



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Years Ended June 30, 2015 and 2014



**MATERIALS INNOVATION AND
RECYCLING AUTHORITY**

**A Component Unit of the
State of Connecticut**



Materials Innovation and Recycling Authority

A Component Unit of the State of Connecticut

Comprehensive Annual Financial Report

Fiscal Years Ended June 30, 2015 and 2014

Submitted by:

Mark T. Daley
Chief Financial Officer

Deepa Krishna
Manager of Accounting and Financial Reporting

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

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A Component Unit of the State of Connecticut

Comprehensive Annual Financial Report
Fiscal Years Ended June 30, 2015 and 2014

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Introductory Section

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

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Materials Innovation and Recycling Authority

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December 23, 2015

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

We are pleased to present the Materials Innovation and Recycling Authority's (the "Authority") Comprehensive Annual Financial Report prepared for the fiscal year ended June 30, 2015.

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

The Authority's financial statements have been audited by MahoneySabol, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Authority as of and for the fiscal year ended June 30, 2015 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Authority's financial statements as of and for the fiscal year ended June 30, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented in the financial section of this report.

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

PROFILE OF THE AUTHORITY

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

The purpose of the Authority is to plan, design, construct, finance, manage, own, operate and maintain solid waste disposal, volume reduction, recycling, intermediate processing, resource recovery and related support facilities necessary to carry out the State’s Solid Waste Management Plan. The Authority provides solid waste management services to municipalities, regions and persons within the State by receiving solid waste at Authority facilities, recovering resources from such solid waste, and generating revenues from such services sufficient for the Authority to operate on a self-sustaining basis.

The Act established a new consultative partnership between the Authority and the State’s Department of Energy and Environmental Protection (DEEP) specifically for redevelopment of the Authority’s Connecticut Solid Waste System (CSWS), and generally for the development of new waste management industries, technologies and commercial enterprises on property owned by the Authority. The Act charged DEEP with revising the State’s solid waste management plan and undertaking these consultative efforts consistent with the revised plan. While the Act transferred CRRA’s prior role in statewide recycling education to the new “Recycle CT Foundation”, the Authority continued to provide recycling education facilities and services to its customers as of June 30, 2015.

CRRA’s original core mission was to develop a network of resource recovery and related facilities within the State to move the State away from the process of landfilling its municipal solid waste. Facilities were constructed in Hartford, Bridgeport, Wallingford and Preston which have historically been known as the Mid Connecticut, Bridgeport, Wallingford and Southeast projects respectively. CRRA secured financing, facility developer, operator and customer contracts, and administered these projects throughout their various stages over the last four decades. The initial underlying contracts for the Mid Connecticut, Bridgeport and Wallingford projects expired over the last several years resulting in a distribution and/or reformation of project assets and forming the foundation for the fiscal structure in place at CRRA and recognized by the Authority as of the date it assumed control. The Authority continues to evolve this structure pursuant to project closeout activities and applicable statutes. For the fiscal year ended June 30, 2015, the Authority’s financial interests and activities were focused within its Property and Landfill divisions, operation of the CSWS and Southeast Project, and undertaking certain closeout activities that have advanced the Authority’s evolution to a central focus on the redevelopment of the CSWS.

Property Division – All Capital Assets retained by CRRA upon expiration of the Mid Connecticut and Bridgeport projects other than those associated with landfills were assigned to the Property Division. This primarily includes the Hartford resource recovery facility, Hartford recycling facility, four transfer stations, four jet-powered electric generating “Peaking Units”, the land upon which the Bridgeport project was constructed, a recycling facility in Stratford and

other property. The division derives net income from the lease of the Bridgeport Project and other property, and from the sale of Peaking Unit power products through various ISO New England energy markets. The Authority has assumed CRRA's interests and obligations in the Property Division and reports this activity consistent with the structure noted above.

Landfill Division – As of June 6, 2014 the Authority assumed CRRA's ownership interests in three closed landfills and adjoining properties in the State which are assigned to the Landfill Division. Certain plant and equipment installations associated with these landfills, and the Hartford landfill which is governed by access agreement, are also assigned to this division. The Division generates revenue from the sale of power products from a solar array installed atop the Hartford Landfill, and funds an insurance program protecting the Authority against the long term risks of ownership of these sites. As of June 30, 2015, the Authority no longer has any liability for the closure or post closure care of its landfills. Closure of the Hartford Landfill was completed in fiscal year 2015 and post closure care obligations were transferred to DEEP in fiscal year 2014 pursuant to State statute.

Connecticut Solid Waste System (CSWS) - The CSWS presently provides solid waste disposal and recycling services to 50 municipalities and 41 private waste haulers in the State and is one of the primary operating divisions of the Authority. These services are provided through use of the Hartford resource recovery facility, the Hartford recycling facility and three transfer stations. In fiscal year 2015, the CSWS received and processed 638,290 tons of municipal solid waste, generated 332.092 megawatts of energy for the region, and recovered 58,957 tons of paper, cardboard and containers from the waste stream for resale into the recycled commodities markets. CSWS recycling operations allowed the Authority to declare as surplus approximately \$219,000 in recycling revenues which were proportionally rebated to 41 CSWS member municipalities at the rate of \$5 for each ton of recyclable material delivered.

Southeast Project - The Southeast Project provides solid waste disposal services to 12 municipal members of the Southeast Connecticut Regional Resource Recovery Authority (SCRRA) and additional customers secured through the contract operator of the facility. In fiscal year 2015, the Southeast Project received and processed 261,748 tons of municipal solid waste and generated 124,891 megawatts of energy for the region. These services are provided through the Authority's resource recovery facility located in Preston. As of June 30, 2015, the Authority remained the nominal owner of this facility, contracted its operation to the private sector under a long term Service Agreement and secured waste deliveries to the project through a Bridge and Management Agreement with SCRRA. All initial underlying project contracts remained in effect as of June 30, 2015.

The Authority's position in the Southeast Project begins to evolve with full payment of the Resource Recovery Revenue Bonds (subsequently refunded) that were issued by the Authority to finance construction of this facility and the supporting Special Capital Reserve Fund held by the State Treasurer. In the several months between completion of the fiscal year 2015 annual independent audit and this CAFR, the refunding bonds have been fully paid, the contract operator has requested that ownership of the facility be transferred to it pursuant to contract terms, and SCRRA has requested that management of the Project's flow of funds be transferred to it. The Authority is facilitating these requests and as of the date of this CAFR, title to the facility has transferred to the contract operator and SCRRA has assumed control of the Project's flow of funds. Moving forward, the Authority will preserve its rights and interests in excess facility capacity for continued use for the diversion of waste from the CSWS, and will

preserve its rights and interests to re-acquire the facility from the contractor operator should that become necessary or desirable to carry out the State's Solid Waste Management Plan.

Project Closeout Activities – The Mid Connecticut Project, Bridgeport Project, Wallingford Project and Recycling Division remained active on the Authority's financial statements during fiscal year 2015 only for administrative and project closeout activities. For the Mid Connecticut Project, this consisted of claims, litigation and settlement activities that remain ongoing as of the date of this CAFR. Otherwise the Authority has completed its obligations with respect to the Bridgeport Project, Wallingford Project and Recycling Division as described below:

- **Bridgeport Project** – This project remained active administratively for claims, litigation and settlement activity ongoing as of the date of the Authority's annual independent audit. These matters were resolved in the several months between completion of the audit and this CAFR, and consequently, the Authority has since released approximately \$141,000 in surplus funds to the Bridgeport Project members. The Authority has no further financial obligations with respect to this project.
- **Wallingford Project** - During fiscal year 2015, the Authority completed all of its obligations under the State's "Transfer Act" associated with transferring ownership of the Wallingford project to the private sector pursuant to project contract terms and this allowed a partial disbursement of approximately \$600,000 in surplus funds to the Wallingford project's member towns. Final disbursement of Wallingford surplus funds was held pending resolution and payment of the project's final expenses. This final disbursement of approximately \$39,000 also occurred in the several months between completion of the independent audit and this CAFR and the Authority has no further financial obligations with respect to this project.
- **Recycling Division** - During fiscal year 2015, the Authority reached an agreement with the Southwest Connecticut Regional Recycling Operating Committee (SWEROC) on the disposition of equipment housed within the Stratford recycling facility and disbursed approximately \$551,000 in surplus funds to SWEROC member towns. The Authority has no further financial obligations with respect to SWEROC or the Recycling Division.

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

FACTORS AFFECTING FINANCIAL CONDITION

The Authority is subject to certain statutory obligations and contractual commitments that are intended to ensure reasonable prices for the facilities and services it provides, yet challenge the CSWS financial performance when considered in the context of the wholesale energy markets it participates in.

The business model for CSWS provides that participating town waste disposal fees ("tip fees") are to be set at the level necessary to fund the net cost of operation of the CSWS. The net cost of operation is the total operating budget less non-disposal fee revenue where non-disposal fee

revenue primarily consists of the sale of electricity generated from the CSWS and use of the CSWS by non-members. Consequently, price volatility in the wholesale energy market directly impacts the tip fees charged to member towns. Some of the CSWS member town contracts include tip fee opt-outs which, if exceeded, allow the towns to terminate the contract. Unfortunately, wholesale energy prices in recent years have been sufficiently volatile to cause tip fees to approach this opt-out level.

To address the challenge of energy price volatility, management established a “Tip Fee Stabilization Fund” which may be drawn upon to support the CSWS net cost of operation when wholesale energy prices are low, thereby avoiding the opt out price, and which is to be reimbursed as wholesale energy prices rebound. The Tip Fee Stabilization Fund was established within the Authority’s Property Division with income from the Authority’s Peaking Units as the primary source of funding. The value of the Tip Fee Stabilization fund at June 30, 2015 was \$5.2 million plus \$1.4 million due from the CSWS. Management also contracted a fixed price of \$0.067 per Kwh for the first 20 megawatts of CSWS energy for the period January 1, 2015 to June 30, 2015, and \$.054 per Kwh for the first 20 megawatts of CSWS energy for all of FY 2016. This has proved to be a very effective hedge against volatile wholesale prices.

The Peaking Units operate subject to certain Federal and State air quality and emissions regulations which require issuance of a “Trading Order” permitting them to run for a limited number of hours. While the Authority’s existing Trading Order extends through May 31, 2017, the Capacity Supply Obligations it has incurred to ISO New England extend through May 31, 2019.

To address the challenge of sustaining the service life of the Peaking Units, management evaluated the impacts of retrofitting the Peaking Units to meet air quality standards and eliminate the need for the Trading Order. “delisting” the peaking units from the pool of electric generating resources available to ISO New England to avoid further extending the Authority’s Capacity Supply Obligations, and extending the Trading Order as a stop gap measure. The conclusion of these efforts is that a retrofit is technically feasible at a cost of approximately \$14.3 million but that a DEEP proposed phased compliance program that could extend the Trading Order through May 31, 2022 provided the optimum present value cash flow available to sustain the Tip Fee Stabilization Fund through completion of the CSWS planned redevelopment. Accordingly, management is deferring implementation of a retrofit, continuing to incur Capacity Supply Obligations and monitoring DEEP progress on implementing the phased compliance program.

MAJOR INITIATIVES AND DEVELOPMENTS

During fiscal year 2015, and continuing through the date of this CAFR, the Authority took major steps forward in evolving to an organization focused on the operation and redevelopment of the Connecticut Solid Waste System. The Authority has completely closed out its obligations with respect to the Bridgeport and Wallingford projects, SWEROC and the Authority’s Recycling Division. The Southeast Project bonds have been fully paid, title to the resource recovery facility transferred to the private sector and management of the Project’s flow of funds transferred to SCRRA. Moving forward, the Authority will establish a reserve requirement for the Southeast Project and commence remaining project closeout activities. The Authority continued its efforts to close out the Mid Connecticut Project and expects these efforts will

continue through fiscal year 2016. Facing expiration of the lease for its main headquarters in Hartford, the Authority undertook a comprehensive review of available office space within a ten mile radius of the CSWS resource recovery facility. After considering approximately 50 locations, the Authority elected to relocate to Rocky Hill, CT. As of the date of this CAFR, the Authority has completed its relocation, and in the process, has cut its space occupied and rent in half.

The Authority remains committed to operating the existing CSWS on a self-sustaining basis through its planned redevelopment. This commitment was originally made as part of a statutorily mandated transition plan and ten year financial plan prepared by CRRA in the lead up to the Authority's creation and assumption of control of CRRA's assets, rights, duties and obligations. This commitment spans the period ending June 30, 2024. To aid in ensuring the fulfillment of this commitment, the Authority has completed an update to CRRA's original ten year financial plan for the period ending June 30, 2024. The update affirmed the original plan objectives, included performance comparisons to adopted fiscal year 2016 budgets, adaptations necessary to reflect the implementation of statutes affecting CRRA, prerequisites to potential borrowings, an extended service life for the Peaking Units and incorporating the concept of a Tip Fee Stabilization Fund. The ten year financial plan update also reexamined the major maintenance requirements to operate the CSWS resource recovery facility, and reflected updated consultant expectations for the energy markets the Authority participates in.

The updated ten year financial plan concludes that declining operational performance of the CSWS resource recovery facility, coupled with reduced expectations for wholesale energy prices and increasing major maintenance costs, will require the CSWS to rely more heavily on financial support from the Tip Fee Stabilization Fund throughout the planning period to maintain tip fees at or below contractual opt out provisions. Recognizing this, management has recommended and the Board has adopted appropriate changes to the procedures governing the use of the fund including increases to the maximum fund value, expanded use of the fund for major maintenance activities in addition to operations and monthly reporting requirements. Since the primary funding source for the Tip Fee Stabilization Fund is income from the Property Division derived mostly from the Authority's Peaking Units, extending the service life of the Peaking Units is central to the Authority's ability to fulfill this commitment.

Looking beyond operation of the existing CSWS, the Authority has also worked closely with DEEP in developing the Request for Proposals (RFP) for eventual redevelopment of the CSWS that has been mandated by state statute. The RFP, termed "Resource Rediscovery", was issued November 6, 2015 comfortably in advance of the January 1, 2016 statutory deadline. The RFP sets a deadline for receipt of proposals of March 1, 2016 and anticipates announcement of a shortlist of finalists by May 30, 2016. Final proposals are due November 1, 2016, well in advance of the July 1, 2017 statutory deadline, and leaving ample time for DEEP's selection of a proposal, and direction to MIRA to enter an agreement with the selected developer, all as required by statute by December 31, 2017.

While the nature, cost and funding mechanisms for this redevelopment are not yet determined, the underlying legislation did include proposal selection criteria sensitive to these matters. The Act requires DEEP to consider the level of investment proposed and whether the proposal is in the best interest of the municipalities under contract with the Authority, including maintenance or reduction of tip fees. The Act further provides that the selection of a final proposal by DEEP.

in consultation with the Authority, is not to be construed as a legislative mandate that otherwise would increase the “opt out tip fee” established in certain municipal contracts. As this process moves forward, the Authority will need to remain vigilant in preserving and establishing the statutory, contractual and financial framework essential to a successful redevelopment project.

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

THE AUTHORITY’S ECONOMIC CONDITION

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which the Authority operates. The following information is cited from the US Departments of Commerce and Defense, the University of Massachusetts, the Connecticut State Labor Department and official statements of Connecticut bond issuances.

Local Economy

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

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

The population of Connecticut in 2014 was estimated at 3,597,000 an increase of 101,000 or 2.6% from the 3,507,000 figure of 2005. However, the State’s population growth has slowed during the past four decades. The 2014 population density was 743 persons per square mile, compared with 90 for the United States as a whole.

Transportation and Utility Services - Connecticut has an extensive network of expressways and major arterial highways that provide easy access to local and regional markets. The power grid that supplies electricity to the entire State is owned and operated by both private and municipal electrical companies. Transmission lines connect Connecticut with New York, Massachusetts, and Rhode Island. All electric utilities in the State are members of the New

England Regional Power Pool (operated by ISO New England) and operate as part of the regional bulk power system, the Regional Transmission Organization for New England.

Personal Income - Connecticut has a high level of personal income; the historic average per capita income has consistently been among the highest in the nation. This is due to a concentration of relatively high paying manufacturing jobs along with a higher portion of residents working in the non-manufacturing sector in such areas as finance, insurance and real estate as well as educational services. A concentration of major corporate headquarters located within the State also contributes to the high level of income. Per capita income in 2013 was \$60,647 for Connecticut compared with \$44,724 for the nation. Per capita income in 2005 was \$48,813 for Connecticut compared with \$35,787 for the nation.

Major industries – Connecticut’s major industries include Manufacturing; Finance, Insurance and Real Estate (FIRE); Utilities; Retail Trade; Professional, Business and Personal Services; and Government. Production in the three concentrated industries – Services; Manufacturing; and FIRE – accounted for 66.6% of the total Connecticut Gross State Product¹ compared to 67.5% in 2006 and 58.2% for the nation in 2013. This demonstrates that Connecticut’s economy is more heavily concentrated in a few industries than the nation as a whole and that this concentration has changed little in recent years.

Defense Industry - One important component of the manufacturing sector in Connecticut is the defense industry. The State is a leading producer of aircraft engines and parts, helicopters, and submarines. Approximately one-quarter of the State’s manufacturing employees are employed in defense-related businesses. This sector’s significance in the State’s economy has declined considerably since the early 1980s as there has been a marked reduction in the amount of federal spending earmarked for defense related industries in the State. However, these amounts have been climbing since federal fiscal year 2001. In federal fiscal year 2013, the State received \$10.0 billion of prime contract awards that accounted for 3.7% of national total awards and ranked 8th in total defense dollars awarded, and 2nd in per capita dollars awarded nationwide. The same fiscal year, the State had \$2,788 in per capita defense awards, compared to the national average of \$850.

Unemployment Rates – The State’s unemployment rate reached its low of 2.3% in 2000, compared to New England’s average of 2.8% and the national average of 4.0%. State unemployment climbed to 5.6% in 2003, and then declined to 4.3% by 2006. It then climbed during the most recent recession to 9.3% in 2010. During the subsequent weak economic recovery, Connecticut’s average unemployment rate fell to 6.8% the first 10 months of 2014 compared to the New England average of 5.8% and the national average of 6.2% for the same period.

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 Materials

¹ Gross State Product is the current market value of all final goods and services produced by labor and property located within the State of Connecticut. Source: State of Connecticut General Obligation Bonds (2015 – Green Bonds) dated November 6, 2015.

Innovation and Recycling Authority for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014. This is the first year that the Authority achieved this prestigious award (its first reporting period since assuming control of CRRA). 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. The Authority believes that its current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

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

Respectfully Submitted,



Mark T. Daley
Chief Financial Officer



Deepa Krishna
Manager of Accounting and Financial Reporting

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A Component Unit of the State of Connecticut

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Government Finance Officers Association

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

Presented to

**Materials Innovation & Recycling
Authority, Connecticut**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Board of Directors and Executive Management As of June 30, 2015

Directors

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

Ad Hoc Directors

CSWS

Robert L. Painter

Bridgeport

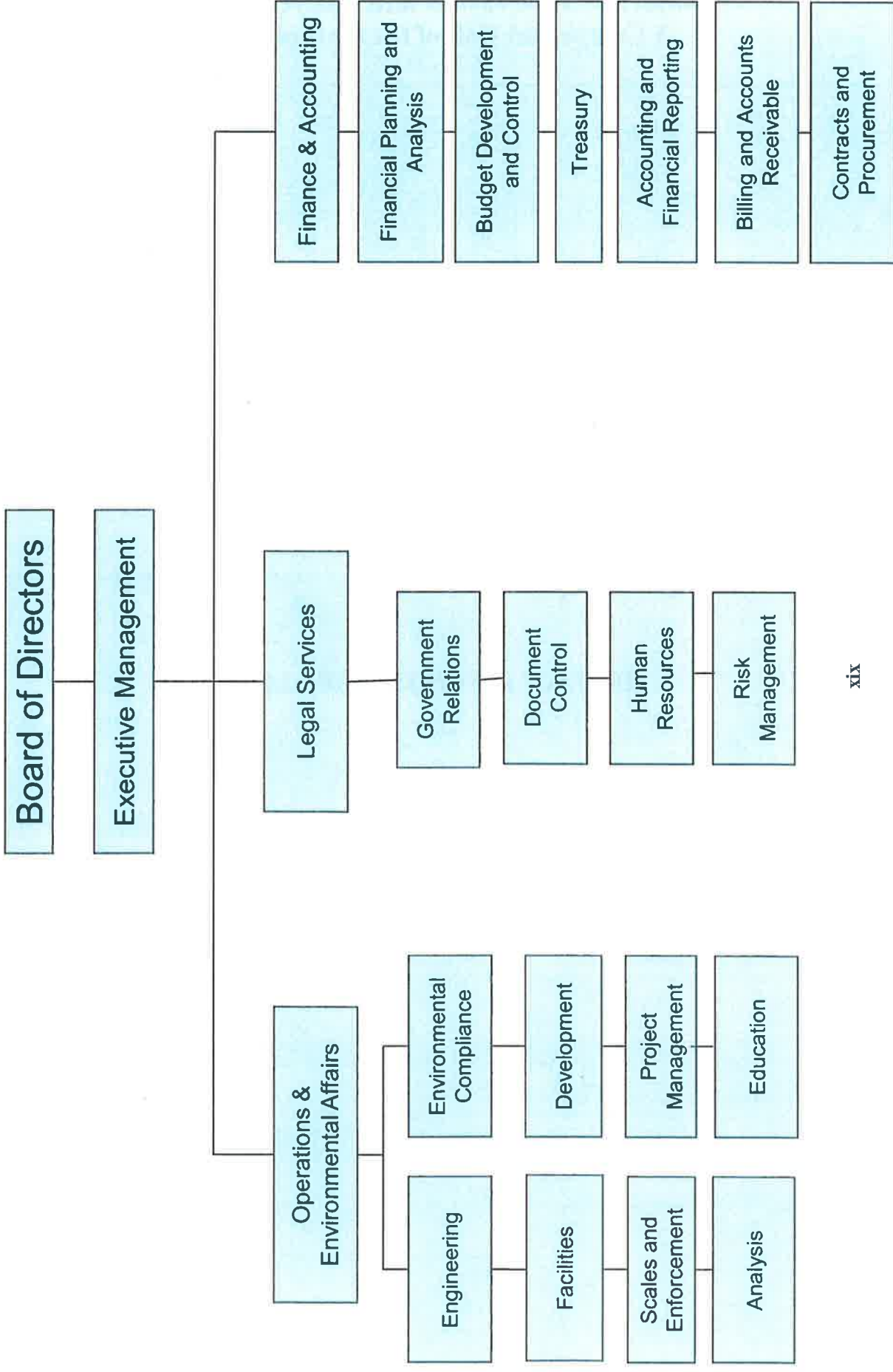
Stephen Edwards

Executive Management

Thomas D. Kirk, President

Materials Innovation & Recycling Authority – Functional Organization Chart

As of June 30, 2015



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

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Financial Section

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

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Materials Innovation and Recycling Authority
Hartford, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of the Materials Innovation and Recycling Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Materials Innovation and Recycling Authority, as of June 30, 2015, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements of the Materials Innovation and Recycling Authority as of and for the year ended June 30, 2014 were audited by other auditors whose report dated September 24, 2014, expressed an unmodified opinion on those financial statements.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules on pages 51 through 58 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section on pages vii through xix and the statistical section on pages 61 through 95 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

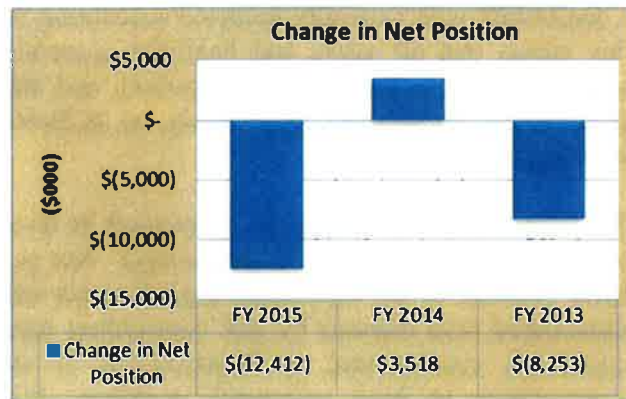


Glastonbury, Connecticut
September 28, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Materials Innovation and Recycling Authority's (the "Authority") financial performance provides an overview of the Authority's financial activities for the year ended June 30, 2015 and 2014. Please read it in conjunction with the Authority's financial statements that follow this section. The MD&A is intended to provide meaningful information to the reader for the current year, and in comparison to prior years, thereby enhancing the reader's understanding of the Authority's financial position and the results of its operations. Effective June 6, 2014 the State of Connecticut designated the Authority as successor to the Connecticut Resources Recovery Authority (CRRA). On this date the Authority assumed control over all of CRRA's assets, rights, duties and obligations and continued CRRA's ongoing business as described fully in Note 1.A to the Financial Statements.

