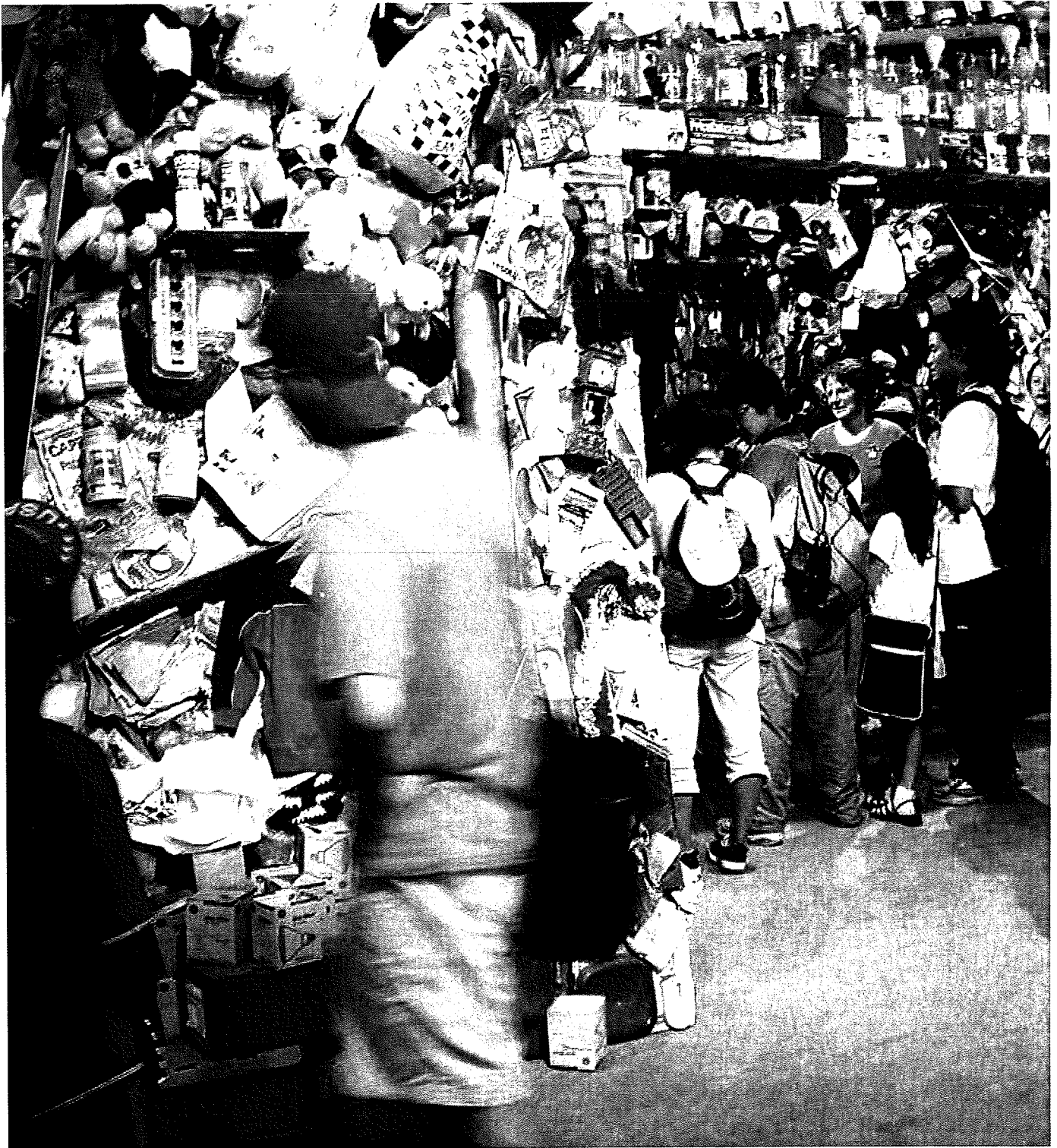

Connecticut Resources Recovery Authority
A Component Unit of the State of Connecticut
**Comprehensive Annual
Financial Report**
Fiscal Year Ended June 30, 2007



Temple of Trash at the Trash Museum, Hartford



A Component Unit of the State of Connecticut

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

Submitted by:

James P. Bolduc
Chief Financial Officer

Nhan Vo-Le
Director of Accounting and Financial Reporting

December 21, 2007

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, 2007.

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 of the Authority 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 Carlin, Charron & Rosen, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority for the fiscal year ended June 30, 2007, 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 for the fiscal year ended June 30, 2007 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of 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.



Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2007

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Fiscal Year Ended June 30, 2007

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Introductory Section



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December 21, 2007

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

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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 resources recovery systems, facilities and services. Revenues generated by Authority operations, primarily disposal fees, energy revenues 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, other than State loans pertaining to the Mid-Connecticut project (see "State Loans" section in the MD&A), 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 resources recovery facilities. 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 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. In addition, two *ad hoc* directors are eligible to serve on the Board for each of the Authority's four regional solid waste management projects. These *ad hoc* directors vote only on matters concerning the project they represent.

Solid Waste Management Systems

The Authority has developed four regional solid waste management projects, which together serve 109 Connecticut cities and towns. Each of these projects is described below:

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; the Hartford Landfill, which handles ash, receives process residue and other bulky and non-processible waste; the Ellington Landfill, which has been closed; a network of four transfer stations; and a regional recycling center composed of a paper and container processing facility. The Mid-Connecticut Project serves 70 Connecticut municipalities in the greater Hartford area and around the State.

The Mid-Connecticut resources recovery facility began commercial operation in October 1988 and generated power at an annual hourly average rate of 46.01 megawatts of electrical energy (net of in-plant usage) in fiscal year 2007.

Bridgeport Project

The Bridgeport Project consists of a 2,250 ton per day mass burn resources recovery facility located in Bridgeport, Connecticut; the Waterbury Landfill, which provides bulky waste disposal capacity for the project; the Shelton Landfill, which has been closed; a network of eight transfer stations; and a regional recycling center. The ash residue from the resources recovery facility is disposed of at an in-state landfill under contract with a private operator. The Bridgeport Project serves 20 Connecticut municipalities in the southwest and south central part of the State.

The Bridgeport resources recovery facility began commercial operation in July 1988 and generated power at an annual hourly average rate of 55.50 megawatts of electrical energy (net of in-plant usage) in fiscal year 2007.

Wallingford Project

The Wallingford Project consists of a 420 ton per day mass burn resources recovery facility located in Wallingford, Connecticut and the Wallingford Landfill, which has been closed. The ash residue from the resources recovery facility is disposed of at an in-state landfill under contract with a private operator. The Wallingford project serves five Connecticut municipalities in New Haven County.

The Wallingford facility began commercial operation in May 1989 and generated power at an annual hourly average rate of 7.14 megawatts of electrical energy (net of in-plant usage) in fiscal year 2007.

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 ash residue from the resources recovery facility is disposed of at an in-state landfill under contract with a private operator. The Southeast Project serves 14 Connecticut municipalities in the eastern portion of the State.

The Southeast facility began commercial operation in February 1992 and generated power at an annual hourly average rate of 14.96 megawatts of electrical energy (net of in-plant usage) in fiscal year 2007.

General Fund

In addition to the Authority's operating projects, the Authority maintains a General Fund in which the costs of central administration are accumulated. Substantially all of these costs are allocated to the Authority's projects based on time expended.

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 perhaps 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 four solid waste management projects situated in Bridgeport, Hartford, Preston, and Wallingford, serve the residents of 109 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 2006 was approximately 3,505,000. The State's population growth has slowed during the past three decades. The 2006 population density was 723 persons per square mile, compared with 85 for the United States as a whole and 227 for the New England region.

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 investor owned electric utilities in the State are members of the New England 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 2005 was \$47,650 for Connecticut compared with \$34,479 for the nation. Per capita income in 1995 was \$31,045 for Connecticut compared with \$23,098 for the nation.

Major industries in the State include Manufacturing; Finance, Insurance and Real Estate; Utilities; Retail Trade; Professional, Business and Personal Services; and Government. In 2005, three industries – Services; Manufacturing; and Finance, Insurance and Real Estate (FIRE) – accounted for 68.7% of total Gross State Product¹ in Connecticut compared to 58.6% for the nation and was little changed from 68.6% in 1997. This demonstrates that Connecticut's economy is more heavily concentrated in a few industries than the nation as a whole and this concentration has changed little in recent years.

¹ Gross State Product is the current market value of all final goods and services produced by labor and property located within the State of Connecticut. Source: State of Connecticut Special Tax Obligation Bonds, 2007 Series A.

One important component of the manufacturing sector in Connecticut is the defense industry. Approximately one-quarter of the State's manufacturing employees are employed in defense-related businesses. However, this sector's significance in the State's economy has declined considerably since the early 1980s.

The State's unemployment rate has mirrored the economic boom of the mid-1980s and recession of the 1990s. In 1995, the State's unemployment rate was 5.3% compared to the national average of 5.6%. By 2000, the State's unemployment rate was 2.3 compared to the national average of 4.0%. And for the first six months of 2006, the State's average unemployment rate was 4.3% compared to the national average of 4.7% for the same time period.

Historically, as the State's economy has grown, so has the need for solid waste disposal capacity. The Connecticut Department of Environmental Protection ("DEP") adopted a revised State Solid Waste Management Plan ("SWMP") in December 2006 (see "Solid Waste Management Plan" on page xv). The SWMP recognizes that there is currently insufficient disposal capacity within Connecticut to manage the municipal solid waste ("MSW") generated, but the SWMP does not explicitly propose that additional capacity be installed. Instead, the SWMP sets an aggressive twenty-year diversion (recycling) and source reduction goal of 58% that, if met, will theoretically maintain the in-state disposal rate, and out of state export rate, at current levels.

Major Initiatives

The Authority continues its efforts to minimize and stabilize tipping fees by pursuing recovery of settlement funds from various Enron-related lawsuits, defeasance of debt, renegotiating contracts, looking for new sources of revenue, seeking aids from the State Bond Commission for landfill closure and postclosure costs, reducing legal fees by resolving legal disputes, exploring landfill capacity expansion and new landfill development. The following are several initiatives undertaken during fiscal year 2007:

1. During the first nine months of fiscal year 2007, the Authority received a total of \$40.2 million in settlement funds from various Enron-related lawsuits reached by the State's Attorney General. The Authority, in conjunction with the State's Attorney General, continues to pursue the recovery of additional settlement funds arising from the Mid-Connecticut Project's Enron-related litigation.
2. In July 2006, the Authority submitted a solid waste permit modification application to the DEP that would provide for approximately 24 additional months of capacity for the process residue and non-processible wastes generated at the Mid-Connecticut facility. The Mid-Connecticut Project will avoid significant out-of-state landfill shipping costs by using the additional airspace made available through this permit modification. A favorable ruling on this permit modification was issued by the DEP on March 29, 2007.
3. On July 27, 2006, using funds available from the Mid-Connecticut project, including the Debt Service Stabilization Fund established for the payment of future debt service, the Metropolitan District Commission ("MDC") Arbitration award, funds in the Energy Generating Facility Reserve Fund, funds in the Mid-Connecticut Project Revenue Fund and

the use of Trustee-release funds in the Mid-Connecticut Project Debt Service Reserve Fund, the Authority purchased securities from the U.S. Department of the Treasury for deposit in an irrevocable trust with an escrow agent that defeased \$54,125,000 of the Authority's remaining \$69,415,000 Mid-Connecticut 1996 Series Bonds, leaving \$15,290,000 outstanding.

4. During fiscal year 2007, the Mid-Connecticut and Southeast Projects' fiscal year 2008 tip fee of \$69.00 and \$60.00, respectively, per ton was adopted, which represents a zero dollar per ton increase from the fiscal year 2007 tip fee. In addition, the Wallingford Project's fiscal year 2008 tip fee was adopted at \$59.00 per ton, which reflects a \$1.00 increase over the fiscal year 2007 tip fee of \$58.00 per ton.
5. On March 20, 2007, the State Bond Commission allocated \$3 million to be disbursed from the DEP to the Authority as reimbursement of costs previously incurred by the Authority in the closure of the Shelton landfill in early 2000. The \$3 million state grant-in-aid will allow the Authority to fully fund its postclosure reserves. The Authority executed a grant-in-aid agreement with the DEP in July 2007 and received the funds on November 29, 2007.
6. In late March 2007, the Authority launched its junk mail recycling campaign to raise awareness of junk mail recycling and provide tips on how to recycle. The target market is children. The idea is to get kids excited about recycling so they can pass the message along to the adults. To target this specific market, "Phillup D. Bag" has been created as a recycling mascot. The mascot is used in print and television ads as well as making personal appearances in the Hartford area. In addition, Phillup D. Bag Website (<http://phillupdbag.com>) has been developed providing readers with more information about junk mail recycling.
7. On May 17, 2007, the Authority held a grand opening for its new Regional Recycling Center ("RRC"). The \$6 million RRC was designed; financed and built by one of the Mid-Connecticut operators, including capital improvements and state-of-the-art processing equipment. With the new equipment, residents of Mid-Connecticut municipalities can now recycle the following items either at curbside or their town drop-off center: aluminum cans, steel cans including aerosol cans, glass bottles and jars, bottles and jars made of plastics #1 and #2 up to three gallons in size, aseptic packages such as juice boxes, milk cartons, newspapers, mixed paper (i.e. junk mail, magazines, catalogs, home computer printouts), corrugated cardboard, boxboard (i.e. cereal boxes, shoe boxes, shirt cardboard). Furthermore, the new RRC could offer 30 or more additional jobs, when it reaches permitted capacity.
8. In June 2007, the Authority's Board of Directors approved a resolution authorizing a new Energy Purchase Agreement (EPA). On July 1, 2007, the Authority entered into the EPA with Constellation Energy Commodities Group, Inc., which replaced the agreement with Select Energy, Inc. for the purchase of the first 250,000 MWH of electric energy generated at the Mid-Connecticut project facility through June 30, 2012. Over a five-year term, the estimated value of the contract is \$93,671,000.
9. During fiscal year 2007, the Authority continues to site another ash landfill to replace the Hartford Landfill scheduled to close in December of 2008. The Authority has narrowed the

search down to two sites and hired an engineering firm to provide engineering and environmental permitting support on the two sites. Upon completion, a site will be chosen and be available to towns served by the Authority.

10. The Authority continues to work with the contractor of the Mid-Connecticut Waste Processing Facility to help increase efficiency and reduce costs.

11. During fiscal year 2007, the Authority resolved the following legal disputes:

- a. In December 2006, the Authority and the MDC reached an out-of-court settlement over a seven-year long dispute related to the 1984 Agreement for the operation of the Mid-Connecticut waste-to-energy system. Under the settlement, the MDC agreed to pay the Authority \$500,000 payable either in cash or credits against amounts otherwise due from the Authority to the MDC over the remainder of the contract. The parties exchanged mutual releases and agreed to modify the existing contract to set forth a simplified dispute resolution process for any potential future claims.
- b. In February 2007, the Authority and the City of Hartford executed a Settlement Agreement, which resolved a long-standing disagreement regarding responsibility for costs associated with closure and post-closure activities at the Hartford landfill. As a result of the settlement agreement, the Authority assumed the liability, contingent upon certain conditions, for all of the Hartford landfill closure and postclosure costs. The settlement agreement provided benefits to the City of Hartford and the other 69 towns in the Mid-Connecticut Project by: 1) obtaining additional air space at the landfill; 2) seeking \$15 million from the State Bond Commission for closure costs; and 3) positioning the City and the Authority in better partnership.
- c. In February 2007, the Authority and the Town of Greenwich settled a long-standing dispute over Greenwich's selling its mixed paper to a private company rather than delivering it to the Bridgeport Project recycling center. Under the settlement, Greenwich will pay \$200,000 each to the Authority and its operator over a three-year period, and will deliver all recyclables to the Bridgeport Project.
- d. In May 2007, the Authority executed a settlement agreement with a private landowner, which settlement included a provision for the Authority to purchase 57+ acres of land in Ellington and East Windsor, Connecticut, and adjacent to the Authority's closed landfill in Ellington, Connecticut, for the purpose of obtaining control of a subsurface landfill leachate plume. Under the agreement, the Authority paid the private landowner \$2.45 million in July 2007 for the land and other consideration.

Other Initiatives - Future Plans:

1. The Authority's management, in conjunction with the Wallingford Policy Board, is reviewing its options for long-term waste disposal options. These options include entering into a new agreement with the operator of the Wallingford Resource Recovery Facility, constructing a regional transfer station to export waste or direct hauling waste to an existing in-state resource recovery facility.

2. Although the Southeast Project will not terminate until 2015, the Authority has also provided the Southeastern Connecticut Regional Resources Recovery Authority ("SCRRA") with request for proposal templates, which SCRRA issued to begin an evaluation of their waste stream needs. SCRRA, as well as the Authority, are reviewing the advantages of implementing single stream recycling at its facilities.

Long-Term Service Planning

The contractual life of the Authority's projects (the term of the municipal service contracts, power contracts, operating contracts and project bonds) will begin to expire in 2008. The Authority has begun the process of evaluating how solid waste services will be provided to Connecticut municipalities beyond the term of the existing projects. The Authority's management has been conducting 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 have been created for the Wallingford and Bridgeport Projects to participate in the discussion of the future options for the member cities and towns. In addition, the Authority's Board is in the process of developing long-term strategic plans designed to determine the future course for the Authority's projects and, concurrently, plan ways to manage the State's solid waste disposal and recycling needs for decades to come in conjunction with the DEP's new SWMP (see "Solid Waste Management Plan" on page xv).

Long-Term Financial Planning

In light of the upcoming termination of the existing project contracts, the Authority is reviewing the financial condition of each of its projects to ensure adequate funds are set aside to cover each project's long term obligations, which includes, but is not limited to, postclosure costs associated with the landfills. During this past fiscal year, many of the landfill postclosure cost estimates were increased. Also, the Authority is evaluating its financial plan in conjunction with the Authority's strategic plan and the DEP's new SWMP.

The ultimate outcome of the New Hartford litigation could have a significant impact on the Authority's economic condition.

Market Competitive Tip Fees

The Authority has managed tip fee increases to ensure a competitive market tip fee. The Authority accomplished this by implementing cost control initiatives and enhancing revenue streams. In addition, the Authority has been successful in its efforts to defease outstanding bonds of its Mid-Connecticut Project thereby contributing to the further stabilization of tip fees.

The Authority also continues to manage its tip fees by means of "economic flow control" or, in other words, providing a competitive market tip fee that will not drive waste out of the system.

The Authority expects both the Bridgeport Project and Mid-Connecticut Project tip fees to increase in the future. The Bridgeport Project tip fees will be increased to ensure adequate funds are collected to cover post project costs. The Mid-Connecticut Project tip fees will increase as a result of the closing of the Hartford landfill.

The Authority along with SCRRRA and the Wallingford Board Policy has successfully managed tip fees at the Southeast Project and Wallingford Project, respectively.

Solid Waste Management Plan

In December 2006, the DEP completed an amendment of the State's SWMP. It replaced the SWMP that was adopted in 1991. The DEP is required by statute to prepare and adopt the SWMP. In preparing the SWMP, the DEP 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; 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 percent MSW disposal diversion by fiscal year 2024, an increase of approximately 28 percent from the current MSW diversion rate. The SWMP includes over 75 strategies to be implemented by a variety of entities to achieve that goal.

The Authority is developing its Annual Plan of Operations that is designed to implement many of the strategies specified in the SWMP.

Cash Management

During the fiscal year, cash was invested on a short-term basis. The Authority's primary short-term investment vehicle is the Short-Term Investment Fund ("STIF") administered by the Office of the State Treasurer. The annualized average yield for STIF for fiscal year 2007 was 5.54% compared to 4.39% for fiscal year 2006. This reflects the rise in short-term market rates during fiscal year 2007.

The Authority's Board revised and updated the Authority's Investment Policy in January 2004. The Authority continues to monitor its return on invested cash by considering more diverse investment securities and lengthening investment terms while maintaining its prudent investment standards and ensuring liquidity.

Risk Management

The Authority endeavors to purchase commercial insurance for its property and liability needs. The Authority has secured insurance coverage for a variety of potential environmental exposures related to the operation and control of its projects and landfills. Statutory workers' compensation benefits are provided by the Authority's membership in the Connecticut Interlocal Risk Management Agency Workers' Compensation Pool. The Authority also has designated a portion of its net assets to cover insurance deductibles and losses not covered by the Authority's commercial insurance among other items. The Authority engages in an on-going evaluation of its risk exposures to prevent losses where possible and minimize the financial impact of those risks that must be undertaken.

CERTIFICATE OF ACHIEVEMENT

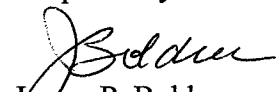
The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Connecticut Resources Recovery Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2006. This was the fourteenth 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 also appreciate the assistance and dedication of the audit team from Carlin, Charron & Rosen, LLP. Finally, we would like to thank the Authority's Board of Directors for their interest and support in planning and conducting the Authority's finances and operations.

Respectfully submitted,


James P. Bolduc
Chief Financial Officer


Nhan 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, 2006

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.



