Bristol County Water Authority

FISCAL YEAR 2015 ANNUAL REPORT

"If there is magic on this planet, it is contained in water."

– Loren Eiseley

A Message From the Chairman

Over thirty years ago, the Bristol County Water Authority was formed to ensure a clean and consistent quality water system for the county. A clean, ample water supply is the single most important determinant of public health, and increasingly one of the hardest and most complicated utilities to provide across the United States. Our story at the BCWA is not very different, but it is our core mission to deliver quality water to our communities and we endeavor everyday to accomplish this goal.

The mission of BCWA has not changed since its inception in 1984 however our path to supplying water to our communities is becoming more complex every year. Water is a precious commodity and with the influence of environmental and assured supply factors, it is becoming more difficult to provide high quality water every minute of every day to our 16,566 customers.

To safeguard our water's quality, BCWA continuously monitors, and is in the midst of multimillion-dollar improvements to our water system infrastructure.

A well-trained staff, sound financial and accounting practices, and timely and knowledgeable regulatory compliance with all Health Department and EPA requirements are all vital investments for our Authority that must be made. The Board and BCWA staff are doing our due diligence in each of these areas.

All of these essential endeavors of a modern-day water utility, as important as they may be, are secondary to one overriding requirement – the provision of or access to an ample, reliable, deliverable, high-quality supply of water that meets all federal and state regulations. All efforts to maintain an effective and efficient system are for naught if we do not maintain access to the quantity and quality of the water supply we need to serve our customers.

Modern-day society has a habit of taking for granted where the water in their faucets comes from. Most do not give a second thought to how our utilities are supplied until a natural disaster or weather event occurs to interrupt it. Only after such interruption do people appreciate the value of our utility infrastructure. The winter of 2014-2015 proved this point to many throughout the BCWA service area as the severe cold caused water main breaks and frozen meters and service interruptions throughout the region.

The Board does not take our water supply for granted. It is at the core of our responsibilities. However, BCWA is increasingly dependent on a single source of water supply. While the supply is of good quality and quantity, the Providence Water Supply Board and the Scituate Reservoir serves 60% of the state, our alternative backup water source has become problematic due to quality issues. In essence, BCWA must act to secure a reliable and consistent alternate source of potable water for our communities!

Prior to the installation of the East Bay pipeline, the BCWA received its supply from dammed reservoirs originating in Swansea and Rehoboth, MA. This water supply was costly, limited and difficult to treat. In addition, our water treatment plant had to be shuttered due to staggering capital expenditures necessary to bring it into compliance with state and federal regulations: an unsustainable source of water and a fiscally unsound long-term investment for the Authority. Long ago, BCWA suspended extraction of groundwater from the well fields along Nayatt Road in Barrington as the infiltration of salt water and iron in the water table eliminated them as viable sources.

A Message From the Chairman *(continued)*

The need for a new alternate water source cannot be overemphasized. BCWA has spent considerable time, resources and energy studying this issue and understands that there are few options available. We have consulted with water infrastructure experts and the Rhode Island Water Resources Board to help us arrive at the most viable solution given the conditions. All are in agreement that developing access to the most economical and regionally beneficial alternate source is in the best interests of all; the construction of the Pawtucket Water Supply Board (Pawtucket) Pipeline Project.

A few years ago Pawtucket completed construction of an entirely new state-of-the-art advanced water treatment facility that yields 22 million gallons of water per day. With ample excess supply and treatment capacity, they welcome an interconnection with the BCWA. This commonsense solution must become a reality. For the sake of the continuity and security of our water system, the BCWA will continue to push and advocate for this alternate supply connection.

Allan C. Klepper
Chairman, BCWA

"We never know the worth of water till the well is dry."

–Thomas Fuller

Report of the Executive Director & Chief Engineer

I have the privilege of being the Executive Director of the Bristol County Water Authority (BCWA) for the past three years. During that time, I have seen a lot of changes. When I first arrived, the focus of the agency was on planning, organizing and structural issues. The BCWA Board of Directors ordered a comprehensive review for all aspects of our management, operations, planning, financial, infrastructure, water supply and labor situations. Working with the Board, we created comprehensive strategic plans for our future and put in place new systems, policies and plans in each area in order to achieve the goals set forth in the new strategic plans. This process was a lot of work but in the end very rewarding. I feel excited about where BCWA is now and energized about moving forward with the execution of projects to achieve our strategic capital and organizations goals.

BCWA is a very solid water enterprise providing essential service to a population of 49,875 people (per 2010 U.S. Census) totaling 16,566 customers delivering 3.5 million gallons of water a day through 230 miles of water infrastructure pipelines. Our product is delivered to homes and businesses 24 hours a day, seven days a week in as much quantity as the customer desires. The water must be of the highest quality meeting all RI Department of Health and federal EPA standards. Providing this important service to our customers at a level that meets their expectations is a significant undertaking.

We at BCWA are accomplishing this mission by following a prudent and detailed 2015 Strategic Plan. This plan takes into account the fact our water sales have been declining for the past six years. Our Strategic Plan serves as a touchstone document guiding our direction and decision-making. This strategic process led to the creation of a sound financial plan for the management, operation, maintenance and capital investment of the BCWA water system well into the future. The Strategic Plan also provided the underlying principals for the development of our Five-Year Infrastructure and Capital Plan and the related 10-year and 20-year Capital Plans. These documents identify and prioritize the specific projects and costs we will undertake in investing in and maintaining our water system.

There are several major capital projects underway across our system already. They include: distribution system improvements to increase fire protection flow, cleaning and lining of older water mains, eliminating "dead end" mains which cause problems with the distribution system, a new leak detection program, an upgrade to our System Control and Data Acquisition (SCADA) instrument system which provides telemetry to monitor and control critical pumping, treatment and pressure levels, storage tank mixing systems to mitigate disinfection by-products, an upgrade to our main pumping station, and improvements to our computer and customer service systems. These projects are vital to the overall operation and quality of our water system.

Report of the Executive Director & Chief Engineer *(continued)*

Another component of our Strategic Plan is to continue to improve customer service. All employees at the BCWA feel a responsibility to provide excellent customer service to our ratepayers. In 2015, we are investing in a more customer-centered and intuitive website that will allow for streamlined online payments and account maintenance. Our customers come first and an investment to make our Authority more transparent and expedient is our goal.

