

**CONNECTICUT RESOURCES
RECOVERY AUTHORITY**

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2000

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT



ANNUAL FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2000

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SIMIONE SCILLIA LARROW & DOWLING LLC

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying financial statements of Connecticut Resources Recovery Authority, a component unit of the State of Connecticut, as of and for the years ended June 30, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Resources Recovery Authority as of June 30, 2000 and 1999, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 1, 2000, on our consideration of the Connecticut Resources Recovery Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Simone Scillia Larrow & Dowling LLC

Hartford, Connecticut
September 1, 2000

Certified Public Accountants and Consultants



BALANCE SHEETS
JUNE 30, 2000 AND 1999
(In Thousands)

EXHIBIT I

| ASSETS | <u>2000</u> | <u>1999</u> |
|--|-------------------------|-------------------------|
| Current Assets: | | |
| Cash and cash equivalents | \$57,140 | \$47,999 |
| Service payments receivable | 13,808 | 11,881 |
| Accrued interest and other assets | <u>15,990</u> | <u>16,852</u> |
| Total Current Assets | 86,938 | 76,732 |
| Restricted Assets: | | |
| Cash and cash equivalents | 74,678 | 64,849 |
| Investments | 508 | 6,938 |
| Accrued interest receivable | <u>750</u> | <u>744</u> |
| Total Restricted Assets | 75,936 | 72,531 |
| Development and Bond Issuance Costs | 13,312 | 14,504 |
| Long-term Receivables | 0 | 277 |
| Property, Plant and Equipment, net | <u>202,501</u> | <u>214,351</u> |
| TOTAL ASSETS | <u>\$378,687</u> | <u>\$378,395</u> |
| LIABILITIES AND FUND EQUITY | | |
| Current Liabilities: | | |
| Current portion of bonds payable, net | \$17,235 | \$16,519 |
| Current portion of closure and postclosure care of landfills | 3,537 | 3,752 |
| Accounts payable and accrued expenses | <u>23,946</u> | <u>18,423</u> |
| Total Current Liabilities | 44,718 | 38,694 |
| Long-term Liabilities: | | |
| Bonds payable, net | 246,525 | 263,700 |
| Closure and postclosure care of landfills | <u>21,455</u> | <u>18,640</u> |
| TOTAL LIABILITIES | 312,698 | 321,034 |
| Fund Equity: | | |
| Contributed Capital | 1,713 | 1,835 |
| Retained Earnings: - | | |
| Reserved | 19,263 | 18,676 |
| Unreserved | <u>45,013</u> | <u>36,850</u> |
| Total Retained Earnings | 64,276 | 55,526 |
| TOTAL FUND EQUITY | 65,989 | 57,361 |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$378,687</u> | <u>\$378,395</u> |

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



**STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999
(In Thousands)**

EXHIBIT II

| | 2000 | 1999 |
|---|----------|----------|
| OPERATING REVENUES | | |
| Service charges: | | |
| Members | \$72,987 | \$75,906 |
| Other | 29,304 | 12,930 |
| Energy generation | 52,770 | 48,334 |
| Ash disposal fees | 3,670 | 3,955 |
| Other income | 7,410 | 7,279 |
| Total operating revenues | 166,141 | 148,404 |
| OPERATING EXPENSES | | |
| Solid waste operations | 113,516 | 95,081 |
| Depreciation and amortization | 16,136 | 15,730 |
| Maintenance and utilities | 2,340 | 7,067 |
| Closure and postclosure care of landfills | 6,189 | 1,424 |
| Project administration | 6,548 | 5,493 |
| Total operating expenses | 144,729 | 124,795 |
| OPERATING INCOME | 21,412 | 23,609 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment income | 7,116 | 6,076 |
| Settlement income | 2,642 | 4,723 |
| Bond interest expense | (16,872) | (18,229) |
| Other | (5,670) | *(4,870) |
| Net nonoperating expenses | (12,784) | (12,300) |
| NET INCOME | 8,628 | 11,309 |
| Add item affecting contributed capital - depreciation on equipment acquired through capital grants | 122 | 126 |
| Retained earnings, beginning of year | 55,526 | 44,091 |
| RETAINED EARNINGS, END OF YEAR | \$64,276 | \$55,526 |

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



STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999
(In Thousands)

EXHIBIT III

| | <u>2000</u> | <u>1999</u> |
|---|-------------------------|-------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Operating income | \$21,412 | \$23,609 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation of property, plant and equipment | 14,945 | 14,540 |
| Provision for closure and postclosure care of landfills | 6,189 | 1,424 |
| Settlement income | 2,642 | (108) |
| Amortization of development and bond issuance costs | 1,190 | 1,189 |
| Increase in other long-term liabilities | 0 | 220 |
| Other nonoperating expenses | (782) | (1,786) |
| Rebate to municipalities | (5,000) | (3,000) |
| (Increase) decrease in: | | |
| Service payments receivable | (2,046) | (892) |
| Other assets | 1,550 | 1,910 |
| Increase (decrease) in accounts payable and accrued expenses | 5,814 | (4,529) |
| Net Cash Provided by Operating Activities | <u>45,914</u> | <u>32,577</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Other interest and fees | (98) | (123) |
| Net Cash Used for Noncapital Financing Activities | <u>(98)</u> | <u>(123)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from sale of bonds | 5,245 | 16,395 |
| Refunding of debt | 369 | (3,570) |
| Proceeds from sale of property and equipment | 443 | 2,011 |
| Bond issuance costs incurred | 0 | (707) |
| Acquisition and construction of capital assets | (3,536) | (2,343) |
| Payment of landfill closure and postclosure care liabilities | (3,589) | (1,544) |
| Interest paid on bonds | (16,278) | (17,542) |
| Principal paid on bonds | (22,957) | (35,162) |
| Net Cash Used for Capital and Related Financing Activities | <u>(40,303)</u> | <u>(42,462)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on investments | 7,072 | 6,252 |
| Proceeds from sale and maturities of investment securities | 6,885 | 1,014 |
| Purchase of investment securities | (500) | (368) |
| Net Cash Provided by Investing Activities | <u>13,457</u> | <u>6,898</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 18,970 | (3,110) |
| Cash and Cash Equivalents, Beginning of Year, (Unrestricted and Restricted) | <u>112,848</u> | <u>115,958</u> |
| CASH AND CASH EQUIVALENTS, END OF YEAR, (UNRESTRICTED AND RESTRICTED) | <u><u>\$131,818</u></u> | <u><u>\$112,848</u></u> |

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During fiscal 1999, a settled claim resulted in settlement income of \$4,130,000 (the amount provided in excess of the payment).