In FY 2015, the Authority generated total operating revenue of \$98.3 million, and incurred \$91.0 million in operating expenses before depreciation, resulting in operating income before depreciation of \$7.3 million. After \$17.6 million in depreciation and amortization expenses, the Authority incurred a \$10.3 million operating loss. The Authority also incurred net non-operating expenses of \$2.1 million resulting in a total reduction in the Authority's net position of \$12.4 million.



Total operating revenues decreased by 20.3%, while total operating expenses before depreciation decreased by 14.2%, from fiscal year 2014 to fiscal year 2015. The Authority operated 6.5% below its total operating expense budget of \$97.3 million. However, total operating revenues were 5.3% below the \$103.7 million budget causing the Authority to rely more heavily than planned on its Tip Fee Stabilization Fund and also causing a reduction in the CSWS cash position. The Authority's total assets decreased by \$13.5 million (6.9%) and its total liabilities decreased by \$1.1 million (4.7%).

The most significant economic factor with the potential to adversely affect the Authority is its reliance on wholesale energy revenue to keep solid waste disposal fees for its Connecticut Solid Waste System (CSWS) below the levels that trigger customer contract termination provisions, the limited options available to the Authority through its other divisions to relieve this pressure on tip fees when energy revenues are low, reduced energy production associated with CSWS's aging resource recovery facility and an anticipated redevelopment of the CSWS in the context of this business model not targeted for completion until June 30, 2024. These are the primary factors contributing to the Authority's FY 2015 reduction in net position. Management's response to this challenge, discussed further under the Economic Factors and Outlook section of this MD&A, has been to create a "Tip Fee Stabilization Fund", undertake certain initiatives necessary to sustain and adapt the use of this fund to evolving needs over the long term, to hedge against wholesale energy price volatility by contracting a fixed price for a portion of the facility's energy output, and to maximize resources available for facility major maintenance,

renewals and replacements. These initiatives are assessed and adapted annually as part of the Authority's long term financial planning.

Using This Report

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

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

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

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

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

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

Notes to the Financial Statements

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

Supplemental Information

Supplemental information includes a Combining Schedule of Statement of Net Position, a Combining Schedule of Revenues, Expenses and Changes in Net Position, a Combining Schedule of Cash Flows, and a Combining Schedule of Net Position. These schedules segment the Authority's financial activities for the year ended June 30, 2015 between the various operating divisions and waste to energy facilities (projects) comprising the Authority. This segmentation reflects the terms and conditions of facility operating contracts, service agreements, related documents and statutes generally providing for the financial self-sufficiency of such projects and divisions as described further in Note 1.A to the Financial Statements (Entity and Services). For FY 2015, these projects and divisions include:

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

Required Additional Reports

Required additional reports include a report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.

Statement of Net Position

The net position of the Authority is summarized in Table 1. Net position is a measurement of the Authority's financial condition at one point in time. As indicated in Table 1, the Authority's net position as of June 30, 2015 (total assets less total liabilities) was \$159,354 which represents a \$12,412 (7.2%) reduction from the prior year. The \$12,412 reduction in Net Position is the result of a decrease in total assets of \$13,516 offset by a reduction in total liabilities of \$1,104.

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

	2015	2014	2013
ASSETS			
Current unrestricted assets	\$ 74,251	\$ 81,282	\$ 111,531
Current restricted assets	1,800	2,694	6,705
Total current assets	<u>76,051</u>	<u>83,976</u>	<u>118,236</u>
Non-current assets:			
Restricted investments	-	-	8,184
Capital assets, net	105,276	110,475	114,859
Development costs, net	392	784	1,177
Total non-current assets	<u>105,668</u>	<u>111,259</u>	<u>124,220</u>
TOTAL ASSETS	<u><u>\$ 181,719</u></u>	<u><u>\$ 195,235</u></u>	<u><u>\$ 242,456</u></u>
LIABILITIES AND NET POSITION			
LIABILITIES			
Current unrestricted liabilities	\$ 17,113	\$ 15,873	\$ 32,060
Current restricted liabilities	1,752	4,096	2,870
Total current liabilities	<u>18,865</u>	<u>19,969</u>	<u>34,930</u>
Long-term unrestricted liabilities	3,500	3,500	31,195
Long-term restricted liabilities	-	-	8,083
Total long-term liabilities	<u>3,500</u>	<u>3,500</u>	<u>39,278</u>
TOTAL LIABILITIES	<u><u>22,365</u></u>	<u><u>23,469</u></u>	<u><u>74,208</u></u>
NET POSITION			
Net invested in capital assets	105,277	110,476	114,859
Restricted	48	548	5,058
Unrestricted	<u>54,029</u>	<u>60,742</u>	<u>48,331</u>
TOTAL NET POSITION	<u>159,354</u>	<u>171,766</u>	<u>168,248</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 181,719</u></u>	<u><u>\$ 195,235</u></u>	<u><u>\$ 242,456</u></u>

Assets

The Authority's total assets are further summarized on Table 2. The \$13,516 reduction in total assets is attributed to the reductions in cash and cash equivalents and accounts receivable shown in the Current Assets section of Table 2, as well as the net reduction in capital assets shown in the Non-Current Assets section of Table 2.

Current Assets

Cash and equivalents are segregated between unrestricted and restricted portions. As indicated on Table 2, unrestricted cash declined by \$5,056 (8.6%) and restricted cash declined by \$894 (33.2%) for a total reduction of \$5,950 (9.7%).

The decline in cash and cash equivalents is centered within the Mid Connecticut Project, CSWS and Recycling Division. The Mid Connecticut Project saw a \$5,831 (24.5%) reduction in cash due to the payment of project closeout activities and the transfer of Hartford Landfill closure project funds to the Authority's Landfill Division. CSWS saw a \$3,711 (22.3%) reduction in cash primarily reflecting the excess of cash used for non-capital financing activities over net cash provided by operating activities (transfers to other divisions for various funds and reserves). The Recycling Division saw a \$643 (100%) reduction in cash representing the closure of this division and distribution of remaining funds to member towns. These reductions were partially offset by increases in cash in the Property Division and Landfill Division. The Property Division saw an increase in cash of \$1,176 (9.8%) reflecting the results of its operations less distributions to Wallingford and Recycling Division project towns, and less reserve funds received from other divisions net of cash used for capital (CSWS improvement fund spending). The Landfill Division saw an increase of \$1,747 (81.3%) reflecting the transfer and consolidation of reserve funds remaining after the transfer of landfill post closure care obligations to the State Department of Energy and Environmental Protection (DEEP) and completion of closure of the Hartford Landfill. See notes 4 and 10 to the Financial Statements.

The \$1,936 (13.8%) decline in accounts receivable is centered within the Authority's Southwest Division. This division effectively completed operations as of June 30, 2014 and its accounts receivable declined by \$1,168 from FY 2014 to FY 2015. There were no accounts receivable related to this division as of June 30, 2015. The CSWS also saw a \$731 (16.0%) reduction in accounts receivable. This is attributed to a similar reduction in the operating revenues of CSWS from FY 2014 to FY 2015.

Non-Current Assets

The \$5,591 (5.0%) net reduction in non-current assets reflects a \$1,362 (4.3%) increase in non-depreciable assets offset by a \$392 (50.0%) reduction in development costs and a 6,561 (8.3%) reduction in depreciable assets.

The increase in non-depreciable assets is directly related to an increase in construction in progress representing major maintenance activity at the CSWS resource recovery facility. The reduction in development costs reflects annual amortization of the Authority's development costs related to the Southeast Project. The amortization of these expenses will be completed in FY 2016. The reduction in depreciable assets reflects the transfer of and acquisition of \$11,854 in new plant and equipment placed in to service in FY 2015 less net sales and disposals of \$993 and less the increase in accumulated depreciation of \$17,422.

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

	2015	2014	2015 Increase/ (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	\$ 53,771	\$ 58,827	\$ (5,056)	(8.6%)	\$ 87,559	\$ (28,732)	(32.8%)
Accounts receivable, net of allowances	12,122	14,058	(1,936)	(13.8%)	17,073	(3,015)	(17.7%)
Inventory	5,916	6,069	(153)	(2.5%)	6,544	(475)	(7.3%)
Prepaid expenses	2,442	2,328	114	4.9%	355	1,973	555.8%
Total Unrestricted Assets	74,251	81,282	(7,031)	(8.7%)	111,531	(30,249)	(27.1%)
Restricted Assets:							
Cash and cash equivalents	1,800	2,694	(894)	(33.2%)	6,705	(4,011)	(59.8%)
TOTAL CURRENT ASSETS	76,051	83,976	(7,925)	(9.4%)	118,236	(34,260)	(29.0%)
NON-CURRENT ASSETS							
Restricted investments	-	-	-	n/a	8,184	(8,184)	(100.0%)
Capital Assets:							
Depreciable, net	72,507	79,068	(6,561)	(8.3%)	84,517	(5,449)	(6.4%)
Nondepreciable	32,769	31,407	1,362	4.3%	30,342	1,065	3.5%
Development costs, net	392	784	(392)	(50.0%)	1,177	(393)	(33.4%)
TOTAL NON-CURRENT ASSETS	105,668	111,259	(5,591)	(5.0%)	124,220	(12,961)	(10.4%)
TOTAL ASSETS	\$ 181,719	\$ 195,235	\$ (13,516)	(6.9%)	\$ 242,456	(47,221)	(19.5%)

Liabilities

The Authority's total liabilities are further summarized on Table 3. The \$1,104 (4.7%) reduction from FY 2014 to FY 2015 is largely attributed to changes in accrued expenses and other liabilities shown in the current liabilities section of Table 3. There was no change in the Authority's long term liabilities from FY 2014 to FY 2015.

Accrued expenses and other current liabilities are segregated between costs payable from unrestricted assets and costs payable from restricted assets. The unrestricted portion increased by \$1,494 (17.6%) while the restricted portion declined by \$2,344 (57.2%) from FY 2014 to FY 2015.

The increase in accrued expenses and other liabilities payable from unrestricted assets is solely related to the Southeast Project and the annual true up of funds due to the contract operator of this facility. All other divisions saw a reduction in these accrued expenses. The CSWS saw a reduction of \$1,256 (37.5%) primarily due to the timing of year end contractor accruals for this facility. The Mid Connecticut Project saw a reduction of \$933 (23.7%) related to payment of expenses accrued in FY 2014 for project closeout activities including legal fees, site cleanup, and closure of the Hartford Landfill.

The decrease in accrued expenses and other liabilities payable from restricted assets is solely related to the Southeast Project and the change in funds on deposit within the project's restricted deposit account pending distribution for project related purposes.

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

	2015	2014	2015 Increase (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
CURRENT LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	\$ -	\$ 43	\$ (43)	(100.0%)	\$ 14,214	\$ (14,171)	(99.7%)
Accounts payable	4,535	4,740	(205)	(4.3%)	4,311	429	10.0%
Accrued expenses and other current liabilities	9,992	8,498	1,494	17.6%	11,430	(2,932)	(25.7%)
Unearned revenue	2,586	2,592	(6)	(0.2%)	2,105	487	23.1%
Total payable from unrestricted assets	17,113	15,873	1,240	7.8%	32,060	(16,187)	(50.5%)
Payable from restricted assets:							
Accounts payable	-	-	-	n/a	33	(33)	(100.0%)
Accrued expenses and other current liabilities	1,752	4,096	(2,344)	(57.2%)	2,837	1,259	44.4%
Total payable from restricted assets	1,752	4,096	(2,344)	(57.2%)	2,870	1,226	42.7%
TOTAL CURRENT LIABILITIES	18,865	19,969	(1,104)	(5.5%)	34,930	(14,961)	(42.8%)
LONG-TERM LIABILITIES							
Payable from unrestricted assets:							
Closure and post-closure care of landfills	-	-	-	n/a	27,695	(27,695)	(100.0%)
Other liabilities	3,500	3,500	-	0.0%	3,500	-	0.0%
Total payable from unrestricted assets	3,500	3,500	-	0.0%	31,195	(27,695)	(88.8%)
Payable from restricted assets:							
Closure and post-closure care of landfills	-	-	-	n/a	7,367	(7,367)	(100.0%)
Other liabilities	-	-	-	n/a	716	(716)	(100.0%)
Total payable from restricted assets	-	-	-	n/a	8,083	(8,083)	(100.0%)
TOTAL LONG-TERM LIABILITIES	3,500	3,500	-	0.0%	39,278	(35,778)	(91.1%)
TOTAL LIABILITIES	\$ 22,365	\$ 23,469	\$ (1,104)	(4.7%)	\$ 74,208	(50,739)	(68.4%)

Statement of Revenues, Expenses and Changes in Net Position

The reduction in net position shown on Table 1 was generated from the change in net position (operating and non-operating losses) shown on Table 4, Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2015. Changes in net position represent the results of operations of the Authority (i.e. its net income).

The reduction in net position is the result of a \$30,044 (23.4%) reduction in total revenue as detailed in Table 5 being only partially offset by a \$14,114 (11.3%) reduction in total expense as detailed in Table 6. The Authority generated \$7,299 in income before depreciation and non-operating expenses. However, depreciation and amortization expenses totaled \$17,614 and non-operating expenses, net totaled \$2,097.

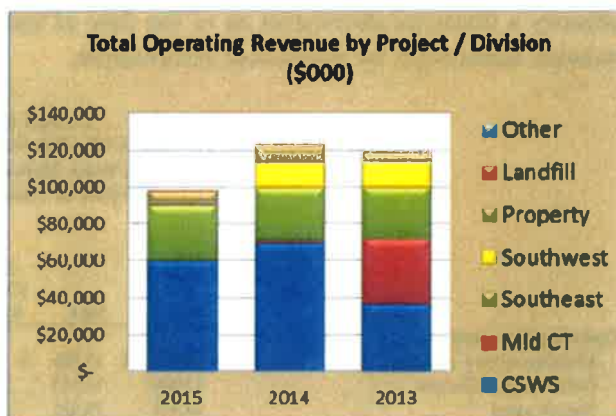
TABLE 4
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2015	2014	2013
Operating revenues	\$ 98,265	\$ 123,362	\$ 119,866
Operating expenses	90,966	106,082	112,113
Income (loss) before depreciation and amortization and other non-operating revenues and (expenses)	7,299	17,280	7,753
Depreciation and amortization	17,614	16,101	15,085
Income (loss) before other non-operating revenues and (expenses), net	(10,315)	1,179	(7,332)
Non-operating revenues (expenses), net	(2,097)	2,339	(921)
Change in net position	(12,412)	3,518	(8,253)
Total net position, beginning of year	171,766	168,248	176,501
Total net position, end of year	\$ 159,354	\$ 171,766	\$ 168,248

Revenues

Table 5 summarizes total revenue (operating and non-operating) for the current and two prior fiscal years ending June 30, 2015.

As indicated in Table 5, operating revenue decreased by \$25,097 (20.3%) from fiscal year 2014 to fiscal year 2015. There are three primary contributing factors to this reduction including completion of the Authority's Southwest Division, reduced CSWS energy revenue and completing final closure of the Hartford landfill.



Approximately 58% of the reduction in operating revenue (\$14,583) is in Member Service Charges (tip fees). This is directly attributable to completion of operations of the Authority's Southwest Division effective June 30, 2014. As discussed in Note 1A, the Authority has historically used disposal capacity it retained in the Bridgeport Project upon its closure to serve the waste disposal needs of 12 municipalities in the southwest area of the State. In FY 2014 Member Service Fees within the Southwest Division were \$13,389. With expiration of the relevant contracts and effective closing of this division on June 30, 2014, this revenue reduced to \$67 in FY 2015. Member Service Fees for the CSWS were virtually unchanged from FY 2014 to FY 2015 while the Southeast Project saw a reduction of \$825 (9.8%) during this period.

Approximately 38% of the reduction in operating revenue (\$9,530) is in Energy Sales. The substantial portion of this reduction occurred within the CSWS which saw an \$8,822 reduction in Energy Sales revenue. This is directly attributed to very low wholesale energy prices in FY 2015 (compared to very high prices in the prior year), coupled with declining electricity production, which factors were partially offset by a fixed energy sales contract discussed further in the Economic Factors and Outlook section of this Management Discussion and Analysis. Energy Sales revenue from the Southeast Project actually increased by \$1,125 pursuant to the terms of the original long term energy procurement contract associated with this project (which expires February 2017). Energy Sales revenue within the Property Division declined by \$1,904 primarily due to ISO New England's removal of the Authority's jet powered electric generating peaking units "Jet Peaking Units" from its "Black Start" program and reduced real time energy sales from these units.

The \$1,491 reduction in other operating revenue is largely attributed to the cessation of soils acceptance at the Hartford Landfill as part of its closure project, and to a lesser extent, reduced recycling and related sales revenue driven by declining recycled commodity sales prices.

Table 5 also indicates that non-operating revenue decreased by \$4,947 (98%) from FY 2014 to FY 2015. This is due to the Authority's recognition in FY 2014 of a gain on the write off of its landfill post closure care and maintenance liabilities. This gain (not included in FY 2015 non-

operating revenue) represented the difference between funds transferred by the Authority to the State of Connecticut and the landfill post closure liabilities recorded by the Authority on the Authority's financial statements as of the date of transfer to the State. See notes 4 and 10 to the Financial Statements for additional information.

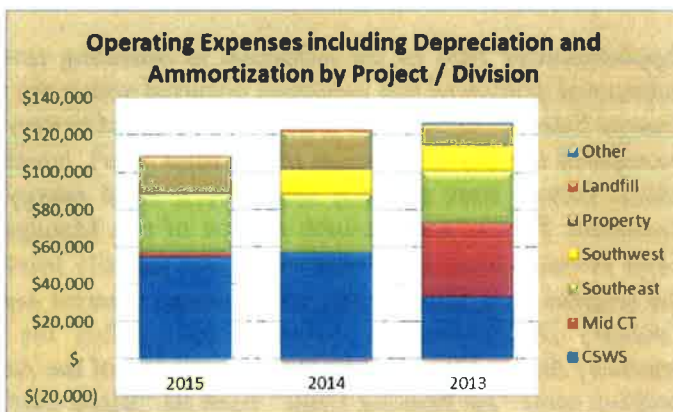
TABLE 5
SUMMARY OF OPERATING AND NON-OPERATING REVENUES
Fiscal Years Ended June 30,
(Dollars in Thousands)

	2015	2014	2015 Increase/ (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
Operating Revenues:							
Member service charges	\$ 31,005	\$ 45,588	\$ (14,583)	(32.0%)	\$ 49,145	\$ (3,557)	(7.2%)
Other service charges	17,020	16,513	507	3.1%	18,512	(1,999)	(10.8%)
Energy sales	46,921	56,451	(9,530)	(16.9%)	42,261	14,190	33.6%
Other operating revenues	3,319	4,810	(1,491)	(31.0%)	9,948	(5,138)	(51.6%)
Total Operating Revenues	98,265	123,362	(25,097)	(20.3%)	119,866	3,496	2.9%
Non-Operating Revenues:							
Investment income	60	109	(49)	(45.0%)	139	(30)	(21.6%)
Gain on write-off of postclosure liabilities	-	4,751	(4,751)	100.0%	-	4,751	n/a
Other income	43	190	(147)	(77.4%)	67	123	183.6%
Total Non-Operating Revenues	103	5,050	(4,947)	(98.0%)	206	4,844	2351.5%
Total Revenues	\$ 98,368	\$ 128,412	\$ (30,044)	(23.4%)	\$ 120,072	\$ 8,340	6.9%

Expenses

Table 6 summarizes total expenses (operating and non-operating) for the current and two prior fiscal years. As indicated, total expenses declined \$14,114 (11.3%) from FY 2014 to FY 2015.

Operating expenses (before depreciation) declined by \$15,116 (14.2%) from fiscal year 2014 to fiscal year 2015. Depreciation and amortization expense increased by \$1,513 (9.4%) during this same period.



The primary reason for the decline in operating expenses (before depreciation) is a reduction in solid waste operations expense which is directly attributed to the completion of operations of the Authority's Southwest Division. The Southwest Division's solid waste operations expense declined by \$12,950 due to the completion of these operations. The CSWS also had a \$2,772 (5.3%) decline in solid waste operations expense. This is attributed to reductions in payments in lieu of taxes, insurance and ash disposal costs, as well as GAAP adjustments to reflect the current value of spare parts in inventory and advance payments to vendors, offset by an increase in the cost to divert waste from CSWS to alternate disposal sites. Solid waste operations expense

also declined within the Property Division. This \$970 (28.7%) decline reflects a lower cost of fuel and Discrete Emission Reductions Credits (DERCs) used to operate the Jet Peaking Units, reduced service fees for the Authority's use of the capacity it maintained in the Wallingford Project, reduced consultant fees related to completion of a statutorily mandated transition plan in FY 2014 and reduced project closure expenses associated with the Bridgeport and Wallingford projects.

The \$1,252 (41.6%) reduction in external legal services expense is attributed to reduced spending on matters related to the closeout of the Mid Connecticut Project as well as reduced spending within the Landfill Division associated with completion of the transfer of landfill post closure care obligations to DEEP in FY 2014.

The \$3,392 increase in landfill closure and post closure expenses is directly related to the Authority's recognition, in FY 2014, of reduced estimated liabilities for the closure of the Hartford Landfill. The reduced liability was recorded as a credit to these expenses in FY 2014. The absence of this credit in FY 2015 produces the \$3,392 increase in this category of expense shown on Table 6.

Depreciation and amortization expense increased by \$1,513 (9.4%) from FY 2014 to FY 2015. This increase is primarily related to major maintenance activity occurring within the CSWS resource recovery facility and the approaching end of useful lives of its associated buildings and equipment. Certain major maintenance activities are depreciated over the remaining useful life of the underlying asset. For example, the useful life of boiler systems is thirty years ending June 30, 2019 and component replacements are not considered to extend the useful life of the system. Boiler system depreciation expense increased by \$1,083 from FY 2014 to FY 2015. An additional factor contributing to the increase in depreciation expense is the Authority's completion and activation of a new solar array on top of the Hartford Landfill.

