Materials Innovation and Recycling Authority

MATERIALS INNOVATION AND RECYCLING AUTHORITY

A Component Unit of the State of Connecticut

ANNUAL FINANCIAL REPORT

FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the Materials Innovation and Recycling Authority (the Authority) (a component unit of the State of Connecticut), and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2022 and 2021, and the changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters
Change in Accounting Principle

As discussed in Note 9 to the financial statements, in 2022 the Authority adopted new accounting guidance, GASB 87, *Leases* which resulted in a restatement amount to the 2021 financial statements. Net position increased $3,812,000 to record lease liabilities and lease receivables in effect on July 1, 2020. Our opinion is not modified with respect to this matter.

Future Operations

Major components of the Waste to Energy Facility (WTE Facility) have reached the end of their useful life and its operational performance has declined steadily. The Department of Energy and Environmental Protection (DEEP) worked to refurbish the existing Connecticut Solid Waste System (CSWS), however, they were unsuccessful and the Authority determined they would continue the CSWS Recycling Facility as a transfer facility, discontinue WTE Facility operations and enter into service contracts for transportation and disposal of municipal solid waste. As a result, many Participating Municipalities elected to opt out of their existing Municipal Service Agreements, leaving only twenty-three municipalities remaining. After the close of fiscal year 2022, the WTE Facility and the Watertown

Transfer Stations were shut down which put the Authority in a position to provide the CSWS operating services to the remaining municipalities through June 30, 2027. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United State of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's 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.

Whittlesey PC

Hartford, Connecticut
September 28, 2022

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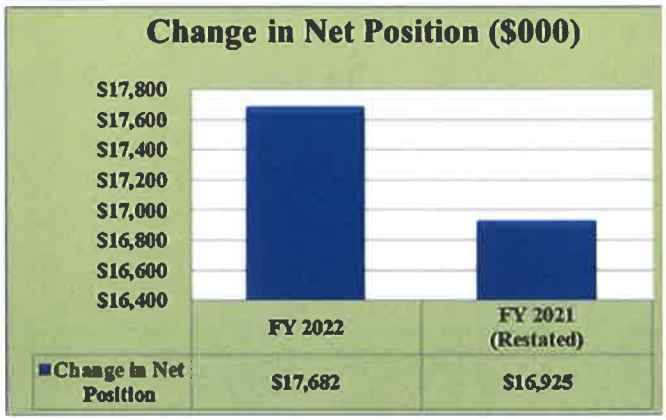
MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the Materials Innovation and Recycling Authority's financial performance provides an overview of the Authority's financial activities for the years ended June 30, 2022 and 2021. Please read it in conjunction with the Authority's financial statements that follow this section. The MD&A is intended to provide meaningful information for the current year, and in comparison to the prior year, thereby enhancing the reader's understanding of the Authority's financial position and the results of its operations.



In fiscal year 2022, the Authority completed preparations to conclude its waste combustion activities, experienced very strong financial performance, and realized the long anticipated adverse effects of its challenging business model.

The Authority's very strong financial performance in fiscal year 2022 resulted from substantially reduced maintenance and depreciation expenses associated with the planned shuttering of its Connecticut Solid Waste System (CSWS) Waste to Energy Facility (WTE Facility) coupled with very strong energy pricing and other service charges in the WTE Facility's last year of operation. In fiscal year 2022, the Authority generated total operating revenue of $80.71 million and incurred $61.28 million in operating expenses before depreciation, resulting in operating income before depreciation of $19.43 million. Total operating revenues increased by $9.28 million (13.0%) reflecting increased energy sales, member and other service charges partially offset by reduced other operating revenue. Total operating expenses before depreciation decreased by $11.77 million (16.1%) primarily reflecting reduced maintenance and utilities expense realized in anticipation of concluding waste combustion activities. Income before depreciation increased by $21.05 million from fiscal year 2021 to fiscal year 2022. After $2.04 million in depreciation and amortization expenses, the Authority generated operating income of $17.39 million. The Authority also incurred net non-operating revenue of $0.29 million resulting in a total increase in the Authority's net position of $17.68 million.

The Authority's total assets increased by $20.01 million (22.4%) reflecting a $22.07 million (38.7%) increase in current assets (primarily cash) offset by a $2.06 million (6.4%) reduction in capital assets. The Authority's total liabilities increased by $1.83 million (15.6%), and the Authority recognized $3.72 million in deferred inflows associated with the capitalization of leases pursuant to Government Accounting Standards Board Statement 87 (GASB 87).

The most significant economic factors adversely affecting the Authority are its CSWS business model, the age and serviceability of the WTE Facility, and the Department of Energy and Environmental Protection's ("DEEP's") initiative to redevelop the CSWS known as "Resource

Rediscovery". These challenges helped produce long anticipated adverse effects during fiscal year 2022.

The CSWS business model is challenging due to its reliance on volatile non-disposal fee revenue to maintain disposal fees for CSWS participating municipalities below the "opt out" levels that trigger their contract termination provisions. While the Authority has mitigated this challenge through the use of reserves historically available from its Property Division, the adopted tip fees for fiscal years 2018 through 2023 exceeded these triggers, and the Authority's ability to continue this subsidy diminishes greatly in its fiscal year 2023.

Major components of the WTE Facility have reached the end of their useful life and its operational performance has declined steadily. This decline was dramatically demonstrated in fiscal year 2019 by the failure of its two steam turbines and continues to be evident in its key performance metrics including boiler availability, energy generation and waste throughput.

Recognizing the sustainability challenges of the CSWS, the State empowered DEEP to issue a request for proposals for its redevelopment. Following a multi-year process, DEEP selected the Sacyr Rooney Recovery Team, LLC (SRRT) to refurbish the existing CSWS infrastructure while incorporating new waste diversion technology, as its preferred redevelopment. Unfortunately, following extensive discussions, execution of a memorandum of understanding, and subsequent execution of a fully developed term sheet with SRRT, the Authority was not able to secure adequate support for the project from either the CSWS Participating Municipalities or the State. Accordingly, during fiscal year 2021, the Authority terminated the term sheet, competitively awarded a new contract for continued operation of the CSWS Recycling Facility as a transfer facility, and issued two requests for proposals for waste transportation and disposal, and one for operation and maintenance of transfer stations, necessary to transition the CSWS from its WTE Facility to transfer operations.

The Authority's RFPs produced initially promising results early in fiscal year 2022. Competitive private sector proposals, adequate to serve the Authority's needs, were received. However, a key potential contractor clarified and amended its proposal after submission in a manner that prevented the Authority from proceeding consistent with its enabling legislation. This caused the Authority to assess alternative methods and contract awards necessary to service the CSWS Participating Municipalities through the June 30, 2027 expiration of their Municipal Service Agreements ("MSAs"). This placed additional upward pressure on disposal fee projections being developed for this period in order to establish amended MSA "opt out" values supporting contract awards. The projections and updated opt out values further anticipated, and relied upon, continued use of Authority reserves to reduce the cost of CSWS services to its users as envisioned by the Authority's enabling legislation.

As the Authority's planning process continued, CSWS Participating Municipalities were attracted by the private sector to opt out of their existing MSAs, placing further upward pressure on the disposal fee projections. Ultimately by the close of fiscal year 2022, twenty-nine municipalities representing over eighty percent of the Authority's MSA waste deliveries were attracted to opt out. Only twenty-three municipalities representing approximately 62,000 tons of MSW and 12,000 tons of recycling annually remained under contract to the Authority upon the

close of fiscal year 2022. Twenty-one of these municipalities executed an MSA amendment with updated opt out values and 2 municipalities left the existing agreement in place without opting out.

This significant reduction in demand allowed the Authority to shut down both the WTE Facility and the Watertown Transfer Station shortly after the close of fiscal year 2022. With these closures, other cost saving measures and the strong financial performance of fiscal year 2022, the Authority is fully positioned to provide its CSWS operating services to all remaining CSWS Participating Municipalities through June 30, 2027, within the updated opt out levels, and with the anticipated use of reserves originally established in the MSA amendment. However, since this use of reserve would be dedicated to far fewer municipalities, the Authority is also committed to working cooperatively with the remaining municipalities, the private sector and State to explore restructuring its operating and service contracts in an effort to reduce the amount of reserves potentially used to lower the cost of CSWS services versus using reserves for other authorized Authority purposes. These efforts will further be coordinated with the Solid Waste Management Working Group formed by Special Act 22-11.

The Authority's financial statements for fiscal year 2021 have been restated as part of its implementation of GASB 87. Under the criteria of GASB 87, the Authority is the lessee under its main office and Essex Transfer Station leases, and therefore recognized the associated lease liability and right to use asset for its fiscal year 2022. The Authority is also the lessor under multiple leases providing for the development and / or use of waste, energy or compatible ancillary facilities and has therefore recognized the associated lease receivable and deferred inflow for its fiscal year 2022. Pursuant to the criteria of GASB 87, the Authority has further restated the following prior year presentation of fiscal year 2021 with the GASB 87 requirements effective. See Note 9 to the Financial Statements.

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 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 dollar values presented in this MD&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, 2022 between the various operating divisions and 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 1A to the Financial Statements (Entity and Services). For fiscal year 2022, these projects and divisions include:

- Authority General Fund
- Connecticut Solid Waste System
- Property Division
- Landfill Division
- Mid Connecticut Project (for project closeout purposes)

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, 2022 (total assets less total liabilities) was $92,088 which represents a $17,682 (23.8%) increase from the prior year. The $17,682 increase in net position is the result of the increase in total assets of $20,006 shown on Table 2, offset by the increase in total liabilities and deferred inflows of $2,324 shown on Table 3.

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

	2022	2021 (Restated)
ASSETS		
Current unrestricted assets	$ 78,810	$ 55,980
Current restricted assets	343	1,103
Total current assets	79,153	57,083
Non-current assets:		
Capital assets, net	30,219	32,283
Total non-current assets	30,219	32,283
TOTAL ASSETS	$ 109,372	$ 89,366
LIABILITIES AND NET POSITION		
LIABILITIES		
Current unrestricted liabilities	$ 13,159	$ 10,601
Current restricted liabilities	333	1,052
Total current liabilities	13,492	11,653
Long-term unrestricted liabilities	71	85
Long-term restricted liabilities		
Total long-term liabilities	71	85
TOTAL LIABILITIES	13,563	11,738
Deferred Inflows	3,721	3,222
TOTAL LIABILITIES & DEFERRED INFLOW	17,284	14,960
NET POSITION		
Net investment in capital assets	30,148	32,199
Restricted	10	51
Unrestricted	61,930	42,156
TOTAL NET POSITION	92,088	74,406
TOTAL LIABILITIES AND NET POSITION	$ 109,372	$ 89,366

Assets

The Authority's total assets are further summarized on Table 2. The $20,006 increase in total assets reflects a $22,070 (38.7%) increase in current assets offset by a $2,064 (6.4%) reduction in non-current assets.

Current Assets

The Authority's total current assets increased by $22,070 (38.7%) reflecting increases in cash and cash equivalents, and inventory, partially offset by a reductions in receivables, net of allowances and prepaid expenses.

Unrestricted cash and cash equivalents of the Authority increased by a total of $23,241 (70.0%) from June 30, 2021 to June 30, 2022.

Unrestricted cash and cash equivalents associated with the CSWS increased by $17,120 (153.4%) reflecting strong financial performance driven by increased member service charges, other service charges and energy sales coupled with reduced maintenance and utilities expense, and solid waste operations expense experienced in the WTE Facility's last year of operation.

Unrestricted cash and cash equivalents associated with the Authority's Property Division increased by $5,881 (36.8%). The strong financial performance of the CSWS substantially lowered pressure on the Property Division's Tip Fee Stabilization Fund allowing it to increase from $1 as of June 30, 2021 to $5,006 as of June 30, 2022. Strong financial performance within the Property Division itself also provided for the establishment of a new $3,306 WTE Facility Decommissioning Reserve by transfer of cash from the Property Division General Fund while cash within the General Fund declined by only $1,989. Other Property Division funds (primarily its operating account) declined a net $441

Unrestricted cash and cash equivalents associated with the Authority's Landfill Division increased by $146 primarily reflecting cash receipts from operations.

Unrestricted cash and cash equivalents associated with the Mid Connecticut Project increased by $42 due to the return of security held by a host community.

Unrestricted cash and cash equivalents associated with the Authority's General Fund (its operating account and severance reserve) increased by $52 (1.4%).

Restricted cash and cash equivalents decreased by $761 (68.9%) from June 30, 2021 to June 30, 2022. This reduction is directly associated with return of waste hauler customer cash guarantee of payments in accordance with Authority policy.