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



NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2000 AND 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

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

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

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

Mid-Connecticut Project

The Mid-Connecticut Project consists of a 2,849 average tons per day refuse derived fuel Resources Recovery Facility located in Hartford, Connecticut, four transfer stations, the Hartford Landfill, the Ellington Landfill and a Regional Recycling Center located in Hartford, Connecticut. This system of facilities provides solid waste disposal services to over sixty Connecticut municipalities through service contract arrangements. The Authority owns the Waste Processing Facility portion of the Resources Recovery Facility, the transfer stations, the Ellington Landfill and the container-processing portion of the Regional Recycling Center. The Authority leases the land for the Resources Recovery Facility, Essex transfer station and paper processing portion of the Regional Recycling Center. The Authority controls the Hartford Landfill under a long-term lease with the City of Hartford. The Authority leases the paper processing facility of the Regional Recycling Center. 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.

Bridgeport Project

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



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

Wallingford Project

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

Southeastern Project

The Southeastern Project consists of a 690 ton per day mass burn Resources Recovery Facility located in Preston, Connecticut and the Montville Landfill. The system provides solid waste disposal services to seventeen 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 revenues from service fees charged to participating municipalities and pays the vendor a service fee for the disposal service. Electrical energy and nonmember town revenues accrue to the vendor with

certain contractually prescribed credits to the service fee for these revenue types.

Administrative Pool

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

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

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

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

Enterprise funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Interest on revenue bonds, 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 financial statements are presented in accordance with Alternative #1 under Governmental Accounting Standards Board (GASB) Statement No. 20, and the Authority follows (1) all GASB pronouncements and (2) Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, except those which conflict with a GASB pronouncement.

C. Cash and Cash Equivalents

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



D. Receivables

Receivables 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.

Service payments receivable are stated net of an allowance for the estimated portion that is not expected to be collected of \$220,000 at June 30, 2000 and \$135,000 at June 30, 1999.

| Project (000's) | 2000 | 1999 |
|--------------------|----------------|----------------|
| Mid-Connecticut | \$2,022 | \$1,866 |
| Wallingford | 3,117 | 2,833 |
| Southeastern | <u>3,732</u> | <u>3,340</u> |
| Total | <u>\$8,871</u> | <u>\$8,039</u> |

E. Inventory

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

F. Investments

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

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

G. Restricted Assets

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

H. Development Costs

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

At June 30, 2000 and 1999, accumulated amortization of development costs for the projects is as follows:

I. Property, Plant and Equipment

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

| Property, Plant and Equipment | Years |
|-------------------------------|-------|
| Resources Recovery Buildings | 30 |
| Other Buildings | 20 |
| Resources Recovery Equipment | 30 |
| Recycling Equipment | 10 |
| Rolling Stock and Automobiles | 5 |
| Office and Other Equipment | 3-5 |
| Roadways | 20 |

J. Other Financing

The Authority has issued several bonds pursuant to Indenture Agreements with a Trustee to fund the construction of waste processing facilities by independent contractors/operators. These bonds are payable from a pledge of revenues derived primarily



under Lease or Loan Agreements between the Authority and the operators.

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

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

K. Compensated Absences

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

L. Fund Equity

The changes in Contributed Capital for the years ended June 30, 2000 and 1999 are as follows:

| Contributed Capital (000's) | 2000 | 1999 |
|--------------------------------|----------------|----------------|
| Beginning of year | \$1,835 | \$1,961 |
| Amortization of capital grants | (122) | (126) |
| End of year | <u>\$1,713</u> | <u>\$1,835</u> |

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

Reservations of retained earnings are limited to outside third party restrictions and represent the net assets that have been legally identified for specific purposes. Reserved retained earnings at June 30, 2000 and 1999 are summarized as follows:

| Reserved Retained Earnings (000's) | 2000 | 1999 |
|---------------------------------------|-----------------|-----------------|
| Debt principal payment | \$10,971 | \$10,798 |
| Operating and maintenance | 3,052 | 2,883 |
| Equipment replacement | 2,914 | 2,753 |
| Regional recycling center equipment | 1,443 | 1,390 |
| Landfill custodian accounts | 518 | 491 |
| Mercury Public Awareness Account | <u>365</u> | <u>361</u> |
| Total | <u>\$19,263</u> | <u>\$18,676</u> |

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

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

STIF is an investment pool of short-term money market instruments that may include adjustable-rate federal agency and foreign government securities whose interest rates vary directly with short-term money market indices and generally are reset daily, monthly, quarterly and semi-annually. The adjustable-rate securities 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.

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

A. Deposits

At June 30, 2000 and 1999, the carrying amounts of the Authority's deposits were \$2,900,000 and \$3,842,000, respectively, and the bank balances were \$4,934,000 and \$5,605,000, respectively. Of the bank balances, Federal Depository Insurance covered



\$200,000 at risk category 1 at June 30, 2000 and 1999. The remaining bank balances of \$4,734,000 and \$5,405,000 at June 30, 2000 and 1999, respectively, were categorized at risk category 3.

Category 3 deposits are those bank balances which are uninsured and are either not collateralized, or collateralized with securities held by the pledging financial institution, or by its trust department or agent, but not in the name of the Authority. The minimum amounts of the Authority's category 3 bank balances collateralized at June 30, 2000 and 1999 were \$493,000 and \$561,000, respectively. The remaining category 3 bank balances of \$4,241,000 and \$4,844,000 at June 30, 2000 and 1999, respectively, were not collateralized.

The following table is a summary of GASB Statement No. 3 deposits reconciled to Total Cash and Cash Equivalents (unrestricted and restricted) at June 30, 2000 and 1999.

| (000's) | 2000 | 1999 |
|---|------------------|------------------|
| Total Deposits | 2,900 | 3,842 |
| STIF | 125,995 | 106,585 |
| U.S. Treasury and other Obligations | <u>2,923</u> | <u>2,421</u> |
| Total Cash and Cash Equivalents (unrestricted and restricted) | <u>\$131,818</u> | <u>\$112,848</u> |

B. Investments

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

At June 30, 2000 and 1999, investments, as defined by GASB Statement No. 3, were U.S. Treasury Notes in the fair value amount of \$508,000 and \$6,938,000, respectively, which are classified in Risk Category 3.