We are undertaking these efforts while also investing in the continued financial stability of the BCWA. Our FY 2016 budget provides for a doubling of our annual contribution to our reserves over prior years.

These funds are reserved for the future and provide 1) Enough cash on hand to cover a 30-day operating period 2) build a meaningful reserve to balance payments on bonds and access Rhode Island state water infrastructure funding programs and 3) to provide the required funding to allow for a fully funded employee benefit program.

We are excited about the work we have done during the past few years and even more excited about the transition from the planning to execution!

Pamela M. Marchand, P.E.
Executive Director & Chief Engineer

"The noblest of the elements is water."

– Pindar

FY 2016 Financial Summary

The BCWA Strategic Plan creation process led to the development of a sound financial strategy for the management, operation, maintenance, and reinvestment in the infrastructure of the BCWA water system. As with any water system which must deliver its product to the homes and businesses of its customers the distribution system necessary to accomplish this feat is vast and expensive to install and maintain. As they should, water quality standards and testing become stricter every year. The cost of compliance continues to increase. BCWA has engaged in a significant cost cutting and efficiency initiatives over the past four years. These efforts have been successful in reducing operating costs. While the BCWA still has an annual customer rate that is less than those of surrounding municipalities, the declining customer population, continued reduction in water sales, increasing cost of maintaining a century-old distribution system, and a capital program providing necessary modernization all combine to necessitate a rate increase.

After conducting public hearings on the proposed budget the BCWA Board approved a rate increase of 3.25% for the general budget, effective March 1, 2015 (the beginning of the Authority's fiscal year). The operations and maintenance budget increased only 1.6%. This was possible in part due to a 4.1% decrease in operations labor due to contractual salary reductions for new system operators and a 14.4% decrease in operations billing due to a new computer system and the reduction of printing and mailing of bills. The balance of the rate increase went toward major capital projects, a 175% increase in maintenance of dams, reservoirs and rights of way (for transmission mains) and contributions toward reserves.

This rate increase will allow the BCWA to create fund reserves enough for a 30-day operating period and build a meaningful infrastructure financial reserve to balance payments on bonds for our future capital projects. It will also allow us to meet our retirement obligations for our future and current Authority employees.

"We think of our land and water and human resources not as static and sterile possessions but as life-giving assets to be directed by wise provisions for future days."

– Franklin D. Roosevelt

BRISTOL COUNTY WATER AUTHORITY
Five Year Financial Comparison

ITEM			FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
# Customers:							
	Residential		15,379	15,656*	14,723	14,404	14,386
	Commercial		1,086	1,112	1,998	2,255	2,264
	Industrial		18	18	18	18	18
	Municipal		83	88	92	107	108
		Total:	**16,566**	**16,874**	**16,831**	**16,784**	**16,776**
# Employees (FTE's):			**34.8****	**31****	**29**	**34**	**34**
Consumption: (Thousands of Gallons)							
	Residential		798,272	737,578	732,578	748,614	778,306
	Commercial		196,946	255,067	279,748	290,420	294,951
	Industrial		5,641	5,326	5,534	4,981	6,308
	Municipal		17,546	18,213	18,993	18,542	20,276
		Total:	**1,018,405**	**1,016,184**	**1,036,853**	**1,062,557**	**1,099,841**
Unaccounted for Water (%):			**12.5%**	**7.2%**	**14.2%**	**13.4%**	**15.0%**
Rate Increases (%):			**4.00%**	**11.00%**	**3.00%**	**3.00%**	**9.00%**

FINANCIAL	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Operating Revenue:	**$ 12,397,861**	**$ 12,140,723**	**$10,863,626**	**$10,441,946**	**$10,684,419**
Operating Expenses:	**$ 9,125,088**	**$ 8,251,359**	**$ 8,770,904**	**$ 8,564,071**	**$ 9,024,830**
Operating Income:	**$ 3,272,773**	**$ 3,889,364**	**$ 2,092,722**	**$ 1,877,875**	**$ 1,659,589**
Net Assets	**$ 57,999,978**	**$ 55,188,824**	**$51,677,245**	**$50,149,990**	**$ 48,583,589**
Margin	**$ 2,727,649**	**$ 3,378,374**	**$ 1,450,023**	**$ 1,051,578**	**$ 821,805**
Accounts Receivable (A/R)	**$ 2,764,612**	**$ 2,086,105**	**$ 1,691,357**	**$ 1,613,981**	**$ 1,871,554**

KEY RATIOS	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011
Revenue/Employee	**$356,260**	**$391,636**	**$374,608**	**$307,116**	**$314,248**
Revenue/Net Assets	**0.2138**	**0.2199**	**0.2102**	**0.2082**	**0.2199**
Operating Income/Net Assets	**0.0564**	**0.0704**	**0.0405**	**0.0374**	**0.0342**
Margin/Revenue	**0.2200**	**0.2783**	**0.1335**	**0.1007**	**0.0769**
Admin & Engineering Exp. / Revenue	**0.2440**	**0.2204**	**0.2466**	**0.2447**	**0.2637**
A/R / Revenue	**0.2230**	**0.1718**	**0.1557**	**0.1546**	**0.1752**
Debt Coverage Ratio	**2.04**	**1.77**	**1.56**	**1.41**	**1.27**

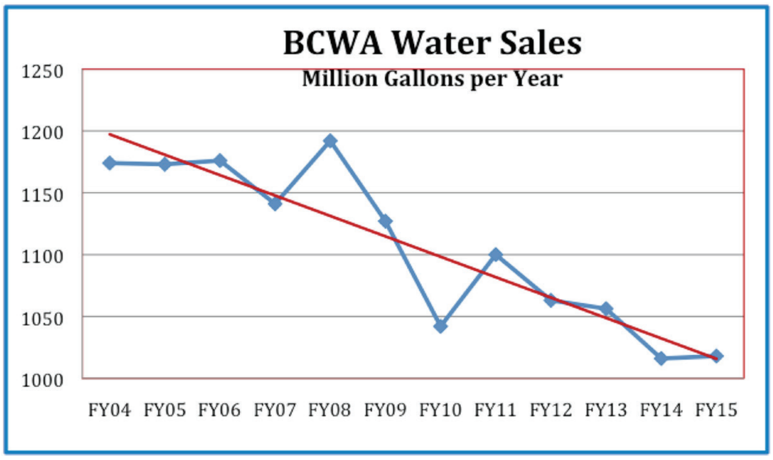
* Reclassified Approx. 900 accounts from commercial to residential
** Full Time Equivalents

The Challenge of Declining Sales

Water consumption has decreased steadily and significantly over the past ten years. The decline can be attributed to conservation, much slower growth, the loss of industry, smaller family size and price elasticity. Lower water consumption resulting in declining sales means less revenue for BCWA. The mission of the BCWA goes far beyond accounting and numbers as we deliver an essential service and product for our communities. But from a business perspective any organization that is experiencing declining sales is faced with serious challenges. This is particularly true for an entity that must deliver on demand as much product as every customer wants, 24 hours a day, seven days a week and deliver the product directly to the home or business. The distribution systems to accomplish such a feat are vast and expensive to install and maintain.