The $311 (2.1%) reduction in receivables, net of allowances, is primarily attributed to a $653 (9.5%) reduction in CSWS accounts receivable partially offset by a $365 (6.1%) increase in accounts receivable associated with the Property Division. CSWS accounts receivable associated with electricity sales, metal sales and tip fees all declined, and were partially offset by an increase in contractor reimbursements due the Authority. Property Division accounts receivable increased primarily due to an additional lease receivable capitalized pursuant to GASB 87 but also due to increased electricity sales receivable and contractor reimbursements due to the Authority.

Other changes in Current Assets are associated with the Authority's normal business cycle.

The consolidated nature of the Authority's current assets summarized on Table 2 does not reflect amounts due from other funds. Amounts borrowed and used to supplement the CSWS operating and major maintenance accounts are recognized as due from other funds in the Authority's Combining Schedule of Statement of Net Position attached as Exhibit A to the Financial Statements. Tip fee stabilization funds loaned and used to supplement the CSWS improvement fund are not recognized as due from other funds in the Authority's financial statements as both of these funds reside within the Property Division. These funds are internally tracked and considered contingently due to the tip fee stabilization fund.

Non-Current Assets

The $2,064 (6.4%) reduction in non-current assets reflects a $2,021 (33.7%) reduction in depreciable assets together with a $43 (0.2%) reduction in non-depreciable assets.

The $2,021 (33.7%) reduction in depreciable assets reflects fiscal year 2022 additional accumulated depreciation of $2,036 partially offset by additions to capital assets of $15. Additions to capital assets primarily included computer equipment. The $43 (0.2%) reduction in non-depreciable assets is exclusively the absence of construction in progress. As of June 30, 2022, land comprises the only non-depreciable assets of the Authority.

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

	2022	2021 (Restated)	2022 Increase/ (Decrease) from 2021	2022 Percent Increase/ (Decrease)
CURRENT ASSETS				
Unrestricted Assets:				
Cash and cash equivalents	$ 56,440	$ 33,199	$ 23,241	70.0%
Receivables, net of allowances	14,170	14,481	(311)	(2.1%)
Inventory	5,869	5,572	297	5.3%
Prepaid expenses	2,331	2,728	(397)	(14.6%)
Total Unrestricted Assets	78,810	55,980	22,830	40.8%
Restricted Assets:				
Cash and cash equivalents	343	1,103	(760)	(68.9%)
TOTAL CURRENT ASSETS	79,153	57,083	22,070	38.7%
NON-CURRENT ASSETS				
Capital Assets:				
Depreciable, net	3,980	6,001	(2,021)	(33.7%)
Nondepreciable	26,239	26,282	(43)	(0.2%)
TOTAL NON-CURRENT ASSETS	30,219	32,283	(2,064)	(6.4%)
TOTAL ASSETS	$ 109,372	$ 89,366	$ 20,006	22.4%

Liabilities

The Authority's total liabilities including current liabilities, long term liabilities, and deferred inflows are further summarized on Table 3.

The $1,839 (15.8%) increase in current liabilities from fiscal year 2021 to fiscal year 2022 reflects a $2,106 (23.9%) increase in accrued expenses payable from unrestricted assets, and a $490 (27.8%) increase in accounts payable from unrestricted assets offset by reductions in unearned revenue and accrued expenses payable from restricted assets.

The $2,106 (23.9%) increase in accrued expenses payable from unrestricted assets reflects increases within each of the Authority's divisions. Accrued expenses within the Authority General Fund increased by $1,213 which mostly represented accrual of Authority severance costs in accordance with its employment policies, contracts and workforce reductions expected with closure of the WTE Facility. Accrued expenses for other vendors within the Authority General Fund declined by $23. Accrued expenses within the Property Division increased by $298 which mostly represented increased contractor severance accruals necessary with the transfer of contractor employees from work at the WTE Facility to work at the Jet Peaking Units.

Accrued expenses for other vendors within the Property Division declined by $3. Accrued expenses within the CSWS increased by $568 reflecting a $1,500 increase in accrued expense for the Hartford PILOT, and a $38 increase in other CSWS vendor accruals, offset by a $726 reduction in accrued expenses to operate the CSWS Recycling Facility and a $244 reduction in contractor severance accruals necessary with the transfer of contractor employees from work at the WTE Facility to work at the Jet Peaking Units. Other vendor and division accruals increased by $27.

The $490 (27.8%) increase in accounts payable is mostly attributed to increases in CSWS contractor accounts payable which increased by $494 including transfer station and WTE Facility operating contracts, ash and metals processing contracts. Property Division accounts payable increased by $163 mostly attributable to fuel acquisition and operating contracts for the Jet Peaking Units. This was offset by a $168 reduction in Authority General Fund accounts payable. Landfill Division accounts payable increased by $2.

The $719 (68.3%) reduction in accrued expenses payable from restricted assets reflects the return of waste hauler customer cash guarantee of payments in accordance with Authority policy.

The long term liabilities and deferred inflows shown on Table 3 as of June 30, 2021 and June 30, 2022 are due to the Authority's capitalization of leases undertaken to implement GASB 87 as further described in Note 9 to the Financial Statements. The Authority has no other long-term liabilities. The Authority's Resource Recovery Revenue Refunding Bonds (Covanta Southeastern Connecticut Company Project – 2010 Series A) supported by a Special Capital Reserve Fund (SCRF), were fully paid in fiscal year 2016. These were the Authority's only outstanding bonds at that time and the Authority has not subsequently incurred any long-term liabilities.

The consolidated nature of the Authority's current liabilities summarized on Table 3 does not reflect amounts due to other funds. Amounts due to other funds increased modestly within the CSWS from fiscal year 2021 to fiscal year 2022 due to increased borrowing from the Property's Division's tip fee stabilization fund. Amounts borrowed and used to supplement the CSWS operating and major maintenance accounts are recognized as due to other funds in the Authority's Combining Schedule of Statement of Net Position attached as Exhibit A to the Financial Statements. Tip fee stabilization funds loaned and used to supplement the CSWS improvement fund are not recognized as due from other funds in the Authority's financial statements as both of these funds reside within the Property Division. These funds are internally tracked and considered contingently due to the tip fee stabilization fund.

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

	2022	2021 (Restated)	2022 Increase/ (Decrease) from 2021	2022 Percent Increase/ (Decrease)
CURRENT LIABILITIES				
Payable from unrestricted assets:				
Accounts payable	$ 2,252	$ 1,762	$ 490	27.8%
Acccrued expenses and other current liabilities	10,907	8,801	2,106	23.9%
Unearned revenue	-	38	(38)	(100.0%)
Total payable from unrestricted assets	13,159	10,601	2,558	24.1%
Payable from restricted assets:				
Acccrued expenses and other current liabilities	333	1,052	(719)	(68.3%)
Total payable from restricted assets	333	1,052	(719)	(68.3%)
TOTAL CURRENT LIABILITIES	13,492	11,653	1,839	15.8%
LONG-TERM LIABILITIES				
Payable from unrestricted assets:				
Closure and post-closure care of landfills			-	n/a
Leaase payable	71	85	(14)	n/a
Total payable from unrestricted assets	71	85	(14)	n/a
Payable from restricted assets:				
Closure and post-closure care of landfills			-	n/a
Other liabilities			-	n/a
Total payable from restricted assets			-	n/a
TOTAL LONG-TERM LIABILITIES	71	85	(14)	n/a
TOTAL DEFERRED INFLOWS	3,721	3,222	(14)	(0.4%)
TOTAL LIABILITIES & DEFERRED INFLOWS	$ 17,284	$ 14,960	$ 2,324	15.5%

Statements of Revenues, Expenses and Changes in Net Position

The increase in the Authority's net position from June 30, 2021 to June 30, 2022 shown on Table 1 was generated from the change in net position shown on Table 4, Statements of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2022. Changes in net position represent the results of operations of the Authority (i.e. its net income).

The $17,682 increase in net position reflects total operating and non-operating revenues of $80,999 as shown on Table 5 exceeding total operating and non-operating expenses of $63,317

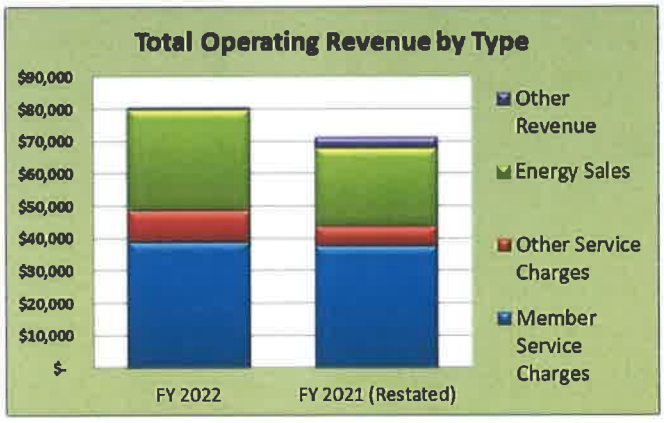
as shown on Table 6. The Authority generated $19,428 in income before depreciation and before certain net non-operating revenues. Depreciation and amortization expenses totaled $2,036 and the Authority generated net non-operating revenue of $290.

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

	2022	2021 (Restated)
Operating revenues	$ 80,709	$ 71,428
Operating expenses	61,281	73,046
Income before depreciation and amortization and other non-operating revenues and (expenses), net	19,428	(1,618)
Depreciation and amortization	2,036	14,868
Loss before other non-operating revenues and (expenses), net	17,392	(16,486)
Non-operating revenues (expenses), net	290	(439)
Change in net position	17,682	(16,925)
Total net position, beginning of year	74,406	91,331
Total net position, end of year	$ 92,088	$ 74,406

Revenues

Table 5 summarizes total revenue (operating and non-operating) for the two prior fiscal years ended June 30, 2022. Total operating and non-operating revenue increased by $8,506 (11.7%) from fiscal year 2021 to fiscal year 2022.



As indicated in Table 5, operating revenue increased by $9,281 (13.0%) from fiscal year 2021 to fiscal year 2022. Energy sales increased by $6,853 (28.3%), other services charges increased by $3,662 (59.5%) and member service charges increased by $1,307 (3.5%). These increases were partially offset by a $2,541 (77.1%) decrease in other operating revenue.

The Authority's other service charges increased by $3,662 (59.5%) from fiscal year 2021 to fiscal year 2022. All other service charges are associated with operation of the CSWS and reflect MSW deliveries by non-participating municipalities. Overall the volume of these

deliveries increased by 34.0% from fiscal year 2021 to fiscal year 2022. The average per ton price paid under non-participating Waste Hauler and Interruptible contracts, and Spot Market deliveries, increased by $1.85 per ton (2.2%).

The Authority's energy sales increased by $6,853 (28.3%) from fiscal year 2021 to fiscal year 2022. The majority of this increase is attributed to energy sales within the CSWS which increased by $6,656 (47.8%) due to a sharp (108.1%) increase in the average price of CSWS energy sales, partially offset by a 6.8% decline in energy production and a 12.6% decline in ISO New England's capacity payment rate. Energy sales within the Property Division increased by $195 (1.9%). Real time energy sales and reserve credits within the Property Division increased by 158.0% and 106.1%, respectively, and this was partly offset by the reduction in ISO New England capacity payments. Energy sales within the Landfill Division, derived from operation of the Hartford Landfill solar array, increased a modest $2 (1.7%).

The Authority's other operating revenue declined by $2,541 (77.1%) from fiscal year 2021 to fiscal year 2022. Other operating revenue associated with the CSWS declined by $2,554 (83.6%). Other operating revenue associated with the Property and Landfill divisions combined for an increase of $13 which includes fiscal year 2021 restatement and changes associated the Authority's implementation of GASB 87 as described in Note 9 to the Financial Statements.

The $2,554 (83.6%) reduction in CSWS other operating revenue is directly attributable to reduced recycling and metal sales revenue associated with new operating contracts that became effective in fiscal year 2022. The CSWS recycling facility transitioned to a transfer operation no longer reflecting payment of a commodity revenue share to the Authority. Operating expenses associated with the transfer and processing of recycled commodities are instead incurred and partially offset if average commodity prices exceed contract thresholds. CSWS recycling revenue declined by $1,200 (939.8%) with this operating contract change. Likewise, CSWS metal sales revenue declined by $1,158 (631.9%) with a change in operating contracts associated with metals recovered at the WTE Facility. This change, prompted by contractor permitting challenges, also effectively eliminated revenue sharing from a large segment of this activity.

The Authority's member service charges increased by $1,307 (3.4%) from fiscal year 2021 to fiscal year 2022. All member service charges are associated with operation of the CSWS. The tip fee paid by all participating municipalities increased by fourteen dollars ($14.00) per ton effective July 1, 2021 (commencement of fiscal year 2022). Total tons of municipal solid waste ("MSW") delivered by participating municipalities decreased by 11.5%.

