mid-Connecticut 1996 Series A Bonds Project Refinancing that is due on November 15, 2012.
 - Other liabilities remained flat, decreasing by \$74,000.
 - Closure and post-closure care of landfills remained unchanged.

The fiscal year 2011 decrease from 2010 was due to:

- **Long-term liabilities payable from unrestricted assets** increased by \$2.9 million due to a \$3.5 million increase in other liabilities; partially offset by a \$637,000 decrease in closure and post-closure care of landfills. The increase in other liabilities was due to potential end of project transition costs. The decrease in closure and post-closure care of landfills was due to payments for closure and post-closure care costs at the Ellington, Hartford, Shelton, Waterbury, and Wallington landfills.
- **Long-term liabilities payable from restricted assets** decreased by \$5.9 million due to:
 - Bonds payable, net decreased by \$7.5 million as a result of regular principal payments due on Authority bonds in November 2010 (\$4.4 million), principal payment on the outstanding Southeast Project 1998 Series A Bonds as of December 15, 2010 (\$3.8 million), and write-off of unamortized premium on sale of bonds and other deferred amounts as a result of the Southeast Project refunding.
 - Other liabilities remained relatively flat, decreasing by \$106,000.
 - Closure and post-closure care of landfills increased by \$1.7 million due to the impact of decreased current portion of closure and post-closure liabilities.

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SUMMARY OF OPERATIONS AND CHANGES IN NET ASSETS

Net assets may serve over time as a useful indicator of the Authority's financial position.

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

Fiscal Years Ended June 30,

(Dollars in Thousands)

	2012	2011	2010
Operating revenues	\$ 132,043	\$ 132,067	\$ 138,122
Operating expenses	127,799	144,121	135,011
Income (loss) before depreciation and amortization and other non-operating revenues and (expenses)	4,244	(12,054)	3,111
Depreciation and amortization	16,242	18,009	17,292
Loss before other non-operating revenues and (expenses), net	(11,998)	(30,063)	(14,181)
Non-operating revenues (expenses), net	-	(1,614)	5,363
Loss before special item	(11,998)	(31,677)	(8,818)
Special item:			
Gain on early retirement of debt, net	-	2,333	-
Change in net assets	(11,998)	(29,344)	(8,818)
Total net assets, beginning of year	188,499	217,843	226,661
Total net assets, end of year	\$ 176,501	\$ 188,499	\$ 217,843

Operating revenues remained flat, decreasing by \$24,000 during fiscal year 2012 from fiscal year 2011 and \$6.1 million or 4.4% during fiscal year 2011 from fiscal year 2010. The fiscal year 2012 decrease is primarily due to:

- A \$923,000 decrease in member service charges; and
- A \$545,000 decrease in other operating revenues; partially offset by:
- A \$1.4 million increase in other services charges; and

The fiscal year 2011 decrease was primarily due to:

- A \$7.5 million decrease in member service charges; and
- A \$2.7 million decrease in energy sales; partially offset by:
- An increase of \$1.8 million in other services charges; and
- A \$2.3 million increase in other operating revenues.

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Operating expenses decreased by \$16.3 million or 11.3% during fiscal year 2012 primarily due to:

- A \$20.7 million decrease in distribution to member towns; partially offset by:
- An increase of \$3.0 million in solid waste operations; and
- A \$1.4 million of distribution to SCRRA.

Operating expenses increased by \$9.1 million or 6.7% during fiscal year 2011 primarily due to:

- A \$19.0 million increase in distribution to member towns; and
- A \$2.7 million increase in closure and post-closure care of landfills; partially offset by:
- A \$12.2 million decrease in solid waste operations; and
- A \$0.5 million decrease in legal services – external.

Depreciation and amortization decreased by \$1.8 million or 9.8% during fiscal year 2012 as a result of the Jets asset being fully depreciated. During fiscal year 2011, depreciation and amortization increased by \$0.7 million or 4.1% as a result of additional plant improvements and equipment purchases.

Non-operating revenues (expenses), net decreased by \$1.6 million during fiscal year 2012 from fiscal year 2011 and \$7.0 million during fiscal year 2011. The fiscal year 2012 decrease is due to:

- Investment income decreased by \$114,000; partially offset by:
- Other income (expenses), net decreased by \$1.3 million; and
- Interest expense decreased by \$369,000.

The fiscal year 2011 decrease is due to:

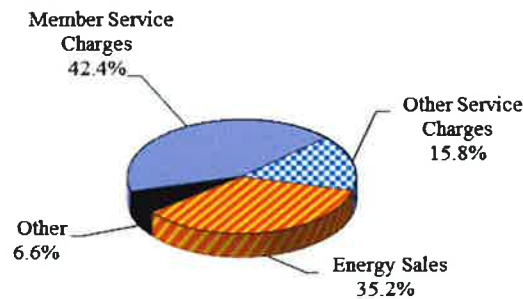
- Investment income decreased by \$250,000; and
- Other income (expenses), net decreased by \$7.1 million; partially offset by:
- Interest expense decreased by \$377,000.

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SUMMARY OF OPERATING REVENUES

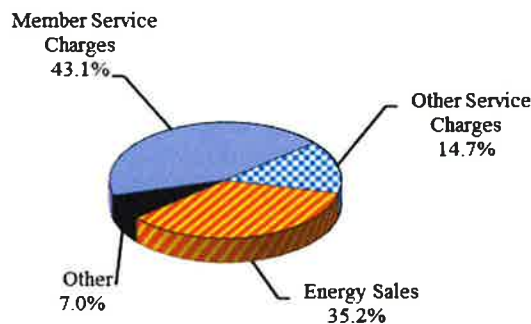
The following charts show the major sources and the percentage of operating revenues for the fiscal years ended June 30, 2012 and 2011:

Fiscal Year 2012



During fiscal year 2012 Solid Waste tipping fees (member service and other service charges) account for 58.2% of the Authority's operating revenues. Energy sales make up another 35.2% of operating revenues.

Fiscal Year 2011



During fiscal year 2011, Solid Waste tipping fees (member service and other service charges) account for 57.8% of the Authority's operating revenues. Energy sales make up another 35.2% of operating revenues.

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A summary of operating revenues and non-operating revenues, and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

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

	2012	2011	2012 Increase/ (Decrease) from 2011	2012 Percent Increase/ (Decrease)	2010	2011 Increase/ (Decrease) from 2010	2011 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	\$ 55,966	\$ 56,889	\$ (923)	(1.6%)	\$ 64,393	\$ (7,504)	(11.7%)
Other service charges	20,860	19,439	1,421	7.3%	17,597	1,842	10.5%
Energy sales	46,547	46,524	23	0.0%	49,203	(2,679)	(5.4%)
Other operating revenues	8,670	9,215	(545)	(5.9%)	6,929	2,286	33.0%
Total Operating Revenues	132,043	132,067	(24)	(0.0%)	138,122	(6,055)	(4.4%)
Non-Operating Revenues:							
Investment income	192	306	(114)	(37.3%)	556	(250)	(45.0%)
Other income	560	255	305	119.6%	5,912	(5,657)	(95.7%)
Total Non-Operating Revenues	752	561	191	34.0%	6,468	(5,907)	(91.3%)
Total Revenues	\$ 132,795	\$ 132,628	\$ 167	0.1%	\$ 144,590	\$ (11,962)	(8.3%)

Overall, fiscal year 2012 total revenues remained flat, increasing by \$167,000 or 0.1% from fiscal year 2011. Fiscal year 2011 total revenues decreased by \$12.0 million or 8.3% from fiscal year 2010. The following discusses the major changes in operating and non-operating revenues of the Authority:

- Member service charges decreased by \$923,000 and \$7.5 million in fiscal years 2012 and 2011, respectively. The fiscal year 2012 decrease is primarily due to anticipated decrease in member deliveries at the Mid-Connecticut Project and SouthWest Division.

The fiscal year 2011 decrease was primarily due to:

- A decrease of \$8.5 million at the Wallingford Project due to the closure of the project as of June 30, 2010; and
- A decrease of \$1.2 million at the Southeast Project. This occurred due to a reduction in member revenues as a result of rebates to certain member towns for fiscal years 2010 and 2011 waste delivered and paid under the minimum commitment pursuant to the Municipal Service Agreement between those towns and SCRRA plus the impact of lower member waste deliveries; partially offset by:
- An increase of \$2.0 million at the Mid-Connecticut Project. This increase reflects higher member revenues received as a result of no tip fee subsidy credit to the Mid-Connecticut Project's member towns less the impact of lower member waste deliveries occurring state-wide.

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- Other service charges to both contract towns and spot waste haulers increased by \$1.4 million and \$1.8 million in fiscal years 2012 and 2011; respectively. The fiscal year 2012 increase is primarily as a result of unexpected higher spot waste deliveries at the Mid-Connecticut Project that includes a slight increase in waste delivery settlements (the “waste settlements”) with various hauling companies for diversion of waste from the Authority’s Mid-Connecticut Project. The fiscal year 2011 increase was primarily a result of no tip fee subsidy credit to the Mid-Connecticut Project’s contract towns and higher spot waste revenues as a result of the waste settlements.
- Energy sales remained flat, increasing by \$23,000 during fiscal year 2012 and decreased by \$2.7 million during fiscal year 2011. The fiscal year 2012 net increase is due to an increase of \$1,075,000 at the Southeast Project a result of higher electricity generated and contract rates; partially offset by a decrease of \$1,052,000 at the Mid-Connecticut Project due to lower contract rates offset by higher electricity generated.

The fiscal year 2011 decrease was due to:

- A decrease of \$2.4 million at the Wallingford Project due to the closure of the Project as of June 30, 2010; and
 - A decrease of \$1.0 million at the Mid-Connecticut Project due to turbines performance issues; partially offset by:
 - An increase of \$0.7 million at the Southeast Project as a result of a slight increase in electricity rates less the impact of lower electricity generated.
- Other operating revenues decreased by \$545,000 in fiscal year 2012 and increased by \$2.3 million in fiscal years 2011. The fiscal year 2012 decrease is mainly due to decreased residual revenue share and rental income at the Recycling Division resulting upon the expiration of a contract between the Authority and its former operator, which is offset by higher metal and recycling sales at the Mid-Connecticut Project as a result of favorable market conditions.

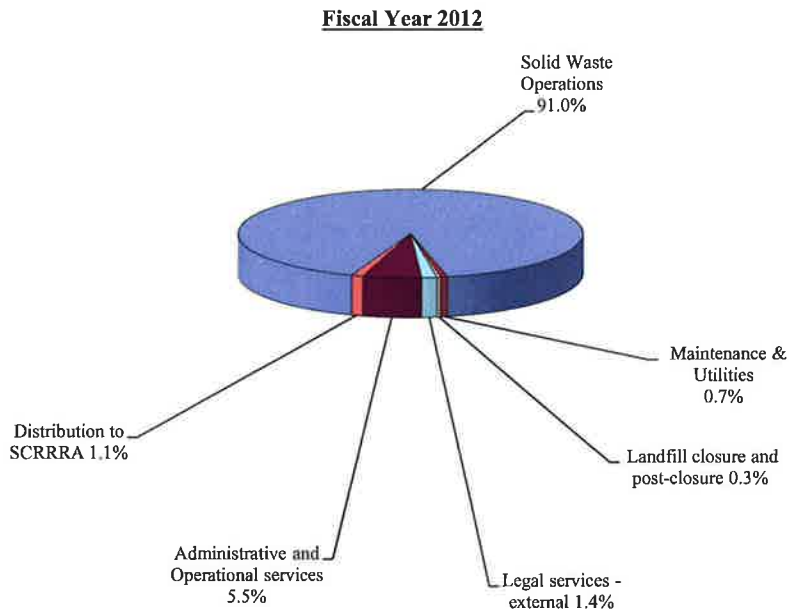
The fiscal year 2011 increase reflects higher metal and recycling sales at the Mid-Connecticut Project as a result of favorable market conditions and higher rental income at the Property Division as a result of leasing land located at Stratford to the Authority’s former operator.

- Investment income for both fiscal years 2012 and 2011 remained fairly constant, decreasing by \$114,000 from fiscal year 2011 and \$250,000 from fiscal year 2010; respectively. The decreases for both fiscal years are due to low cash balances and continued low interest rates.
- Other income of \$560,000 for fiscal year 2012 represents settlement income in association with one of the lawsuits at the Mid-Connecticut Project, gains on sales of equipment and miscellaneous income. Other income of \$255,000 for fiscal year 2011 represents gains on sales of equipment and miscellaneous income.

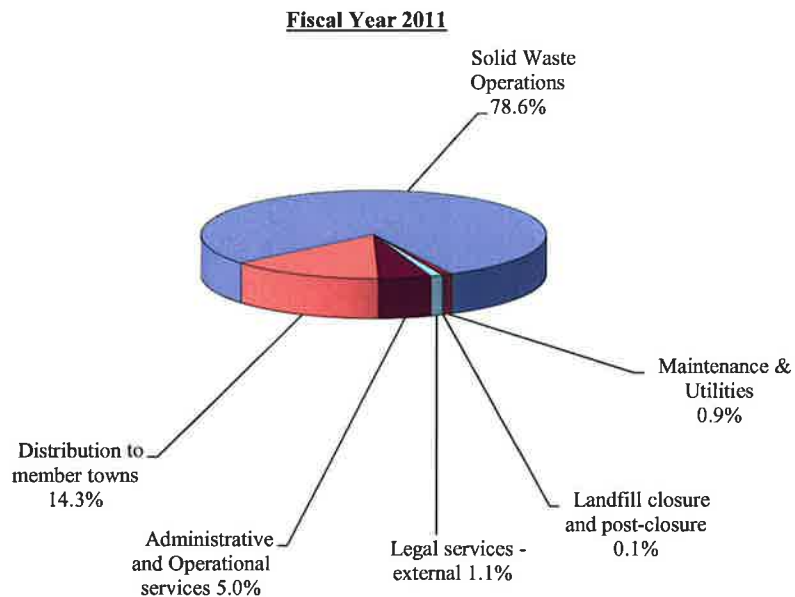
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SUMMARY OF OPERATING EXPENSES

The following charts show the major sources and the percentage of operating expenses for the fiscal years ended June 30, 2012 and 2011:



Solid Waste Operations are the major component of the Authority's operating expenses, accounting for 91.0% of operating expenses in fiscal year 2012.



During fiscal year 2011, Solid Waste Operations accounted for 78.4% of operating expenses.

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A summary of operating expenses and non-operating expenses and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING AND NON-OPERATING EXPENSES							
Fiscal Years Ended June 30,							
(Dollars in Thousands)							
			2012		2011		
			Increase/ (Decrease)	Percent Increase/ (Decrease)			Increase/ (Decrease)
	2012	2011	from 2011	(Decrease)	2010	from 2010	(Decrease)
Operating Expenses:							
Solid waste operations	\$ 116,261	\$ 113,219	\$ 3,042	2.7%	\$ 125,407	\$ (12,188)	(9.7%)
Maintenance and utilities	900	1,237	(337)	(27.2%)	1,365	(128)	(9.4%)
Landfill closure and post-closure	415	214	201	93.9%	(2,495)	2,709	(108.6%)
Legal services - external	1,803	1,601	202	12.6%	2,055	(454)	(22.1%)
Administrative and operational services	7,019	7,194	(175)	(2.4%)	7,040	154	2.2%
Distribution to member towns	-	20,656	(20,656)	(100.0%)	1,639	19,017	1160.3%
Distribution to SCRRRA	1,401	-	1,401	100.0%	-	-	0.0%
Total Operating Expenses	127,799	144,121	(16,322)	(11.3%)	135,011	9,110	6.7%
Depreciation and amortization	16,242	18,009	(1,767)	(9.8%)	17,292	717	4.1%
Non-Operating Expenses:							
Interest expense	317	686	(369)	(53.8%)	1,063	(377)	(35.5%)
Other expenses	435	1,489	(1,054)	(70.8%)	42	1,447	3445.2%
Total Non-Operating Expenses	752	2,175	(1,423)	(65.4%)	1,105	1,070	96.8%
Total Expenses	\$ 144,793	\$ 164,305	(19,512)	(11.9%)	\$ 153,408	\$ 10,897	7.1%

The Authority's total expenses decreased by \$19.5 million or 11.9% between fiscal years 2012 and 2011. Fiscal year 2011 total expenses increased by \$10.9 million or 7.1% from fiscal year 2010. Notable differences between the fiscal years include:

- Solid waste operations increased by \$3.0 million from fiscal year 2011 to 2012. This occurred primarily due to the following:
 - Greater ash and non-processible waste transportation and disposal services as a result of higher waste deliveries and unanticipated outages, increased payments in lieu of taxes, and transition costs for the new operator at the Mid-Connecticut Project; partially offset by lower contract operating charges resulting from a new Operations and Management Agreement to operate the Mid-Connecticut's Waste to Energy Facility effective on December 31, 2011 for the WPF; and
 - Higher distribution of funds to SCRRRA for future expenses at the Southeast Project; partially offset by:
 - Decreased contract operating charges at the SouthWest Division due to lower member waste deliveries; and
 - Decreased operating fee of recyclables at the Recycling Division as a result of the contract expiration with the Authority's former operator.

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Solid waste operations decreased by \$12.2 million from fiscal year 2010 to 2011 primarily due to:

- Operating expenses decreased by \$11.9 million at the Wallingford Project as a result of the closure of the Project as of June 30, 2010; and
- Operating expenses decreased by \$1.1 million at the Southeast Project as a result of lower distribution of funds to SCRRRA for future expenses due to the impact of increased electric revenues and prior year project surpluses, plus a slight decrease in contract operating charges; partially offset by:
- Operating expenses increased by \$0.6 million at the Bridgeport Project due to a write-off in bad debt expense resulting from collections of service payment receivables from certain former Bridgeport Project member towns.
- Maintenance and utilities expenses remained relatively flat, decreasing by \$337,000 and \$128,000 during fiscal years 2012 and 2011; respectively.
- Landfill closure and post-closure care costs remained flat, increasing by \$201,000 during fiscal year 2012. During fiscal year 2011, landfill closure and post-closure care costs increased by \$2.7 million due to the increase in estimated costs at the Hartford Landfill; partially offset by decreases in estimated costs at the Shelton and Wallingford landfills.
- Legal services – external remained flat, increasing by \$202,000 during fiscal year 2012. Legal services - external decreased by \$454,000 during fiscal year 2011 as a result of a legal matter that was settled in favor of the Authority in July 2010.
- Administrative and operational services for both fiscal years remained relatively flat, decreasing by \$175,000 from fiscal year 2011 and increasing by \$154,000 from fiscal year 2010.
- Distribution to member towns decreased by \$20.6 million from fiscal year 2011. During fiscal year 2011, the Authority distributed \$19.4 million and \$1.2 million to its former Wallingford and Bridgeport Projects town members, respectively.
- Distribution to SCRRRA increased by \$1.4 million from fiscal year 2011. During fiscal year 2012, the Authority transferred \$1.4 million of the Southeast Project surplus funds to SCRRRA for its future needs.
- Interest expense decreased by \$369,000 and \$337,000 during fiscal years 2012 and 2011; respectively, due to principal paydowns on outstanding bonds.
- Other expenses of \$435,000 during fiscal year 2012 represents the write-off of various Mid-Connecticut assets as a result of equipment disposals, future use expense at the Shelton Landfill, and miscellaneous expenses. Other expenses of \$1.5 million during fiscal year 2011 represents the write-off of various Mid-Connecticut assets as a result of plant improvements and equipment disposals and sales, as well as the transfer of the Wallingford

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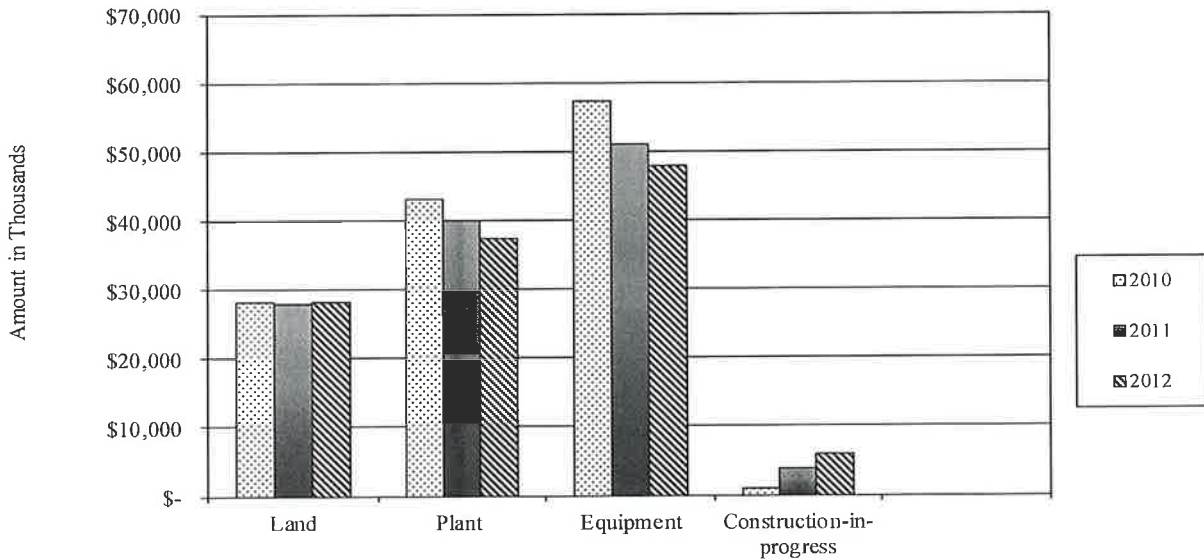
Project equipment to its former operator on July 1, 2010, distribution of the remaining balance in the Southeast Project Rebate Fund to SCRRA for its future needs, and trustee fees.