The cost of the distribution system does not decline with reduced sales. In fact, the cost of maintaining a century old distribution system continues to increase. As the length of time the water sits in the pipes increases, maintaining water quality becomes more complicated – requiring additional monitoring, treatment systems, and flushing programs.

Budget planning, cash flow, capital budgets, operating cost, new regulatory requirements and customer service expenses all become extremely challenging when sales are declining. The Authority has been successful in reducing expenses, driving efficiencies and innovating to manage its operations with minimal rate increases.



"Water is the driving force in Nature."

– Leonardo Di Vinci

5-Year Capital Plan Update | Investing In Our System

The BCWA delivery system consist of 230 miles of pipes, 16,861 service connections, 941 hydrants, and delivers 41 gallons per person per day. The distribution system was first constructed over 100 years ago. It is imperative for all water utilities to have a system-wide assessment of its physical plant and to continually maintain and upgrade components. The entire system must run smoothly and be capable of delivering clean potable water to its customers. The BCWA has a Five-Year, Ten-year and 20-year Capital Plans. These plans identify, prioritize and provide the cost of each capital project. The Plan addresses water mains, flow pressure, storage, testing, supply, pumping and pipe reinforcement to make sure components are taken care of proactively to extend the lifespan of our system for years to come.

By reinforcing older pipes, upgrading our fire hydrants, increasing flow pressure, and improving connections, we are not only ensuring that our water supply remains consistent but that our neighborhoods are protected in the event of an emergency.

The below summary details the projects completed in FY 2015 and the continuing projects in FY 2016 that are all part of our 5-Year Capital Plan.

"You could write the story of man's growth in terms of his epic concerns with water."

– Bernard Frank

Projects Begun in Prior Years and Completed in FY 2015

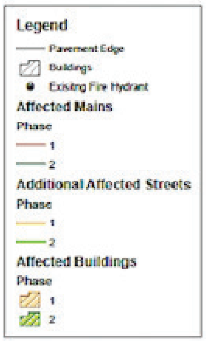
FY 2014 Water Main Improvement Program

Cleaning and Cement Lining of Water Pipes in the Maple Avenue area, Barrington

Older water mains are made of unlined cast iron. Over the years, these pipes get mineral deposits that, while safe, can decrease water volume in the pipe and discolor water for customers. The water mains in Maple Avenue, Barrington Avenue and South Street were installed before 1935. We knew from customer complaints and flow testing that the pipes had considerable build up (rust) on the insides.

To minimize disruption in the high traffic area, BCWA improved the water mains by "cleaning and lining" the pipes, rather than replacing them. This method allows the work to be completed using several "access pits", rather than digging trenches along the entire length of the streets. First, crews scraped off the mineral buildup in these mains. Then, a cement lining was installed on the inside of the pipes to prevent the cast iron water main from future mineral build up. The work should effectively double the life of the water mains and keeps the water that goes through them clear.

In addition to providing improved water quality to this neighborhood, this project also improved the fire flow available. Tests done on the fire hydrants before and after the cleaning and lining project, confirmed that the many homes and businesses in this area have improved fire protection available through these newly lined pipes.



Cross-section of a pipe before and after cleaning and lining.

Before After

WHO SHOULD I CALL WITH QUESTIONS OR PROBLEMS?

(401) 245-2022 between the hours of 8:30 am and 4:30 pm (Mon - Fri)

(401) 245-5071 all other hours and days

2014 WATER DISTRIBUTION SYSTEM IMPROVEMENT PROGRAM
MAPLE AVENUE, BARRINGTON AVENUE AND SOUTH STREET RENEWAL PROJECT
CLEANING AND CEMENT LINING OF CAST IRON WATER MAINS

Projects Begun in Prior Years and Completed in FY 2015 *(continued)*

Rehabilitating Asbestos Cement Water Mains in Melrose Avenue, Barrington and Hopeworth Avenue and Willow Lane, Bristol

Some older water mains are made of reinforced asbestos cement. Over the years, these pipes have become brittle and are subject to breaking. Bristol County Water Authority renovated some of these pipes in in our system by installing a structural liner inside the pipes, creating a "pipe-within-a-pipe".

- BCWA upgraded the water mains in two areas of the distribution system: Melrose Avenue, from Hawthorne Avenue to Anchorage Way in Barrington

- Hopeworth Avenue, from Viking Drive to Willow Lane and the entirety of Willow Lane in Bristol.

We also installed approximately 200 feet of new pipe in Ruth Avenue to connect the dead end of the water main in Ruth Avenue to the water main in Hopeworth Avenue. This improves the water quality and the flow through the pipes in this neighborhood.

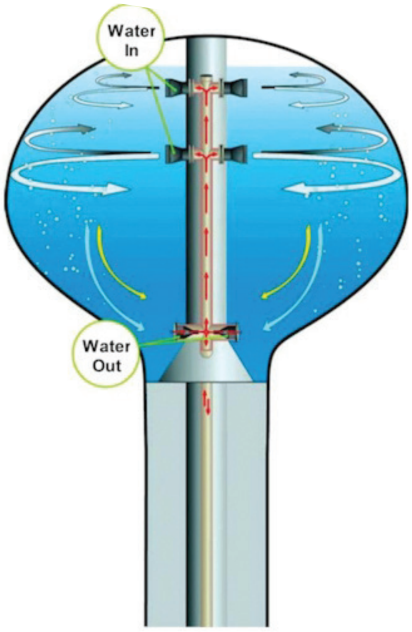
FY 2014 Distribution System Improvement Program

Increased Fire Flow

Bristol County Water Authority completed the second phase of a project intended to bring more water flow to the Poppasquash area of our distribution system. This project included the installation of approximately 4500 feet of 10" high-density polyethylene (plastic) water main. The new main replaced an old 6" cast iron water main that was originally installed by Samuel Colt to provide water to his estate, which is now Colt State Park.