President

Executive Director

Board of Directors as of June 30, 2007

Directors

The Honorable Michael A. Pace, Chairman
The Honorable Mark Cooper
James Francis
The Honorable Michael J. Jarjura
Edna Karanian
The Honorable Mark A. Lauretti
Theodore H. Martland
The Honorable James R. Miron
Raymond J. O'Brien
Linda R. Savitsky
Vacancy

Ad Hoc Directors

Mid-Connecticut Project
The Honorable Timothy G. Griswold
Elizabeth Horton Sheff

Bridgeport Project
Stephen Edwards
Jason D. Perillo

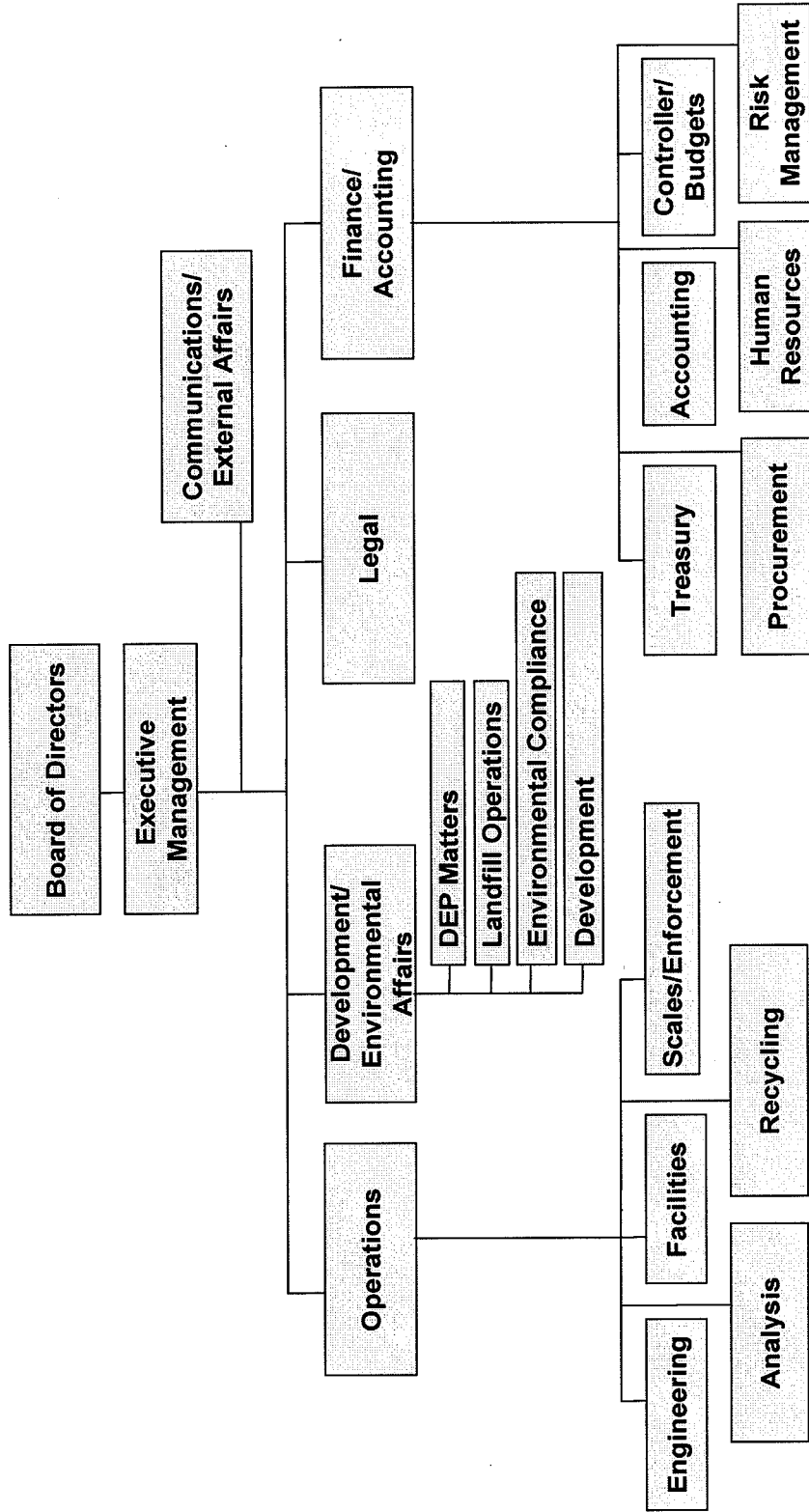
Wallingford Project
Vacancy
Vacancy

Southeast Project
Vacancy
Vacancy

President

Thomas D. Kirk

Connecticut Resources Recovery Authority Organization Chart





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Financial Section



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Connecticut Resources Recovery Authority
Hartford, Connecticut

We have audited the accompanying basic financial statements of the Connecticut Resources Recovery Authority ("Authority"), a component unit of the State of Connecticut, as of and for the years ended June 30, 2007 and 2006, as listed in the table of contents. These basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Connecticut Resources Recovery Authority as of June 30, 2007 and 2006, and the changes in its financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying Management's Discussion and Analysis as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Introductory Section, the Supplementary Information presented on pages 48 through 54 of the Financial Section, and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Supplementary Information presented on pages 48 through 54 of the Financial Section has been subjected to the auditing procedures applied in our audit of the 2007 basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2007 basic financial statements taken as a whole. The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the 2007 basic financial statements and, accordingly, we express no opinion on them.

Caulin, Chauven & Rosen, LLP

Glastonbury, Connecticut
September 25, 2007



MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s Discussion and Analysis (“MD&A”) of the Connecticut Resources Recovery Authority (the “Authority”) activities and financial performance provides an introduction to the audited financial statements for the fiscal years ended June 30, 2007 and 2006. The MD&A reflects the Authority’s commitment to openness and transparency. 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 2007 total assets decreased by \$7.7 million or 1.9% over fiscal year 2006 and total liabilities increased by \$6.0 million or 3.9%. Total assets exceeded total liabilities by \$238.7 million as of June 30, 2007 as compared to \$252.4 million as of June 30, 2006, or a net decrease of \$13.7 million. The fiscal year 2006 total assets increased by \$15.3 million or 3.9% compared to fiscal year 2005 and total liabilities decreased by \$6.4 million or 4.0%. Total assets exceeded total liabilities by \$252.4 million as of June 30, 2006 as compared to \$230.8 million as of June 30, 2005, or a net increase of \$21.6 million.

BALANCE SHEETS

	As of June 30, (In Thousands)		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
ASSETS			
Current unrestricted assets	\$ 124,788	\$ 125,572	\$ 92,292
Current restricted assets	60,290	20,819	23,779
Total current assets	<u>185,078</u>	<u>146,391</u>	<u>116,071</u>
Non-current assets:			
Restricted cash and cash equivalents	49,642	80,130	81,452
Investments	779	-	-
Capital assets, net	156,334	171,721	184,414
Development and bond issuance costs, net	4,921	6,218	7,221
Total non-current assets	<u>211,676</u>	<u>258,069</u>	<u>273,087</u>
TOTAL ASSETS	<u><u>\$ 396,754</u></u>	<u><u>\$ 404,460</u></u>	<u><u>\$ 389,158</u></u>
LIABILITIES			
Current liabilities	\$ 72,270	\$ 31,705	\$ 33,695
Long-term liabilities	85,713	120,321	124,695
TOTAL LIABILITIES	<u>157,983</u>	<u>152,026</u>	<u>158,390</u>
NET ASSETS			
Invested in capital assets, net of related debt	\$ 117,855	\$ 89,888	\$ 100,471
Restricted	43,324	63,907	61,636
Unrestricted	77,592	98,639	68,661
Total net assets	<u>238,771</u>	<u>252,434</u>	<u>230,768</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 396,754</u></u>	<u><u>\$ 404,460</u></u>	<u><u>\$ 389,158</u></u>



FINANCIAL HIGHLIGHTS

The following is an overview of significant changes within the Balance Sheets as of June 30, 2007 and 2006:

ASSETS

Current unrestricted assets decreased by \$0.8 million or 0.6% over fiscal year 2006, which increased by \$33.3 million or 36.1% over fiscal year 2005. The fiscal year 2007 decrease is primarily due to:

- Funds used to partially defease the remaining Mid-Connecticut Project 1996 Series A Bonds (\$21.6 million); and
- Payments for plant improvements and equipment purchases at the Mid-Connecticut Waste Processing Facility and landfill development costs (\$1.7 million); and
- Increases in payments for contract operating charges at the Bridgeport project (\$4.7 million) as a result of the depletion of the municipal share fund, which was used to offset processing costs; offset by:
- Increased operating cash balances of \$19.6 million at the Bridgeport, Mid-Connecticut and Wallingford projects as a result of contributions toward operating cash requirements for specific purposes; and
- Interest earned on current unrestricted cash and cash equivalents (\$5.1 million); and
- A \$3.0 million grant receivable from the Connecticut Department of Environmental Protection ("CTDEP") as reimbursement of costs previously incurred by the Authority in the closure of the Shelton landfill.

The fiscal year 2006 increase over 2005 was primarily due to:

- Increased operating cash balances of \$22.8 million at the Bridgeport, Mid-Connecticut, and Wallingford projects as a result of contributions toward operating cash requirements for specific purposes; and
- A \$5.2 million transfer of funds, including \$0.5 million of interest income, from current restricted assets as a result of an arbitration award associated with claimed overcharging of indirect costs from one of the Mid-Connecticut operators; and
- Interest earned on current unrestricted cash and cash equivalents (\$4.1 million); and
- A transfer of fiscal year 2005 cash surplus of \$2.8 million from the Mid-Connecticut project current restricted assets to the Mid-Connecticut operating cash account; offset by:
- Payments for plant improvements and equipment purchases at the Waste Processing and Power Block Facilities, postclosure costs at the Ellington Landfill and landfill development costs (\$1.3 million).

Current restricted assets increased by \$39.5 million or 189.6% over fiscal year 2006, which decreased by \$3.0 million or 12.4% compared to fiscal year 2005. The fiscal year 2007 increase is primarily due to:



- Increased restricted cash balance of \$37.3 million (net of attorneys' fees and costs of litigation) at the Mid-Connecticut project as a result of litigation-related settlements; and
- Increased Revenue Fund balances at the Mid-Connecticut and Bridgeport projects of \$2.7 million and \$0.7 million, respectively. The increase at the Bridgeport project is due to cash provided by operating activities exceeding cash used in capital and related financing activities. The increase at the Mid-Connecticut project is due to cash provided by operating activities exceeding cash used in capital and related financing activities, net of funds used to partially defease the remaining Mid-Connecticut Project 1996 Series Bonds; and
- Interest earned on current restricted cash and cash equivalents (\$1.7 million); offset by:
- Decreased Revenue Fund balance at the Southeast project of \$2.1 million due to delayed receipt of electric revenue as of June 30, 2007.

The fiscal year 2006 decrease from 2005 was primarily due to:

- A \$5.2 million transfer of funds, including \$0.5 million of interest income, to current unrestricted assets as a result of the arbitration award associated with claimed overcharging of indirect costs from one of the Mid-Connecticut operators; offset by:
- Increased reserve cash balances of \$0.8 million at the Bridgeport, Mid-Connecticut, and Southeast projects as a result of contributions toward reserve cash requirements; and
- Funds released to current restricted assets by the Trustee for \$0.6 million from the non-current restricted Mid-Connecticut Debt Service Reserve Fund for the amount in excess of the Bond Resolution reserve funding requirement; and
- Interest earned on current restricted cash and cash equivalents (\$0.3 million).

Non-current assets decreased by \$46.4 million or 18.0% over fiscal year 2006, which decreased by \$15.0 million or 5.5% compared to fiscal year 2005. The fiscal year 2007 decrease is primarily due to:

- Restricted cash and cash equivalents decreased by \$30.5 million primarily due to:
 - Funds used to partially defease the remaining Mid-Connecticut Project 1996 Series A Bonds (\$29.9 million); and
 - Regular principal and interest payments due on State loans to the Mid-Connecticut project (\$3.5 million); offset by:
 - Increased reserve cash balance of \$1.1 million at the Mid-Connecticut project as a result of contribution toward reserve cash requirement; and
 - Interest earned on non-current restricted cash and cash equivalents (\$2.4 million).



The fiscal year 2006 restricted cash and cash equivalents decrease of \$1.3 million compared to fiscal year 2005 was primarily due to:

- Regular principal and interest payments on State loans (\$3.4 million) plus road construction costs and a major overhaul for one of the jet turbines (\$0.8 million) at the Mid-Connecticut project; and
 - Funds released by the Trustee for \$0.6 million from the Mid-Connecticut Debt Service Reserve Fund to current restricted assets for the amount in excess of the Bond Resolution reserve funding requirement; offset by:
 - Interest earned on non-current restricted cash and cash equivalents (\$2.5 million); and
 - Increased reserve cash balance of \$1.0 million at the Mid-Connecticut project as a result of contribution toward the Energy Generating Facility Reserve.
- Investments increased by \$0.8 million or 100% over fiscal years 2006 and 2005 due to the purchase of U.S. Treasury Bills for landfill trusts during fiscal year 2007 with maturities over three months.
 - Capital assets, net decreased by \$15.4 million compared to fiscal year 2006, which decreased by \$12.7 million compared to fiscal year 2005. The fiscal year 2007 decrease is due to depreciation expense of \$17.2 million offset by \$1.8 million in plant improvements, equipment purchases, and construction in progress. The fiscal year 2006 decrease was due to depreciation expense of \$16.8 million and an asset write-off with a net book value of \$192,000 offset by \$4.3 million in plant improvements, equipment purchases, and construction in progress.
 - Development and bond issuance costs decreased by \$1.3 million compared to fiscal year 2006, which decreased by \$1.0 million compared to fiscal year 2005. The fiscal year 2007 decrease is due to amortization expense and the write-off of unamortized bond issuance costs related to the Mid-Connecticut defeasance of debt. The fiscal year 2006 decrease was due to amortization expense.

LIABILITIES

Current liabilities increased by \$40.6 million or 127.9% compared to fiscal year 2006, which decreased by \$2.0 million or 5.9% compared to fiscal year 2005. The fiscal year 2007 increase is primarily due to:

- Increased net current portion of closure and postclosure care of landfills (\$9.2 million) due to higher costs anticipated to be incurred at the Hartford landfill within the next twelve months; and
- Increased accounts payable and accrued expenses (\$31.2 million) due to a ruling in the New Hartford suit (\$35.8 million) and settlement costs associated with the Ellington landfill settlement at the Mid-Connecticut project (\$1.2 million) partially offset by a write-off of over charges previously recorded as liabilities payable to one of the Mid-



Connecticut operators (\$2.2 million) plus the disbursement of funds for goods and services received.

The fiscal year 2006 decrease from 2005 was primarily due to decreased other liabilities (\$4.6 million) as a result of the arbitration award associated with claimed overcharging of indirect costs from one of the Mid-Connecticut operators offset by increased accounts payable and accrued expenses (\$2.6 million).

Long-term liabilities decreased by \$34.6 million or 28.8% compared to fiscal year 2006, which decreased by \$4.4 million or 3.5% compared to fiscal year 2005. The fiscal year 2007 decrease is due to:

- Long-term portion of bonds payable, net decreased by \$56.7 million compared to fiscal year 2006. The fiscal year 2007 decrease is due to regular principal payments due on Authority bonds (\$3.1 million) and the partial defeasance of the remaining Mid-Connecticut Project 1996 Series A Bonds in July 2006 (\$54.1 million) offset by the write-off of unamortized deferred amounts on the related debt (\$0.5 million).

The fiscal year 2006 decrease from 2005 of \$2.7 million was due to regular principal payments due on Authority bonds.

- State loans payable decreased by \$2.6 million over fiscal year 2006, which decreased by the same amount over fiscal year 2005. The fiscal year 2006 and 2005 decreases are due to regular principal payments on State loans.
- Closure and postclosure care of landfills increased by \$24.7 million compared to fiscal year 2006. The fiscal year 2007 increase is primarily due to:
 - Increased projected costs at all five landfills (\$34.6 million). The increase in projected costs at the Ellington, Shelton, Wallingford and Waterbury landfills is due to increased administration costs. The increase in projected costs at the Hartford landfill is primarily due to Authority assumption for the responsibility of all closure and postclosure care costs and increased administration costs at the landfill; offset by:
 - Increased net current portion of closure and postclosure care costs (\$9.2 million), which is classified under current liabilities; and
 - A reduction in the long-term liability accounts as a result of payments for postclosure care costs at the Ellington, Shelton, and Wallingford landfills (\$0.7 million).

The fiscal year 2006 increase over 2005 of \$1.1 million was primarily due to an increase in projected costs at the Shelton landfill (\$1.6 million) as a result of increases in general engineering and maintenance services offset by a reduction in the long-term liability accounts



as a result of payments for postclosure care costs at the Ellington, Shelton, and Wallingford landfills (\$667,000).

SUMMARY OF OPERATIONS AND CHANGE IN NET ASSETS

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

	STATEMENTS OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS		
	Fiscal Years Ended June 30,		
	(In Thousands)		
	2007	2006	2005
Operating revenues	\$ 180,514	\$ 180,093	\$ 168,941
Operating expenses	<u>188,149</u>	<u>148,449</u>	<u>137,443</u>
(Loss) income before depreciation and amortization and other non-operating revenues and (expenses)	(7,635)	31,644	31,498
Depreciation and amortization	<u>18,189</u>	<u>17,850</u>	<u>17,864</u>
(Loss) income before other non-operating revenues and (expenses), net	(25,824)	13,794	13,634
Non-operating revenues, net	<u>13,309</u>	<u>7,872</u>	<u>75,927</u>
(Loss) income before special items	(12,515)	21,666	89,561
Special items:			
Gain on sale of Enron claims	-	-	28,502
Early retirement/defeasance of debt	<u>(1,148)</u>	<u>-</u>	<u>(6,128)</u>
(Decrease) increase in net assets	(13,663)	21,666	111,935
Total net assets, beginning of year	<u>252,434</u>	<u>230,768</u>	<u>118,833</u>
Total net assets, end of year	<u>\$ 238,771</u>	<u>\$ 252,434</u>	<u>\$ 230,768</u>

Operating revenues increased slightly by \$0.4 million or 0.2% during fiscal year 2007 over fiscal year 2006 and \$11.2 million or 6.6% from fiscal year 2005 to fiscal year 2006. The fiscal year 2007 increase is primarily due to a write-off of over charges previously recorded as liabilities that has been written-off as other operating revenue during fiscal year 2007, which is offset by a decrease in tipping fees at the Mid-Connecticut project, lower than expected solid waste deliveries by members at all four operating projects and decreased recycling sales. The fiscal year 2006 increase was primarily due to a \$4.6 million increase in service changes due to increased member and contract deliveries, a \$4.1 million increase in energy sales primarily due to an increase in contract rates and an increase in recycling sales due to the favorable recycling sales market.

Operating expenses increased during fiscal year 2007 by \$39.7 million or 26.7% primarily as a result of a settlement agreement by which the Authority assumes the liability, contingent upon certain conditions, for all of the Hartford landfill closure and postclosure costs and increased administration costs at all five landfills. Other cost increases relate to the Ellington landfill settlement, increased contract operating charges at the Bridgeport project due to the depletion of the municipal share fund, which was used to offset processing costs, and increased legal costs at



the Bridgeport and Mid-Connecticut projects due to on-going legal activity and an arbitration dispute with the Bridgeport project facility operator. Operating expenses increased during fiscal year 2006 by \$11.0 million or 8.0% as a result of higher processing costs at the Bridgeport project due to additional contract waste deliveries, increased project costs for general engineering and maintenance services at the Shelton landfill, increased operating costs at the Mid-Connecticut project due to unplanned repairs at the Waste Processing Facility, and additional export costs incurred at the Wallingford project due to a transformer failure at the plant. Higher legal costs were also incurred at the Bridgeport and Mid-Connecticut projects due to on-going legal activity.

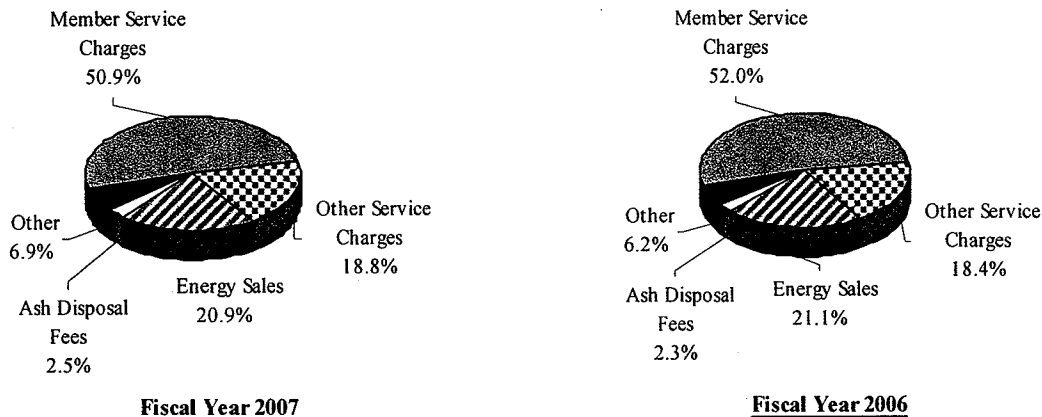
Depreciation and amortization remained fairly constant, decreasing by \$339,000 and \$14,000 over fiscal years 2006 and 2005, respectively.

Non-operating revenues, net increased by \$5.4 million during fiscal year 2007 primarily due to \$40.2 million litigation-related settlements, a \$3 million grant from the CTDEP as reimbursement of costs previously incurred by the Authority in the closure of the Shelton landfill, a settlement with one of the Mid-Connecticut operators for several claims related to the operation of waste-to-energy system at the Mid-Connecticut project, increased investment income, and lower interest expense offset by \$35.8 million in litigation-related judgment, a \$1.15 million settlement costs associated with the Ellington landfill settlement and decreased other income. Non-operating revenues, net decreased by \$68.1 million during fiscal year 2006 primarily due to Enron claims of \$82.8 million received in fiscal year 2005 offset by increased investment income, lower interest expense, and increased other income.

Special item –Defeasance of debt: The fiscal year 2007 special item is attributable to the write-off of unamortized amounts such as bond issuance costs and other deferred amounts related to the Mid-Connecticut 1996 Series A Bonds, which were partially defeased, during fiscal year 2007. There was no such special item incurred during fiscal year 2006.

SUMMARY OF OPERATING REVENUES

The following charts show the major sources and the percentage of operating revenues for the fiscal years ended June 30, 2007 and 2006:





During fiscal year 2007, Solid Waste tipping fees (member service and other service charges) plus ash disposal reimbursement account for 72.2% of the Authority's operating revenues. Energy sales make up another 20.9% of operating revenues. During fiscal year 2006, Solid Waste tipping fees (member service and other service charges) plus ash disposal reimbursement account for 72.7% of the Authority's operating revenues. Energy sales make up another 21.1% of operating revenues.

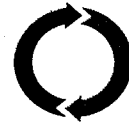
A summary of operating revenues and non-operating revenues (including the special item for the fiscal year ended June 30, 2005), and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING, NON-OPERATING REVENUES AND SPECIAL ITEM
Fiscal Years Ended June 30,
(In Thousands)

	2007	2006	2007 Increase/ (Decrease) from 2006	2007 Percent Increase/ (Decrease)	2005	2006 Increase/ (Decrease) from 2005	2006 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	\$ 91,848	\$ 93,513	\$ (1,665)	(1.8%)	\$ 91,894	\$ 1,619	1.8%
Other service charges	33,917	33,186	731	2.2%	30,223	2,963	9.8%
Energy sales	37,857	37,945	(88)	(0.2%)	33,798	4,147	12.3%
Ash disposal reimbursement	4,485	4,229	256	6.1%	4,025	204	5.1%
Other operating revenues	12,407	11,220	1,187	10.6%	9,001	2,219	24.7%
Total Operating Revenues	180,514	180,093	421	0.2%	168,941	11,152	6.6%
Non-Operating Revenues:							
Litigation-related settlements	40,225	-	40,225	-	-	-	-
Enron claims settlement	-	-	-	-	82,760	(82,760)	(100.0%)
Investment income	8,888	7,664	1,224	16.0%	4,471	3,193	71.4%
Other income	4,073	5,980	(1,907)	(31.9%)	1,884	4,096	217.4%
Total Non-Operating Revenues	53,186	13,644	39,542	289.8%	89,115	(75,471)	-84.7%
Special Item:							
Gain on sale of Enron claims	-	-	-	0.0%	28,502	(28,502)	(100.0%)
TOTAL	\$ 233,700	\$ 193,737	\$ 39,963	20.6%	\$ 286,558	\$ (92,821)	(32.4%)

Overall, fiscal year 2007 total revenues increased by \$40.0 million or 20.6% over fiscal year 2006. Fiscal year 2006 total revenues decreased by \$92.8 million or 32.4% over fiscal year 2005. The following discusses the major changes in operating and non-operating revenues of the Authority:

- Member service charges decreased by \$1.7 million in fiscal year 2007 and increased by \$1.6 million in fiscal year 2006. The fiscal year 2007 decrease reflects a decrease in the tipping fee enacted at the Mid-Connecticut Project and lower than expected solid waste deliveries at all four operating projects. The fiscal year 2006 increase reflects the increased tipping fee enacted at the Bridgeport and Wallingford projects.
- Other service charges to both contract towns and spot waste haulers, increased by \$0.7 million from fiscal year 2006 to 2007. This contrasts with a \$3.0 million increase from fiscal year 2005 to 2006. The fiscal year 2007 increase is due to availability as a result of

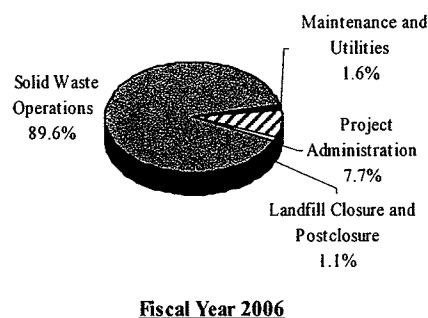
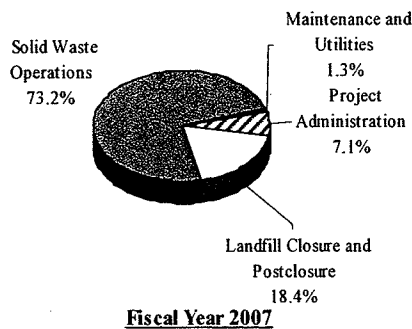


lower than expected member deliveries. The fiscal year 2006 increase was due to the continued efforts of the Authority to contract for additional waste at the Bridgeport project.