CAPITAL ASSETS

The following table is a three year comparison of the Authority’s investment in capital assets:

**Capital Assets
(Net of Accumulated Depreciation)
As of June 30,
(In Thousands)**

	2010	2011	2012
Land	\$ 28,180	\$ 28,180	\$ 28,180
Plant	43,189	40,158	37,338
Equipment	57,291	51,242	47,924
Construction-in-progress	861	3,963	5,943
Totals	<u>\$ 129,521</u>	<u>\$ 123,543</u>	<u>\$ 119,385</u>



The Authority’s investment in capital assets for its activities as of June 30, 2012 and 2011 totaled \$119.4 million and \$123.5 million, respectively (net of accumulated depreciation). This investment in capital assets includes buildings and improvements, equipment, gas and steam turbines, land, landfills, roadways, rolling stock and vehicles.

The total fiscal year 2012 and 2011 decrease in the Authority’s investment in capital assets was 3.4% and 4.6%, respectively. The fiscal year 2012 decrease is due to depreciation expense; partially offset by plant improvements, equipment purchases, and CIP. The fiscal year 2011 decrease was due to depreciation expense and the write-off of various Mid-Connecticut assets

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and the transfer of the Wallingford Project equipment to its former operator; partially offset by plant improvements, equipment purchases, and CIP.

Additional information on the Authority's capital assets can be found in Notes 1J and 3 on pages 36 – 37 and 41 of this report; respectively.

LANDFILL ACTIVITY

Hartford Landfill

The Connecticut State Legislature approved legislation that provides \$13.0 million to the Authority for costs associated with the closure of the Hartford landfill, with \$3.0 million allocated in fiscal year 2008, and \$10.0 million allocated in fiscal year 2009. In March 2008, the State Bond Commission appropriated \$3.0 million. The Authority received the \$3.0 million in January 2009. In July 2010, the State Bond Commission appropriated another \$5.0 million. The Authority received the \$5.0 million in October 2010. Subsequent legislation was approved that reduced the amount reimbursable to the Authority to \$8.0 million, a reduction of \$5.0 million. Therefore, the Authority has received all of the money available to it (\$8.0 million) for costs associated with the closure of the Hartford Landfill.

In June and July 2007, the Authority awarded two closure construction contracts, one to cap approximately seven acres in the Phase 1 Ash Area, and the other to cap approximately 45 acres in the Municipal Solid Waste ("MSW")/Interim Ash Area, together valued at approximately \$15.0 million. These construction activities proceeded during fiscal 2008 and continued into fiscal year 2009. In July 2009, the Authority awarded a closure contract for the remaining portion Phase I ash area valued at approximately \$2.5 million. The closure construction activities associated with the Phase I ash area were completed in fiscal year 2010. The closure construction activities associated with the 45 acre portion of the MSW/Interim ash area were completed in 2011. In July 2011, the Authority submitted an application to DEEP for a modification of the existing Closure Plan to allow for the installation of an exposed membrane/solar landfill cap over the remaining, uncapped, 35 acres of the landfill. In December 2011, DEEP issued an approval of the Closure Plan Modification, which approved two different exposed membrane/solar technologies. The Authority anticipates advertising a request for bids in early fiscal year 2013 for construction of either of the two exposed membrane/solar technologies to be completed during the calendar year. It is expected that the Authority will receive certification of closure from DEEP for the entire landfill by January 1, 2014.

Waterbury Landfill

The Authority's Waterbury Bulky Waste Landfill, a 5.5 acre landfill, was permitted in the mid-1980's by Waterbury Landfill Associates to accept waste such as land clearing debris and construction and demolition debris. The landfill was subsequently purchased by the Authority in 1986 and made part of its Bridgeport Project. The landfill reached the end of its economically useful life in fiscal year 2008 and the Authority initiated closure activities during the Summer of 2008, which was completed in November 2008. The Authority submitted a closure construction

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certification report on September 18, 2009, and received a notice for DEEP certifying compliant closure of the landfill dated November 19, 2009.

In December 2000, the State Bond Commission appropriated \$200,000 for costs associated with the closure of the Waterbury Landfill. The Authority received the \$200,000 in October 2010.

Shelton and Wallingford Landfills

These two landfills are both closed and are being compliantly managed in accordance with DEEP's regulations governing post-closure management of solid waste landfills and the specific environmental permits that govern post-closure requirements at these landfills. In January 2009, DEEP advised the Authority that it was finally in a position to issue Stewardship permits to the Shelton and Wallingford landfills. The Authority had previously submitted post-closure permit applications to the U.S. Environmental Protection Agency ("USEPA") under the federal hazardous waste program in December 1991 for both landfills. Both of the new Stewardship permits were issued on September 16, 2009. Both landfills are subject to this permit program because both have metal hydroxide waste (hazardous waste) disposal areas. In general, these Stewardship permits incorporated and subsumed permit conditions and regulatory requirements found in the solid waste and groundwater discharge permits for the landfills, in addition to the requirements specified in the hazardous waste regulations.

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AUTHORITY RATES AND CHARGES

During the months of January and February each year, as required under the various project bond resolutions, the Authority’s Board of Directors approves the succeeding fiscal year tip fees for all of the projects except the Southeast Project, which is subject to approval by SCRRRA. The following table presents a history of the tip fees for each of the projects:

TIP FEE HISTORY BY PROJECT						
(Dollars charged per ton of solid waste delivered)						
Fiscal Year	Mid-Connecticut 1,2,3	Bridgeport ^{4,5}		SouthWest Division ⁵	Wallingford ⁶	Southeast
2001	\$50.00	\$60.00	\$7.00	N/A	\$56.00	\$58.00
2002	\$51.00	\$60.00	\$7.00	N/A	\$55.00	\$57.00
2003	\$57.00	\$62.00	\$7.00	N/A	\$55.00	\$57.00
2004	\$63.75	\$63.00	\$8.00	N/A	\$55.00	\$60.00
2005	\$70.00	\$64.50	\$8.00	N/A	\$56.00	\$60.00
2006	\$70.00	\$66.00	\$8.00	N/A	\$57.00	\$60.00
2007	\$69.00	\$70.00	\$8.00	N/A	\$58.00	\$60.00
2008	\$69/\$60.96	\$76.00	\$5.00	N/A	\$59.00	\$60.00
2009	\$72/\$62	\$80.00	\$18.50	\$63.00	\$60.00	\$60.00
2010	\$69/\$63	N/A	N/A	\$63.00	\$60.00	\$60.00
2011	\$69.00	N/A	N/A	\$64.16	N/A	\$60.00
2012	\$69.00	N/A	N/A	\$65.11	N/A	\$60.00

¹ On October 25, 2007, per court order, the Authority reduced the Mid-Connecticut Project tip fee for municipalities for the remainder of fiscal year 2008. The hauler’s rate remained at \$69/ton for the entire year.

² The Mid-Connecticut Project tip fee was reduced to \$62.00 per ton for the period January 1 – June 30, 2009.

³ On June 18, 2009, the Board of Directors authorized a \$6 per ton credit to the Mid-Connecticut Project tip fee.

⁴ The Bridgeport Project charged a split rate; the first rate was for actual tons delivered and the second rate was based on the minimum commitment tonnage.

⁵ Contracts with the towns within the Bridgeport Project expired on December 31, 2008. Many former Bridgeport Project towns entered into contracts with the Authority for disposal at the Bridgeport facility at a rate of \$63.00 per ton for the period beginning January 1, 2009.

⁶ The Authority's operating contract with the Wallingford Project expired on June 30, 2010. The original Wallingford Project towns subsequently signed solid waste delivery agreements with the operator.

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, 2012 the Authority had \$70.4 million of outstanding debt. Of this amount, \$4.1 million comprises debt issued for the Mid-Connecticut Project. This issue is further secured by the Special Capital Reserve Fund (“SCRF”) of the State. 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.

Connecticut Resources Recovery Authority

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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 and were additionally secured by the SCRF. Based on the contractual arrangements, the 2010 Series A Bonds are not carried on the Authority's books.

The Authority previously served as conduit issuer on \$43.5 million of bonds for the Southeast Project in connection with the Covanta Southeastern Connecticut Company, which are not carried on the Authority's books.

The current ratings of the Authority's outstanding bonds reflect the upheaval in the credit markets following the sub-prime mortgage crisis of 2007 and 2008 and the subsequent recalibration of municipal bond ratings by the major rating agencies.

Additional information on the Authority's long-term debt can be found in Note 4 on pages 41 - 43 of this report.

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2012

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	X= SCRF-Backed ¹	Dated	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)
MID-CONNECTICUT PROJECT								
1996 Series A - Project Refinancing	Aa3	AA	X	08/20/96	11/15/12	\$209,675	\$4,134	\$4,134
							4,134	4,134
SOUTHEAST PROJECT								
2010 Series A - Project Refunding ²	Aa3	AA	X	12/02/10	11/15/15	27,750	22,760	-
CORPORATE CREDIT REVENUE BONDS								
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	-
							66,260	-
TOTAL PRINCIPAL BONDS OUTSTANDING							\$70,394	\$4,134

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

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 Director of Accounting and Financial Reporting, 100 Constitution Plaza – 6th Floor, Hartford, CT 06103.

Connecticut Resources Recovery Authority
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CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
BALANCE SHEETS
AS OF JUNE 30, 2012 AND 2011
(Dollars in Thousands)

EXHIBIT I
Page 1 of 2

ASSETS	<u>2012</u>	<u>2011</u>
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 76,331	\$ 73,499
Accounts receivable, net of allowances	14,009	17,528
Inventory	6,370	3,973
Prepaid expenses	4,450	885
Total Unrestricted Assets	<u>101,160</u>	<u>95,885</u>
Restricted Assets:		
Cash and cash equivalents	22,875	35,127
Accrued interest receivable	-	7
Total Restricted Assets	<u>22,875</u>	<u>35,134</u>
TOTAL CURRENT ASSETS	<u>124,035</u>	<u>131,019</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	-	14,724
Restricted investments	8,177	817
Capital Assets:		
Depreciable, net	85,262	91,400
Nondepreciable	34,123	32,143
Development and bond issuance costs, net	1,576	1,984
TOTAL NON-CURRENT ASSETS	<u>129,138</u>	<u>141,068</u>
TOTAL ASSETS	<u>\$ 253,173</u>	<u>\$ 272,087</u>

The accompanying notes are an integral part of these financial statements

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
BALANCE SHEETS (Continued)
AS OF JUNE 30, 2012 AND 2011
(Dollars in Thousands)

EXHIBIT I
Page 2 of 2

	2012	2011
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Closure and post-closure care of landfills	1,330	4,193
Accounts payable	1,658	1,671
Accrued expenses and other current liabilities	4,804	2,609
Total payable from unrestricted assets	7,792	8,473
Payable from restricted assets:		
Bonds payable, net	4,134	3,906
Closure and post-closure care of landfills	1,298	1,196
Accounts payable	850	3,650
Accrued expenses and other current liabilities	11,702	12,544
Total payable from restricted assets	17,984	21,296
TOTAL CURRENT LIABILITIES	25,776	29,769
LONG-TERM LIABILITIES		
Payable from unrestricted assets:		
Closure and post-closure care of landfills	39,213	37,929
Other liabilities	3,500	3,500
Total payable from unrestricted assets	42,713	41,429
Payable from restricted assets:		
Bonds payable, net	-	4,134
Closure and post-closure care of landfills	7,359	7,358
Other liabilities	824	898
Total payable from restricted assets	8,183	12,390
TOTAL LONG-TERM LIABILITIES	50,896	53,819
TOTAL LIABILITIES	76,672	83,588
NET ASSETS		
Invested in capital assets, net of related debt	116,348	117,634
Restricted for:		
Revenue fund	2,408	13,134
Energy generating facility	1,516	1,421
Equipment replacement	1,504	1,501
Operating and maintenance	1,504	1,501
Select Energy escrow	1,000	1,000
DEEP trust - landfills	818	818
Shelton landfill future use	700	848
Montville landfill post-closure	680	330
Covanta Wallingford escrow	500	500
City of Hartford recycling education fund	189	364
Other restricted net assets	135	153
Debt service funds	96	-
Debt service reserve funds	-	3,267
Total Restricted	11,050	24,837
Unrestricted	49,103	46,028
TOTAL NET ASSETS	176,501	188,499
TOTAL LIABILITIES AND NET ASSETS	\$ 253,173	\$ 272,087

The accompanying notes are an integral part of these financial statements

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011
(Dollars in Thousands)

EXHIBIT II

	<u>2012</u>	<u>2011</u>
Operating Revenues		
Service charges:		
Members	\$ 55,966	\$ 56,889
Others	20,860	19,439
Energy sales	46,547	46,524
Other operating revenues	8,670	9,215
Total Operating Revenues	<u>132,043</u>	<u>132,067</u>
Operating Expenses		
Solid waste operations	116,261	113,219
Depreciation and amortization	16,242	18,009
Maintenance and utilities	900	1,237
Closure and post-closure care of landfills	415	214
Legal services - external	1,803	1,601
Administrative and Operational services	7,019	7,194
Distribution to member towns	-	20,656
Distribution to SCRRRA	1,401	-
Total Operating Expenses	<u>144,041</u>	<u>162,130</u>
Operating Loss	(11,998)	(30,063)
Non-Operating Revenues (Expenses)		
Investment income	192	306
Other income (expenses), net	125	(1,234)
Interest expense	(317)	(686)
Non-Operating Revenues (Expenses), Net	<u>-</u>	<u>(1,614)</u>
Loss before Special Item	(11,998)	(31,677)
Special item:		
Gain on early retirement of debt, net	-	2,333
Change in Net Assets	(11,998)	(29,344)
Total Net Assets, beginning of year	<u>188,499</u>	<u>217,843</u>
Total Net Assets, end of year	<u>\$ 176,501</u>	<u>\$ 188,499</u>

The accompanying notes are an integral part of these financial statements

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011
(Dollars in Thousands)

EXHIBIT III

	2012	2011
Cash Flows Provided (Used) by Operating Activities		
Payments received from providing services	\$ 136,561	\$ 137,183
Payments to suppliers for goods and services	(129,867)	(114,179)
Payments to employees for services	(4,384)	(4,420)
Distribution to member towns	-	(20,656)
Distribution to SCRRA	(1,401)	-
Net Cash Provided (Used) by Operating Activities	909	(2,072)
Cash Flows Provided (Used) by Investing Activities		
Interest on investments	197	327
Purchases of investments	(7,357)	-
Net Cash Provided (Used) by Investing Activities	(7,160)	327
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Proceeds from sales of equipment	54	108
Payments for landfill closure and post-closure care liabilities	(1,891)	(4,019)
Acquisition and construction of capital assets	(11,793)	(12,829)
Interest paid on long-term debt	(335)	(677)
Principal paid on long-term debt	(3,915)	(5,324)
Net Cash Used by Capital and Related Financing Activities	(17,880)	(22,741)
Cash Flows Used by Non-Capital Financing Activities		
Other interest and fees	(13)	(14)
Net Cash Used by Non-Capital Financing Activities	(13)	(14)
Net decrease in cash and cash equivalents	(24,144)	(24,500)
Cash and cash equivalents, beginning of year	123,350	147,850
Cash and cash equivalents, end of year	\$ 99,206	\$ 123,350
Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Operating loss	\$ (11,998)	\$ (30,063)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:		
Depreciation of capital assets	15,835	17,577
Amortization of development and bond issuance costs	407	433
Provision for closure and post-closure care of landfills	415	214
Other income (expenses)	197	(97)
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable, net	3,519	5,043
Inventory	(2,397)	(103)
Prepaid expenses and other current assets	(3,564)	259
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(1,505)	4,665
Net Cash Provided (Used) by Operating Activities	\$ 909	\$ (2,072)

The accompanying notes are an integral part of these financial statements

Connecticut Resources Recovery Authority
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NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

The Connecticut Resources Recovery Authority (the "Authority") is a body politic and corporate, created in 1973 by the State Solid Waste Management Services Act, constituting Chapter 446c of the Connecticut General Statutes. The Authority is a public instrumentality and political subdivision of the State of Connecticut (the "State") and is included as a component unit in the State's Comprehensive Annual Financial Report. As of June 30, 2012, the Authority is authorized to have a board consisting of eleven directors and eight ad-hoc members. The Governor of the State 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 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.

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

The Authority is comprised of two comprehensive solid waste disposal systems: Mid-Connecticut Project and Southeast Project, four divisions: Property Division, SouthWest Division, Landfill Division, and Recycling Division (South Unit), a General Fund, and two inactive projects: Wallingford Project and Bridgeport Project. Each of the operating systems has a unique legal, contractual, financial, and operational structure described as follows:

Mid-Connecticut Project

The Mid-Connecticut Project consists of a 2,850 ton per day municipal solid waste / 2,030 ton per day refuse derived fuel Resources Recovery Facility located in Hartford, Connecticut, four transfer stations, the Hartford Landfill, the Ellington Landfill, and a Regional Recycling Center located in Hartford, Connecticut. This system of facilities provides solid waste disposal and recycling services to 70 Connecticut municipalities through service contract arrangements. The initial contracts with the municipalities begin to expire in November 2012. The Authority owns the Resources Recovery Facility, the transfer stations, the Ellington Landfill, and the Regional Recycling Center. The Authority leases the land for the Essex transfer station. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. The Hartford Landfill was closed as of December 31, 2008. Under a contractual arrangement, the Authority currently ships ash to the privately owned Putnam Landfill. Private vendors, under various operating contracts, conduct operation of the facilities. All revenue generated by the facilities accrues to the Authority. Certain operating contracts have provisions for revenue sharing with a vendor if prescribed operating parameters are achieved. The Authority has responsibility for all debt issued in the development of the Mid-Connecticut system.

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Southeast Project

The Southeast Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill. The Southeast Project provides solid waste disposal services to 12 Connecticut municipalities in the eastern portion of the State through service contract arrangements. The initial contracts with the municipalities begin to expire in November 2015. The Authority owns the Resources Recovery Facility. It is leased to a private vendor under a long-term lease. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to operate and maintain the facility and service the debt. The Authority derives its revenues from service fees charged to participating municipalities and other system users. The Authority pays the vendor a contractually determined service fee. Electric energy revenues and certain other service charges are accrued by the vendor with certain contractually prescribed credits payable to the Authority for these revenue types.