Prior to this project, the water mains serving this area provided safe water for consumption, but not fire protection. By strengthening the connection of the area to our main distribution system, and increasing the size of the water mains, the fire hydrants can now be used for firefighting, if needed.

FY 2015 System Improvement Projects | Phase 1



Water Storage Tank Mixing Systems

BCWA installed a new automatic chlorine monitoring and injection system at the main connection to the East Bay Pipeline, which is the source of the water supply from Providence and the Scituate Reservoir. This technology upgrade will assist in the optimization of the chlorine filtration system to control byproducts while maintaining proper levels of chlorine for disinfection of our water supply. BCWA also reengineered the water intake and outflow of the tank so the system will work more efficiently to clean and filter the water.

Water Storage Tank Mixing Systems

BCWA is currently installing a new automatic chlorine monitoring and injection system in the Fountain Avenue storage tank located in Barrington, RI because it is concerned about the presence of disinfection by-product (DCBs) in its water supply. DCBs occur when chlorine interacts with naturally occurring organic compounds in the water. This technology upgrade will assist BCWA in the optimization of the chlorine filtration system to control byproducts. Since the water that the BCWA buys travels far and continually interacts with chlorine along the way, this new system will help greatly reduce the presence of DCBs in our drinking water.

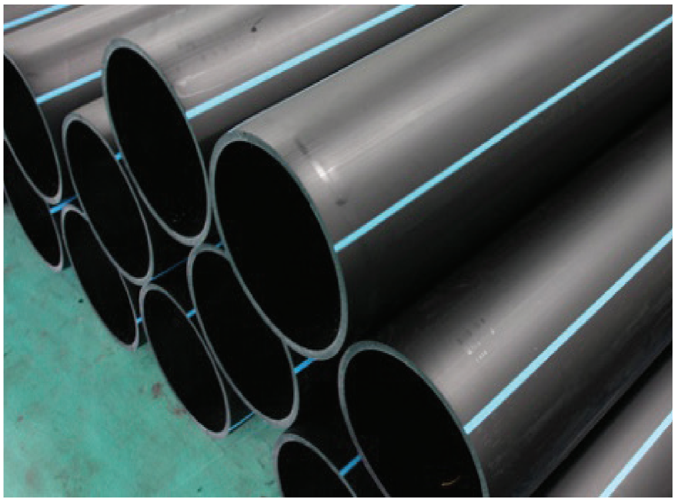
Ongoing Operations Maintenance Program

BCWA will continuously throughout the year "flush" the hydrants and valves throughout the system to test their integrity and reliability.

FY 2016 Projects | Water Main Improvement Program *(continued)*

Increased Fire Flow to the East Warren area

BCWA plans to improve the flow and pressure to the water mains on Child Street from Serpentine Road to the Swansea, MA state line to ensure that our firefighters have enough pressure to protect the community. The current infrastructure has become corroded and has limited fire protection for its neighborhoods. The pipe will be "cleaned and lined" with a cement mortar lining. We also will be connecting several "dead end" water mains in the East Warren area, which will also strengthen the system and improve reliability and safety overall.



The water mains closest to ocean waters on Market Street, from Main Street to Kickemuit Avenue, in Warren, RI, are affected by the corrosive effect of the ocean's salt water and thus degrade at a faster rate. This constant leaves these mains susceptible to breakage and shortens their useful life.

BCWA will be replacing these mains in the summer of 2015 with new pipe that is made of high strength polyethylene to prevent future corrosion. This water main will also be increased in size to strengthen the water distribution system in the downtown Warren area.

Further Improvements in the Maple Avenue Area, Barrington

In 2014, BCWA cleaned and lined the water mains in Maple Avenue, South Street and Barrington Avenue, improving the quality of water in this area, as well as the fire flow available. The original plans to replace the 6" water mains with 8" diameter mains were altered after it was determined that Verizon phones lines had been installed above the existing water mains. Rather than attempt the now costly replacement, BCWA opted to clean and line the existing pipes.

This work did increase flow in the area, but not to the full extent that the original project would have. BCWA now plans to install a new connection to achieve our original goal of increased water flow. This new pipe will connect "dead end" sections of water main and provide a greater reliability and increased fire flow to the entire area.

FY 2016 Projects | Water Main Improvement Program *(continued)*

Eliminating Dead End Water Mains

“Dead end” sections of water mains cause problems in a distribution system. Stagnant water degrades in quality, which can lead to bacterial growth or increased disinfection byproducts in the water. The water can become poor tasting and even discolored, if the pipes are made of unlined cast iron. Connecting these dead ends to allow water to flow through can resolve these issues, and also provides homes with better reliability of service, since fewer customers will be without water during an emergency repair.

The BCWA distribution system has many “dead ends” and we have made a commitment to correct these problem areas in FY 2016 by installing new water mains to connect these areas.

System Control and Data Acquisition (SCADA) Upgrade

BCWA is currently in the process of upgrading its System Control and Data Acquisition (SCADA) instrumentation system. A well designed SCADA system provides a water utility with the ability to efficiently monitor and control system operations such as pumping, treatment, and pressure levels. The collection of “real-time” and trending data allows us to discover and correct problems in the distribution system before they become major problems.

A basic SCADA system was originally installed when the cross bay pipeline was constructed in the late 1990s and that instrumentation technology has become outdated. The existing technology did provide us with information that was used to evaluate operations, but it was not always available in as timely a manner or as accurately as we desired.