Non-operating expenses decreased by \$511 (18.8%) from FY 2014 to FY 2015. This decline reflects the divergent elements of non-operating expense realized in FY 2014 versus FY 2015. In FY 2014, non-operating expenses were dominated by non-recurring settlement activity associated with the Mid Connecticut Project. In FY 2015 non-operating expenses primarily represented the write off of the undepreciated value of replaced resource recovery facility equipment as well as distributions to member towns associated with the closeout of the Wallingford project (\$602) and Recycling Division (\$551). See note 1.A to the Financial Statements for additional information.

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

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

	2015	2014	2015 Increase/ (Decrease) from 2014	2015 Percent Increase/ (Decrease)	2013	2014 Increase/ (Decrease) from 2013	2014 Percent Increase/ (Decrease)
Operating Expenses:							
Solid waste operations	\$ 81,852	\$ 97,583	\$ (15,731)	(16.1%)	\$ 99,194	\$ (1,611)	(1.6%)
Maintenance and utilities	1,144	1,313	(169)	(12.9%)	1,024	289	28.2%
Landfill closure and post-closure	-	(3,392)	3,392	(100.0%)	1,862	(5,254)	(282.2%)
Legal services - external	1,760	3,012	(1,252)	(41.6%)	1,209	1,803	149.1%
Administrative and operational services	6,210	6,191	19	0.3%	7,525	(1,334)	(17.7%)
Distribution to:							
Member towns	-	-	-	100.0%	810	(810)	
SCRRRA	-	1,375	(1,375)	100.0%	-	1,375	0.0%
SWEROC	-	-	-	100.0%	489	(489)	0.0%
Total Operating Expenses	90,966	106,082	(15,116)	(14.2%)	112,113	(6,031)	(5.4%)
Depreciation and amortization	17,614	16,101	1,513	9.4%	15,085	1,016	6.7%
Non-Operating Expenses:							
Interest expense	-	-	-	n/a	87	(87)	(100.0%)
Other expenses	2,200	2,711	(511)	(18.8%)	1,040	1,671	160.7%
Total Non-Operating Expenses	2,200	2,711	(511)	(18.8%)	1,127	1,584	140.6%
Total Expenses	\$ 110,780	\$ 124,894	(14,114)	(11.3%)	\$ 128,325	\$ (3,431)	(2.7%)

Budget versus Actual Performance

The Authority's total operating budget for FY 2015 was \$110,019. The operating budget is funded through operating revenue of \$103,723, plus interest, use of reserves and inter-fund transfers of \$6,296.

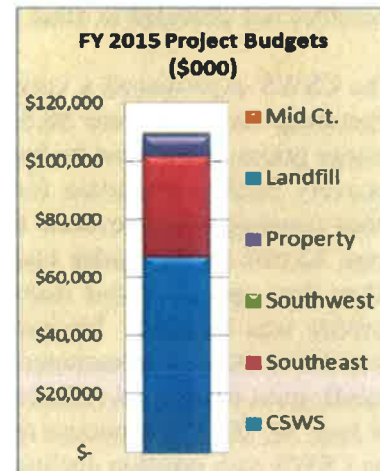
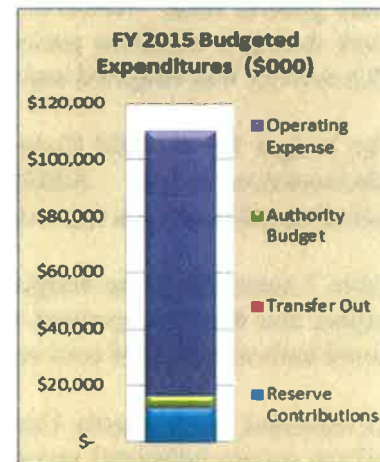
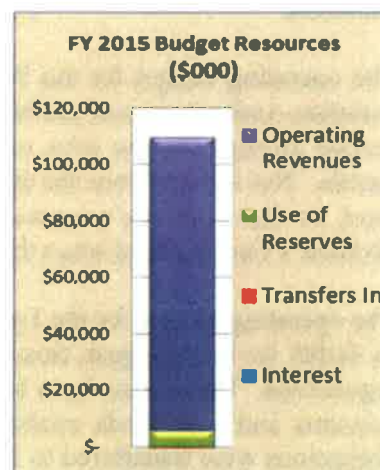
The primary source of funding for the budget is the operating revenue generated by each project and division. Operating revenue provides 94.3% of total budget resources and includes solid waste delivery fees, energy sales, recycling sales and other revenue. Additional sources of funding include interest, use of previously established reserve funds and inter-fund transfers which provide 5.7% of total budget resources.

The operating budget provides balanced funding of the operating expense budgets of each project and division which total \$93,504, their allocated share of the Authority's general administrative budget which totals \$3,835 and their reserve contributions and transfers out which total \$12,680. Operating expenses represent 85.0% of the total budget and include solid waste operations, maintenance and utilities, legal services and project – specific administrative and operations services. Reserve contributions funded in the FY 2015 operating budget included set asides for the CSWS improvement, risk, legal and general funds, the Property Division's tip fee stabilization and general funds, and the Authority's severance reserve.

The Authority's general administrative budget provides for its oversight of all projects and divisions including indirect salaries and benefits, and non-personnel services. This budget ultimately is allocated to each project and division on the basis of such ratios as waste deliveries, revenues, assets and transactions.

The CSWS consumes the largest portion of the total operating budget (\$67,476 or 61.3% including operating expenses and reserve contributions). The Southeast Project represents 31.6% of the total operating budget. Other divisions total 7.1% of the budget.

The budget structure for the waste to energy facilities (CSWS and Southeast) reflect the terms and conditions of applicable municipal service agreements and operating contracts that generally require fees for waste disposal by member municipalities (tip fees) to be set at the level necessary to fund each facility's net cost of operation. The net cost of operation generally



represents total operating expenses and reserve contributions less non disposal fee revenue where non-disposal fee revenue primarily includes the sale of electricity and use of the facility by non-members.

The operating budget for the Property Division is based on the estimated costs to operate and maintain Authority assets not funded within the waste to energy facility budgets. These costs are funded through electric sales revenue from the Authority's Jet Peaking Units and facility lease rentals. Net income from the division is distributed to its tip fee stabilization fund, improvement fund, or the Authority's severance reserve subject to authorized levels, or retained within the division's General fund when these authorized levels have been attained.

The operating budget for the Landfill Division is based on long term estimates for the Authority to fulfill its landfill post closure care obligations established by federal and State laws and regulations. These costs have been pre-funded through prior project fees and set aside in reserve accounts and trust funds established for these purposes. In FY 2014, these post closure care obligations were transferred to DEEP and certain associated reserve funds were transferred to the State general fund. However, the Authority remained obligated to perform post closure care work during a transition period extending into FY 2015 subject to reimbursement by DEEP. This activity was budgeted and paid within the Landfill Division in FY 2015.

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

Table 7 summarizes the budget versus actual performance for each project and division. Each project and division operated within its total operating expense budget and/or consistent with Board authorized use of reserve funds.

As indicated, the Authority General Fund operating expense budget was exceeded by \$240. This reflects certain personnel services expenses paid through the Authority's severance reserve and therefore not allocated to other projects and divisions.

The CSWS experienced a very challenging year in terms of budget versus actual performance. Operating revenues were \$6,834 (10.2%) below budget due to lower than budget wholesale energy prices, lower than budget production of electricity caused primarily by extended resource recovery facility downtime for major maintenance purposes, and lower than budget spot and other contract waste revenue also caused by extended downtime. CSWS operating expenses were \$2,094 (3.7%) under budget with savings realized in virtually all categories of expense other than operation and maintenance of the CSWS power block where major maintenance activity was focused. Income before depreciation was \$4,740 (46.5%) below budget. The shortfall in income necessitated more frequent than planned use of the Property Division's tip fee stabilization fund in accordance with Board criteria and a reduction in CSWS cash position. As of June 30, 2015, the amount due to the Tip Fee Stabilization Fund from CSWS was \$1,353 and the CSWS cash position declined by \$3,711.

The Property Division exceeded expectations with operating revenue that was \$982 (14.8%) above budget and operating expenses that were \$833 (18.4%) below budget. Operating revenues were strong due to above budget payments from ISO New England for real time energy sales and real time reserve payments for the Authority's Jet Peaking Units. Budget savings were realized in virtually all categories of operating expense.

The Southeast Project generated operating revenue that was \$105 above budget and incurred operating expenses that were \$4,588 below budget. Additional revenues were brought into the Southeast Project in FY 2015 due to diversions of waste from the CSWS necessitated by its extended downtime for major maintenance purposes. Operating expenses were under budget largely due to lower than anticipated contributions to the Southeast Connecticut Regional Resource Recovery Authority future use reserve. This was the result of a planned release of debt service reserve funds not being realized in FY 2015.

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

Table 7
Materials Innovation and Recycling Authority
FY 2015 Budget versus Actual Performance

Project / Division Budget*	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Expenses	Income Before Depreciation	Add Interest, Reserve Use & Transfers In (Net)	Less Reserve Contributions & Transfers Out (Net)	Budget Balance
Authority General Fund	\$ -	\$ -	\$ 1	\$ 1	\$ (1)	\$ 1	\$ -	\$ -
CSWS	\$ 67,261	\$ 54,118	\$ 2,957	\$ 57,075	\$ 10,186	\$ 215	\$ 10,401	\$ -
Southeast Project	\$ 29,808	\$ 34,673	\$ 143	\$ 34,816	\$ (5,008)	\$ 5,008	\$ -	\$ -
Southwest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property Division	\$ 6,654	\$ 3,904	\$ 612	\$ 4,516	\$ 2,138	\$ 141	\$ 2,279	\$ -
Landfill Division	\$ -	\$ 809	\$ -	\$ 809	\$ (809)	\$ 809	\$ -	\$ -
Mid Ct. Project	\$ -	\$ -	\$ 122	\$ 122	\$ (122)	\$ 122	\$ -	\$ -
Other	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total	\$ 103,723	\$ 93,504	\$ 3,835	\$ 97,339	\$ 6,384	\$ 6,296	\$ 12,680	\$ -

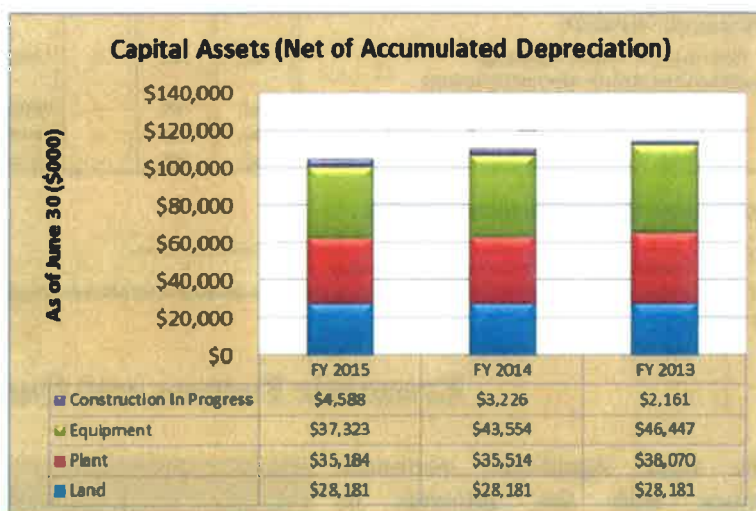
Project / Division Actual*	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Expenses	Income Before Depreciation	Add Interest, Reserve Use & Transfers In (Net)	Less Reserve Contributions & Transfers Out (Net)	Budget Balance
Authority General Fund	\$ -	\$ 240	\$ -	\$ 240	\$ (240)	\$ 240	\$ -	\$ -
CSWS	\$ 60,427	\$ 52,118	\$ 2,863	\$ 54,981	\$ 5,446	\$ 1,380	\$ 9,081	\$ (2,255)
Southeast Project	\$ 29,913	\$ 30,090	\$ 138	\$ 30,228	\$ (315)	\$ 1,695	\$ -	\$ 1,380
Southwest	\$ 67	\$ (43)	\$ -	\$ (43)	\$ 110	\$ -	\$ -	\$ 110
Property Division	\$ 7,636	\$ 3,091	\$ 592	\$ 3,683	\$ 3,953	\$ 12	\$ 4,340	\$ (375)
Landfill Division	\$ 222	\$ 486	\$ 48	\$ 534	\$ (312)	\$ 312	\$ -	\$ -
Mid Ct. Project	\$ -	\$ 2,179	\$ (45)	\$ 2,134	\$ (2,134)	\$ 2,134	\$ -	\$ -
Other	\$ -	\$ (791)	\$ -	\$ (791)	\$ 791	\$ -	\$ -	\$ 791
Total	\$ 98,265	\$ 87,370	\$ 3,596	\$ 90,966	\$ 7,299	\$ 5,773	\$ 13,421	\$ (349)

Variance Over (Under) Budget*	Operating Revenue	Operating Expenses	Authority General Admin.	Total Operating Expenses	Income Before Depreciation	Add Interest, Reserve Use & Transfers In (Net)	Less Reserve Contributions & Transfers Out (Net)	Budget Balance
Authority General Fund	\$ -	\$ 240	\$ (1)	\$ 239	\$ (239)	\$ 239	\$ -	\$ -
CSWS	\$ (6,834)	\$ (2,000)	\$ (94)	\$ (2,094)	\$ (4,740)	\$ 1,165	\$ (1,320)	\$ (2,255)
Southeast Project	\$ 105	\$ (4,583)	\$ (5)	\$ (4,588)	\$ 4,693	\$ (3,313)	\$ -	\$ 1,380
Southwest	\$ 67	\$ (43)	\$ -	\$ (43)	\$ 110	\$ -	\$ -	\$ 110
Property Division	\$ 982	\$ (813)	\$ (20)	\$ (833)	\$ 1,815	\$ (129)	\$ 2,061	\$ (375)
Landfill Division	\$ 222	\$ (323)	\$ 48	\$ (275)	\$ 497	\$ (497)	\$ -	\$ -
Mid Ct. Project	\$ -	\$ 2,179	\$ (167)	\$ 2,012	\$ (2,012)	\$ 2,012	\$ -	\$ -
Other	\$ -	\$ (791)	\$ -	\$ (791)	\$ 791	\$ -	\$ -	\$ 791
Total	\$ (5,458)	\$ (6,134)	\$ (239)	\$ (6,373)	\$ 915	\$ (523)	\$ 741	\$ (349)

Operating revenue excludes interest income, use of reserves and transfers in which are used to balance budgets. Operating expenses exclude reserve contributions and transfers out to other projects / divisions. Income before depreciation reconciles to financial statements. Interest, reserves and transfers (net) used to balance budgets are separately stated after income before depreciation.

Capital Assets

The Authority's investment in capital assets (net of accumulated depreciation) as of June 30, 2015 totaled \$105,276. This represents a \$5,199 (4.7%) reduction from net capital assets as of June 30, 2014 which totaled \$110,475. The Authority's investment in capital assets includes land, plant, equipment and construction in progress.



The Authority owns land used for waste management and related purposes in Bridgeport, Ellington, Hartford, Essex, Stratford, Shelton, Torrington, Waterbury and Watertown. Its plants primarily include the waste to energy facility in Hartford, four transfer stations and two recycling facilities. Equipment includes vehicles and machinery used in the Authority's waste processing and recycling operations. Construction in progress represents ongoing work for plant and equipment improvements or additions not yet in service. As of June 30, 2015 this primarily consisted of boiler and turbine improvements in the CSWS resource recovery facility.

The reduction in net capital assets reflects the cumulative effect of additions to construction in progress, less transfers out of construction in progress (to put assets into service), less net sales and disposals and depreciation expense as described more fully in Note 3 to the Financial Statements.

Long-Term Debt Issuance, Administration and Credit Ratings

As of June 30, 2015, the Southeast Project had \$48,770 of total outstanding debt that is not carried on the Authority's books. This includes the Authority's Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series A) supported by a Special Capital Reserve Fund (SCRF) with the State, and three series of Corporate Credit Revenue Bonds. The SCRF is a contingent liability of the State available to replenish any debt service reserve fund draws on bonds that have the SCRF designation. The funds used to replenish a debt service reserve draw are provided by the State's General Fund and are deemed appropriated by the Connecticut legislature. See Note 1.A to the Financial Statements for additional information on the structure of the Southeast Project.

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

STATUS OF OUTSTANDING BONDS ISSUED AS OF JUNE 30, 2015

PROJECT / Series	Moody's Rating	Standard & Poor's Rating	X= SCRF- Backed ¹	Dated	Maturity Date	Original Principal (\$000)	Principal Outstanding (\$000)	On Authority's Books (\$000)
SOUTHEAST PROJECT								
2010 Series A - Project Refunding ²	Aa3	AA	X	12/02/10	11/15/15	27,750	5,270	-
CORPORATE CREDIT REVENUE BONDS								
1992 Series A - Corporate Credit	Ba1	NR	—	09/01/92	11/15/22	30,000	30,000	-
2001 Series A - Covanta Southeastern Connecticut Company-I	Ba1	NR	—	11/15/01	11/15/15	6,750	6,750	-
2001 Series A - Covanta Southeastern Connecticut Company-II	Ba1	NR	—	11/15/01	11/15/15	6,750	6,750	-

TOTAL PRINCIPAL BONDS OUTSTANDING

48,770 -

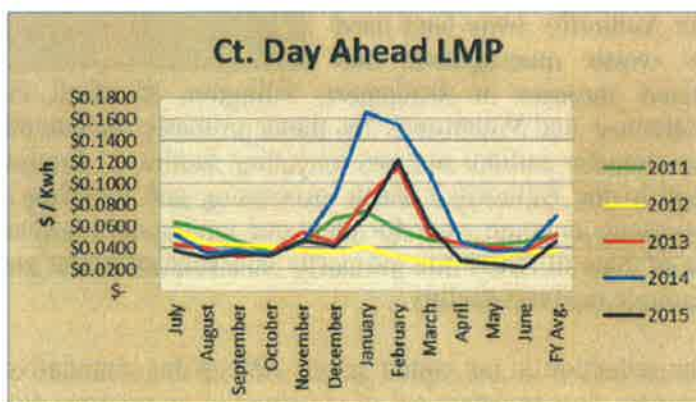
¹ SCRF = Special Capital Reserve Fund of the State of Connecticut.

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

NR = Not Rated

Economic Factors and Outlook

The most significant economic factors with the potential to adversely affect the Authority is the CSWS business model's reliance on wholesale energy revenue to keep solid waste disposal fees below the levels that trigger customer contract termination provisions, the limited options available to the Authority through other divisions to relieve this pressure on tip fees when energy revenues are low, reduced energy production associated with the aging CSWS resource recovery facility, and an anticipated redevelopment of the CSWS in the context of this model that is not targeted for completion until June 30, 2024.



The Connecticut Solid Waste System – The business model for CSWS provides that participating town waste disposal fees (“tip fees”) are to be set at the level necessary to fund the net cost of operation of the CSWS. The net cost of operation is the total operating budget less non-disposal fee revenue where non-disposal fee revenue primarily consists of the sale of electricity and use of the CSWS by non-members. Consequently, price volatility in the wholesale energy market directly impacts the tip fees charged to member towns. Some of the Authority’s member town contracts include tip fee caps above which the towns may terminate the contract (“opt out tip fee”). In the last five fiscal years, day ahead average wholesale electric prices ranged from a high of \$0.0703 per Kwh to a low of \$0.0375 per Kwh. Based on the current FY 2016 business model, this is sufficient to reduce tip fees to a low of \$49 per ton (26% below the long term contract opt out), or to increase tip fees to a high of \$81 per ton (23% above the long term contract opt out). To address this matter, management has established a “Tip Fee Stabilization Fund” which may be drawn upon to support the CSWS net cost of operation when wholesale energy prices are low, thereby avoiding the opt out price, and which is to be

reimbursed as wholesale energy prices rebound. The tip fee stabilization fund was established within the Authority's Property Division primarily with income from the Authority's Jet Peaking Units. The value of the tip fee stabilization fund at June 30, 2015 was \$5.2 million plus \$1.4 million due from the CSWS. Property Division income will continue to flow to this fund in FY 2016 to an authorized level of \$7.0 million pending further evaluation and adaptation to CSWS's evolving needs. Management has also undertaken the RFP and contracting process to establish a fixed price independent of the wholesale energy markets for a portion of the CSWS energy production. The process was concluded in December 2014 and established a fixed price of \$0.067 per Kwh for the first 20 megawatts of CSWS energy for the period January 1, 2015 to June 30, 2015. This proved to be a very effective hedge in that the contract price generated approximately \$1.0 million in revenue above what would have been earned at day ahead wholesale prices. A second contract period established a fixed price of \$.054 per Kwh for the first 20 megawatts of CSWS energy for all of FY 2016. Additional cost control measures have been implemented to manage the budget model within the confines of the opt out price.

The Authority's Property Division – The primary source of revenue to the Property Division is participation in the wholesale energy markets of the Authority's Jet Peaking Units. The majority of revenue from the peaking units is derived specifically from ISO New England's Forward Capacity Reserve and Real Time Reserve markets. In these reserve markets, wholesale energy providers are compensated to have electric generation capacity available, not to produce and export energy to the grid. The Authority's peaking units are infrequently called to produce energy because they are older and less economically efficient to operate than other power plants in New England. This inefficiency triggers certain federal and State air quality and emissions regulations requiring issuance of a "Trading Order" that permits the peaking units to run for a limited number of hours subject to the Authority's acquisition of "Discrete Emission Reduction Credits" (DERCs). While the Authority's existing Trading Order extends through May 31, 2017, the Capacity Supply Obligations it has incurred to ISO New England extend through May 31, 2019. To address this matter, in FY 2015 management undertook a study to determine the feasibility of retrofitting the peaking units to meet air quality standards and eliminate the need for the Trading Order, evaluated the process necessary to "delist" the peaking units from the pool of electric generating resources available to ISO New England and avoid further extending the Authority's Capacity Supply Obligations and assessed the feasibility of extending the Trading Order as a stop gap measure. The conclusion of these efforts is that a retrofit is technically feasible at a cost of approximately \$14.3 million but that a DEEP proposed phased compliance program that could extend the Trading Order through May 31, 2022 provided the optimum present value cash flow available to sustain the tip fee stabilization fund through completion of the CSWS planned redevelopment. Accordingly, management is deferring implementation of a retrofit, continuing to incur Capacity Supply Obligations and monitoring DEEP progress on implementing the phased compliance program.

The Authority's Landfill Division – In FY 2014, under State mandate, the Authority transferred its landfill post closure care obligations with respect to five landfills to DEEP and \$31 million of its landfill post closure care reserves to the State. The transfer of these obligations and reserves did not otherwise affect the Authority's ownership and/or leasehold interest in the landfills or reduce the Authority's landfill liability. See Notes 4 and 10 to the Financial Statements for additional information concerning these transfers. To address this matter,

management has secured a pollution legal liability insurance policy including coverage for the five landfills for a term of thirty-eight months commencing August 1, 2014. The policy provides coverage of \$40 million per occurrence and \$40 million aggregate over the policy term with a \$250,000 deductible. The Authority has also negotiated a long term access agreement and power purchase agreement with the City of Hartford addressing the ownership and maintenance of a solar array the Authority installed on top of the Hartford landfill as part of its final capping and closure. These agreements are expected to be executed in early FY 2016 and generate adequate revenue for the Landfill Division to remain financially self-sufficient.