3. PROPERTY, PLANT & EQUIPMENT

A summary of property, plant and equipment at June 30, 2000 and 1999 is presented as follows:

| Classification (000's) | 2000 | 1999 |
|----------------------------------|------------------|------------------|
| Land | \$22,123 | \$21,937 |
| Plant | 174,727 | 174,768 |
| Equipment | 165,293 | 163,309 |
| Construction in progress | <u>1,291</u> | <u>1,128</u> |
| Subtotal | 363,434 | 361,142 |
| Less accumulated depreciation | <u>(160,933)</u> | <u>(146,791)</u> |
| Property, Plant & Equipment, net | <u>\$202,501</u> | <u>\$214,351</u> |

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

During fiscal 2000 and 1999, there was no interest capitalized in property, plant and equipment.

4. LONG-TERM DEBT

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



The annual requirements to amortize long-term debt recorded by the Authority as of June 30, 2000, including interest payments of \$103,264,000, are as follows:

| Year Ending June 30 (000's) | Mid- Connecticut | Bridgeport | Wallingford | Southeastern | Interest | Total |
|-----------------------------------|---------------------|-----------------|-----------------|-----------------|------------------|------------------|
| 2001 | 14,235 | 2,466 | 152 | 382 | 14,924 | 32,159 |
| 2002 | 14,013 | 2,638 | 3,535 | 423 | 13,796 | 34,405 |
| 2003 | 13,698 | 1,509 | 2,555 | 461 | 12,616 | 30,839 |
| 2004 | 14,460 | 1,614 | 1,327 | 507 | 11,572 | 29,480 |
| 2005 | 15,268 | 1,733 | 1,351 | 555 | 10,463 | 29,370 |
| 2006-2010 | 87,803 | 8,041 | 3,171 | 3,623 | 33,771 | 136,409 |
| 2011-2015 | 63,335 | 0 | 0 | 4,079 | 6,101 | 73,515 |
| 2016 | 0 | 0 | 0 | 826 | 21 | 847 |
| Total | <u>\$222,812</u> | <u>\$18,001</u> | <u>\$12,091</u> | <u>\$10,856</u> | <u>\$103,264</u> | <u>\$367,024</u> |
| Interest Rates | 4.5-6.5% | 4.375-7.5% | 3.3-6.85% | 5-7.7% | | |

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 any one year in the event that the Authority is unable to do so. Certain Authority bonds are insured. Bond principal amounts recorded as long-term debt at June 30, 2000 and 1999, which are backed by a special capital reserve fund, are as follows:

| Project (000's) | 2000 | 1999 |
|--------------------|------------------|------------------|
| Mid-Connecticut | \$222,812 | \$236,228 |
| Bridgeport | 2,385 | 3,960 |
| Southeastern | <u>10,856</u> | <u>11,204</u> |
| Total | <u>\$236,053</u> | <u>\$251,392</u> |

The long-term debt amounts for the Projects in the two tables above have been reduced by the deferred

loss (gain) on refunding of bonds, net of the unamortized premium on the sale of bonds at June 30, 2000 and 1999, as follows:

| Project (000's) | 2000 | 1999 |
|---|----------------|----------------|
| Deferred loss (gain): | | |
| Mid-Connecticut | \$4,774 | \$5,522 |
| Bridgeport | (241) | 0 |
| Wallingford | 83 | 178 |
| Southeastern | <u>2,688</u> | <u>2,994</u> |
| Subtotal | 7,304 | 8,694 |
| Reduced by unamortized premium – Southeastern | <u>(1,207)</u> | <u>(1,344)</u> |
| Net Reduction | <u>\$6,097</u> | <u>\$7,350</u> |



In August 1999, the Authority issued \$141,695,000 Bridgeport 1999 Series A bonds (of which \$5,245,000 was allocable to Authority purposes with an average interest rate of 4.8%). The proceeds of the 1999 bonds, together with \$335,000 of other restricted Authority funds were deposited into an irrevocable trust. These amounts were used to refund \$153,355,000 of Bridgeport 1985 Series A and B bonds (of which \$5,785,000 was allocable to Authority purposes with an interest rate of 8%).

The Bridgeport 1999 refunding resulted in a difference of \$282,000 between the net carrying amount and the reacquisition price of the old debt allocable to Authority purposes. This amount is being credited to interest expense through fiscal 2009 using the proportionate-to-stated interest method. This refunding is reducing the Authority's solid waste operations expense and allocable debt service payments by \$19,403,000 through fiscal 2009 and generated an economic gain (the difference between the present values of the Authority's portions of debt service payments and solid waste fees under the 1985 and the 1999 bonds) of \$16,036,000.

In January 1999, the Authority defeased the Southeastern 1988 Landfill bonds which had an outstanding principal balance of \$2,445,000, by depositing \$2,573,000 (\$1,689,000 of restricted funds) into an irrevocable trust. Debt service payments for these bonds are being made from this trust through the final maturity date of November 15, 2000. At June 30, 2000 and 1999, the principal amount outstanding on these bonds was \$1,265,000 and \$2,445,000, respectively.

In October 1998, the Authority issued the \$39,475,000 Wallingford 1998 Series A, B and C bonds (of which \$5,174,000 was allocable to Authority purposes) with an average interest rate of 4%. The proceeds of the 1998 bonds, together with \$1,236,000 of other Authority restricted funds were deposited into an irrevocable trust. These amounts were used to refund \$39,965,000 of Wallingford 1986 Series A, One and Two bonds (of which \$5,206,000 was allocable to Authority purposes) which had an average interest rate of 6.7%.

The Wallingford refunding resulted in a difference of \$110,000 between the reacquisition price and the net carrying amount of the old debt allocable to Authority purposes. This amount is being charged to interest

expense through fiscal 2009 using the proportionate-to-stated interest method. This refunding will reduce the Authority's solid waste operations expense and allocable debt service payments by \$9,077,000 through fiscal 2009 and generated an economic gain (the difference between the present values of the debt service payments of the 1986 and the 1998 bonds) of \$5,897,000.

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

The Southeastern refunding resulted in a difference of \$3,265,000 between the reacquisition price and the net carrying amount of the old debt allocable to Authority purposes. This amount is being charged to interest expense through fiscal 2016 using the proportionate-to-stated interest method. This refunding will reduce the Authority's solid waste operations expense and allocable debt service payments by \$34,000,000 through fiscal 2016 and generated an economic gain (the difference between the present values of the debt service payments of the 1988 and the 1998 bonds) of \$16,000,000.

At June 30, 1999, the Authority had an unused \$10,000,000 line of credit for the Bridgeport Project. In conjunction with the August 1999 bond refunding discussed above, the line of credit was terminated.

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

State and federal regulations require the Authority to place final cover on its landfills when it stops accepting waste (which may have been or included 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 postclosure care costs which are paid near or after the date a landfill stops accepting waste. In accordance with GASB Statement No. 18, the Authority reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of the balance sheet date. This amount increases the liability on the balance sheet for closure and postclosure care of landfills. These costs are generally paid when the landfill is closed and may

continue for up to thirty years thereafter. The liability for these costs is reduced when these costs are actually incurred.