Property Division

The Property Division was created on January 1, 2009, following the expiration of the Bridgeport Project on December 31, 2008 and the simultaneous maturity of the Authority's bonds that had been issued to finance the construction of the Bridgeport Project. The Authority was the owner and holder of several funds, assets, and liabilities, including numerous landfill post-closure reserves related to the former Bridgeport Project, the Shelton transfer station, and the Garbage Museum (located in Stratford). As these assets and liabilities were no longer project-specific, the Authority created the Property Division to reflect their status. On July 1, 2010, the Authority transferred similar assets and liabilities associated with the Wallingford Project following the expiration of that Project on June 30, 2010. In addition, other post-closure reserves related to the Mid-Connecticut Project are anticipated to be transferred to the Property Division following

the culmination of that Project on November 15, 2012.

SouthWest Division

The Authority provides disposal services to 12 of the former 20 Bridgeport Project towns for disposal at the Wheelabrator facility located in Bridgeport. On December 31, 2008, the Authority and Wheelabrator Bridgeport entered into a First Amendment and Renewal of Site Lease; whereby Wheelabrator Bridgeport purchased the Authority's nominal interest in the Facility.

Landfill Division

The Landfill Division was created during fiscal year 2012 to account for specific costs associated with post-closure reserves for the Shelton, Waterbury, and Wallingford landfills. As a result, certain assets; liabilities; and net assets previously reported in the Property Division were transferred into the Landfill Division. Following the expiration of the Mid-Connecticut Project, the Ellington and Hartford landfills will also become part of the Landfill Division.

Recycling Division (South Unit)

A new division called the Recycling Division (South Unit) was created during fiscal year 2012 to account for the Stratford recycling activity that was originally part of the Bridgeport Project. As a result, certain assets, liabilities, and net asset related to the Stratford recycling, which was previously reported in the Property Division following the closure of the Bridgeport Project, were transferred into the Recycling Division (South Unit). A Recycling Division (North Unit) will be created following the expiration of the Mid-Connecticut Project to account for the recycling operations of Mid-Connecticut.

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General Fund

The Authority has a General Fund in which the costs of central overall expenditures are accumulated. These costs were historically allocated to the Authority's projects primarily based on time expended. Effective fiscal year 2010, these costs are allocated to the Authority's projects primarily based on a weighting of assets, revenues, number of towns, and tonnage deliveries, in order to be more indicative of cost causation.

Wallingford Project

The Authority's contract with the Wallingford Project's municipalities ended on June 30, 2010. The operating contract between the Authority and the Wallingford Project also expired on June 30, 2010. The contract had a provision; whereby the Authority could exercise an option to purchase the facility under certain conditions when the contract ended. The Authority did not exercise its option to purchase and the vendor now owns the Facility. The Authority retained the right to deliver 25,000 tons per year of solid waste. The five original Wallingford Project towns signed agreements with the vendor and continue to deliver their solid waste to the Facility.

Bridgeport Project

The Authority's contract with the Bridgeport Project's municipalities ended on December 31, 2008, as did the Authority's agreement with the Bridgeport Project's operator. As a result, the Bridgeport Project is no longer accepting solid waste and has effectively ceased operations. The Authority executed a new five-and-a-half-year service agreement with an operator, commencing on January 1, 2009, for the disposal of approximately 265,000 tons of municipal solid waste ("MSW") annually from 12 of the Project's municipalities. These Bridgeport Project municipalities have signed service agreements with the Authority's SouthWest Division for waste deliveries beginning on January 1, 2009.

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

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

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

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 accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the

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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. The Authority has established an allowance for the estimated portion that is not expected to be collected of \$468,000 at June 30, 2012 and \$115,000 at June 30, 2011.

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, 2012 and 2011 are summarized as follows:

Inventories	Fiscal Year	
	2012 (\$000)	2011 (\$000)
Spare Parts	\$ 5,390	\$ 3,973
Fuel	980	-
Total	<u>\$ 6,370</u>	<u>\$ 3,973</u>

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 Assets

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

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I. Development and Bonds Issuance Costs

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

At June 30, 2012 and 2011, development and bond issuance costs for the projects are as follows:

Project	Fiscal Year	
	2012 (\$000)	2011 (\$000)
Southeast		
Development Costs	10,006	10,006
Less:		
Accumulated amortization	8,438	8,045
Total development costs, net	<u>1,568</u>	<u>1,961</u>
Mid-Connecticut		
Bond Issuance Costs	239	239
Less:		
Accumulated amortization	231	216
Total bond issuance costs, net	<u>\$ 8</u>	<u>\$ 23</u>
Totals, net	<u>\$ 1,576</u>	<u>\$ 1,984</u>

A summary of future amortization for development costs and bond issuance costs is as follows:

Fiscal year ending June 30,	Project	
	Mid-Connecticut (\$000)	Southeast (\$000)
Bond Issuance Costs		
2013	8	-
	<u>\$ 8</u>	<u>\$ -</u>
Development Costs		
2013	-	392
2014	-	392
2015	-	392
2016	-	392
	<u>\$ -</u>	<u>\$ 1,568</u>
Total	<u>\$ 8</u>	<u>\$ 1,568</u>

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

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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, 2012 and 2011, no impairment losses were recognized. Management does not believe that the value of its properties is impaired as of June 30, 2012.

K. Compensated Absences

The Authority's liability for vested accumulated unpaid vacation and other employee benefit amounts is included in accrued expenses and other current liabilities in the accompanying balance sheet. Accumulated vacation and personal time earned and not paid at June 30, 2012 and 2011 was \$475,000 and \$409,000, respectively.

L. Net Assets

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.

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. Unrestricted net assets have been designated by the Board of Directors of the Authority for various purposes. Such designations totaled \$34.9 million and \$27.3 million as of June 30, 2012 and 2011, respectively. Unrestricted net assets at June 30, 2012 and 2011 are summarized as follows:

Unrestricted Net Assets	2012 (\$000)	2011 (\$000)
Undesignated	\$ 14,251	\$ 18,744
Designated:		
Non-GASB #18 post-closure	7,628	10,379
Future loss contingencies	12,262	10,600
Facility modifications	6,351	3,004
Litigation reserve	2,358	-
Transition costs	2,029	-
Rolling stock	1,033	1,031
Recycling	678	677
Recycling Education solid waste initiative reserve	500	-
Post-litigation expense	459	511
Post-project	1,053	393
Project-closure	117	305
Landfill development	296	296
South Meadows site remediation	88	88
	<u>34,852</u>	<u>27,284</u>
Total Unrestricted Net Assets	<u>\$ 49,103</u>	<u>\$ 46,028</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 \$11.1 million and \$24.8 million as of June 30, 2012 and 2011, respectively.

As of June 30, 2012 and 2011, the Authority has no restricted net assets that are restricted by enabling legislation.

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M. Reclassifications

Certain reclassifications have been made to the 2011 financial statements to conform to the current year presentation.

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2012 and 2011:

Cash and Cash Equivalents	2012 (\$000)	2011 (\$000)
Unrestricted:		
Cash deposits	\$ 1,326	\$ 1,218
Cash equivalents:		
STIF *	75,005	72,281
	<u>76,331</u>	<u>73,499</u>
Restricted – current:		
Cash deposits	3,628	1,511
Cash equivalents:		
STIF *	18,106	33,116
U.S. Treasuries	-	500
Money Market Funds	1,141	-
	<u>22,875</u>	<u>35,127</u>
Restricted – non-current:		
Cash equivalents:		
STIF *	-	7,366
U.S. Treasuries	-	7,358
	<u>-</u>	<u>14,724</u>
Total	<u>\$ 99,206</u>	<u>\$123,350</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, 2012 and 2011, approximately \$2.3 million and \$5.2 million, respectively, of

the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2012 (\$000)	2011 (\$000)
Uninsured and Uncollateralized	\$ 1,941	\$ 4,423
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	<u>406</u>	<u>802</u>
Total	<u>\$2,347</u>	<u>\$5,225</u>

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, 2012 and 2011 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.

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B. Investments

Interest Rate Risk

As of June 30, 2012, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$ 93,111	\$ 93,111	\$ -	\$ -	\$ -
U.S. Treasuries	8,177	8,177	-	-	-
Total	\$101,288	\$101,288	\$ -	\$ -	\$ -

As of June 30, 2011, the Authority's investments consisted of the following debt securities:

Investment Type	Fair Value (\$000)	Investment Maturities (In Years)			
		Less than 1	1 to 5	6 to 10	More than 10
STIF	\$112,763	\$112,763	\$ -	\$ -	\$ -
U.S. Treasuries	8,675	8,675	-	-	-
Total	\$121,438	\$121,438	\$ -	\$ -	\$ -

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 both June 30, 2012 and 2011, STIF had a weighted average maturity of 31 days. The U.S. Treasury Securities are U.S. Treasury Bills that had 180-day and 90-day maturities as of June 30, 2012 and 2011, respectively. 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, 2012, the weighted average maturity of this fund was 49 days.

The Authority's investment policy does not limit investment maturities as a means of 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 Mid-Connecticut and 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, 2012, the Authority's investments were rated as follows:

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Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$ 93,111	AAAm	Not Rated	Not Rated
U.S. Treasuries	\$ 8,177	AA+	Aaa	AAA
Money Market Funds	\$ 1,141	AAAm	Aaa	AAAmmf

assure adequate liquidity for Authority and/or bond resolution needs. As of June 30, 2012 and 2011, approximately 90.9% and 92.9%, 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.

As of June 30, 2011, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$112,763	AAAm	Not Rated	Not Rated
U.S. Treasuries	\$ 8,675	AAA	Aaa	AAA

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.

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

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3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2011 and 2012:

	Balance at June 30, 2010 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2011 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2012 (\$000)
Depreciable assets:									
Plant	\$ 185,853	\$ 654	\$ 3,134	\$ (625)	\$ 189,016	407	\$ 3,031	\$ (274)	\$ 192,180
Equipment	218,834	1,574	4,408	(1,894)	222,921	1,265	\$ 5,122	\$ (787)	228,521
Total at cost	404,687	2,228	7,541	(2,519)	411,937	1,672	8,153	(1,061)	420,701
Less accumulated depreciation for:									
Plant	(142,664)	(6,379)	-	186	(148,858)	(6,192)	\$ -	\$ 208	(154,842)
Equipment	(161,543)	(11,198)	-	1,062	(171,679)	(9,643)	\$ -	\$ 725	(180,597)
Total accumulated depreciation	(304,207)	(17,577)	-	1,248	(320,537)	(15,835)	-	933	(335,439)
Total depreciable assets, net	\$ 100,480	\$ (15,349)	\$ 7,541	\$ (1,271)	\$ 91,400	\$ (14,163)	\$ 8,153	\$ (128)	\$ 85,262
Nondepreciable assets:									
Land	\$ 28,180	\$ -	\$ -	\$ -	\$ 28,180	\$ -	\$ -	\$ -	\$ 28,180
Construction-in-progress	861	10,643	(7,541)	-	3,963	10,133	(8,153)	\$ -	5,943
Total nondepreciable assets	\$ 29,041	\$ 10,643	\$ (7,541)	\$ -	\$ 32,143	\$ 10,133	\$ (8,153)	\$ -	\$ 34,123
Total depreciable and nondepreciable assets	\$ 129,521	\$ (4,706)	\$ -	\$ (1,271)	\$ 123,543	\$ (4,030)	\$ -	\$ (128)	\$ 119,385

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 2012 and 2011, there was no capitalized interest as there was no new external borrowing.

4. LONG-TERM DEBT

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

The following is a summary of changes in bonds payable for the years ended June 30, 2011 and 2012:

	Balance at July 1, 2010 (\$000)			Balance at June 30, 2011 (\$000)			Balance at June 30, 2012 (\$000)		Amounts Due Within One Year (\$000)
		Increases (\$000)	Decreases (\$000)		Increases (\$000)	Decreases (\$000)			
Bonds Payable									
Bonds payable - principal	\$ 16,200	\$ -	\$ (8,151)	\$ 8,049	\$ -	\$ (3,915)	\$ 4,134	\$ 4,134	
Unamortized amounts:									
Premiums	188	-	(188)	-	-	-	-	-	
Deferred amount on refunding	(444)	-	433	(11)	-	11	-	-	
Total bonds payable	\$ 15,944	\$ -	\$ (7,906)	\$ 8,038	\$ -	\$ (3,904)	\$ 4,134	\$ 4,134	

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The long-term debt amounts for the projects in the table above have been reduced by the deferred amount on refunding of bonds at June 30, 2012 and 2011 as follows:

Deferred amount on refunding	2012 (\$000)	2011 (\$000)
Mid-Connecticut	\$ -	\$ 11
Total	\$ -	\$ 11

Certain of the Authority's bonds are secured by special capital reserve funds. Each fund is equal to the highest annual amount of debt service remaining on the issue. The State is contingently liable to restore any deficiencies that exist in these funds in the event that the Authority must draw from the fund. Bond principal amounts recorded as long-term debt at June 30, 2012 and 2011, which are backed by special capital reserve funds, are as follows:

Project	2012 (\$000)	2011 (\$000)
Mid-Connecticut	\$ 4,134	\$ 8,049
Total	\$ 4,134	\$ 8,049

These special capital reserve funds are presented as net assets, restricted for debt service reserve funds on the Authority's balance sheet.

Annual debt service requirements to maturity on bonds payable for the fiscal year ending June 30, 2013 are as follows:

Project	Principal (\$000)	Interest (\$000)
Mid-Connecticut	\$ 4,134	\$ 114
Total	\$ 4,134	\$ 114

Interest Rate: 5.50%

Early Retirement of Debt

The Authority has served as the conduit issuer on behalf of the Southeastern Connecticut Regional Resources Recovery Authority ("SCRRRA") for all of its solid waste disposal facility bonds. SCRRRA has a beneficial ownership arrangement with its facility operator Covanta Southeastern Connecticut Company ("Covanta") in which debt service obligations are shared. On December 15, 2010, the Authority issued Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series A) (the "2010 Series A Bonds") in the principal amount of \$27.750 million, which refunded the Authority's Resource Recovery Revenue Bonds (American REF-FUEL Company of Southeastern Connecticut Project – 1998 Series A) (the "1998 Series A Bonds"). Substantially all of the net proceeds of the 2010 Series A Bonds, together with other monies of SCRRRA, were used to refund \$34.010 million of the outstanding 1998 Series A Bonds. The sale of the 2010 Series A Bonds generated savings totaling \$7,971,230 over the life of the issue.

Under an agreement between the Authority and Covanta, 11.129% of the 1998 Series A Bonds were carried on the books of the Authority as they reimbursed both the Authority and SCRRRA for certain development costs in connection with the original construction of the solid waste disposal facility. With the issuance of the 2010 Series A Bonds, both the Authority and Covanta agreed that the amount carried on the books of the Authority be reduced from 11.129% to zero.

No other bonds were issued by the Authority during the fiscal year ended June 30, 2012.

As a result of the refunding, the Authority recognized \$2.3 million in the accompanying statement of revenues, expenses and changes in net assets for the year ended June 30, 2011. The amount is attributable to the repayment of the 1998 Series A Bonds outstanding principal as of December 15, 2010 and the write-off of unamortized amounts such as bond issuance costs, premium on sale of bonds, and other

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deferred amounts as a result of the Southeast Project refunding. The following table presents the calculation for gain on early retirement of debt, net:

	CRRRA's Portion (\$000)
Funds provided for refunding:	
Transfer from:	
Debt Service Interest Account	\$ 16
Debt Service Principal account	57
Special Capital Reserve Fund	886
	959
Accrued interest	(16)
	\$ 943
Net carrying amounts:	
Principal	\$ 3,785
Unamortized premium on sale of bonds	161
Bonds issuance costs	(1,009)
Accum. amortization - bonds issuance costs	698
Deferred amount on 1998A refunding	(360)
	\$ 3,275
Gain	\$ 2,333

5. 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. The closure and post-closure care liabilities including the amounts paid and accrued for fiscal 2011 and 2012 for the landfills, are presented in the following table:

Project/Landfill	Liability at July 1, 2010			Liability at June 30, 2011			Liability at June 30, 2012		Amounts Due Within One Year
	(\$000)	Expense (\$000)	Paid (\$000)	(\$000)	Expense (\$000)	Paid (\$000)	(\$000)	(\$000)	(\$000)
Mid-Connecticut:									
Hartford	\$ 31,795	\$ 853	\$ (3,242)	\$ 29,406	\$ 418	\$ (1,206)	\$ 28,618	\$ 1,223	
Ellington	3,985	(107)	(140)	3,738	16	(140)	3,614	245	
Landfill Division:									
Shelton	11,764	(170)	(456)	11,138	162	(394)	10,907	746	
Waterbury	978	31	(28)	981	(1)	(29)	950	41	
Wallingford	5,959	(393)	(153)	5,413	(180)	(122)	5,111	373	
Total	\$ 54,481	\$ 214	\$ (4,019)	\$ 50,676	\$ 415	\$ (1,891)	\$ 49,200	\$ 2,628	

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The Connecticut Department of 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 budget for closure costs for Mid-Connecticut’s Hartford Landfill.

The Authority has placed funds in trust accounts for the Ellington, Waterbury, and Wallingford Landfills for financial assurance purposes. These trust accounts are reflected as restricted investments in the accompanying balance sheet.

In addition, the Authority has 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 and restricted cash and cash equivalents in the accompanying balance sheet as of June 31, 2012 and 2011; respectively.

6. MAJOR CUSTOMERS

Energy sales to Northeast Utilities and Constellation totaled 21.77% and 13.48%, respectively, of the Authority’s operating revenues for the fiscal year ended June 30, 2012. Energy sales to Northeast Utilities and Constellation totaled 21.44% and 13.79%, respectively, of the Authority’s operating revenues for the fiscal year ended June 30, 2011.

Service charge revenues from All Waste, Inc. totaled 7.00% of the Authority’s operating revenues for each of the fiscal years ended June 30, 2012 and 2011.

7. 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, 2012 and 2011 amounted to \$404,000 and \$415,000, respectively. Employees contributed \$378,000 to the plan in fiscal year 2012 and \$411,000 in fiscal year 2011.

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, 2011 and 2012.

8. 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 fiscal years. In fiscal year 2012, the Authority increased its overall property insurance limit to reflect an increase in overall property values. This provides 100% of the replacement cost value for the Mid-Connecticut Power Block Facility and Energy Generating Facility, plus business interruption and extra expense values for the Mid-Connecticut Project. This is the Authority’s highest valued single facility. The limit applies on a blanket basis for property damage to all locations.

The Authority is a member of the Connecticut Interlocal Risk Management Agency’s

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(“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, 2012 through July 1, 2013 and July 1, 2011 through July 1, 2012 was \$60,000 and \$74,000, respectively.

9. COMMITMENTS

The Authority has various operating leases for office space and office equipment, which totaled \$362,000 and \$363,000 for fiscal years 2012 and 2011, respectively. The lease for the office space expires on December 31, 2012, and the Authority intends to extend it for one year.

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, 2012 and 2011, the PILOT payments, which are included in the solid waste operations in the accompanying statements of revenues, expenses and changes in net assets, totaled \$ 5,553,000 and \$ 5,121,000, respectively. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2012 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2013	349	3,308
2014	349	907
2015	344	949
2016	15	992
2017	15	1,037
Thereafter	150	224
Total	\$ 1,222	\$ 7,417

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 Mid-Connecticut’s Waste Processing Facility (the “WPF), the Power Block Facility, and the Energy Generation Facility, included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2012 and 2011 was as follows:

Project	2012 (\$000)	2011 (\$000)
Mid-Connecticut	\$ 67,943	\$ 65,975
Southeast	21,046	20,521
SouthWest	13,218	13,830
Property	240	2,238
Landfill	123	-
Recycling	588	-
Wallingford	21	95
Total	\$ 103,179	\$ 102,659

There are no construction contracts executed during fiscal year 2012. During fiscal year 2011, the Authority executed construction contracts totaling approximately \$2.0 million for construction of a new jet fuel storage tank at the Jet Turbine Facility. As of June 30, 2011, remaining commitments on executed construction contracts totaling approximately \$303,000.

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10. 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 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.