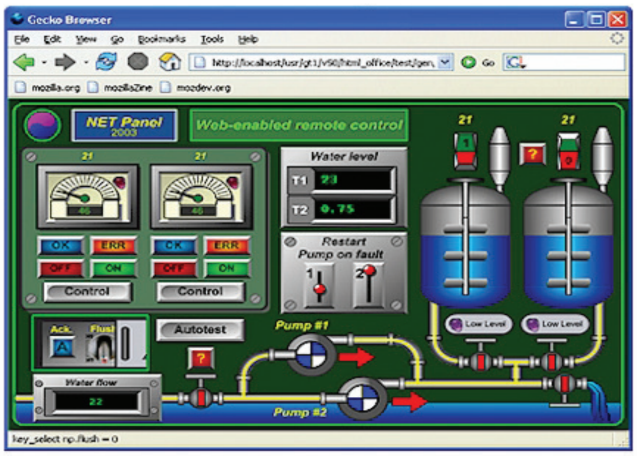
This SCADA system upgrade will incorporate new radio communication which will instantaneously link all of the BCWA pump stations, storage tanks, and control valves together. The operational information from those facilities will be integrated into a software package which will allow us to review the operational status of those facilities at any time of the day from any location.

The system alarm features will also provide prompt notification of pump failure, pressure loss, and any security issues that may occur, reducing our response time and subsequent impacts to our customers.

Work on these improvements is currently underway and is expected to be completed by winter. When fully operational, this new SCADA technology will enable us to view and analyze system information that was not readily available in the past, giving us the ability to maximize operational efficiencies, prioritize system improvements, reduce expenses, and provide the highest quality water to our customers.

Current SCADA System

New SCADA System!



Leak Detection Program

The BCWA has undertaken a comprehensive leak detection program to identify and eliminate water lost through underground pipe leaks. Water mains and service lines can fail as they age and the leakage is often not seen above ground. A bad leak can lose thousands of gallons of water a day so it is crucial to find and repair those leaks as quickly as possible.

The BCWA purchased a set of data-logging leak correlators to provide employees with the survey tools necessary to find leaks on our pipes. The data loggers are placed on valves and hydrants and left out overnight. They are programed to wake up in the early morning hours when water flow is minimal and "listen" for leaks. What they actually hear and record are the vibrations on pipes caused by leaking water. By comparing the time it takes for the sound of a vibration to travel between data loggers our staff can pinpoint a leak location.

This data is downloaded from each logger and analyzed using an accompanying software package. Once verified, BCWA personnel can expedite the pipe repair and stop the water loss. This new technology will be used together with a traditional ground microphone survey to aggressively eliminate water lost through leakage. Each gallon saved by identifying and fixing a leak results in savings for all of our customers.

"Water is the only drink for a wise man."

– Henry David Thoreau

Strategic Plan Update

BCWA created a strategic plan in 2013 to improve not only upon its infrastructure but also upon its operations, management and customer relations. Not only does the BCWA want to deliver quality water to its customers but also good customer service and an efficiently managed operation. Four major strategic initiative areas were developed: to maintain a secure source of quality water, improve customer relations, improve managerial systems, and assure financial stability.

The implementation of the Plan began in 2013 and is on-going through 2015 and beyond to achieve the goals of the strategic plan. We readjusted our original strategic plan in December 2014 to accomplish our goals in the face of decreasing water sales, increasing capital costs, and the reality of the need for a new water supply.

Here are the BCWA accomplishments in FY 2015 towards our strategic goals:

Operation and Maintenance

- Hired six new employees (utilizing vacant positions) to perform system maintenance and handle customer service
- Negotiated for contractual savings on employee salaries and health care benefits
- Implemented a new financial and accounting software system to create a more integrated billing system
- Created cost saving by establishing a new e-billing system
- Put into operation a new GIS and Asset Management information and inventory management system to better track BCWA assets

Customer Service

- Instituted online customer payment and account maintenance services
- Investigated the efficiency of monthly billing
- Implemented a study for a new rate structure

Strategic Plan Update *(continued)*

2015 Strategic Initiatives

Below is a summary of the strategic initiatives BCWA will aim to accomplish in the new fiscal year. These initiatives will create a holistic environment in which our customers are always serviced in an expedient manner and provided operational accountability.

Maintain Secure Supply of Quality Water

- Pursue interconnection with Pawtucket Water Supply Board
- Upgrade infrastructure
- Maintain/improve water quality assurance
- Divest/Dispose of redundant assets

Improve Customer Relations

- Initiate a public education program
- Provide enhanced communications to customers (new website, news releases)
- Enhance customer service

Improve Managerial Systems

- Improve communications with all stakeholders
- Optimize new MIS system
- Redesign employee training and development programs
- Review and improve compensation and reward systems
- Identify metrics to monitor performance
- Continue to update emergency procedures for system operation

Assure Financial Stability

- Obtain funding necessary to support operations and capital needs
- Improve system efficiencies and control costs
- Investigate changing the BCWA fiscal year

"Water is the lifeblood of our bodies, our economy, our nation and our well-being."

– Stephen Johnson

Bristol County Water Authority Fact Sheet

FY 2015 System Information

Water Purchased – average day – 3.12 million gallons

Miles of Pipe – 233

Number of Service Connections

Residential	15,379
Commercial	1,086
Industrial	18
Government	83
Total	16,566

Residential Population Served – 49,875 (per 2010 U.S Census)