Redeveloping CSWS

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

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

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

REQUESTS FOR INFORMATION

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

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

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2015 AND JUNE 30, 2014
(Dollars in Thousands)

EXHIBIT I
Page 1 of 2

ASSETS	<u>June 2015</u>	<u>June 2014</u>
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	\$ 53,771	\$ 58,827
Accounts receivable, net of allowances	12,122	14,058
Inventory	5,916	6,069
Prepaid expenses	2,442	2,328
Total Unrestricted Assets	<u>74,251</u>	<u>81,282</u>
Restricted Assets:		
Cash and cash equivalents	<u>1,800</u>	2,694
Total Restricted Assets	<u>1,800</u>	<u>2,694</u>
TOTAL CURRENT ASSETS	<u>76,051</u>	<u>83,976</u>
NON-CURRENT ASSETS		
Capital Assets:		
Depreciable, net	72,507	79,068
Nondepreciable	32,769	31,407
Development costs, net	392	784
TOTAL NON-CURRENT ASSETS	<u>105,668</u>	<u>111,259</u>
TOTAL ASSETS	<u>181,719</u>	<u>195,235</u>

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION (Continued)
AS OF JUNE 30, 2015 AND JUNE 30, 2014
(Dollars in Thousands)

EXHIBIT I
Page 2 of 2

	<u>June 2015</u>	<u>June 2014</u>
LIABILITIES		
CURRENT LIABILITIES		
Payable from unrestricted assets:		
Closure and post-closure care of landfills	\$ -	\$ 43
Accounts payable	4,535	4,740
Accrued expenses and other current liabilities	9,992	8,498
Unearned revenue	2,586	2,592
Total payable from unrestricted assets	<u>17,113</u>	<u>15,873</u>
Payable from restricted assets:		
Accrued expenses and other current liabilities	1,752	4,096
Total payable from restricted assets	<u>1,752</u>	<u>4,096</u>
TOTAL CURRENT LIABILITIES	<u>18,865</u>	<u>19,969</u>
LONG-TERM LIABILITIES		
Payable from unrestricted assets:		
Other liabilities	3,500	3,500
Total payable from unrestricted assets	<u>3,500</u>	<u>3,500</u>
TOTAL LONG-TERM LIABILITIES	<u>3,500</u>	<u>3,500</u>
TOTAL LIABILITIES	<u>22,365</u>	<u>23,469</u>
NET POSITION		
Net: Investment in capital assets	<u>105,277</u>	<u>110,476</u>
Restricted for:		
Covanta Wallingford escrow	-	500
Other restricted net position	48	48
Total Restricted	<u>48</u>	<u>548</u>
Unrestricted	<u>54,029</u>	<u>60,742</u>
TOTAL NET POSITION	<u>\$ 159,354</u>	<u>\$ 171,766</u>

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Dollars in Thousands)

EXHIBIT II

	<u>June 2015</u>	<u>June 2014</u>
Operating Revenues		
Service charges:		
Members	\$ 31,005	\$ 45,588
Others	17,020	16,513
Energy sales	46,921	56,451
Other operating revenues	3,319	4,810
Total Operating Revenues	<u>98,265</u>	<u>123,362</u>
Operating Expenses		
Solid waste operations	81,852	97,583
Maintenance and utilities	1,144	1,313
Closure and post-closure care of landfills	-	(3,392)
Legal services - external	1,760	3,012
Administrative and Operational services	6,210	6,191
Distribution to SCRRA	-	1,375
Total Operating Expenses	<u>90,966</u>	<u>106,082</u>
Operating Income before depreciation and amortization	7,299	17,280
Depreciation and amortization	17,614	16,101
Operating Income (Loss)	(10,315)	1,179
Non-Operating Revenues (Expenses)		
Investment income	60	109
Gain on transfer of landfill post-closure care liabilities	-	4,751
Other income (expenses), net	(2,157)	(2,521)
Non-Operating Revenues (Expenses), Net	<u>(2,097)</u>	<u>2,339</u>
Change in Net Position	(12,412)	3,518
Total Net Position, beginning of period	<u>171,766</u>	<u>168,248</u>
Total Net Position, end of period	<u>\$ 159,354</u>	<u>\$ 171,766</u>

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014
(Dollars in Thousands)

EXHIBIT III

	<u>2015</u>	<u>2014</u>
Cash Flows Provided (Used) by Operating Activities		
Payments received from providing services	\$ 100,195	\$ 126,561
Payments to suppliers and employees	(92,024)	(107,180)
Distribution to member towns	(1,039)	-
Distribution to SCRRA	-	(1,375)
Net Cash Provided by Operating Activities	<u>7,132</u>	<u>18,006</u>
Cash Flows Provided by Investing Activities		
Proceeds from investments	-	8,184
Interest on investments	60	109
Net Cash Provided (Used) by Investing Activities	<u>60</u>	<u>8,293</u>
Cash Flows Provided (Used) by Capital and Related Financing Activities		
Proceeds from sales of equipment	62	595
Payments for landfill closure and post-closure care liabilities	-	(14,200)
Cash transfer to State for post-closure care liabilities	-	(31,000)
Acquisition and construction of capital assets	(13,203)	(11,786)
Net Cash Used by Capital and Related Financing Activities	<u>(13,141)</u>	<u>(56,391)</u>
Cash Flows Used by Non-Capital Financing Activities		
Other interest and fees	(1)	(2,651)
Net Cash Used by Non-Capital Financing Activities	<u>(1)</u>	<u>(2,651)</u>
Net decrease in cash and cash equivalents	(5,950)	(32,743)
Cash and cash equivalents, beginning of year	61,521	94,264
Cash and cash equivalents, end of year	<u>\$ 55,571</u>	<u>\$ 61,521</u>
Reconciliation of Operating (Loss)Income to Net Cash Provided by Operating Activities:		
Operating (loss) Income	\$ (10,315)	\$ 1,179
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation of capital assets	17,222	15,709
Amortization of development costs	392	392
Provision for closure and post-closure care of landfills	(43)	-
Other income (expenses)	(1,039)	-
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	1,936	3,014
Inventory	153	475
Prepaid expenses and other current assets	(114)	(1,973)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	(1,060)	(790)
Net Cash Provided by Operating Activities	<u>\$ 7,132</u>	<u>\$ 18,006</u>

The accompanying notes are an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Entity and Services

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A. Entity and Services *(Continued)*

The Act established a new consultative partnership between the Authority and the State's Department of Energy and Environmental Protection ("DEEP"), specifically for redevelopment of the Authority's Connecticut Solid Waste System ("CSWS") described below, and generally for the development of new waste management industries, technologies and commercial enterprises on property owned by the Authority. The Act charged DEEP with revising the State's solid waste management plan and undertaking these consultative efforts consistent with the revised plan. The Act also transferred responsibility for statewide recycling education to a newly created "Recycle CT Foundation". The Authority continues to provide educational facilities and services to its customers as of June 30, 2015.

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

Mid Connecticut Project and the Connecticut Solid Waste System - CRRA retained title to the resource recovery facility in Hartford (South Meadows), all support facilities and land when the initial underlying project contracts expired for the Mid Connecticut Project on November 15, 2012. No property transferred to the facility operator. CRRA assigned these assets to its Property Division and put them into service in the form of the **Connecticut Solid Waste System**. Assets in service to the CSWS include the resource recovery facility, four transfer stations and a major recycling facility. The CSWS presently provides solid waste disposal services to 50 Connecticut municipalities and 41 private waste haulers under contract with the Authority. The CSWS is the primary operating division of the Authority. All operating revenues and expenses of the CSWS, other than depreciation and amortization of assets, are assigned to the CSWS division. Prior Mid Connecticut Project assets not in service to the CSWS include the Education and Trash Museum and certain jet turbine powered electric generating peaking units. All revenues and expenses associated with the assets not in service to CSWS are assigned to the Property Division. The Mid Connecticut Project remains active administratively for project close out activities including funds distribution.

Wallingford Project – Title to the resource recovery facility and underlying land was transferred to the operator upon expiration of the project on June 30, 2010, but CRRA retained rights to a portion of the facility's waste processing capacity, which is presently used primarily for CSWS waste diversion purposes. While no Capital Assets were retained by CRRA, the Authority assumed CRRA's interests and obligations with respect to retained facility capacity, project close out and asset transfer activities.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

A. Entity and Services (*Continued*)

Southeast Project – The initial underlying structure of this project remains in place. CRRA issued its Resource Recovery Revenue Bonds, and subsequently Refunding Bonds, (the “Bonds”), to finance construction of this resource recovery facility located in Preston, Connecticut and the supporting Special Capital Reserve Fund held by the State Treasurer. CRRA owned the facility and leased it to a private operator under a long-term contract. The private operator runs the facility pursuant to a Service Agreement with CRRA, under which CRRA is obligated to meet certain solid waste delivery requirements. To meet these requirements, the Southeastern Connecticut Regional Resource Recovery Authority (“SCRRRA”) was established and SCRRRA entered into agreements with its twelve member municipalities requiring them to deliver waste to SCRRRA for disposal at the facility. Under a Bridge and Management Agreement between CRRA and SCRRRA, the Authority causes the facility to be operated and maintained and SCRRRA causes its members to deliver waste. Based on this structure, CRRA’s Statements of Net Position do not include the Capital Assets comprising the facility as they will revert to operator ownership upon expiration of the underlying contracts. Likewise, the Authority’s Statements of Net Position do not reflect the Current or Long Term Liabilities associated with these Capital Assets (debt service on the Bonds), which is secured solely by the pledge of revenue derived from the facility. CRRA’s responsibility, among other things, has been to manage the flow of funds under the Bond Indenture. Accordingly, the Statement of Revenues, Expenses and Changes in Net Position include revenues and funds distributed by the Authority pursuant to the Bond Indenture. The Authority has assumed CRRA’s interests and obligations under the Bonds, Lease, Service Agreement, Bridge and Management Agreement and reports this activity consistent with the structure noted above.

Bridgeport Project and Southwest Division – CRRA retained title to the land and a major recycling facility located in Stratford upon expiration of initial project underlying contracts on December 31, 2008. It transferred title to the resource recovery facility to the operator, but retained rights to a portion of the facility’s waste processing capacity through June 30, 2014. CRRA leased the land to the operator and used its retained facility capacity to serve the waste processing needs of twelve towns in the Southwest area of the State. The processing of waste through this retained facility capacity is reflected in CRRA’s **Southwest Division**, which was formed for this purpose, but ceased operations on June 30, 2014. Revenue from the facility lease was assigned to the Property Division. The Authority has assumed CRRA’s interests and obligations in these assets and reports this activity consistent with the structure noted above.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

A. Entity and Services *(Continued)*

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

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

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

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

Enterprise funds are established to account for operations that are financed and operated in a 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, administrative expenses, rebates and distribution of funds associated with active Authority projects (CSWS and Southeast) and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses including distribution of funds associated with closeout of inactive projects (Wallingford and Recycling Division).

C. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheets and the reported amounts of revenues and expenses during the reporting period. Such estimates are subsequently revised as deemed necessary when additional information becomes available. Actual results could differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

D. Cash and Cash Equivalents

All unrestricted and restricted highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

E. Accounts Receivable, Net

Accounts receivable are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral from non-municipalities. The Authority has established an allowance for the estimated portion that is not expected to be collected of \$234,000 at June 30, 2015 and \$254,000 at June 30, 2014.

F. Inventory

The Authority's spare parts inventory is stated at the lower of cost or market using the weighted-average costing method. The Authority's fuel inventory is stated at the lower of cost or market using a first-in first-out (FIFO) method. Inventories at June 30, 2015 and 2014 are summarized as follows:

Inventories	Fiscal Year	
	2015	2014
	(\$000)	(\$000)
Spare Parts	\$ 4,699	\$ 4,687
Fuel	1,217	1,382
Total	\$ 5,916	\$ 6,069

G. Investments

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

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

H. Restricted Positions

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

I. Development Costs

Costs incurred during the development stage of an Authority project, including, but not limited to, initial planning and permitting 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.

Development costs at June 30, 2015 and 2014 are presented in the following table:

Southeast Development Costs	Fiscal Year	
	2015	2014
	(\$000)	(\$000)
Development Costs	\$ 10,006	\$ 10,006
Less accumulated amortization	9,614	9,222
Total development costs, net	<u>\$ 392</u>	<u>\$ 784</u>

Remaining unamortized development costs are expected to be amortized during the year ended June 30, 2016.

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 is charged over the estimated useful life of the asset using the straight-line method. The estimated useful lives of capital assets are as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

J. Capital Assets *(Continued)*

The Authority reviews its capital assets used in operations for impairment when prominent events or changes in circumstances that may be indicative of impairment of a capital asset has occurred. The Authority records impairment losses and reduces the carrying value of a capital asset when both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. During the years ended June 30, 2015 and 2014, no impairment losses were recognized.

Construction in progress includes all associated cumulative costs of a constructed capital asset and deposits held by third parties for capital purchases. Construction in progress is relieved at the point at which an asset is placed in service for its intended use.

K. Compensated Absences

The Authority's liability for vested accumulated unpaid vacation and personal amounts is included in accrued expenses and other current liabilities in the accompanying balance sheet. The liability for compensated absences at June 30, 2015 and 2014 and the related changes for the years ended June 30, 2015 and 2014 are presented in the following table:

	Balance at July 1, 2013 (\$000)	Increases (Decreases) (\$000)	Balance at June 30, 2014 (\$000)	Increases (Decreases) (\$000)	Balance at June 30, 2015 (\$000)
Compensated Absences					
Accrued vacation and personal time	\$ 328	\$ 41	\$ 369	\$ 10	\$ 379
Total	\$ 328	\$ 41	\$ 369	\$ 10	\$ 379

L. Net Position

The Authority's net position is reported in one of the following three components:

Net investment in capital assets, 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.

Restricted net position, consists of the portion of net position that has been either restricted by enabling legislation or that contain various externally imposed restrictions by creditors, grantors or laws and regulations of other governments. Restricted net position totaled \$48,000 and \$548,000 as of June 30, 2015 and 2014, respectively. None of the Authority's net position has been restricted by enabling legislation.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

L. Net Position *(Continued)*

Unrestricted net position, consists of the portion of net position not included in the other components of net position and has been divided into designated and undesignated portions. Designated net position represent the Authority's self-imposed limitations on the use of otherwise unrestricted net position. Unrestricted net position has been designated by the Board of Directors of the Authority for various purposes. Such designations totaled \$24.4 million and \$25.7 million as of June 30, 2015 and 2014, respectively. Unrestricted net position at June 30, 2015 and 2014 are summarized as follows:

Unrestricted Net Position	2015 (\$000)	2014 (\$000)
Undesignated	\$ 29,593	\$ 35,007
Designated:		
Debt service reserve	2,100	175
Enron litigation expense	-	394
Future loss contingencies	694	6,663
General	7,930	4,534
Improvements	2,113	5,343
Landfill development	297	296
Legal	601	508
Litigation reserve	-	790
Landfill Operating	3,552	1,783
Post-project closure	181	144
Project-closure	988	1,633
Recycling	-	190
Severances	792	874
Tip fee stabilization	5,188	2,408
	<u>24,436</u>	<u>25,735</u>
Total Unrestricted Net Position	<u>\$ 54,029</u>	<u>\$ 60,742</u>

M. New Accounting Pronouncements

Effective July 1, 2014, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The adoption of these statements did not have a material effect on the Authority's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2015 and 2014:

Cash and Cash Equivalents	2015 (\$000)	2014 (\$000)
Unrestricted:		
Cash deposits	\$ 8,999	\$ 8,935
Cash equivalents:		
STIF *	44,772	49,892
	<u>53,771</u>	<u>58,827</u>
Restricted – current:		
Cash deposits	1,794	1,788
Cash equivalents:		
STIF *	6	584
Money Market Funds	-	322
	<u>1,800</u>	<u>2,694</u>
Total	<u>\$ 55,571</u>	<u>\$ 61,521</u>

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

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.

As of June 30, 2015 and 2014, approximately \$8.9 million and \$9.9 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2015 (\$000)	2014 (\$000)
Uninsured and Uncollateralized	\$ 7,645	\$ 8,495
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	<u>1,269</u>	<u>1,427</u>
Total	<u>\$ 8,914</u>	<u>\$ 9,922</u>

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Cash Deposits – Custodial Credit Risk *(Continued)*

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

Investments in the State of Connecticut Short-Term Investment Fund ("STIF") and Money Market Funds as of June 30, 2015 and 2014 are included in cash and cash equivalents in the accompanying Statement of net position. For purposes of disclosure, such amounts are considered investments and have been included in the investment disclosures that follow.

Investments

Interest Rate Risk

As of June 30, 2015, 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	\$ 44,778	\$ 44,778	\$ -	\$ -	\$ -
Total	\$ 44,778	\$ 44,778	\$ -	\$ -	\$ -

As of June 30, 2014, 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	\$ 50,476	\$ 50,476	\$ -	\$ -	\$ -
Total	\$ 50,476	\$ 50,476	\$ -	\$ -	\$ -

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments (Continued)

Interest Rate Risk (Continued)

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, 2015 and 2014, STIF had a weighted average maturity of 37 days and 40 days; 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, 2014, the weighted average maturity of this fund was 40 days.

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

Credit Risk

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

As of June 30, 2015, the Authority's investments were rated as follows:

Security	Fair Value (\$000)	Standard & Poor's	Moody's	Fitch
			Investor Service	Ratings
			Not Rated	Not Rated
STIF	\$ 44,778	A.A.Am		

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments (Continued)

Credit Risk (Continued)

As of June 30, 2014, the Authority's investments were rated as follows:

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

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. None of the Authority's investments require custodial credit risk disclosures. STIF is not subject to regulatory oversight nor is it registered with the Securities and Exchange Commission as an investment company.

Concentration of Credit Risk

The Authority's investment policy places no limit on the amount of investment in any one issuer, but does require diversity of the investment portfolio if investments are made in non-U.S. government or U.S. agency securities to eliminate the risk of loss of over-concentration of assets in a specific class of security, a specific maturity and/or a specific issuer. The asset allocation of the investment portfolio should, however, be flexible enough to assure adequate liquidity for Authority needs. As of June 30, 2015 and 2014, substantially all of the Authority's investments are in 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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2014 and 2015:

	Balance at June 30, 2013 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2014 (\$000)	Additions (\$000)	Transfers (\$000)	Sales and Disposals (\$000)	Balance at June 30, 2015 (\$000)
Depreciable assets:									
Plant	\$ 195,566	\$ -	\$ 4,242	\$ (1,662)	\$ 198,145	\$ -	\$ 7,731	\$ (4,089)	\$ 201,788
Equipment	234,741	137	6,336	(1,034)	240,179	34	4,088	(2,055)	242,246
Total at cost	<u>430,307</u>	<u>137</u>	<u>10,577</u>	<u>(2,697)</u>	<u>438,324</u>	<u>34</u>	<u>11,820</u>	<u>(6,143)</u>	<u>444,034</u>
Less accumulated depreciation for:									
Plant	\$ (157,496)	\$ (6,460)	\$ -	\$ 1,325	\$ (162,631)	\$ (7,599)	\$ -	\$ 3,626	\$ (166,604)
Equipment	(188,294)	(9,249)	-	918	(196,625)	(9,823)	-	1,525	(204,923)
Total accumulated depreciation	<u>(345,790)</u>	<u>(15,709)</u>	<u>-</u>	<u>2,243</u>	<u>(359,256)</u>	<u>(17,422)</u>	<u>-</u>	<u>5,151</u>	<u>(371,527)</u>
Total depreciable assets, net	<u>\$ 84,517</u>	<u>\$ (15,572)</u>	<u>\$ 10,577</u>	<u>\$ (454)</u>	<u>\$ 79,068</u>	<u>\$ (17,388)</u>	<u>\$ 11,820</u>	<u>\$ (992)</u>	<u>\$ 72,507</u>
Nondepreciable assets:									
Land	\$ 28,181	\$ -	\$ -	\$ -	\$ 28,181	\$ -	\$ -	\$ -	\$ 28,181
Construction-in-progress	2,161	11,649	(10,583)	-	3,226	13,169	(11,807)	-	4,587
Total nondepreciable assets	<u>\$ 30,342</u>	<u>\$ 11,649</u>	<u>\$ (10,583)</u>	<u>\$ -</u>	<u>\$ 31,407</u>	<u>\$ 13,169</u>	<u>\$ (11,807)</u>	<u>\$ -</u>	<u>\$ 32,768</u>
Total depreciable and nondepreciable assets	<u>\$ 114,859</u>	<u>\$ (3,923)</u>	<u>\$ (6)</u>	<u>\$ (454)</u>	<u>\$ 110,475</u>	<u>\$ (4,220)</u>	<u>\$ 13</u>	<u>\$ (992)</u>	<u>\$ 105,276</u>

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

The Authority has historically operated five landfills located within the State. Three landfills (located in Ellington, Waterbury and Shelton) are owned in fee simple by the Authority and two landfills (located in Hartford and Wallingford) have been leased by the Authority.

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

The Authority estimates its liability for 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 fiscal year end. 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. As of June 30, 2014, all five of the Authority's landfills had no capacity available since 100% of their capacity had been used, and all landfills other than Hartford had been closed in compliance with applicable Federal, State and local regulations.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

4. LONG-TERM LIABILITIES FOR CLOSURE AND POST-CLOSURE CARE OF LANDFILLS *(Continued)*

During the year ended June 30, 2014, pursuant to applicable State statute as described further under Note 10, the Authority transferred \$35.8 million in post closure care obligations for all of its landfills to DEEP and concurrently transferred \$31 million of its landfill reserve accounts and trust funds to the State's General Fund. The Authority's closure obligation for the Hartford landfill was not transferred to DEEP.

During the year ended June 30, 2015, the Authority completed closure of the Hartford landfill in compliance with applicable Federal, State and local regulations. Accordingly, the accompanying Statement of Net Position as of June 30, 2015 no longer includes liabilities associated with the post closure or closure care of the Authority's landfills as these obligations were either assumed by DEEP during the year ended June 30, 2014 or have been completed by the Authority during the year ended June 30, 2015.

There were no capital assets transferred pursuant to these statutes. While the Authority retains fee simple ownership of the Ellington, Waterbury and Shelton landfills and related assets, the associated post closure care obligations have been assumed by DEEP. The Hartford landfill lease expired during the year ended June 30, 2015 (upon completion of the Authority's closure obligations) and its surviving post closure care obligations have been assumed by DEEP. The Wallingford Landfill lease previously expired and its surviving post closure care obligations have been assumed by DEEP.

The nature and status of these statutes and their implementation are described further under Note 10.

The following presents the liabilities for closure and post closure care of landfills as of June 30, 2015 and 2014 and the related changes in the liabilities for the years ended June 30, 2015 and 2014.

Landfill	Liability at June 30,				Liability at June 30,			Liability at June 30,	Amounts Due Within
	2013	Expense	Paid	Transfers	2014	Expense	Paid	2015	One Year
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Ellington	\$ 3,300	\$ -	\$ (187)	\$ (3,113)	\$ -	\$ -	\$ -	\$ -	\$ -
Hartford	30,608	(3,392)	(9,392)	(17,781)	43	6	(49)	-	-
Shelton	10,128	-	(350)	(9,778)	-	-	-	-	-
Wallingford	4,298	-	(137)	(4,161)	-	-	-	-	-
Waterbury	942	-	(25)	(917)	-	-	-	-	-
Total	\$ 49,276	\$ (3,392)	\$ (10,091)	\$ (35,750)	\$ 43	\$ 6	\$ (49)	\$ -	\$ -

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

5. MAJOR CUSTOMERS

Energy sales to ISO New England through the Authority's lead market participant Nextera Energy Power Marketing represented 26% of the Authority's operating revenues for the year ended June 30, 2015. Energy sales to Eversource represented 22% of operating revenue during the same period. Energy sales to Nextera Energy Power Marketing and Northeast Utilities totaled 29% and 17%, respectively, of the Authority's operating revenues for the year ended June 30, 2014.