The Authority is not involved in the repayment of debt on these issues. 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, 2012 are as follows:

Project	Amount (\$000)
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>22,760</u>
Total	<u>\$ 66,260</u>

11. SEGMENT INFORMATION

The Authority has two projects that operate resources recovery and recycling facilities and landfills throughout the State, four divisions, and two inactive projects, and are required to be self-supporting through user service fees and sales of electricity. The Authority has issued various revenue bonds to provide financing for the design, development, and construction of these resources recovery and recycling facilities and landfills throughout the State. These bonds are paid solely from the revenues generated from the operations of the projects and other receipts, accounts, and monies pledged in the respective bond indentures. Financial segment information is presented below as of and for the years ended June 30, 2012 and 2011, respectively.

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Fiscal Year 2012	Mid-Connecticut Project (\$000)	Southeast Project (\$000)	SouthWest Division (\$000)	Property Division (\$000)	Landfill Division (\$000)	Recycling Division (\$000)	Bridgeport (1) Project (\$000)	Wallingford (2) Project (\$000)
Condensed Balance Sheets								
Assets								
Current unrestricted assets	\$ 75,616	\$ 5,766	\$ 2,634	\$ 1,681	\$ 12,463	\$ 1,446	\$ -	\$ -
Current restricted assets	15,823	5,843	-	500	700	9	-	-
Total current assets	91,439	11,609	2,634	2,181	13,163	1,455	-	-
Non-current assets								
Restricted investments	490	-	-	-	7,687	-	-	-
Capital assets, net	102,601	-	-	5,663	10,838	-	-	-
Other assets, net	8	1,568	-	-	-	-	-	-
Total non-current assets	103,099	1,568	-	5,663	18,525	-	-	-
Total assets	\$ 194,538	\$ 13,177	\$ 2,634	\$ 7,844	\$ 31,688	\$ 1,455	\$ -	\$ -
Liabilities								
Current liabilities	\$ 17,808	\$ 2,953	\$ 2,539	\$ 120	\$ 1,217	\$ 252	\$ -	\$ -
Long-term liabilities	34,264	824	-	-	15,808	-	-	-
Total liabilities	52,072	3,777	2,539	120	17,025	252	-	-
Net Assets								
Invested in capital assets, net of related debt	99,564	-	-	5,663	10,838	-	-	-
Restricted	6,434	3,088	-	500	1,028	-	-	-
Unrestricted	36,468	6,312	95	1,561	2,797	1,203	-	-
Total net assets	142,466	9,400	95	7,724	14,663	1,203	-	-
Total liabilities and net assets	\$ 194,538	\$ 13,177	\$ 2,634	\$ 7,844	\$ 31,688	\$ 1,455	\$ -	\$ -
Condensed Statements of Revenues, Expenses, and Changes in Net Assets								
Operating revenues	\$ 90,081	\$ 26,751	\$ 13,618	\$ 738	\$ 6	\$ 1,117	\$ -	\$ -
Operating expenses	84,976	27,530	13,651	716	77	1,046	30	41
Depreciation and amortization expense	15,418	392	-	265	-	-	-	-
Operating (loss) income	(10,313)	(1,171)	(33)	(243)	(71)	71	(30)	(41)
Non-operating revenues (expenses):								
Investment income	157	3	1	3	25	2	-	1
Other income (expenses), net	320	13	-	(9)	(154)	-	-	(138)
Interest expense	(317)	-	-	-	-	-	-	-
Net non-operating revenues (expense)	160	16	1	(6)	(129)	2	-	(137)
Income (loss) before special item and transfers	(10,153)	(1,155)	(32)	(249)	(200)	73	(30)	(178)
Transfers in (out)	-	-	-	(14,840)	14,863	1,130	(363)	(790)
Change in net assets	(10,153)	(1,155)	(32)	(15,089)	14,663	1,203	(393)	(968)
Total net assets, July 1, 2011	152,619	10,555	127	22,813	-	-	393	968
Total net assets, June 30, 2012	\$ 142,466	\$ 9,400	\$ 95	\$ 7,724	\$ 14,663	\$ 1,203	\$ -	\$ -
Condensed Statements of Cash Flows								
Net cash provided (used) by:								
Operating activities	\$ 1,050	\$ 479	\$ (24)	\$ (208)	\$ (314)	\$ 111	\$ (30)	\$ (254)
Investing activities	160	4	1	3	(7,332)	2	-	2
Capital and related financing activities	(17,335)	-	-	-	(545)	-	-	-
Non-capital financing activities	(5)	-	-	(21,207)	21,223	1,130	(363)	(791)
Net (decrease) increase	(16,130)	483	(23)	(21,412)	13,032	1,243	(393)	(1,043)
Cash and cash equivalents, July 1, 2011	88,790	6,713	1,453	23,549	-	-	393	1,043
Cash and cash equivalents, June 30, 2012	\$ 72,660	\$ 7,196	\$ 1,430	\$ 2,137	\$ 13,032	\$ 1,243	\$ -	\$ -

(1) Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

(2) Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

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Fiscal Year 2011	Mid-Connecticut Project (\$000)	Southeast Project (\$000)	SouthWest Division (\$000)	Property Division (\$000)	Bridgeport (1) Project (\$000)	Wallingford (2) Project (\$000)
Condensed Balance Sheets						
Assets:						
Current unrestricted assets	\$ 64,453	\$ 10,886	\$ 2,716	\$ 15,018	\$ 393	\$ 1,043
Current restricted assets	30,917	2,813	-	1,404	-	-
Total current assets	<u>95,370</u>	<u>13,699</u>	<u>2,716</u>	<u>16,422</u>	<u>393</u>	<u>1,043</u>
Non-current assets:						
Restricted cash and cash equivalents	7,366	-	-	7,358	-	-
Restricted investments	490	-	-	327	-	-
Capital assets, net	106,339	-	-	16,766	-	-
Other assets, net	23	1,961	-	-	-	-
Total non-current assets	<u>114,218</u>	<u>1,961</u>	<u>-</u>	<u>24,451</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 209,588</u>	<u>\$ 15,660</u>	<u>\$ 2,716</u>	<u>\$ 40,873</u>	<u>\$ 393</u>	<u>\$ 1,043</u>
Liabilities:						
Current liabilities	\$ 19,906	\$ 4,207	\$ 2,589	\$ 2,202	\$ -	\$ 75
Long-term liabilities	37,063	898	-	15,858	-	-
Total liabilities	<u>56,969</u>	<u>5,105</u>	<u>2,589</u>	<u>18,060</u>	<u>-</u>	<u>75</u>
Net Assets:						
Invested in capital assets, net of related debt	100,430	-	-	16,766	-	-
Restricted	22,779	1,228	-	1,728	-	-
Unrestricted	29,410	9,327	127	4,319	393	968
Total net assets	<u>152,619</u>	<u>10,555</u>	<u>127</u>	<u>22,813</u>	<u>393</u>	<u>968</u>
Total liabilities and net assets	<u>\$ 209,588</u>	<u>\$ 15,660</u>	<u>\$ 2,716</u>	<u>\$ 40,873</u>	<u>\$ 393</u>	<u>\$ 1,043</u>
Condensed Statements of Revenues, Expenses, and Changes in Net Assets						
Operating revenues	\$ 89,411	\$ 25,453	\$ 14,361	\$ 3,342	\$ -	\$ -
Operating expenses	83,388	23,378	14,390	2,399	1,317	19,749
Depreciation and amortization expense	17,101	418	-	299	-	-
Operating (loss) income	<u>(11,078)</u>	<u>1,657</u>	<u>(29)</u>	<u>644</u>	<u>(1,317)</u>	<u>(19,749)</u>
Non-operating revenues (expenses)						
Investment income	214	18	2	47	2	22
Other income (expenses), net	(1,004)	(179)	-	(32)	-	(166)
Interest expense	(533)	(153)	-	-	-	-
Net non-operating revenues (expense)	<u>(1,323)</u>	<u>(314)</u>	<u>2</u>	<u>15</u>	<u>2</u>	<u>(144)</u>
Income (loss) before special item and transfers	<u>(12,401)</u>	<u>1,343</u>	<u>(27)</u>	<u>659</u>	<u>(1,315)</u>	<u>(19,893)</u>
Special Item: Gain on early retirement of debt, net	-	2,333	-	-	-	-
Transfers in (out)	-	-	-	4,194	26	(4,220)
Change in net assets	<u>(12,401)</u>	<u>3,676</u>	<u>(27)</u>	<u>4,853</u>	<u>(1,289)</u>	<u>(24,113)</u>
Total net assets, July 1, 2010	<u>165,020</u>	<u>6,879</u>	<u>154</u>	<u>17,960</u>	<u>1,682</u>	<u>25,081</u>
Total net assets, June 30, 2011	<u>\$ 152,619</u>	<u>\$ 10,555</u>	<u>\$ 127</u>	<u>\$ 22,813</u>	<u>\$ 393</u>	<u>\$ 968</u>
Condensed Statements of Cash Flows						
Net cash provided (used) by:						
Operating activities	\$ 14,450	\$ 2,743	\$ 1,372	\$ 707	\$ (1,348)	\$ (20,055)
Investing activities	220	34	1	47	2	22
Capital and related financing activities	(20,348)	(1,743)	-	(650)	-	-
Non-capital financing activities	(5)	-	-	7,840	200	(8,046)
Net (decrease) increase	<u>(5,683)</u>	<u>1,034</u>	<u>1,373</u>	<u>7,944</u>	<u>(1,146)</u>	<u>(28,079)</u>
Cash and cash equivalents, July 1, 2010	<u>94,473</u>	<u>5,679</u>	<u>80</u>	<u>15,605</u>	<u>1,539</u>	<u>29,122</u>
Cash and cash equivalents, June 30, 2011	<u>\$ 88,790</u>	<u>\$ 6,713</u>	<u>\$ 1,453</u>	<u>\$ 23,549</u>	<u>\$ 393</u>	<u>\$ 1,043</u>

(1) Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

(2) Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

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12. SIGNIFICANT EVENTS

Several waste hauling companies have settled with the Authority for diversion of waste from the Authority's Mid-Connecticut Project. As of June 30, 2012 and 2011, remaining revenues for wastes to be delivered to the Mid-Connecticut facility totaled approximately \$2.0 million and \$4.8 million; respectively.

13. 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 upon the expiration of its contract for the operation of a portion of the Mid-Connecticut Project on December 30, 2011. The MDC did not specify the amount of its monetary claim in its demand for arbitration, but has separately set forth the amount as in excess of \$60 million; MDC also has included certain amounts related to this matter in its monthly invoices for services. The Authority has denied such alleged responsibility and disputed such invoiced amounts. 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 its pro rata share of such costs. The arbitration is not proceeding at this time because the Authority has challenged the impartiality of the MDC party-appointed arbitrator. MDC filed a motion in Connecticut Superior Court to compel the arbitration to proceed, and the Authority filed a counterclaim requesting that the court disqualify MDC's party-appointed arbitrator. On April 28, 2010, the court ruled that the parties may appoint non-neutral arbitrators. The Authority appealed that ruling. On July 12, 2011, the Connecticut Appellate Court ruled that the Superior Court must hold a hearing on the Authority's claim that the MDC party-appointed arbitrator should be disqualified. The

lower court held that hearing in December 2011, and on August 20, 2012, denied the Authority's petition to disqualify MDC's party-appointed arbitrator. On September 6, 2012, the Authority filed an appeal of that ruling. The matter is too preliminary to estimate any potential exposure.

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. The Authority is defending against this action, and has counterclaimed, alleging bad faith and seeking recovery of its attorneys' fees. AISLIC filed five dispositive motions in June 2011. On October 24, 2011, the Authority filed briefs in opposition to AISLIC's motions, together with the Authority's motion for summary judgment. On March 30, 2012, the Court denied four of AISLIC's five motions. Both AISLIC and the Authority have filed motions for reconsideration of that ruling. On September 10, 2012, the Court granted the Authority's motion for summary judgment as to AISLIC's defense costs, and denied it as to AISLIC's indemnity obligations. The matter is too preliminary to estimate any potential exposure.

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

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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 and 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.

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.

Future plans for dismantling and/or major renovations to the Mid-Connecticut facilities have not been determined. This matter is too preliminary to estimate any future costs.

14. SUBSEQUENT EVENTS

New Municipal Service Agreement ("MSA")

The Authority has MSAs with 70 municipalities for use of the Mid-Connecticut Project facilities. Under the MSAs, the municipalities commit to deliver their waste to the Authority and the Authority commits to disposal of the waste from the municipalities. Most of the MSAs expire on November 15, 2012. Several existing Mid-Connecticut Project towns have signed the new MSA with the Authority's Connecticut Solid Waste System ("CSWS") effective November 16, 2012, following expiration of the Mid-Connecticut Project on November 15, 2012. In addition to these towns, dozens of private haulers throughout the existing Mid-Connecticut territory have signed contracts with the CSWS.

Mid-Connecticut Bonds

The Authority's Mid-Connecticut bonds that had been issued to finance the design, development, and construction of the Mid-Connecticut Project will be matured on November 15, 2012.

15. NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED

GASB 62

In December 2010, the GASB issued Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements (GASB Statement No. 62). This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting pronouncements issued on or before November 30, 1989, that do not conflict with or contradict GASB pronouncements.

This statement also supersedes GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, thereby eliminating the election provided in paragraph 7 of that statement for enterprise funds and business-type activities to apply post-November 30, 1989, FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989, FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this statement.

GASB Statement No. 62 is effective for financial statements for periods beginning after December 15, 2011.

GASB 63

In June 2011, the GASB issued Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and

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Net Position. This statement provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. This statement is effective for all state and local governments for periods beginning after December 15, 2011.

GASB 64

In June 2011, the GASB issued Statement No. 4, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. This statement clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. This statement is effective for periods beginning after June 15, 2011, with earlier application encouraged.

GASB 65

In March 2012, the GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This statement also provides financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of major fund calculations and limiting the use of the term *deferred* in the financial statements. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

GASB 66

In March 2012, GASB issued Statement No. 66, *Technical Corrections – an amendment of Statements No. 10 and No. 62*. This statement

establishes clarification on two recently issued statements; No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and 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. This statement is effective for periods beginning after December 15, 2012, with earlier application encouraged.

GASB 67

In June 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*. 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 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement also details the note disclosure requirements for defined contribution pension plans administered through trusts that meet the identified criteria. In addition, this Statement requires single-employer and cost-sharing pension plans to present certain information for each of the ten most recent fiscal years about employer and nonemployer contributing entity obligations for pensions provided through the pension plan in required supplementary information. This Statement is effective for periods beginning after June 15, 2013 with early implementation encouraged.

GASB 68

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*. The primary objective of this Statement is to improve accounting and

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut

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 25 and 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.

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

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF BALANCE SHEETS
AS OF JUNE 30, 2012
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division (South Unit)	Bridgeport Project	Wallingford Project	Total
ASSETS										
CURRENT ASSETS										
Unrestricted Assets:										
Cash and cash equivalents	\$ 1,508	\$ 56,837	\$ 1,353	\$ 1,430	\$ 1,637	\$ 12,332	\$ 1,234	\$ -	\$ -	\$ 76,331
Accounts receivable, net of allowances	22	8,128	4,402	1,204	44	-	209	-	-	14,009
Inventory	-	6,370	-	-	-	-	-	-	-	6,370
Prepaid expenses	24	4,281	11	-	-	131	3	-	-	4,450
Total Unrestricted Assets	1,554	75,616	5,766	2,634	1,681	12,463	1,446	-	-	101,160
Restricted Assets:										
Cash and cash equivalents	-	15,823	5,843	-	500	700	9	-	-	22,875
Total Restricted Assets	-	15,823	5,843	-	500	700	9	-	-	22,875
TOTAL CURRENT ASSETS	1,554	91,439	11,609	2,634	2,181	13,163	1,455	-	-	124,035
NON-CURRENT ASSETS										
Restricted investments	-	490	-	-	-	7,687	-	-	-	8,177
Capital Assets:										
Depreciable:										
Plant	864	175,858	-	-	5,423	10,035	-	-	-	192,180
Equipment	1,233	224,927	-	-	2,203	158	-	-	-	228,521
	2,097	400,785	-	-	7,626	10,193	-	-	-	420,701
Less: Accumulated depreciation	(1,814)	(316,027)	-	-	(7,405)	(10,193)	-	-	-	(335,439)
Total Depreciable, net	283	84,758	-	-	221	-	-	-	-	85,262
Nondepreciable:										
Land	-	11,900	-	-	5,442	10,838	-	-	-	28,180
Construction in progress	-	5,943	-	-	-	-	-	-	-	5,943
Total Nondepreciable	-	17,843	-	-	5,442	10,838	-	-	-	34,123
Development and bond issuance costs, net	-	8	1,568	-	-	-	-	-	-	1,576
Total Non-CURRENT ASSETS	283	103,099	1,568	-	5,663	18,525	-	-	-	129,138
TOTAL ASSETS	\$ 1,837	\$ 194,538	\$ 13,177	\$ 2,634	\$ 7,844	\$ 31,688	\$ 1,455	\$ -	\$ -	\$ 253,173

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF BALANCE SHEETS (Continued)
AS OF JUNE 30, 2012
(Dollars in Thousands)

	General Fund	Mid-Connecticut		SouthWest		Property		Landfill		Recycling		Wallingford Project	Total
		Project	Project	Division	Division	Division	Division	Division	Division	(South Unit)	Project		
LIABILITIES AND NET ASSETS													
CURRENT LIABILITIES													
Payable from unrestricted assets:													
Closure and post-closure care of landfills	\$ 159	\$ 170	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,160	\$ -	\$ -	\$ -	\$ -	1,330
Accounts payable	728	210	-	1,208	2	19	-	60	-	-	-	-	1,658
Accrued expenses and other current liabilities	-	1,386	1,023	1,331	118	38	-	180	-	-	-	-	4,804
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total payable from unrestricted assets	887	1,766	1,023	2,539	120	1,217	-	240	-	-	-	-	7,792
Payable from restricted assets:													
Bonds payable, net	-	4,134	-	-	-	-	-	-	-	-	-	-	4,134
Closure and post-closure care of landfills	-	1,298	-	-	-	-	-	-	-	-	-	-	1,298
Accounts payable	-	850	-	-	-	-	-	-	-	-	-	-	850
Accrued expenses and other current liabilities	-	9,760	1,930	-	-	-	-	12	-	-	-	-	11,702
Total payable from restricted assets	-	16,042	1,930	-	-	-	-	12	-	-	-	-	17,984
TOTAL CURRENT LIABILITIES	887	17,808	2,953	2,539	120	1,217	-	252	-	-	-	-	25,776
LONG-TERM LIABILITIES													
Payable from unrestricted assets:													
Closure and post-closure care of landfills	-	30,764	-	-	-	-	-	8,449	-	-	-	-	39,213
Other liabilities	-	3,500	-	-	-	-	-	-	-	-	-	-	3,500
Total payable from unrestricted assets	-	34,264	-	-	-	-	-	8,449	-	-	-	-	42,713
Payable from restricted assets:													
Closure and post-closure care of landfills	-	-	-	-	-	-	-	7,359	-	-	-	-	7,359
Other liabilities	-	-	824	-	-	-	-	-	-	-	-	-	824
Total payable from restricted assets	-	-	824	-	-	-	-	7,359	-	-	-	-	8,183
TOTAL LONG-TERM LIABILITIES	-	34,264	824	-	-	-	-	15,808	-	-	-	-	50,896
TOTAL LIABILITIES	887	52,072	3,777	2,539	120	17,025	-	252	-	-	-	-	76,672

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF BALANCE SHEETS (Continued)
AS OF JUNE 30, 2012
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division (South Unit)	Bridgeport Project	Wallingford Project	Total
NET ASSETS	283	99,564	-	-	5,663	10,838	-	-	-	116,348
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted for:										
Revenue fund	-	-	2,408	-	-	-	-	-	-	2,408
Energy generating facility	-	1,516	-	-	-	-	-	-	-	1,516
Equipment replacement	-	1,504	-	-	-	-	-	-	-	1,504
Operating and maintenance	-	1,504	-	-	-	-	-	-	-	1,504
Select Energy escrow	-	1,000	-	-	-	-	-	-	-	1,000
DEEP trust - landfills	-	490	-	-	-	328	-	-	-	818
Shelton landfill future use	-	-	-	-	-	700	-	-	-	700
Montville landfill post-closure	-	-	680	-	-	-	-	-	-	680
Covanta Wallingford escrow	-	-	-	-	500	-	-	-	-	500
City of Hartford recycling education fund	-	189	-	-	-	-	-	-	-	189
Debt service funds	-	96	-	-	-	-	-	-	-	96
Other restricted net assets	-	135	-	-	-	-	-	-	-	135
Total Restricted	-	6,434	3,088	-	500	1,028	-	-	-	11,050
Unrestricted	667	36,468	6,312	95	1,561	2,797	1,203	-	-	49,103
TOTAL NET ASSETS	950	142,466	9,400	95	7,724	14,663	1,203	-	-	176,501
TOTAL LIABILITIES AND NET ASSETS	\$ 1,837	\$ 194,538	\$ 13,177	\$ 2,634	\$ 7,844	\$ 31,688	\$ 1,455	\$ -	\$ -	\$ 253,173