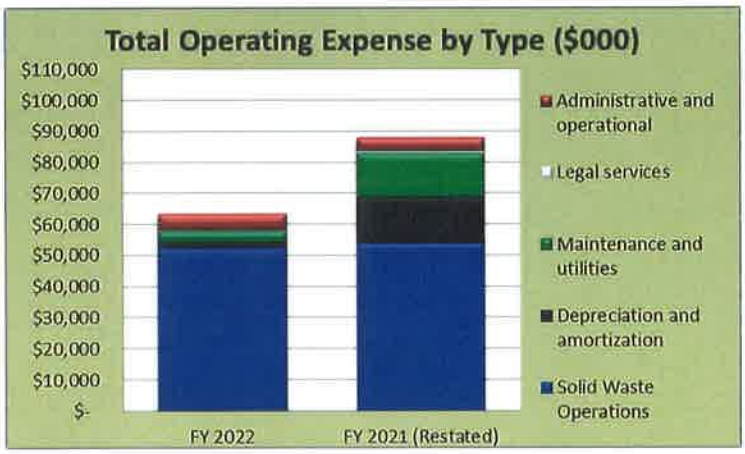
Table 5 also indicates that non-operating revenue decreased by $775 (72.8%) from fiscal year 2021 to fiscal year 2022. Investment income increased by $104 (61.9%) with improved interest rates and fund balances. However, this was offset by large decreases in settlement income and other income. Fiscal year 2021 non-operating revenue included settlement income of $844 representing insurance reimbursement of legal fees associated with operation of the Recycling Facility. There was no settlement income in fiscal year 2022. The reduction in other income is due to restatement of fiscal year 2021 other income for purposes of implementing GASB 87 as described in Note 9 to the Financial Statements.

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

	2022	2021 (Restated)	2022 Increase/ (Decrease) from 2021	2022 Percent Increase/ (Decrease)
Operating Revenues:				
Member service charges	$ 39,060	$ 37,753	$ 1,307	3.5%
Other service charges	9,815	6,153	3,662	59.5%
Energy sales	31,081	24,228	6,853	28.3%
Other operating revenues	753	3,294	(2,541)	(77.1%)
Total Operating Revenues	80,709	71,428	9,281	13.0%
Non-Operating Revenues:				
Investment income	272	168	104	61.9%
Settlement income		844	(844)	(100.0%)
Other income	18	53	(35)	(66.0%)
Total Non-Operating Revenues	290	1,065	(775)	(72.8%)
Total Revenues	$ 80,999	$ 72,493	$ 8,506	11.7%

Expenses

Table 6 summarizes total expenses (operating expenses, depreciation and amortization, and non-operating expenses) for the two prior fiscal years ended June 30, 2022. As indicated, operating expenses decreased by $11,765 (16.1%) from fiscal year 2021 to fiscal year 2022. Depreciation and amortization decreased by $12,832 (86.3%) and non-operating expenses decreased by $1,504 (100.0%) during this same period. Total expenses decreased by $26,101 (29.2%).



The $11,765 (16.1%) decrease in Operating expenses (before depreciation and amortization) reflects a $10,637 (76.2%) reduction in maintenance and utilities expenses, a $1,615 (3.0%) reduction in solid waste operations and $423 (70.6%) reduction in legal services partially offset by a $ 910 (21.0%) increase in administrative and operational services as described below:

- The $10,637 (76.2%) decrease in maintenance and utilities occurred entirely within the CSWS where maintenance and utilities expenses decreased by $10,839 (78.2%). This was offset slightly by a $202 (202.0%) increase in maintenance and utilities associated with the Property Division. The reduction in CSWS maintenance and utilities was driven by a reduction in maintenance work on the WTE Facility boilers, bag houses, turbines, conveyors and ancillary equipment implemented in recognition of the planned shutdown of the facility. Also contributing to this decline was the absence of additional accrued expenses to decommission the WTE Facility following suspension of waste combustion activities ($3,300 was accrued in fiscal year 2021). Maintenance and utilities associated with the Property Division increased by $202 mostly due to acquisition of a spare jet engine determined necessary for the Authority to fulfill its capacity supply obligations to ISO New England through the May 31, 2023 retirement of the Jet Peaking Units.

- The $1,615 (3.0%) reduction in solid waste operations expense also occurred nearly entirely within the CSWS where solid waste operations expense declined by $1,614 (3.1%). Solid waste operations expense within the Property Division decreased by $178 (10.3%) and Landfill Division expenses decreased by $4 (4.0%).

  The decline in CSWS solid waste operations expense is the net effect of several significant changes. Insurance premiums allocated to the CSWS declined by $1,944 due to a significant restructuring of coverage available and purchased by the Authority which included non-renewal, due to lack of market participation, of property coverage for the WTE Facility throughout fiscal year 2022 as described further in Note 7 to the Financial Statements. Contractor labor and severance costs associated with the WTE Facility declined by $2,910 (19.2%) as severance was accrued primarily in fiscal year 2021 and labor cost declined with reduced maintenance and processing requirements. These reductions were partially offset by an $876 (5.9%) increase in WTE Facility contract operating charges tied to the cost of goods. Waste transportation expense also increased by $1,479 (14.5%) reflecting a change in operating contracts associated with metals recovered at the WTE Facility, as well as increased pricing and adverse fuel adjustments applicable to waste and ash transportation and disposal. The cost to operate the CSWS Recycling Facility also increased by $387 (14.3%) with establishment of the facility's new transfer operation. All other categories of CSWS solid waste operations expense increased a combined $498 (4.8%).

  The $178 (10.3%) decline in Property Division solid waste operations expense is also the net effect of several significant changes. Insurance premiums allocated to the Property Division declined by $430 (99.5%) with restructuring of coverage available and purchased by the Authority for the Jet Peaking Units. Contract operating charges associated with Jet Peaking Units declined by $146 (40.5%). These declines were partially offset by a $273 increase in contractor labor and severance associated with the Jet Peaking Units driven by reassignment of contractor personnel from the WTE Facility to the Jet Peaking Units necessitated by closure of the WTE Facility closure, and a $67 (150.4%) increase in contractor / consultant support services. All other categories of Property Division solid waste operations expense increased a combined $58 (9.4%).

The Combining Schedule of Revenues, Expenses and Changes in Net Position for the Year Ended June 30, 2022 presented in Exhibit B reflects a $181 year over year increase in eliminations associated with solid waste operations inter-divisional charges, and a further $3,300 current year transfer of accrued WTE Facility decommissioning costs from the CSWS to Property Division solid waste operations consistent with the nature of funding for this work.

- The $423 (70.6%) reduction in legal services is primarily due to conclusion of matters related to the prior operator of the CSWS Recycling Facility.

- The $910 (21.0%) increase in administrative and operational services expense is primarily associated with the accrual of severance expenses for Authority personnel anticipated pursuant to a planned reduction in force to be implemented in response to the closure of the WTE Facility. In addition to contractor severance accrued in fiscal year 2021 and adjusted in fiscal year 2022, the Authority accrued $1,236 in severance cost for Authority personnel in fiscal year 2022. The accrual is consistent with Authority personnel policies and employment contracts as applicable. A portion of the severance accrual is allocated to the CSWS ($934), to the Property Division ($272) and Landfill Division $(30). In each instance, the severance accrual was partially offset by reduction in current year Authority labor costs driven by unfilled vacancies.

Depreciation and amortization expenses decreased by $12,832 (86.3%) from fiscal year 2021 to fiscal year 2022. In fiscal year 2022, the Authority's depreciation and amortization expenses totaled $2,036. More than half of this ($1,274) is associated with the Authority's Jet Peaking Units which fully depreciate with the May 31, 2023 expiration of the permit to operate these assets. Additional depreciation expense ($407) is associated with rolling stock and other equipment used at the WTE Facility including certain Property Division building improvements, and equipment associated with the Landfill Division ($138). In fiscal year 2022, the Authority also incurred $200 in depreciation expense associated with right of use assets established in the Authority's implementation of GASB 87 as described further in Note 9 to the Financial Statements. Substantial components of the WTE Facility began reaching the end of their useful life on June 30, 2019 and have not been extended.

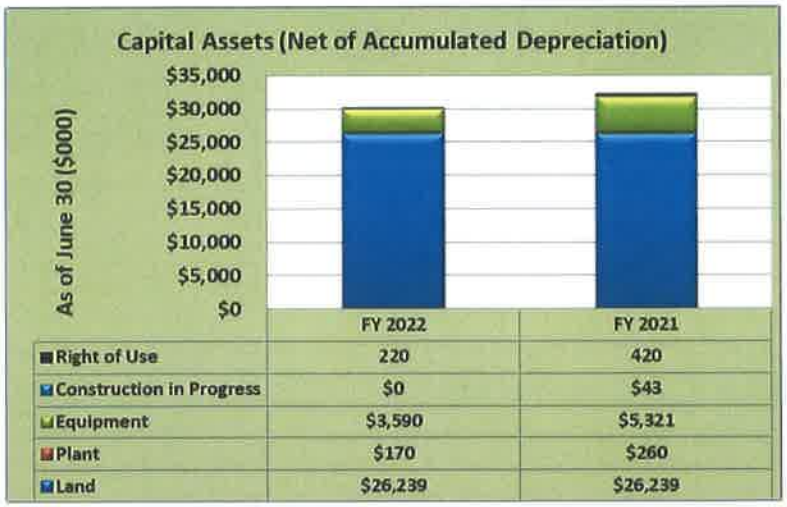
Non-operating expenses decreased by $1,504 (100.0%) from fiscal year 2021 to fiscal year 2022. In fiscal year 2021, non-operating expenses primarily represented $1,300 in settlement expenses associated with operation of the CSWS Recycling Facility. There were no settlement expenses in fiscal year 2022.

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

	2022	2021 (Restated)	2022 Increase/ (Decrease) from 2021	2022 Percent Increase/ (Decrease)
Operating Expenses:				
Solid waste operations	$ 52,532	$ 54,147	$ (1,615)	(3.0%)
Maintenance and utilities	3,330	13,967	(10,637)	(76.2%)
Legal services - external	176	599	(423)	(70.6%)
Administrative and operational services	5,243	4,333	910	21.0%
Total Operating Expenses	61,281	73,046	(11,765)	(16.1%)
Depreciation and amortization	2,036	14,868	(12,832)	(86.3%)
Operating Exenses Including Depreciation and Amortization	63,317	87,914	(24,597)	(28.0%)
Non-Operating Expenses:				
Settlement expenses	-	1,307	(1,307)	(100.0%)
Distribution to SCRRRA	-	-	-	n/a
Distribution to Towns	-	-	-	n/a
Other expenses	-	197	(197)	(100.0%)
Total Non-Operating Expenses	-	1,504	(1,504)	(100.0%)
Total Expenses	$ 63,317	$ 89,418	$ (26,101)	(29.2%)

Capital Assets

The Authority's investment in capital assets (net of accumulated depreciation) as of June 30, 2022 totaled $30,219. This represents a $2,064 (6.4%) reduction from net capital assets as of June 30, 2021 which totaled $32,283. The Authority's investment in capital assets includes land, plant, equipment, construction in progress and right of use assets established in the Authority's implementation of GASB 87.



	FY 2022	FY 2021
Right of Use	220	420
Construction in Progress	$0	$43
Equipment	$3,590	$5,321
Plant	$170	$260
Land	$26,239	$26,239

The Authority owns land used for waste management, energy and related purposes in Bridgeport, Ellington, Hartford, Shelton, Torrington, Wallingford, Waterbury and Watertown. The right of use assets include the leased transfer station in Essex and the leased corporate office in Rocky Hill as described in Note 9 to the Financial Statements. Its plants primarily include the WTE Facility in Hartford, four transfer stations and a recycling facility. 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. The absence of construction in progress in fiscal year 2022 reflects the process of no longer capitalizing certain major maintenance activities conducted within the CSWS Waste to Energy Facility, and absence of major maintenance activity in the lead up to closing the WTE Facility.

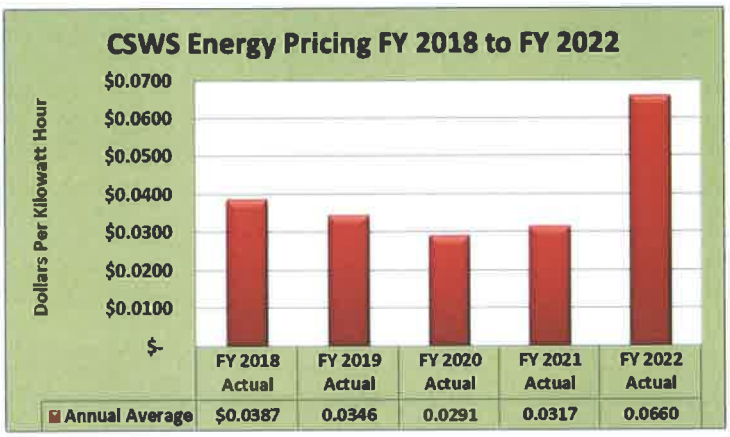
The reduction in net capital assets is described more fully in Note 3.