Service charge revenues from All Waste, Inc. totaled 8.6% and 6.3% of the Authority's operating revenues for the years ended June 30, 2015 and 2014, respectively.

6. RETIREMENT BENEFIT PLAN

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

Under the Amended and Restated 401(k) Employee Savings Plan, effective July 1, 2000, Authority contributions are five percent of payroll plus a dollar for dollar match of employees' contributions up to five percent of employee wages. Authority contributions for the years ended June 30, 2015 and 2014 amounted to \$350,000 and \$392,000, respectively. Employees contributed \$334,000 to the plan during the year ended June 30, 2015 and \$390,000 to the plan during the year ended June 30, 2014.

In addition, the Authority is a participating employer in the State of Connecticut's defined contribution 457(b) Plan, which allows Authority employees to participate in the State of Connecticut's deferred compensation plan created in accordance with Internal Revenue Code Section 457. All amounts of compensation deferred under the 457(b) plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the plan participants and their beneficiaries. The Authority holds no fiduciary responsibility for the plan; rather, fiduciary responsibility rests with the State Comptroller's office.

The Authority has no other post-employment benefit plans as of June 30, 2015 and 2014.

7. RISK MANAGEMENT

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

The Authority is a member of the Connecticut Interlocal Risk Management Agency's ("CIRMA") Workers' Compensation Pool, a risk sharing pool, which was begun on July 1, 1980. The Workers' Compensation Pool provides statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The coverage is a guaranteed cost program. The premium for each of the policy periods from July 1, 2015 through July 1, 2016 and July 1, 2014 through July 1, 2015 was \$52,000 and \$66,000, respectively.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

8. COMMITMENTS

The Authority has various operating leases for office space and office equipment, which totaled \$353,000 and \$294,000 for the years ended June 30, 2015 and 2014, respectively.

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, 2015 and 2014, the PILOT payments, which are included as a cost of solid waste operations in the accompanying Statements of Revenues, Expenses and Changes in Net Position, totaled \$2,555,000 and \$3,304,000, respectively. The City of Hartford PILOT agreement for the CSWS was effective as of November 27, 2013. Future minimum rental commitments under non-cancelable operating leases and future PILOT payments as of June 30, 2015 are as follows:

Fiscal Year	Lease Amount (\$000)	PILOT Amount (\$000)
2016	\$ 254	\$ 2,600
2017	191	1,145
2018	192	38
2019	196	38
2020	200	38
Thereafter	<u>488</u>	<u>266</u>
Total	<u>\$ 1,521</u>	<u>\$ 4,125</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. Major operators/contractors and their contract expiration dates are as follows:

Operator/Contractor	Contract expiration date
Covanta Southeast	2/17/2022
Wheelabrator Technologies	2/17/2017
NAES Corporation	6/30/2016
Copes Rubbish Removal, Inc	6/30/2016
CWPM, LLC	6/30/2016
FCR Inc	6/30/2017

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

8. COMMITMENTS *(Continued)*

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, 2015 and 2014 were as follows:

Project	2015 (\$000)	2014 (\$000)
Connecticut Solid Waste System	\$ 45,447	\$ 46,208
Mid-Connecticut	456	(793)
Southeast	19,437	20,349
SouthWest	(23)	12,907
Property	1,073	1,054
Landfill	218	750
Recycling	1	-
Total	<u>\$ 66,609</u>	<u>\$ 80,475</u>

9. OTHER FINANCING

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

The Authority is not obligated for the repayment of debt on these issues other than through the revenues of the Southeast project. In the event of default, and except in cases where the State has a contingent liability, the payment of debt is not guaranteed by the Authority or the State. Therefore, the Authority does not record the assets and liabilities related to these bond issues on its financial statements. The principal amounts of these bond issues outstanding at June 30, 2015 and 2014 are as follows:

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2015 AND 2014

9. OTHER FINANCING *(Continued)*

Project	2015 (\$000)	2014 (\$000)
Southeast -		
1992 Series A - Corp. Credit	\$ 30,000	\$ 30,000
2001 Series A - Covanta Southeastern Connecticut Company - I	6,750	6,750
2001 Series A - Covanta Southeastern Connecticut Company - II	6,750	6,750
2010 Series A - Project Refunding	5,270	11,295
Total	<u>\$ 48,770</u>	<u>\$ 54,795</u>

10. STATE PUBLIC ACTS

The Authority has implemented certain actions mandated by the State of Connecticut in its Public Act 13-247 and Section 99 of Public Act 13-184. These acts required the Authority to transfer all legally required obligations resulting from the closure of the Authority's landfills located in Hartford, Ellington, Waterbury, Wallingford and Shelton to the State's Department of Energy and Environmental Protection ("DEEP"), and to transfer up to \$35 million of the Authority's resources to the State, to be credited to the resources of the State's General Fund, for the year ending June, 30, 2014.

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

During the year ended June 30, 2015, the Authority continued to perform landfill post closure work at these four landfills subject to reimbursement by DEEP. As of August 7, 2014 all solid waste Authorizations concerning the landfills have been transferred to DEEP. As of December 5, 2014 the Authority completed its closure work for the Hartford landfill and DEEP began reimbursing the Authority for all of its post closure care expenses at the Hartford landfill. The transfer of up to \$35 million of the Authority's resources to the State as required by Public Act 13-184 was addressed by resolution of the Authority's Board of Directors. The Authority received written confirmation from the State that the transfer of \$31 million will fully satisfy the requirements of Public Act 13-184 and the Board directed the transfer of \$31 million in stages based on the occurrence of certain relevant milestones that included i) execution of the MOU, ii) issuance of a purchase order providing for reimbursement of the Authority's ongoing work during the transition period, iii) transfer of certain Authorizations, iv) termination of certain trust agreements, and v) action required by certain local government policy boards. As of June 30, 2014, all of these milestones have been achieved and the Authority had transferred the \$31 million to the State. No additional actions or transactions were required during the year ended June 30, 2015 to fully implement this act.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

10. STATE PUBLIC ACTS *(Continued)*

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

During the year ended June 30, 2015, all work associated with the closure of the Hartford landfill was completed and as of June 30, 2015 the Authority no longer recognizes any liability for such closure on its Statement of Net Position. All landfill expense reimbursements received from DEEP during the year ended June 30, 2015 have been recorded as Other Operating Revenue on the Authority's Statement of Revenues, Expenses and Changes in Net Position. These reimbursements totaled \$112,000 in FY2015.

11. CONTINGENCIES

Mid-Connecticut Project

On October 7, 2009, The Metropolitan District Commission ("MDC") initiated an arbitration proceeding against the Authority seeking a declaratory judgment that the Authority is responsible for certain post-employment benefits and other costs that MDC may incur following the expiration of its contract for the operation of a portion of the Mid-Connecticut Project (the "Contract") on December 30, 2011. The MDC did not specify the amount of its monetary claim in its demand for a declaratory judgment in arbitration; however, the MDC subsequently asserted an amended demand for arbitration based on similar underlying legal arguments and asserting a claim for unspecified damages. On February 26, 2013, MDC also filed an application for a prejudgment remedy (the "PJR Application"), asserting that an attachment or garnishment of \$47 million, or more, is necessary to secure a remedy for its claims. MDC's application acknowledged, however, that it had only actually expended \$2.1 million of its alleged \$47 million claimed obligation. On April 1, 2013, the Authority filed a motion to dismiss MDC's PJR Application, which was granted on October 1, 2013. On October 22, 2013, MDC filed a new application for a prejudgment remedy, seeking an attachment of CRRA's assets to secure an alleged \$52 million obligation. The Authority filed a motion to dismiss the application on November 8, 2013; the court has not ruled on the motion. Twenty-seven days of hearings on the question of liability only were held before a three-member arbitration panel between March 31, 2014 and June 25, 2015; a unanimous decision was received from the panel on August 21, 2015. The panel found that MDC failed to budget for the cited post-employment benefits until the final years of the Project, and is therefore largely not entitled to recover its claims for those costs, with the exception of certain costs related to the final years of the Contract and certain miscellaneous employee termination costs. The panel directed the parties to meet and confer regarding the calculation of the indicated costs, and to report to the panel on those discussions within 60 days. If the parties are unable to agree on the amount of damages owed by the Authority, additional discovery and arbitration hearings will be required.

The Authority believes that it has reserves sufficient to cover the costs it is likely to owe pursuant to the arbitration decision.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

11. CONTINGENCIES (Continued)

In March 2013, Tremont Public Advisors filed a complaint against the Authority in Connecticut Superior Court, claiming that the Authority illegally awarded a contract for Municipal Government Liaison Services and violated Connecticut's Antitrust Act, and seeking injunctions, damages, interest, and attorneys' fees and costs. The Authority denies the allegations and has asserted several defenses. On January 21, 2014, the Authority filed a motion to dismiss the complaint, supplemented on March 24, 2015, by a Motion to Strike the Antitrust count. On August 17, 2015, the court granted the Authority's Motion to Dismiss the second count of the complaint and the Authority's Motion to Strike the first count. On September 10, 2015, the plaintiff filed a substituted complaint.

CSWS

On August 21, 2014, the Authority was served with a Complaint of a former NAES Corporation employee, alleging that he was injured while employed by NAES at the Authority's waste-to-energy facility in Hartford. Pursuant to the terms of the Agreement between the Authority and NAES Corporation for the operation and maintenance of the facility, NAES is providing the Authority with indemnity and a defense of this claim.

Bridgeport Project

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

Other Issues; Resolved Matters; Unasserted Claims and Assessments

The Municipal Solid Waste Management Agreement ("MSA") between the Authority and the City of Waterbury expired on June 30, 2013. On July 30, 2013, the City underpaid the Authority's invoice for June waste disposal services, indicating that it disputed the remainder of the invoice. On May 30, 2014, the Authority filed a Demand for Arbitration, alleging breach of contract, and claiming damages, together with late payment charges and costs of collection. An arbitration hearing concluded in July, 2015; on August 18, 2015, the Authority was awarded damages in the amount of \$241,468.41. The Authority has not recognized this gain as of June 30, 2015 and will account for the decision in the period the awarded amount is received from the City.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

11. CONTINGENCIES *(Continued)*

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

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

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

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements and provides guidance for a) determining a fair value measurement for financial reporting purposes and b) applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2015. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This statement establishes standards of accounting and financial reporting for defined benefit pensions and defined contribution pensions that are provided to the employees of state and local governmental employers and are not within the scope of GASB Statement No. 68. The requirements of this statement that address accounting and financial reporting by employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68 are effective for the Authority's reporting period beginning July 1, 2016, and the requirements of this statement that address financial reporting for assets accumulated for purposes of providing those pensions are effective for the Authority's reporting period beginning July 1, 2015. The requirements of this statement for pension plans that are within the scope of GASB Statement No. 67, or for pensions that are within the scope of GASB Statement No. 68, are effective for the Authority's reporting period beginning July 1, 2015. The Authority does not expect this statement to have a material effect on its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2015 AND 2014

12. NEW ACCOUNTING

PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED *(Continued)*

In June 2015, the GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*. This statement establishes new accounting and financial reporting requirements for OPEB plans included in the general purpose external financial reports of state and local governmental OPEB plans and replaces the requirements of GASB Statements No. 43, *Financial Reporting for Postemployment Benefit Plans other than Pension Plans*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2016. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement establishes new accounting and financial reporting requirements for OPEB plans and replaces the requirements of GASB Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2017. The Authority does not expect this statement to have a material effect on its financial statements.

In June 2015, the GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement establishes the hierarchy of GAAP for state and local governments and supersedes GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and amends GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for the Authority's reporting period beginning July 1, 2015. The Authority does not expect this statement to have a material effect on its financial statements.

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	SouthEast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
ASSETS										
CURRENT ASSETS										
Unrestricted Assets										
Cash and cash equivalents	\$ 1,658	\$ 12,760	\$ 17,916	\$ 4,371	\$ -	\$ 13,170	\$ 3,896	\$ -	\$ -	\$ 53,771
Accounts receivable, net of allowances	-	3,828	-	7,667	-	617	10	-	-	12,122
Inventory	-	4,216	-	-	-	1,700	-	-	-	5,916
Prepaid expenses	12	2,277	27	4	-	85	37	-	-	2,442
Due from other funds	655	2	9	-	-	1,354	-	-	(2,020)	-
Total Unrestricted Assets	2,325	23,083	17,952	12,042	-	16,926	3,943	-	(2,020)	74,251
Restricted Assets										
Cash and cash equivalents	-	139	6	1,607	-	48	-	-	-	1,800
Total Restricted Assets	-	139	6	1,607	-	48	-	-	-	1,800
TOTAL CURRENT ASSETS	2,325	23,222	17,958	13,649	-	16,974	3,943	-	(2,020)	76,051
NON-CURRENT ASSETS										
Capital Assets										
Depreciable:										
Plant	804	-	-	-	-	175,571	25,353	-	-	201,788
Equipment	1,237	-	3,507	-	-	235,199	2,303	-	-	242,246
	2,101	-	3,507	-	-	410,770	27,656	-	-	444,034
Less: Accumulated depreciation	(2,069)	-	(614)	-	-	(341,188)	(27,656)	-	-	(371,527)
Total Depreciable, net	32	-	2,893	-	-	69,582	-	-	-	72,507
Nondepreciable:										
Land	-	-	-	-	-	12,072	16,109	-	-	28,181
Construction in progress	-	-	-	-	-	4,588	-	-	-	4,588
Total Nondepreciable	-	-	-	-	-	16,660	16,109	-	-	32,769
Development costs, net	-	-	-	392	-	-	-	-	-	392
TOTAL NON-CURRENT ASSETS	32	-	2,893	392	-	86,242	16,109	-	-	105,668
TOTAL ASSETS	\$ 2,357	\$ 23,222	\$ 20,851	\$ 14,041	\$ -	\$ 103,216	\$ 20,052	\$ -	\$ (2,020)	\$ 181,719

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
LIABILITIES										
CURRENT LIABILITIES										
Payable from unrestricted assets:										
Accounts payable	25	1,843	407	686	-	1,564	10	-	-	4,535
Accrued expenses and other current liabilities	579	2,091	3,000	4,155	-	109	58	-	-	9,992
Due to other funds	-	1,860	20	24	-	100	16	-	(2,020)	-
Unearned revenue	-	2,066	425	-	-	95	-	-	-	2,586
Total payable from unrestricted assets	604	7,860	3,852	4,865	-	1,868	84	-	(2,020)	17,113
Payable from restricted assets:										
Accrued expenses and other current liabilities	-	139	6	1,607	-	-	-	-	-	1,752
TOTAL CURRENT LIABILITIES	604	7,999	3,858	6,472	-	1,868	84	-	(2,020)	19,865
LONG-TERM LIABILITIES										
Payable from unrestricted assets	-	-	3,500	-	-	-	-	-	-	3,500
Other liabilities	-	-	-	-	-	-	-	-	-	-
TOTAL LONG-TERM LIABILITIES	-	-	3,500	-	-	-	-	-	-	3,500
TOTAL LIABILITIES	604	7,999	7,358	6,472	-	1,868	84	-	(2,020)	22,365

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
NET POSITION										
Net: Investment in capital assets	33	-	2,894	-	-	86,241	16,109	-	-	105,277
Restricted	-	-	-	-	-	48	-	-	-	48
Unrestricted	1,720	15,223	10,599	7,569	-	15,059	3,859	-	-	54,029
TOTAL NET POSITION	<u>1,753</u>	<u>15,223</u>	<u>13,493</u>	<u>7,569</u>	<u>-</u>	<u>101,348</u>	<u>19,968</u>	<u>-</u>	<u>-</u>	<u>159,354</u>

See Independent Auditor's Report

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

EXHIBIT B

SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
Operating Revenues										
Service charges:	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Members	-	23,351	-	7,577	67	10	-	-	-	31,005
Others	-	16,483	-	537	-	-	-	-	-	17,020
Energy sales	-	17,984	-	21,799	-	7,067	71	-	-	46,921
Other operating revenues	-	2,609	-	-	-	559	151	-	-	3,319
Total Operating Revenues	-	60,427	-	29,913	67	7,636	222	-	-	98,265
Operating Expenses										
Solid waste operations	-	49,489	601	30,001	(43)	2,413	182	1	(792)	81,852
Maintenance and utilities	-	607	(25)	-	-	387	175	-	-	1,144
Legal services - external	-	355	1,529	13	-	(22)	(15)	-	-	1,760
Administrative and operational services	240	4,630	29	214	-	905	192	-	-	6,210
Total Operating Expenses	240	54,981	2,134	30,228	(43)	3,683	534	1	(792)	90,966
Operating Income (Loss) before Depreciation and Amortization	(240)	5,446	(2,134)	(315)	110	3,953	(312)	(1)	792	7,299
Depreciation and amortization	21	-	614	392	-	16,587	-	-	-	17,614
Operating Income (Loss)	(261)	5,446	(2,748)	(707)	110	(12,634)	(312)	(1)	792	(10,315)
Non-Operating Revenues (Expenses)										
Investment income	-	27	15	4	-	12	2	-	-	60
Other income (expenses), net	34	-	-	-	-	(1,654)	-	(537)	-	(2,157)
Non-Operating Revenues (Expenses), net	34	27	15	4	-	(1,642)	2	(537)	-	(2,097)
Income (Loss) before Transfers	(227)	5,473	(2,733)	(703)	110	(14,276)	(310)	(538)	792	(12,412)
Transfers in (out)	420	(9,380)	(2,417)	(1)	(265)	10,043	2,416	(24)	(792)	-
Change in Net Position	193	(3,907)	(5,150)	(704)	(155)	(4,233)	2,106	(562)	-	(12,412)
Total Net Position, beginning of period	1,560	19,130	18,643	8,273	155	105,581	17,862	562	-	171,766
Total Net Position, end of period	\$ 1,753	\$ 15,223	\$ 13,493	\$ 7,569	\$ -	\$ 101,348	\$ 19,968	\$ -	\$ -	\$ 159,354

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS
AS OF JUNE 30, 2015
(Dollars in Thousands)

EXHIBIT C
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	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
Cash Flows Provided (Used) by Operating Activities										
Payments received from providing services	\$ -	\$ 61,057	\$ 44	\$ 29,826	\$ 1,235	\$ 7,795	\$ 248	\$ -	\$ -	\$ 100,195
Payments to suppliers and employees	(398)	(56,308)	(3,565)	(28,418)	(1,187)	(2,122)	(796)	(22)	792	(92,024)
Payments to other funds	100	893	102	(4)	-	(908)	(1,244)	(59)	-	-
Distribution to member towns	-	-	-	-	-	(502)	-	(537)	-	(1,039)
Net Cash Provided (Used) by Operating Activities	(298)	\$ 5,642	(3,429)	1,404	48	4,263	(672)	(618)	792	7,132
Cash Flows Provided by Investing Activities										
Interest on investments	-	27	15	4	-	12	2	-	-	60
Net Cash Provided by Investing Activities	-	27	15	4	-	12	2	-	-	60
Cash Flows Used by Capital and Related Financing Activities										
Proceeds from sales of equipment	34	-	-	-	-	28	-	-	-	62
Acquisition and construction of capital assets	(34)	-	-	-	-	(13,699)	-	-	-	(13,203)
Net Cash Used by Capital and Related Financing Activities	-	-	-	-	-	(13,141)	-	-	-	(13,141)
Cash Provided (Used) by Non-Capital Financing Activities										
Other interest and fees	-	-	-	-	-	(11)	-	-	-	(11)
Transfer in (out)	420	(9,380)	(2,417)	(1)	(265)	10,043	2,417	(25)	(792)	-
Net Cash Provided (Used) by Non-Capital Financing Activities	420	(9,380)	(2,417)	(1)	(265)	10,042	2,417	(25)	(792)	(11)
Net decrease in cash and cash equivalents	122	(3,711)	(5,831)	1,407	(217)	1,176	1,747	(643)	-	(5,950)
Cash and cash equivalents, beginning of year	1,536	16,610	23,753	4,571	217	12,042	2,149	643	-	61,521
Cash and cash equivalents, end of year	\$ 1,658	\$ 12,899	\$ 17,922	\$ 5,978	\$ -	\$ 13,218	\$ 3,896	\$ -	\$ -	\$ 55,571

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

EXHIBIT C
Page 2 of 2

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Eliminations	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:										
Operating (loss) income	\$ (261)	\$ 5,446	\$ (2,748)	\$ (707)	\$ 110	\$ (12,634)	\$ (312)	\$ (1)	\$ 792	\$ (10,315)
Adjustments to reconcile operating (loss) income to net cash provided (used) by operating activities:										
Depreciation of capital assets	21	-	614	-	-	16,587	-	-	-	17,222
Amortization of development costs	-	-	-	392	-	-	-	-	-	392
Provision for closure and post-closure care of landfills	-	-	(43)	-	-	-	-	-	-	(43)
Other income (expenses)	-	-	-	-	-	(502)	-	(537)	-	(1,039)
Changes in assets and liabilities, net of transfers:										
(Increase) decrease in:										
Accounts receivable, net	-	731	34	(87)	1,168	64	26	-	-	1,936
Inventory	-	(12)	-	-	-	165	-	-	-	153
Prepaid expenses and other current assets	(12)	(5)	(27)	(4)	-	(29)	(37)	-	-	(114)
Increase (decrease) in:										
Accounts payable, accrued expenses and other liabilities	(146)	(1,411)	(1,361)	1,814	(1,230)	1,520	(225)	(21)	-	(1,060)
Due to/from other funds	100	893	102	(4)	-	(908)	(124)	(59)	-	-
Net Cash Provided by Operating Activities	\$ (298)	\$ 5,642	\$ (3,429)	\$ 1,404	\$ 48	\$ 4,263	\$ (672)	\$ (618)	\$ 792	\$ 7,132

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION
AS OF JUNE 30, 2015
(Dollars in Thousands)

EXHIBIT D
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	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	SouthWest Division	Property Division	Landfill Division	Recycling Division	Total
Net position, net investment in capital assets	\$ 33	\$ -	\$ 2,894	\$ -	\$ -	\$ 86,241	\$ 16,109	\$ -	\$ 105,277
Restricted net position:									
Current restricted cash and cash equivalents:									
City of Hartford recycling education fund	-	-	6	-	-	-	-	-	6
Customer guarantee of payment	-	139	-	-	-	-	-	-	139
Revenue fund	-	-	-	1,607	-	-	-	-	1,607
Town of Ellington trust - pooled funds	-	-	-	-	-	48	-	-	48
Total current restricted cash and cash equivalents	-	139	6	1,607	-	48	-	-	1,800
Less liabilities to be paid with current restricted assets:									
Other liabilities	-	139	6	1,607	-	-	-	-	1,752
Total liabilities to be paid with current restricted assets	-	139	6	1,607	-	-	-	-	1,752
Total restricted net position	-	-	-	-	-	48	-	-	48

See Independent Auditor's Report

MATERIALS INNOVATION AND RECYCLING AUTHORITY

EXHIBIT D
Page 2 of 2

A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION (Continued)
AS OF JUNE 30, 2015
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Southeast Project	South West Division	Property Division	Landfill Division	Recycling Division	Total
Unrestricted net position:									
Designated for:									
Debt service reserve	\$ -	\$ 2,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,100
Future loss contingencies	-	442	-	252	-	-	-	-	694
General fund	-	916	6,154	-	-	860	-	-	7,930
Improvement	-	-	-	-	-	2,113	-	-	2,113
Landfill development	-	-	297	-	-	-	-	-	297
Legal	-	601	-	-	-	-	-	-	601
Litigation reserve	-	-	-	-	-	-	-	-	0
Post-closure	-	-	-	-	-	-	3,552	-	3,552
Project / Post-project closure	-	-	988	-	-	181	-	-	1,169
Severance	792	-	-	-	-	-	-	-	792
Tip fee stabilization	-	-	-	-	-	5,188	-	-	5,188
Undesignated	928	11,164	3,160	7,317	-	6,717	307	-	29,593
	1,720	15,223	10,599	7,569	-	15,059	3,859	-	54,029
Total unrestricted net position									
	\$ 1,753	\$ 15,223	\$ 13,493	\$ 7,569	\$ -	\$ 101,348	\$ 19,968	\$ -	\$ 159,354
Total Net Position									

See Independent Auditor's Report

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the
Materials Innovation and Recycling Authority
Hartford, Connecticut

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Materials Innovation and Recycling Authority (the "Authority"), a component unit of the State of Connecticut, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
September 28, 2015

Statistical Section

The Statistical Section of the Authority's Comprehensive Annual Financial Report presents detailed financial trends, key performance indicators and service area demographics as additional context for understanding the Authority's financial statements, note disclosures, and required supplementary information.