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division (South Unit)	Bridgeport Project	Wallingford Project	Eliminations	Total
Operating Revenues											
Service charges:											
Members	\$ -	\$ 33,781	\$ 8,272	\$ 13,618	\$ 295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,966
Others	-	21,025	103	-	-	-	-	-	-	(268)	20,860
Energy sales	-	28,171	18,376	-	-	-	-	-	-	-	46,547
Other operating revenues	-	7,104	-	-	443	6	1,117	-	-	-	8,670
Total Operating Revenues	-	<u>90,081</u>	<u>26,751</u>	<u>13,618</u>	<u>738</u>	<u>6</u>	<u>1,117</u>	<u>-</u>	<u>-</u>	<u>(268)</u>	<u>132,043</u>
Operating Expenses											
Solid waste operations	-	76,017	25,989	13,218	303	86	846	29	41	(268)	116,261
Depreciation and amortization	167	15,418	392	-	265	-	-	-	-	-	16,242
Maintenance and utilities	-	845	-	-	16	(24)	63	-	-	-	900
Closure and post-closure care of landfills	-	434	-	-	-	(19)	-	-	-	-	415
Legal services - external	-	1,793	2	7	-	-	-	1	-	-	1,803
Administrative and Operational services	-	5,887	138	426	397	34	137	-	-	-	7,019
Distribution to SCRRA	-	1,401	-	-	-	-	-	-	-	-	1,401
Total Operating Expenses	<u>167</u>	<u>100,394</u>	<u>27,922</u>	<u>13,651</u>	<u>981</u>	<u>77</u>	<u>1,046</u>	<u>30</u>	<u>41</u>	<u>(268)</u>	<u>144,041</u>
Operating (Loss) Income	<u>(167)</u>	<u>(10,313)</u>	<u>(1,171)</u>	<u>(33)</u>	<u>(243)</u>	<u>(71)</u>	<u>71</u>	<u>(30)</u>	<u>(41)</u>	<u>-</u>	<u>(11,998)</u>
Non-Operating Revenues (Expenses)											
Investment income	-	157	3	1	3	25	2	-	1	-	192
Other income (expenses)	93	320	13	-	(9)	(154)	-	-	(138)	-	125
Interest expense	-	(317)	-	-	-	-	-	-	-	-	(317)
Non-Operating Revenues (Expenses), Net	<u>93</u>	<u>160</u>	<u>16</u>	<u>1</u>	<u>(6)</u>	<u>(129)</u>	<u>2</u>	<u>-</u>	<u>(137)</u>	<u>-</u>	<u>-</u>
Income (Loss) before Special Item and Transfers	<u>(74)</u>	<u>(10,153)</u>	<u>(1,155)</u>	<u>(32)</u>	<u>(249)</u>	<u>(200)</u>	<u>73</u>	<u>(30)</u>	<u>(178)</u>	<u>-</u>	<u>(11,998)</u>
Transfers in (out)	-	-	-	-	(14,840)	14,863	1,130	(363)	(790)	-	-
Change in Net Assets	<u>(74)</u>	<u>(10,153)</u>	<u>(1,155)</u>	<u>(32)</u>	<u>(15,089)</u>	<u>14,663</u>	<u>1,203</u>	<u>(393)</u>	<u>(968)</u>	<u>-</u>	<u>(11,998)</u>
Total Net Assets, beginning of year	<u>1,024</u>	<u>152,619</u>	<u>10,555</u>	<u>127</u>	<u>22,813</u>	<u>-</u>	<u>-</u>	<u>393</u>	<u>968</u>	<u>-</u>	<u>188,499</u>
Total Net Assets, end of year	<u>950</u>	<u>142,466</u>	<u>9,400</u>	<u>95</u>	<u>7,724</u>	<u>14,663</u>	<u>1,203</u>	<u>-</u>	<u>-</u>	<u>\$</u>	<u>\$ 176,501</u>

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012
(Dollars in Thousands)

EXHIBIT C
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	General Fund	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division (South Unit)	Bridgeport Project	Wallingford Project	Eliminations	Total
Cash Flows Provided (Used) by Operating Activities											
Payments received from providing services	\$ 180	\$ 91,930	\$ 29,347	\$ 13,677	\$ 781	\$ 6	\$ 908	\$ -	\$ -	\$ (268)	\$ 136,561
Payments received from other funds	-	81	-	-	-	-	-	-	-	(81)	-
Payments to suppliers for goods and services	-	(87,393)	(27,409)	(13,359)	(681)	(284)	(725)	(30)	(254)	268	(129,867)
Payments to employees for services	-	(3,568)	(58)	(342)	(308)	(36)	(72)	-	-	-	(4,384)
Distribution to SCRRA	-	-	(1,401)	-	-	-	-	-	-	-	(1,401)
Payments to other funds	(81)	-	-	-	-	-	-	-	-	81	-
Net Cash Provided (Used) by Operating Activities	99	1,050	479	(24)	(208)	(314)	111	(30)	(254)	-	909
Cash Flows Provided (Used) by Investing Activities											
Interest on investments	-	160	4	1	3	25	2	-	2	-	197
Purchases of investments	-	-	-	-	-	(7,357)	-	-	-	-	(7,357)
Net Cash Provided (Used) by Investing Activities	-	160	4	1	3	(7,332)	2	-	2	-	(7,160)
Cash Flows Provided (Used) by Capital and Related Financing Activities											
Proceeds from sales of equipment	-	54	-	-	-	-	-	-	-	-	54
Payments for landfill closure and post-closure care liabilities	-	(1,346)	-	-	-	(545)	-	-	-	-	(1,891)
Acquisition and construction of capital assets	-	(11,793)	-	-	-	-	-	-	-	-	(11,793)
Interest paid on long-term debt	-	(335)	-	-	-	-	-	-	-	-	(335)
Principal paid on long-term debt	-	(3,915)	-	-	-	-	-	-	-	-	(3,915)
Net Cash Used by Capital and Related Financing Activities	-	(17,335)	-	-	-	(545)	-	-	-	-	(17,880)
Cash Flows Used by Non-Capital Financing Activities											
Other interest and fees	-	(5)	-	-	-	(8)	-	-	-	-	(13)
Cash inflow / (outflow)	-	-	-	-	(21,207)	21,231	1,130	(363)	(791)	-	-
Net Cash Used by Non-Capital Financing Activities	-	(5)	-	-	(21,207)	21,223	1,130	(363)	(791)	-	(13)
Net decrease in cash and cash equivalents	\$ 99	\$ (16,130)	\$ 483	\$ (23)	\$ (21,412)	\$ 13,032	\$ 1,243	\$ (393)	\$ (1,043)	\$ -	\$ (24,144)
Cash and cash equivalents, beginning of year	1,409	88,790	6,713	1,453	23,549	-	-	393	1,043	-	123,350
Cash and cash equivalents, end of year	\$ 1,508	\$ 72,660	\$ 7,196	\$ 1,430	\$ 2,137	\$ 13,032	\$ 1,243	\$ -	\$ -	\$ -	\$ 99,206

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2012
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division (South Unit)	Bridgeport Project	Wallingford Project	Eliminations	Total
Reconciliation of Operating (Loss) Income to Net Cash Provided (Used) by Operating Activities:											
Operating (loss) income	\$ (167)	\$ (10,313)	\$ (1,171)	\$ (33)	\$ (243)	\$ (71)	\$ 71	\$ (30)	\$ (41)	\$ -	\$ (11,998)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:											
Depreciation of capital assets	167	15,403	-	-	265	-	-	-	-	-	15,835
Amortization of development and bond issuance costs	-	15	392	-	-	-	-	-	-	-	407
Provision for closure and post-closure care of landfills	-	434	-	-	-	(19)	-	-	-	-	415
Other income (expenses)	81	400	13	-	(9)	(150)	-	-	(138)	-	197
Changes in assets and liabilities:											
(Increase) decrease in:											
Accounts receivable, net	-	1,011	2,583	59	75	-	(209)	-	-	-	3,519
Inventory	-	(2,397)	-	-	-	-	-	-	-	-	(2,397)
Prepaid expenses and other current assets	2	(3,534)	(10)	-	112	(131)	(3)	-	-	-	(3,564)
Due from other funds	-	81	-	-	-	-	-	-	-	(81)	-
Increase (decrease) in:											
Accounts payable, accrued expenses and other liabilities	97	(50)	(1,328)	(50)	(408)	57	252	-	(75)	-	(1,505)
Due to other funds	(81)	-	-	-	-	-	-	-	-	81	-
Net Cash Provided (Used) by Operating Activities	\$ 99	\$ 1,050	\$ 479	\$ (24)	\$ (208)	\$ (314)	\$ 111	\$ (30)	\$ (254)	\$ -	\$ 909

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2012
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division (South Unit)	Bridgeport Project	Wallingford Project	Total
Net assets invested in capital assets, net of related debt	\$ 283	\$ 99,564	\$ -	\$ -	\$ 5,663	\$ 10,838	\$ -	\$ -	\$ -	\$ 116,348
Restricted net assets:										
Current restricted cash and cash equivalents:										
Revenue fund	*	5,183	4,226	*	*	*	*	*	*	9,409
Debt service funds	*	2,797	*	*	*	*	*	*	*	2,797
Energy generating facility	*	1,687	*	*	*	*	*	*	*	1,687
Montville landfill post-closure	*	*	1,617	*	*	*	*	*	*	1,617
Equipment replacement	*	1,504	*	*	*	*	*	*	*	1,504
Operating and maintenance	*	1,504	*	*	*	*	*	*	*	1,504
Debt service reserve funds	*	1,461	*	*	*	*	*	*	*	1,461
Select Energy escrow	*	1,000	*	*	*	*	*	*	*	1,000
Shelton landfill future use	*	*	*	*	*	700	*	*	*	700
Covanta Wallingford escrow	*	*	*	*	500	*	*	*	*	500
City of Hartford recycling education fund	*	396	*	*	*	*	*	*	*	396
Customer guarantee of payment	*	156	*	*	*	*	*	*	*	156
Museum	*	87	*	*	*	*	*	*	*	87
Town of Ellington trust - pooled funds	*	48	*	*	*	*	*	*	*	48
Commodity revenue share	*	*	*	*	*	*	9	*	*	9
Total current restricted cash and cash equivalents	*	15,823	5,843	*	500	700	9	*	*	22,875
Non-current restricted cash and cash equivalents and investments:										
Shelton landfill trust fund	*	*	*	*	*	5,678	*	*	*	5,678
Wallingford landfill trust fund	*	*	*	*	*	1,681	*	*	*	1,681
DEP trust - landfills	*	490	*	*	*	328	*	*	*	818
Total non-current restricted cash and cash equivalents and investments	*	490	*	*	*	7,687	*	*	*	8,177
Less liabilities to be paid with current restricted assets:										
Bonds payable, net including accrued interest	*	4,134	*	*	*	*	*	*	*	4,134
Other liabilities	*	5,745	2,755	*	*	*	9	*	*	8,509
Total liabilities to be paid with current restricted assets	*	9,879	2,755	*	*	*	9	*	*	12,643
Less liabilities to be paid with non-current restricted assets:										
Landfill post-closure care costs	*	*	*	*	*	7,359	*	*	*	7,359
Total liabilities to be paid with non-current restricted assets	*	*	*	*	*	7,359	*	*	*	7,359
Total restricted net assets	*	6,434	3,088	*	500	1,028	*	*	*	11,050

CONNECTICUT RESOURCES RECOVERY AUTHORITY
A Component Unit of the State of Connecticut
COMBINING SCHEDULE OF NET ASSETS (Continued)
AS OF JUNE 30, 2012
(Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division (South Unit)	Bridgeport Project	Wallingford Project	Total
Unrestricted net assets:										
Designated for:										
Future loss contingencies	\$ -	\$ 11,347	\$ 252	\$ -	\$ 663	\$ -	\$ -	\$ -	\$ -	\$ 12,262
Non-GASB #18 post-closure	-	4,831	-	-	-	2,797	-	-	-	7,628
Facility modifications	-	6,351	-	-	-	-	-	-	-	6,351
Litigation reserve	-	2,358	-	-	-	-	-	-	-	2,358
Transition costs	-	2,029	-	-	-	-	-	-	-	2,029
Rolling stock	-	1,033	-	-	-	-	-	-	-	1,033
Post-project	-	690	-	-	363	-	-	-	-	1,053
Recycling	-	-	-	-	-	-	678	-	-	678
Recycling education solid waste initiative reserve	-	500	-	-	-	-	-	-	-	500
Post-litigation expense	-	459	-	-	-	-	-	-	-	459
Landfill development	-	296	-	-	-	-	-	-	-	296
Project closure	-	-	-	-	117	-	-	-	-	117
South Meadows site remediation	-	88	-	-	-	-	-	-	-	88
Undesignated	667	6,486	6,060	95	418	-	525	-	-	14,251
Total unrestricted net assets	667	36,468	6,312	95	1,561	2,797	1,203	-	-	49,103
Total Net Assets	\$ 950	\$ 142,466	\$ 9,400	\$ 95	\$ 7,724	\$ 14,663	\$ 1,203	\$ -	\$ -	\$ 176,501

**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
Connecticut Resources Recovery Authority
Harford, Connecticut

We have audited the financial statements of the Connecticut Resources Recovery Authority (Authority) as of and for the year ended June 30, 2012, and have issued our report thereon dated September 27, 2012. 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.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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 27, 2012.

This report is intended solely for the information and use of management, the Board of Directors, others within the Authority, and the State of Connecticut and is not intended to be and should not be used by anyone other than these specified parties.

Bollam Sheedy Torani & Co LLP

New York, New York
September 27, 2012

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	64 - 74
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.	
Revenue Capacity	75 - 86
These schedules contain information to help the readers understand and assess the Authority's significant revenue sources.	
Debt Capacity	87 - 90
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.	
Demographic Information	91 - 92
The schedule offers demographic indicators to help the readers understand the environment within which the Authority's financial activities take place.	
Operating Information	93 - 97
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.	

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut**

**Exhibit 1 - Net Assets
Last Ten Fiscal Years
(Dollars in Thousands)**

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Invested in capital assets, net of related debt	\$ 288	\$ 986	\$ 895	\$ 927	\$ 836	\$ 765	\$ 640	\$ 588	\$ 438	\$ 283
Restricted	20	20	20	21	21	22	-	-	-	-
Unrestricted	8,881	(735)	(445)	(256)	(64)	148	364	479	586	667
Total Net Assets	9,189	271	470	692	793	935	1,004	1,067	1,024	950
Mid-Connecticut Project										
Invested in capital assets, net of related debt	14,005	13,030	86,710	75,294	123,358	115,611	115,156	103,090	100,430	99,564
Restricted	52,572	53,552	44,704	45,183	24,103	25,879	18,340	19,533	22,779	6,434
Unrestricted	8,611	6,561	45,362	68,109	18,247	30,827	40,699	42,397	29,410	36,468
Total Net Assets	75,188	73,143	176,776 ⁽¹⁾	188,586	165,708	172,317	174,195	165,020	152,619	142,466
Southeast Project										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	1,271	147	260	1,104	649	723	955	1,329	1,228	3,088
Unrestricted	2,450	3,865	4,897	5,104	6,044	6,390	4,784	5,550	9,327	6,312
Total Net Assets	3,721	4,012	5,157	6,208	6,693	7,113	5,739	6,879	10,555	9,400
SouthWest Division⁽²⁾										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	151	154	127	95
Total Net Assets	-	-	-	-	-	-	151	154	127	95

⁽¹⁾ Significantly higher total net assets for the Mid-Connecticut Project at the end of fiscal year 2005 due to the recognition of \$111.7 million received from the sale of the Authority's bankruptcy claim against Enron. The \$111.7 million sale proceeds were used to defease certain outstanding bonds issued for the Mid-Connecticut Project and to establish an escrow account for future State loans repayments.

⁽²⁾ The SouthWest Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 1 Continued - Net Assets

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Property Division ⁽¹⁾										
Invested in capital assets, net of related debt	-	-	-	-	-	-	15,375	15,072	16,766	5,663
Restricted	-	-	-	-	-	-	870	872	1,728	500
Unrestricted	-	-	-	-	-	-	(1,572)	2,016	4,319	1,561
Total Net Assets	-	-	-	-	-	-	14,673	17,960	22,813	7,724
Landfill Division ⁽²⁾										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	10,838
Restricted	-	-	-	-	-	-	-	-	-	1,028
Unrestricted	-	-	-	-	-	-	-	-	-	2,797
Total Net Assets	-	-	-	-	-	-	-	-	-	14,663
Recycling Division (South Unit) ⁽³⁾										
Invested in capital assets, net of related debt	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-	-	-	-
Total Net Assets	-	-	-	-	-	-	-	-	-	-
Bridgeport Project ⁽⁴⁾										
Invested in capital assets, net of related debt	12,451	13,066	13,761	14,594	15,486	16,824	11	-	-	-
Restricted	1,417	2,464	2,534	2,865	2,995	2,979	174	174	-	-
Unrestricted	(7,044)	(2,433)	(1,590)	256	927	(1,149)	4,748	1,508	393	-
Total Net Assets	6,824	13,097	14,705	17,715	19,408	18,654	4,933	1,682	393	-
Wallingford Project ⁽⁵⁾										
Invested in capital assets, net of related debt	1,979	1,979	1,979	2,091	2,370	2,375	2,178	2,145	-	-
Restricted	8,105	7,842	14,118	14,734	15,556	16,273	16,307	15,107	-	-
Unrestricted	12,483	18,489	17,563	22,408	28,243	31,805	7,481	7,829	968	-
Total Net Assets	22,567	28,310	33,660	39,233	46,169	50,453	25,966	25,081	968	-
TOTAL AUTHORITY:										
Invested in capital assets, net of related debt	28,723	29,061	103,345	92,906	142,050	135,575	133,360	120,895	117,634	116,348
Restricted	63,385	64,025	61,636	63,907	43,324	45,876	36,646	37,015	25,735	11,050
Unrestricted	25,381	25,747	65,787	95,621	53,397	68,021	56,655	59,933	45,130	49,103
Net Assets	\$117,489	\$118,833	\$230,768 ⁽⁶⁾	\$252,434	\$238,771	\$249,472	\$226,661	\$217,843	\$188,499	\$176,501

⁽¹⁾ The Property Division was created on January 1, 2009 to reflect assets that are no longer project-specific.

⁽²⁾ The Landfill Division was created during fiscal year 2012 to account for specific costs associated with landfill post-closure reserves.

⁽³⁾ The Recycling Division (South Unit) was created during fiscal year 2012 to account for the Stratford recycling activity.

⁽⁴⁾ Contracts with the Wallingford Project's municipalities and operator ended on December 31, 2008.