Average Residential Annual Demand – 68 HCF = 50,940 gallons/year

Gallons/Person/Day – 43.0

Average Annual Water Bill – $559

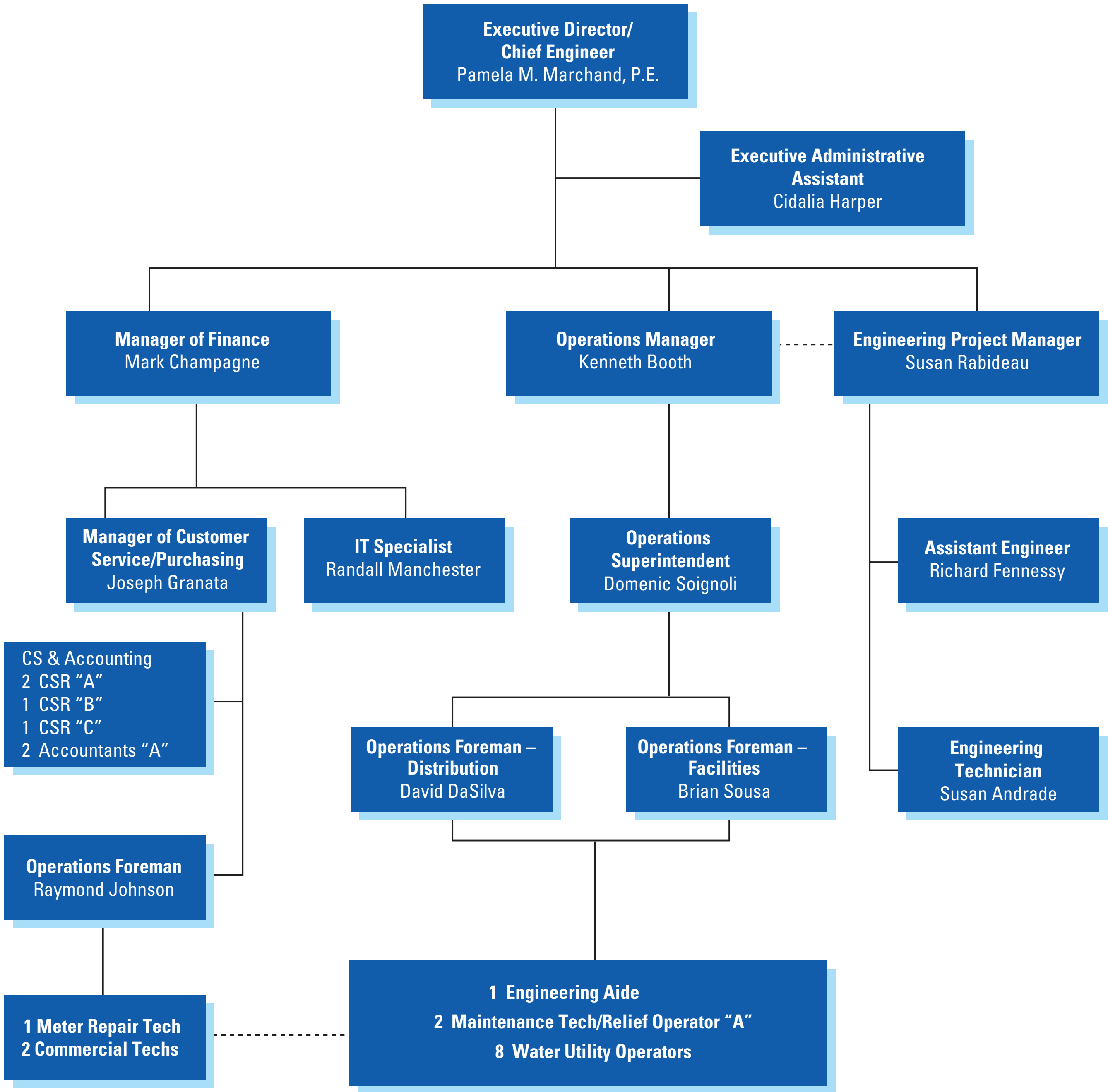
Average Cost per gallon = $559/50,940 = $0.011/ gallon = 1.1c/gallon

Cost of Providence Water = $2,082,336.25 = 16% of budget

"Civilization has been a permanent dialogue between human beings and water."

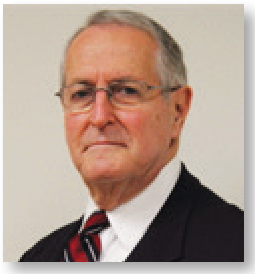
– Paolo Lugari

Bristol County Water Authority Organization

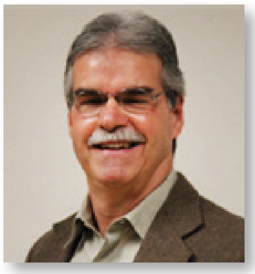


Updated 5/13/15

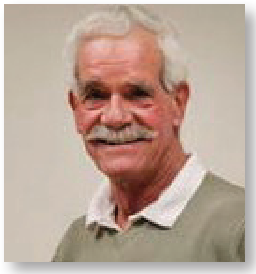
Bristol County Water Authority Board Members FY 2015



Mr. Allan C. Klepper
Chairman of the Board
Barrington Representative
Term Ending: 2/28/14



Mr. William F. Gosselin
Vice-Chairman of the Board
Warren Representative
Term Ending: 2/28/16

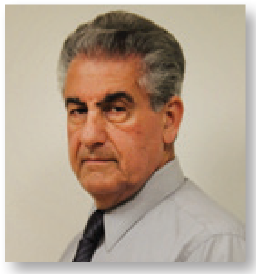


Mr. Frank Sylvia
Treasurer
Bristol Representative
Term Ending: 2/28/15

Dr. Paul L. Bishop
Bristol Representative
Term Ending: 2/28/14

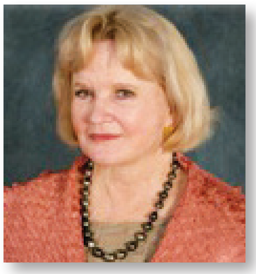
Mr. John M. Jannitto
Warren Representative
Term Ending: 2/28/14

Mr. Joel Hellman
Barrington Representative
Term Ending: 2/28/15



Mr. Raymond F. Palmieri, Sr.
Warren Representative
Term Ending: 2/28/14

Mr. Bradford N. Louison
Barrington Representative
Term Ending: 2/28/16



Ms. Georgina Macdonald
Bristol Representative
Term Ending: 2/28/16

450 Child Street, Warren, Rhode Island 02885
Customer Service: 401-245-2022 E-mail: customerservice@bcwari.com
bcwari.com

Quotes and Authors

Loren Eiseley – (1907 – 1977) was an American anthropologist, educator, philosopher, and natural science writer, who taught and published books from the 1950s through the 1970s.

Thomas Fuller – (1608 – 661) was a British scholar, preacher, and one of the most witty and prolific authors of the 17th century.

Pindar – (522 – 443 BC) was one of the most renowned lyric poets of Ancient Greece.

Franklin D. Roosevelt – (1882 – 1945) was an American statesman and political leader who served as the 32nd President of the United States.

Leonardo Di Vinci – (1452 – 1509) was a leading artist and intellectual of the Italian Renaissance who's known for his enduring works "The Last Supper" and "Mona Lisa."

Stephen Johnson – (1951 – present) was the Administrator of the Environmental Protection Agency (EPA) under President George W. Bush during the second term of his administration. He has received the Presidential Rank Award, the highest award that can be given to a civilian federal employee

Henry David Thoreau – (1817 – 1862) was an American author, poet, philosopher, and historian. A leading transcendentalist, Thoreau is best known for his book Walden, a reflection upon simple living in natural surroundings.