Contents

Pages

Financial Trends

61-73

These schedules include ten-year trends to help the reader understand and assess changes in the net position of the Authority and its various projects and divisions over time. Exhibit 1 provides a summary of the net investment in capital assets, restricted and unrestricted portions of net position for all Authority projects and divisions over this period. Exhibit 2 details the change in net position resulting from the Authority's operating and non-operating revenues and expenses for all Authority projects and divisions over this same period.

Revenue Capacity

74-85

These schedules include ten-year trends to help the reader understand and assess the key drivers behind the Authority's financial performance. Exhibits 3A through 3E provide a summary of municipal solid waste delivered to and processed at each Authority project and division over this period. Exhibit 3F presents recyclable material processed at each facility over this period. Exhibit 4 presents this municipal solid waste and recyclable material information in graphic form. Exhibit 5 summarizes the energy produced through combustion of municipal solid waste at each facility. Exhibits 6 through 9 provide further information concerning top sources of waste deliveries, fees for waste delivery, and break down the revenues derived at each facility through these activities.

Debt Capacity

86-89

These schedules present information to help the reader 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

90-91

The schedule offers demographic indicators to help the readers understand the environment within which the Authority's financial activities take place.

Operating Information

92-95

These schedules include ten-year trends to help the reader understand and assess the major areas of expense for the Authority's projects and divisions over time. Exhibit 16 details all expenditures by function and project / division. Exhibit 17 breaks down full time employees by function for the same ten year period.

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

Exhibit 1 - Net Position

Last Ten Fiscal Years
(Dollars in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Net Investment in capital assets	\$ 927	\$ 836	\$ 765	\$ 640	\$ 588	\$ 438	\$ 283	\$ 138	\$ 21	\$ 33
Restricted	21	21	22	-	-	-	-	-	-	-
Unrestricted	(256)	(64)	148	364	479	586	667	667	1,539	1,720
Total Net Position	692	793	935	1,004	1,067	1,024	950	805	1,560	1,753
Connecticut Solid Waste System ⁽¹⁾										
Net Investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	225	-	-
Unrestricted	-	-	-	-	-	-	-	5,498	19,130	15,223
Total Net Position	-	-	-	-	-	-	-	5,723	19,130	15,223
Mid-Connecticut Project ⁽²⁾										
Net Investment in capital assets	75,294	123,358	115,611	115,156	103,090	100,430	99,564	-	3,507	2,894
Restricted	45,183	24,103	25,879	18,340	19,533	22,779	6,434	143	-	-
Unrestricted	68,109	18,247	30,827	40,699	42,397	29,310	36,468	18,704	15,136	10,599
Total Net Position	188,586	165,708	172,317	174,195	165,020	152,619	142,466	18,847	18,643	13,493
Southeast Project										
Net Investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	1,104	649	723	955	1,329	1,228	3,088	1,026	-	-
Unrestricted	5,104	6,044	6,390	4,784	5,550	9,327	6,312	9,049	8,273	7,569
Total Net Position	6,208	6,693	7,113	5,739	6,879	10,555	9,400	10,075	8,273	7,569
Southwest Division ⁽³⁾										
Net Investment in capital assets	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	151	154	127	95	245	155	-
Total Net Position	-	-	-	151	154	127	95	245	155	-

⁽¹⁾ Commenced on November 16, 2012

⁽²⁾ Ended on November 15, 2012

⁽³⁾ Created during fiscal year 2009. Ended on June 30, 2014

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 1 Continued - Net Position
Last Ten Fiscal Years
(Dollars in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Property Division ⁽⁴⁾										
Net Investment in capital assets										
Restricted				15,375	15,072	16,766	5,663	98,612 ⁽¹⁰⁾	90,839	86,241
Unrestricted				870	872	1,728	500	2,146	548	48
Total Net Position				(1,572)	2,016	4,319	1,561	9,485	14,194	15,059
Landfill Division ⁽⁵⁾				14,673	17,960	22,813	7,724	110,243	105,581	101,348
Net Investment in capital assets							10,838	16,109	16,109	16,109
Restricted							1,028	1,518		
Unrestricted							2,797	4,115	1,753	3,859
Total Net Position ⁽⁶⁾							14,663	21,742	17,862	19,968
Recycling Division ⁽⁶⁾										
Net Investment in capital assets										
Restricted										
Unrestricted							1,203	568	562	
Total Net Position ⁽⁷⁾							1,203	568	562	
Bridgeport Project ⁽⁸⁾										
Net Investment in capital assets	14,594	15,486	16,824	11	-	-	-	-	-	-
Restricted	2,865	2,995	2,979	174	174	-	-	-	-	-
Unrestricted	256	927	(1,149)	4,748	1,508	393	-	-	-	-
Total Net Position	17,715	19,408	18,654	4,933	1,682	393	-	-	-	-
Wallingford Project ⁽⁹⁾										
Net Investment in capital assets	2,091	2,370	2,375	2,178	2,145	-	-	-	-	-
Restricted	14,734	15,556	16,273	16,307	15,107	-	-	-	-	-
Unrestricted	22,408	28,243	31,805	7,481	7,829	968	-	-	-	-
Total Net Position	39,233	46,169	50,453	25,966	25,081	968	-	-	-	-
TOTAL AUTHORITY:										
Net: Investments in capital assets	92,906	142,050	135,575	133,360	120,895	117,634	116,348	114,859	110,476	105,277
Restricted	63,907	43,324	45,876	36,646	37,015	25,735	11,050	5,058	548	48
Unrestricted	95,621	53,397	68,021	56,655	59,933	45,130	49,103	48,331	60,742	54,029
Net Position	\$252,434	\$238,771	\$249,472	\$226,661	\$217,843	\$188,499	\$176,501	\$168,248	\$171,766	\$150,354

⁽⁴⁾ Created during fiscal year 2009

⁽⁵⁾ Increase due to the transfers of certain assets, liabilities, and net position from the former Mid-Connecticut Project

⁽⁶⁾ Created during fiscal year 2012

⁽⁷⁾ Created during fiscal year 2012 Ended on June 30, 2014

⁽⁸⁾ Ended on December 31, 2008

⁽⁹⁾ Ended on June 30, 2010

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

Last Three Fiscal Years

(Dollars in Thousands)

Fiscal Year Ended June 30,

Connecticut Solid Waste System ⁽¹⁾

	2013	2014	2015
Operating Revenues			
Service charges:			
Members	\$ 14,127	\$ 23,612	\$ 23,351
Others	10,915	16,579	16,483
Energy sales	9,346	26,806	17,984
Other operating revenues	2,207	3,078	2,609
Total operating revenues	<u>36,595</u>	<u>70,075</u>	<u>60,427</u>
Operating Expenses			
Solid waste operations	32,897	52,261	49,489
Maintenance and utilities	342	690	607
Other costs ⁽²⁾	3,020	4,156	4,885
Total operating expenses	<u>36,259</u>	<u>57,107</u>	<u>54,981</u>
Operating Income	336	12,968	5,446
Non-Operating Revenues			
Investment income	6	19	27
Net Non-Operating Revenues	<u>6</u>	<u>19</u>	<u>27</u>
Income before Transfers	342	12,987	5,473
Contribution of initial working capital	-	7,881	-
Transfers in (out)	5,381	(7,461)	(9,380)
Changes in Net Position	<u>\$ 5,723</u>	<u>\$ 13,407</u>	<u>\$ (3,907)</u>

⁽¹⁾ Commenced on November 16, 2012.

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

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Mid-Connecticut Project ⁽¹⁾										
Operating Revenues										
Service charges										
Members	\$ 42,691	\$ 40,221	\$ 36,552	\$ 34,269	\$ 31,979	\$ 34,004	\$ 33,781	\$ 12,676	\$ -	\$ -
Others	18,099	18,255	17,590	19,094	17,517	19,843	21,025	7,669	-	-
Energy sales	24,849	24,067	28,773	30,773	30,258	29,223	28,171	8,945	-	-
Other operating revenues	7,467	8,503	6,496	6,596	4,668	6,341	7,104	6,277	1,096	-
Total operating revenues	93,106	91,046	89,411	90,732	84,422	89,411	90,081	35,567	1,096	-
Operating Expenses										
Solid waste operations ⁽²⁾	60,164	58,221	59,361	64,778	73,936	74,162	76,017	24,512	47	601
Depreciation and amortization	16,072	16,397	16,365	15,806	16,296	17,101	15,418	5,467	-	614
Maintenance and utilities	1,997	1,833	3,559	926	1,272	1,103	845	610	6	(25)
Closure and post-closure care of landfills	178	34,194	3,122	7,065	(683)	746	434	2,555	(3,392)	-
Other costs ⁽³⁾	8,769	9,523	7,419	8,267	7,471	7,377	7,680	3,916	2,428	1,558
Total operating expenses	87,180	120,168	89,826	96,842	98,292	100,489	100,394	37,060	(911)	2,748
Operating Income (Loss)	5,926	(29,122)	(415)	(6,110)	(13,870)	(11,078)	(10,313)	(1,493)	2,007	(2,748)
Non-Operating Revenues (Expenses)										
Enron claims	-	-	-	-	-	-	-	-	-	-
Litigation-related settlements, net	-	39,075	4,745	4,250	-	-	-	-	-	-
Investment income	5,214	5,431	3,891	1,533	338	214	157	80	38	15
Other income (expenses), net	5,457	638	(332)	3,064	5,092	(1,004)	320	(550)	(2,250)	-
Litigation-related judgement	-	(35,800)	-	-	-	-	-	-	-	-
Interest expense	(4,787)	(1,952)	(1,280)	(859)	(735)	(533)	(317)	(87)	-	-
Net Non-Operating Revenues and (Expenses)	5,884	7,392	7,024	7,988	4,695	(1,323)	160	(557)	(2,212)	15
Income (Loss) before Special Items and Transfers	11,810	(21,730)	6,609	1,878	(9,175)	(12,401)	(10,153)	(2,050)	(205)	(2,733)
Special Items:										
Gain on sale of Enron claims	-	-	-	-	-	-	-	-	-	-
Defalcance of debt	-	(1,148)	-	-	-	-	-	-	-	-
Total Special Items	-	(1,148)	-	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	-	-	-	2	(2,417)
Changes in Net Position	\$ 11,810	\$ (22,878)	\$ 6,609	\$ 1,878	\$ (9,175)	\$ (12,401)	\$ (10,153)	\$ (120,703)	\$ (203)	\$ (5,150)

⁽¹⁾ Ended on November 15, 2012

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

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

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

	Fiscal Year Ended June 30,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Southeast Project										
Operating Revenues										
Service charges:										
Members	\$ 10,635	\$ 10,504	\$ 9,924	\$ 9,174	\$ 9,214	\$ 8,056	\$ 8,272	\$ 8,493	\$ 8,402	\$ 7,577
Others	856	720	1,031	81	144	96	103	115	119	537
Other operating revenues	-	-	-	15,519	16,514	17,301	18,376	19,550	20,674	21,799
Total operating revenues	11,491	11,224	10,955	24,774	25,872	25,453	26,751	28,158	29,195	29,913
Operating Expenses										
Solid waste operations	9,481	9,869	9,649	25,416	24,185	23,141	25,989	26,900	28,970	30,001
Depreciation and amortization	448	448	448	448	448	418	392	392	392	392
Maintenance and utilities	-	-	-	-	-	-	-	-	-	-
Other costs ⁽¹⁾	136	104	160	138	154	237	140	203	308	227
Distribution to SCRRA	-	-	-	-	-	-	1,401	-	1,375	-
Total operating expenses	10,065	10,421	10,257	26,002	24,787	23,796	27,922	27,495	31,045	30,620
Operating Income (Loss)	1,426	803	698	(1,228)	1,085	1,657	(1,171)	663	(1,850)	(707)
Non-Operating Revenues and (Expenses)										
Investment income	117	134	136	226	58	18	3	2	4	4
Other income (expenses), net	-	2	-	-	325	(179)	13	10	-	-
Interest expense	(492)	(454)	(414)	(372)	(328)	(153)	-	-	44	-
Net Non-Operating Revenues and (Expenses)	(375)	(318)	(278)	(146)	55	(314)	16	12	48	4
Income (Loss) before Transfers	1,051	485	420	(1,374)	1,140	1,343	(1,155)	675	(1,802)	(703)
Special Item:										
Gain on early retirement of debt	-	-	-	-	-	2,333	-	-	-	-
Total special item	-	-	-	-	-	2,333	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	(1)
Changes in Net Position	\$ 1,051	\$ 485	\$ 420	\$ (1,374)	\$ 1,140	\$ 3,676	\$ (1,155)	\$ 675	\$ (1,802)	\$ (704)

⁽¹⁾ Other Costs includes legal expenses and administrative and operational services.

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

Last Seven Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,				
	2009	2010	2011	2012	2013
SouthWest Division ⁽¹⁾					
Operating Revenues					
Service charges:					
Members	\$ 6,632	\$ 14,664	\$ 14,361	\$ 13,618	\$ 13,389
Total operating revenues	6,632	14,664	14,361	13,618	13,389
Operating Expenses					
Solid waste operations	6,458	14,179	13,850	13,218	12,894
Other costs ⁽²⁾	25	483	540	433	559
Total operating expenses	6,483	14,662	14,390	13,651	13,453
Operating Income (Loss)	149	2	(29)	(33)	150
Non-Operating Revenues					
Investment income	2	1	2	1	-
Non-Operating Revenues	2	1	2	1	-
Income (Loss) before transfers	151	3	(27)	(32)	150
Transfers in (out)					
Changes in Net Position	\$ 151	\$ 3	\$ (27)	\$ (32)	\$ 150
					\$ (90)
					\$ (155)

⁽¹⁾ Created during fiscal year 2009

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

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

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

	Fiscal Year Ended June 30,						
	2009	2010	2011	2012	2013	2014	2015
Property Division ⁽¹⁾							
Operating Revenues							
Service charges:							
Members	\$ -	\$ -	\$ 468	\$ 295	\$ 246	\$ 185	\$ 10
Energy sales	-	-	-	-	4,420	8,971	7,067
Other operating revenues	1,324	2,298	2,874	443	434	521	559
Total operating revenues	1,324	2,298	3,342	738	5,100	9,677	7,636
Operating Expenses							
Solid waste operations	1,018	1,692	2,368	303	1,273	3,383	2,413
Depreciation and amortization	153	303	299	265	9,073	15,592	16,587
Maintenance and utilities	78	86	134	16	-	630	387
Closure and post-closure care of landfills	2,276	(1,153)	(532)	-	-	-	-
Other costs ⁽²⁾	116	416	429	397	1,281	1,024	883
Total operating expenses	3,641	1,344	2,698	981	11,627	20,629	20,270
Operating Income (Loss)	(2,317)	954	644	(243)	(6,527)	(10,952)	(12,634)
Non-Operating Revenues and (Expenses)							
Investment income	60	49	47	3	6	14	12
Other income (expenses), net	-	197	(32)	(9)	(437)	(309)	(1,654)
Net Non-Operating Revenues (Expenses)	60	246	15	(6)	(431)	(295)	(1,642)
Income (Loss) before transfers	(2,257)	1,200	659	(249)	(6,958)	(11,247)	(14,276)
Transfers in (out)	16,930	2,087	4,194	(14,840)	106,561	6,585	10,043
Changes in Net Position	\$ 14,673	\$ 3,287	\$ 4,853	\$ (15,089)	\$ 99,603 ⁽³⁾	\$ (4,662)	\$ (4,233)

⁽¹⁾ Created during fiscal year 2009

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

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

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

Last Four Fiscal Years
(Dollars in Thousands)

	Fiscal Year Ended June 30,			
	2012	2013	2014	2015
Landfill Division ⁽¹⁾				
Operating Revenues				
Other operating revenues	\$ 6	\$ 322	\$ 115	\$ 222
Total operating revenues	6	322	115	222
Operating Expenses				
Solid waste operations	86	332	203	182
Maintenance and utilities	(24)	-	(24)	175
Closure and post-closure care of landfills	(19)	(693)	-	-
Other costs ⁽²⁾	34	356	715	177
Total operating expenses	77	(5)	894	534
Operating Income (Loss)	(71)	327	(779)	(312)
Non-Operating Revenues and (Expenses)				
Investment income	25	45	34	2
Gain on transfer of post closure liabilities	-	-	4,751	-
Other (expenses), net	(154)	(4)	(4)	-
Net Non-Operating Revenues (Expenses)	(129)	41	4,781	2
Income (Loss) before Transfers	(200)	368	4,002	(310)
Transfers in	14,863	6,711	(7,881)	2,416
Changes in Net Position	\$ 14,663	\$ 7,079	\$ (3,879)	\$ 2,106

⁽¹⁾ Created during fiscal year 2012.

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

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

Exhibit 2 - Changes in Net Position

Last Four Fiscal Years

(Dollars in Thousands)

	Fiscal Year Ended June 30,		
	2012	2013	2014
			2015
Recycling Division ⁽¹⁾			
Operating Revenues			
Other operating revenues	\$ 1,117	\$ 708	\$ -
Total operating revenues	<u>1,117</u>	<u>708</u>	<u>-</u>
Operating Expenses			
Solid waste operations	846	573	(3)
Maintenance and utilities	63	72	11
Other costs ⁽²⁾	137	209	-
Distribution to SWEROC	-	489	-
Total operating expenses	<u>1,046</u>	<u>1,343</u>	<u>8</u>
Operating Income (Loss)	71	(635)	(8)
Non-Operating Revenues and (Expenses)			
Investment income	2	-	-
Other income (expenses), net			(537)
Net Non-Operating Revenues	<u>2</u>	<u>-</u>	<u>(537)</u>
Income (Loss) before Transfers	73	(635)	(8)
Transfers in (out)	<u>1,130</u>	<u>-</u>	<u>-</u>
Changes in Net Position	<u>\$ 1,203</u>	<u>\$ (635)</u>	<u>\$ (8)</u>
			<u>\$ (562)</u>

⁽¹⁾ Created during fiscal year 2012.

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

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

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

⁽¹⁾ Ended on December 31, 2008.

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

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

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

Last Seven Fiscal Years

(Dollars in Thousands)

	2006	2007	2008	2009	2010	2011	2012
Wallingford Project ⁽¹⁾							
Operating Revenues							
Service charges:							
Members	\$ 8,907	\$ 8,856	\$ 8,649	\$ 8,439	\$ 8,536	\$ -	\$ -
Others	24	59	177	255	114	-	-
Energy generation	13,096	13,790	11,189	8,276	2,431	-	-
Other operating revenues	115	44	39	9	2	-	-
Total operating revenues	22,142	22,749	20,054	16,979	11,083	-	-
Operating Expenses							
Solid waste operations ⁽²⁾	17,249	16,887	15,732	12,911	12,146	147	41
Depreciation and amortization	299	303	323	326	33	-	-
Maintenance and utilities	19	8	20	7	7	-	-
Closure and post-closure care of landfills	(47)	361	757	1,166	(659)	-	-
Other costs ⁽³⁾	641	650	811	917	534	182	-
Distribution to member towns	-	-	-	26,675	-	19,420	-
Total operating expenses	18,161	18,209	17,643	42,002	12,061	19,749	41
Operating Income (Loss)	3,981	4,540	2,411	(25,023)	(978)	(19,749)	(41)
Non-Operating Revenues and (Expenses)							
Investment income	1,698	2,492	2,048	778	98	22	1
Other income (expenses), net	(7)	(25)	(133)	(230)	(5)	(166)	(138)
Interest expense	(99)	(71)	(42)	(12)	-	-	-
Net Non-Operating Revenues and (Expenses)	1,592	2,396	1,873	536	93	(144)	(137)
Income (Loss) before Special Item and Transfers	5,573	6,936	4,284	(24,487)	(885)	(19,893)	(178)
Special Item:							
Early retirement of debt	-	-	-	-	-	-	-
Total Special Item	-	-	-	-	-	-	-
Transfers in (out)	-	-	-	-	-	(4,220)	(790)
Changes in Net Position	\$ 5,573	\$ 6,936	\$ 4,284	\$ (24,487)	\$ (885)	\$ (24,113)	\$ (968)

⁽¹⁾ Ended on June 30, 2010

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

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

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

General Fund	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses										
Solid waste operations	10	13	-	-	-	-	-	-	-	240
Depreciation and amortization	182	187	181	201	201	191	167	153	117	21
Total operating expenses	192	200	181	201	201	191	167	153	117	261
Operating Loss	(192)	(200)	(181)	(201)	(201)	(191)	(167)	(153)	(117)	(261)
Non-Operating Revenues and (Expenses)										
Investment income	44	56	38	7	3	1	-	-	-	-
Other income, net	370	245	285	263	261	147	93	8	(2)	34
Net Non-Operating Revenues	414	301	323	270	264	148	93	8	(2)	34
Income (loss) before Transfers	222	101	142	69	63	(43)	(74)	(145)	(119)	(227)
Transfers in (out)	-	-	-	-	-	-	-	-	874	420
Changes in Net Position	\$ 222	\$ 101	\$ 142	\$ 69	\$ 63	\$ (43)	\$ (74)	\$ (145)	\$ 755	\$ 193
TOTAL AUTHORITY:										
Operating Revenues	\$ 180,566	\$ 180,803	\$ 176,836	\$ 171,853	\$ 138,300	\$ 132,567	\$ 132,311	\$ 120,053	\$ 123,547	\$ 98,265
Operating Expenses	166,772	206,627	175,496	201,101	152,481	162,630	144,309	127,385	122,368	106,624
Operating Income (Loss)	13,794	(25,824)	1,340	(29,248)	(14,181)	(30,063)	(11,998)	(7,332)	1,179	(11,107)
Non-Operating Revenues and (Expenses), Net	7,872	1,309	9,361	6,437	5,363	(1,614)	-	(921)	2,339	(2,097)
Income (Loss) before Special Items	21,666	(12,515)	10,701	(22,811)	(8,818)	(31,677)	(11,998)	(8,253)	3,518	(13,204)
Special Items	-	(1,148)	-	-	-	2,333	-	-	-	792
Changes in Net Position	\$ 21,666	\$ (13,663)	\$ 10,701	\$ (22,811)	\$ (8,818)	\$ (29,344)	\$ (11,998)	\$ (8,253)	\$ 3,518	\$ (12,412)

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

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

Fiscal Year	Mid-Connecticut ⁽¹⁾	C/SW's ⁽²⁾	Southeast	SouthWest ⁽³⁾	Bridgeport ⁽⁴⁾	Wallingford ⁽⁵⁾	Total
2006	605,998	-	177,207	-	417,753	156,341	1,357,299
2007	578,543	-	173,912	-	405,322	152,715	1,310,492
2008	542,084	-	165,405	-	381,997	146,649	1,236,135
2009	504,421	-	152,894	103,593	178,277	140,673	1,079,858
2010	507,985	-	148,629	232,770	-	142,295	1,031,679
2011	493,185	-	139,242	224,348	-	-	856,775
2012	490,003	-	138,635	207,444	-	-	836,082
2013	183,733	227,171	135,027	200,525	-	-	746,456
2014	-	376,625	131,785	195,129	-	-	703,539
2015	-	371,647	131,357	-	-	-	503,004

Exhibit 3B - Contract Solid Waste Deliveries (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	C/SW's ⁽²⁾	Southeast	Bridgeport ⁽⁴⁾	Total
2006	247,055	-	13,214	230,596	490,865
2007	244,120	-	10,801	234,412	489,333
2008	228,783	-	14,725	238,331	481,839
2009	249,154	-	1,455	111,094	361,703
2010	261,912	-	2,400	-	264,312
2011	274,531	-	1,597	-	276,128
2012	277,904	-	1,722	-	279,626
2013	91,639	148,318	1,911	-	241,868
2014	-	256,376	2,065	-	258,441
2015	-	255,136	7,351	-	262,487

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

Fiscal Year	Mid-Connecticut ⁽¹⁾	C/SW's ⁽²⁾	Southeast	Bridgeport ⁽⁴⁾	Wallingford ⁽⁵⁾	Total
2006	7,199	-	70,396	125,358	413	203,366
2007	8,196	-	84,307	118,685	1,012	212,200
2008	29,542	-	83,044	133,172	3,160	248,918
2009	50,014	-	116,055	77,759	5,782	249,610
2010	19,005	-	123,758	-	5,565	148,328
2011	20,606	-	127,329	-	-	147,935
2012	62,191	-	130,502	-	-	192,693
2013	21,665	41,794	118,642	-	-	182,101
2014	-	59,423	138,532	-	-	197,955
2015	-	36,246	122,971	-	-	159,217

⁽¹⁾ Ended on November 15, 2012

⁽²⁾ C/SW's Connecticut Solid Waste System commenced on November 16, 2012

⁽³⁾ Created during fiscal year 2009 Ended fiscal year 2014.