Long-Term Debt Issuance, Administration and Credit Ratings

As of June 30, 2022, the Authority had no outstanding long-term debt carried on its books.

Economic Factors and Outlook

The most significant economic factors adversely affecting the Authority are its CSWS business model, the pending loss of surplus revenue from the Authority's Jet Peaking Units used to support the CSWS business model, the age and serviceability of the CSWS WTE Facility and the unsuccessful conclusion of DEEP's proposed redevelopment of the CSWS.



CSWS Business Model

The business model for the CSWS is structured by State statute and municipal service agreements such 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, recycling activities and disposal fees for waste not contractually committed to the CSWS ("non-participating towns"). Consequently, price volatility in these markets directly impacts the tip fees charged to participating towns. Most of the Authority's participating town contracts include tip fee caps above which the towns may terminate the contract ("opt-out tip fee").

To support the CSWS business model, the Authority established a tip fee stabilization fund which has been drawn upon to subsidize the CSWS when non-disposal fee revenues are low, thereby avoiding the opt-out tip fee, and which is to be reimbursed as non-disposal fee revenues rebound. The tip fee stabilization fund was established within the Authority's Property Division with income from its Jet Peaking Units. However, the Authority's permit to operate the Jet Peaking Units expires May 31, 2023 under DEEP's Phased Compliance Program. Jet Peaking Unit income peaked in fiscal year 2019 at $16,642 and will decline steadily to approximately $6,700 in fiscal year 2023, their last year of operation. The cash balance of the tip fee stabilization fund at June 30, 2022 was $5,006 and a total of $62,930 was reimbursable from the CSWS contingent upon its future financial performance and availability of surplus funds.

The Authority was successful in establishing tip fees below contractual opt-out provisions from the inception of the CSWS through adoption of its fiscal year 2017 budget. However, a sustained erosion of non-disposal fee revenue driven by declining energy pricing and performance of the WTE Facility caused the adopted tip fee to exceed the opt-out tip fee for fiscal years 2018 through 2021. During this period the Authority successfully used the tip fee stabilization fund to limit these increases and no CSWS participating towns opted out of the contract, effectively preserving organized demand for a potential CSWS redevelopment. However, following the unsuccessful conclusion of DEEP's proposed CSWS redevelopment, three towns opted out of the contract upon adoption of a fourteen dollar ($14.00) per ton increase

(to $105 / ton) in the municipal tip fee for fiscal year 2022 (East Hartford, Roxbury and North Branford).

The adopted budget for fiscal year 2023 reflected a further eleven dollar ($11.00) per ton increase to $116.00 per ton for participating towns that did not prefer to amend their Municipal Service Agreements (MSAs) in support of the Authority's transition to transfer operations discussed below. Participating towns that did prefer to amend their MSAs were offered five dollar ($5.00) per ton discounts in fiscal year 2023 provided the MSA opt out values increased to the following amounts for fiscal years 2024 through 2027:

- FY 2024 - $124.00
- FY 2025 - $131.00
- FY 2026 - $136.00
- FY 2027 - $141.00

The adopted tip fees for fiscal year 2023 relied upon $11.02 million in use of reserves to lower the cost of CSWS services including $3.81 million in surplus revenue from the Property Division, $2.5 million from the Tip Fee Stabilization Fund and $4.71 million from the CSWS operating account.

Age and Serviceability of the CSWS Waste to Energy Facility

Substantial components of the WTE Facility reached the scheduled end of their useful life on June 30, 2019 and are fully depreciated. Remaining components have since been fully depreciated. The facility's age and serviceability is readily apparent in its fiscal year 2022 performance trends. In fiscal year 2022, the WTE Facility's average monthly combined boiler availability was 59.8% meaning that, on average, each of the facility's three boilers were unavailable 40.2% of the time due to equipment failure and major maintenance requirements. There are also increasing occasions where reduced waste flow, caused by economic contraction and increased tip fees, also prompted boiler unavailability. During fiscal year 2022 the WTE Facility received 483,490 tons of MSW delivered under municipal and hauler contracts, a 4,795 ton (1.0%) reduction in deliveries from fiscal year 2021. In fiscal year 2022, the facility generated 232.87 million kilowatt hours of energy, a 17.21 million kilowatt hour (6.9%) reduction from fiscal year 2021.

Unsuccessful Conclusion of DEEP's Proposed Redevelopment of CSWS

In fiscal year 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 was to set a process in motion, with specific roles and deadlines for the Authority, DEEP and the private sector that would bring about the redevelopment of the CSWS. Major milestones included completion of a two-phase Request for Proposals (RFP) process, legislative reports and public hearings culminating in DEEP's selection of a preferred proposal and its December 31, 2017 direction to the Authority to enter into an agreement for the redevelopment of the CSWS with its selected respondent (the Sacyr Rooney Recovery Team, LLC or "SRRT"). The original SRRT proposal represented a $222 million investment in the

refurbishment of the WTE Facility together with the incorporation of new "Diversion Technology" which would include new mechanical and biological treatment facilities and an aerobic digester and be provided at a reduced tip fee. The Authority undertook additional project and financial due diligence and executed a Memorandum of Understanding with SRRT outlining the roles and responsibilities of each party in fiscal year 2019. This was followed by execution of a fully developed term sheet with SRRT in fiscal year 2020. The term sheet called for a one hundred forty five dollar ($145) per ton tip fee upon completion of construction and annual escalation thereafter.

Upon execution of the term sheet, the Authority actively sought to secure long term municipal waste commitments reflecting the required tipping fees but ultimately was not successful as the tipping fee was considered too high and length of commitment to the project too long. The Authority then sought additional support for the project from the State in the form of energy price support, State bond support or demand support (through "flow control"). The Authority advised SRRT that, in the absence of such State support, the project was not viable and the Authority would withdraw from further negotiations and terminate the term sheet.

Early in fiscal year 2021, the State formally rejected any such support. Accordingly, the Authority withdrew from further negotiations and terminated the term sheet. To ensure the continuance of waste management services to its CSWS participating municipalities, the Authority also immediately issued an RFP for operation and potential redevelopment of the CSWS Recycling Facility and commenced planning and contracting activities necessary to suspend waste combustion and transition the WTE Facility to a more reliable waste transfer operation. The outcome of these initiatives is summarized below:

- The Authority concluded its RFP process for the CSWS Recycling Facility and entered into a contract with Murphy Road Recycling to operate it as a recycling transfer facility effective from May 1, 2021 through the June 30, 2027 expiration of the CSWS Municipal Service Agreements. This Agreement is subject to termination by the Authority if it determines the operation is no longer economically viable.
- The Authority concluded two RFPs for the transportation and disposal of municipal solid waste through June 30, 2027. The RFPs were issued May 14, 2021. One RFP was targeted at other regional waste to energy or transfer facilities and the other was targeted at out of state landfills.
- The Authority separately issued an RFP for the operation, maintenance and optional future development of CSWS Transfer Facilities on June 16, 2021. This RFP envisioned the suspension of waste combustion and commencement of transfer operations in Hartford effective July 1, 2022.
- The Authority developed and proposed an amendment to the MSAs increasing the opt out tip fee schedule as noted above in an effort to provide contract surety to waste transportation contractors and transfer facility operating contractors.
- The Authority awarded contracts to Enviro Express for the operation and maintenance of the Torrington Transfer Station, transportation and disposal of MSW to a Pennsylvania landfill, and transportation of recycling to Murphy Road Recycling.

- The Authority awarded contracts to CWPM for the operation and maintenance of the Essex Transfer Station, transportation of MSW to a waste to energy facility operated by Covanta in Preston CT and transportation of recycling to Murphy Road Recycling.
- The Authority awarded a contract to Covanta for the disposal of MSW at its waste to energy facility in Preston CT.
- The Authority executed MSA amendments with twenty-one Connecticut municipalities providing for their delivery of MSW and recycling to the Torrington and Essex Transfer Stations. Two additional municipalities continue use of these facilities pursuant to existing (un-amended) MSAs.
- The awarded contracts are supported by demand from municipalities that remain Authority customers under amended and existing MSAs. Equipment termination fees are incorporated in the Enviro Express contracts if warranted by a decline in demand. Per ton fees are incorporated in the Covanta contract if expected deliveries of MSW do not occur.
- Twenty-nine Connecticut municipalities opted out of their existing MSAs in favor of lower priced alternatives confirming the Authority's concerns over the viability of the CSWS Redevelopment project in the absence of business model improvements. These municipalities represent over eighty percent (80%) of historic waste deliveries under the MSAs. Accordingly, the Authority did not award contracts to continue operations at the Watertown Transfer Station, or to commence waste transfer operations at its WTE Facility. Both of these facilities were closed shortly after the close of fiscal year 2022.

During fiscal year 2023, the Authority will work cooperatively with its remaining municipal customers, the private sector and State to explore the potential to restructure its operating and service contracts in an effort to reduce the amount of reserves potentially used to lower the cost of CSWS services to its revised opt out levels as envisioned in the MSA amendment versus using reserves for other authorized Authority purposes. These efforts will further be coordinated with the Solid Waste Management Working Group formed by Special Act 22-11.

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, 200 Corporate Place, Rocky Hill CT 06067.

MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
STATEMENTS OF NET POSITION
AS OF JUNE 30, 2022 AND JUNE 30, 2021
(Dollars in Thousands)

	2022	2021 (restated)
ASSETS		
CURRENT ASSETS		
Unrestricted Assets:		
Cash and cash equivalents	**$ 56,440**	$ 33,199
Accounts receivable, net of allowances	**14,170**	14,481
Inventory	**5,869**	5,572
Prepaid expenses	**2,331**	2,728
Total Unrestricted Assets	**78,810**	55,980
Restricted Assets:		
Cash and cash equivalents	**343**	1,103
TOTAL CURRENT ASSETS	**79,153**	57,083
NON-CURRENT ASSETS		
Capital Assets:		
Depreciable, net	**3,980**	6,001
Nondepreciable	**26,239**	26,282
Total Capital Assets	**30,219**	32,283
TOTAL NON-CURRENT ASSETS	**30,219**	32,283
TOTAL ASSETS	**109,372**	89,366

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, 2022 AND JUNE 30, 2021
(Dollars in Thousands)

	2022	2021
LIABILITIES		
CURRENT LIABILITIES		
Payable from Unrestricted Assets:		
Accounts payable	$ 2,252	$ 1,762
Acccrued expenses and other current liabilities	10,907	8,801
Unearned revenue	-	38
Total Payable from Unrestricted Assets	13,159	10,601
Payable from Restricted Assets:		
Acccrued expenses and other current liabilities	333	1,052
TOTAL CURRENT LIABILITIES	13,492	11,653
LONG-TERM LIABILITIES		
Payable from Unrestricted Assets:		
Lease payable	71	85
Other liabilities	-	-
Total Payable from Unrestricted Assets	71	85
TOTAL LONG-TERM LIABILITIES	71	85
DEFERRED INFLOWS	3,721	3,222
TOTAL LIABILITIES AND DEFERRED INFLOWS	17,284	14,960
NET POSITION		
Net investment in capital assets	30,148	32,284
Restricted	10	51
Unrestricted	61,930	42,071
TOTAL NET POSITION	$ 92,088	$ 74,406

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY **EXHIBIT II**

A Component Unit of the State of Connecticut

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Dollars in Thousands)

	2022	2021 (restated)
Operating Revenues		
Service charges:		
Members	$ 39,060	$ 37,753
Others	9,815	6,153
Energy sales	31,081	24,228
Other	753	3,294
Total Operating Revenues	80,709	71,428
Operating Expenses		
Solid waste operations	52,532	54,147
Maintenance and utilities	3,330	13,967
Legal services - external	176	599
Administrative and Operational services	5,243	4,333
Total Operating Expenses	61,281	73,046
Operating Income before depreciation and amortization	19,428	(1,618)
Depreciation and amortization	2,036	14,868
Operating Profit	17,392	(16,486)
Non-Operating Revenues (Expenses)		
Investment income	272	168
Settlement income	-	844
Settlement expenses, net	-	(1,319)
Distributions to towns	-	-
Other revenues (expenses), net	18	(132)
Total Non-Operating Revenues (Expenses), Net	290	(439)
Change in Net Position	17,682	(16,925)
Total Net Position, beginning of year	74,406	91,331
Total Net Position, end of year	$ 92,088	$ 74,406

The accompanying notes are an integral part of these financial statements

MATERIALS INNOVATION AND RECYCLING AUTHORITY **EXHIBIT III**

A Component Unit of the State of Connecticut

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

(Dollars in Thousands)

	2022	2021 (restated)
Cash Flows Provided by (Used in) Operating Activities		
Payments received from providing services	$ 79,995	$ 67,129
Payments to suppliers and employees	(57,831)	(66,847)
Distributions to towns	-	(23)
Settlement income (expenses)	-	3,208
Net Cash Provided by Operating Activities	22,164	3,467
Cash Flows Provided by Investing Activities		
Interest on investments	274	167
Net Cash Provided by Investing Activities	274	167
Cash Flows Provided by (Used in) Capital and Related Financing Activities		
Proceeds from sales of equipment	-	133
Payment of principal on lease liability	43	(1,686)
Net Cash Used in Capital and Related Financing Activities	43	(1,553)
Net Increase in Cash and Cash Equivalents	22,481	2,081
Cash and Cash Equivalents, beginning of year	34,302	32,221
Cash and Cash Equivalents, end of year	$ 56,783	$ 34,302
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$ 17,392	$ (16,486)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation of capital assets	2,036	14,868
Other income (expenses), net	-	3,205
Changes in assets and liabilities, net of transfers:		
(Increase) decrease in:		
Accounts receivable, net	(677)	(4,300)
Inventory	(297)	261
Prepaid expenses	397	(299)
Increase (decrease) in:		
Accounts payable, accrued expenses and other liabilities	3,313	6,218
Net Cash Provided by Operating Activities	$ 22,164	$ 3,467

The accompanying notes are an integral part of these financial statements

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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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 Annual Comprehensive 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 two ad-hoc members from each municipality that is the site of an Authority facility. The Governor appoints three directors and all ad-hoc members. The remaining eight directors are appointed by various state legislative leaders. Five of the directors are required by statute to be municipal officials, two from municipalities with populations of more than fifty-thousand, and three from municipalities with populations of fifty-thousand or less. All appointments require the advice and consent of both houses of the General Assembly. During fiscal year 2022, the Authority's board included officials from eight municipalities that receive solid waste disposal services from the Authority.