- Energy sales decreased slightly by \$88,000 during fiscal year 2007 and increased by \$4.1 million during fiscal year 2006. The fiscal year 2007 decrease reflects the lower energy rates in effect during fiscal year 2007 in accordance with the two-year energy purchase agreement at the Mid-Connecticut project and decreased electricity generation. The fiscal year 2006 increase reflects the higher energy rates at the Mid-Connecticut and Wallingford projects.
- Other operating revenues increased by \$1.2 million in fiscal year 2007 and \$2.2 million in fiscal year 2006. The fiscal year 2007 increase is due to the write-off of over charges previously recorded as liabilities payable to one of the Mid-Connecticut operators, which has been written-off as other operating revenue, offset by decreased recycling sales. The fiscal year 2006 increase was the result of favorable recycling sales markets.
- Litigation-related settlements of \$40.2 million represent settlements of various Enron-related lawsuits during fiscal year 2007. There were no such gains during fiscal year 2006.
- Investment income increased \$1.2 million from fiscal year 2006 to 2007 and \$3.2 million from fiscal year 2005 to 2006 due to improved investment rates and increased balances.
- Other income of \$4.1 million for fiscal year 2007 represents the \$3.0 million grant from the CTDEP for landfill closure costs previously incurred by the Authority to close the Shelton landfill (see "Landfill Activity" section herein), a settlement with the Mid-Connecticut operators for several claims related to the operation of waste-to-energy system at the Mid-Connecticut project (\$434,000, at present value), gains on sales of equipment (\$192,000), and miscellaneous income (\$447,000). Other income of \$6.0 million for fiscal year 2006 represents indirect costs and workers compensation insurance overcharged by one of the Mid-Connecticut operators in prior fiscal years (\$5.0 million), proceeds from insurance for loss on an asset due to an accident (\$378,000), gains on sales of equipment (\$312,000), and miscellaneous income (\$283,000).

SUMMARY OF OPERATING EXPENSES

The following charts show the major sources and the percentage of operating expenses for the fiscal years ended June 30, 2007 and 2006:





Solid Waste Operations are the major component of the Authority's operating expenses, accounting for 73.2% of operating expenses in fiscal year 2007. During fiscal year 2006, Solid Waste Operations accounted for 89.6% of operating expenses.

A summary of operating expenses and non-operating expenses (including the special items for the fiscal years ended June 30, 2007 and 2005), and the amount and percentage of change in relation to the immediate prior two fiscal years is as follows:

SUMMARY OF OPERATING, NON-OPERATING EXPENSES AND SPECIAL ITEMS
Fiscal Years Ended June 30,
(In Thousands)

	2007	2006	2007 Increase/ (Decrease) from 2006	2007 Percent Increase/ (Decrease)	2005	2006 Increase/ (Decrease) from 2005	2006 Percent Increase/ (Decrease)
Operating Expenses:							
Solid waste operations	\$ 137,767	\$ 133,026	\$ 4,741	3.6%	\$ 126,322	\$ 6,704	5.3%
Maintenance and utilities	2,401	2,313	88	3.8%	2,037	276	13.5%
Landfill closure and postclosure	34,639	1,629	33,010	2026.4%	180	1,449	805.0%
Project administration	13,342	11,481	1,861	16.2%	8,904	2,577	28.9%
Total Operating Expenses	188,149	148,449	39,700	26.7%	137,443	11,006	8.0%
Depreciation	18,189	17,850	339	1.9%	17,864	(14)	-0.1%
Non-Operating Expenses:							
Litigation-related judgment	35,800	-	35,800	-	-	-	-
Litigation-related settlement	1,150	-	1,150	-	-	-	1
Interest expense	2,693	5,677	(2,984)	(52.6%)	10,022	(4,345)	(43.4%)
Other expenses	234	95	139	146.3%	3,166	(3,071)	(97.0%)
Total Non-Operating Expenses	39,877	5,772	34,105	590.9%	13,188	(7,416)	(56.2%)
Special Items:							
Early Retirement/Defeasance of Debt	1,148	-	1,148	-	6,128	(6,128)	(100.0%)
TOTAL	\$ 247,363	\$ 172,071	\$ 75,292	43.8%	\$ 174,623	\$ (2,552)	(1.5%)

The Authority's total expenses increased by \$75.3 million or 43.8% between fiscal year 2007 and 2006. Fiscal year 2006 total expenses decreased by \$2.6 million or 1.5% from fiscal year 2005. Notable differences between the fiscal years include:

- Solid waste operations increased by \$4.7 million from fiscal year 2006 to 2007 primarily due to:
 - Operating expenses at the Bridgeport project increased due to the depletion of the municipal share fund, which was previously used to offset processing costs; and
 - Operating expenses at the Southeast project increased due to a distribution of funds to the Southeastern Connecticut Regional Resources Recovery Authority for future expenses, partially offset by a reduction in the service fee paid by the Authority to the operator as a result of higher electric contract rates; offset by:



- Operating expenses at the Mid-Connecticut project decreased due to a reduction of the recycling operating charges per a new operating agreement, a reduction in the solid waste assessment as a result of a favorable ruling from the Department of Revenue Services and lower natural gas consumption for the odor control system as the result of a capital upgrade. These decreases were partially offset by increased operating costs at the Hartford landfill and Waste Processing Facility relating to capital upgrades at the facilities and increased marketing costs for a recycling campaign to increase recycling rates; and
- Operating expenses at the Wallingford project decreased due to lower waste export costs.

Solid waste operations increased by \$6.7 million from fiscal year 2005 to 2006 primarily due to:

- Operating expenses at the Mid-Connecticut project increased significantly due to unplanned repairs at the Waste Processing Facility. Operating expenses for the Power Block Facility, Recycling Facility and Jets also increased due to inflation increases. In addition, the Authority recorded a write-off of spare parts inventory during fiscal year 2006; and
 - Operating expenses at the Bridgeport project increased primarily due to the additional contract waste deliveries; and
 - Operating expenses at the Wallingford project increased as a result of additional export costs incurred due to a transformer failure at the plant and higher fuel costs, offset by:
 - Decreased operating expenses at the Southeast project due to higher electric contract rates, which is an offset to the service fee paid by the Authority to the operator.
- Maintenance and utilities expenses remain fairly constant, increasing by \$88,000 during fiscal year 2007 primarily due to capital improvements at the Bridgeport project transfer stations. During fiscal year 2006, maintenance and utilities increased \$276,000 primarily due to a one-time expense for the removal of a fence and other miscellaneous expenses at the Hartford landfill.
 - Landfill closure and postclosure costs increased by \$33.0 million between fiscal year 2006 and 2007 primarily due to the Authority's assumption for the responsibility of all closure and postclosure care costs at the Hartford landfill and increased administration costs at all five landfills. Between fiscal years 2005 and 2006, landfill closure and postclosure care costs increased by \$1.4 million due to increased projected costs as a result of increases in general engineering and maintenance services at the Shelton landfill.



- Project administration costs increased \$1.9 million during fiscal year 2007 over fiscal year 2006 and \$2.6 million during fiscal year 2006 over fiscal year 2005. During fiscal year 2007, this increase is due to higher legal expenses as a result of the continued legal activity associated with the Enron-related lawsuits at the Mid-Connecticut project as well as an arbitration dispute with the facility operator and the on-going project negotiations at the Bridgeport project. During fiscal year 2006, this increase was due to higher legal expenses as a result of on-going legal activity associated with the Enron-related lawsuits at the Mid-Connecticut project as well as the future option studies and on-going arbitration at the Bridgeport project, plus the addition of a part-time educator at the Stratford museum and a full-time enforcement employee for the Wallingford project.
- Litigation-related judgment increased by \$35.8 million during fiscal year 2007 as a result of the ruling in the New Hartford suit. There was no such expense incurred during fiscal year 2006.
- Litigation-related settlement of \$1.15 million represents costs associated with the Ellington landfill settlement during fiscal year 2007. There was no such expense incurred during fiscal year 2006.
- Interest expense decreased by \$3.0 million during fiscal year 2007 and \$4.3 million during fiscal year 2006 due to decreases in the principal amount of bonds outstanding.
- Other expenses during fiscal years 2007 and 2006 of \$234,000 and \$95,000, respectively, represent trustee fees, letter of credit fees and miscellaneous expenses.
- Defeasance of debt occurred during fiscal year 2007 and is discussed on page 9 of this MD&A.

CAPITAL ASSETS

The Authority's investment in capital assets for its activities as of June 30, 2007 and 2006 totaled \$156.3 million and \$171.7 million, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, roadways, equipment, gas and steam turbines, rolling stock and vehicles. The total fiscal year 2007 and 2006 decrease in the Authority's investment in capital assets was 9.0% and 6.9%, respectively. The decrease is due to depreciation expense offset by plant improvements, equipment purchases, and construction in progress.

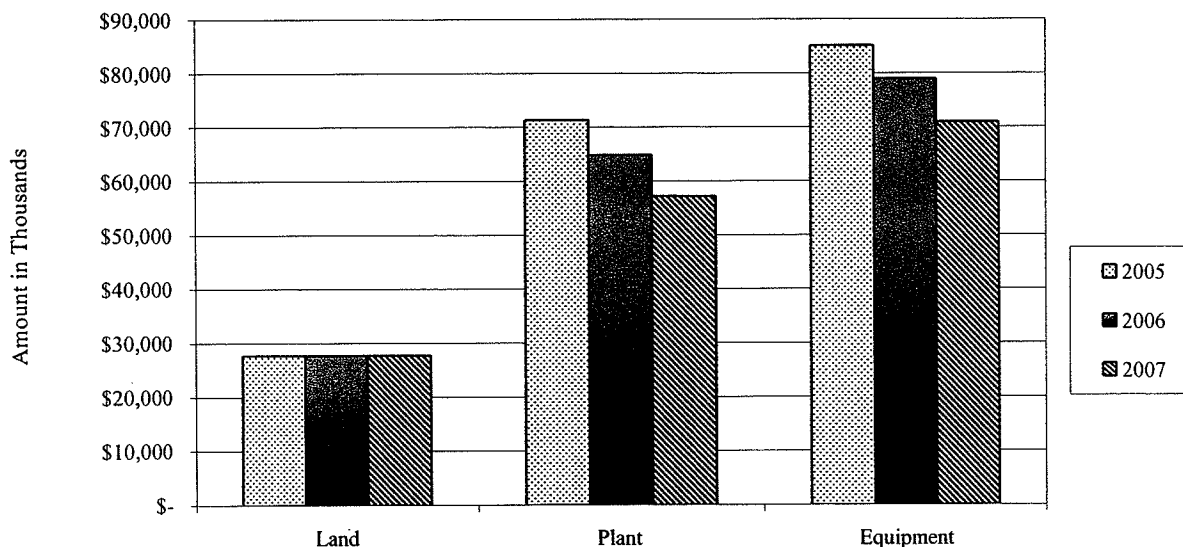
Major capital asset events during the current and immediate prior two fiscal years included vehicle and equipment purchases, conveyor rebuilds, floor repairs, building/leasehold improvements, replacement of trommel screens, jets repairs and overhaul, installation of a free blow system, installation of a fly ash system, and road reconstruction.



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)**

	2005	2006	2007
Land	\$ 27,774	\$ 27,774	\$ 27,774
Plant	71,380	64,875	57,223
Equipment	85,189	78,951	70,980
Construction in progress	71	121	357
Totals	\$ 184,414	\$ 171,721	\$ 156,334



Additional information on the Authority's capital assets can be found in Notes 1J and 3 on pages 30 and 34 of this report.

ENRON MATTERS

In connection with the Enron bankruptcy, the Authority filed proofs of claim against Enron Power Marketing, Inc. and Enron Corporation, seeking to recover the losses sustained in connection with the 2000 transaction. On June 29, 2004, Enron agreed to the proposed settlement of the claims that were filed, pending approval from the United States Bankruptcy court, among others. On July 22, 2004, the Authority's Board of Directors voted to allow bids to be received in connection with a potential sale of the Enron claims. The Authority's Enron claims were estimated by the bankruptcy court to have a value of \$82,760,484. On August 20, 2004, the Authority's Board of Directors received bids and passed a resolution approving the sale of the Enron claims to a major financial institution with a significant presence in the distressed debt claims markets, which resulted in a premium of \$28,501,471 or 34.4% over the estimated value amount. On January 20, 2005, the United States Bankruptcy court approved the



Enron settlement agreement. On February 1, 2005, the Authority received \$111,686,881 (which included \$424,926 interest) at the closing of the Enron claims sale, which was applied to the Mid-Connecticut project debt as follows: On March 11, 2005, the Authority fully defeased its outstanding Mid-Connecticut Project Bonds 1997 Series A (total outstanding of \$2,100,000) and 2001 Series A (total outstanding of \$13,210,000) and partially defeased \$81,510,000 of its outstanding Mid-Connecticut Project Bonds 1996 Series A (total outstanding as of March 11, 2005 was \$150,925,000). In addition, the Authority established an irrevocable escrow account on March 24, 2005 in the amount of \$19,394,506 with the remaining proceeds from the sale of the Enron claims, which will provide for future State loans repayments (see "State Loans" below).

On February 24, 2005, the Authority's Board of Directors authorized the establishment of a Debt Service Stabilization Fund to be funded by the revenue expected to be generated by the bond defeasance and to be used to pay future debt service. By June 30, 2006, this fund contained \$16,475,899, which, when combined with other funds available (including the MDC Arbitration award, excess funds in the Energy Generating Facility Operating Fund, funds in the Mid-Connecticut Project Revenue Fund and the use of Trustee-released funds in the Mid-Connecticut Project Debt Service Reserve Fund) enabled the Authority to complete another bond defeasance of a portion of the Mid-Connecticut project debt remaining following the March 2005 bond defeasance. Accordingly, on July 27, 2006, the Authority defeased \$54,125,000 of the remaining \$69,415,000 Mid-Connecticut Project 1996 Series A Bonds.

STATE LOANS

On April 19, 2002, the Connecticut General Assembly passed Public Act No. 02-46 (the "Act"), which authorizes a loan by the State to the Authority of up to \$115 million to support the repayment of the Authority's debt for the Mid-Connecticut project, in order to avoid default. The Act also restructured the Authority's Board of Directors and required a Steering Committee Report and Financial Mitigation Plan to be filed with the State. This State support resulted in the authorization of a loan in the amount of \$22 million for the period June 30, 2003 through June 30, 2004 and the authorization of a subsequent loan in the amount of \$20 million for the period July 1, 2004 through June 30, 2005. During these periods, the Authority drew a total of \$21.5 million of the authorized State loans. The Authority has made no State loan requests since December 2004. As of June 30, 2007, the Authority had a principal balance of \$13.3 million outstanding. The Authority makes monthly loan repayments comprising both principal and interest payments from the irrevocable escrow account established for this purpose. The monthly interest rate on the State loans equals the monthly State Treasurer's Short Term Investment Fund rate plus 25 basis points, and is capped at six percent.

LANDFILL ACTIVITY

In 2004, the Authority embarked on a comprehensive landfill siting investigation for a new ash residue and/or bulky waste landfill. Two parcels have been identified as potential sites within the State that may be technically and environmental amenable to permitting and constructing a landfill. Since 2005, the Authority has sought to secure several parcels of land associated with the two different sites and has also contracted with an engineering firm to prepare a site



investigation plan for the two prospective parcels, and plans to begin on-site investigations by the end of calendar year 2007.

The Authority submitted a solid waste permit modification application to DEP in July 2006, associated with the Hartford landfill, to 1) revise the closure plan, prescribing a state-of-the-art synthetic cap; 2) revise the grading plan for a section of the east side of the landfill; 3) set a date certain for final delivery of waste of no later than December 31, 2008; and 4) discuss possible passive recreational future uses for the landfill and engage a landscape architect to provide a rendering of these possible activities. A favorable ruling on this permit modification was issued by DEP on March 29, 2007. As of June 30, 2007, there are eighteen months of capacity for non-processible waste and process residue generated at the Mid-Connecticut Resource Recovery Facility ("RRF") and approximately 16 months of capacity for ash residue generated by the RRF. Upon closure of the Hartford landfill, the Mid-Connecticut Project will incur substantial cost increases to transport and dispose of the non-processible waste, process residue and ash residue to other out-of-state facilities. The siting of a new ash landfill in Connecticut would mitigate some of these costs.

On February 2, 2007, the Authority and the City of Hartford executed a Settlement Agreement which resolved a long standing disagreement regarding responsibility for costs associated with closure and post-closure activities at the Hartford landfill. The Authority has reflected the latest costs estimates for closure and post-closure costs estimated to be \$43 million, which excludes insurance, in its financial statements. In addition, the State of Connecticut capital budget for fiscal year 2008 includes an appropriation of \$15 million for costs associated with closure of the Hartford landfill. Upon passage of the budget, and if approved by the Bond Commission, the \$15 million will be allocated to the Authority through the state Bond Commission, with \$3 million allocated in fiscal year 2008, and \$12 million allocated in fiscal year 2009.

In 1999, the Connecticut General Assembly passed legislation (Public Act 99-242) authorizing certain monies be spent on landfill closure activities associated with the landfill located on River Road in Shelton, CT. On March 20, 2007, the State Bond Commission allocated \$3 million to be disbursed from DEP to the Authority. The Authority executed a grant-in-aid agreement with DEP in July 2007, and expects to receive the funds in the second quarter of fiscal year 2008.

In May 2007, the Authority executed a settlement agreement with a private landowner, which settlement included a provision for the Authority to purchase 57 + acres of land in Ellington and East Windsor, Connecticut, and adjacent to the Authority's closed landfill in Ellington, CT, for the purpose of obtaining control of a subsurface landfill leachate plume. Conveyance of the property was completed in July 2007.

METROPOLITAN DISTRICT COMMISSION ARBITRATION RULING

Two arbitration hearings between the Authority and the Metropolitan District Commission (the "MDC") on claims asserted by both parties have been conducted in recent years.

The first arbitration hearing was held in the fall of 2004 regarding the Authority's right to hire replacement workers at the Mid-Connecticut project transfer stations and for transportation



services. The arbitrators ruled that the Authority has the right to replace the MDC workers. The MDC did not seek, nor were they awarded, damages.

A second arbitration hearing was held in the spring of 2005, to resolve certain claims, including non-payment of two MDC invoices and the Authority's claim that it was overcharged by the MDC for indirect costs. Pursuant to the 1999 ruling of a previous arbitration panel, the Authority created and maintained an escrow account, setting aside 25% of the indirect costs invoiced by the MDC. In July 2005, the second arbitration panel ruled in favor of the Authority, stating that due to the overcharges the Authority did not have to pay the two MDC invoices and is entitled to retain 100% of the escrow account. The MDC appealed.

On December 21, 2006, the Authority and MDC entered into a Settlement Agreement and Mutual Release, pursuant to which MDC agreed to pay the Authority \$500,000, payable either in cash or credits against amounts otherwise due from the Authority to MDC, in equal yearly installments from 2006 through 2012, and to immediately withdraw its appeal with prejudice, and the parties exchanged mutual releases.

NEW HARTFORD SUIT

In December 2003, the Towns of New Hartford and Barkhamstead filed suit against the Authority, former board members and delegates, the Authority's former President, and others, seeking alleged damages resulting from the failed Enron transaction as well as equitable relief. In addition to vigorously contesting these claims on its own behalf, the Authority is defending and indemnifying its former President and board members. On August 10, 2005, the Motions to Dismiss of all of the non-Authority defendants were granted; on August 30, 2005, plaintiffs filed an appeal, which is still pending. On March 21, 2006, the court granted the plaintiffs' motion for Class Certification. Trial began on November 13, 2006 and the parties rested on January 11, 2007. On June 19, 2007, the court issued its decision, imposing a constructive trust on the sum of \$35,873,732.25 (received by the Authority from various parties in settlement of various Enron-related lawsuits and held by the Treasurer of the State of Connecticut in the Short-Term Investment Fund account) and ordering that amount to be forwarded to the plaintiffs, in care of their attorneys, immediately. The court also enjoined the Authority from passing any costs of the failed Enron transaction to the towns, effective for fiscal year 2008 and all subsequent years. On June 20, 2007, the Authority filed an Application for a Stay of Injunction Pending Appeal. On July 6, 2007, the Authority appealed the trial court's decision to the Appellate Court; on July 23, 2007, the appeal was transferred to the Connecticut Supreme Court. On July 25, 2007, the trial judge denied the Authority's Application for a Stay of Injunction Pending Appeal. On August 6, 2007, the Authority filed a Motion for Review of that denial with the Connecticut Supreme Court. The trial court retained jurisdiction over the plaintiffs' application for an order enjoining the Authority's implementation of its fiscal year 2008 budget, and held a hearing on September 5-6, 2007. A ruling is expected in October 2007.

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 tipping fees for all of the projects except the Southeast project, which is subject to approval by the



Southeastern Connecticut Regional Resources Recovery Authority. The following table presents a history of the tipping fees for each of the four projects:

TIP FEE HISTORY BY PROJECT					
(Dollars charged per ton of solid waste delivered)					
Fiscal Year	Mid-Connecticut	Bridgeport¹		Wallingford	Southeast
2000	\$49.00	\$60.00	\$10.00	\$57.00	\$59.00
2001	50.00	60.00	7.00	56.00	58.00
2002	51.00	60.00	7.00	55.00	57.00
2003	57.00	62.00	7.00	55.00	57.00
2004	63.75	63.00	8.00	55.00	60.00
2005	70.00	64.50	8.00	56.00	60.00
2006	70.00	66.00	8.00	57.00	60.00
2007	69.00	70.00	8.00	58.00	60.00

LONG-TERM DEBT ISSUANCE, ADMINISTRATION AND CREDIT RATINGS

As detailed in the table on page 20, as of the fiscal year ended June 30, 2007, the Authority had \$172.0 million of outstanding debt. Of this amount, \$43.5 million comprises debt issued by the Authority as a conduit issuer for the Southeast project in connection with the Covanta Southeastern Connecticut Company and is not carried on the Authority’s books. In addition, \$31.4 million of the outstanding bonds pertaining to the Bridgeport project, \$7.7 million of the outstanding bonds pertaining to the Wallingford project and \$49.5 million of the outstanding bonds pertaining to the Southeast project do not appear on the books of the Authority as these bonds were issued to fund construction of waste processing facilities operated by independent contractors, who have commitments to repay the debt that is not allocable to Authority purposes.