⁽⁴⁾ Ended on December 31, 2008

⁽⁵⁾ Ended on June 30, 2010.

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

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

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	Southeast ⁽³⁾	SouthWest ⁽⁴⁾	Bridgeport ⁽⁵⁾	Wallingford ⁽⁶⁾	Total
2006	860,252	-	260,817	-	773,707	156,754	2,051,530
2007	830,859	-	269,020	-	758,419	153,727	2,012,025
2008	800,409	-	263,174	-	753,500	149,809	1,966,892
2009	803,589	-	270,404	103,593	367,130	146,455	1,691,171
2010	788,901	-	274,787	232,770	-	147,860	1,444,318
2011	788,322	-	268,168	224,348	-	-	1,280,838
2012	830,098	-	270,859	207,444	-	-	1,308,401
2013	297,037	417,283	255,580	200,525	-	-	1,170,425
2014	-	692,424	272,382	195,129	-	-	1,159,935
2015	-	663,029	261,679	-	-	-	924,708

Exhibit 3E - Municipal Solid Waste Processed (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	Southeast ⁽³⁾	Bridgeport ⁽⁵⁾	Wallingford ⁽⁶⁾	Total
2006	809,046	-	255,697	728,553	139,570	1,932,866
2007	794,027	-	265,184	733,669	142,178	1,935,058
2008	734,656	-	259,215	742,073	143,326	1,879,270
2009	800,895	-	262,259	368,314	146,855	1,578,323
2010	789,334	-	268,984	-	148,618	1,206,936
2011	786,139	-	261,253	-	-	1,047,392
2012	823,972	-	264,246	-	-	1,088,218
2013	304,983	420,809	251,569	-	-	977,361
2014	-	680,554	262,739	-	-	943,293
2015	-	638,290	261,748	-	-	900,038

Exhibit 3F - Recyclables Processed (tons)

Fiscal Year	Mid-Connecticut ⁽¹⁾	CSWS ⁽²⁾	SouthWest ⁽⁴⁾	Bridgeport ⁽⁵⁾	Total
2006	76,461	-	-	59,604	136,065
2007	76,659	-	-	57,655	134,314
2008	88,183	-	-	59,713	147,896
2009	82,916	-	19,260	28,620	130,796
2010	83,405	-	36,335	-	119,740
2011	91,214	-	33,680	-	124,894
2012	113,214	-	24,708	-	137,922
2013	42,325	48,592	25,968	-	116,886
2014	-	50,432	-	-	50,432
2015	-	64,264 ⁽⁷⁾	-	-	64,264

⁽¹⁾ Ended on November 15, 2012.

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

⁽³⁾ Includes Operator deliveries

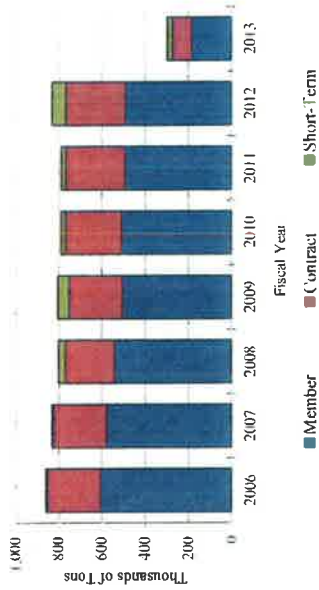
⁽⁴⁾ Created during fiscal year 2009. Ended fiscal year 2014

⁽⁵⁾ Ended on December 31, 2008

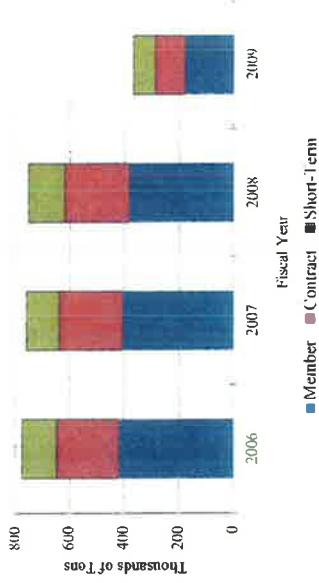
⁽⁶⁾ Ended on June 30, 2010

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

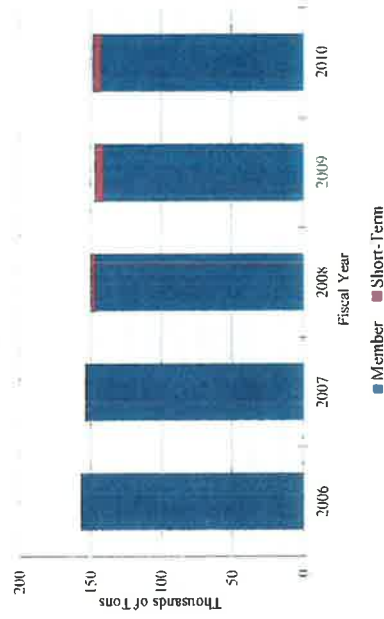
Mid-Connecticut Project ⁽¹⁾



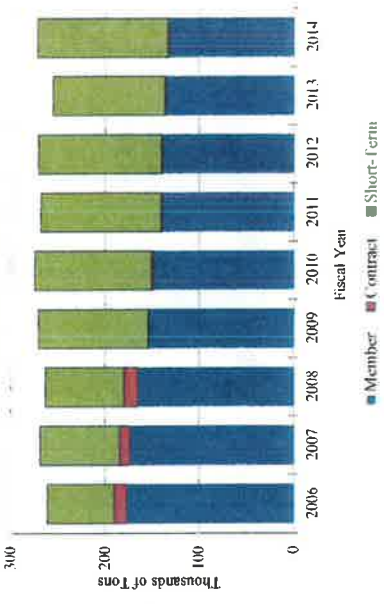
Bridgeport Project ⁽²⁾



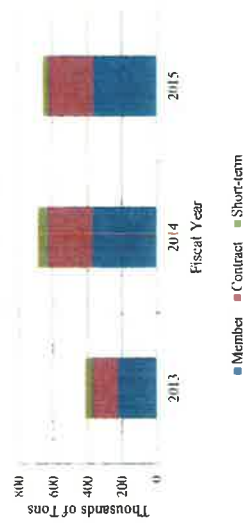
Wallingford Project ⁽¹⁾



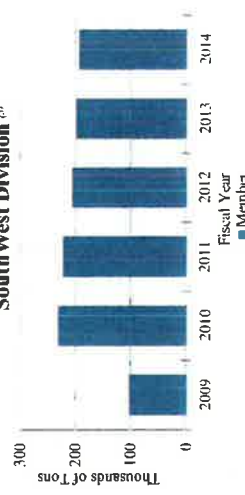
Southeast Project



Connecticut Solid Waste System ⁽⁴⁾



SouthWest Division ⁽³⁾



⁽¹⁾ Ended on November 15, 2012

⁽²⁾ Ended on December 31, 2009.

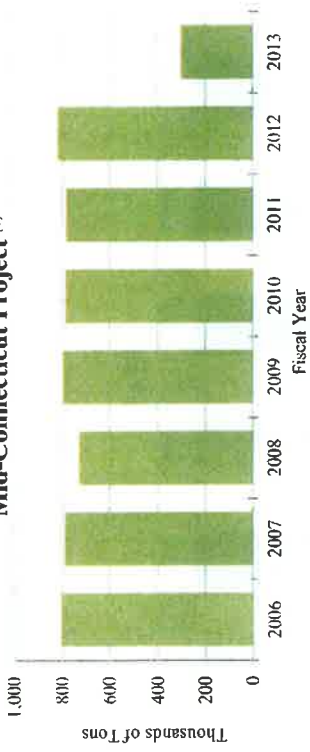
⁽³⁾ Ended on June 30, 2010.

⁽⁴⁾ Commenced on November 16, 2012.

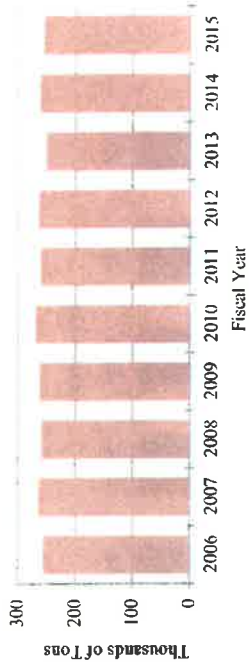
⁽⁵⁾ Created during fiscal year 2009. Ended fiscal year 2014.

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

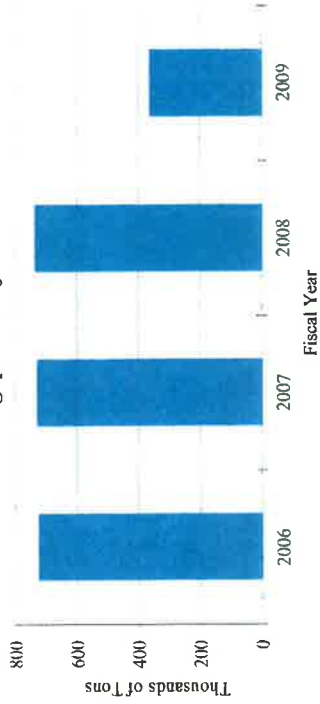
Mid-Connecticut Project ⁽¹⁾



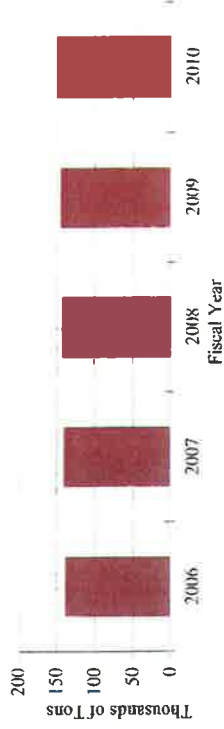
Southeast Project



Bridgeport Project ⁽²⁾



Wallingford Project ⁽³⁾



Connecticut Solid Waste System ⁽⁴⁾



⁽¹⁾ Ended on November 15, 2012.

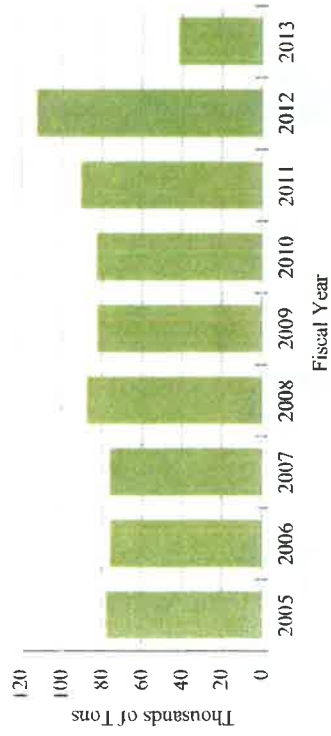
⁽²⁾ Ended on December 31, 2008.

⁽³⁾ Ended on June 30, 2010.

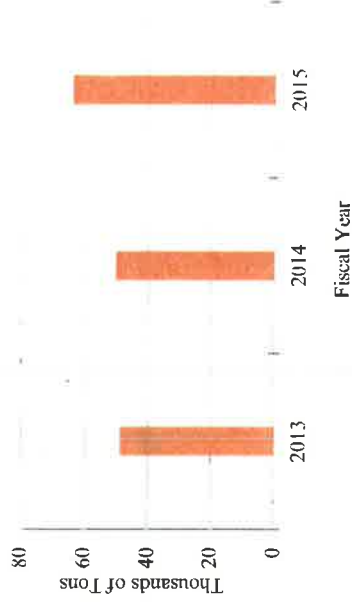
⁽⁴⁾ Commenced on November 16, 2012.

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

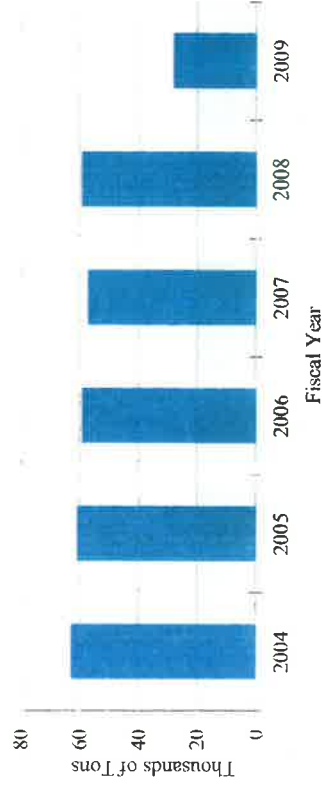
Mid-Connecticut Project ⁽¹⁾



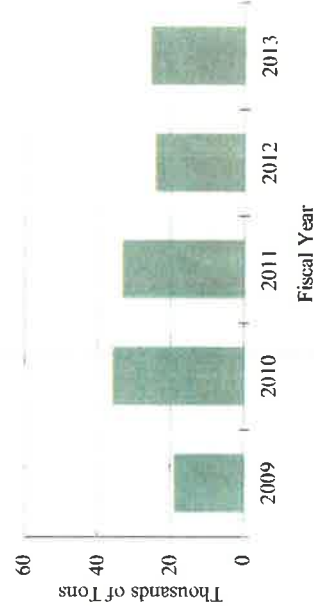
Connecticut Solid Waste System ⁽²⁾



Bridgeport Project ⁽³⁾



SouthWest Division ⁽⁴⁾



⁽¹⁾ Ended on November 15, 2012.

⁽²⁾ Commenced on November 16, 2012.

⁽³⁾ Ended on December 31, 2008.

⁽⁴⁾ Created during fiscal year 2009. Ended fiscal year 2014.

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

Fiscal Year	Connecticut Solid		Mid-Connecticut ⁽²⁾	Bridgeport ⁽³⁾	Wallingford ⁽⁴⁾	Southeast	Total
	Waste System ⁽¹⁾						
2006	-	409,407	491,567	61,788	130,491	1,093,253	
2007	-	402,991	486,135	62,495	130,988	1,082,609	
2008	-	358,380	495,581	59,714	133,765	1,047,440	
2009	-	396,643	246,436	58,415	129,266	830,760	
2010	-	390,426	-	57,979	137,800	586,205	
2011	-	388,457	-	-	132,680	521,137	
2012	-	400,785	-	-	135,083	535,868	
2013	227,837	143,540	-	-	128,817	500,194	
2014	359,646	-	-	-	132,760	492,406	
2015	332,092	-	-	-	124,891	456,983	

⁽¹⁾ Commenced on November 16, 2012.

⁽²⁾ Ended on November 15, 2012.

⁽³⁾ Ended on December 31, 2008.

⁽⁴⁾ Ended on June 30, 2010.

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

Fiscal Year Ended June 30, 2015

Connecticut Solid Waste System ⁽³⁾		Southeast	
Hartford	23.00%	Groton	19.53%
Torrington	6.46%	Norwich	16.93%
Glastonbury	5.07%	New London	15.01%
Naugatuck	4.03%	Montville	11.56%
Farmington	3.99%	Stonington	9.20%
	42.55%		72.22%

Fiscal Year Ended June 30, 2006

Mid-Connecticut ⁽²⁾		Bridgeport		Wallingford		Southeast	
Hartford	18.47%	Bridgeport	16.46%	Wallingford	27.53%	Norwich	18.65%
West Hartford	7.83%	Greenwich	13.01%	Meriden	23.26%	Groton	18.33%
East Hartford	6.33%	Norwalk	12.38%	Hamden	23.20%	New London	14.32%
Enfield	5.34%	Fairfield	11.20%	North Haven	14.37%	Montville	11.74%
Torrington	5.23%	Milford	10.30%	Cheshire	11.64%	Waterford	9.33%
	43.20%		63.35%		100.00%		72.37%

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

⁽²⁾ Ended on November 15, 2012.

⁽³⁾ Commenced on November 16, 2012.

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

Fiscal Year	Mid- Connecticut (1)	Connecticut Solid Waste System (2)		South West (3)	Bridgeport (4)	Wallingford (5)
			Southeast			
2006	\$ 70.00	\$ -	\$ 60.00	\$ -	\$ 74.00	\$ 57.00
2007	\$ 69.00	\$ -	\$ 60.00	\$ -	\$ 78.00	\$ 58.00
2008	\$ 69.00	\$ -	\$ 60.00	\$ -	\$ 81.00	\$ 59.00
2009	\$ 72.00	\$ -	\$ 60.00	\$ 63.00	\$ 98.50	\$ 60.00
2010	\$ 69.00	\$ -	\$ 60.00	\$ 63.00	\$ -	\$ 60.00
2011	\$ 69.00	\$ -	\$ 60.00	\$ 64.16	\$ -	\$ -
2012	\$ 69.00	\$ -	\$ 60.00	\$ 65.11	\$ -	\$ -
2013	\$ 69.00	\$ 62.50 (6)	\$ 60.00	\$ 66.41	\$ -	\$ -
2014	\$ -	\$ 63.50 (6)	\$ 58.00	\$ 67.31	\$ -	\$ -
2015	\$ -	\$ 64.50 (6)	\$ 58.00	\$ -	\$ -	\$ -

(1) Ended on November 15, 2012

(2) Commenced on November 16, 2012.

(3) Created during fiscal year 2009 and ended fiscal year 2015.

(4) Ended on December 31, 2008.

(5) Ended on June 30, 2010.

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

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

<u>Fiscal Year</u>	<u>Rate</u>
2006	\$65.25
2007	\$66.25
2008	\$67.25
2009	\$70.70
2010	\$63.00
2011	\$64.39
2012	\$64.70
2013	\$64.48
2014	\$62.94
2015	\$61.25

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

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

Exhibit 9 - Revenues by Source ⁽¹⁾

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Total Revenues	Member and Other Service Charges	% of Annual	Energy Sales	% of Annual	Landfill Revenue	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other Operating Revenues	% of Annual
Mid-Connecticut Project ⁽²⁾											
2006	\$ 98,320	\$ 60,790	61.83%	\$ 24,849	25.27%	\$ 1,101	1.12%	\$ 4,507	4.58%	\$ 7,073	7.19%
2007	\$ 96,477	\$ 58,476	60.61%	\$ 24,067	24.95%	\$ 778	0.80%	\$ 3,247	3.37%	\$ 9,909	10.27%
2008	\$ 93,302	\$ 54,142	58.03%	\$ 28,773	30.84%	\$ 569	0.61%	\$ 3,621	3.88%	\$ 6,197	6.64%
2009	\$ 92,265	\$ 53,363	57.85%	\$ 30,773	33.35%	\$ 2,532	2.74%	\$ 2,105	2.28%	\$ 3,492	3.78%
2010	\$ 84,760	\$ 49,496	58.40%	\$ 30,258	35.70%	\$ 519	0.61%	\$ 1,926	2.27%	\$ 2,561	3.02%
2011	\$ 89,625	\$ 53,847	60.08%	\$ 29,223	32.61%	\$ 676	0.75%	\$ 2,906	3.24%	\$ 2,973	3.32%
2012	\$ 90,238	\$ 54,806	60.73%	\$ 28,171	31.22%	\$ 824	0.91%	\$ 3,480	3.86%	\$ 2,957	3.28%
2013	\$ 35,647	\$ 20,345	57.08%	\$ 8,945	25.09%	\$ 4,564	12.80%	\$ 870	2.44%	\$ 923	2.59%
2014	\$ 1,134	\$ -	0.01%	\$ -	0.00%	\$ 1,096	96.65%	\$ -	0.00%	\$ 38	3.35%
2015	\$ 15	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 15	100.00%
Southeast Project											
2006	\$ 11,608	\$ 11,491	98.99%	\$ -	-	\$ -	-	\$ -	-	\$ 117	1.01%
2007	\$ 11,358	\$ 11,224	98.82%	\$ -	-	\$ -	-	\$ -	-	\$ 134	1.18%
2008	\$ 11,091	\$ 10,955	98.77%	\$ -	-	\$ -	-	\$ -	-	\$ 136	1.23%
2009	\$ 25,000	\$ 9,255	37.02%	\$ 15,519 ⁽³⁾	62.08%	\$ -	-	\$ -	-	\$ 226	0.90%
2010	\$ 25,930	\$ 9,358	36.09%	\$ 16,514	63.69%	\$ -	-	\$ -	-	\$ 58	0.22%
2011	\$ 25,471	\$ 8,152	32.01%	\$ 17,301	67.92%	\$ -	-	\$ -	-	\$ 18	0.07%
2012	\$ 26,754	\$ 8,375	31.30%	\$ 18,376	68.69%	\$ -	-	\$ -	-	\$ 3	0.01%
2013	\$ 28,160	\$ 8,608	30.57%	\$ 19,550	69.42%	\$ -	-	\$ -	-	\$ 2	0.01%
2014	\$ 29,199	\$ 8,521	29.18%	\$ 20,674	70.80%	\$ -	-	\$ -	-	\$ 4	0.01%
2015	\$ 29,917	\$ 8,114	27.12%	\$ 21,799	72.87%	\$ -	-	\$ -	-	\$ 4	0.01%