In addition, the statutory structure of the Authority, which is a component unit of the State of Connecticut, and of the Authority's board, which includes representatives of municipalities and customers served by the Authority, results in transactions with related parties and related organizations that occur in the ordinary course of operations.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

A. Entity and Services *(Continued)*

The State Treasurer continues to approve the issuance of all Authority bonds and notes. The State has been contingently liable to restore deficiencies in debt service reserves established for certain Authority bonds. However, with maturity of the Authority's 2010 Series A Southeast Project Refunding Bonds on November 15, 2015, there is no longer any contingent liability of the State associated with the Authority. 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.

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, which concluded unsuccessfully in fiscal year 2021, 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 ceased providing educational facilities and services to its customers as of June 30, 2016.

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 Preston, Hartford, Bridgeport and Wallingford, Connecticut, which have historically been known as the Southeast, Mid Connecticut, 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 remained in effect at the time the Authority was created, the Authority fully concluded its role in the Southeast Project during fiscal year 2018. Underlying contracts for the Mid Connecticut, Bridgeport and Wallingford projects had previously expired and resulted 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 private sector. 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. During Fiscal Year 2022

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

A. Entity and Services *(Continued)*

CSWS provided solid waste disposal services to 49 Connecticut municipalities and 32 private waste haulers under contract with the Authority. However, by the close of fiscal year 2022, twenty nine of these municipalities opted out of their service agreements with the Authority in favor of lower priced private sector alternatives.

The CSWS is the primary operating division of the Authority and is the only publicly owned, fully controlled waste disposal system in the State. 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 now closed 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 only for project close out activities including application of approved project distributions to current CSWS customer accounts.

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.

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, were also 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.

During fiscal year 2016 the Authority's lease and subsequent Short Term Access Agreement for the Hartford Landfill expired resulting in the transfer of associated plant and equipment to the City of Hartford. Ownership of the solar array installed by the Authority on top of the Hartford landfill remains with the Authority subject to a new Long Term Site Access and Revenue Sharing Agreement with the City of Hartford. The Authority's financial interests and activities concerning this solar array are recognized within the Landfill Division.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

B. Measurement Focus, Basis of Accounting, and Basis of Presentation *(Continued)*

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.

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 including energy generation and participation in forward capacity and reserve markets managed by ISO New England. Operating expenses include the cost of solid waste operations, maintenance and utilities, administrative expenses, rebates and distribution of funds associated with active Authority projects and divisions (CSWS, Property and Landfill divisions) 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 the closeout of inactive projects.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

E. Receivables, Net

Receivables are shown net of an allowance for the estimated portion that is not expected to be collected. The Authority performs ongoing credit evaluations and generally requires a guarantee of payment form of collateral from non-municipalities. The Authority has established an allowance for the estimated portion that is not expected to be collected of $120,858 and $54,285 at June 30, 2022 and 2021 respectively.

	Fiscal Year	
	2022	2021 (Restated)
Receivables, net of allowances	($000)	($000)
Payroll Adjustment	$ -	$ 1
Leases	7,167	6,888
Contractor	719	353
Electricity	1,287	1,390
Disposal & Commodity Sales	4,997	5,849
Total	$ 14,170	$ 14,481

F. Inventory

The Authority's spare parts inventory is stated at the lower of cost or net realizable value using the weighted-average costing method. The Authority's fuel inventory is stated at the lower of cost or net realizable value using a first-in first-out (FIFO) method. Inventories at June 30, 2022 and 2021 are summarized as follows:

	Fiscal Year	
Inventories	2022	2021 (Restated)
	($000)	($000)
Spare Parts	$ 5,325	$ 5,300
Fuel	544	272
Total	$ 5,869	$ 5,572

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

G. Investments

Investments are reported at fair value (generally based on quoted market prices), except for investments in certain external investment pools that are permitted to be reported at the net asset value per share as determined by the pool. Interest on investments is recorded as revenue in the year the interest is earned.

H. Restricted Assets

Restricted assets consists of cash and cash equivalents restricted for use by enabling legislation or by externally imposed restrictions by creditors, grantors or laws and regulations. MIRA's restricted assets consist of customer guarantees of payment and trust–pooled funds.

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. Costs incurred during the preliminary project states, including certain legal fees, are expensed as incurred.

The Authority has no unamortized development costs that have been capitalized as of June 30, 2022 and 2021.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

J. Capital Assets *(Continued)*

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

The Authority reviews its 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 a change in circumstances is outside the normal life cycle of the capital asset. During the years ended June 30, 2022 and 2021, no impairment losses were recognized. Substantial components of the Connecticut Solid Waste System's waste to energy facility reached the end of their useful life on June 30, 2019 and have been fully depreciated. The useful life of the facility has not been extended. The facility operated in fiscal year 2022 and was shut down shortly after the close of fiscal year 2022 in favor of more reliable waste transfer operations. The Authority is contractually committed to process waste for twenty-three Connecticut municipalities through June 30, 2027.

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 statements of net position. The liability for compensated absences at June 30, 2022 and 2021 and the related changes for the years ended June 30, 2022 and 2021 are presented in the following table. Compensated absences include accruals for salaries, employer taxes, employer's 401K retirement plan contributions and employer's matching contributions:

Compensated Absences	Balance at July 1, 2020 ($000)	Increases (Decreases) ($000)	Balance at June 30, 2021 ($000)	Increases (Decreases) ($000)	Balance at June 30, 2022 ($000)
Accrued vacation and personal time	$ 605	$ 9	$ 614	$ (38)	$ 576
Total	$ 605	$ 9	$ 614	$ (38)	$ 576

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

K. Compensated Absences *(Continued)*

Compensated absences do not include estimates of the Authority's liability pursuant to its severance policies applicable in the event of any employee separation without cause as a result of position elimination, reorganization, restructuring and reduction in force.

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 and outstanding principal of lease liabilities. Net investment in capital assets totaled approximately $30.1 million and $32.2 million as of June 30, 2022 and 2021.

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. Restricted net position totaled approximately $10,000 and $51,000 as of June 30, 2022 and 2021, respectively. None of the Authority's net position has been restricted by enabling legislation.

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 approximately $28.7 million and $19.2 million as of June 30, 2022 and 2021, respectively.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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

L. Net Position *(Continued)*

Unrestricted net position at June 30, 2022 and 2021 are summarized as follows:

Unrestricted Net Position	2022 ($000)	2021 (Restated) ($000)
Undesignated	$ 33,156	$ 22,879
Designated:		
Authority:		
Severance Fund	2,549	2,541
Property Division:		
General Fund	9,075	11,064
Improvement Fund- PD	260	260
Improvement Fund - CSWS	320	219
Tip fee stabilization	5,006	1
Jets major maintanence	799	964
CSWS Decommissioning	3,306	-
Mid-Connecticut:		
Post project closure	44	-
CSWS:		
Debt Service Fund	4	4
Future Loss Contingencies	900	897
General Fund	1	1
Legal Fund	554	639
CSWS Major Maintenance	5,549	2,267
Landfill Division:		
Hartford solar reserve	336	335
	28,703	19,192
Total Unrestricted Net Position	$ 61,859	$ 42,071

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. CASH DEPOSITS AND INVESTMENTS

Cash and cash equivalents consist of the following as of June 30, 2022 and 2021:

Cash and Cash Equivalents	2022 ($000)	2021 (Restated) ($000)
Unrestricted:		
Cash deposits	$ 10,371	$ 8,690
Cash equivalents:		
STIF *	46,069	24,509
	56,440	33,199
Restricted – current:		
Cash deposits	343	1,103
	343	1,103
Total	$ 56,783	$ 34,302

* 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.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Cash Deposits – Custodial Credit Risk *(Continued)*

As of June 30, 2022 and 2021, approximately $10.4 million and $9.5 million, respectively, of the Authority's bank balance of cash deposits were exposed to custodial credit risk as follows:

Custodial Credit Risks	2022 ($000)	2021 (Restated) ($000)
Uninsured but collateralized with securities held by the pledging bank's trust department or agent but not in the Authority's name	$ 1,495	$1,413
Uninsured and Uncollateralized	8,928	8,079
Total	$10,423	$9,492

Total represents uninsured Bank of America account balance as of 6/30/22. Uninsured but collateralized equals 14.0110% of total per Bank of America reporting.
Balance represents uninsured and uncollateralized.

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

Investments in the State of Connecticut Short-Term Investment Fund ("STIF") as of June 30, 2022 and 2021 are included in cash and cash equivalents in the accompanying statements of net position. For purposes of disclosure, such amounts are considered investments and have been included in the investment disclosures that follow.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Interest Rate Risk

As of June 30, 2022, the Authority's investments consisted of the following debt securities:

Investment Type	Net Asset Value ($000)	Investment Maturities (In Years) Less than 1	1 to 5	6 to 10	More than 10
STIF	$ 46,069	$ 46,069	$ -	$ -	$ -
Total	$ 46,069	$ 46,069	$ -	$ -	$ -

As of June 30, 2021, the Authority's investments consisted of the following debt securities:

Investment Type	Net Asset Value ($000)	Investment Maturities (In Years) Less than 1	1 to 5	6 to 10	More than 10
STIF	$ 24,509	$ 24,509	$ -	$ -	$ -
Total	$ 24,509	$ 24,509	$ -	$ -	$ -

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, 2022 and 2021, STIF had a weighted average maturity of 29 and 31 days respectively.

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

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

2. CASH DEPOSITS AND INVESTMENTS *(Continued)*

Investments *(Continued)*

Credit Risk

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, 2022, the Authority's investments were rated as follows:

Security	Fair Value ($000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	$ 46,069	AAAm	Not Rated	Not Rated

As of June 30, 2021, the Authority's investments were rated as follows:

Security	Fair Value ($000)	Standard & Poor's	Moody's Investor Service	Fitch Ratings
STIF	$ 24,509	AAAm	Not Rated	Not Rated

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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, 2022 and 2021, 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, 2022 AND 2021

3. CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended June 30, 2022 and 2021:

	Balance at June 30, 2021 (Restated) ($000)	Additions ($000)	Transfers ($000)	Sales and Disposals ($000)	Balance at June 30, 2022 ($000)
Depreciable assets:					
Plant	$ 213,616	$ -	$ -	$ -	$ 213,616
Equipment	249,292	15	-	-	249,307
Right of Use Asset	1,501				1,501
Total at cost	464,409	15	-	-	464,424
Less accumulated depreciation for:					
Plant	(213,329)	(90)	-	-	(213,419)
Equipment	(243,998)	(1,746)	-	-	(245,744)
Right of Use Asset	(1,081)	(200)			(1,281)
Total accumulated depreciation	(458,408)	(2,036)	-	-	(460,444)
Total depreciable assets, net	**6,001**	**(2,021)**	-	-	**3,980**
Nondepreciable assets:					
Land	26,239	-	-	-	26,239
Construction-in-progress	43	-	(43)	-	-
Total nondepreciable assets	**26,282**	-	**(43)**	-	**26,239**
Total depreciable and nondepreciable assets	**$ 32,283**	**$ (2,021)**	**$ (43)**	**$ -**	**$ 30,219**

	Balance at June 30, 2020 ($000)	Additions ($000)	Transfers ($000)	Sales and Disposals ($000)	Balance at June 30, 2021 (Restated) ($000)
Depreciable assets:					
Plant	$ 213,616	$ -	$ -	$ -	$ 213,616
Equipment	248,215	6	1,631	(560)	249,292
Right of Use Asset	-	1,501			1,501
Total at cost	461,831	1,507	1,631	(560)	464,409
Less accumulated depreciation for:					
Plant	(212,831)	(498)	-	-	(213,329)
Equipment	(230,254)	(14,169)	-	425	(243,998)
Right of Use Asset	-	(1,081)			(1,081)
Total accumulated depreciation	(443,085)	(14,667)	-	425	(458,408)
Total depreciable assets, net	**18,746**	**(13,160)**	**1,631**	**(135)**	**6,001**
Nondepreciable assets:					
Land	26,239	-	-	-	26,239
Construction-in-progress	612	1,062	(1,631)	-	43
Total nondepreciable assets	**26,851**	**1,062**	**(1,631)**	-	**26,282**
Total depreciable and nondepreciable assets	**$ 45,597**	**$ (12,098)**	**$ -**	**$ (135)**	**$ 32,283**

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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) were leased by the Authority.