With the exception of the Southeast project conduit bonds and the Mid-Connecticut Project State Loans, all other bonds issued by the Authority are secured by credit enhancement in the form of municipal bond insurance. In some cases, certain bonds are further secured by the Special Capital Reserve Fund (“SCRIF”) of the State of Connecticut. The SCRIF is a contingent liability of the State of Connecticut available to replenish any debt service reserve fund draws on bonds that have the SCRIF 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.

The Authority did not issue long-term debt for capital improvements during the fiscal year ended June 30, 2007.

The ratings of the Authority’s outstanding bonds were unchanged during the fiscal year ended June 30, 2007, with the exception of an upgrade of the Southeast Project’s Corporate Credit Revenue Bonds, which are not carried on the books of the Authority.

Additional information on the Authority’s long-term debt can be found in Note 4 on pages 34 - 37 of this report.

¹ The Bridgeport Project charges a split rate; the first rate is for actual tons delivered and the second rate is based on the minimum commitment tonnage.



Connecticut Resources Recovery Authority

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2007

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	Credit Enhancement	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	Aaa	AAA	MBIA	X	8/20/96	11/15/12	\$209,675	\$15,290	\$15,290
2004 State Loan Borrowings (cumulative) ²	NR	NR	--	--	various	12/1/12	12,842	7,639	7,639
2005 State Loan Borrowings (cumulative) ²	NR	NR	--	--	various	6/1/12	8,659	5,681	5,681
								28,610	28,610
BRIDGEPORT PROJECT									
1999 Series A - Project Refinancing	Aaa	AAA	MBIA	--	8/31/99	1/1/09	141,695	32,725	1,280
2000 Series A - Refinancing (partial insurance)	A3/Aaa	A+/AAA	MBIA	--	8/1/00	1/1/09	9,200	2,380	2,380
								35,105	3,660
WALLINGFORD PROJECT									
1998 Series A - Project Refinancing	Aaa	AAA	Ambac	--	10/23/98	11/15/08	33,790	9,120	1,397
								9,120	1,397
SOUTHEAST PROJECT									
1998 Series A - Project Refinancing	Aaa	AAA	MBIA	X	8/18/98	11/15/15	87,650	55,675	6,194
CORPORATE CREDIT REVENUE BONDS									
1992 Series A - Corporate Credit	Ba1	BB+	--	--	9/1/92	11/15/22	30,000	30,000	0
2001 Series A - Covanta Southeastern Connecticut Company-I	Ba1	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
2001 Series A - Covanta Southeastern Connecticut Company-II	Ba1	NR	--	--	11/15/01	11/15/15	6,750	6,750	0
								99,175	6,194
TOTAL PRINCIPAL BONDS OUTSTANDING								\$172,010	\$39,861

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

² On 3/24/05, an Irrevocable Escrow Fund was established to pay all future State Loan repayments.

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.



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**BALANCE SHEETS
AS OF JUNE 30, 2007 AND 2006
(Dollars in Thousands)**

**EXHIBIT I
Page 1 of 2**

	<u>2007</u>	<u>2006</u>
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 89,116	\$ 98,644
Accounts receivable, net of allowances	28,450	22,148
Inventory	3,349	3,419
Prepaid expenses and other current assets	3,873	1,361
	<u>124,788</u>	<u>125,572</u>
Total Unrestricted Assets		
Restricted Assets:		
Cash and cash equivalents	59,657	20,204
Accrued interest receivable	633	615
	<u>60,290</u>	<u>20,819</u>
Total Restricted Assets		
Total Current Assets	<u>185,078</u>	<u>146,391</u>
NON-CURRENT ASSETS		
Restricted cash and cash equivalents	49,642	80,130
Investments	779	-
Capital Assets:		
Depreciable, net	128,203	143,826
Nondepreciable	28,131	27,895
Development and bond issuance costs, net	4,921	6,218
	<u>211,676</u>	<u>258,069</u>
Total Non-Current Assets		
TOTAL ASSETS	<u>\$ 396,754</u>	<u>\$ 404,460</u>

The accompanying notes are an integral part of these financial statements



BALANCE SHEETS
AS OF JUNE 30, 2007 AND 2006
(Dollars in Thousands)

EXHIBIT I
Page 2 of 2

	2007	2006
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of:		
Bonds payable, net	\$ 3,097	\$ 2,929
State loans payable	2,619	2,619
Closure and postclosure care of landfills	10,588	1,420
Accounts payable, accrued expenses and other liabilities	55,966	24,737
Total Current Liabilities	72,270	31,705
LONG-TERM LIABILITIES		
Bonds payable, net	22,835	79,499
State loans payable	10,701	13,320
Closure and postclosure care of landfills	50,777	26,019
Other liabilities	1,400	1,483
Total Long-Term Liabilities	85,713	120,321
TOTAL LIABILITIES	157,983	152,026
NET ASSETS		
Invested in capital assets, net of related debt	117,855	89,888
Restricted for:		
Tip fee stabilization	15,290	14,481
Energy generating facility	12,012	20,962
Debt service reserve funds	5,228	19,565
Cash escrow - litigation-related settlements	2,126	-
Operating and maintenance	1,662	1,575
Equipment replacement	1,662	1,575
Select Energy escrow	1,000	1,000
Debt service funds	968	1,096
Shelton landfill future use	824	792
DEP trust - landfills	781	742
Recycling education fund	542	417
Regional recycling center equipment	452	429
Montville landfill postclosure	402	205
Rebate fund	292	277
Other restricted net assets	83	791
Total Restricted	43,324	63,907
Unrestricted:		
Designated	68,700	62,871
Undesignated	8,892	35,768
Total Unrestricted	77,592	98,639
Total Net Assets	238,771	252,434
TOTAL LIABILITIES AND NET ASSETS	\$ 396,754	\$ 404,460

The accompanying notes are an integral part of these financial statements



STATEMENTS OF REVENUES, EXPENSES AND
CHANGE IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(Dollars in Thousands)

EXHIBIT II

	<u>2007</u>	<u>2006</u>
Operating Revenues		
Service charges:		
Members	\$ 91,848	\$ 93,513
Others	33,917	33,186
Energy sales	37,857	37,945
Ash disposal reimbursement	4,485	4,229
Other operating revenues	12,407	11,220
Total operating revenues	<u>180,514</u>	<u>180,093</u>
Operating Expenses		
Solid waste operations	137,767	133,026
Depreciation and amortization	18,189	17,850
Maintenance and utilities	2,401	2,313
Closure and postclosure care of landfills	34,639	1,629
Project administration	13,342	11,481
Total operating expenses	<u>206,338</u>	<u>166,299</u>
Operating (Loss) Income	(25,824)	13,794
Non-Operating Revenues and (Expenses)		
Litigation-related settlements, net	39,075	-
Investment income	8,888	7,664
Other income, net	3,839	5,885
Litigation-related judgment	(35,800)	-
Interest expense	(2,693)	(5,677)
Net Non-Operating Revenues	<u>13,309</u>	<u>7,872</u>
(Loss) Income before Special Item	(12,515)	21,666
Special item:		
Defeasance of debt	(1,148)	-
Total special item	<u>(1,148)</u>	<u>-</u>
(Decrease) Increase in Net Assets	(13,663)	21,666
Total Net Assets, beginning of year	<u>252,434</u>	<u>230,768</u>
Total Net Assets, end of year	<u>\$ 238,771</u>	<u>\$ 252,434</u>

The accompanying notes are an integral part of these financial statements



STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006
(Dollars in Thousands)

EXHIBIT III

	<u>2007</u>	<u>2006</u>
Cash Flows From Operating Activities		
Payments received from providing services	\$ 175,858	\$ 186,942
Proceeds from settlements	40,225	-
Payments to suppliers for goods and services	(154,697)	(144,661)
Payments to employees for services	(4,484)	(4,226)
Net Cash Provided by Operating Activities	<u>56,902</u>	<u>38,055</u>
Cash Flows From Investing Activities		
Interest on investments	8,879	7,375
Purchases of investments	(770)	-
Net Cash Provided by Investing Activities	<u>8,109</u>	<u>7,375</u>
Cash Flows From Capital and Related Financing Activities		
Proceeds from sales of equipment	192	312
Payments for landfill closure and postclosure care liabilities	(713)	(667)
Acquisition and construction of capital assets	(1,942)	(4,188)
Defeasance of debt	(275)	-
Interest paid on long-term debt	(2,981)	(5,399)
Principal paid on long-term debt	(59,778)	(5,494)
Net Cash Used in Capital and Related Financing Activities	<u>(65,497)</u>	<u>(15,436)</u>
Cash Flows From Non-Capital Financing Activities		
Other interest and fees	(77)	(41)
Net Cash Used in Non-Capital Financing Activities	<u>(77)</u>	<u>(41)</u>
Net (decrease) increase in cash and cash equivalents	(563)	29,953
Cash and cash equivalents, beginning of year	<u>198,978</u>	<u>169,025</u>
Cash and cash equivalents, end of year	<u>\$ 198,415</u>	<u>\$ 198,978</u>
Reconciliation of Operating (Loss) Income to Net Cash (Used In) Provided By Operating Activities:		
Operating (loss) income	\$ (25,824)	\$ 13,794
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Depreciation of capital assets	17,246	16,845
Amortization of development and bond issuance costs	943	1,005
Provision for closure and postclosure care of landfills	34,639	1,629
Other income	3,791	5,647
Litigation-related settlements, net	39,075	-
Litigation-related judgment	(35,800)	-
(Increase) decrease in:		
Accounts receivable, net	(6,302)	987
Inventory	70	377
Prepaid expenses	(2,512)	(119)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	<u>31,576</u>	<u>(2,110)</u>
Net Cash Provided by Operating Activities	<u>\$ 56,902</u>	<u>\$ 38,055</u>

The accompanying notes are an integral part of these financial statements



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

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 446e 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, 2007, 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 four comprehensive solid waste disposal systems and a General Fund. 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 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. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. 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.

In conjunction with the deregulation of the State's electric industry, the Authority acquired from the Connecticut Light & Power Company ("CL&P") four Pratt & Whitney Twin-Pac peaking jet turbines, two steam turbines, and certain other assets and land. Operating and maintenance agreements were entered into with Northeast Generation Services Company to operate the peaking jet turbines and with Covanta Mid-Conn, Inc. to operate the steam turbines.



Bridgeport Project

The Bridgeport Project consists of a 2,250 ton per day mass burn Resources Recovery Facility located in Bridgeport, Connecticut, eight transfer stations, the Shelton Landfill, the Waterbury Landfill and a Regional Recycling Center located in Stratford, Connecticut. The Bridgeport Project provides solid waste disposal and recycling services to 20 Connecticut municipalities in Fairfield and New Haven Counties through service contract arrangements. The Authority holds title to all facilities in the Bridgeport system. The Resources Recovery Facility is leased to a private vendor under a long-term sales-type arrangement until December 2008, with several renewal option provisions. The private vendor has beneficial ownership of the facility through this arrangement. The vendor is obligated to pay for the costs of the facility including debt service (other than the portion allocable to Authority purposes for which the Authority is responsible). The Authority derives its revenues from service fees charged to member municipalities 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.

Wallingford Project

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

municipalities and other system users and fees for electric energy generated. The Authority pays the vendor a contractually determined service fee. The operating contract has provisions for revenue sharing with the vendor if prescribed operating parameters are achieved.

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 14 Connecticut municipalities in the eastern portion of the State through service contract arrangements. 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 (other than the portion allocable to Authority purposes for which the Authority is responsible). 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.

General Fund

The Authority has a General Fund in which the costs of central administration are accumulated. Substantially all of these costs are allocated to the Authority's projects based on time expended.

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 assets, 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, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

C. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and

assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheets and the reported amounts of revenues and expenses during the reporting period. Such estimates are subsequently revised as deemed necessary when additional information becomes available. Actual results could differ from those estimates.

D. Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, 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 \$408,000 and \$558,000 at June 30, 2007 and 2006, respectively.

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 coal inventory is stated at the lower of cost or market using the FIFO method.

Inventories at June 30, 2007 and 2006 are summarized as follows:

Inventories	2007 (\$000)	2006 (\$000)
Spare Parts	\$ 3,157	\$ 3,224
Coal	192	195
Total	<u>\$ 3,349</u>	<u>\$ 3,419</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.

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, 2007 and 2006, development and bond issuance costs for the projects are as follows:

Project	2007 (\$000)	2006 (\$000)
Development		
Costs:		
Mid-Connecticut	\$ 3,277	\$ 3,277
Wallingford	5,667	5,667
Southeast	10,006	10,006
	<u>18,950</u>	<u>18,950</u>
Less accumulated amortization:		
Mid-Connecticut	3,120	2,965
Wallingford	5,100	4,817
Southeast	6,477	6,084
	<u>14,697</u>	<u>13,866</u>
Total development costs, net	<u>\$ 4,253</u>	<u>\$ 5,084</u>
Bond Issuance		
Costs:		
Mid-Connecticut	\$ 239	\$ 1,087
Bridgeport	275	275
Wallingford	105	105
Southeast	1,008	1,008
	<u>1,627</u>	<u>2,475</u>
Less accumulated amortization:		
Mid-Connecticut	155	634
Bridgeport	214	183
Wallingford	86	76
Southeast	504	448
	<u>959</u>	<u>1,341</u>
Total bond issuance costs, net	<u>\$ 668</u>	<u>\$ 1,134</u>
Totals, net	<u>\$ 4,921</u>	<u>\$ 6,218</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

Effective July 1, 2006, the Authority changed its capitalization threshold from \$1,000 for property, plant, and equipment to \$5,000 for property, plant, and non-office equipment and \$1,000 for office furniture and equipment. 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.

K. Accrued Compensation

The Authority's liability for vested accumulated unpaid vacation and other employee benefit amounts is included in accounts payable and

accrued expenses in the accompanying balance sheets.

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 and such designations totaled \$68.7 million and \$62.9 million as of June 30, 2007 and 2006, respectively.

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 \$43.3 million and \$63.9 million as of June 30, 2007 and 2006, respectively.



2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2007 and 2006:

	2007 (\$000)	2006 (\$000)
Unrestricted:		
Cash deposits	\$ 1,225	\$ 1,487
Cash equivalents:		
STIF *	87,891	97,157
	<u>89,116</u>	<u>98,644</u>
Restricted – current:		
Cash deposits	404	1,348
Cash equivalents:		
STIF *	56,540	16,288
Money Market Funds	2,713	2,568
	<u>59,657</u>	<u>20,204</u>
Restricted – non-current:		
Cash equivalents:		
STIF *	49,273	79,062
U.S. Treasuries	-	741
Money Market Funds	369	327
	<u>49,642</u>	<u>80,130</u>
Total:	<u>\$198,415</u>	<u>\$198,978</u>

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

	2007 (\$000)	2006 (\$000)
Uninsured and Uncollateralized	\$ 3,533	\$ 3,985
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	\$ 446	\$ 503
Total	<u>\$ 3,979</u>	<u>\$ 4,488</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.

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, 2007 and 2006, approximately \$4.0 million and \$4.5 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

Investments in the Short-Term Investment Fund ("STIF"), U.S. Treasuries and Money Market Funds as of June 30, 2007 and 2006, are included in cash and cash equivalents in the accompanying balance sheets. For purposes of disclosure under GASB Statement No. 40, such amounts are considered investments and are included in the investment disclosures that follow.



B. Investments

Interest Rate Risk

As of June 30, 2007, 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	\$193,704	\$193,704	\$0	\$0	\$0
U.S. Treasuries	779	779	0	0	0
Money Market Funds	3,082	3,082	0	0	0
Total	\$197,565	\$197,565	\$0	\$0	\$0

As of June 30, 2006, 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	\$192,507	\$192,507	\$0	\$0	\$0
U.S. Treasuries	741	741	0	0	0
Money Market Funds	2,895	2,895	0	0	0
Total	\$196,143	\$196,143	\$0	\$0	\$0

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and are generally reset daily, monthly, quarterly and semi-annually. The adjustable-rate securities have similar exposures to credit and legal risks as fixed-rate securities from the same issuers. The fair value of the position in the pool is the same as the value of the pool shares. As of June 30, 2007 and 2006, STIF had a weighted average maturity of 50 days and 39 days, respectively. The U.S. Treasury Securities are U.S. Treasury Bills that had 180-day and 90-day maturities as of June 30, 2007 and 2006, 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, 2007 and 2006, the weighted average maturity of these funds was one day and three days, respectively.

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.

Interest repayment obligations on all outstanding Authority debt is fixed rate with the exception of the State loans, which are variable rate. As discussed in Note 4B, the State sets the interest rate monthly (the STIF rate plus 25 basis points). The Authority has created an irrevocable escrow fund invested in STIF, which will be sufficient to pay the principal and interest due on the State loans through maturity in 2012.

Credit Risk

The Authority's investment policy delineates the investment of funds in securities as authorized and defined within the bond resolutions governing the Bridgeport, Mid-Connecticut, Southeast and Wallingford projects, respectively, 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, provide such obligations are rated within one of the top three rating categories of any recognized rating service.

As of June 30, 2007, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$193,704	AAAm	Not Rated	Not Rated
U.S. Treasuries	779	AAA	Aaa	AAA
Money Market Funds	3,082	AAAm	Aaa	AAA

As of June 30, 2006, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	\$192,507	AAAm	Not Rated	Not Rated
U.S. Treasuries	741	AAA	Aaa	AAA
Money Market Funds	2,895	AAAm	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 assure adequate liquidity for Authority and/or bond resolution needs. As of June 30, 2007 and 2006, approximately 98.0% and 98.1%, 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.



3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2006 and 2007:

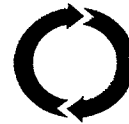
	Balance at July 1, 2005 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2006 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2007 (\$000)
Nondepreciable assets:									
Land	\$ 27,774	\$ -	\$ -	\$ -	\$ 27,774	\$ -	\$ -	\$ -	\$ 27,774
Construction-in-progress	71	50	-	-	121	260	-	(24)	357
Total nondepreciable assets	\$ 27,845	\$ 50	\$ -	\$ -	\$ 27,895	\$ 260	\$ -	\$ (24)	\$ 28,131
Depreciable assets:									
Plant	\$ 188,081	\$ 1,277	\$ -	\$ (117)	\$ 189,241	\$ 185	\$ -	\$ (97)	\$ 189,329
Equipment	205,936	3,074	-	(2,901)	206,109	1,593	-	(924)	206,778
Total at cost	394,017	4,351	-	(3,018)	395,350	1,778	-	(1,021)	396,107
Less accumulated depreciation for:									
Plant	(116,701)	(7,730)	-	65	(124,366)	(7,798)	-	58	(132,106)
Equipment	(120,747)	(9,115)	-	2,704	(127,158)	(9,448)	-	808	(135,798)
Total accumulated depreciation	(237,448)	(16,845)	-	2,769	(251,524)	(17,246)	-	866	(267,904)
Total depreciable assets, net	\$ 156,569	\$ (12,494)	\$ -	\$ (249)	\$ 143,826	\$ (15,468)	\$ -	\$ (155)	\$ 128,203

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 2007 and 2006, there was no capitalized interest as there was no new external borrowing.

4. LONG-TERM DEBT

A. Bonds Payable

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, 2006 and 2007.

	Balance at July 1, 2005 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2006 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2007 (\$000)	Amounts Due Within One Year (\$000)
Bonds payable - principal	\$ 86,575	\$ -	\$ (2,875)	\$ 83,700	\$ -	\$ (57,159)	\$ 26,541	\$ 3,195
Unamortized amounts:								
Premiums	626	-	(109)	517	-	(99)	418	88
Deferred amount on refunding	(2,208)	-	419	(1,789)	-	762	(1,027)	(186)
Total bonds payable	<u>\$ 84,993</u>	<u>\$ -</u>	<u>\$ (2,565)</u>	<u>\$ 82,428</u>	<u>\$ -</u>	<u>\$ (56,496)</u>	<u>\$ 25,932</u>	<u>\$ 3,097</u>

The long-term debt amounts for the projects in the table above have been reduced by the deferred amount on refunding of bonds, net of the unamortized premium on the sale of bonds at June 30, 2007 and 2006 as follows:

Project	2007 (\$000)	2006 (\$000)
Deferred amount on refunding:		
Mid-Connecticut	\$ 108	\$ 667
Bridgeport	(6)	(15)
Wallingford	4	10
Southeast	921	1,127
Subtotal	<u>1,027</u>	<u>1,789</u>
Reduced by unamortized premium:		
Bridgeport	(5)	(11)
Southeast	(413)	(506)
Subtotal	<u>(418)</u>	<u>(517)</u>
Net Reduction	<u>\$ 609</u>	<u>\$ 1,272</u>

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, 2007 and 2006, which are backed by special capital reserve funds, are as follows:

Project	2007 \$000	2006 \$000
Mid-Connecticut	\$ 15,290	\$ 69,415
Southeast	<u>6,194</u>	<u>6,725</u>
Total	<u>\$ 21,484</u>	<u>\$ 76,140</u>



Annual debt service requirements to maturity on bonds payable are as follows:

Year ending June 30	Mid-Connecticut		Bridgeport		Wallingford		Southeast		Total	
	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)	Principal (\$000)	Interest (\$000)
2008	\$ -	\$ 832	\$ 1,955	\$ 185	\$ 684	\$ 42	\$ 556	\$ 315	\$ 3,195	\$ 1,374
2009	-	832	1,705	86	713	14	586	283	3,004	1,215
2010	3,525	737	-	-	-	-	618	250	4,143	987
2011	3,715	542	-	-	-	-	650	215	4,365	757
2012	8,050	449	-	-	-	-	1,404	180	9,454	629
2013-2017	-	-	-	-	-	-	2,380	328	2,380	328
	<u>\$ 15,290</u>	<u>\$ 3,392</u>	<u>\$ 3,660</u>	<u>\$ 271</u>	<u>\$ 1,397</u>	<u>\$ 56</u>	<u>\$ 6,194</u>	<u>\$ 1,571</u>	<u>\$ 26,541</u>	<u>\$ 5,290</u>
Interest Rates	5.375-5.50%		5-5.5%		4%		5.125-5.5%			

Defeasance of Debt

During the year ended June 30, 2007, the Authority used funds available from the Mid-Connecticut project, including the Debt Service Stabilization Fund established for the payment of future debt service, the MDC Arbitration award, funds in the Energy Generating Facility Reserve Fund, funds in the Mid-Connecticut Project Revenue Fund and the use of Trustee-released funds in the Mid-Connecticut Project Debt Service Reserve Fund to partially defease Mid-Connecticut Project debt as follows:

Description	Interest Rates	Amount (\$000)
Bonds Defeased		
Mid-Connecticut	5.375% - 5.5%	\$ 54,125
		<u>\$ 54,125</u>

The funds described above were used to purchase U.S. Government securities, which were deposited into an irrevocable trust with an escrow agent to provide for all future payments on the defeased Mid-Connecticut bonds. Thus, those Mid-Connecticut bonds are legally defeased and the liability for those bonds has been removed from the accompanying balance sheet. In July 2006, the Authority legally defeased \$54.125 million of certain Mid-Connecticut bonds.