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

The closure and postclosure care expenses and the amounts paid or accrued for fiscal 1999 and 2000 for the landfills, are separately presented in the following table:

| Project/Landfill (000's) | Liability at July 1, 1998 | Expense | Paid or Accrued | Liability at June 30, 1999 | Expense | Paid or Accrued | Liability at June 30, 2000 |
|-----------------------------|------------------------------------|----------------|--------------------|-------------------------------------|----------------|--------------------|-------------------------------------|
| Mid-Connecticut: | | | | | | | |
| Hartford | \$3,738 | \$493 | \$0 | \$4,231 | \$81 | \$0 | \$4,312 |
| Ellington | 3,659 | (165) | (2) | 3,492 | 137 | (309) | 3,320 |
| Bridgeport: | | | | | | | |
| Shelton | 10,111 | 244 | (1,355) | 9,000 | 5,446 | (3,065) | 11,381 |
| Waterbury | 123 | 245 | 0 | 368 | 239 | 0 | 607 |
| Wallingford | 4,882 | 607 | (188) | 5,301 | 286 | (215) | 5,372 |
| Total | \$22,513 | \$1,424 | (\$1,545) | \$22,392 | \$6,189 | (\$3,589) | \$24,992 |

The estimated remaining costs to be recognized in the future as closure and postclosure care of landfills expense, the percent of landfill capacity used and the remaining years of life for open landfills at June 30, 2000, are scheduled below:

| Project/Landfill (000's) | Remaining Costs to be Recognized | Capacity Used Landfill Area | | Estimated Years of Remaining Landfill Area Life | |
|------------------------------|-------------------------------------|--------------------------------|-------|--|-------|
| | | Ash | Other | Ash | Other |
| Mid-Connecticut- Hartford | \$1,381 | 81% | 97% | 3.0 | 1.0 |
| Bridgeport-Waterbury | 286 | --- | 68% | --- | 15.0 |
| Total | \$1,667 | | | | |



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

Trust accounts were held for financial assurance purposes for Mid-Connecticut's Ellington Landfill and Bridgeport's Waterbury Landfill. These trust accounts are valued at \$381,000 and \$133,000, respectively, at June 30, 2000, and \$362,000 and \$129,000, respectively, at June 30, 1999. These trust accounts are reflected as restricted assets on the balance sheet.

At June 30, 2000 and 1999, letters of credit for \$305,000 and \$445,000, respectively, were outstanding which related to postclosure costs of Bridgeport's original Shelton Landfill.

In addition to the above accounts and letters of credit, the Authority meets certain financial assurance requirements at June 30, 2000 and 1999 by meeting specified criteria pursuant to Section 258.74 of the federal EPA Subtitle D regulations.

6. MAJOR CUSTOMERS

Steam and electricity revenues from the Connecticut Light & Power Company (CL&P) totaled 32% and 33% of the Authority's operating revenues for the years ended June 30, 2000 and 1999, respectively.

Service charges revenues and other income from Waste Management of Connecticut, Inc. totaled 11% and 1% of the Authority's operating revenues for the years ended June 30, 2000 and 1999, respectively.

7. SETTLEMENT INCOME

The Administrative Pool received settlement income for an insurance claim of \$362,000 in 2000. The amount was partial reimbursement of an environmental pollution claim in the amount of \$473,000 recorded in the year ended June 30, 1998.

Under a settlement agreement and release, the Mid-Connecticut Project received \$30,000 during fiscal 2000 from an insurer.

During 2000, the Authority received \$2,000,000 of settlement income for the Southeastern Project. This amount was received from a private entity in conjunction with receiving an approved closure plan for the Montville Landfill which is not owned or operated by the Authority.

During fiscal 2000 and 1999, the Authority received \$250,000 and \$490,000, respectively, from the Southeastern Project's regional authority. These payments resulted from agreements entered into in fiscal 1996 between the regional authority and private entities.

The Administrative Pool received settlement income of \$25,000 in 1999. This income resulted from administrative fees charged for the Authority's participation in a corporate credit bond issuance.

Under a settlement agreement with CL&P, during fiscal 1999, the Authority and CL&P agreed to a revised schedule of electric purchase rates for the Southeastern Project. This Project made a one-time payment to CL&P of \$700,000 and realized \$4,130,000 of settlement income as a result of the agreement. This settlement income arose from the manner in which the dispute had been previously recorded.

The Authority recorded settlement income of \$78,000 in fiscal 1999 in the Southeastern Project under a June 1998 decision by the State's Department of Public Utility Control.

8. RETIREMENT PLAN

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

Through June 30, 2000, contributions were made at a rate of 10 percent of payroll. Authority contributions for the year ended June 30, 2000 amounted to \$299,000 based on covered payroll of \$2,997,000. Covered payroll represents 94.1 percent of total payroll in 2000. Authority contributions for the year



ended June 30, 1999 amounted to \$270,000 based on covered payroll of \$2,701,000. Covered payroll represents 87.4 percent of total payroll in 1999. Employees contributed \$158,000 to the plan in fiscal 2000 and \$149,000 in fiscal 1999.

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions will be 5 percent of payroll with a dollar for dollar match of employees' contributions up to 5 percent.

9. RISK MANAGEMENT

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

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

The Authority is a member of CIRMA's Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is a dividend program and losses and reserves incurred in each coverage period are evaluated at 18 and 30 months after the effective date of coverage. If the Authority's losses are low, it is entitled to receive dividends that reduce future premium expenses. The deposit contributions (premiums) paid were \$10,000 and \$15,000 for the years ended June 30, 2000 and 1999, respectively. The premiums are subject to payroll audit at the close of the coverage period. CIRMA's Workers' Compensation Pool retains \$1,000,000 per occurrence and purchases reinsurance above that

amount to the limit of liability of \$10 million per occurrence.

10. COMMITMENTS

The Authority has various operating leases for office space, land, landfills and office equipment. For the years ended June 30, 2000 and 1999, operating lease payments totaled \$1,355,000 and \$1,278,000, respectively. Future minimum rental commitments under noncancelable operating leases as of June 30, 2000 are as follows:

| Fiscal Year (000's) | Amount |
|------------------------|-----------------|
| 2001 | \$1,418 |
| 2002 | 1,426 |
| 2003 | 1,399 |
| 2004 | 1,397 |
| 2005 | 1,074 |
| Thereafter | <u>5,218</u> |
| Total | <u>\$11,932</u> |

Of the total \$11,932,000 future minimum rental commitments in the above table, \$6,069,00 is for land and office space leased from CL&P. As discussed in Note 14, the Authority may consummate an acquisition of the leased land and assets.