Federal, State and local regulations required the Authority to place final cover on its landfills when it stopped 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). Accordingly, the Authority has previously estimated its liability for closure and post-closure care costs and recorded any increases or decreases to the liability as an operating expense.

During the year ended June 30, 2014, pursuant to the State of Connecticut's Public Act 13-247 and Section 99 of Public Act 13-184, the Authority transferred $35.8 million in post closure care obligations for all of its landfills to the State's Department of Energy and Environmental Protection (DEEP) and concurrently transferred $31.0 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. 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.

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 Authority no longer includes liabilities associated with the post closure or closure care of any Authority landfills as these obligations were either assumed by DEEP during the year ended June 30, 2014 or have been completed by the Authority.

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 Authority had no liabilities for landfill closure and post-closure care of landfills as of June 30, 2022 and 2021.

5. MAJOR CUSTOMERS

Nextera Energy Power Marketing is the Authority's customer for fixed price (hedged) energy sales and certain Class II renewable energy credits from the Connecticut Solid Waste System (CSWS) and represented 5.7% and 4.5% of total operating revenues for the years ended June 30, 2022 and 2021, respectively.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

5. MAJOR CUSTOMERS *(Continued)*

ISO New England is the Authority's customer for non-hedged energy sales, as well as forward capacity and reserve market sales, from the Connecticut Solid Waste System and the Property Divisions Peaking Units and represented 32.7% and 29.1% of total operating revenues for the years ended June 30, 2022 and 2021, respectively.

Nextera Energy Power Marketing also acts as the Authority's designated Lead Market Participant and Generation Asset Owner for ISO New England to provide scheduling, bidding and marketing services with respect to all CSWS and Property Division energy described above.

Service charge revenues from All Waste, Inc. totaled 12.7% and 12.4% of the Authority's operating revenues for the years ended June 30, 2022 and 2021, 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, 2022 and 2021 amounted to approximately $278,000 and $291,000, respectively. Employees contributed approximately $316,000 to the plan during the year ended June 30, 2022 and $293,000 to the plan during the year ended June 30, 2021.

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, 2022 and 2021.

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. This includes insurance coverage for property, general liability, pollution, auto, umbrella, workers comp, public officials, crime and fiduciary. The CSWS waste-to-energy facility has historically been the Authority's highest valued single facility. Settled claims have not exceeded this commercial coverage in any of the past three (3) fiscal years. However, there have been significant reductions in insurance coverage from the prior three years.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

7. RISK MANAGEMENT *(Continued)*

During fiscal year 2019 the Authority sustained property damage to its two steam turbines associated with operation of the CSWS Waste to Energy Facility and recognized insurance proceeds of $11.6 million from related business interruption, extra expense and property damage insurance coverages. The amounts were reported as settlement income for the year ended June 30, 2019. As a result of these claims, certain deductibles increased effective January 1, 2019. The Authority's business interruption and extra expense deductible period on these turbines was extended from 45 days to 75 days by insurance carriers providing fifty percent (50%) of this coverage. An additional insurance carrier providing fifteen percent (15%) of the business interruption and extra expense coverage on these turbines extended the deductible period from 45 days to 60 days. Property damage deductibles on these turbines were increased from $250,000 to $3 million by insurance carriers providing fifty percent (50%) of this coverage. An additional insurance carrier providing fifteen percent (15%) of this coverage increased the deductible from $250,000 to $1.5 million. Property damage deductibles on the Authority's Jet Peaking Units were also increased effective January 1, 2019. This deductible was increased from $250,000 to $1.0 million by insurance carriers providing fifty percent (50%) of this coverage, and from $250,000 to $1.5 million by insurance carriers providing fifteen percent (15%) of this coverage.

During fiscal year 2020, due to the Authority's prior claims, and the insurance industry's increased reluctance to accept the risk profile of waste to energy facilities generally, the Authority was unable to renew its property damage coverage as initially modified in response to the steam turbine claims noted above. A prominent insurance carrier that historically held 50% of the Authority's property damage coverage declined to renew at all and had to be replaced by multiple carriers in a tiered coverage approach. The Authority was forced to eliminate business interruption and extra expense, and increase its deductibles to $10 million, as part of it efforts to secure continued property damage coverage. These changes were effective January 1, 2020. As of January 1, 2020, the Authority possessed approximately 94% coverage for a total loss pursuant to this tiered approach subject to these deductibles and excluding business interruption and extra expense. The percentage of coverage varied based on the amount of claim from a low of approximately 80% to a high of 100%.

This structure for the Authority's property insurance was maintained in place through expiration in March 2021. However, during fiscal year 2021, the property insurance market for waste to energy facilities worsened, DEEP's Resource Rediscovery initiative to redevelop the CSWS Waste to Energy Facility concluded unsuccessfully, prompting the Authority to commence planning and contracting activity to transition to waste transfer operations, and the CSWS Recycling Facility was converted into a recycling transfer operation. Accordingly, effective March 30, 2021 through July 1, 2022 the Authority renewed property insurance for the CSWS transfer stations, Hartford solar array, 171 Murphy Road and its home office. Excluded from the renewal due to lack of market participation and other noted factors was the CSWS Waste to Energy Facility, CSWS Recycling Facility and the Jet Peaking Units. This change resulted in a substantial reduction to the Authority's schedule of values, deductibles and premiums. The CSWS Recycling Facility was subsequently added to this policy following its conversion to a recycling transfer operation in July 2021. This program of property insurance including general liability, auto, umbrella, worker's comp, public officials, crime and fiduciary coverage was then bound for an additional year commencing July 1, 2022.

The Authority has renewed its Pollution Legal Liability generally consistent with historic coverage amounts effective July 1, 2020 through July 1, 2023.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. COMMITMENTS

The Authority has various operating leases for its corporate office space, the Essex transfer station and office equipment, which totaled approximately $2,100 and $216,000 for the years ended June 30, 2022 and 2021, respectively. The previously reported corporate office space and Essex transfer station leases now fall under the guidance of GASB 87.

The Authority also has agreements with various municipalities for payments in lieu of taxes ("PILOT") for personal and real property. For each of the years ended June 30, 2022 and 2021, the PILOT payments, which are included as a cost of solid waste totaled $1,609,000 and $1,603,000, respectively. The City of Hartford PILOT agreement for the CSWS ended as of June 30, 2022. The City of Hartford PILOT payment totaled $1,500,000 for the year ended June 30, 2022.

Future minimum payments under non-cancelable operating leases and future contracted PILOT payments as of June 30, 2022 are as follows:

Fiscal Year	Lease Amount ($000)	PILOT Amount ($000)
2023	$ 2	$ 109
2024	2	109
2025	2	109
2026	-	109
2027	-	109
Thereafter	-	-
Total	$ 6	$ 545

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:

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

8. COMMITMENTS *(Continued)*

Operator/Contractor	Contract expiration date
Wheelabrator Technologies	6/30/2024
NAES Corporation - WTE Facility	8/31/2022 [1]
NAES Corporation - Jet Peaking Units	6/30/2023
USA Waste & Recycling	8/1/2022 [1]
CWPM, LLC	7/1/2022 [1]
Murphy Road Recycling	6/30/2027
Enviro Express	6/30/2027 [2]
CWPM, LLC	6/30/2027 [2]
Covanta	6/30/2027 [2]

[1] As modified to provide termination consistent with closure of WTE facility and transition to waste transfer activity.

[2] New contracts entered into consistant with closure of WTE facility and transition to waste tranfer activity.

Operating charges paid by the Authority are derived from various factors such as tonnage processed, management fees and certain pass-through costs.

The approximate amount of contract operating charges paid by the Authority, and included in solid waste operations, and maintenance and utilities expense for the years ended June 30, 2022 and 2021 were as follows:

Project	2022 ($000)	2021 (Restated) ($000)
Connecticut Solid Waste System	$ 47,411	$ 17,286
Property Division	790	827
Landfill Division	2	(8)
Total	$ 48,203	$ 18,105

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. GASB 87

During fiscal year 2022, the Authority implemented the requirements of Government Accounting Standards Board Statement 87 (GASB 87) which requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provisions of the contract. To quantify and recognize applicable assets and liabilities, the present value of monthly lease payments over the term of the lease is calculated and then assessed as of the reporting period in which GASB 87 is implemented. The Authority implemented GASB 87 during its fiscal year 2022 with an effective date of July 1, 2020 for purposes of comparatively restating its prior reporting period.

For purposes of the present value calculation, the Authority used the Incremental Borrowing Rate method calling for use of a discount rate based on the interest rate it would pay to borrow lease payments during the lease term. Since the Authority adopted GASB 87 effective July 1, 2020 for purposes of restating its fiscal year 2021, high grade municipal bond rates available at this time were assessed. For long term leases, the rate of 2.001% was used. For mid-term leases, the rate of 1.748% was used and for short term leases, 0.632%.

Under the criteria of GASB 87, the Authority is the lessee under its short term main office lease, and its long term Essex Transfer Station lease, and therefore recognized the associated lease liability and right of use asset for its fiscal year 2022 and for purposes of restating its fiscal year 2021.

Landlord	Discount Rate	Current Lease Payable at 6/30/2022	Long Term Lease Payable at 6/30/2022	Right of Use Asset at 6/30/2022
100-200 Corporate Place	0.632%	$171,086	$0	$155,578
Town of Essex CT	2.001%	$0	$71,314	$64,745
Total		$171,086	$71,314	$220,323

The Right of Use Asset reflects the present value of these lease payments at lease inception amortized over the term of the lease on a straight-line basis. The Lease Payable reflects the declining principle balance of the same present value of these lease payments.

The Authority's office space lease provides for its use of 7,972 square feet of space for a seven year term ending April 30, 2023. The Authority did not exercise available options to extend this lease. The Authority pays a fixed rent plus a 7.3% share of operating cost increases over the base year of the lease.

The Authority's Essex Transfer Station lease provides for the consolidation and transfer of up to 90,000 tons of municipal solid waste and 10,000 tons of recycling annually. The lease dates to May 1987 but was amended and restated November 2012 to be effective through June 30, 2027. The Authority pays a fixed rent without escalation plus utility expenses.

Right of Use Assets are further addressed in Note 3 to the Financial Statements concerning changes in capital assets.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. GASB 87 *(Continued)*

The Authority is the lessor under multiple leases providing for the development and / or use of waste, energy or compatible ancillary facilities and has therefore recognized the associated lease receivable and deferred inflow for its fiscal year 2022 and for purposes of restating its fiscal year 2021.