The Authority has previously defeased a total of \$150.945 million in Mid-Connecticut project bonds, of which \$84.620 million remain payable as of June 30, 2007 from an irrevocable trust escrow to bondholders.

The Authority recognized \$1.148 million in the accompanying statement of revenues, expenses and change in net assets representing the write-off of unamortized amounts related to the defeased bonds payable, including bond issuance costs and other deferred amounts.

B. State Loans Payable

During April 2002, the Connecticut General Assembly passed Public Act No. 02-46 authorizing a loan by the State to the Authority of up to \$115 million in support of debt service payments on the Mid-Connecticut facility bonds. Through June 30, 2007, the Authority has drawn down \$21.5 million in loan advances from the State. All loans received from the State must be fully repaid, with interest, by 2012. The interest rate, as determined by the Office of the State



Treasurer, is adjusted monthly based on the State's base rate (STIF) plus twenty-five basis

points and may not exceed six percent. The interest rate for June 2007 was 5.88%.

The following is a summary of changes in the State loans payable for the years ended June 30, 2006 and 2007.

	Balance at July 1, 2005 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2006 (\$000)	Increases (\$000)	Decreases (\$000)	Balance at June 30, 2007 (\$000)	Amounts Due Within One Year (\$000)
State loans payable - principal	\$ 18,558	\$ -	\$ (2,619)	\$ 15,939	\$ -	\$ (2,619)	\$ 13,320	\$ 2,619

Maturities of the State loans payable and related interest are as follows:

Year Ending June 30	Principal (\$000)	Interest (\$000)
2008	\$ 2,619	\$ 725
2009	2,619	566
2010	2,619	410
2011	2,619	254
2012	2,619	98
2013	<u>225</u>	<u>4</u>
Total	<u>\$ 13,320</u>	<u>\$ 2,057</u>

Interest rate is assumed @ 5.88%

The Authority has created an irrevocable escrow fund invested in STIF, which will be sufficient

to pay the principal and interest due on the State loans through maturity in 2012.



**5. LONG-TERM LIABILITIES FOR
CLOSURE AND POSTCLOSURE
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 which may extend to thirty years after closure.

GASB Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs", applies to closure and 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 2006 and 2007 for the landfills, are presented in the following table:



Project/Landfill	Liability at July 1, 2005 (\$000)	Expense (\$000)	Paid (\$000)	Liability at June 30, 2006 (\$000)	Expense (\$000)	Paid (\$000)	Liability at June 30, 2007 (\$000)	Amounts Due Within One Year (\$000)
Mid-Connecticut:								
Hartford	\$ 6,806	\$ 82	\$ -	\$ 6,888	\$ 33,613	\$ -	\$ 40,501	\$ 9,456
Ellington	3,139	96	(198)	3,037	580	(174)	3,443	244
Bridgeport:								
Shelton	10,396	1,498	(340)	11,554	208	(410)	11,352	651
Waterbury	1,017	-	-	1,017	(124)	-	893	-
Wallingford:	<u>5,119</u>	<u>(47)</u>	<u>(129)</u>	<u>4,943</u>	<u>362</u>	<u>(129)</u>	<u>5,176</u>	<u>237</u>
Total	<u>\$ 26,477</u>	<u>\$ 1,629</u>	<u>\$ (667)</u>	<u>\$ 27,439</u>	<u>\$ 34,639</u>	<u>\$ (713)</u>	<u>\$ 61,365</u>	<u>\$ 10,588</u>

The estimated remaining costs to be recognized in the future as closure and post-closure care of landfill expense, the percent of landfill capacity used and the remaining years of life for open landfills at June 30, 2007 are scheduled below:

Project/Landfill	Remaining Costs to be Recognized (\$000)	Capacity Used Landfill Area		Estimated Years of Remaining Landfill Area	
		Ash	Other	Ash	Other
Mid-Connecticut-Hartford	\$ 2,570	86%	97%	2	2
Bridgeport-Waterbury	<u>140</u>	---	70%	---	3
Total	<u>\$ 2,710</u>				

The Connecticut Department of Environmental Protection ("CTDEP") 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, DEP requires that the Authority budget for anticipated closure costs for Mid-Connecticut's Hartford Landfill.

The Authority has placed funds in trust accounts for financial assurance purposes. The Mid-Connecticut-Ellington Landfill account is valued at \$468,000 and \$445,000 at June 30, 2007 and 2006, respectively. The Bridgeport-Waterbury Landfill account is valued at \$167,000 and \$158,000 at June 30, 2007 and 2006, respectively. The Wallingford Landfill account is valued at \$146,000 and \$139,000 at



June 30, 2007 and 2006, respectively. These trust accounts are reflected as restricted assets in the accompanying balance sheets.

At June 30, 2007, a letter of credit for \$305,000 was outstanding for financial assurance of the Bridgeport-Shelton Landfill. No funds were drawn on this letter during fiscal year 2007.

In addition to the above trust accounts and letter of credit, the Authority satisfies certain financial assurance requirements at June 30, 2007 and 2006 by meeting specified criteria pursuant to Section 258.74 of the federal Environmental Protection Agency Subtitle D regulations.

Please see Note 12 for Settlement Agreement and permit modification associated with the Hartford Landfill.

6. MAJOR CUSTOMERS

Energy sales to Select Energy, Inc. ("Select") and CL&P totaled 20% (10% each, respectively) of the Authority's operating revenues for each of the fiscal years ended June 30, 2007 and 2006.

Service charge revenues from Waste Management of Connecticut, Inc. totaled 7% and 10% of the Authority's operating revenues for the fiscal years ended June 30, 2007 and 2006, respectively.

7. RETIREMENT PLAN

The Authority is the Administrator of its 401(k) Employee Savings Plan. This defined contribution retirement plan covers all eligible employees. To be eligible, the employee must be 18 years of age and have been an employee for six months.

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. Authority contributions for the years ended June 30, 2007 and 2006 amounted to \$389,000 and \$392,000, respectively. Employees contributed

\$368,000 to the plan in fiscal year 2007 and \$328,000 in fiscal year 2006.

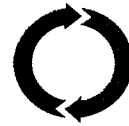
8. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority endeavors to purchase commercial insurance for all insurable risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. In fiscal year 2007, 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 ("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 the current policy for the period from July 1, 2007 through July 1, 2008 was \$54,000. The premium for the previous policy for the period from October 1, 2006 through July 1, 2007 was \$47,000.

9. COMMITMENTS

The Authority has various operating leases for office space, land, landfills and office equipment. The following schedule shows the composition of total rental expense for all operating leases:



Fiscal year	2007 (\$000)	2006 (\$000)
Minimum rentals	\$ 633	\$ 638
Contingent rentals	169	145
Total	<u>\$ 802</u>	<u>\$ 783</u>

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, 2007 and 2006, the PILOT payments, which are included in the solid waste operations in the accompanying statements of revenues, expenses and change in net assets, totaled \$8,381,000 and \$7,983,000, respectively. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2007 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2008	\$ 628	\$ 8,616
2009	644	8,853
2010	639	6,394
2011	112	5,069
2012	112	5,212
2013-2017	-	4,642
Total	<u>\$ 2,135</u>	<u>\$ 38,786</u>

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 included in solid waste operations and maintenance and utilities expense for the years ended June 30, 2007 and 2006 was as follows:

Project	2007 (\$000)	2006 (\$000)
Mid-Connecticut	\$ 48,478	\$ 48,830
Bridgeport	48,235	42,091
Wallingford	15,035	15,207
Southeast	<u>7,304</u>	<u>8,020</u>
Total	<u>\$ 119,052</u>	<u>\$ 114,148</u>

10. OTHER FINANCING

The Authority has issued 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 except for the portion of the bonds allocable to Authority purposes. In the event of default, and except in cases where the State has a contingent liability discussed below, 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, 2007 (excluding portions allocable to Authority purposes) are as follows:



Project	Amount (\$000)
Bridgeport - 1999 Series A	\$ 31,445
Wallingford - 1998 Series A	7,723
Southeast - 1992 Series A - Corp. Credit	30,000
1998 Series A - Project	49,481
2001 Series A - Covanta Southeastern Connecticut Company - I	6,750
2001 Series A - Covanta Southeastern Connecticut Company - II	6,750
	<u>92,981</u>
Total	<u>\$ 132,149</u>

11. SEGMENT INFORMATION

The Authority has four projects that operate resources recovery and recycling facilities and landfills throughout the State 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, 2007 and 2006, respectively.

The Southeast 1998 Series A Project bond issue is secured by a special capital reserve fund. The State is contingently liable for any deficiencies in the special capital reserve fund for this bond issue.



Fiscal Year 2007	Mid-Connecticut (\$000)	Bridgeport (\$000)	Wallingford (\$000)	Southeast (\$000)
Condensed Balance Sheets				
Assets:				
Current unrestricted assets	\$ 62,418	\$ 18,416	\$ 34,069	\$ 9,174
Current restricted assets	52,895	2,869	2,155	2,350
Total current assets	<u>115,313</u>	<u>21,285</u>	<u>36,224</u>	<u>11,524</u>
Non-current assets:				
Restricted cash and cash equivalents	31,205	1,322	16,036	1,079
Investments	468	165	146	-
Capital assets, net	134,515	18,614	2,370	-
Other assets, net	241	61	586	4,033
Total non-current assets	<u>166,429</u>	<u>20,162</u>	<u>19,138</u>	<u>5,112</u>
Total assets	<u>\$ 281,742</u>	<u>\$ 41,447</u>	<u>\$ 55,362</u>	<u>\$ 16,636</u>
Liabilities:				
Current liabilities	\$ 55,907	\$ 8,738	\$ 3,543	\$ 3,308
Long-term liabilities	60,127	13,301	5,650	6,635
Total liabilities	<u>116,034</u>	<u>22,039</u>	<u>9,193</u>	<u>9,943</u>
Net Assets:				
Invested in capital assets, net of related debt	102,369	15,486	-	-
Restricted	24,103	2,995	15,556	649
Unrestricted	39,236	927	30,613	6,044
Total net assets	<u>165,708</u>	<u>19,408</u>	<u>46,169</u>	<u>6,693</u>
Total liabilities and net assets	<u>\$ 281,742</u>	<u>\$ 41,447</u>	<u>\$ 55,362</u>	<u>\$ 16,636</u>
Condensed Statements of Revenues, Expenses, and Change in Net Assets				
Operating revenues	\$ 91,046	\$ 55,784	\$ 22,749	\$ 11,224
Operating expenses	103,771	56,775	17,906	9,973
Depreciation and amortization expense	16,397	854	303	448
Operating (loss) income	<u>(29,122)</u>	<u>(1,845)</u>	<u>4,540</u>	<u>803</u>
Non-operating revenues (expenses):				
Litigation-related settlement gains	40,225	-	-	-
Investment income	5,431	775	2,492	134
Other income (expenses), net	638	2,979	(25)	2
Litigation-related losses	(36,950)	-	-	-
Interest expense	<u>(1,952)</u>	<u>(216)</u>	<u>(71)</u>	<u>(454)</u>
Net non-operating revenues (expense)	<u>7,392</u>	<u>3,538</u>	<u>2,396</u>	<u>(318)</u>
(Loss) income before special item	<u>(21,730)</u>	<u>1,693</u>	<u>6,936</u>	<u>485</u>
Special item:				
Defeasance of debt	<u>(1,148)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(Decrease) increase in net assets	<u>(22,878)</u>	<u>1,693</u>	<u>6,936</u>	<u>485</u>
Total net assets, July 1, 2006	<u>188,586</u>	<u>17,715</u>	<u>39,233</u>	<u>6,208</u>
Total net assets, June 30, 2007	<u>\$ 165,708</u>	<u>\$ 19,408</u>	<u>\$ 46,169</u>	<u>\$ 6,693</u>
Condensed Statements of Cash Flows				
Net cash provided by (used in):				
Operating activities	\$ 54,281	\$ (1,224)	\$ 4,899	\$ (877)
Investing activities	5,043	612	2,299	101
Capital and related financing activities	(60,786)	(2,693)	(1,144)	(874)
Non-capital financing activities	<u>(12)</u>	<u>(30)</u>	<u>(35)</u>	<u>-</u>
Net (decrease) increase	<u>(1,474)</u>	<u>(3,335)</u>	<u>6,019</u>	<u>(1,650)</u>
Cash and cash equivalents, July 1, 2006	<u>129,861</u>	<u>16,097</u>	<u>43,532</u>	<u>8,103</u>
Cash and cash equivalents, June 30, 2007	<u>\$ 128,387</u>	<u>\$ 12,762</u>	<u>\$ 49,551</u>	<u>\$ 6,453</u>



Connecticut Resources Recovery Authority

Fiscal Year 2006	Mid-Connecticut (\$000)	Bridgeport (\$000)	Wallingford (\$000)	Southeast (\$000)
Condensed Balance Sheets				
Assets:				
Current unrestricted assets	\$ 70,981	\$ 17,938	\$ 29,223	\$ 6,841
Current restricted assets	12,740	2,127	1,683	4,248
Total current assets	<u>83,721</u>	<u>20,065</u>	<u>30,906</u>	<u>11,089</u>
Non-current assets:				
Restricted cash and cash equivalents	62,290	1,429	15,342	1,069
Capital assets, net	149,401	19,302	2,091	-
Other assets, net	765	92	879	4,482
Total non-current assets	<u>212,456</u>	<u>20,823</u>	<u>18,312</u>	<u>5,551</u>
Total assets	<u>\$ 296,177</u>	<u>\$ 40,888</u>	<u>\$ 49,218</u>	<u>\$ 16,640</u>
Liabilities:				
Current liabilities	\$ 15,792	\$ 7,982	\$ 3,825	\$ 3,261
Long-term liabilities	91,799	15,191	6,160	7,171
Total liabilities	<u>107,591</u>	<u>23,173</u>	<u>9,985</u>	<u>10,432</u>
Net Assets:				
Invested in capital assets, net of related debt	75,294	14,594	-	-
Restricted	45,183	2,865	14,734	1,104
Unrestricted	68,109	256	24,499	5,104
Total net assets	<u>188,586</u>	<u>17,715</u>	<u>39,233</u>	<u>6,208</u>
Total liabilities and net assets	<u>\$ 296,177</u>	<u>\$ 40,888</u>	<u>\$ 49,218</u>	<u>\$ 16,640</u>
Condensed Statements of Revenues, Expenses, and Change in Net Assets				
Operating revenues	\$ 93,106	\$ 53,827	\$ 22,142	\$ 11,491
Operating expenses	71,108	50,325	17,862	9,617
Depreciation and amortization expense	16,072	849	299	448
Operating income	<u>5,926</u>	<u>2,653</u>	<u>3,981</u>	<u>1,426</u>
Non-operating revenues (expenses):				
Investment income	5,214	591	1,698	117
Other income (expenses)	5,457	65	(7)	-
Interest expense	(4,787)	(299)	(99)	(492)
Net non-operating revenues (expense)	<u>5,884</u>	<u>357</u>	<u>1,592</u>	<u>(375)</u>
Increase in net assets	11,810	3,010	5,573	1,051
Total net assets, July 1, 2005	176,776	14,705	33,660	5,157
Total net assets, June 30, 2006	<u>\$ 188,586</u>	<u>\$ 17,715</u>	<u>\$ 39,233</u>	<u>\$ 6,208</u>
Condensed Statements of Cash Flows				
Net cash provided by (used in):				
Operating activities	\$ 25,963	\$ 3,445	\$ 5,291	\$ 3,239
Investing activities	5,142	588	1,593	9
Capital and related financing activities	(10,977)	(2,609)	(976)	(874)
Non-capital financing activities	(15)	(19)	(7)	-
Net increase	<u>20,113</u>	<u>1,405</u>	<u>5,901</u>	<u>2,374</u>
Cash and cash equivalents, July 1, 2005	109,748	14,692	37,631	5,729
Cash and cash equivalents, June 30, 2006	<u>\$ 129,861</u>	<u>\$ 16,097</u>	<u>\$ 43,532</u>	<u>\$ 8,103</u>



12. SIGNIFICANT EVENTS

During fiscal year 2007, the Authority received a total of \$40.2 million from settlements resulting from various Enron-related lawsuits. The Authority has reported such gains as non-operating revenues in the accompanying statement of revenues, expenses and change in net assets for the fiscal year ended June 30, 2007.

In December 2003, the Towns of New Hartford and Barkhamstead filed suit against the Authority, former board members and delegates, the Authority's former President, and others, seeking alleged damages resulting from the failed Enron transaction as well as equitable relief. In addition to vigorously contesting these claims on its own behalf, the Authority is defending and indemnifying its former President and board members. On August 10, 2005, the Motions to Dismiss of all of the non-Authority defendants were granted; on August 30, 2005, plaintiffs filed an appeal, which is still pending. On March 21, 2006, the court granted the plaintiffs' motion for Class Certification. Trial began on November 13, 2006 and the parties rested on January 11, 2007. On June 19, 2007, the court issued its decision, imposing a constructive trust on the sum of \$35,873,732.25 (a portion of the settlement proceeds received by the Authority during fiscal year 2007 and referenced in the preceding paragraph) and ordering that amount to be forwarded to the plaintiffs, in care of their attorneys, immediately. The court also enjoined the Authority from passing any costs of the failed Enron transaction to the towns, effective for fiscal year 2008 and all subsequent years. On June 20, 2007, the Authority filed an Application for a Stay of Injunction Pending Appeal. On July 6, 2007, the Authority appealed the trial court's decision to the Appellate Court; on July 23, 2007, the appeal was transferred to the Connecticut Supreme Court. On July 25, 2007, the trial judge denied the Authority's Application for a Stay of Injunction Pending Appeal. On August 6, 2007, the Authority filed a Motion for Review of that denial with the Connecticut Supreme Court,

which Motion is currently pending. The trial court retained jurisdiction over the plaintiffs' application for an order enjoining the Authority's implementation of its fiscal year 2008 budget, and held a hearing on September 5-6, 2007. A ruling is expected in October 2007.

Two arbitration hearings between the Authority and the Metropolitan District Commission (the "MDC") on claims asserted by both parties have been conducted in recent years. The first arbitration hearing was held in the fall of 2004 regarding the Authority's right to hire replacement workers at the Mid-Connecticut project transfer stations and for transportation services. The arbitrators ruled that the Authority has the right to replace the MDC workers. The MDC did not seek, nor were they awarded, damages. A second arbitration hearing was held in the spring of 2005, to resolve certain claims, including non-payment of two MDC invoices and the Authority's claim that it was overcharged by the MDC for indirect costs. Pursuant to the 1999 ruling of a previous arbitration panel, the Authority created and maintained an escrow account, setting aside 25% of the indirect costs invoiced by the MDC. In July 2005, the second arbitration panel ruled in favor of the Authority, stating that due to the overcharges the Authority did not have to pay the two MDC invoices and is entitled to retain 100% of the escrow account. As a result, the balance of the escrow account, which was recorded as current restricted cash and cash equivalents and totals approximately \$5.2 million as of June 30, 2006, has been transferred to current unrestricted cash and cash equivalents in the accompanying balance sheet. In addition, the related escrow liability which was approximately \$4.7 million has been reversed and recorded as non-operating revenue in the accompanying statement of revenues, expenses and change in net assets for the fiscal year ended June 30, 2006. The MDC appealed. On December 21, 2006, the Authority and MDC entered into a Settlement Agreement and Mutual Release, pursuant to which MDC agreed to pay the Authority \$500,000, payable either in cash or credits against amounts otherwise due from



the Authority to MDC, in equal yearly installments from 2006 through 2012, and to immediately withdraw its appeal with prejudice, and the parties exchanged mutual releases. The settlement income, at present value, has been recorded as other operating revenue in the accompanying statement of revenues, expenses and change in net assets for the fiscal year ended June 30, 2007.

In July 2006, the Authority submitted a solid waste permit modification application to DEP associated with the Hartford landfill, to 1) revise the closure plan, prescribing a state-of-the-art synthetic cap; 2) revise the grading plan for a section of the east side of the landfill; 3) set a date certain for final delivery of waste of no later than December 31, 2008; and 4) discuss possible passive recreational future uses for the landfill and engage a landscape architect to provide a rendering of these possible activities. A favorable ruling on this permit modification was issued by DEP on March 29, 2007. As of June 30, 2007, there are eighteen months of capacity for non-processible waste and process residue generated at the Mid-Connecticut Resource Recovery Facility ("RRF") and approximately 16 months of capacity for ash residue generated by the RRF. Upon closure of the Hartford landfill, the Mid-Connecticut Project will incur substantial cost increases to transport and dispose of the non-processible waste, process residue and ash residue to other out-of-state facilities. The siting of a new ash landfill in Connecticut would mitigate some of these costs.

On February 2, 2007, the Authority and the City of Hartford executed a Settlement Agreement which resolved a long standing disagreement regarding responsibility for costs associated with closure and post-closure activities at the Hartford landfill. Under the agreement, the Authority assumes the liability, contingent upon certain conditions, for all of the Hartford landfill closure and postclosure costs. In addition, the State of Connecticut capital budget for fiscal year 2008 includes an appropriation of \$15 million for costs associated with closure of the Hartford landfill. Upon passage of the budget, and if approved by the Bond Commission, the

\$15 million will be allocated to the Authority through the state Bond Commission, with \$3 million allocated in fiscal year 2008, and \$12 million allocated in fiscal year 2009.

During fiscal year 2007, the Authority's Mid-Connecticut Project entered into a settlement agreement with a private landowner for the purpose of obtaining control of a subsurface landfill leachate plume including an acquisition of land located in Ellington and East Windsor, Connecticut, that is adjacent to the Authority's closed landfill in Ellington, Connecticut. Conveyance of the property was completed in July 2007, at which time pursuant to the terms of the agreement, the Mid-Connecticut Project paid the private landowner \$2,450,000.

13. CONTINGENCIES

Mid-Connecticut Project:

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 diminution in the value of their real properties, loss of enjoyment of their properties, clean-up costs relative to bird droppings, and, in one case, loss of business income, as a result of noxious odors emanating from the landfill, bird excrement from birds attracted to the landfill, and an "unsightly 135 foot dirt mound" in the landfill. 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. Discovery is ongoing. The matter is too preliminary to estimate any potential exposure.

The Authority, through the Connecticut Attorney General's office, is pursuing recovery of lost monies from the former financial institutions of Enron and its subsidiaries in



federal court. Management is uncertain of the amounts that may be realized from these claims.

A claim has been made by a town and may be asserted by one other town that the Authority is in violation of its original zoning permits for transfer stations located in those towns. The basis for the claim is that the transfer stations exceeded their permitted capacity. In defense of such a claim, the Authority will argue that the volumes are consistent with the spirit of the original permits. The Authority is presently discussing a resolution of this matter.