⁽⁵⁾ Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

⁽⁶⁾ Please see note (1) on page 64.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 - Changes in Net Assets
Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Operating Revenues	\$ 9	\$ 7	\$ 11	\$ 10	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses										
Solid waste operations	203	180	169	182	187	181	201	201	191	167
Depreciation and amortization	212	187	180	192	200	181	201	201	191	167
Total operating expenses	(212)	(187)	(180)	(192)	(200)	(181)	(201)	(201)	(191)	(167)
Operating Loss										
Non-Operating Revenues and (Expenses)										
Investment income	165	32	18	44	56	38	7	3	1	-
Other income, net	75	316	361	370	245	285	263	261	147	93
Net Non-Operating Revenues	240	348	379	414	301	323	270	264	148	93
Income (Loss) before Transfers	28	161	199	222	101	142	69	63	(43)	(74)
Transfers in (out)	128	(9,079)	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Assets	\$ 156	\$ (8,918)	\$ 199	\$ 222	\$ 101	\$ 142	\$ 69	\$ 63	\$ (43)	\$ (74)

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Mid-Connecticut Project										
Operating Revenues	\$ 37,703	\$ 39,466	\$ 42,133	\$ 42,691	\$ 40,221	\$ 36,552	\$ 34,269	\$ 31,979	\$ 34,004	\$ 33,781
Service charges:										
Members	14,739	15,789	18,259	18,099	18,255	17,590	19,094	17,517	19,843	21,025
Others	21,532	24,052	20,496	24,849	24,067	28,773	30,773	30,258	29,223	28,171
Energy generation	3,220	4,448	5,683	7,467	8,503	6,496	6,596	4,668	6,341	7,104
Total operating revenues	77,194	83,755	86,571	93,106	91,046	89,411	90,732	84,422	89,411	90,081
Operating Expenses										
Solid waste operations ⁽¹⁾	61,000	58,675	59,094	60,164	58,221	59,361	64,778	73,936	74,162	76,017
Depreciation and amortization	16,284	16,081	16,080	16,072	16,397	16,365	15,806	16,296	17,101	15,418
Maintenance and utilities	1,144	1,481	1,730	1,997	1,833	3,559	926	1,272	1,103	845
Closure and post-closure care of landfills	2,005	467	385	178	34,194	3,122	7,065	(683)	746	434
Other costs ⁽²⁾	3,782	4,381	4,985	8,769	9,523	7,419	8,267	7,471	7,377	7,680
Total operating expenses	84,215	81,085	82,274	87,180	120,168	89,826	96,842	98,292	100,489	100,394
Operating (Loss) Income	(7,021)	2,670	4,297	5,926	(29,122)	(415)	(6,110)	(13,870)	(11,078)	(10,313)
Non-Operating Revenues (Expenses)										
Enron claims	-	-	82,760	-	-	-	-	-	-	-
Litigation-related settlements, net	375	-	-	-	39,075	4,745	4,250	-	-	-
Investment income	1,581	1,102	3,063	5,214	5,431	3,891	1,533	338	214	157
Other income (expenses), net	(8)	(122)	(89)	5,457	638	(332)	3,064	5,092	(1,004)	320
Litigation-related judgment	-	-	-	-	(35,800)	-	-	-	-	-
Interest expense	(11,875)	(11,032)	(8,819)	(4,787)	(1,952)	(1,280)	(859)	(735)	(533)	(317)
Net Non-Operating Revenues and (Expenses)	(9,927)	(10,052)	76,915	5,884	7,392	7,024	7,988	4,695	(1,323)	160
(Loss) Income before Special Items and Transfers	(16,948)	(7,382)	81,212	11,810	(21,730)	6,609	1,878	(9,175)	(12,401)	(10,153)
Special Items:										
Gain on sale of Enron claims	-	-	28,502	-	-	-	-	-	-	-
Defeatance of debt	-	-	(6,081)	-	(1,148)	-	-	-	-	-
Total Special Items	-	-	22,421	-	(1,148)	-	-	-	-	-
Transfers in	113	5,337	-	-	-	-	-	-	-	-
(Decrease) Increase in Net Assets	\$ (16,835)	\$ (2,045)	\$ 103,633 ⁽³⁾	\$ 11,810	\$ (22,878)	\$ 6,609	\$ 1,878	\$ (9,175)	\$ (12,401)	\$ (10,153)

⁽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.

⁽³⁾ Significantly higher increase in net assets for the Mid-Connecticut Project at the end of fiscal year 2005 due to the recognition of \$11.7 million received from the sale of the Authority's bankruptcy claim against Enron. Of the \$11.7 million (which included \$0.4 million interest), the Authority reported \$82.8 million, which represented a court approved estimated value of its Enron claim, as non-revenue operating, and \$28.5 million, which represented the gain on the sale of the Enron claim, as a special item in the statements of revenues, expenses and changes in net assets.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Southeast Project										
Operating Revenues										
Service charges:										
Members	\$ 9,809	\$ 10,664	\$ 10,666	\$ 10,635	\$ 10,504	\$ 9,924	\$ 9,174	\$ 9,214	\$ 8,056	\$ 8,272
Others	1,376	1,225	1,143	856	720	1,031	81	144	96	103
Other operating revenues	-	49	-	-	-	-	15,519	16,514	17,301	18,376
Total operating revenues	<u>11,185</u>	<u>11,938</u>	<u>11,809</u>	<u>11,491</u>	<u>11,224</u>	<u>10,955</u>	<u>24,774</u>	<u>25,872</u>	<u>25,453</u>	<u>26,751</u>
Operating Expenses										
Solid waste operations ⁽¹⁾	10,678	10,570	10,176	9,481	9,869	9,649	25,416	24,185	23,141	25,989
Depreciation and amortization	448	448	448	448	448	448	448	448	418	392
Maintenance and utilities	119	-	-	-	-	-	-	-	-	-
Other costs ⁽²⁾	183	169	183	136	104	160	138	154	237	140
Distribution to SCRRRA	-	-	-	-	-	-	-	-	-	1,401
Total operating expenses	<u>11,428</u>	<u>11,187</u>	<u>10,807</u>	<u>10,065</u>	<u>10,421</u>	<u>10,257</u>	<u>26,002</u>	<u>24,787</u>	<u>23,796</u>	<u>27,922</u>
Operating (Loss) Income	<u>(243)</u>	<u>751</u>	<u>1,002</u>	<u>1,426</u>	<u>803</u>	<u>698</u>	<u>(1,228)</u>	<u>1,085</u>	<u>1,657</u>	<u>(1,171)</u>
Non-Operating Revenues and (Expenses)										
Investment income	98	30	308	117	134	136	226	58	18	3
Other income (expenses), net	(16)	-	500	-	2	-	-	325	(179)	13
Interest expense	(789)	(742)	(665)	(492)	(454)	(414)	(372)	(328)	(153)	-
Net Non-Operating Revenues and (Expenses)	<u>(707)</u>	<u>(712)</u>	<u>143</u>	<u>(375)</u>	<u>(318)</u>	<u>(278)</u>	<u>(146)</u>	<u>55</u>	<u>(314)</u>	<u>16</u>
(Loss) Income before Transfers	<u>(950)</u>	<u>39</u>	<u>1,145</u>	<u>1,051</u>	<u>485</u>	<u>420</u>	<u>(1,374)</u>	<u>1,140</u>	<u>1,343</u>	<u>(1,155)</u>
Special Item:										
Gain on early retirement of debt	-	-	-	-	-	-	-	-	2,333	-
Total special item	-	-	-	-	-	-	-	-	2,333	-
Transfers in	32	252	-	-	-	-	-	-	-	-
(Decrease) Increase in Net Assets	<u>(918)</u>	<u>291</u>	<u>1,145</u>	<u>1,051</u>	<u>485</u>	<u>420</u>	<u>(1,374)</u>	<u>1,140</u>	<u>3,676</u>	<u>(1,155)</u>

⁽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.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets
Last Four Fiscal Years ⁽¹⁾
(Dollars in Thousands)

South West Division	Fiscal Year Ended June 30,		
	2009	2010	2011
Operating Revenues			
Service charges:			
Members	\$ 6,632	\$ 14,664	\$ 14,361
Total operating revenues	<u>6,632</u>	<u>14,664</u>	<u>14,361</u>
Operating Expenses			
Solid waste operations	6,458	14,179	13,850
Other costs ⁽²⁾	25	483	540
Total operating expenses	<u>6,483</u>	<u>14,662</u>	<u>14,390</u>
Operating Income (Loss)	<u>149</u>	<u>2</u>	<u>(29)</u>
Non-Operating Revenues			
Investment income	2	1	2
Non-Operating Revenues	2	1	2
Income (Loss)	<u>151</u>	<u>3</u>	<u>(27)</u>
Increase (Decrease) in Net Assets	<u>\$ 151</u>	<u>\$ 3</u>	<u>\$ (27)</u>
			<u>\$ 13,618</u>
			<u>13,618</u>

⁽¹⁾ The South West Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

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

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets

Last Four Fiscal Years ⁽¹⁾
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Property Division				
Operating Revenues				
Service charges:				
Members	-	-	\$ 468	\$ 295
Other operating revenues	1,324	2,298	2,874	443
Total operating revenues	<u>1,324</u>	<u>2,298</u>	<u>3,342</u>	<u>738</u>
Operating Expenses				
Solid waste operations	1,018	1,692	2,368	303
Depreciation and amortization	153	303	299	265
Maintenance and utilities	78	86	134	16
Closure and post-closure care of landfills	2,276	(1,153)	(532)	-
Other costs ⁽²⁾	116	416	429	397
Total operating expenses	<u>3,641</u>	<u>1,344</u>	<u>2,698</u>	<u>981</u>
Operating (Loss) Income	<u>(2,317)</u>	<u>954</u>	<u>644</u>	<u>(243)</u>
Non-Operating Revenues and (Expenses)				
Investment income	60	49	47	3
Other income (expenses), net	-	197	(32)	(9)
Net Non-Operating Revenues	<u>60</u>	<u>246</u>	<u>15</u>	<u>(6)</u>
(Loss) Income before Transfers	<u>(2,257)</u>	<u>1,200</u>	<u>659</u>	<u>(249)</u>
Transfers in (out)	16,930	2,087	4,194	(14,840)
Increase (Decrease) in Net Assets	<u>\$ 14,673</u>	<u>\$ 3,287</u>	<u>\$ 4,853</u>	<u>\$ (15,089)</u>

⁽¹⁾ The Property Division was created on January 1, 2009 to reflect assets such as those of the former Projects that are no longer project-specific.

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

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets**

Fiscal Year Ended 2012
(Dollars in Thousands)

Landfill Division ⁽¹⁾

Operating Revenues	
Other operating revenues	\$ 6
Total operating revenues	<u>6</u>
Operating Expenses	
Solid waste operations	86
Maintenance and utilities	(24)
Closure and post-closure care of landfills	(19)
Other costs ⁽²⁾	34
Total operating expenses	<u>77</u>
Operating Loss	<u>(71)</u>
Non-Operating Revenues and (Expenses)	
Investment income	25
Other income (expenses), net	(154)
Net Non-Operating Revenues	<u>(129)</u>
Loss before Transfers	(200)
Transfers in (out)	14,863
Increase in Net Assets	<u>\$ 14,663</u>

⁽¹⁾ The Landfill Division was created during fiscal year 2012 to account for specific costs associated with post-closure reserves for the Shelton, Waterbury, and Wallingford landfills.

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

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets**

**Fiscal Year Ended 2012
(Dollars in Thousands)**

Recycling Division (South Unit) ⁽¹⁾

Operating Revenues	
Other operating revenues	\$ 1,117
Total operating revenues	<u>1,117</u>
Operating Expenses	
Solid waste operations	846
Maintenance and utilities	63
Other costs ⁽²⁾	137
Total operating expenses	<u>1,046</u>
Operating Income	<u>71</u>
Non-Operating Revenues and (Expenses)	
Investment income	2
Net Non-Operating Revenues	<u>2</u>
Income before Transfers	73
Transfers in	1,130
Increase in Net Assets	<u>\$ 1,203</u>

⁽¹⁾ The Recycling Division (South Unit) was created during fiscal year 2012 to account for the Stratford recycling activity that was originally part of the Bridgeport Project.

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

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Bridgeport Project ⁽¹⁾										
Operating Revenues										
Service charges:										
Members	\$ 27,016	\$ 30,098	\$ 30,535	\$ 31,280	\$ 32,267	\$ 31,330	\$ 18,722	\$ -	\$ -	\$ -
Others	14,341	11,556	12,207	14,680	15,172	15,856	7,558	-	-	-
Ash disposal reimbursement	4,033	4,031	4,025	4,229	4,485	4,704	2,511	-	-	-
Other operating revenues	3,073	3,881	3,260	3,638	3,860	4,526	2,621	(39)	-	-
Total operating revenues	48,463	49,566	50,027	53,827	55,784	56,416	31,412	(39)	-	-
Operating Expenses										
Solid waste operations ⁽²⁾	43,555	42,228	44,356	46,595	53,079	53,503	24,513	(553)	51	29
Depreciation and amortization	929	854	858	849	854	867	464	11	-	-
Maintenance and utilities	(280)	241	301	297	560	283	157	-	-	-
Closure and post-closure care of landfills	625	1,158	(180)	1,498	84	1,235	-	-	-	-
Other costs ⁽³⁾	801	861	1,122	1,935	3,052	1,701	796	37	30	1
Distribution to member towns	-	-	-	-	-	-	-	1,639	1,236	-
Total operating expenses	45,630	45,342	46,457	51,174	57,629	57,589	25,930	1,134	1,317	30
Operating Income (Loss)	2,833	4,224	3,570	2,653	(1,845)	(1,173)	5,482	(1,173)	(1,317)	(30)
Non-Operating Revenues and (Expenses)										
Investment income	100	100	286	591	775	605	212	9	2	-
Other income (expenses), net	12	(40)	(1,870)	65	2,979	(59)	(2,444)	-	-	-
Interest expense	(527)	(454)	(378)	(299)	(216)	(127)	(41)	-	-	-
Net Non-Operating Revenues and (Expenses)	(415)	(394)	(1,962)	357	3,538	419	(2,273)	9	2	-
Income (Loss) before Transfers	2,418	3,830	1,608	3,010	1,693	(754)	3,209	(1,164)	(1,315)	(30)
Transfers in (out)	(291)	2,443	-	-	-	-	(16,930)	(2,087)	26	(363)
Increase (Decrease) in Net Assets	\$ 2,127	\$ 6,273	\$ 1,608	\$ 3,010	\$ 1,693	\$ (754)	\$ (13,721)	\$ (3,251)	\$ (1,289)	\$ (393)

⁽¹⁾ Contracts with the Bridgeport Project's municipalities and operator 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 (1) above. Other Costs includes legal expenses and administrative and operational services.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 2 Continued - Changes in Net Assets

Last Ten Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Wallingford Project ⁽¹⁾										
Operating Revenues										
Service charges:										
Members	\$ 8,387	\$ 8,313	\$ 8,560	\$ 8,907	\$ 8,856	\$ 8,649	\$ 8,439	\$ 8,536	\$ -	\$ -
Others	136	142	53	24	59	177	255	114	-	-
Energy generation	13,107	12,946	13,302	13,096	13,790	11,189	8,276	2,431	-	-
Other operating revenues	13	86	58	115	44	39	9	2	-	-
Total operating revenues	21,643	21,487	21,973	22,142	22,749	20,054	16,979	11,083	-	-
Operating Expenses										
Solid waste operations ⁽²⁾	15,296	15,864	16,196	17,249	16,887	15,732	12,911	12,146	147	41
Depreciation and amortization	324	324	309	299	303	323	326	33	-	-
Maintenance and utilities	93	(25)	6	19	8	20	7	7	-	-
Closure and post-closure care of landfills	1,488	264	(25)	(47)	361	757	1,166	(659)	-	-
Other costs ⁽³⁾	439	469	542	641	650	811	917	534	182	-
Distribution to member towns	-	-	-	-	-	-	26,675	-	19,420	-
Total operating expenses	17,640	16,896	17,028	18,161	18,209	17,643	42,002	12,061	19,749	41
Operating Income (Loss)	4,003	4,591	4,945	3,981	4,540	2,411	(25,023)	(978)	(19,749)	(41)
Non-Operating Revenues and (Expenses)										
Investment income	442	359	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	(319)	(254)	(160)	(99)	(71)	(42)	(12)	(12)	-	-
Net Non-Operating Revenues and (Expenses)	123	105	452	1,592	2,396	1,873	536	93	(144)	(137)
Income (Loss) before Special Item and Transfers	4,126	4,696	5,397	5,573	6,936	4,284	(24,487)	(885)	(19,893)	(178)
Special Item:										
Early retirement of debt	-	-	(47)	-	-	-	-	-	-	-
Total Special Item	-	-	(47)	-	-	-	-	-	-	-
Transfers in (out)	18	1,047	-	-	-	-	-	-	(4,220)	(790)
Increase (Decrease) in Net Assets	\$ 4,144	\$ 5,743	\$ 5,350	\$ 5,573	\$ 6,936	\$ 4,284	\$ (24,487)	\$ (885)	\$ (24,113)	\$ (968)
TOTAL AUTHORITY:										
Operating Revenues	158,485	166,746	170,380	180,566	180,803	176,836	171,853	138,300	132,567	132,311
Operating Expenses	159,125	154,697	156,746	166,772	206,627	175,496	201,101	152,481	162,630	144,309
Operating Income (Loss)	(640)	12,049	13,634	13,794	(25,824)	1,340	(29,248)	(14,181)	(30,063)	(11,998)
Non-Operating Revenues and (Expenses), Net	(10,686)	(10,705)	75,927	7,872	13,309	9,361	6,437	5,363	(1,614)	-
Income (Loss) before Special Item and Transfers	(11,326)	1,344	89,561	21,666	(12,515)	10,701	(22,811)	(8,818)	(31,677)	(11,998)
Special Items	-	-	22,374	(1,148)	-	-	-	-	2,333	-
(Decrease) Increase in Net Assets	\$ (11,326)	\$ 1,344	\$ 111,935 ⁽⁴⁾	\$ 21,666	\$ (13,663)	\$ 10,701	\$ (22,811)	\$ (8,818)	\$ (29,344)	\$ (11,998)

⁽¹⁾ Contracts with the Wallingford Project's municipalities and operator 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 (1) above. Other Costs includes legal expenses and administrative and operational services.

⁽⁴⁾ Please see note (3) on page 67.