- Wheelabrator Technologies, Inc. – A long term site lease providing for the development, operation and removal upon expiration of the waste to energy facility in Bridgeport, CT. This lease dates to December 1985 and its initial term expired December 31, 2008. The lease includes an additional six consecutive renewal terms totaling 30 years. Renewal terms are subject to CPI adjustment. Renewal terms and CPI adjustments have been exercised through June 30, 2024 which amounts recognized through June 30, 2034 as Lease Receivable and Deferred Inflow.
- Ultimate Family Golf Centers, LLC – A long term lease providing surface rights at 784 River Road in Shelton for the development, operation and removal of a golf course and driving range facility adjacent to the Shelton Landfill. This ten year lease commenced May 1, 1998 and included a fifteen year option commencing May 1, 2008 which was exercised. The option period expires April 30, 2023. Base rent was fixed for the base term and subjected to CPI adjustment in the first, sixth and eleventh year of the option term which amounts are recognized as Lease Receivable and Deferred Inflow. The facility is operated by a permitted subtenant.
- City of Shelton, CT – A mid-term lease providing for the use of a transfer station for residential drop off activities located within the boundaries of the Shelton Landfill and including a wheel wash building, maintenance garage and scale house trailer. This five-year lease commenced January 1, 2009 and included three options of five years each commencing January 1, 2014, January 1, 2019 and January 1, 2024. The first two options have been exercised and the Authority anticipates the third to be executed. The lease pays the greater of a fixed rental amount which is recognized as Lease Receivable and Deferred Inflow, or the Authority's annual insurance cost for the transfer station.
- Wallingford Renewable Energy (project acquired by NextEra) – a long term lease providing for the development, operation and removal upon expiration of a solar energy facility at the Wallingford Landfill. This 22 year lease commenced March 2020 and includes three additional options extending the total term to 34 years and 11 months. Rent includes a fixed portion plus a per acre portion reflecting acreage developed. Rent escalates at a fixed 2.5% annually. Fixed and per acre rents as escalated for the full term of the lease are recognized as Lease Receivable and Deferred Inflow.
- Outfront Media LLC – a long term lease providing for the installation, operation and removal upon expiration of outdoor advertising at the Hartford waste to energy facility site. This 20-year lease agreement commenced August 1, 2021 and pays a minimum annual rent recognized as Lease Receivable and Deferred Inflow, or 25% of annual net advertising revenue.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. GASB 87 *(Continued)*

Tenant	Discount Rate	Lease Receivable at 6/30/2022	Deferred Inflow at 6/30/2022
Wheelabrator	2.001%	$4,841,180	$1,522,277
Ultimate Family Golf	2.001%	$14,849	$9,829
City of Shelton	1.748%	$55,261	$40,399
NextEra	2.001%	$1,545,302	$1,445,058
Outfront Media	2.001%	$710,762	$704,148
Total		$7,167,354	$3,721,711

The Deferred Inflow reflects the present value of these lease payments at lease inception amortized over the term of the lease on a straight-line basis. The Lease Receivable reflects the declining principle balance of the same present value these lease payments.

The Authority implemented GASB 87 during its fiscal year 2022 with an effective date of July 1, 2020 and restated its prior reporting period (fiscal year 2021). The effects of this restatement (recognizing lease payables and receivables, deferred inflows, interest income and expense as described above) are presented in the following table.

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

9. GASB 87 *(Continued)*

Restatement changes for FY21 for FY22 comparison due to GASB 87

	2021 (restated)	2021
Statement of Net Position		
Assets		
Accounts receivable, net of allowances	$ 14,481	$ 7,595
Capital Assets:	$ 6,001	$ 5,581
Liabilities		
Accounts payable	$ 1,762	$ 1,390
Lease payable	$ 85	$ -
Deferred Inflows	$ 3,222	
Net Position		
Net investment in capital assets	$ 32,284	$ 31,863
Unrestricted	$ 42,071	$ 38,866
Statement of Revenues, Expenses and Changes in Net Position		
Revenues		
Other	$ 3,294	$ 3,631
Expenses		
Solid waste operations	$ 54,147	$ 54,161
Administrative and Operational services	$ 4,333	$ 4,526
Depreciation and Amortization	$ 14,868	$ 14,669
Non-Operating Revenues (Expenses)		
Investment income	$ 168	$ 25
Cash Flows Statement		
Cash Flows Provided by (Used in) Operating Activities		
Payments received from providing services	$ 67,129	$ 71,129
Payments to suppliers and employees	$ (66,847)	$ (67,531)
Settlement income (expenses)	$ 3,208	$ (456)
Cash Flows Provided by Investing Activities		
Interest on investments	$ 167	$ 25
Cash Flows Provided by (Used in) Capital and Related Financing Activities		
Proceeds from sales of equipment	$ 133	$ (1)
Payment of principal on lease liability	$ (1,686)	$ (1,062)
Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:		
Operating loss	$ (16,486)	$ (16,157)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation of capital assets	$ 14,868	$ 14,669
Other income (expenses), net	$ 3,205	$ (479)
Changes in assets and liabilities, net of transfers:		
Accounts receivable, net	$ (4,300)	$ (636)
Accounts payable, accrued expenses and other liabilities	$ 6,218	$ 5,760
Net Position as previously reported June 30, 2020	$ 87,519	
Cumulative accounting adjustment due to GASB 87	$ (3,812)	
Net position as restated July 1, 2020	$ 91,331	

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. CONTINGENCIES

Mid-Connecticut Project

In June 2020, Tremont Public Advisors filed an action against the Authority in Connecticut Superior Court alleging that the Authority violated the Connecticut Unfair Trade Practices Act. On September 9, 2020, the Authority filed a Motion to Strike the complaint on several grounds, including that it is exempt from actions under CUTPA under what is called the governmental exemption. On April 12, 2021, the court found that MIRA is exempt from CUTPA, and granted the Motion to Strike. On April 26, 2021, Tremont appealed that decision to the Appellate Court and on August 23, 2021, moved for final judgment to be entered in favor of MIRA in accordance with its decision so that the appeal could proceed. The parties attended a court-run mediation session on February 16, 2022, but failed to reach settlement. The appeal is currently pending. The matter is too preliminary to estimate any potential exposure.

Connecticut Solid Waste System Project

Zurich American Insurance Company, et. al. and MIRA v. NAES Corporation

In 2010, MIRA's predecessor CRRA entered into an agreement with NAES Corporation to operate and maintain the Mid-Connecticut Resource Recovery Facility. Under the Agreement, NAES was solely responsible for operating and maintaining the Facility, and for any and all conditions created as a result of the services it performed.

On November 5, 2018, while Turbine No. 5 was in a scheduled outage, NAES was preparing Turbine No. 6 for planned condenser maintenance. NAES failed to perform this maintenance work properly, and such failure caused Turbine No. 6 to fail. The operator failure caused extensive damage and the entire Facility was shut down until Turbine No. 5 was returned to service on January 27, 2019. Both turbines were simultaneously off-line for 84 days and MIRA was left with no operations. The Facility was unable to process any waste because both turbines were inoperable. All the waste normally received at the Facility from 52 municipalities had to be diverted to other disposal sites at considerable cost to MIRA.

MIRA made a claim under its own insurance policies, and paid for the applicable deductibles before receiving any insurance payments. MIRA's deductibles include $250,000 for property damage and a time element deductible of 45 days following the occurrence for business interruption. MIRA incurred deductible expenses of $2,789,397 during this 45-day waiting period deductible. MIRA's total deductible expense is $3,039,397. MIRA's insurers paid out an additional $8,016,250. The total damage from NAES's negligence is $11,055,647.

MIRA filed suit against NAES in state court on November 2, 2020. MIRA's suit includes claims for negligence, gross negligence and breach of contract. NAES moved the case to federal court where it is currently pending. MIRA's insurers are co-plaintiffs in the case, seeking subrogation of the insurance proceeds they paid out under the count for gross negligence. The Agreement includes a waiver of subrogation provision.

NAES has asserted three counterclaims against MIRA: Breach of Contract, Common Law Indemnification and Contractual Indemnification, and seeks to recover its legal costs for defending against the subrogation claim. All three claims are based on MIRA not preventing its insurance

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. CONTINGENCIES *(Continued)*

companies from filing a subrogation claim in light of the waiver of subrogation provision. MIRA denies the counterclaims and will vigorously defend against them. In the event that the counterclaims are successful, MIRA's exposure would be limited to NAES's defense costs, which are not capable of being estimated at this time.

Discovery preliminarily began and NAES produced some responsive documents. On September 9, 2021, NAES filed a dispositive motion for summary judgment against the co-plaintiffs (MIRA's insurers) to enforce the waiver of subrogation claim, which motion has not yet been decided and which is serving to delay proceeding with discovery and litigating this case. The current schedule calls for the matter to be trial ready by April 3, 2023. Notwithstanding this schedule, no party to the lawsuit has been active in discovery and/or litigating this case as the decision on NAES's motion is critical to determining how the matter will proceed, and further delays are expected until NAES's motion is decided.

Alleged Violations of the Freedom of Information Act (FOIA)

On August 17, 2020, October 5, 2020, November 3, 2020, January 14, 2021, January 20, 2021, May 13, 2021 and July 15, 2021 a series of allegations were docketed by the CT Freedom of Information Commission to initiate an administrative proceeding to address several complaints alleging MIRA violated the Freedom of Information Act. The allegations primarily involve claims that MIRA failed to properly provide notice in certain of its monthly agendas of certain Executive Sessions or that insufficient notice was provided at the time the Executive Session was initiated or that certain matters discussed in Executive Session were not appropriate for Executive Session, and seek penalties for such violations. Administrative hearings have been conducted in five of the pending seven complaints. A Final Decision has been issued in three cases in which a violation of the FOIA was found for insufficient notice of the purpose of the Executive Session in the meeting at issue, but no civil penalties were assessed. A Final Decision was issued in a fourth case in which no violation of FOIA was found. A fifth administrative hearing has been held with a similar fact pattern as
was present in the matter in which no violation was found. Hearings have not yet been scheduled in the remaining two matters.

Pursuant to the Connecticut General Statutes § 1-206(b)(2) civil fines / penalties could range from $20.00-$1000.00 per violation.

Other Issues; Unasserted Claims and Assessments

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. Since the Authority has suspended operation of the Facility indefinitely, it is unlikely that any further action on this matter will be

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. CONTINGENCIES *(Continued)*

required or undertaken. This matter will have to be re-evaluated in the future if there are any proposed future uses of the Facility that include re-activating the existing cooling water intake structures.

In connection with acquisition of the South Meadows real estate in December, 2000, the Authority assumed responsibility for the remediation of pre-existing pollution conditions at the site. At the same time, the Authority entered into an Exit Strategy Contract with TRC Companies, Inc. ("TRC"), whereunder TRC assumed the obligation for such remediation and agreed to be the Certifying Party pursuant to the Connecticut Transfer Act. On May 7, 2018, TRC submitted a Verification (i.e., final sign-off) for the site to DEEP, certifying that the site has been fully remediated in accordance with applicable environmental requirements. DEEP rejected the Verification on June 24, 2019, due to the discovery of PCBs on the site during work to relocate underground utilities by Eversource Energy. DEEP has required that TRC perform further investigation and remediation work at the site. TRC is in the process of doing so – TRC has completed the remedial investigation of the area of concern, and has developed a remedial action plan that is currently pending approval from both DEEP and the US Environmental Protection Agency.

Coverage under the insurance policy issued by AIG Corporation that was the source of funds to perform the remediation under the Exit Strategy Contract expired on March 30, 2016. TRC may demand payment from the Authority for the additional costs to finalize the Verification of the Site for the period from March 31, 2016 to the date on which the Verification is resubmitted, because the source of funding has expired. Additionally, if the resubmitted Verification is audited and deficiencies are found that require correction, and/or the Verification is rejected again, TRC may demand payment for those costs as well. TRC and the Authority have submitted a claim under the AIG policy, which includes coverage for cleanup of previously unknown pre-existing conditions. The claim has been acknowledged by AIG, but the Authority has not received a formal coverage determination. TRC has performed investigatory work over the past two years, but has not informed the Authority regarding costs to date; however, it is the Authority's understanding that AIG has been paying claims that TRC has submitted for the costs of the remedial investigation and
remedial action plan development. Additional costs may accrue. The Authority's deductible under the applicable coverage provision of the AIG policy is $100,000.

The Authority has entered into certain Tier 1 Long Term Municipal Solid Waste Management Services Agreements with Connecticut municipalities which expire June 30, 2027. The Authority has also entered into certain Tier 1 Short Term Municipal Solid Waste Management Services Agreements with Connecticut municipalities which expire June 30, 2022. These Tier 1 long term and short term agreements provide that the municipality may terminate the agreement within thirty days after receiving notice that the Authority has adopted a disposal fee that exceeds the opt out disposal fee established in the agreement. For fiscal year 2022, the Authority adopted a Tier 1 Long Term disposal fee of $105.00 per ton in comparison to a Tier 1 Long Term opt out disposal fee of $68.09 per ton. For fiscal year 2022, the Authority adopted a Tier 1 Short Term disposal fee of $107.00 per ton in comparison to a Tier 1 Short Term opt out disposal fee of $71.08 per ton. In fiscal year 2022, Tier 1 Long Term and Tier 1 Short Term agreements represented 73% and 0.8%, respectively, of total waste delivered to the Connecticut Solid Waste System. For fiscal year 2023, the Authority further increased its adopted Tier 1 Long Term disposal fee to $116.00 per ton which again is well in excess of the opt out disposal fee. Ultimately, twenty-nine municipalities, representing over eighty percent of the Authority's MSA waste

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

10. CONTINGENCIES *(Continued)*

deliveries, elected to terminate their Municipal Solid Waste Management Services Agreements as permitted thereunder based upon the adopted disposal fee. The Authority offered an amendment to the Tier 1 Long Term agreement, which, among other things, increased the opt out disposal fee to currently projected levels for the remaining five years of the agreement. Of the remaining twenty-three participating municipalities, twenty-one elected to execute the amendment with updated opt out values; two preferred to continue with MIRA services under the existing agreement.