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 litigation has been on hold while allocation of responsibility among the hundreds of alleged defendants is assessed through Alternate Dispute Resolution. A preliminary allocation of liability was issued in April 2006, designed to guide the 250+ parties in developing and funding global settlement offers. Counsel reports that there remain many complex issues still to be resolved before meaningful settlement discussions can take place. Counsel advises that, pursuant to the draft report, the "Connecticut Entities" are allocated a site share of 0.4685%, for which they are jointly and severally responsible. During fiscal year 2006, the Authority accrued \$175,000 for this matter and such amount is included in current liabilities in the accompanying balance sheet. This very preliminary calculation is based upon a total estimated government cost claim figure of \$150 million and an equal split among the four viable parties of the Connecticut Group.

Other Issues and Unasserted Claims and Assessments:

In July 2007, the Authority received a copy of a Notice of Claim filed with the State of Connecticut Office of Claims Commissioner by a Bridgeport law firm stating the firm's intent to bring a claim against the Authority for injuries

allegedly sustained at one of the Bridgeport Project transfer stations by a client of the firm on February 3, 2007 and seeking damages in excess of one million dollars. The Authority is gathering information regarding the incident and evaluating its potential responsibility relative to several other potentially responsible parties.

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

14. ACCOUNTING PRONOUNCEMENT ISSUED BUT NOTE YET EFFECTIVE

The Authority has not completed the process of implementing GASB Statement No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations. The Authority is therefore unable to disclose the impact that adopting this statement will have on its financial position and results of operations when such statement is adopted. GASB Statement No. 49 is effective for financial statements for periods beginning after December 15, 2007.

15. SUBSEQUENT EVENTS

On July 1, 2007, the Authority entered into an Energy Purchase Agreement (EPA) with Constellation Energy Commodities Group, Inc., which replaced the agreement with Select. The new EPA provides for the purchase of the first 250,000 MWH of electric energy generated at the Mid-Connecticut project facility through June 30, 2012. Over a five-year term, the estimated value of the contract is \$93,671,000.



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF BALANCE SHEETS
AS OF JUNE 30, 2007
(Dollars in Thousands)**

**EXHIBIT A
Page 1 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
ASSETS							
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$ 1,241	\$ 44,436	\$ 8,579	\$ 31,562	\$ 3,298	\$ -	\$ 89,116
Accounts receivable, net of allowances	59	10,630	9,684	2,201	5,876	-	28,450
Inventory	-	3,349	-	-	-	-	3,349
Prepaid expenses and other current assets	134	3,280	153	306	-	-	3,873
Due from other funds	-	723	-	-	-	(723)	-
Total Unrestricted Assets	1,434	62,418	18,416	34,069	9,174	(723)	124,788
Restricted Assets:							
Cash and cash equivalents	21	52,746	2,861	1,953	2,076	-	59,657
Accrued interest receivable	-	149	8	202	274	-	633
Total Restricted Assets	21	52,895	2,869	2,155	2,350	-	60,290
Total Current Assets	1,455	115,313	21,285	36,224	11,524	(723)	185,078
NON-CURRENT ASSETS							
Restricted cash and cash equivalents							
Investments	-	31,205	1,322	16,036	1,079	-	49,642
Capital Assets:	-	468	165	146	-	-	779
Depreciable:							
Plant	864	163,191	25,274	-	-	-	189,329
Equipment	1,095	202,772	2,861	50	-	-	206,778
	1,959	365,963	28,135	50	-	-	396,107
Less: Accumulated depreciation	(1,124)	(242,043)	(24,721)	(16)	-	-	(267,904)
Total Depreciable, net	835	123,920	3,414	34	-	-	128,203
Nondepreciable:							
Land	-	10,595	15,200	1,979	-	-	27,774
Construction in progress	-	-	-	357	-	-	357
Total Nondepreciable	-	10,595	15,200	2,336	-	-	28,131
Development and bond issuance costs, net	-	241	61	586	4,033	-	4,921
Total Non-Current Assets	835	166,429	20,162	19,138	5,112	-	211,676
TOTAL ASSETS	\$ 2,290	\$ 281,742	\$ 41,447	\$ 55,362	\$ 16,636	\$ (723)	\$ 396,754



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF BALANCE SHEETS
AS OF JUNE 30, 2007
(Dollars in Thousands)**

EXHIBIT A
Page 2 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
LIABILITIES AND NET ASSETS							
CURRENT LIABILITIES							
Current portion of:							
Bonds payable, net	\$ -	\$ -	\$ 1,963	\$ 681	\$ 453	\$ -	\$ 3,097
State loans payable	-	2,619	-	-	-	-	2,619
Closure and postclosure care of landfills	-	9,700	651	237	-	-	10,588
Accounts payable, accrued expenses and other liabilities	774	43,588	6,124	2,625	2,855	-	55,966
Due to other funds	723	-	-	-	-	(723)	-
Total Current Liabilities	1,497	55,907	8,738	3,543	3,308	(723)	72,270
LONG-TERM LIABILITIES							
Bonds payable, net	-	15,182	1,707	711	5,235	-	22,835
State loans payable	-	10,701	-	-	-	-	10,701
Closure and postclosure care of landfills	-	34,244	11,594	4,939	-	-	50,777
Other liabilities	-	60,127	13,301	5,650	1,400	-	80,508
Total Long-Term Liabilities	-	116,034	22,039	9,193	9,943	(723)	157,983
TOTAL LIABILITIES	1,497	116,034	22,039	9,193	9,943	(723)	157,983
NET ASSETS							
Invested in capital assets, net of related debt	-	102,369	15,486	-	-	-	117,855
Restricted:							
Tip fee stabilization	-	-	-	15,290	-	-	15,290
Energy generating facility	-	12,012	-	-	-	-	12,012
Debt service reserve funds	-	4,080	1,069	-	79	-	5,228
Cash escrow - litigation-related settlements	-	2,126	-	-	-	-	2,126
Operating and maintenance	-	1,662	-	-	-	-	1,662
Equipment replacement	-	1,662	-	-	-	-	1,662
Select Energy escrow	-	1,000	-	-	-	-	1,000
Debt service funds	-	37	931	-	-	-	968
Shelton landfill future use	-	-	824	-	-	-	824
DEP trust - landfills	-	468	167	146	-	-	781
Recycling education fund	-	542	-	-	-	-	542
Regional recycling center equipment	-	452	-	-	-	-	452
Montville landfill postclosure	-	-	-	-	402	-	402
Rebate fund	-	-	4	120	168	-	292
Other restricted net assets	21	62	-	-	-	-	83
Total Restricted	21	24,103	2,995	15,556	649	-	43,324
Unrestricted	772	39,236	927	30,613	6,044	-	77,592
Total Net Assets	793	165,708	19,408	46,169	6,693	-	238,771
TOTAL LIABILITIES AND NET ASSETS	\$ 2,290	\$ 281,742	\$ 41,447	\$ 55,362	\$ 16,636	\$ (723)	\$ 396,754



Connecticut Resources Recovery Authority

EXHIBIT B

COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGE IN NET ASSETS FOR THE YEAR ENDED JUNE 30, 2007 (Dollars in Thousands)

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
Operating Revenues							
Service charges:							
Members	\$ -	\$ 40,221	\$ 32,267	\$ 8,856	\$ 10,504	\$ -	\$ 91,848
Others	-	18,255	15,172	59	720	(289)	35,917
Energy sales	-	24,067	-	13,790	-	-	37,857
Ash disposal reimbursement	-	-	4,485	-	-	-	4,485
Other operating revenues	-	8,503	3,860	44	-	-	12,407
Total operating revenues	-	91,046	55,784	22,749	11,224	(289)	180,514
Operating Expenses							
Solid waste operations	-	58,221	53,079	16,887	9,869	(289)	137,767
Depreciation and amortization	187	16,397	854	303	448	-	18,189
Maintenance and utilities	-	1,833	560	8	-	-	2,401
Closure and postclosure care of landfills	-	34,194	84	361	-	-	34,639
Project administration	13	9,523	3,052	650	104	-	13,342
Total operating expenses	200	120,168	57,629	18,209	10,421	(289)	206,338
Operating (Loss) Income	(200)	(29,122)	(1,845)	4,540	803	-	(25,824)
Non-Operating Revenues and (Expenses)							
Litigation-related settlements, net	-	39,075	-	-	-	-	39,075
Investment income	56	5,431	775	2,492	134	-	8,888
Other income (expenses), net	245	638	2,979	(25)	2	-	3,839
Litigation-related judgment	-	(35,800)	-	-	-	-	(35,800)
Interest expense	-	(1,952)	(216)	(71)	(454)	-	(2,693)
Net Non-Operating Revenues and (Expenses)	301	7,392	3,538	2,396	(318)	-	13,309
Income (Loss) before Special Item	101	(21,730)	1,693	6,936	485	-	(12,515)
Special Item:							
Defeasance of debt	-	(1,148)	-	-	-	-	(1,148)
Total special item	-	(1,148)	-	-	-	-	(1,148)
Increase (Decrease) in Net Assets	101	(22,878)	1,693	6,936	485	-	(13,663)
Total Net Assets, beginning of year	692	188,586	17,715	39,233	6,208	-	252,434
Total Net Assets, end of year	\$ 793	\$ 165,708	\$ 19,408	\$ 46,169	\$ 6,693	\$ -	\$ 238,771



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(Dollars in Thousands)**

**EXHIBIT C
Page 1 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
Cash Flows From Operating Activities							
Payments received from providing services	\$ 188	\$ 89,661	\$ 54,322	\$ 22,811	\$ 9,165	\$ (289)	\$ 175,858
Proceeds from settlements	-	40,225	-	-	-	-	40,225
Payments received from other funds	-	204	-	-	-	(204)	-
Payments to suppliers for goods and services	(148)	(72,464)	(54,824)	(17,567)	(9,983)	289	(154,697)
Payments to employees for services	(13)	(3,345)	(722)	(345)	(59)	-	(4,484)
Payments to other funds	(204)	-	-	-	-	204	-
Net Cash (Used in) Provided by Operating Activities	(177)	54,281	(1,224)	4,899	(877)	-	56,902
Cash Flows From Investing Activities							
Interest on investments	54	5,506	775	2,443	101	-	8,879
Purchases of investments	-	(463)	(163)	(144)	-	-	(770)
Net Cash Provided by Investing Activities	54	5,043	612	2,299	101	-	8,109
Cash Flows From Capital and Related Financing Activities							
Proceeds from sales of equipment	-	192	-	-	-	-	192
Payments for landfill closure and postclosure care liabilities	-	(174)	(410)	(129)	-	-	(713)
Acquisition and construction of capital assets	-	(1,492)	(161)	(289)	-	-	(1,942)
Defeasance of debt	-	(275)	-	-	-	-	(275)
Interest paid on long-term debt	-	(2,291)	(277)	(68)	(345)	-	(2,981)
Principal paid on long-term debt	-	(56,746)	(1,845)	(658)	(529)	-	(59,778)
Net Cash Used in Capital and Related Financing Activities	-	(60,786)	(2,693)	(1,144)	(874)	-	(65,497)
Cash Flows From Non-Capital Financing Activities							
Other interest and fees	-	(12)	(30)	(35)	-	-	(77)
Net Cash Used in Non-Capital Financing Activities	-	(12)	(30)	(35)	-	-	(77)



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007
(Dollars in Thousands)**

**EXHIBIT C
Page 2 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Eliminations	Total
Net (decrease) increase in cash and cash equivalents	\$ (123)	\$ (1,474)	\$ (3,335)	\$ 6,019	\$ (1,650)	\$ -	\$ (563)
Cash and cash equivalents, beginning of year	1,385	129,861	16,097	43,532	8,103	-	198,978
Cash and cash equivalents, end of year	\$ 1,262	\$ 128,387	\$ 12,762	\$ 49,551	\$ 6,453	\$ -	\$ 198,415
Reconciliation of Operating (Loss) Income to Net Cash (Used by) Provided by Operating Activities:	\$ (200)	\$ (29,122)	\$ (1,845)	\$ 4,540	\$ 803	\$ -	\$ (25,824)
Operating (loss) income							
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:							
Depreciation of capital assets	187	16,226	823	10	-	-	17,246
Amortization of development and bond issuance costs	-	171	31	293	448	-	943
Provision for closure and postclosure care of landfills	-	34,194	84	361	-	-	34,639
Other income	152	593	3,032	12	2	-	3,791
Litigation-related settlements, net	-	39,075	-	-	-	-	39,075
Litigation-related judgment	-	(35,800)	-	-	-	-	(35,800)
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable, net	36	166	(4,492)	49	(2,061)	-	(6,302)
Inventory	-	70	-	-	-	-	70
Prepaid expenses and other current assets	(77)	(2,483)	44	4	-	-	(2,512)
Due from other funds	-	204	-	-	-	(204)	-
(Decrease) increase in:							
Accounts payable, accrued expenses and other liabilities	(71)	30,987	1,099	(370)	(69)	-	31,576
Due to other funds	(204)	-	-	-	-	204	-
Net Cash (Used in) Provided by Operating Activities	\$ (177)	\$ 54,281	\$ (1,224)	\$ 4,899	\$ (877)	\$ -	\$ 56,902



Connecticut Resources Recovery Authority

**COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2007
(Dollars in Thousands)**

**EXHIBIT D
Page 1 of 2**

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total
Net assets invested in capital assets, net of related debt	\$ -	\$ 102,369	\$ 15,486	\$ -	\$ -	\$ 117,855
Restricted net assets:						
Current restricted cash and cash equivalents:						
Cash escrow - litigation-related settlements	-	37,927	-	-	-	37,927
Revenue fund	-	9,772	703	1,404	1,194	13,073
State loans	-	2,619	-	-	-	2,619
Debt service funds	-	141	1,318	475	357	2,291
Select Energy escrow	-	1,000	-	-	-	1,000
Shelton landfill future use	-	-	824	-	-	824
Recycling education fund	-	542	-	-	-	542
Montville landfill postclosure	-	-	-	-	525	525
Regional recycling center equipment	-	452	-	74	-	452
Customer guarantee of payment	-	247	16	-	-	337
Town of Ellington trust - pooled funds	-	46	-	-	-	46
Mercury public awareness	21	-	-	-	-	21
Total current restricted cash and cash equivalents	21	52,746	2,861	1,953	2,076	59,657
Non-current restricted cash and cash equivalents and investments:						
Tip fee stabilization	-	-	-	15,290	-	15,290
Energy generating facility	-	12,012	-	-	-	12,012
State loans	-	10,693	-	-	-	10,693
Debt service reserve funds	-	5,176	1,316	626	911	8,029
Equipment replacement	-	1,662	-	-	-	1,662
Operating and maintenance	-	1,662	-	-	-	1,662
DEP trust - landfills	-	468	167	146	-	781
Rebate fund	-	-	4	120	168	292
Total non-current restricted cash and cash equivalents and investments	-	31,673	1,487	16,182	1,079	50,421
Less liabilities to be paid with current restricted assets:						
Bonds payable, net	-	104	387	475	357	1,323
State loans payable	-	2,619	-	-	-	2,619
Other liabilities	-	45,804	719	1,478	1,317	49,318
Total liabilities to be paid with current restricted assets	-	48,527	1,106	1,953	1,674	53,260
Less liabilities to be paid with non-current restricted assets:						
Bonds payable, net	-	1,096	247	626	832	2,801
State loans payable	-	10,693	-	-	-	10,693
Total liabilities to be paid with non-current restricted assets	-	11,789	247	626	832	13,494
Total restricted net assets	21	24,103	2,995	15,556	649	43,324



COMBINING SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2007
(Dollars in Thousands)

EXHIBIT D
Page 2 of 2

	General Fund	Mid-Connecticut Project	Bridgeport Project	Wallingford Project	Southeast Project	Total
Unrestricted net assets:						
Designated for:						
Postclosure care of landfills	\$ -	\$ 4,457	\$ 11,430	\$ 7,117	\$ -	\$ 23,004
Closure care of landfills	-	11,263	533	-	-	11,796
Future loss contingencies	-	6,995	-	1,047	252	8,294
Future use	-	-	-	6,487	-	6,487
Facility modifications	-	5,461	-	-	-	5,461
Debt service stabilization	-	4,576	-	-	-	4,576
Rolling stock	-	3,956	-	-	-	3,956
Landfill development	-	2,544	-	-	-	2,544
Recycling	-	1,817	407	-	-	2,224
Benefit fund	217	-	-	-	-	217
South Meadows site remediation	-	141	-	-	-	141
Undesignated	555	(1,974)	(11,443)	15,962	5,792	8,892
Total unrestricted net assets	772	39,236	927	30,613	6,044	77,592
Total Net Assets	\$ 793	\$ 165,708	\$ 19,408	\$ 46,169	\$ 6,693	\$ 238,771

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	56 - 61
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	62 - 70
These schedules contain information to help the readers understand and assess the Authority's significant revenue sources.	
Debt Capacity	71 - 74
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	75
The schedule offers demographic indicators to help the readers understand the environment within which the Authority's financial activities take place.	
Operating Information	76- 77
The schedule contains information to help the readers understand and assess the Authority's significant expense sources.	



Connecticut Resources Recovery Authority

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

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General Fund						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	21	20	20	20	21	21
Unrestricted	9,012	9,169	251	450	671	772
Total Net Assets	\$ 9,033	\$ 9,189	\$ 271	\$ 470	\$ 692	\$ 793
Mid-Connecticut Project						
Invested in capital assets, net of related debt	\$ 14,865	\$ 14,005	\$ 13,030	\$ 86,710	\$ 75,294	\$ 102,369
Restricted	35,814	52,572	53,552	44,704	45,183	24,103
Unrestricted	41,273	8,611	6,561	45,362	68,109	39,236
Total Net Assets	\$ 91,952	\$ 75,188	\$ 73,143	\$ 176,776 (1)	\$ 188,586	\$ 165,708
Bridgeport Project						
Invested in capital assets, net of related debt	\$ 12,172	\$ 12,451	\$ 13,066	\$ 13,761	\$ 14,594	\$ 15,486
Restricted	1,416	1,417	2,464	2,534	2,865	2,995
Unrestricted	(8,891)	(7,044)	(2,433)	(1,590)	256	927
Total Net Assets	\$ 4,697	\$ 6,824	\$ 13,097	\$ 14,705	\$ 17,715	\$ 19,408
Wallingford Project						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,446	8,105	7,842	14,118	14,734	15,556
Unrestricted	16,977	14,462	20,468	19,542	24,499	30,613
Total Net Assets	\$ 18,423	\$ 22,567	\$ 28,310	\$ 33,660	\$ 39,233	\$ 46,169
Southeast Project						
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,280	1,271	147	260	1,104	649
Unrestricted	5,535	2,450	3,865	4,897	5,104	6,044
Total Net Assets	\$ 6,815	\$ 3,721	\$ 4,012	\$ 5,157	\$ 6,208	\$ 6,693
Total Net Assets	\$ 130,920	\$ 117,489	\$ 118,833	\$ 230,768 (2)	\$ 252,434	\$ 238,771

(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) See note (1) above.



Connecticut Resources Recovery Authority

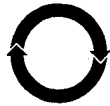
Exhibit 2 - Changes in Net Assets

Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
General Fund						
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses						
Solid waste operations (1)	28	9	7	11	10	-
Depreciation and amortization	237	203	180	169	182	187
Project administration (2)	-	-	-	-	-	13
Total operating expenses	265	212	187	180	192	200
Operating Loss	(265)	(212)	(187)	(180)	(192)	(200)
Non-Operating Revenues and (Expenses)						
Investment income	270	165	32	18	44	56
Other income, net	158	75	316	361	370	245
Net Non-Operating Revenues	428	240	348	379	414	301
Income before Operating Transfers	163	28	161	199	222	101
Operating transfers in (out)	(2,042)	128	(9,079)	-	-	-
(Decrease) Increase in Net Assets	\$ (1,879)	\$ 156	\$ (8,918)	\$ 199	\$ 222	\$ 101

(1) Solid waste operations for fiscal years 2002 - 2005 include legal expenses. Starting FY2006, legal expenses are included under Project Administration.

(2) Project administration for fiscal years 2002 - 2005 does not include legal expenses (see (1) above).



Connecticut Resources Recovery Authority

Exhibit 2 Continued - Changes in Net Assets

Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Mid-Connecticut Project						
Operating Revenues						
Service charges:						
Members	\$ 33,041	\$ 37,703	\$ 39,466	\$ 42,133	\$ 42,691	\$ 40,221
Others	12,913	14,739	15,789	18,259	18,099	18,255
Energy sales	30,184	21,532	24,052	20,496	24,849	24,067
Other operating revenues	4,175	3,220	4,448	5,683	7,467	8,503
Total operating revenues	<u>80,313</u>	<u>77,194</u>	<u>83,755</u>	<u>86,571</u>	<u>93,106</u>	<u>91,046</u>
Operating Expenses						
Solid waste operations (1)	62,003	61,000	58,675	59,094	60,164	58,221
Depreciation and amortization	14,893	16,284	16,081	16,080	16,072	16,397
Maintenance and utilities	1,716	1,144	1,481	1,730	1,997	1,833
Closure and postclosure care of landfills	587	2,005	467	385	178	34,194
Project administration (2)	4,895	3,782	4,381	4,985	8,769	9,523
Total operating expenses	<u>84,094</u>	<u>84,215</u>	<u>81,085</u>	<u>82,274</u>	<u>87,180</u>	<u>120,168</u>
Operating (Loss) Income	<u>(3,781)</u>	<u>(7,021)</u>	<u>2,670</u>	<u>4,297</u>	<u>5,926</u>	<u>(29,122)</u>
Non-Operating Revenues and (Expenses)						
Enron claims	-	-	-	82,760	-	-
Litigation-related settlements, net	-	375	-	-	-	39,075
Investment income	3,040	1,581	1,102	3,063	5,214	5,431
Other income (expenses), net	(75)	(8)	(122)	(89)	5,457	638
Litigation-related judgment	-	-	-	-	-	(35,800)
Interest expense	(12,660)	(11,875)	(11,032)	(8,819)	(4,787)	(1,952)
Net Non-Operating Revenues and (Expenses)	<u>(9,695)</u>	<u>(9,927)</u>	<u>(10,052)</u>	<u>76,915</u>	<u>5,884</u>	<u>7,392</u>
(Loss) Income before Special Items and Operating Transfers	<u>(13,476)</u>	<u>(16,948)</u>	<u>(7,382)</u>	<u>81,212</u>	<u>11,810</u>	<u>(21,730)</u>
Special Items:						
Gain on sale of Enron claims	-	-	-	28,502	-	-
Defeatance of debt	-	-	-	(6,081)	-	(1,148)
Total Special Items	-	-	-	22,421	-	(1,148)
Operating transfers in	962	113	5,337	-	-	-
(Decrease) Increase in Net Assets	<u>\$ (12,514)</u>	<u>\$ (16,835)</u>	<u>\$ (2,045)</u>	<u>\$ 103,633</u>	<u>\$ 11,810</u>	<u>\$ (22,878)</u>

(1) Solid waste operations for fiscal years 2002 - 2005 include legal expenses. Starting FY2006, legal expenses are included under Project Administration.

(2) Project administration for fiscal years 2002 - 2005 does not include legal expenses (see (1) above).

(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, the Authority reported \$8.8 million, which represented a court approved estimated value of its Enron claim, as non-operating revenue, 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 change in net assets.