⁽¹⁾ Excludes non-operating revenues except investment income

⁽²⁾ Ended on November 15, 2012

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

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

Fiscal Years 2009 - 2015
(Dollars in Thousands)

Fiscal Year	Total Revenues	Member and Other Service Charges	% of Annual	Energy Sales	% of Annual	Landfill Revenue	% of Annual	Recycling Revenue	% of Annual	Investment Income & Other Operating Revenues	% of Annual
Connecticut Solid Waste System ⁽²⁾											
2009	\$ 36,601	\$ 25,042	68.43%	\$ 9,346	25.53%	\$ -	-	\$ 912	2.49%	\$ 1,301	3.55%
2010	\$ 70,094	\$ 40,191	57.35%	\$ 26,806	38.24%	\$ -	-	\$ 1,291	1.84%	\$ 1,806	2.58%
2011	\$ 60,454	\$ 39,843	65.90%	\$ 17,984	29.75%	\$ -	-	\$ 1,264	2.09%	\$ 1,371	2.26%
SouthWest Division ⁽³⁾											
2009	\$ 6,634	\$ 6,632	99.97%	\$ -	-	\$ -	-	\$ -	-	\$ 2	0.03%
2010	\$ 14,665	\$ 14,664	99.99%	\$ -	-	\$ -	-	\$ -	-	\$ 1	0.01%
2011	\$ 14,363	\$ 14,361	99.99%	\$ -	-	\$ -	-	\$ -	-	\$ 2	0.01%
2012	\$ 13,619	\$ 13,618	99.99%	\$ -	-	\$ -	-	\$ -	-	\$ 1	0.01%
2013	\$ 13,603	\$ 13,603	100.00%	\$ -	-	\$ -	-	\$ -	-	\$ -	-
2014	\$ 13,389	\$ 13,389	100.00%	\$ -	-	\$ -	-	\$ -	-	\$ -	-
2015	\$ 67	\$ 67	100.00%	\$ -	-	\$ -	-	\$ -	-	\$ -	-
Property Division ⁽⁴⁾											
2009	\$ 1,384	\$ -	-	\$ -	-	\$ -	-	\$ 665	48.05%	\$ 719	51.95%
2010	\$ 2,347	\$ -	-	\$ -	-	\$ -	-	\$ 1,527	65.06%	\$ 820	34.94%
2011	\$ 3,389	\$ 468	13.81%	\$ -	-	\$ -	-	\$ 1,797	53.02%	\$ 1,124	33.17%
2012	\$ 741	\$ 295	39.81%	\$ -	-	\$ -	-	\$ -	-	\$ 446	60.19%
2013	\$ 5,106	\$ 246	4.82%	\$ 4,420	86.56%	\$ -	-	\$ -	-	\$ 440	8.62%
2014	\$ 9,691	\$ 185	1.91%	\$ 8,971	92.57%	\$ -	-	\$ -	-	\$ 535	5.52%
2015	\$ 7,648	\$ 10	0.13%	\$ 7,067	92.40%	\$ -	-	\$ -	-	\$ 571	7.47%
Landfill Division ⁽⁴⁾											
2012	\$ 31	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 31	100.00%
2013	\$ 367	\$ -	-	\$ -	-	\$ 288	78.48%	\$ 34	9.26%	\$ 45	12.26%
2014	\$ 183	\$ -	-	\$ -	-	\$ -	0.00%	\$ 34	18.58%	\$ 149	81.42%
2015	\$ 224	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ 153	68.30%
Recycling Division ⁽⁴⁾											
2012	\$ 1,119	\$ -	-	\$ -	-	\$ -	-	\$ 1,117	99.82%	\$ 2	0.18%
2013	\$ 708	\$ -	-	\$ -	-	\$ -	-	\$ 708	100.00%	\$ -	-
2014	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-
2015	\$ -	\$ -	-	\$ -	-	\$ -	-	\$ -	-	\$ -	-

⁽¹⁾ Excludes non-operating revenues except investment income

⁽²⁾ Commenced on November 16, 2012

⁽³⁾ Created during fiscal year 2009. Ended fiscal year 2014

⁽⁴⁾ Created during fiscal year 2012. Ended fiscal year 2014

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

Fiscal Years 2006 - 2010

(Dollars in Thousands)

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

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

⁽²⁾ Ended on December 31, 2008.

⁽³⁾ Ended on June 30, 2010.

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 10 - Revenue Bond Coverage Ratios (Combined)
Last Ten Fiscal Years
(Dollars in Thousands)

Fiscal Year	Gross Revenues ⁽¹⁾	Less: Operating Expenses ⁽²⁾	Net Available Revenue	Debt Service Requirements ⁽³⁾			Total	Coverage ⁽⁴⁾
				Principal	Interest			
2006	\$ 187,757	\$ 148,449	\$ 39,308	\$ 5,494	\$ 5,399	\$ 10,893 ⁽⁵⁾	3.61	
2007	\$ 189,402	\$ 188,149 ⁽⁶⁾	\$ 1,253	\$ 5,653	\$ 2,981	\$ 8,634 ⁽⁵⁾	0.15	
2008	\$ 182,208	\$ 155,966	\$ 26,242	\$ 4,941	\$ 1,836	\$ 6,777	3.87	
2009	\$ 174,521	\$ 156,878	\$ 17,643	\$ 3,003	\$ 1,216	\$ 4,219	4.18	
2010	\$ 138,678 ⁽⁷⁾	\$ 133,372	\$ 5,306	\$ 4,143	\$ 987	\$ 5,130	1.03	
2011	\$ 132,373 ⁽⁸⁾	\$ 123,465	\$ 8,908	\$ 5,324	\$ 677	\$ 6,001	1.48	
2012	\$ 132,235	\$ 126,398	\$ 5,837	\$ 3,915	\$ 335	\$ 4,250	1.37	
2013	\$ 120,005	\$ 113,730	\$ 6,275	\$ 4,135	\$ 113	\$ 4,248	1.48	
2014	\$ 123,471	\$ 104,707	\$ 18,764	\$ -	\$ -	\$ - ⁽⁹⁾	n/a	
2015	\$ 98,325	\$ 90,966	\$ 7,359	\$ -	\$ -	\$ -	n/a	

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

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

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

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

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

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

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

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

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

Materials Innovation and Recycling Authority
A Component Unit of the State of Connecticut
Exhibit 11 - Revenue Bond Ratings
As of June 30, 2015

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

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

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

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

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

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Mid-Connecticut			Southeast			Bridgeport			Wallingford			Total Outstanding Debt	Per Capita ⁽⁶⁾
	Special Obligation Bonds	Subordinate Bonds ⁽¹⁾		Special Obligation Bonds ⁽²⁾	Subordinate Bonds		Special Obligation Bonds ⁽³⁾	Subordinate Bonds		Special Obligation Bonds ⁽⁴⁾	Subordinate Bonds			
2006	\$ 69,415	\$ 15,939		\$ 6,725	\$ -		\$ 1,970	\$ 3,535		\$ 2,055	\$ -	\$ 99,639	42	
2007	\$ 15,290 ⁽⁵⁾	\$ 13,320		\$ 6,194	\$ -		\$ 1,280	\$ 2,380		\$ 1,397	\$ -	\$ 39,861	16	
2008	\$ 15,290	\$ -		\$ 5,639	\$ -		\$ 535	\$ 1,170		\$ 712	\$ -	\$ 23,346	9	
2009	\$ 15,290	\$ -		\$ 5,053	\$ -		\$ -	\$ -		\$ -	\$ -	\$ 20,343	8	
2010	\$ 11,765	\$ -		\$ 4,435	\$ -		\$ -	\$ -		\$ -	\$ -	\$ 16,200	7	
2011	\$ 8,050	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ 8,050	4	
2012	\$ 4,135	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ 4,135	2	
2013	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -	-	
2014	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -	-	
2015	\$ -	\$ -		\$ -	\$ -		\$ -	\$ -		\$ -	\$ -	\$ -	-	

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

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

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

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

⁽⁵⁾ In July 2006, the Authority defeased its outstanding Mid-Connecticut Project Bonds 1996 Series A (\$54.125 million).

⁽⁶⁾ Please see Exhibit 14 Demographic Information for population data.

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

Last Ten Fiscal Years

(Dollars in Thousands)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Special Capital Reserve Funds (SCRF) limit ⁽¹⁾	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000	\$ 725,000
<u>Project:</u>										
Mid-Connecticut Project										
1996 Series A	\$ 69,415	\$ 15,290	\$ 15,290	\$ 15,290	\$ 11,765	\$ 8,050	\$ 4,134	\$ -	\$ -	\$ -
1997 Series A	-	-	-	-	-	-	-	-	-	-
Southeast Project										
2010 Series A - Project Refunding ⁽²⁾	-	-	-	-	-	27,750	22,760	17,100	11,295	5,270
1998 Series A	60,430	55,675	50,675	45,405	39,855	-	-	-	-	-
1989 Series A	-	-	-	-	-	-	-	-	-	-
TOTAL SCRF-BACKED DEBT	129,845	70,965	65,965	60,695	51,620	35,800	26,894	17,100	11,295	5,270
Legal debt margin	\$ 595,155	\$ 654,035	\$ 659,035	\$ 664,305	\$ 673,380	\$ 689,200	\$ 698,106	\$ 707,900	\$ 713,705	\$ 719,730
Total outstanding as a percentage of SCRF limit	17.91%	9.79%	9.10%	8.37%	7.12%	4.94%	3.71%	2.36%	1.56%	0.73%

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

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

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

Fiscal Year	Mid-Connecticut ⁽¹⁾			Connecticut Solid Waste System ⁽²⁾			Southeast			SouthWest ⁽⁴⁾			Bridgeport ⁽¹¹⁾			Wallingford ⁽⁵⁾		
	Population Served	Unemployment Rate	# of Towns	Population Served	Unemployment Rate	# of Towns	Population Served	Unemployment Rate	# of Towns	Population Served	Unemployment Rate	# of Towns	Population Served	Unemployment Rate	# of Towns	Population Served	Unemployment Rate	# of Towns
2006	1,203,325	3.8	70	-	-	-	265,026	4.2	15	-	-	-	822,947	3.5	20	215,574	4.2	5
2007	1,205,963	3.9	70	-	-	-	245,291	4.3	14	-	-	-	821,740	3.7	20	215,282	4.3	5
2008	1,219,637	5.1	70	-	-	-	248,799	5.9	14	-	-	-	815,807	5.2	20	214,437	5.8	5
2009	1,204,329	7.1	70	-	-	-	245,597	7.4	14	455,029	6.8	12	816,014	7.0	20	214,934	7.6	5
2010	1,208,813	7.5	70	-	-	-	248,233	8.2	14	457,634	7.8	12	-	-	-	215,244	8.4	5
2011	1,227,363	6.9	70	-	-	-	225,284	8.0	12	465,484	7.2	12	-	-	-	-	-	-
2012	1,225,351	6.9	70	-	-	-	224,580	8.5	12	468,863	7.2	12	-	-	-	-	-	-
2013	1,225,780	6.8	70	719,080	6.6	51	220,126	8.2	12	471,623	7.1	12	-	-	-	-	-	-
2014	-	-	-	719,224	4.8	51	220,087	5.9	12	474,096	5.3	12	-	-	-	-	-	-
2015 ⁽⁶⁾	-	-	-	717,595	3.9	51	219,738	5.3	12	-	-	-	-	-	-	-	-	-

⁽¹⁾ Ended on November 15, 2012

⁽²⁾ Commenced on November 16, 2012

⁽³⁾ Created during fiscal year 2009, ended fiscal year 2014

⁽⁴⁾ Ended on December 31, 2008

⁽⁵⁾ Ended on June 30, 2010

⁽⁶⁾ Source: Population provided by the State Department of Public Health and based on estimates as of July 1, 2014
Unemployment data provided by the State Department of Labor for September 2015

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

	2015			2006		
	Employees in Connecticut ⁽¹⁾	Rank	Percentage of Total Authority Employment	Employees in Connecticut ⁽²⁾	Rank	Percentage of Total Authority Employment
United Technologies Corp.	25,000	1	0.15%	26,400	1	0.20%
Yale New Haven Health System	18,869	2	0.20%	-	-	-
Hartford Healthcare	18,597	3	0.20%	-	-	-
Yale University	14,787	4	0.27%	11,500	5	0.47%
Wal-Mart Stores Inc.	9,289	5	0.41%	8,859	7	-
General Dynamics Electric Boat	8,896	6	0.43%	8,000	8	-
Foxwoods Resort Casino	7,600	7	0.71%	11,500	4	0.47%
The Travelers Cos. Inc	7,400	8	0.00%	-	-	-
Mohegan Sun	7,300	9	0.53%	10,500	6	0.51%
Hartford Financial Services	7,000	10	0.78%	12,100	3	0.45%
Stop & Shop Cos. Inc	-	-	-	14,049	2	0.38%
AT&T Connecticut	-	-	-	7,700	9	0.00%
Aetna Inc	-	-	-	7,450	10	0.72%
Total	124,738		3.68%	118,058		3.21%

⁽¹⁾ Hartford Business Journal (HBJ) - May 2014. Information is not available post May 2014.

⁽²⁾ Hartford Business Journal (HBJ) - June 2006

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

Last Ten Fiscal Years

(Dollars in Thousands)

Fiscal Year	Total Expenses	Solid Waste Operations ⁽²⁾	% of Annual	Maintenance & Utilities	% of Annual	Other Costs ⁽³⁾	% of Annual	Landfill		Debt Service	% of Annual	Distribution to Member Towns and Others	
								Closure & Post-closure	% of Annual			% of Annual	Annual
Mid-Connecticut Project ⁽⁴⁾													
2005	\$ 78,514	\$ 60,164	76.63%	\$ 1,997	2.54%	\$ 8,769	11.17%	\$ 178	0.23%	\$ 7,406	9.43%	\$ -	-
2007	\$ 108,344 ⁽⁵⁾	\$ 58,221	53.74%	\$ 1,833	1.69%	\$ 9,523	8.79%	\$ 34,194	31.56%	\$ 4,573	4.22%	\$ -	-
2008	\$ 88,061	\$ 59,361	67.41%	\$ 3,559	4.04%	\$ 7,419	8.42%	\$ 3,122	3.55%	\$ 14,600	16.58%	\$ -	-
2009	\$ 81,895	\$ 64,778	79.10%	\$ 926	1.13%	\$ 8,267	10.09%	\$ 7,065	8.63%	\$ 859	1.05%	\$ -	-
2010	\$ 86,256	\$ 73,936	85.72%	\$ 1,272	1.47%	\$ 7,471	8.66%	\$ (683)	-0.79%	\$ 4,260	4.94%	\$ -	-
2011	\$ 87,636	\$ 74,162	84.62%	\$ 1,103	1.26%	\$ 7,377	8.42%	\$ 746	0.85%	\$ 4,248	4.85%	\$ -	-
2012	\$ 89,208	\$ 76,017	85.21%	\$ 845	0.95%	\$ 7,680	8.61%	\$ 434	0.49%	\$ 4,232	4.74%	\$ -	-
2013	\$ 38,731	\$ 27,428	70.82%	\$ 610	1.57%	\$ 3,916	10.11%	\$ 2,555	6.60%	\$ 4,222	10.90%	\$ -	-
2014	\$ (911)	\$ 47	-5.16%	\$ 6	-0.66%	\$ 2,428	-266.52%	\$ (3,392)	372.34%	\$ -	0.00%	\$ -	-
2015	\$ 2,134	\$ 601	28.16%	\$ (25)	-1.17%	\$ 1,558	73.01%	\$ -	-	\$ -	-	\$ -	-
Southeast Project													
2006	\$ 10,611	\$ 9,481	89.35%	\$ -	-	\$ 136	1.28%	\$ -	-	\$ 994	9.37%	\$ -	-
2007	\$ 10,956	\$ 9,869	90.08%	\$ -	-	\$ 104	0.95%	\$ -	-	\$ 983	8.97%	\$ -	-
2008	\$ 10,779	\$ 9,649	89.52%	\$ -	-	\$ 160	1.48%	\$ -	-	\$ 970	9.00%	\$ -	-
2009	\$ 26,512 ⁽⁶⁾	\$ 25,416	95.87%	\$ -	-	\$ 138	0.52%	\$ -	-	\$ 958	3.61%	\$ -	-
2010	\$ 25,285	\$ 24,185	95.65%	\$ -	-	\$ 154	0.61%	\$ -	-	\$ 946	3.74%	\$ -	-
2011	\$ 25,140	\$ 23,141	92.05%	\$ -	-	\$ 237	0.94%	\$ -	-	\$ 1,762	7.01%	\$ -	-
2012	\$ 27,530	\$ 25,989	94.40%	\$ -	-	\$ 140	0.51%	\$ -	-	\$ -	-	\$ 1,401	5.09%
2013	\$ 27,103	\$ 26,900	99.25%	\$ -	-	\$ 203	0.75%	\$ -	-	\$ -	-	\$ -	-
2014	\$ 30,653	\$ 28,970	94.51%	\$ -	-	\$ 308	1.00%	\$ -	-	\$ -	-	\$ 1,375	4.49%
2015	\$ 30,228	\$ 30,001	99.25%	\$ -	-	\$ 227	0.75%	\$ -	-	\$ -	-	\$ -	-

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

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

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

⁽⁴⁾ Ended on November 15, 2012

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

⁽⁶⁾ Prior to FY 2009, energy sales were reported on the statements of revenues, expenses and changes in net position as net from Operating Expenses - Solid Waste Operations. Starting FY 2009, energy sales are reported on the statements of revenues, expenses and changes in net position as operating revenues.

Materials Innovation and Recycling Authority
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Exhibit 16 Continued - Expenses by Function ⁽¹⁾

Fiscal Years 2009 - 2015
(Dollars in Thousands)

Fiscal Year	Total Expenses	Solid Waste Operations	% of Annual	Maintenance & Utilities	% of Annual	Other Costs ⁽²⁾	% of Annual	Landfill Closure & Post-closure	Distribution to Member Towns and Others		% of Annual
									% of Annual	Others	
Connecticut Solid Waste System ⁽³⁾											
2013	\$ 36,259	\$ 32,897	90.73%	\$ 342	0.94%	\$ 3,020	8.33%	\$ -	\$ -	\$ -	-
2014	\$ 57,107	\$ 52,261	91.51%	\$ 690	1.21%	\$ 4,156	7.28%	\$ -	\$ -	\$ -	-
2015	\$ 54,981	\$ 49,489	90.01%	\$ 607	1.10%	\$ 4,885	8.88%	\$ -	\$ -	\$ -	-
SouthWest Division ⁽⁴⁾											
2009	\$ 6,483	\$ 6,458	99.61%	\$ -	-	\$ 25	0.39%	\$ -	\$ -	\$ -	-
2010	\$ 14,662	\$ 14,179	96.71%	\$ -	-	\$ 483	3.29%	\$ -	\$ -	\$ -	-
2011	\$ 14,390	\$ 13,850	96.25%	\$ -	-	\$ 540	3.75%	\$ -	\$ -	\$ -	-
2012	\$ 13,651	\$ 13,218	96.83%	\$ -	-	\$ 433	3.17%	\$ -	\$ -	\$ -	-
2013	\$ 13,453	\$ 12,894	95.84%	\$ -	-	\$ 559	4.16%	\$ -	\$ -	\$ -	-
2014	\$ 13,479	\$ 12,907	95.76%	\$ -	-	\$ 572	4.24%	\$ -	\$ -	\$ -	-
2015	\$ (43)	\$ (43)	100.00%	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-
Property Division ⁽⁵⁾											
2009	\$ 3,488	\$ 1,018	29.18%	\$ 78	2.24%	\$ 116	3.33%	\$ 2,276	\$ 65.25%	\$ -	-
2010	\$ 1,041	\$ 1,692	162.54%	\$ 86	8.26%	\$ 416	39.96%	\$ (1,153)	\$ -110.76%	\$ -	-
2011	\$ 2,399	\$ 2,368	98.71%	\$ 134	5.59%	\$ 429	17.88%	\$ (532)	\$ -22.18%	\$ -	-
2012	\$ 716	\$ 303	42.32%	\$ 16	2.23%	\$ 397	55.45%	\$ -	\$ -	\$ -	-
2013	\$ 2,554	\$ 1,273	49.84%	\$ -	-	\$ 471	18.44%	\$ -	\$ -	\$ 810	31.71%
2014	\$ 5,037	\$ 3,383	67.16%	\$ 630	12.51%	\$ 1,024	20.33%	\$ -	\$ -	\$ -	-
2015	\$ 3,683	\$ 2,413	65.52%	\$ 387	10.51%	\$ 883	23.98%	\$ -	\$ -	\$ -	-
Landfill Division ⁽⁶⁾											
2012	\$ 77	\$ 86	111.69%	\$ (24)	-31.17%	\$ 34	44.16%	\$ (19)	\$ -24.68%	\$ -	-
2013	\$ (5)	\$ 332	-	\$ -	-	\$ 356	-	\$ (693)	\$ -	\$ -	-
2014	\$ 894	\$ 203	22.71%	\$ (24)	-2.68%	\$ 715	79.98%	\$ -	\$ -	\$ -	-
2015	\$ 534	\$ 182	34.08%	\$ 175	32.77%	\$ 177	33.15%	\$ -	\$ -	\$ -	-
Recycling Division ⁽⁷⁾											
2012	\$ 1,046	\$ 846	80.88%	\$ 63	6.02%	\$ 137	13.10%	\$ -	\$ -	\$ -	-
2013	\$ 1,343	\$ 573	42.67%	\$ 72	5.36%	\$ 209	15.56%	\$ -	\$ -	\$ 489	36.41%
2014	\$ 8	\$ (3)	-37.50%	\$ 11	137.50%	\$ -	-	\$ -	\$ -	\$ -	-
2015	\$ 1	\$ 1	100.00%	\$ -	-	\$ -	-	\$ -	\$ -	\$ -	-

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

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

⁽³⁾ Commenced on November 16, 2012

⁽⁴⁾ Commenced during fiscal year 2009. Ended fiscal year 2014

⁽⁵⁾ Commenced during fiscal year 2012. Ended fiscal year 2014

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

Fiscal Years 2006 - 2010

(Dollars in Thousands)

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

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

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

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

⁽⁴⁾ Ended on December 31, 2008. During fiscal years 2010 and 2011, \$1 639 million and \$1 263 million of Bridgeport Project surplus funds were distributed to the former Bridgeport Project member towns, respectively.

⁽⁵⁾ Ended on June 30, 2010. During fiscal year 2011, \$19 42 million of Wallingford Project surplus funds were distributed to the former Wallingford Project member towns

⁽⁶⁾ Increased due to distribution to the former Wallingford member towns of \$26 675 million during fiscal year 2009.

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Administration	5	3	3	4	4	3	5	4	4	4
Communications External Affairs	3	3	3	3	3	3	2	2	1	1
Environmental Affairs	6	6	6	7	7	7	7	7	6	2
Finance and Accounting	13	15	16	13	14	13	10	8	8	11
Legal	3	4	4	3	3	3	3	3	3	4
Operations	24	23	21	23	20	18	19	18	17	16
Total	<u>54</u>	<u>54</u>	<u>53</u>	<u>53</u>	<u>51</u>	<u>47</u>	<u>46</u>	<u>42</u>	<u>39</u>	<u>38</u>