Paolo Lugari – founded the village of Gaviotas im 1971. This ecovillage is located in the llanos region of the eastern Columbia department of Vichada. Founded in 1971, Lugari assembled a group of engineers and scientists in an attempt to create a mode of sustainable living in one of the least hospitable political and geographical climates in South America.

Bernard Frank – (1902 – 1964) was an American forester and wilderness activist. He is known for being one of the eight founding members of The Wilderness Society.

Margaret Atwood – (1939 – present) is a Canadian poet, novelist, literary critic, essayist, and environmentalist. While she is best known for her work The Handmaid's Tale, she has also published fifteen books of poetry.

"Water does not resist. Water flows. When you plunge your hand into it, all you feel is a caress. Water is not a solid wall, it will not stop you. But water always goes where it wants to go, and nothing in the end can stand against it. Water is patient. Dripping water wears away a stone. Remember that, mychild. Remember you are half water. If you can't go through an obstacle, go around it. Water does."

– Margaret Atwood, The Penelopiad

Bristol County Water Authority

FY 2015 Audited Financial Statement

including

Management Discussion & Analysis

BRISTOL COUNTY WATER AUTHORITY

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED FEBRUARY 28, 2015 AND 2014
AND
INDEPENDENT AUDITOR'S REPORT

BRISTOL COUNTY WATER AUTHORITY

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YEARS ENDED FEBRUARY 28, 2015 AND 2014

Cayer Caccia

Gerard R. Cayer
CPA, MST

Mark V. Caccia
CPA, MST

Donna T. Caccia
CPA, MST, CFP™

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Bristol County Water Authority
Warren, Rhode Island

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, and the aggregate remaining fund information of Bristol County Water Authority, as of and for the years ended February 28, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the Bristol County Water Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Cayer Caccia, LLP | *Certified Public Accountants and Business Consultants*
931 Jefferson Boulevard, Suite 2007, Warwick, RI 02886 | Phone: (401) 732-8900 | Fax: (401) 732-8920 | www.cayercaccia.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and the aggregate remaining fund information of the Bristol County Water Authority, as of February 28, 2015 and 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplementary pension and post employment benefit information on pages 4 – 11 and on pages 37 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bristol County Water Authority's basic financial statements. The other supplementary information on pages 40 – 42 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary 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 other supplementary information is 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 June 17, 2015, on our consideration of the Bristol County Water Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bristol County Water Authority's internal control over financial reporting and compliance.

Cayer Caccia. LLP

June 17, 2015

Management's Discussion and Analysis Year Ended February 28, 2015

Introduction

As noted in the Independent Auditor's Report from Cayer Caccia LLP, Management's Discussion and Analysis (MD&A) provides supplemental information to the audit and should be read in conjunction with it. The purpose of the MD&A is to introduce and highlight the more detailed information provided in the audited financial statements. For example, it will assess the improvement or deterioration of the Authority's financial position and will identify factors that, in management's opinion, affected financial performance during the fiscal year under review.

Contents of the Audited Financial Statements

- **Statement of Net Position**
  This statement provides information about the Authority's investments in resources (assets) and its obligation to creditors (liabilities), with the difference between them reported as net position.
- **Statement of Revenues, Expenses and Changes in Net Position**
  This statement demonstrates changes in net position from one fiscal period to another by accounting for revenues and expenses and measuring the financial results of operations. The information may be used to determine how the Authority has funded its costs.
- **Statement of Cash Flows**
  This statement provides information concerning the Authority's cash receipts and payments, as well as net changes in cash resulting from operations, capital and related financing, and investing activities.
- **Fiduciary Financial Statements**
  These statements provide information about net assets available for benefits under the Authority's employee benefit plans and changes in net assets available for benefits.
- **Notes to Financial Statements**
  Notes to the audited financial statements contain information essential to understanding them, such as the Authority's accounting methods and policies.

Financial Highlights – Fiscal Year 2015

- The Authority's net position increased by $2.95MM or 5.4%.
- During the year, the Authority's operating revenues increased from $12.1MM to $12.4MM while operating expenses increased from $8.2MM to $9.1MM in FY 2015 that included a $169K non-recurring write off expense.
- The Authority secured a $1.6MM bond from RICWFA to complete the water main relining of Maple Street in Barrington and an $8.3MM bond from TD Bank to fund various capital projects in FY 2016 and FY 2017.
- The Authority contributed $50K to the OPEB Irrevocable Trust in FY 2015.
- The Computed Debt Service ratio increased favorably to 2.04 from 1.77 last year.
- The Authority's capital contributions increased from $117K last year to $223K this year.

Financial Highlights – Fiscal Year 2014

- The Authority's net position increased by $3.6MM or 6.9%.
- During the year the Authority's operating revenues increased to $12.1MM or by 11.8%, while operating expenses decreased to $8.2MM or by 6.7% as a result of a non-recurring write-off in FY 2013.
- The Authority made an initial deposit of $75K to the newly established OPEB Irrevocable Trust during fiscal year 2014.
- The computed Debt Service Ratio increased favorably to 1.77 up from 1.56 last year.
- The Authority's capital contributions were approximately $117K as a result of a continued low level of developer projects.

REQUIRED FINANCIAL STATEMENTS

Proprietary Funds

The Proprietary Fund Financial Statements of the Authority report information about the Authority using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities. The Statement of Net Position, **(**Balance Sheet), includes all of the Authority's assets and deferred outflows of resources, and its liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Authority creditors (liabilities). It also provides the basis for computing rate of return, evaluating the net position of the Authority and assessing the liquidity and financial flexibility of the Authority.

All of the current year's revenues and expenses are accounted for in the Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the Authority's operations over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the Authority's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

Fiduciary Funds

The Fiduciary Fund financial statements are used to account for resources held for the benefit of parties other than the Authority. These funds are not available to fund Authority operations and therefore are not reflected in the Proprietary Fund financial statements. The Authority established an Other Post Employment Benefits (OPEB) trust fund in FY 2014 with an initial deposit of $75,000 and added $50,000 in FY 2015 to the fund. The basic fiduciary fund financial statements and footnotes can be found on pages 16 - 17 and 32 - 35, respectively, of this report.