The Authority leases the Bridgeport Regional Recycling Center and its equipment to a private vendor. Under this operating lease, the Authority earned rental income of \$1,102,000 and \$1,065,000 for the years ended June 30, 2000 and 1999, respectively. The cost of the plant and equipment under lease is \$3,025,000 and \$1,909,000, respectively, at June 30, 2000. The carrying value at June 30, 2000 of this plant and equipment under lease is \$1,917,000 and \$451,000, respectively. The future minimum rental income on non-cancelable leases at June 30, 2000 is \$8,281,000 due in fiscal years 2001 through 2008 in equal annual amounts of \$1,035,000.



The Authority reached agreement regarding the termination of the Wallingford Project's steam supply agreement in fiscal 1993. Under this agreement, the Authority paid \$479,000 in fiscal 2000, \$450,000 in fiscal 1999 and a final payment of \$510,000 in fiscal 2001.

11. OTHER FINANCING

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

The Authority does not become involved in the repayment of debt on these issues except for the portion of the bonds allocable to Authority purposes. 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 in its financial statements. The amounts of these bond issues outstanding at June 30, 2000 (excluding portions allocable to Authority purposes) are as follows:

| Project (000's) | Amount |
|---|-------------------------|
| Bridgeport - 1999 Series A | <u>\$130,945</u> |
| Wallingford - | |
| 1998 Series A | 28,616 |
| 1998 Series B | <u>2,370</u> |
| | <u>30,986</u> |
| Southeastern - | |
| 1992 Series A (Corp. Credit) | 30,000 |
| 1998 Series A (Project) | 74,927 |
| 1998 Series A (Corp. Credit BFI) | 6,750 |
| 1998 Series A (Corp. Credit Duke Capital) | <u>6,750</u> |
| | <u>118,427</u> |
| Total | <u>\$280,358</u> |

The Southeastern 1998 Series A Project bond issue is secured by a special capital reserve fund. The State of Connecticut is contingently liable for any deficiencies of funds for this bond issue as further explained in Note 4.

12. SERVICE CONTRACT COMMITMENTS

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

The approximate amount of contract operating charges included in solid waste operations and maintenance and utilities expenses for the years ended June 30, 2000 and 1999 are as follows:

| Project (000's) | 2000 | 1999 |
|-----------------|------------------------|------------------------|
| Mid-Connecticut | \$39,599 | \$37,572 |
| Bridgeport | 33,432 | 25,580 |
| Wallingford | 11,972 | 12,468 |
| Southeastern | <u>10,033</u> | <u>7,574</u> |
| Total | <u>\$95,036</u> | <u>\$83,194</u> |

13. SEGMENT INFORMATION - ENTERPRISE FUNDS

The Authority has four operating enterprise funds which are intended to be self-supporting through service fees charged to operate resources recovery and recycling facilities. In addition, the Authority has an Administrative Pool. Financial segment information is presented below as of and for the year ended June 30, 2000 (with comparative totals for the prior year) for these projects and the Administrative Pool.



| (000's) | Mid-Connecticut Project | Bridgeport Project | Wallingford Project | South-eastern Project | Administrative Pool | Total 2000 | Total 1999 |
|---|-------------------------|--------------------|---------------------|-----------------------|---------------------|------------|------------|
| Operating revenues | \$87,307 | \$46,186 | \$21,606 | \$11,042 | \$0 | \$166,141 | \$148,404 |
| Depreciation and amortization expense | 14,174 | 1,026 | 327 | 448 | 161 | 16,136 | 15,730 |
| Operating income (loss) | 16,318 | (5) | 6,512 | (1,239) | (174) | 21,412 | 23,609 |
| Operating transfers: | | | | | | | |
| Out | 0 | 0 | 0 | 0 | 0 | 0 | (472) |
| In | 0 | 0 | 0 | 0 | 0 | 0 | 472 |
| Net income (loss) | 2,975 | (621) | 4,784 | 592 | 898 | 8,628 | 11,309 |
| Property, plant & equipment: | | | | | | | |
| Additions | 2,689 | 261 | 0 | 0 | 970 | 3,920 | 2,446 |
| Deletions | (595) | (623) | (0) | (0) | (410) | (1,628) | (7,146) |
| Bonds payable (including current portion) | 222,812 | 18,001 | 12,091 | 10,856 | 0 | 263,760 | 280,219 |
| Total equity | 31,434 | 5,688 | 7,863 | 10,259 | 10,745 | 65,989 | 57,361 |
| Net working capital | 8,303 | 1,457 | 13,734 | 9,192 | 9,534 | 42,220 | 38,038 |
| Total Assets | \$273,740 | \$41,087 | \$27,680 | \$24,317 | \$11,863 | \$378,687 | \$378,395 |

14. CONTINGENCIES

The Authority is a defendant in a multiple count civil action alleging certain antitrust violations and damage claims. The action arose in connection with another entity's construction of a resources recovery facility in Lisbon, Connecticut. A trial by jury has been scheduled for October 2000. The Authority will avail itself of all rights and remedies to reach a satisfactory outcome. However, management cannot estimate the amount of loss to the Authority should it not prevail.

During fiscal 2000, in conjunction with the restructuring of the state's electric industry, The Connecticut Department of Public Utility Control has approved the acquisition by the Authority of certain

land and assets owned by CL&P. Before an acquisition is consummated, certain matters remain to be resolved, including responsibility for operating and environmental issues. It is not expected by management that this transaction will have a material adverse effect on the financial position or results of operations of the Authority.

On June 1, 2000, the Authority entered into an Operating and License Agreement with CL&P which generally provides for the Authority to operate certain CL&P gas turbines while the negotiations regarding the acquisition are underway. Management does not believe the operation as licensee will have a material adverse effect on the financial position or results of operations of the Authority.



In February 1994, the Authority and the Bridgeport facility operator reached an agreement which reduced the annual guaranteed tonnage commitment from 515,000 tons of municipal solid waste to 400,000 tons, beginning in fiscal 1994. Previously, the facility operator had contended that Trustee approval was required for the negotiated agreement to be effective. In conjunction with the August 1999 Bridgeport Project bonds refinancing, discussed in Note 4, the matter has been resolved with no material adverse effect to the Authority.

During fiscal 1999, the Authority reached a settlement with CL&P regarding the electricity purchase rate paid to the Southeastern Project. Results of the settlement are discussed in Note 7.