The Agreement between the Authority and NAES Corporation for the operation and maintenance of the Authority's Jet Turbine Facility (the "JTF") provides that, in the event of termination of the agreement between the parties for NAES's operation and maintenance of the Authority's Resource Recovery Facility (the "RRF"), the parties shall negotiate additional compensation for the JTF services and amend the JTF Agreement accordingly. The RRF Agreement was terminated upon suspension of operations at the RRF, but NAES refused to execute an amendment to the JTF agreement due to matters associated with the outstanding litigation between the parties discussed above. The Authority therefore issued a notice of default to NAES on September 13, 2022. The Authority believes that the JTF will continue to be appropriately operated and maintained through the May 31, 2023 expiration of its capacity supply obligation to ISO New England.

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.

11. NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local governments.

The requirements of this Statement are effective for fiscal years ending after December 15, 2021. The Authority adopted this standard effective July 1, 2022.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objective of this Statement is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED *(Continued)*

derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter with earlier application allowed. The Authority will adopt this standard effective July 1, 2022 and does not believe it will have a material effect on the financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

11. NEW ACCOUNTING PRONOUNCEMENTS ISSUED AND NOT YET ADOPTED *(Continued)*

noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter with earlier application allowed. The Authority will adopt this standard effective July 1, 2022 and does not believe it will have a material effect on the 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, 2022
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	**Total**
ASSETS							
CURRENT ASSETS							
Unrestricted Assets:							
Cash and cash equivalents	$ 3,716	$ 28,282	$ 44	$ 21,848	$ 2,550	$ -	**$ 56,440**
Accounts receivable, net of allowances	-	6,197	-	6,373	1,600	-	**14,170**
Inventory	-	4,867	-	1,002	-	-	**5,869**
Prepaid expenses	-	2,197	-	31	103	-	**2,331**
Due from other funds	1,445	150	-	29,516	5	(31,116)	**-**
Total Unrestricted Assets	5,161	41,693	44	58,770	4,258	(31,116)	**78,810**
Restricted Assets:							
Cash and cash equivalents	-	333	-	10	-	-	**343**
TOTAL CURRENT ASSETS	5,161	42,026	44	58,780	4,258	(31,116)	**79,153**
NON-CURRENT ASSETS							
Capital Assets:							
Depreciable:							
Plant	84	-	-	188,179	25,353	-	**213,616**
Equipment	990	-	-	243,832	4,485	-	**249,307**
Right of Use Asset	1,307	194					**1,501**
	2,381	194	-	432,011	29,838	-	**464,424**
Less: Accumulated depreciation	(2,197)	(129)	-	(430,209)	(27,909)	-	**(460,444)**
Total Depreciable, net	184	65	-	1,802	1,929	-	**3,980**
Nondepreciable:							
Land	-	-	-	10,130	16,109	-	**26,239**
Construction in progress	-	-	-	-	-	-	**0**
Total Nondepreciable	-	-	-	10,130	16,109	-	**26,239**
Total Capital Assets	184	65	-	11,932	18,038	-	**30,219**
TOTAL NON-CURRENT ASSETS	184	65	-	11,932	18,038	-	**30,219**
TOTAL ASSETS	5,345	42,091	44	70,712	22,296	(31,116)	**109,372**

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, 2022
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	**Total**
LIABILITIES							
CURRENT LIABILITIES							
Payable from Unrestricted Assets:							
Accounts payable	$ 218	$ 1,873	$ -	$ 159	$ 2	$ -	**$ 2,252**
Acccrued expenses and other current liabilities	1,916	5,124	-	3,687	180	-	**10,907**
Due to other funds	198	30,580	-	305	33	(31,116)	**-**
Unearned revenue	-	-	-	-	-	-	**-**
Total Payable from Unrestricted Assets	2,332	37,577	-	4,151	215	(31,116)	**13,159**
Payable from Restricted Assets:							
Acccrued expenses and other current liabilities	-	333	-	-	-	-	**333**
TOTAL CURRENT LIABILITIES	2,332	37,910	-	4,151	215	(31,116)	**13,492**
LONG-TERM LIABILITIES							
Payable from Unrestricted Assets:							
Lease payable	-	-	-	-	-	-	**-**
Due to other funds	-	-	-	-	-	-	**-**
Lease Payable	-	71	-	-	-	-	**71**
Total Payable from Unrestricted Assets	-	71	-	-	-	-	**71**
TOTAL LONG-TERM LIABILITIES	-	71	-	-	-	-	**71**
DEFERRED INFLOWS	-	-	-	2,236	1,485	-	**3,721**
TOTAL LIABILITIES	2,332	37,981	-	6,387	1,700	(31,116)	**17,284**

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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, 2022

(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	**Total**
NET POSITION							
Net investment in capital assets	$ 184	$ (6)	$ -	$ 11,932	$ 18,038	$ -	**$ 30,148**
Restricted	-	-	-	10	-	-	**10**
Unrestricted	2,829	4,116	44	52,383	2,558	-	**61,930**
TOTAL NET POSITION	$ 3,013	$ 4,110	$ 44	$ 64,325	$ 20,596	$ -	**$ 92,088**

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EXHIBIT B

MATERIALS INNOVATION AND RECYCLING AUTHORITY

A Component Unit of the State of Connecticut

SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2022

(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	**Total**
Operating Revenues							
Service charges:							
Members	$ -	$ 39,060	$ -	$ -	$ -	$ -	**$ 39,060**
Others	-	9,815	-	-	-	-	**9,815**
Energy sales	-	20,584	-	10,375	122	-	**31,081**
Other	-	500	-	201	52	-	**753**
Total Operating Revenues	-	69,959	-	10,576	174	-	**80,709**
Operating Expenses							
Solid waste operations	-	47,577	-	4,849	95	11	**52,532**
Maintenance and utilities	-	3,028	-	302	-	-	**3,330**
Legal services - external	-	176	-	-	-	-	**176**
Administrative and Operational services	-	4,187	-	968	88	-	**5,243**
Total Operating Expenses	-	54,968	-	6,119	183	11	**61,281**
Operating Income (Loss) before depreciation and amortization	-	14,991	-	4,457	(9)	(11)	**19,428**
Depreciation and amortization	204	13	-	1,681	138	-	**2,036**
Operating Income (Loss)	(204)	14,978	-	2,776	(147)	(11)	**17,392**
Non-Operating Revenues (Expenses)							
Investment income	-	58	42	139	33	-	**272**
Settlement income	-	-	-	-	-	-	**-**
Settlement expenses, net	-	-	-	-	-	-	**-**
#	-	-	-	-	-	-	**-**
Distributions to towns	-	-	-	-	-	-	**-**
Other revenues (expenses), net	16	-	2	-	-	-	**18**
Total Non-Operating Revenues (Expenses), net	16	58	44	139	33	-	**290**
Income (Loss) before Transfers	(188)	15,036	44	2,915	(114)	(11)	**17,682**
Transfers	-	(100)	-	89	-	11	**-**
Change in Net Position	(188)	14,936	44	3,004	(114)	-	**17,682**
Total Net Position, beginning of year	3,201	(10,826)	0	61,321	20,710	-	**74,406**
Total Net Position, end of year	$ 3,013	$ 4,110	$ 44	$ 64,325	$ 20,596	$ -	**$ 92,088**

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	Total
Cash Flows Provided by (Used in) Operating Activities							
Payments received from providing services	$ -	$ 70,613	$ -	$ 10,724	$ (1,342)	$ -	**$ 79,995**
Payments to suppliers and employees	1,046	(57,684)	(2)	(2,611)	1,431	(11)	**(57,831)**
Payments to other funds	(994)	3,514	-	(2,544)	24	-	-
Distributions to towns	-	-	-	-	-	-	-
Distribution to SCRRRA	-	-	-	-	-	-	-
Settlement income	-	-	-	-	-	-	-
Settlement expenses	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Operating Activities	52	16,443	(2)	5,569	113	(11)	**22,164**
Cash Flows Provided by Investing Activities							
Interest on investments	-	58	44	139	33	-	**274**
Net Cash Provided by Investing Activities	-	58	44	139	33	-	**274**
Cash Flows Provided by (Used in) Capital and Related Financing Activities							
Proceeds from sales of equipment	-	-	-	-	-	-	-
Payment of principal on lease liability	-	-	-	43	-	-	**43**
Net Cash Provided by (Used in) Capital and Related Financing Activities	-	-	-	43	-	-	**43**
Cash Flows Provided by (Used in) Non-Capital Financing Activities							
Transfers	-	(100)	-	89	-	11	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	-	(100)	-	89	-	11	-
Net Increase (Decrease) in Cash and Cash Equivalents	52	16,401	42	5,840	146	-	**22,481**
Cash and Cash Equivalents, beginning of year	3,664	12,214	2	16,018	2,404	-	**34,302**
Cash and Cash Equivalents, end of year	$ 3,716	$ 28,615	$ 44	$ 21,858	$ 2,550	$ -	**$ 56,783**

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2022
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	**Total**
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:							
Operating income (loss)	$ (204)	$ 14,978	$ -	$ 2,776	$ (147)	$ (11)	**$ 17,392**
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation of capital assets	204	13	-	1,681	138	-	**2,036**
Other income (expenses), net	-	-	-	-	-	-	**-**
Changes in assets and liabilities, net of transfers:							
(Increase) decrease in:							
Accounts receivable, net	-	653	-	186	(1,516)	-	**(677)**
Inventory	-	(25)	-	(272)	-	-	**(297)**
Prepaid expenses	-	277	-	18	102	-	**397**
Increase (decrease) in:							
Accounts payable, accrued expenses and other liabilities	1,046	(2,967)	(2)	3,724	1,512	-	**3,313**
Due to/from other funds	(994)	3,514	-	(2,544)	24	-	**-**
Net Cash Provided by (Used in) Operating Activities	$ 52	$ 16,443	$ (2)	$ 5,569	$ 113	$ (11)	**$ 22,164**

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MATERIALS INNOVATION AND RECYCLING AUTHORITY

A Component Unit of the State of Connecticut

SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION

AS OF JUNE 30, 2022

(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	**Total**
NET POSITION							
Net Investment in Capital Assets	$ 184	$ (6)	$ -	$ 11,932	$ 18,038	$ -	**$ 30,148**
Restricted Net Position:							
Current restricted cash and cash equivalents:							
Customer guarantee of payment	-	333	-	-	-	-	**333**
Town of Ellington trust - pooled funds	-	-	-	10	-	-	**10**
Total current restricted cash and cash equivalents	-	333	-	10	-	-	**343**
Less liabilities to be paid with current restricted assets:							
Other liabilities	-	333	-	-	-	-	**333**
Total Restricted Net Position	-	-	-	10	-	-	**10**

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MATERIALS INNOVATION AND RECYCLING AUTHORITY
A Component Unit of the State of Connecticut
SUPPLEMENTARY INFORMATION - COMBINING SCHEDULE OF NET POSITION (Continued)
AS OF JUNE 30, 2022
(Dollars in Thousands)

	Authority General Fund	Connecticut Solid Waste System	Mid-Connecticut Project	Property Division	Landfill Division	Eliminations	**Total**
NET POSITION							
Unrestricted Net Position:							
Board Designated Reserves:							
Debt service	$ -	$ 4	$ -	$ -	$ -	$ -	**$ 4**
Future loss contingencies	-	900	-	-	-	-	**900**
General fund	-	1	-	9,075	-	-	**9,076**
Improvements	-	-	-	580	-	-	**580**
Legal	-	554	-	-	-	-	**554**
Tip fee stabilization	-	-	-	5,006	-	-	**5,006**
Jets major maintanence	-	-	-	799	-	-	**799**
CSWS major maintenance	-	5,549	-	-	-	-	**5,549**
Litigation	-	-	-	-	-	-	**0**
Project/Post-project closure	-	-	44	-	-	-	**44**
Severance	2,549	-	-	-	-	-	**2,549**
Hartford Solar	-	-	-	-	336	-	**336**
Pollution insurance	-	-	-	-	-	-	**0**
CSWS Decommissioning	-	-	-	3,306	-	-	**3,306**
Total Board Designated Reserves	2,549	7,008	44	18,766	336	-	**28,703**
Undesignated	280	(2,892)	-	33,617	2,222	-	**33,227**
Total Unrestricted Net Position	2,829	4,116	44	52,383	2,558	-	**61,930**
Total Net Position	$ 3,013	$ 4,110	$ 44	$ 64,325	$ 20,596	$ -	**$ 92,088**

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INDEPENDENT AUDITORS' 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

We have audited, in accordance with the 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), which comprise the statement of net position as of June 30, 2022, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2022.

Report on 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) as a basis for designing 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 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 considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on 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 financial statements. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whittlesey PC

Hartford, Connecticut
September 28, 2022