**Connecticut Resources Recovery 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)					Total
Fiscal Year	Mid-Connecticut	Southeast	SouthWest ⁽¹⁾	Bridgeport ⁽²⁾	Wallingford ⁽³⁾	Total	
2003	656,959	172,097	-	383,196	152,497	1,364,749	
2004	614,229	176,725	-	412,607	151,151	1,354,712	
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	

Exhibit 3B Contract Solid Waste Deliveries (tons)

Fiscal Year	Mid-Connecticut	Southeast	Bridgeport ⁽¹⁾	Total
2003	237,096	22,955	228,358	488,409
2004	229,562	19,874	180,480	429,916
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

Exhibit 3C Short-Term Waste Deliveries (tons)

Fiscal Year	Mid-Connecticut	Southeast	Bridgeport ⁽¹⁾	Wallingford ⁽²⁾	Total
2003	13,005	64,890	140,754	2,299	220,948
2004	12,352	64,431	142,330	2,472	221,585
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

⁽¹⁾ The SouthWest Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

⁽²⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

⁽³⁾ Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 3 Continued - Historical Waste Summary
Last Ten Fiscal Years**

Fiscal Year	Mid-Connecticut	Total Municipal Solid Waste Deliveries (tons)				Total
		Southwest ⁽¹⁾	SouthWest ⁽²⁾	Bridgeport ⁽³⁾	Wallingford ⁽⁴⁾	
2003	907,060	259,942	-	752,308	154,796	2,074,106
2004	856,143	261,030	-	735,417	153,623	2,006,213
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

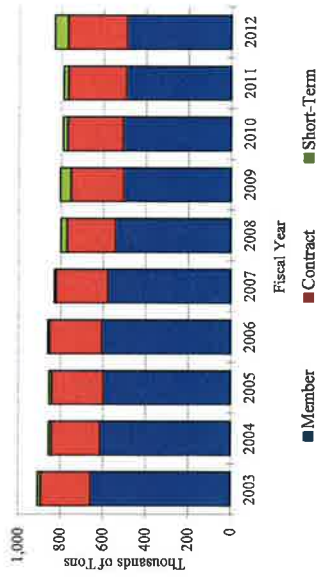
Fiscal Year	Mid-Connecticut	Municipal Solid Waste Processed (tons)				Total
		Southwest ⁽¹⁾	SouthWest ⁽²⁾	Bridgeport ⁽³⁾	Wallingford ⁽⁴⁾	
2003	820,692	258,677	742,602	149,337	1,971,308	1,971,308
2004	809,215	259,822	733,771	142,083	1,944,891	1,944,891
2005	797,644	258,468	717,704	149,279	1,923,095	1,923,095
2006	809,046	255,697	728,553	139,570	1,932,866	1,932,866
2007	794,027	265,184	733,669	142,178	1,935,058	1,935,058
2008	734,656	259,215	742,073	143,326	1,879,270	1,879,270
2009	800,895	262,259	368,314	146,855	1,578,323	1,578,323
2010	789,334	268,984	-	148,618	1,206,936	1,206,936
2011	786,139	261,253	-	-	1,047,392	1,047,392
2012	823,972	264,246	-	-	1,088,218	1,088,218

Fiscal Year	Mid-Connecticut	Recyclables Processed (tons)				Total
		SouthWest ⁽²⁾	Bridgeport ⁽³⁾	Wallingford ⁽⁴⁾	Total	
2003	79,476	-	60,991	-	140,467	140,467
2004	77,406	-	63,490	-	140,896	140,896
2005	78,485	-	61,467	-	139,952	139,952
2006	76,461	-	59,604	-	136,065	136,065
2007	76,659	-	57,655	-	134,314	134,314
2008	88,183	-	59,713	-	147,896	147,896
2009	82,916	19,260	28,620	-	130,796	130,796
2010	83,405	36,335	-	-	119,740	119,740
2011	91,214	33,680	-	-	124,894	124,894
2012	113,214	24,708	-	-	137,922	137,922

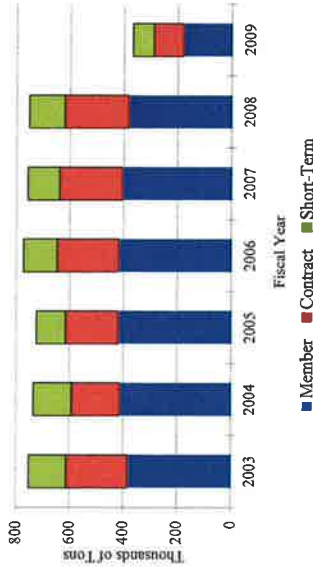
⁽¹⁾ Includes Operator deliveries.
⁽²⁾ The SouthWest Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.
⁽³⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.
⁽⁴⁾ Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 4 - Waste Delivery Summary
Last Ten Fiscal Years**

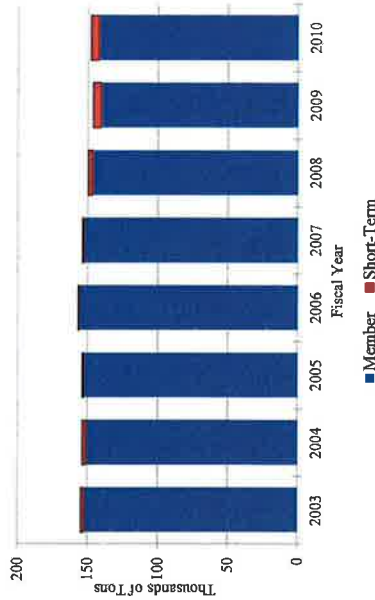
Mid-Connecticut Project



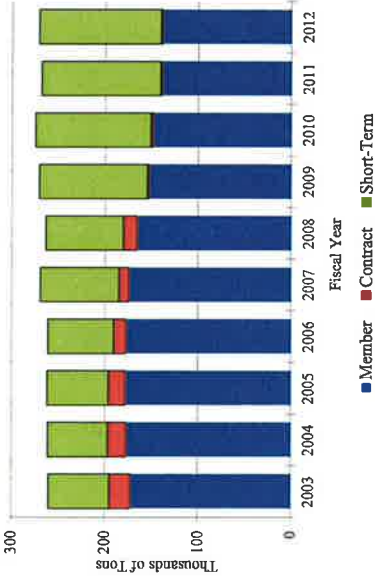
Bridgeport Project ⁽¹⁾



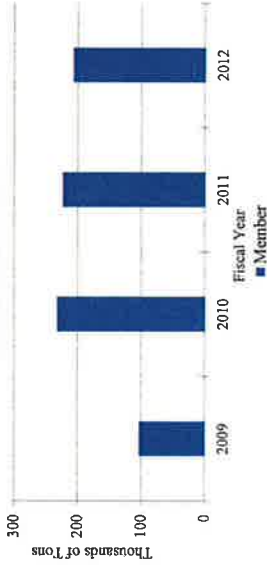
Wallingford Project ⁽²⁾



Southeast Project



South West Division ⁽³⁾

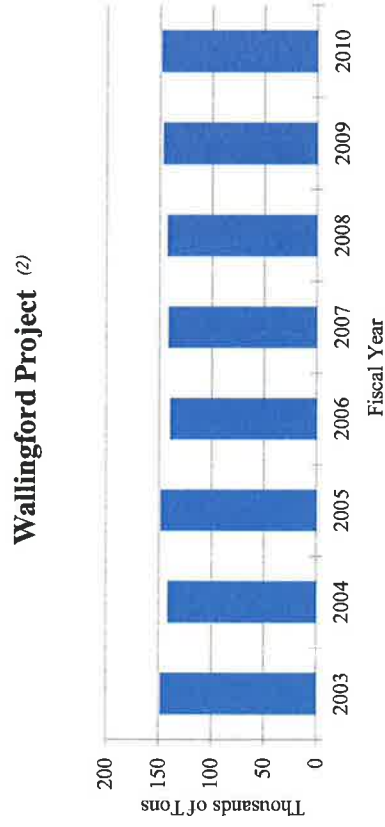
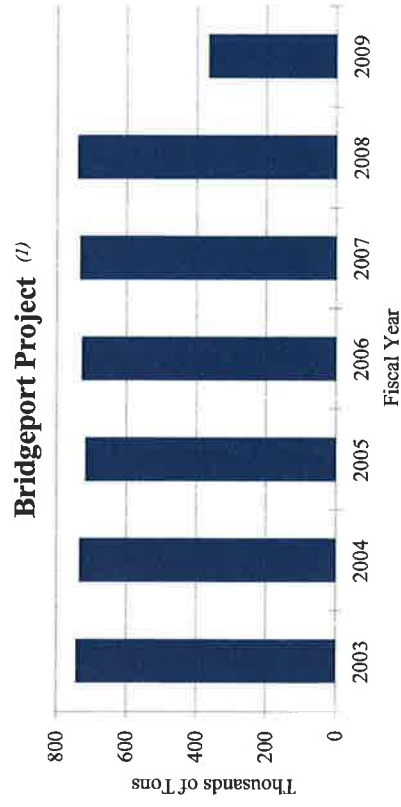
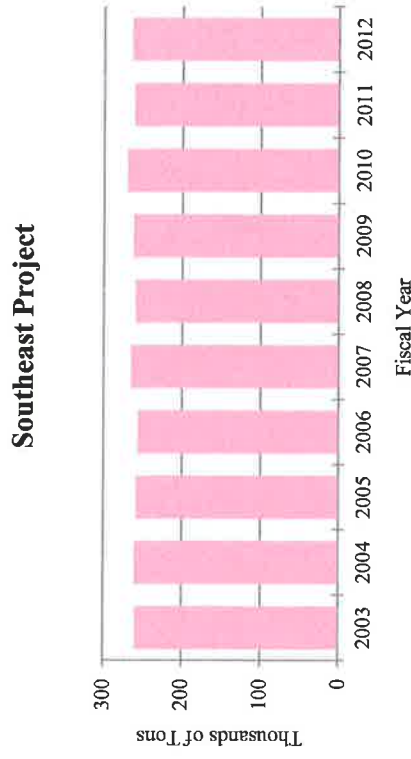
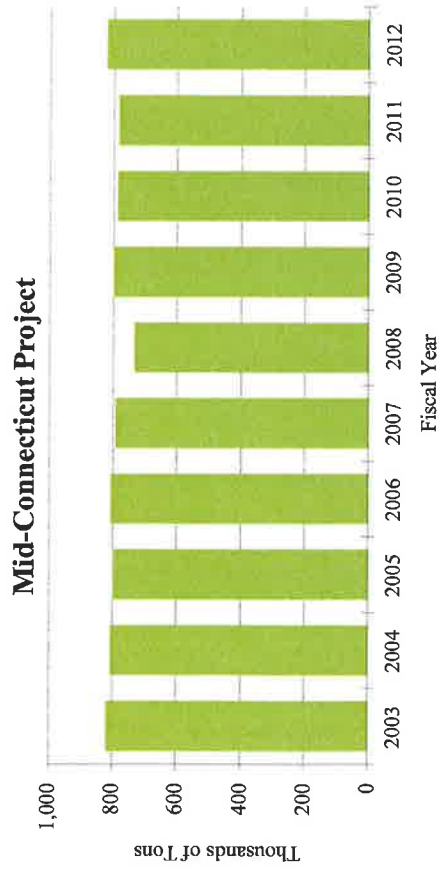


⁽¹⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

⁽²⁾ Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

⁽³⁾ The South West Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 4 Continued - Waste Processed Summary
Last Ten Fiscal Years**

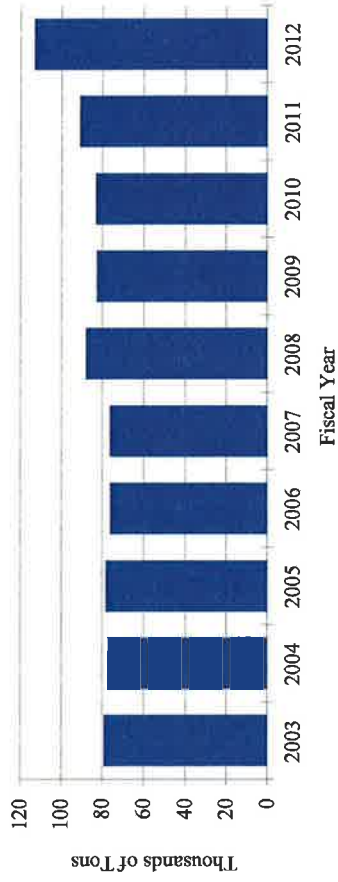


⁽¹⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

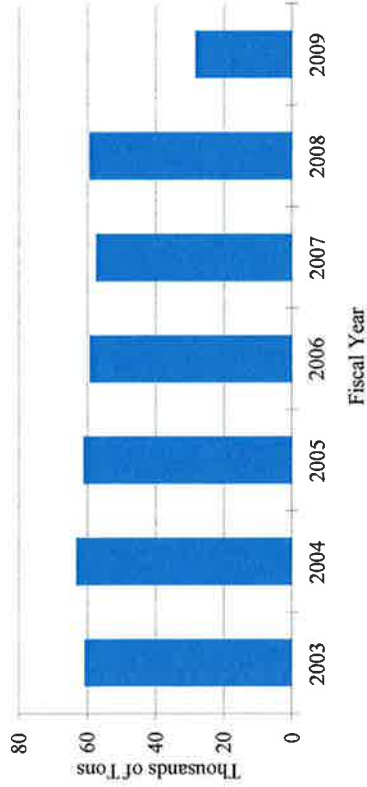
⁽²⁾ Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 4 Continued - Recyclables Processed Summary
Last Ten Fiscal Years**

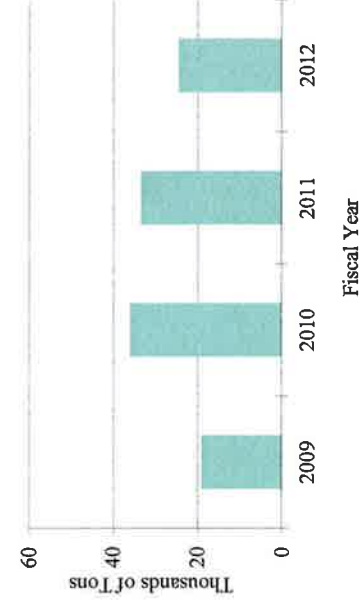
Mid-Connecticut Project



Bridgeport Project ⁽¹⁾



SouthWest Division ⁽²⁾



⁽¹⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.
⁽²⁾ The SouthWest Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

Connecticut Resources Recovery 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) ⁽¹⁾

Fiscal Year	Mid-Connecticut	Bridgeport ⁽²⁾	Wallingford ⁽³⁾	Southeast
2003	446,884	476,304	66,511	138,181
2004	438,887	479,671	65,178	138,407
2005	413,654	454,600	67,248	131,884
2006	409,407	491,567	61,788	130,491
2007	402,991	486,135	62,495	130,988
2008	358,380	495,581	59,714	133,765
2009	396,643	246,436	58,415	129,266
2010	390,426	-	57,979	137,800
2011	388,457	-	-	132,680
2012	400,785	-	-	135,083

⁽¹⁾ Total annual megawatts / 365 days / 24 hours = Annual hourly average rate.

⁽²⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

⁽³⁾ Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 6 - Top Five Sources of Member Waste - 2012 ⁽¹⁾

	Mid-Connecticut	South West	South East
Hartford	18.68%	Bridgeport	Groton
Waterbury	16.50%	Fairfield	Norwich
West Hartford	7.89%	Milford	New London
Manchester	7.33%	Stratford	Montville
East Hartford	5.86%	Westport	Stonnington
	56.26%	76.85%	73.44%

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

**Connecticut Resources Recovery 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	Bridgeport ⁽¹⁾	SouthWest ⁽²⁾	Wallingford ⁽³⁾	Southeast
2003	\$ 57.00	\$ 69.00	\$ -	\$ 55.00	\$ 57.00
2004	\$ 63.75	\$ 71.00	\$ -	\$ 55.00	\$ 60.00
2005	\$ 70.00	\$ 72.50	\$ -	\$ 56.00	\$ 60.00
2006	\$ 70.00	\$ 74.00	\$ -	\$ 57.00	\$ 60.00
2007	\$ 69.00	\$ 78.00	\$ -	\$ 58.00	\$ 60.00
2008	\$ 69.00	\$ 81.00	\$ -	\$ 59.00	\$ 60.00
2009	\$ 72.00	\$ 98.50	\$ 63.00	\$ 60.00	\$ 60.00
2010	\$ 69.00	\$ -	\$ 63.00	\$ 60.00	\$ 60.00
2011	\$ 69.00	\$ -	\$ 64.16	\$ -	\$ 60.00
2012	\$ 69.00	\$ -	\$ 65.11	\$ -	\$ 60.00

⁽¹⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

⁽²⁾ The SouthWest Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

⁽³⁾ Contracts with the Wallingford Project's municipalities and operator ended on June 30, 2010.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 8 - Average Per Ton Service Charge for Member Waste
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Rate</u>
2003	\$59.50
2004	\$62.44
2005	\$64.63
2006	\$65.25
2007	\$66.25
2008	\$67.25
2009	\$70.70
2010	\$63.00
2011	\$64.39
2012	\$64.70

Connecticut Resources Recovery 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												
2003	\$ 79,150	\$ 52,442	66.26%	\$ 21,532	27.20%	\$ 1,139	1.44%	\$ 1,480	1.87%	\$ 2,557	3.23%	
2004	\$ 84,857	\$ 55,255	65.12%	\$ 24,052	28.34%	\$ 1,133	1.34%	\$ 1,844	2.17%	\$ 2,573	3.03%	
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%	
Southeast Project												
2003	\$ 11,283	\$ 11,185	99.13%	-	-	-	-	-	-	\$ 98	0.87%	
2004	\$ 11,968	\$ 11,889	99.34%	-	-	-	-	-	-	\$ 79	0.66%	
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 ⁽²⁾	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%	

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

⁽²⁾ Prior to FY2009, energy sales were reported on the statements of revenues, expenses and changes in net assets as net from Operating Expenses - Solid Waste Operations. Starting FY2009, energy sales are reported on the statements of revenues, expenses and changes in net assets as operating revenues.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 9 Continued - Revenues by Source ⁽¹⁾**

Fiscal Years 2009 - 2012 ⁽²⁾ - ⁽³⁾
(Dollars in Thousands)

Fiscal Year	Total Revenues	Member and Other Service Charges	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other	Operating Revenues	% of Annual
SouthWest Division ⁽²⁾								
2009	\$ 6,634	\$ 6,632	99.97%	\$ -	-	\$ 2	2	0.03%
2010	\$ 14,665	\$ 14,664	99.99%	\$ -	-	\$ 1	1	0.01%
2011	\$ 14,363	\$ 14,361	99.99%	\$ -	-	\$ 2	2	0.01%
2012	\$ 13,619	\$ 13,618	99.99%	\$ -	-	\$ 1	1	0.01%
Property Division ⁽³⁾								
2009	\$ 1,384	\$ -	-	\$ 665	48.05%	\$ 719	719	51.95%
2010	\$ 2,347	\$ -	-	\$ 1,527	65.06%	\$ 820	820	34.94%
2011	\$ 3,389	\$ 468	13.81%	\$ 1,797	53.02%	\$ 1,124	1,124	33.17%
2012	\$ 741	\$ 295	39.81%	\$ -	-	\$ 446	446	60.19%
Landfill Division ⁽⁴⁾								
2012	\$ 31	\$ -	0.00%	\$ -	-	\$ 31	31	100.00%
Recycling Division (South Unit) ⁽⁵⁾								
2012	\$ 1,119	\$ -	0.00%	\$ 1,117	99.82%	\$ 2	2	0.18%

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

⁽²⁾ The SouthWest Division was formed on January 1, 2009 through a new five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

⁽³⁾ The Property Division was created on January 1, 2009 to reflect the former Bridgeport Project assets that are no longer project-specific.

⁽⁴⁾ The Landfill Division was created during fiscal year 2012 to account for specific costs associated with post-closure reserves for the Shelton, Waterbury, and Wallingford landfills.

⁽⁵⁾ The Recycling Division (South Unit) was created during fiscal year 2012 to account for the Stratford recycling activity that was originally part of the Bridgeport Project.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 9 Continued - Revenues by Source ⁽¹⁾**

Fiscal Years 2003 - 2012 ⁽²⁾ and ⁽⁴⁾
(Dollars in Thousands)

Fiscal Year	Total Revenues	Member Service and Other Charges	% of Annual	Energy Sales	% of Annual	Ash		% of Annual	Recycling Revenue	% of Annual	Investment Income & Other		% of Annual
						Disposal Revenue	Revenue				Operating Revenues	Revenues	
Bridgeport Project ⁽²⁾													
2003	\$ 48,575	\$ 41,357	85.14%	-	-	\$ 4,033	4,033	8.30%	\$ 1,941	4.00%	\$ 1,244	1,244	2.56%
2004	\$ 49,666	\$ 41,654	83.87%	-	-	\$ 4,031	4,031	8.12%	\$ 2,607	5.25%	\$ 1,374	1,374	2.77%
2005	\$ 50,313	\$ 42,742	84.95%	-	-	\$ 4,025	4,025	8.00%	\$ 2,089	4.15%	\$ 1,457	1,457	2.90%
2006	\$ 54,418	\$ 45,960	84.46%	-	-	\$ 4,229	4,229	7.77%	\$ 2,443	4.49%	\$ 1,786	1,786	3.28%
2007	\$ 56,558	\$ 47,439	83.88%	-	-	\$ 4,485	4,485	7.93%	\$ 2,647	4.68%	\$ 1,987	1,987	3.51%
2008	\$ 57,021	\$ 47,186	82.75%	-	-	\$ 4,704	4,704	8.25%	\$ 3,256	5.71%	\$ 1,875	1,875	3.29%
2009	\$ 31,624 ⁽³⁾	\$ 26,280	83.10%	-	-	\$ 2,511	2,511	7.94%	\$ 1,752	5.54%	\$ 1,081	1,081	3.42%
Wallingford Project ⁽⁴⁾													
2003	\$ 22,085	\$ 8,523	38.59%	13,107	59.35%	-	-	-	\$ -	-	\$ 455	455	2.06%
2004	\$ 21,846	\$ 8,455	38.70%	12,946	59.26%	-	-	-	\$ -	-	\$ 445	445	2.04%
2005	\$ 22,769	\$ 8,613	37.83%	13,302	58.42%	-	-	-	\$ -	-	\$ 854	854	3.75%
2006	\$ 23,840	\$ 8,931	37.46%	13,096	54.93%	-	-	-	\$ -	-	\$ 1,813	1,813	7.60%
2007	\$ 25,241	\$ 8,915	35.32%	13,790	54.63%	-	-	-	\$ -	-	\$ 2,536	2,536	10.05%
2008	\$ 22,102	\$ 8,826	39.93%	11,189	50.62%	-	-	-	\$ -	-	\$ 2,087	2,087	9.45%
2009	\$ 17,757	\$ 8,694	48.96%	8,276	46.61%	-	-	-	\$ -	-	\$ 787	787	4.43%
2010	\$ 11,181	\$ 8,650	77.36%	2,431	21.74%	-	-	-	\$ -	-	\$ 100	100	0.89%

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

⁽²⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

⁽³⁾ Lower total revenues due to the closure of the Bridgeport Project as of December 31, 2008.