Connecticut Resources Recovery Authority

Exhibit 2 Continued - Changes in Net Assets

Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Bridgeport Project						
Operating Revenues						
Service charges:						
Members	\$ 25,558	\$ 27,016	\$ 30,098	\$ 30,535	\$ 31,280	\$ 32,267
Others	16,050	14,341	11,556	12,207	14,680	15,172
Ash disposal reimbursement	3,945	4,033	4,031	4,025	4,229	4,485
Other operating revenues	2,111	3,073	3,881	3,260	3,638	3,860
Total operating revenues	<u>47,664</u>	<u>48,463</u>	<u>49,566</u>	<u>50,027</u>	<u>53,827</u>	<u>55,784</u>
Operating Expenses						
Solid waste operations (1)	44,277	43,555	42,228	44,356	46,595	53,079
Depreciation and amortization	1,073	929	854	858	849	854
Maintenance and utilities	1,849	(280)	241	301	297	560
Closure and postclosure care of landfills	400	625	1,158	(180)	1,498	84
Project administration (2)	996	801	861	1,122	1,935	3,052
Total operating expenses	<u>48,595</u>	<u>45,630</u>	<u>45,342</u>	<u>46,457</u>	<u>51,174</u>	<u>57,629</u>
Operating (Loss) Income	<u>(931)</u>	<u>2,833</u>	<u>4,224</u>	<u>3,570</u>	<u>2,653</u>	<u>(1,845)</u>
Non-Operating Revenues and (Expenses)						
Investment income	219	100	100	286	591	775
Other income (expenses), net	(22)	12	(40)	(1,870)	65	2,979
Interest expense	(632)	(527)	(454)	(378)	(299)	(216)
Net Non-Operating Revenues and (Expenses)	<u>(435)</u>	<u>(415)</u>	<u>(394)</u>	<u>(1,962)</u>	<u>357</u>	<u>3,538</u>
(Loss) Income before Operating Transfers	<u>(1,366)</u>	<u>2,418</u>	<u>3,830</u>	<u>1,608</u>	<u>3,010</u>	<u>1,693</u>
Operating transfers in (out)	1,080	(291)	2,443	-	-	-
(Decrease) Increase in Net Assets	<u>\$ (286)</u>	<u>\$ 2,127</u>	<u>\$ 6,273</u>	<u>\$ 1,608</u>	<u>\$ 3,010</u>	<u>\$ 1,693</u>

(1) Solid waste operations for fiscal years 2002 - 2005 include legal expenses. Starting FY2006, legal expenses are included under Project Administration.

(2) Project administration for fiscal years 2002 - 2005 does not include legal expenses (see (1) above).



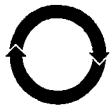
Connecticut Resources Recovery Authority

Exhibit 2 Continued - Changes in Net Assets

Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Wallingford Project						
Operating Revenues						
Service charges:						
Members	\$ 8,318	\$ 8,387	\$ 8,313	\$ 8,560	\$ 8,907	\$ 8,856
Others	210	136	142	53	24	59
Energy sales	13,062	13,107	12,946	13,302	13,096	13,790
Other operating revenues	13	13	86	58	115	44
Total operating revenues	<u>21,603</u>	<u>21,643</u>	<u>21,487</u>	<u>21,973</u>	<u>22,142</u>	<u>22,749</u>
Operating Expenses						
Solid waste operations (1)	14,753	15,296	15,864	16,196	17,249	16,887
Depreciation and amortization	324	324	324	309	299	303
Maintenance and utilities	-	93	(25)	6	19	8
Closure and postclosure care of landfills	(140)	1,488	264	(25)	(47)	361
Project administration (2)	459	439	469	542	641	650
Total operating expenses	<u>15,396</u>	<u>17,640</u>	<u>16,896</u>	<u>17,028</u>	<u>18,161</u>	<u>18,209</u>
	<u>6,207</u>	<u>4,003</u>	<u>4,591</u>	<u>4,945</u>	<u>3,981</u>	<u>4,540</u>
Operating Income						
Non-Operating Revenues and (Expenses)						
Investment income	676	442	359	796	1,698	2,492
Other expenses, net	(574)	-	-	(184)	(7)	(25)
Interest expense	(479)	(319)	(254)	(160)	(99)	(71)
Net Non-Operating Revenues and (Expenses)	<u>(377)</u>	<u>123</u>	<u>105</u>	<u>452</u>	<u>1,592</u>	<u>2,396</u>
Income before Special Item and Operating Transfers	<u>5,830</u>	<u>4,126</u>	<u>4,696</u>	<u>5,397</u>	<u>5,573</u>	<u>6,936</u>
Special Item:						
Early retirement of debt	-	-	-	(47)	-	-
Total Special Item	-	-	-	(47)	-	-
Operating transfers in	-	18	1,047	-	-	-
Increase in Net Assets	<u>\$ 5,830</u>	<u>\$ 4,144</u>	<u>\$ 5,743</u>	<u>\$ 5,350</u>	<u>\$ 5,573</u>	<u>\$ 6,936</u>

(1) Solid waste operations for fiscal years 2002 - 2005 include legal expenses. Starting FY2006, legal expenses are included under Project Administration.
 (2) Project administration for fiscal years 2002 - 2005 does not include legal expenses (see (1) above).



Connecticut Resources Recovery Authority

Exhibit 2 Continued - Changes in Net Assets

Last Six Fiscal Years
(Dollars in Thousands)

	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Southeast Project						
Operating Revenues						
Service charges:						
Members	\$ 9,717	\$ 9,809	\$ 10,664	\$ 10,666	\$ 10,635	\$ 10,504
Others	1,617	1,376	1,225	1,143	856	720
Other operating revenues	-	-	49	-	-	-
Total operating revenues	<u>11,334</u>	<u>11,185</u>	<u>11,938</u>	<u>11,809</u>	<u>11,491</u>	<u>11,224</u>
Operating Expenses						
Solid waste operations (1)	12,391	10,678	10,570	10,176	9,481	9,869
Depreciation and amortization	448	448	448	448	448	448
Maintenance and utilities	-	119	-	-	-	-
Project administration (2)	269	183	169	183	136	104
Total operating expenses	<u>13,108</u>	<u>11,428</u>	<u>11,187</u>	<u>10,807</u>	<u>10,065</u>	<u>10,421</u>
Operating (Loss) Income	<u>(1,774)</u>	<u>(243)</u>	<u>751</u>	<u>1,002</u>	<u>1,426</u>	<u>803</u>
Non-Operating Revenues and (Expenses)						
Investment income	183	98	30	308	117	134
Other income (expenses), net	(8)	(16)	-	500	-	2
Interest expense	(685)	(789)	(742)	(665)	(492)	(454)
Net Non-Operating Revenues and (Expenses)	<u>(510)</u>	<u>(707)</u>	<u>(712)</u>	<u>143</u>	<u>(375)</u>	<u>(318)</u>
(Loss) Income before Operating Transfers	<u>(2,284)</u>	<u>(950)</u>	<u>39</u>	<u>1,145</u>	<u>1051</u>	<u>485</u>
Operating transfers in	-	32	252	-	-	-
(Decrease) Increase in Net Assets	<u>(2,284)</u>	<u>(918)</u>	<u>291</u>	<u>1,145</u>	<u>1,051</u>	<u>485</u>
TOTAL (DECREASE) INCREASE IN NET ASSETS - ALL PROJECTS	<u>\$ (11,133)</u>	<u>\$ (11,326)</u>	<u>\$ 1,344</u>	<u>\$ 111,935</u>	<u>\$ 21,666</u>	<u>\$ (13,663)</u>

(1) Solid waste operations for fiscal years 2002 - 2005 include legal expenses. Starting FY2006, legal expenses are included under Project Administration.
 (2) Project administration for fiscal years 2002 - 2005 does not include legal expenses (see (1) above).
 (3) Please see note (3) on page 58.



Connecticut Resources Recovery Authority

Exhibit 3 - Historical Waste Summary Last Ten Fiscal Years

Total Municipal Solid Waste Deliveries (tons)

Exhibit 3A Fiscal Year	Mid-Connecticut	Bridgeport	Wallingford	Southeast	Total
1998	832,033	752,120	147,756	251,634	1,983,543
1999	801,563	758,346	153,277	248,298	1,961,484
2000	826,577	711,536	152,610	245,638	1,936,361
2001	880,708	704,036	142,403	239,340	1,966,487
2002	887,764	722,574	154,722	246,859	2,011,919
2003	907,060	752,308	154,796	259,942	2,074,106
2004	856,143	735,417	153,623	261,030	2,006,213
2005	854,570	724,432	153,809	261,479	1,994,290
2006	860,252	773,707	156,754	260,817	2,051,530
2007	830,859	758,419	153,727	269,020	2,012,025

Member Municipal Solid Waste Deliveries (tons)

Exhibit 3B Fiscal Year	Mid-Connecticut	Bridgeport	Wallingford	Southeast	Total
1998	551,860	325,798	128,987	148,432	1,155,077
1999	555,123	320,517	138,704	163,242	1,177,586
2000	596,626	345,905	143,760	172,981	1,259,272
2001	622,837	365,921	136,367	177,200	1,302,325
2002	641,677	371,616	151,230	170,338	1,334,861
2003	656,959	383,196	152,497	172,097	1,364,749
2004	614,229	412,607	151,151	176,725	1,354,712
2005	598,449	419,176	152,871	177,755	1,348,251
2006	605,998	417,753	156,341	177,207	1,357,299
2007	578,543	405,322	152,715	173,912	1,310,492

Contract Solid Waste Deliveries (tons)

Exhibit 3C Fiscal Year	Mid-Connecticut	Bridgeport	Southeast	Total
1998	139,302	-----	4,672	143,974
1999	159,385	-----	5,290	164,675
2000	185,735	234,820	15,296	435,851
2001	222,021	250,177	18,936	491,134
2002	229,667	263,223	28,779	521,669
2003	237,096	228,358	22,955	488,409
2004	229,562	180,480	19,874	429,916
2005	243,384	196,704	18,168	458,256
2006	247,055	230,596	13,214	490,865
2007	244,120	234,412	10,801	489,333



Connecticut Resources Recovery Authority

**Exhibit 3 Continued - Historical Waste Summary
Last Ten Fiscal Years**

Exhibit 3D Fiscal Year	Short-Term Waste Deliveries (tons)			Total
	Mid-Connecticut	Bridgeport	Wallingford	
1998	140,871	426,322	18,769	684,492
1999	87,055	437,829	14,573	619,223
2000	44,216	130,811	8,850	241,238
2001	35,850	87,938	6,036	173,028
2002	16,421	87,735	3,492	155,390
2003	13,005	140,754	2,299	220,948
2004	12,352	142,330	2,472	221,585
2005	12,737	108,552	938	187,783
2006	7,199	125,358	413	203,366
2007	8,196	118,685	1,012	212,200
			Southwest	
			98,530	
			79,766	
			57,361	
			43,204	
			47,742	
			64,890	
			64,431	
			65,556	
			70,396	
			84,307	

Exhibit 3E Municipal Solid Waste Processed (tons)

Fiscal Year	Municipal Solid Waste Processed (tons)		Total
	Mid-Connecticut	Wallingford	
1998	784,477	143,084	1,931,958
1999	777,201	142,335	1,925,438
2000	839,134	142,620	1,936,080
2001	852,372	138,526	1,951,736
2002	791,487	144,747	1,904,216
2003	820,692	149,337	1,971,308
2004	809,215	142,083	1,944,891
2005	797,644	149,279	1,923,095
2006	809,046	139,570	1,932,866
2007	794,027	142,178	1,935,058
		Southwest	
		251,200	
		247,556	
		242,790	
		241,366	
		244,775	
		258,677	
		259,822	
		258,468	
		255,697	
		265,184	

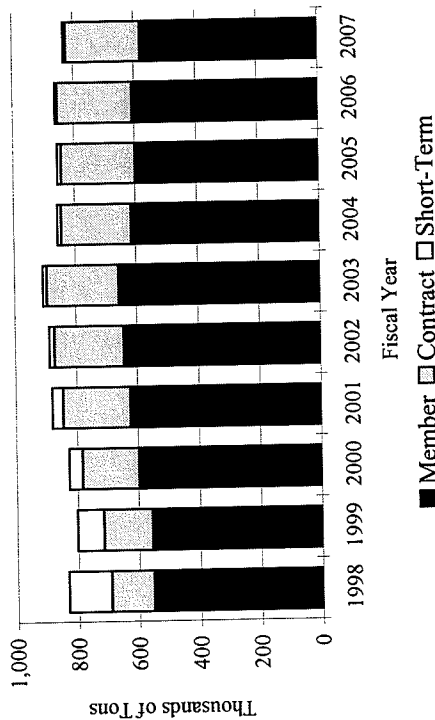
Exhibit 3F Recyclables Processed (tons)

Fiscal Year	Recyclables Processed (tons)		Total
	Mid-Connecticut	Bridgeport	
1998	67,756	59,827	127,583
1999	76,735	57,415	134,150
2000	67,361	60,405	127,766
2001	75,709	63,849	139,558
2002	69,131	58,999	128,130
2003	79,476	60,991	140,467
2004	77,406	63,490	140,896
2005	78,485	61,467	139,952
2006	76,461	59,604	136,065
2007	76,659	57,655	134,314

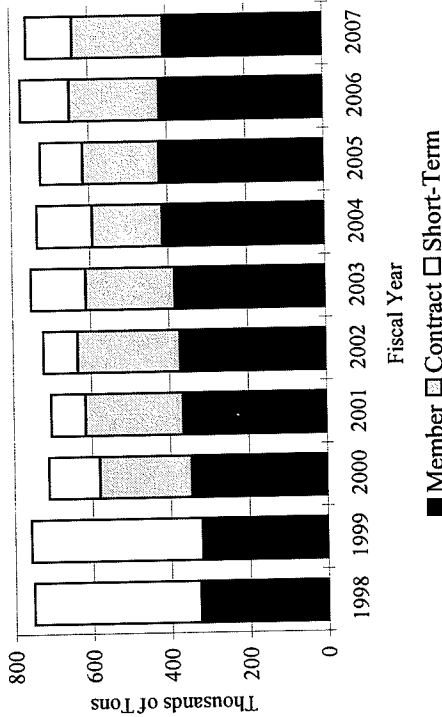


Exhibit 4 - Waste Delivery Summary
Last Ten Fiscal Years

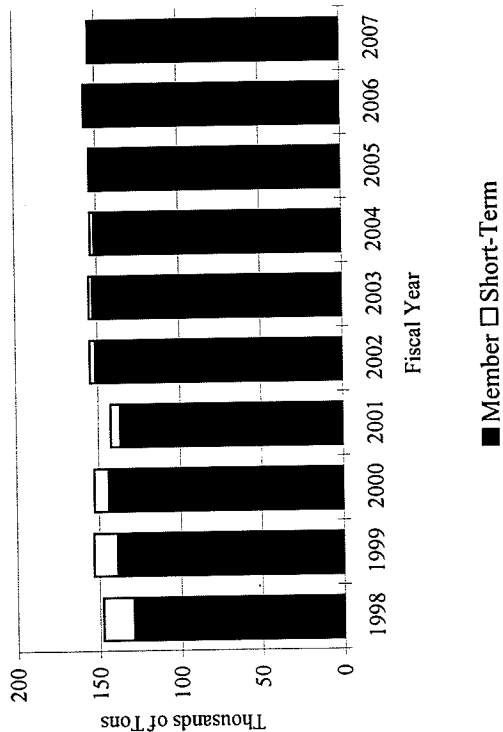
Mid-Connecticut Project



Bridgeport Project



Wallingford Project



Southeast Project

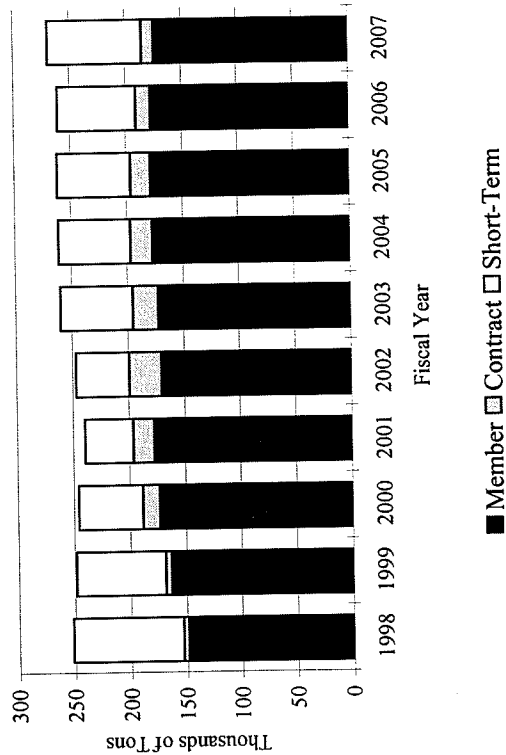
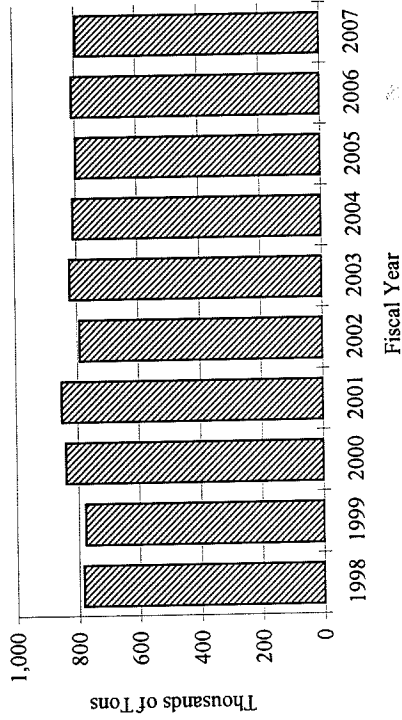


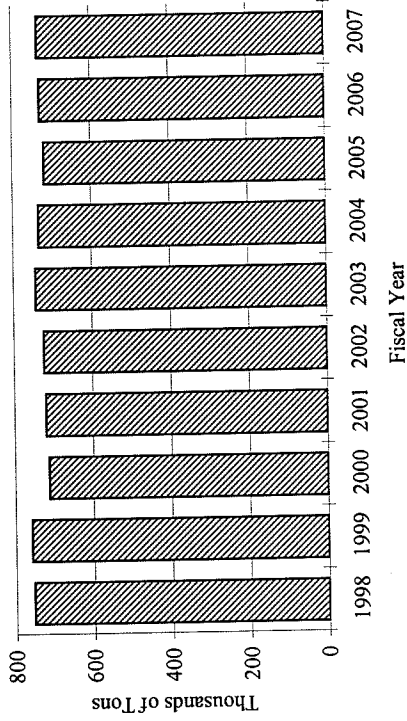


Exhibit 4 Continued - Waste Processed Summary
Last Ten Fiscal Years

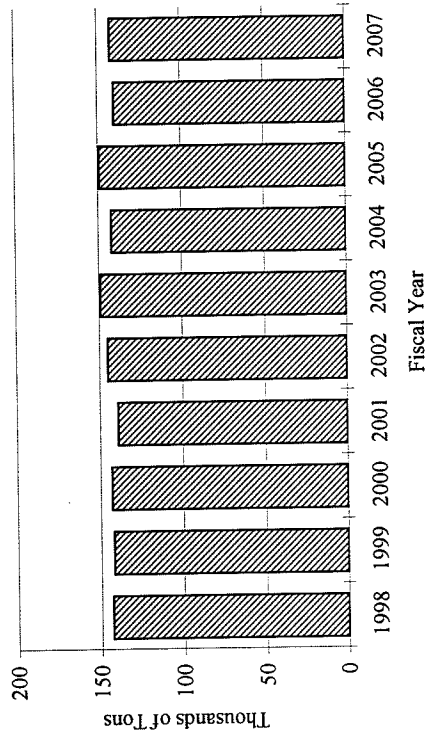
Mid-Connecticut Project



Bridgeport Project



Wallingford Project



Southeast Project

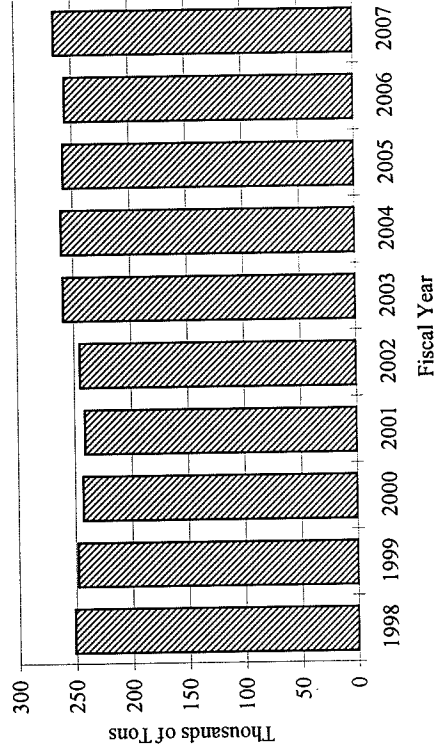
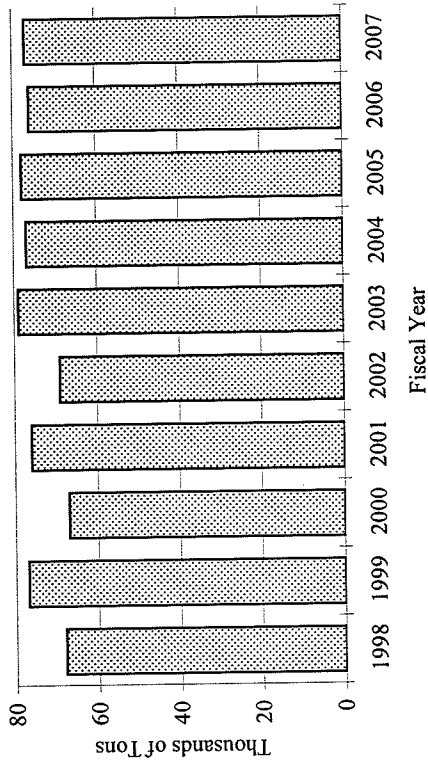


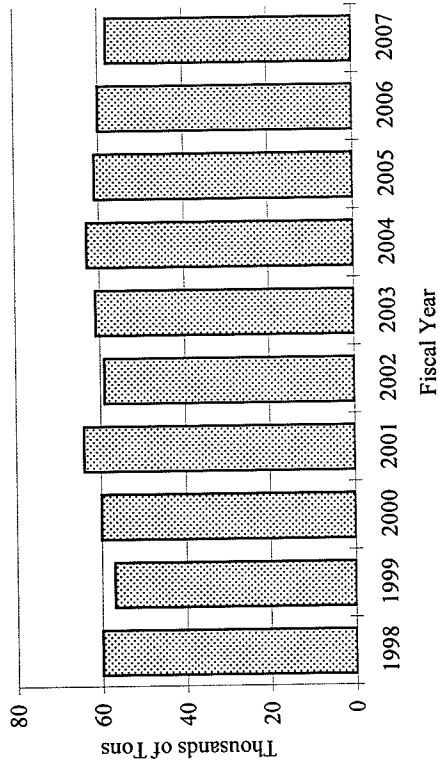


Exhibit 4 Continued - Recyclables Processed Summary
Last Ten Fiscal Years

Mid-Connecticut Project



Bridgeport Project





Connecticut Resources Recovery Authority

**Exhibit 5 - Energy Generation, Net of In-plant Usage
Last Ten Fiscal Years
(Total annual megawatts) (1)**

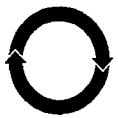
Fiscal Year	Mid-Connecticut	Bridgeport	Wallingford	Southeast
1998	450,381	435,517	58,862	128,677
1999	444,149	493,267	60,346	134,217
2000	469,385	472,565	60,183	131,059
2001	471,852	484,916	60,044	123,357
2002	453,745	480,673	66,326	134,773
2003	446,884	476,304	66,511	138,181
2004	438,887	479,671	65,178	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

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

Exhibit 6 - Top Five Sources of Member Waste - 2007 (1)

Mid-Connecticut		Bridgeport		Wallingford		Southeast	
Hartford	18.91%	Bridgeport	16.54%	Wallingford	27.15%	Norwich	18.73%
West Hartford	7.32%	Greenwich	13.61%	Hamden	23.59%	Groton	18.14%
East Hartford	5.71%	Norwalk	12.24%	Meriden	22.01%	New London	14.17%
Enfield	5.61%	Milford	11.12%	Cheshire	13.95%	Montville	12.42%
Torrington	5.13%	Fairfield	10.95%	North Haven	13.30%	Waterford	9.84%
	42.68%		64.46%		100.00%		73.30%

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



Connecticut Resources Recovery Authority

**Exhibit 7 - Per Ton Service Charge for Member Waste
Last Ten Fiscal Years**

Fiscal Year	Mid-Connecticut	Bridgeport	Wallingford	Southeast
1998	\$48.00	\$85.00	\$62.00	\$79.00
1999	\$48.00	\$89.50	\$60.00	\$62.00
2000	\$49.00	\$70.00	\$57.00	\$59.00
2001	\$50.00	\$67.00	\$56.00	\$58.00
2002	\$51.00	\$67.00	\$55.00	\$57.00
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

**Exhibit 8 - Average Per Ton Short-Term Rate (Combined) (1)
Last Ten Fiscal Years**

Fiscal Year	Rate
1998	\$45.68
1999	\$46.26
2000	\$59.93
2001	\$56.47
2002	\$56.85
2003	\$60.73
2004	\$64.56
2005	\$67.09
2006	\$67.52
2007	\$68.61

(1) Average includes contract and short-term solid waste deliveries, excludes Bridgeport Project and Southeast Project short-term waste revenues which accrue to the facility operator.