In April 1997, the Authority entered into a contract with a private vendor to permit, construct and operate an ash recycling facility as part of the Mid-Connecticut Project. The Authority terminated this contract in fiscal 1999.

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

15. SUBSEQUENT EVENTS

In July 2000, the Authority contracted for \$12,395,000 to design and install an air processing system for the Mid-Connecticut Project, including construction of a maneuvering building. Additional costs to complete the system will be in the range of \$2,500,000 to \$7,300,000 depending upon certain technology decisions. The Authority expects that the majority of these costs may be financed on a long-term basis with bonds to be issued in the approximate amount of \$15,000,000.

In August 2000, the Authority issued \$9,200,000 Bridgeport 2000 Series A bonds with an average interest rate of 5.0%. The proceeds of the 2000 bonds, together with \$1,173,000 of other Authority funds (\$1,144,000 restricted) were deposited into an irrevocable trust. These amounts will be used to refund \$10,260,000 of Bridgeport 1989 Series A bonds in September 2000 which have an average interest rate of 7.5%.

The Bridgeport refunding resulted in a difference of \$50,000 between the reacquisition price and the net carrying amount of the old debt. The amount is being charged to interest expense through fiscal year 2009 using the proportionate-to-stated interest method. This refunding will reduce the Authority's total debt service payments by \$2,646,000 through fiscal 2009 and generated an economic gain (the difference between the present values of the debt service payments of the old and new bonds) of \$754,000.



Connecticut Resources Recovery Authority

COMBINING BALANCE SHEETS

EXHIBIT A
Page 1 of 2

JUNE 30, 2000

(with Comparative Totals for June 30, 1999)

(In Thousands)

| ASSETS | Administrative Pool | Mid-Connecticut Project | Bridgeport Project | Wallingford Project | Southeastern Project | Total 2000 | Total 1999 |
|--|---------------------|-------------------------|--------------------|---------------------|----------------------|------------------|------------------|
| Current Assets: | | | | | | | |
| Cash and cash equivalents | \$10,588 | \$18,453 | \$6,125 | \$14,329 | \$7,645 | \$57,140 | \$47,999 |
| Service payments receivable | 0 | 5,843 | 4,655 | 1,082 | 2,228 | 13,808 | 11,881 |
| Accounts receivable | 0 | 6,912 | 0 | 1,251 | 2,342 | 10,505 | 11,565 |
| Accrued interest and other receivables | 14 | 661 | 116 | 0 | 554 | 1,345 | 1,294 |
| Prepaid expenses | 50 | 324 | 19 | 737 | 7 | 1,137 | 1,020 |
| Inventory | 0 | 3,003 | 0 | 0 | 0 | 3,003 | 2,973 |
| Total Current Assets | 10,652 | 35,196 | 10,915 | 17,399 | 12,776 | 86,938 | 76,732 |
| Restricted Assets: | | | | | | | |
| Cash and cash equivalents | 365 | 57,241 | 5,677 | 7,359 | 4,036 | 74,678 | 64,849 |
| Investments | 0 | 376 | 132 | 0 | 0 | 508 | 6,938 |
| Accrued interest receivable | 0 | 294 | 23 | 98 | 335 | 750 | 744 |
| Total Restricted Assets | 365 | 57,911 | 5,832 | 7,457 | 4,371 | 75,936 | 72,531 |
| Development and Bond Issuance Costs | 0 | 3,268 | 50 | 2,824 | 7,170 | 13,312 | 14,504 |
| Long-term Receivables | 0 | 0 | 0 | 0 | 0 | 0 | 277 |
| Property, Plant and Equipment: | | | | | | | |
| Land | 0 | 6,923 | 15,200 | 0 | 0 | 22,123 | 21,937 |
| Plant | 180 | 149,461 | 25,086 | 0 | 0 | 174,727 | 174,768 |
| Equipment | 891 | 161,665 | 2,715 | 22 | 0 | 165,293 | 163,309 |
| Construction in progress | 162 | 1,129 | 0 | 0 | 0 | 1,291 | 1,128 |
| | 1,233 | 319,178 | 43,001 | 22 | 0 | 363,434 | 361,142 |
| Less accumulated depreciation | (387) | (141,813) | (18,711) | (22) | 0 | (160,933) | (146,791) |
| Property, Plant and Equipment, net | 846 | 177,365 | 24,290 | 0 | 0 | 202,501 | 214,351 |
| TOTAL ASSETS | \$11,863 | \$273,740 | \$41,087 | \$27,680 | \$24,317 | \$378,687 | \$378,395 |



Connecticut Resources Recovery Authority

COMBINING BALANCE SHEETS

JUNE 30, 2000

(with Comparative Totals for June 30, 1999)

(In Thousands)

EXHIBIT A
Page 2 of 2

LIABILITIES AND FUND EQUITY

| | Administrative Pool | Mid-Connecticut Project | Bridgeport Project | Wallingford Project | Southeastern Project | Total 2000 | Total 1999 |
|---|---------------------|-------------------------|--------------------|---------------------|----------------------|------------|------------|
| Current Liabilities: | | | | | | | |
| Current portion of: - | | | | | | | |
| Bonds payable, net | \$0 | \$14,235 | \$2,466 | \$152 | \$382 | \$17,235 | \$16,519 |
| Closure and postclosure care of landfills | 0 | 796 | 1,582 | 1,159 | 0 | 3,537 | 3,752 |
| Accounts payable and accrued expenses | 1,118 | 11,862 | 5,410 | 2,354 | 3,202 | 23,946 | 18,423 |
| Total Current Liabilities | 1,118 | 26,893 | 9,458 | 3,665 | 3,584 | 44,718 | 38,694 |
| Long-term Liabilities: | | | | | | | |
| Bonds payable, net | 0 | 208,577 | 15,535 | 11,939 | 10,474 | 246,525 | 263,700 |
| Closure and postclosure care of landfills | 0 | 6,836 | 10,406 | 4,213 | 0 | 21,455 | 18,640 |
| TOTAL LIABILITIES | 1,118 | 242,306 | 35,399 | 19,817 | 14,058 | 312,698 | 321,034 |
| Fund Equity: | | | | | | | |
| Contributed Capital | 795 | 918 | 0 | 0 | 0 | 1,713 | 1,835 |
| Retained Earnings: | | | | | | | |
| Reserved: - | | | | | | | |
| Debt principal payment | 0 | 9,316 | 1,210 | 105 | 340 | 10,971 | 10,798 |
| Operating and maintenance | 0 | 3,052 | 0 | 0 | 0 | 3,052 | 2,883 |
| Equipment replacement | 0 | 2,914 | 0 | 0 | 0 | 2,914 | 2,753 |
| Regional recycling center equipment | 0 | 1,443 | 0 | 0 | 0 | 1,443 | 1,390 |
| Landfill custodian accounts | 0 | 382 | 136 | 0 | 0 | 518 | 491 |
| Mercury Public Awareness Account | 365 | 0 | 0 | 0 | 0 | 365 | 361 |
| Total Reserved | 365 | 17,107 | 1,346 | 105 | 340 | 19,263 | 18,676 |
| Unreserved | 9,585 | 13,409 | 4,342 | 7,758 | 9,919 | 45,013 | 36,850 |
| Total Retained Earnings | 9,950 | 30,516 | 5,688 | 7,863 | 10,259 | 64,276 | 55,526 |
| TOTAL FUND EQUITY | 10,745 | 31,434 | 5,688 | 7,863 | 10,259 | 65,989 | 57,361 |
| TOTAL LIABILITIES AND FUND EQUITY | \$11,863 | \$273,740 | \$41,087 | \$27,680 | \$24,317 | \$378,687 | \$378,395 |