⁽⁴⁾ Contracts with the Wallingford Project's towns and operator ended on June 30, 2010.

Connecticut Resources Recovery 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			Coverage ⁽³⁾
				Principal	Interest	Total	
2003	\$ 158,206	\$ 138,272	\$ 19,934	\$ 19,024	\$ 13,018	\$ 32,042	0.62
2004	\$ 167,195	\$ 135,482	\$ 31,713	\$ 19,353	\$ 12,126	\$ 31,479	1.01
2005	\$ 173,412	\$ 137,443	\$ 35,969	\$ 21,660 ⁽⁴⁾	\$ 10,373	\$ 32,033	1.12
2006	\$ 187,757	\$ 148,449	\$ 39,308	\$ 5,494	\$ 5,399	\$ 10,893 ⁽⁶⁾	3.61
2007	\$ 189,402	\$ 188,149 ⁽⁵⁾	\$ 1,253	\$ 5,653 ⁽⁴⁾	\$ 2,981	\$ 8,634 ⁽⁶⁾	0.15 ⁽⁵⁾
2008	\$ 182,208	\$ 155,966	\$ 26,242	\$ 4,941 ⁽⁷⁾	\$ 1,836 ⁽⁷⁾	\$ 6,777	3.87
2009	\$ 174,521 ⁽⁸⁾	\$ 156,878 ⁽⁹⁾	\$ 17,643	\$ 3,003	\$ 1,216	\$ 4,219	4.18
2010	\$ 138,678 ⁽¹⁰⁾	\$ 133,372 ⁽¹¹⁾	\$ 5,306	\$ 4,143	\$ 987	\$ 5,130	1.03
2011	\$ 132,373 ⁽¹²⁾	\$ 123,465 ⁽¹³⁾	\$ 8,908	\$ 5,324	\$ 677	\$ 6,001	1.48
2012	\$ 132,235	\$ 126,398 ⁽¹⁴⁾	\$ 5,837	\$ 3,915	\$ 335	\$ 4,250	1.37

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

⁽²⁾ Excludes depreciation and amortization, write-off of development costs and interest expense.

⁽³⁾ Does not include transfers from reserves and other sources to maintain coverage requirements.

⁽⁴⁾ Excludes early retirement/defeasance of debt.

⁽⁵⁾ Significantly higher operating expenses for fiscal year 2007 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 (approximately \$3.6 million).

⁽⁶⁾ Lower debt service requirements for fiscal years 2006 and 2007 primarily as a result of the Mid-Connecticut Project bond defeasance in March 2005 and July 2006.

⁽⁷⁾ Excludes Mid-Connecticut Project State Loans pay-off of \$11.574 million and \$17 thousand for principal and interest, respectively.

⁽⁸⁾ Lower gross revenues primarily due to the closure of the Bridgeport Project as of December 31, 2008.

⁽⁹⁾ Excludes distribution to Wallingford member towns of \$26.675 million.

⁽¹⁰⁾ Lower gross revenues primarily due to the closure of the Bridgeport Project as of December 31, 2008 and decreased energy sales at the Wallingford Project as a result of decreases in electricity generation and contract rates.

⁽¹¹⁾ Lower operating expenses primarily due to the closure of the Bridgeport Project as of December 31, 2008; excludes distribution to Bridgeport former member towns of \$1.639 million.

⁽¹²⁾ Lower gross revenues primarily due to closure of Wallingford Project as of June 30, 2010.

⁽¹³⁾ Lower operating expenses primarily due to closure of Wallingford Project as of June 30, 2010; excludes distribution to Bridgeport and Wallingford former member towns of \$1.236 million and \$19.42 million, respectively.

⁽¹⁴⁾ Excludes distribution to SCRRRA of \$1.4 million.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 11 - Revenue Bond Ratings
As of June 30, 2012**

PROJECT	OUTSTANDING SERIES	MOODYS RATING	STANDARD & POORS RATING
Mid-Connecticut	1996 Series A	Aa3	AA
Southeast	2010 Series A Refunding * Corporate Credit Revenue Bonds: ** 1992 Series A - Corporate Credit Bonds 2001 Series A - Corporate Credit Bonds	Aa3 Ba1 Ba1	AA Not Rated Not Rated
	Covanta Southeastern Connecticut Company-I	Ba1	Not Rated
	2001 Series A - Corporate Credit Bonds Covanta Southeastern Connecticut Company-II	Ba1	Not Rated

* 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: www2.standardandpoors.com
www.moody's.com

**Connecticut Resources Recovery 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⁾	Special Obligation Bonds ⁽³⁾	Subordinate Bonds	Special Obligation Bonds ⁽⁴⁾	Subordinate Bonds	Special Obligation Bonds ⁽⁴⁾	Subordinate Bonds	Total Outstanding Debt				
2003	\$ 183,775	\$ 15,210	\$ 10,604	\$ -	\$ 6,805	\$ 3,886	\$ 2,000	\$ -	\$ -	\$ 226,010	97			
2004	\$ 168,780	\$ 25,299	\$ 9,957	\$ -	\$ 5,725	\$ 3,297	\$ 1,250	\$ -	\$ -	\$ 217,498	93			
2005	\$ 69,415 ⁽⁵⁾	\$ 18,558	\$ 7,227	\$ -	\$ 4,640	\$ 2,688	\$ -	\$ -	\$ -	\$ 105,133	44			
2006	\$ 69,415	\$ 15,939	\$ 6,725	\$ -	\$ 3,535	\$ 2,055	\$ -	\$ -	\$ -	\$ 99,639	40			
2007	\$ 15,290 ⁽⁶⁾	\$ 13,320	\$ 6,194	\$ -	\$ 2,380	\$ 1,397	\$ -	\$ -	\$ -	\$ 39,861	16			
2008	\$ 15,290	\$ -	\$ 5,639	\$ -	\$ 1,170	\$ 712	\$ -	\$ -	\$ -	\$ 23,346	9			
2009	\$ 15,290	\$ -	\$ 5,053	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,343	9			
2010	\$ 11,765	\$ -	\$ 4,435	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,200	8			
2011	\$ 8,050	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,050	4			
2012	\$ 4,134	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,134	2			

⁽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.

Connecticut Resources Recovery 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)

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Special Capital Reserve Funds (SCRFF) limit ⁽¹⁾	\$725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000
<u>Project:</u>										
Mid-Connecticut Project										
1996 Series A	\$ 179,775	\$ 165,705	\$ 69,415	\$ 69,415	\$ 15,290	\$ 15,290	\$ 15,290	\$ 11,765	\$ 8,050	\$ 4,134
1997 Series A	4,000	3,075	-	-	-	-	-	-	-	-
Southeast Project										
2010 Series A - Project Refunding ⁽²⁾	-	-	-	-	-	-	-	-	27,750	22,760
1998 Series A	73,280	69,220	64,940	60,430	55,675	50,675	45,405	39,855	-	-
1989 Series A	2,450	2,255	-	-	-	-	-	-	-	-
TOTAL SCRFF-BACKED DEBT	259,505	240,255	134,355	129,845	70,965	65,965	60,695	51,620	35,800	26,894
Legal debt margin	\$ 465,495	\$ 484,745	\$ 590,645	\$ 595,155	\$ 654,035	\$ 659,035	\$ 664,305	\$ 673,380	\$ 689,200	\$ 698,106
Total outstanding as a percentage of SCRFF limit	35.79%	33.14%	18.53%	17.91%	9.79%	9.10%	8.37%	7.12%	4.94%	3.71%

⁽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.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 14 - Demographic Information
Last Ten Fiscal Years**

Fiscal Year	Mid-Connecticut			Southeast			SouthWest ⁽¹⁾			Bridgeport ⁽²⁾			Wallingford ⁽³⁾		
	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
2003	1,184,419	4.7	70	258,382	4.9	15	-	-	-	678,550	4.4	18	212,984	5.0	5
2004	1,193,139	4.3	70	261,260	4.5	15	-	-	-	680,745	4.0	18	214,584	4.5	5
2005	1,199,845	4.2	70	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	-	-	-	822,947	3.5	20	215,574	4.2	5
2007	1,205,963	3.9	70	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	-	-	-	815,807	5.2	20	214,437	5.8	5
2009	1,204,329	7.1	70	245,597	7.4	14	455,029	6.8	12	816,014	7.0	20	214,934	7.6	5
2010	1,208,813	7.5	70	248,233	8.2	14	457,634	7.8	12	-	-	-	215,244	8.4	5
2011 ⁽⁴⁾	1,227,363	6.9	70	225,284	8.0	12	465,484	7.2	12	-	-	-	-	-	-
2012	1,225,351	6.9	70	224,580	8.5	12	468,863	7.2	12	-	-	-	-	-	-

⁽¹⁾ The South West Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

⁽²⁾ Contracts with the Bridgeport Project's municipalities and operator ended on December 31, 2008.

⁽³⁾ Contracts with the Wallingford Project's municipalities and operator ended as of June 30, 2010.

⁽⁴⁾ Source:

Population provided by the State Department of Health Services and based on estimates as of July 1, 2011.
Unemployment data provided by the State Department of Labor for September 2012.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 15 - Top Ten Non-Governmental Employers
Current Year and Nine Years Ago

<u>Employer</u>	2012			2003		
	Employees in Connecticut ⁽¹⁾	Rank	Percentage of Total Authority Employment	Employees in Connecticut ⁽²⁾	Rank	Percentage of Total Authority Employment
United Technologies Corp.	27,000	1	0.17%	27,000	1	0.16%
Hartford Healthcare	16,621	2	0.28%	-	-	-
Yale University	14,980	3	0.31%	10,000	5	0.44%
Stop & Shop Cos., Inc.	13,574 ⁽³⁾	4	0.34%	15,580	2	0.28%
Hartford Financial Services	10,300	5	0.45%	12,000	3	0.37%
Wal-Mart Stores, Inc.	9,204 ⁽³⁾	6	0.50%	-	-	-
Yale New Haven Hospital	8,953	7	0.51%	-	-	-
Foxwoods Resort Casino	8,700	8	0.53%	8,212	7	0.54%
General Dynamics Electric Boat	8,346	9	0.55%	-	-	-
Mohegan Sun Casino	8,200	10	0.56%	10,500	4	0.42%
SBC SNET	-	-	-	9,000	6	0.49%
CIGNA	-	-	-	7,400	8	0.59%
General Electric Co.	-	-	-	7,285	9	0.60%
Aetna Inc.	-	-	-	7,064	10	0.62%
Total	125,878		4.19%	114,041		4.52%

⁽¹⁾ Hartford Business Journal (HBJ) - August 2012

⁽²⁾ Hartford Business Journal (HBJ) - July 2003

⁽³⁾ Omitted from 2011 HBJ Survey; number of employees reported by JBJ in 2008

Connecticut Resources Recovery 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 Town	
								Annual	Annual				Annual	Annual
Mid-Connecticut Project														
2003	\$ 94,081	\$ 61,000	64.84%	1,144	1.22%	\$ 3,782	4.02%	2,005	\$ 26,150	2.13%	\$ -	27.80%	\$ -	-
2004	\$ 91,783	\$ 58,675	63.93%	1,481	1.61%	\$ 4,381	4.77%	467	\$ 26,779	0.51%	\$ -	29.18%	\$ -	-
2005	\$ 92,957	\$ 59,094	63.57%	1,730	1.86%	\$ 4,985	5.36%	385	\$ 26,763	0.41%	\$ -	28.79%	\$ -	-
2006	\$ 78,514	\$ 60,164	76.63%	1,997	2.54%	\$ 8,769	11.17%	178	\$ 7,406	0.23%	\$ -	9.43%	\$ -	-
2007	\$ 108,344 ⁽⁴⁾	\$ 58,221	53.74%	1,833	1.69%	\$ 9,523	8.79%	34,194	\$ 4,573	31.56%	\$ -	4.22%	\$ -	-
2008	\$ 88,061	\$ 59,361	67.41%	3,559	4.04%	\$ 7,419	8.42%	3,122	\$ 14,600	3.55%	\$ -	16.58%	\$ -	-
2009	\$ 81,895	\$ 64,778	79.10%	926	1.13%	\$ 8,267	10.09%	7,065	\$ 859	8.63%	\$ -	1.05%	\$ -	-
2010	\$ 86,256	\$ 73,936	85.72%	1,272	1.47%	\$ 7,471	8.66%	(683)	\$ 4,260	-0.79%	\$ -	4.94%	\$ -	-
2011	\$ 87,636	\$ 74,162	84.62%	1,103	1.26%	\$ 7,377	8.42%	746	\$ 4,248	0.85%	\$ -	4.85%	\$ -	-
2012	\$ 89,208	\$ 76,017	85.21%	845	0.95%	\$ 7,680	8.61%	434	\$ 4,232	0.49%	\$ -	4.74%	\$ -	-
Southeast Project														
2003	\$ 12,379	\$ 10,678	86.26%	119	0.96%	\$ 183	1.48%	-	\$ 1,399	-	\$ -	11.30%	\$ -	-
2004	\$ 12,128	\$ 10,570	87.15%	-	-	\$ 169	1.39%	-	\$ 1,389	-	\$ -	11.45%	\$ -	-
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 ⁽⁵⁾	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%	\$ -	-

⁽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⁾ Significantly higher total expenses due to increased 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 (approximately \$3.6 million).

⁽⁵⁾ Prior to FY2009, energy sales were reported on the statements of revenues, expenses and changes in net assets as net from Operating Expenses - Solid Waste Operations. Starting FY2009, energy sales are reported on the statements of revenues, expenses and changes in net assets as operating revenues.

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 16 Continued - Expenses by Function ⁽¹⁾

Fiscal Years 2009 - 2012 ^{(2), (3), (6) and (7)}
(Dollars in Thousands)

Fiscal Year	Total Expenses	Solid Waste Operations	% of Annual	Maintenance & Utilities	% of Annual	Other Costs ⁽⁴⁾	% of Annual	Landfill	
								Closure & Post-closure	% of Annual
SouthWest Division ⁽²⁾									
2009	\$ 6,483	\$ 6,458	99.61%	\$ -	-	\$ 25	0.39%	\$ -	-
2010	\$ 14,662	\$ 14,179	96.71%	\$ -	-	\$ 483	3.29%	\$ -	-
2011	\$ 14,390	\$ 13,850	96.25%	\$ -	-	\$ 540	3.75%	\$ -	-
2012	\$ 13,651	\$ 13,218	96.83%	\$ -	-	\$ 433	3.17%	\$ -	-
Property Division ⁽³⁾									
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) ⁽⁵⁾	-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%	\$ -	0.00%
Landfill Division ⁽⁶⁾									
2012	\$ 77	\$ 86	111.69%	\$ (24)	-31.17%	\$ 34	44.16%	\$ (19)	-24.68%
Recycling Division (South Unit) ⁽⁷⁾									
2012	\$ 1,046	\$ 846	80.88%	\$ 63	6.02%	\$ 137	13.10%	\$ -	0.00%

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

⁽²⁾ The SouthWest Division was formed on January 1, 2009 through a five-and-a-half-year solid waste disposal contract with twelve of the former Bridgeport Project's municipalities.

⁽³⁾ The Property Division was created on January 1, 2009 to reflect the former Bridgeport Project assets that are no longer project-specific.

⁽⁴⁾ Other Costs includes legal expenses and administrative and operational services.

⁽⁵⁾ Amount represents a decrease in estimated costs at the Shelton Landfill.

⁽⁶⁾ The Landfill Division was created during fiscal year 2012 to account for specific costs associated with post-closure reserves for the Shelton, Waterbury, and Wallingford landfills.

⁽⁷⁾ The Recycling Division (South Unit) was created during fiscal year 2012 to account for the Stratford recycling activity that was originally part of the Bridgeport Project.

**Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 16 Continued - Expenses by Function ⁽¹⁾**

Fiscal Years 2003 - 2012 ^{(4) and (5)}
(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 Town Members	% of Annual
Bridgeport Project ⁽⁴⁾													
2003	\$ 46,798	\$ 43,555	93.07%	\$ (280)	-0.60%	\$ 801	1.71%	\$ 625	1.34%	\$ 2,097	4.48%	\$ -	0.00%
2004	\$ 46,562	\$ 42,228	90.69%	\$ 241	0.52%	\$ 861	1.85%	\$ 1,158	2.49%	\$ 2,074	4.45%	\$ -	0.00%
2005	\$ 47,647	\$ 44,356	93.09%	\$ 301	0.63%	\$ 1,122	2.35%	\$ (180)	-0.38%	\$ 2,048	4.30%	\$ -	0.00%
2006	\$ 52,364	\$ 46,595	88.98%	\$ 297	0.57%	\$ 1,935	3.70%	\$ 1,498	2.86%	\$ 2,039	3.89%	\$ -	0.00%
2007	\$ 58,836	\$ 53,079	90.22%	\$ 560	0.95%	\$ 3,052	5.19%	\$ 84	0.14%	\$ 2,061	3.50%	\$ -	0.00%
2008	\$ 58,804	\$ 53,503	90.99%	\$ 283	0.48%	\$ 1,701	2.89%	\$ 1,235	2.10%	\$ 2,082	3.54%	\$ -	0.00%
2009	\$ 27,212	\$ 24,513	90.07%	\$ 157	0.58%	\$ 796	2.93%	\$ -	-	\$ 1,746	6.42%	\$ -	0.00%
Wallingford Project ⁽⁵⁾													
2003	\$ 20,204	\$ 15,296	75.71%	\$ 93	0.46%	\$ 439	2.17%	\$ 1,488	7.36%	\$ 2,888	14.29%	\$ -	-
2004	\$ 18,165	\$ 15,864	87.33%	\$ (25)	-0.14%	\$ 469	2.58%	\$ 264	1.45%	\$ 1,593	8.77%	\$ -	-
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⁾ Contracts with the Bridgeport Project's municipalities and operator 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⁾ Contracts with the Wallingford Project's municipalities and operator 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⁾ Higher expenses due to the distribution to the Wallingford town members of \$26.675 million during fiscal year 2009.

Connecticut Resources Recovery Authority
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Exhibit 17 - Full-Time Employees by Function
Last Ten Fiscal Years

	Fiscal Year									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Administration	3	4	5	5	3	3	4	4	3	5
Communications External Affairs	2	2	3	3	3	3	3	3	3	2
Environmental Affairs	6	6	6	6	6	6	7	7	7	7
Finance and Accounting	11	12	13	13	15	16	13	14	13	10
Legal	2	3	3	3	4	4	3	3	3	3
Operations	20	22	22	24	23	21	23	20	18	19
Total	<u>44</u>	<u>49</u>	<u>52</u>	<u>54</u>	<u>54</u>	<u>53</u>	<u>53</u>	<u>51</u>	<u>47</u>	<u>46</u>

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
Exhibit 18 - Capital Asset Statistics by Operating Units
Last Ten Fiscal Years

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Resources Recovery Facilities	4	4	4	4	4	4	3	3	2	2
Energy Generating Facility	1	1	1	1	1	1	1	1	1	1
Regional Recycling Centers	2	2	2	2	2	2	1	1	1	1
Transfer Stations	12	12	12	12	12	12	5	5	5	5
Landfills	5	5	5	5	5	5	5	5	5	5
Jet Turbines	4	4	4	4	4	4	4	4	4	4
Steam Turbines	2	2	2	2	2	2	2	2	2	2

**Connecticut Resources Recovery Authority
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