Connecticut Resources Recovery Authority

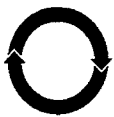
Exhibit 9 - Revenues by Source (1)

Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Mid-Connecticut Project		Member and Other		Energy Revenue	% of Annual	Landfill Revenue	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other Revenues	% of Annual
	Total Revenue	Service Charges	Charges	Other								
1998	\$87,666	\$40,029	\$38,279	\$2,088	\$38,279	43.66%	\$2,088	2.38%	\$1,527	1.74%	\$5,743	6.55%
1999	\$85,366	\$38,918	\$37,738	\$1,836	\$37,738	44.21%	\$1,836	2.15%	\$1,394	1.63%	\$5,480	6.42%
2000	\$91,518	\$42,892	\$39,908	\$1,621	\$39,908	43.61%	\$1,621	1.77%	\$2,248	2.46%	\$4,849	5.30%
2001	\$94,266	\$44,891	\$39,828	\$1,320	\$39,828	42.25%	\$1,320	1.40%	\$2,232	2.37%	\$5,995	6.36%
2002	\$73,958	\$45,954	\$21,670	\$1,665	\$21,670	29.30%	\$1,665	2.25%	\$1,135	1.53%	\$3,534	4.78%
2003	\$79,150	\$52,442	\$21,532	\$1,139	\$21,532	27.20%	\$1,139	1.44%	\$1,480	1.87%	\$2,557	3.23%
2004	\$84,857	\$55,255	\$24,052	\$1,133	\$24,052	28.34%	\$1,133	1.34%	\$1,844	2.17%	\$2,573	3.03%
2005	\$89,634	\$60,392	\$20,496	\$1,241	\$20,496	22.87%	\$1,241	1.38%	\$3,061	3.41%	\$4,444	4.96%
2006	\$98,320	\$60,790	\$24,849	\$1,101	\$24,849	25.27%	\$1,101	1.12%	\$4,507	4.58%	\$7,073	7.19%
2007	\$96,477	\$58,476	\$24,067	\$778	\$24,067	24.95%	\$778	0.80%	\$3,247	3.37%	\$9,909	10.27%

Fiscal Year	Bridgeport Project		Member and Other		Ash Disposal Revenue	% of Annual	Landfill Revenue	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other Revenues	% of Annual
	Total Revenue	Service Charges	Charges	Other								
1998	\$34,540	\$27,307	\$4,263	\$23	\$4,263	12.34%	\$23	0.07%	\$1,083	3.14%	\$1,864	5.40%
1999	\$35,144	\$28,249	\$3,955	\$34	\$3,955	11.25%	\$34	0.10%	\$975	2.77%	\$1,931	5.49%
2000	\$46,846	\$39,634	\$3,670	\$0	\$3,670	7.83%	\$0	0.00%	\$1,700	3.63%	\$1,842	3.93%
2001	\$47,492	\$40,377	\$3,721	\$0	\$3,721	7.84%	\$0	0.00%	\$1,576	3.32%	\$1,818	3.83%
2002	\$47,883	\$41,608	\$3,945	\$0	\$3,945	8.24%	\$0	0.00%	\$1,003	2.09%	\$1,327	2.77%
2003	\$48,575	\$41,357	\$4,033	\$0	\$4,033	8.30%	\$0	0.00%	\$1,941	4.00%	\$1,244	2.56%
2004	\$49,666	\$41,654	\$4,031	\$0	\$4,031	8.12%	\$0	0.00%	\$2,607	5.25%	\$1,374	2.77%
2005	\$50,313	\$42,742	\$4,025	\$0	\$4,025	8.00%	\$0	0.00%	\$2,089	4.15%	\$1,457	2.90%
2006	\$54,418	\$45,960	\$4,229	\$0	\$4,229	7.77%	\$0	0.00%	\$2,443	4.49%	\$1,786	3.28%
2007	\$56,558	\$47,439	\$4,485	\$0	\$4,485	7.93%	\$0	0.00%	\$2,647	4.68%	\$1,987	3.51%

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



Connecticut Resources Recovery Authority

Exhibit 9 Continued - Revenues by Source (1)
Last Ten Fiscal Years
(Dollars in Thousands)

Wallingford Project		Member and Other Service Charges	% of Annual	Energy Revenue	% of Annual	Investment Income & Other Operating Revenues	% of Annual
Fiscal Year	Total Revenue						
1998	\$17,325	\$9,073	52.37%	\$7,468	43.11%	\$784	4.53%
1999	\$20,476	\$9,148	44.68%	\$10,596	51.75%	\$732	3.57%
2000	\$22,683	\$8,723	38.46%	\$12,862	56.70%	\$1,098	7.25%
2001	\$22,275	\$7,993	35.88%	\$12,813	57.52%	\$1,469	7.25%
2002	\$22,279	\$8,528	38.28%	\$13,062	58.63%	\$689	3.09%
2003	\$22,085	\$8,523	38.59%	\$13,107	59.35%	\$455	2.06%
2004	\$21,846	\$8,455	38.70%	\$12,946	59.26%	\$445	2.04%
2005	\$22,769	\$8,613	37.83%	\$13,302	58.42%	\$854	3.75%
2006	\$23,840	\$8,931	37.46%	\$13,096	54.93%	\$1,813	7.60%
2007	\$25,241	\$8,915	35.32%	\$13,790	54.63%	\$2,536	10.05%

Southeast Project		Member and Other Service Charges	% of Annual	Investment Income & Other Operating Revenues	% of Annual
Fiscal Year	Total Revenue				
1998	\$14,367	\$13,902	96.76%	\$465	3.24%
1999	\$12,977	\$12,521	96.49%	\$456	3.51%
2000	\$11,625	\$11,042	94.98%	\$583	5.02%
2001	\$11,959	\$11,445	95.70%	\$514	4.30%
2002	\$11,517	\$11,334	98.41%	\$183	1.59%
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%

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



Connecticut Resources Recovery Authority

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	
1998	\$ 154,537	\$ 107,328	\$ 47,209	\$ 24,173	\$ 18,968	\$ 43,141	1.09
1999	\$ 154,480	\$ 109,065	\$ 45,415	\$ 19,943	\$ 17,542	\$ 37,485	1.21
2000	\$ 173,257	\$ 128,593	\$ 44,664	\$ 17,172	\$ 16,278	\$ 33,450	1.34
2001	\$ 179,840	\$ 137,056	\$ 42,784	\$ 17,234	\$ 15,776	\$ 33,010	1.30
2002	\$ 161,901	\$ 141,082	\$ 20,819	\$ 21,498	\$ 13,970	\$ 35,468	0.59
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)

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

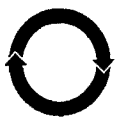
(2) Excludes depreciation and amortization, write off of development costs and interest expense.

(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 postclosure 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.



Connecticut Resources Recovery Authority

Exhibit 11 - Revenue Bond Ratings As of June 30, 2007

PROJECT	OUTSTANDING SERIES	MOODY'S RATING	STANDARD & POORS RATING	FITCH RATING	BOND INSURER
Mid-Connecticut	1996 Series A	Aaa	AAA	AAA	MBIA
Bridgeport	1999 Series A	Aaa	AAA	AAA	MBIA
	2000 Series A	A3/Aaa	A+/AAA	AAA	MBIA
Wallington	1998 Series A	Aaa	AAA	AAA	AMBAC
Southeast	1998 Series A	Aaa	AAA	AAA	MBIA
	CORPORATE CREDIT REVENUE BONDS: *				
	1992 Series A - Corporate Credit Bonds	Ba1	BB+	Not Rated	None
	2001 Series A - Corporate Credit Bonds Covanta Southeastern Connecticut Company-I	Ba1	Not Rated	Not Rated	None
2001 Series A - Corporate Credit Bonds Covanta Southeastern Connecticut Company-II		Ba1	Not Rated	Not Rated	None

* 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
www.fitchratings.com



Connecticut Resources Recovery Authority

Exhibit 12 - Outstanding Debt by Type Last Six Fiscal Years (Dollars in Thousands)

Fiscal Year	Mid-Connecticut			Bridgeport			Wallingford			Southeast		
	Special Obligation Bonds	Subordinate Bonds (1)		Special Obligation Bonds (2)	Subordinate Bonds		Special Obligation Bonds (3)	Subordinate Bonds		Special Obligation Bonds (4)	Subordinate Bonds (5)	
2002	\$ 198,050	\$ 13,210	\$ -	\$ 111,790	\$ 7,875	\$ -	\$ 29,100	\$ 4,000	\$ -	\$ 79,770	\$ -	\$ 43,500
2003	\$ 183,775	\$ 15,210	\$ -	\$ 98,245	\$ 6,805	\$ -	\$ 25,385	\$ 2,000	\$ -	\$ 75,730	\$ -	\$ 43,500
2004	\$ 168,780	\$ 25,299	\$ -	\$ 83,825	\$ 5,725	\$ -	\$ 21,540	\$ 1,250	\$ -	\$ 71,475	\$ -	\$ 43,500
2005	\$ 69,415	(6) \$ 18,558	\$ -	\$ 67,925	\$ 4,640	\$ -	\$ 17,555	\$ -	\$ -	\$ 64,940	\$ -	\$ 43,500
2006	\$ 69,415	\$ 15,939	\$ -	\$ 50,925	\$ 3,535	\$ -	\$ 13,420	\$ -	\$ -	\$ 60,430	\$ -	\$ 43,500
2007	\$ 15,290	(7) \$ 13,320	\$ -	\$ 32,725	\$ 2,380	\$ -	\$ 9,120	\$ -	\$ -	\$ 55,675	\$ -	\$ 43,500

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

(2) Approximately 96.3% of these bonds are on the books of Wheelabrator Bridgeport. Approximately 3.7% of these bonds are on the books of the Authority.

(3) 84.687% of these bonds are on the books of Covanta Projects of Wallingford. 15.313% of these bonds are on the books of the Authority.

(4) 88.871% of these bonds are on the books of Covanta Southeastern Connecticut Company. 11.129% of these bonds are on the books of the Authority.

(5) The Authority issued two series of bonds as a conduit issuer for the Southeast Project in connection with the Covanta Southeastern Connecticut Company. These bonds are not carried on the books of the Authority.

(6) 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).

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



Connecticut Resources Recovery Authority

Exhibit 13 - Special Capital Reserve Fund Debt Limit Information
Last Six Fiscal Years
(Dollars in Thousands)

Project:	Fiscal Year					
	2002	2003	2004	2005	2006	2007
Special Capital Reserve Funds (SCRF) limit * (1)	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000
Mid-Connecticut Project	\$ 193,170	\$ 179,775	\$ 165,705	\$ 69,415	\$ 69,415	\$ 15,290
1996 Series A	4,880	4,000	3,075	-	-	-
1997 Series A	-	-	-	-	-	-
Bridgeport Project (2)	-	-	-	-	-	-
Wallingford Project (2)	-	-	-	-	-	-
Southeast Project	77,140	73,280	69,220	64,940	60,430	55,675
1998 Series A	2,630	2,450	2,255	-	-	-
1989 Series A	277,820	259,505	240,255	134,355	129,845	70,965
TOTAL SCRF-BACKED DEBT	\$ 447,180	\$ 465,495	\$ 484,745	\$ 590,645	\$ 595,155	\$ 654,035
Legal debt margin	38.32%	35.79%	33.14%	18.53%	17.91%	9.79%
Total outstanding as a percentage of SCRF limit						

(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 dollars.
(2) These projects do not have bonds backed by the Special Capital Reserve Fund.

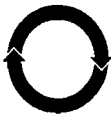


Connecticut Resources Recovery Authority

**Exhibit 14 - Demographic Information
Last Ten Fiscal Years**

Fiscal Year	Mid-Connecticut		Bridgeport		Wallingford		Southeast	
	Population Served	# of Towns	Population Served	# of Towns	Population Served	# of Towns	Population Served	# of Towns
1998	1,018,728	63	640,525	18	198,851	5	269,866	16
1999	1,088,026	67	643,194	18	199,295	5	263,715	16
2000	1,137,468	66	627,153	18	209,877	5	294,111	17
2001	1,177,063	66	633,372	18	208,360	5	254,715	17
2002	1,184,419	70	678,550	18	212,984	5	258,382	15
2003	1,184,419	70	678,550	18	212,984	5	258,382	15
2004	1,193,139	70	680,745	18	214,584	5	261,260	15
2005	1,199,845	70	683,657	18	215,195	5	264,468	15
2006	1,203,325	70	822,947	20	215,574	5	265,026	15
(1) 2007	1,205,963	70	821,740	20	215,282	5	245,291	14

Source: Department of Health Services
(1) Estimated populations as of July 1, 2006



Connecticut Resources Recovery Authority

Exhibit 15 - Expenses by Function (1)

Last Ten Fiscal Years

(Dollars in Thousands)

Mid-Connecticut Project

Fiscal Year	Total Expenses	Solid Waste Operations	% of Annual		Project Administration (3)	% of Annual		Landfill Closure & Postclosure	% of Annual	Debt Service	% of Annual
			(2)	Maintenance & Utilities		(3)	Annual				
1998	\$82,375	\$41,251	50.08%	\$6,983	\$2,999	3.64%	(\$1,188)	-1.44%	\$32,330	39.25%	
1999	\$80,041	\$41,538	51.91%	\$6,973	\$4,032	5.04%	\$328	0.41%	\$27,170	33.94%	
2000	\$84,204	\$49,829	59.18%	\$2,075	\$4,693	5.57%	\$218	0.26%	\$27,389	32.53%	
2001	\$88,073	\$53,733	61.02%	\$1,651	\$5,213	5.92%	(\$85)	-0.10%	\$27,561	31.29%	
2002	\$90,813	\$56,914	62.67%	\$1,289	\$4,733	5.21%	\$587	0.65%	\$27,290	30.05%	
2003	\$94,081	\$61,000	64.84%	\$1,144	\$3,782	4.02%	\$2,005	2.13%	\$26,150	27.80%	
2004	\$91,783	\$58,675	63.93%	\$1,481	\$4,381	4.77%	\$467	0.51%	\$26,779	29.18%	
2005	\$92,957	\$59,094	63.57%	\$1,730	\$4,985	5.36%	\$385	0.41%	\$26,763	28.79%	
2006	\$78,514	\$60,164	76.63%	\$1,997	\$8,769	11.17%	\$178	0.23%	\$7,406	9.43%	
2007	\$108,344 (4)	\$58,221	53.74%	\$1,833	\$9,523	8.79%	\$34,194 (4)	31.56%	\$4,573	4.22%	

Bridgeport Project

Fiscal Year	Total Expenses	Solid Waste Operations	% of Annual		Project Administration (3)	% of Annual		Landfill Closure & Postclosure	% of Annual	Debt Service	% of Annual
			(2)	Maintenance & Utilities		(3)	Annual				
1998	\$35,634	\$26,830	75.29%	\$179	\$1,144	3.21%	\$572	1.61%	\$6,909	19.39%	
1999	\$34,334	\$28,700	83.59%	\$89	\$778	2.27%	\$489	1.42%	\$4,278	12.46%	
2000	\$49,112	\$38,117	77.61%	\$262	\$1,101	2.24%	\$5,685	11.58%	\$3,947	8.04%	
2001	\$49,205	\$42,341	86.05%	\$926	\$1,136	2.31%	\$1,894	3.85%	\$2,908	5.91%	
2002	\$50,894	\$44,277	87.00%	\$1,849	\$996	1.96%	\$400	0.79%	\$3,372	6.63%	
2003	\$46,798	\$43,555	93.07%	(\$280)	\$801	1.71%	\$625	1.34%	\$2,097	4.48%	
2004	\$46,562	\$42,228	90.69%	\$241	\$861	1.85%	\$1,158	2.49%	\$2,074	4.45%	
2005	\$47,647	\$44,356	93.09%	\$301	\$1,122	2.35%	(\$180)	-0.38%	\$2,048	4.30%	
2006	\$52,364	\$46,595	88.98%	\$297	\$1,935	3.70%	\$1,498	2.86%	\$2,039	3.89%	
2007	\$58,836	\$53,079	90.22%	\$560	\$3,052	5.19%	\$84	0.14%	\$2,061	3.50%	

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

(2) Solid Waste Operations for fiscal years 1998 - 2005 include legal expenses. Starting FY2006, legal expenses are included under Project Administration.

(3) Project Administration for fiscal years 1998 - 2005 does not include legal expenses (see (2) above).

(4) Significantly higher total expenses due to increased landfill closure and postclosure costs as a result of Authority assuming responsibility for all closure and postclosure care costs at the Hartford Landfill (approximately \$31.0 million) and increased administration costs at all five landfills (approximately \$3.6 million).



Connecticut Resources Recovery Authority

**Exhibit 15 Continued - Expenses by Function (1)
Last Ten Fiscal Years
(Dollars in Thousands)**

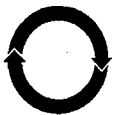
Wallingford Project

Fiscal Year	Total Expenses	Solid Waste Operations (2)		Maintenance & Utilities		% of Annual Administration (3)		Project		Landfill Closure & Postclosure		Debt Service		% of Annual	
		Operations	% Annual	& Utilities	% Annual	Annual	% Annual	Administration	Project	Annual	% Annual	Annual	% Annual	Service	% Annual
1998	\$15,485	\$14,395	92.96%	\$5	0.03%	\$545	3.52%	\$572	\$1,112	-3.69%	\$1,112	7.18%			
1999	\$16,458	\$14,313	86.97%	\$5	0.03%	\$462	2.81%	\$607	\$1,071	3.69%	\$1,071	6.51%			
2000	\$15,538	\$13,914	89.55%	\$3	0.02%	\$564	3.63%	\$286	\$771	1.84%	\$771	4.96%			
2001	\$16,208	\$13,916	85.86%	\$1,480	9.13%	\$538	3.32%	(\$631)	\$905	-3.89%	\$905	5.58%			
2002	\$19,101	\$14,753	77.24%	\$0	0.00%	\$459	2.40%	(\$140)	\$4,029	-0.73%	\$4,029	21.09%			
2003	\$20,204	\$15,296	75.71%	\$93	0.46%	\$439	2.17%	\$1,488	\$2,888	7.36%	\$2,888	14.29%			
2004	\$18,165	\$15,864	87.33%	(\$25)	-0.14%	\$469	2.58%	\$264	\$1,593	1.45%	\$1,593	8.77%			
2005	\$18,239	\$16,196	88.80%	\$6	0.03%	\$542	2.97%	(\$25)	\$1,520	-0.14%	\$1,520	8.33%			
2006	\$18,594	\$17,249	92.77%	\$19	0.10%	\$641	3.45%	(\$47)	\$732	-0.25%	\$732	3.94%			
2007	\$18,635	\$16,887	90.62%	\$8	0.04%	\$650	3.49%	\$361	\$729	1.94%	\$729	3.91%			

Southeast Project

Fiscal Year	Total Expenses	Solid Waste Operations (2)		Maintenance & Utilities		% of Annual Administration (3)		Project		Debt Service		% of Annual		
		Operations	% Annual	& Utilities	% Annual	Annual	% Annual	Administration	Project	Annual	% Annual	Service	% Annual	
1998	\$15,062	\$11,945	79.31%	\$0	0.00%	\$327	2.17%	\$2,790	\$2,790	18.52%	\$2,790	18.52%		
1999	\$15,672	\$10,485	66.90%	\$0	0.00%	\$221	1.41%	\$4,966	\$4,966	31.69%	\$4,966	31.69%		
2000	\$13,176	\$11,643	88.37%	\$0	0.00%	\$190	1.44%	\$1,343	\$1,343	10.19%	\$1,343	10.19%		
2001	\$13,299	\$11,721	88.13%	\$0	0.00%	\$255	1.92%	\$1,323	\$1,323	9.95%	\$1,323	9.95%		
2002	\$13,923	\$12,391	89.00%	\$0	0.00%	\$269	1.93%	\$1,263	\$1,263	9.07%	\$1,263	9.07%		
2003	\$12,379	\$10,678	86.26%	\$119	0.96%	\$183	1.48%	\$1,399	\$1,399	11.30%	\$1,399	11.30%		
2004	\$12,128	\$10,570	87.15%	\$0	0.00%	\$169	1.39%	\$1,389	\$1,389	11.45%	\$1,389	11.45%		
2005	\$11,710	\$10,176	86.90%	\$0	0.00%	\$183	1.56%	\$1,351	\$1,351	11.54%	\$1,351	11.54%		
2006	\$10,611	\$9,481	89.35%	\$0	0.00%	\$136	1.28%	\$994	\$994	9.37%	\$994	9.37%		
2007	\$10,956	\$9,869	90.08%	\$0	0.00%	\$104	0.95%	\$983	\$983	8.97%	\$983	8.97%		

(1) Excludes depreciation and amortization and non-operating expenses; debt service includes principal.
 (2) Solid Waste Operations for fiscal years 1998 - 2005 include legal expenses. Starting FY2006, legal expenses are included under Project Administration.
 (3) Project Administration for fiscal years 1998 - 2005 does not include legal expenses (see (2) above).



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