Connecticut Resources Recovery Authority

COMBINING STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS

FOR THE YEAR ENDED JUNE 30, 2000

(with Comparative Totals for June 30, 1999)

(In Thousands)

EXHIBIT B

| | Administrative Pool | Mid-Connecticut Project | Bridgeport Project | Wallingford Project | Southeastern Project | Total 2000 | Total 1999 |
|--|---------------------|-------------------------|--------------------|---------------------|----------------------|-----------------|-----------------|
| Operating revenues: | | | | | | | |
| Service charges: - | | | | | | | |
| Members | \$0 | \$29,095 | \$25,471 | \$8,178 | \$10,243 | \$72,987 | \$75,906 |
| Others | 0 | 13,797 | 14,163 | 545 | 799 | 29,304 | 12,930 |
| Energy generation | 0 | 39,908 | 0 | 12,862 | 0 | 52,770 | 48,334 |
| Ash disposal fees | 0 | 0 | 3,670 | 0 | 0 | 3,670 | 3,955 |
| Other income | 0 | 4,507 | 2,882 | 21 | 0 | 7,410 | 7,279 |
| Total operating revenues | 0 | 87,307 | 46,186 | 21,606 | 11,042 | 166,141 | 148,404 |
| Operating expenses: | | | | | | | |
| Solid waste operations | 13 | 49,829 | 38,117 | 13,914 | 11,643 | 113,516 | 95,081 |
| Depreciation and amortization | 161 | 14,174 | 1,026 | 327 | 448 | 16,136 | 15,730 |
| Maintenance and utilities | 0 | 2,075 | 262 | 3 | 0 | 2,340 | 7,067 |
| Closure and postclosure care of landfills | 0 | 218 | 5,685 | 286 | 0 | 6,189 | 1,424 |
| Project administration | 0 | 4,693 | 1,101 | 564 | 190 | 6,548 | 5,493 |
| Total operating expenses | 174 | 70,989 | 46,191 | 15,094 | 12,281 | 144,729 | 124,795 |
| OPERATING INCOME (LOSS) | (174) | 16,318 | (5) | 6,512 | (1,239) | 21,412 | 23,609 |
| Nonoperating revenues (expenses): | | | | | | | |
| Investment income | 585 | 4,211 | 660 | 1,077 | 583 | 7,116 | 6,076 |
| Settlement income | 362 | 30 | 0 | 0 | 2,250 | 2,642 | 4,723 |
| Bond interest expense | 0 | (13,874) | (1,228) | (779) | (991) | (16,872) | (18,229) |
| Other | 125 | (3,710) | (48) | (2,026) | (11) | (5,670) | (4,870) |
| Net nonoperating revenues (expenses) | 1,072 | (13,343) | (616) | (1,728) | 1,831 | (12,784) | (12,300) |
| NET INCOME (LOSS) | 898 | 2,975 | (621) | 4,784 | 592 | 8,628 | 11,309 |
| Add item affecting contributed capital - depreciation on equipment acquired through capital grants | 0 | 122 | 0 | 0 | 0 | 122 | 126 |
| Retained earnings, beginning of year | 9,052 | 27,419 | 6,309 | 3,079 | 9,667 | 55,526 | 44,091 |
| RETAINED EARNINGS, END OF YEAR | \$9,950 | \$30,516 | \$5,688 | \$7,863 | \$10,259 | \$64,276 | \$55,526 |



Connecticut Resources Recovery Authority

EXHIBIT C
Page 1 of 2

COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2000
(with Comparative Totals for June 30, 1999)
(In Thousands)

CASH FLOWS FROM OPERATING ACTIVITIES

| | Administrative Pool | Mid-Connecticut Project | Bridgeport Project | Wallingford Project | Southeastern Project | Total 2000 | Total 1999 |
|--|---------------------|-------------------------|--------------------|---------------------|----------------------|------------|------------|
| Operating income (loss) | (\$174) | \$16,318 | (\$5) | \$6,512 | (\$1,239) | \$21,412 | \$23,609 |
| Adjustments to reconcile operating income to net cash provided by (used for) operating activities: | | | | | | | |
| Depreciation of property, plant and equipment | 161 | 13,782 | 1,000 | 2 | 0 | 14,945 | 14,540 |
| Provision for closure and postclosure care of landfills | 0 | 218 | 5,685 | 286 | 0 | 6,189 | 1,424 |
| Settlement income (loss) | 362 | 30 | 0 | 0 | 2,250 | 2,642 | (108) |
| Amortization of development and bond issuance costs | 0 | 393 | 25 | 324 | 448 | 1,190 | 1,189 |
| Increase in other long-term liabilities | 0 | 0 | 0 | 0 | 0 | 0 | 220 |
| Other nonoperating expenses | (235) | (547) | 0 | 0 | 0 | (782) | (1,786) |
| Rebate to municipalities | 0 | (3,000) | 0 | (2,000) | 0 | (5,000) | (3,000) |
| (Increase) decrease in: | | | | | | | |
| Accounts receivable | 0 | (121) | 0 | 1,126 | 55 | 1,060 | (2,229) |
| Accrued interest and other receivables | (12) | (190) | (73) | 75 | 837 | 637 | 3,399 |
| Inventory | 0 | (30) | 0 | 0 | 0 | (30) | 656 |
| Prepaid expenses | (30) | (62) | 0 | (25) | 0 | (117) | 84 |
| Service payments receivable | 0 | (241) | (1,611) | 47 | (241) | (2,046) | (892) |
| Increase (decrease) in: | | | | | | | |
| Accounts payable and accrued expenses | 568 | 3,944 | 1,599 | 348 | (645) | 5,814 | (4,529) |
| Net Cash Provided by Operating Activities | 640 | 30,494 | 6,620 | 6,695 | 1,465 | 45,914 | 32,577 |

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

| | | | | | | | |
|---|---|------|------|------|------|------|-------|
| Operating transfers from other funds | 0 | 0 | 0 | 0 | 0 | 0 | 472 |
| Operating transfers to other funds | 0 | 0 | 0 | 0 | 0 | 0 | (472) |
| Other interest and fees | 0 | (13) | (48) | (26) | (11) | (98) | (123) |
| Net Cash Used for Noncapital Financing Activities | 0 | (13) | (48) | (26) | (11) | (98) | (123) |



Connecticut Resources Recovery Authority

EXHIBIT C
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COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2000
(with Comparative Totals for June 30, 1999)
(In Thousands)

| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | Administrative | Mid-Connecticut | Bridgeport | Wallingford | Southeastern | Total | Total |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|
| | Pool | Project | Project | Project | Project | 2000 | 1999 |
| Proceeds from sale of bonds | 0 | 0 | 5,245 | 0 | 0 | 5,245 | 16,395 |
| Refunding of debt | 0 | 0 | 282 | 87 | 0 | 369 | (3,570) |
| Proceeds from sale of property and equipment | 7 | 436 | 0 | 0 | 0 | 443 | 2,011 |
| Bond issuance costs incurred | 0 | 0 | 0 | 0 | 0 | 0 | (707) |
| Acquisition and construction of capital assets | (586) | (2,689) | (261) | 0 | 0 | (3,536) | (2,343) |
| Payment of landfill closure and postclosure care liabilities | 0 | (309) | (3,065) | (215) | 0 | (3,589) | (1,544) |
| Interest paid on bonds | 0 | (13,224) | (1,457) | (771) | (826) | (16,278) | (17,542) |
| Principal paid on bonds | 0 | (14,165) | (8,275) | 0 | (517) | (22,957) | (35,162) |
| Net Cash Used for Capital and Related Financing Activities | (579) | (29,951) | (7,531) | (899) | (1,343) | (40,303) | (42,462) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | | |
| Interest on investments | 633 | 4,121 | 663 | 1,077 | 578 | 7,072 | 6,252 |
| Proceeds from sale and maturities of investment securities | 0 | 6,800 | 85 | 0 | 0 | 6,885 | 1,014 |
| Purchase of investment securities | 0 | (370) | (130) | 0 | 0 | (500) | (368) |
| Net Cash Provided by Investing Activities | 633 | 10,551 | 618 | 1,077 | 578 | 13,457 | 6,898 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 694 | 11,081 | (341) | 6,847 | 689 | 18,970 | (3,110) |
| Cash and Cash Equivalents, Beginning of Year, (Unrestricted and Restricted) | 10,259 | 64,613 | 12,143 | 14,841 | 10,992 | 112,848 | 115,958 |
| CASH AND CASH EQUIVALENTS, END OF YEAR, (UNRESTRICTED AND RESTRICTED) | \$10,953 | \$75,694 | \$11,802 | \$21,688 | \$11,681 | \$131,818 | \$112,848 |

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

During fiscal 1999, a settled claim resulted in settlement income for the Southeastern Project of \$4,130,000 (the amount provided in excess of the payment).

SCHEDULE OF RETAINED EARNINGS
JUNE 30, 2000
(with Comparative Totals for June 30, 1999)
(In Thousands)

| | Administrative Pool | Mid-Connecticut Project | Bridgeport Project | Wallingford Project | Southeastern Project | Total 2000 | Total 1999 |
|---|---------------------|-------------------------|--------------------|---------------------|----------------------|-----------------|-----------------|
| Reserved for: | | | | | | | |
| Debt principal payment | \$0 | \$9,316 | \$1,210 | \$105 | \$340 | \$10,971 | \$10,798 |
| Operating and maintenance | 0 | 3,052 | 0 | 0 | 0 | 3,052 | 2,883 |
| Equipment replacement | 0 | 2,914 | 0 | 0 | 0 | 2,914 | 2,753 |
| Regional recycling center equipment | 0 | 1,443 | 0 | 0 | 0 | 1,443 | 1,390 |
| Landfill custodian accounts | 0 | 382 | 136 | 0 | 0 | 518 | 491 |
| Mercury Public Awareness Account | 365 | 0 | 0 | 0 | 0 | 365 | 361 |
| Total reserved | 365 | 17,107 | 1,346 | 105 | 340 | 19,263 | 18,676 |
| Unreserved: | | | | | | | |
| Designated for: - | | | | | | | |
| Landfill closure and postclosure | 0 | 6,033 | 2,371 | 1,723 | 2,157 | 12,284 | 9,130 |
| Future loss contingencies | 9,707 | 0 | 0 | 0 | 0 | 9,707 | 9,041 |
| Waste processing facility modifications | 0 | 8,112 | 0 | 0 | 0 | 8,112 | 5,276 |
| Rolling stock | 0 | 5,031 | 0 | 0 | 0 | 5,031 | 4,481 |
| Future use | 0 | 0 | 0 | 2,985 | 0 | 2,985 | 375 |
| Landfill replacement | 0 | 1,800 | 800 | 0 | 0 | 2,600 | 2,600 |
| Clean Air Act | 0 | 144 | 0 | 750 | 0 | 894 | 300 |
| Ash reutilization | 250 | 0 | 0 | 0 | 0 | 250 | 131 |
| Health Fund | 144 | 0 | 0 | 0 | 0 | 144 | 209 |
| Landfill construction | 0 | 77 | 0 | 0 | 0 | 77 | 1,149 |
| Recycling | 22 | 0 | 50 | 0 | 0 | 72 | 78 |
| Developmental activities | 68 | 0 | 0 | 0 | 0 | 68 | 64 |
| Energy deregulation | 0 | 17 | 0 | 0 | 0 | 17 | 564 |
| CBEC Inc. | 0 | 14 | 0 | 0 | 0 | 14 | 74 |
| Office relocation | 0 | 0 | 0 | 0 | 0 | 0 | 804 |
| Undesignated | (606) | (7,819) | 1,121 | 2,300 | 7,762 | 2,758 | 2,574 |
| Total unreserved | 9,585 | 13,409 | 4,342 | 7,758 | 9,919 | 45,013 | 36,850 |
| Total | \$9,950 | \$30,516 | \$5,688 | \$7,863 | \$10,259 | \$64,276 | \$55,526 |