FINANCIAL ANALYSIS OF THE AUTHORITY

Analysis of the Authority begins on page 12 of the Financial Statements. One of the most important questions asked about the Authority's finances is "Is the Authority as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position report information about the Authority's activities in a way that will help answer this question. These two statements report the net position of the Authority and changes in it. You can think of the Authority's net position, (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) as one way to measure financial health or financial position. Over time, increases or decreases in the Authority's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, and weather conditions.

NET POSITION

To begin our analysis, a summary of the Authority's Statements of Net Position are presented in the following Table A-1 and Table A-2:

Table A-1

Statement of Net Position

	***********	February 28th	************
	2015	2014 (as restated)	2013 (as restated)
Assets:			
Current and other assets	$20,365,107	$11,145,415	$10,034,946
Capital assets	64,063,345	62,838,441	63,006,469
Total Assets	**84,428,452**	**73,983,856**	**73,041,415**
Deferred outflows of resources	21,681	45,994	79,732
Liabilities:			
Long term debt outstanding	22,310,468	15,341,569	18,052,186
Other liabilities	4,139,687	3,638,676	3,583,799
Total Liabilities	**26,450,155**	**18,980,245**	**21,635,985**
Net Position:			
Net investment in capital assets	41,740,558	47,542,866	44,954,283
Restricted	14,464,635	6,749,445	6,026,969
Unrestricted	1,794,785	757,294	503,910
Total Net Position	**$57,999,978**	**$55,049,605**	**$51,485,162**

Please note certain changes in format and accounting policy for the MD&A for the fiscal year 2015. For clarity, now there is a three year comparison. They are now together rather than the previous double two year groupings. Also, dollars are presented in full format rather than the previous millions of dollars presentation. New accounting policy requires that we include the amount of any remaining funds not drawn down at year end from current Bonds or Loans as a Receivable Asset and offset as a Debt Outstanding. For comparison purposes, note that fiscal years 2014 and 2013 have been restated as noted in the tables of the MD&A.

Table A-1 above shows that Net Position increased almost $3MM from $55MM in FY2014 to $58MM in FY2015. This is the result of the $10.4MM increase in total assets in the period from increases in monies available from bonds and loans, and capital assets that is offset by an increase in liabilities of $7.5MM from those bonds and loans etc.

Liabilities showed a net increase of $7.5MM as a result of a $1.6MM Loan from RICWFA and a private issue Bond from TD BANK for $ 8.3MM. These will be discussed in the long term debt section of the MD&A.

A further review shows that the Authority's Net Investments in Capital decreased by $5.8MM as it assumed this new debt. These borrowed funds are mainly shown in the increase of $7.7MM in Restricted Net Position (appropriated net income - established by debt covenants, enabling legislation, or other legal requirements) meaning these borrowed funds can only be used for the Capital Projects outlined in the loan agreements. The Unrestricted net position (which can be used to finance day to day operations) increased $1MM in FY2015 as compared to $300K in FY2014.

Net Position (Continued)

Table A-2

Statement of Revenues Expenses & Changes in Net Position	*********** 2015	February 28th 2014 (as restated)	************ 2013 (as restated)
Revenues:			
Operating Revenues	$12,397,861	$12,140,723	$10,863,626
Expenses:			
Depreciation Expense	1,209,714	1,191,700	1,204,260
Other Operating Expenses	7,924,131	7,006,794	7,580,250
Total Expenses	9,133,845	8,198,494	8,784,510
Operating Income	3,264,016	3,942,229	2,079,116
Non-Operating Revenues	8,099	6,026	27,215
Non-Operating Expense	(544,566)	(517,016)	(669,914)
Net Non-Operating Expenses	(536,467)	(510,990)	(642,699)
Increase in Net Position before Contributed Capital	2,727,549	3,431,239	1,436,417
Capital Contributions	222,824	133,204	77,232
Changes in Net Position	2,950,373	3,564,443	1,513,649
Net Position - Beginning	55,049,605	51,485,162	49,971,513
Net Position - Ending	**$57,999,978**	**$55,049,605**	**$51,485,162**

While the Statements of Net Position show the change in the financial position of the Authority, the Statements of Revenues, Expenses and Changes in Net Position provide answers as to the nature and source of these changes. As can be seen in Table A-2 above, Net Revenue (Total Revenues less Total Expenses) was $2.7MM in FY2015 and $3.4MM in FY2014, and $1.4MM in FY 2013. A closer examination of the source of changes in net position reveals that the Authority's operating revenues increased by only $257K in FY 2015 as compared to almost $1.3 million in FY 2014. The FY2014 increase in revenue is reflective of the 11% rate increase imposed in FY2014 while it's fair to say that the modest 4.00% increase of FY2015 was somewhat negated by lower demand by our customers. Non-operating revenues remained approximately the same in FY2015.

Total expenses increased to $9.7MM from $8.7 million in FY2014. However, FY2015 included a $170k non-reoccurring write off expense relative to the Shad Pipeline design work. In addition, the Authority increased its workforce to previous levels to cover many new projects underway. The total expenses in FY2015 almost matched those of FY2013 as shown above.

You may also note the continued increase in Capital Contributions (almost doubling each year) over the past three fiscal years, a possible sign that economic conditions are improving with these new service contributions. Overall, the Authority has shown a steady healthy increase in Net Position over the past three fiscal years increasing $3.6MM in FY2014 to $55MM and up an additional $3MM in FY2015 to the current $58MM.

BUDGETARY HIGHLIGHTS

As required by its bylaws, the Authority adopts an Operations and Maintenance and a Capital Budget prior to the start of its fiscal year. The budgets remain in effect the entire year and are usually not revised as is the case in many governments. A Fiscal 2015 and 2014 budget comparison and analysis are presented in the interim financial statements; however, they are not reported on nor shown in the audited financial statement section of this report.

Table A-3

Summary: Budget vs. Actual	Budget FY 2015	Actual FY 2015	Budget FY 2014	Actual FY 2014 (as restated)
Revenues:				
Operating Revenues	$12,136,934	$12,397,861	$12,000,000	$12,140,723
Non-Operating Revenues	0	8,099	0	6,026
Total Revenues	**12,136,934**	**12,405,960**	**12,000,000**	**12,146,749**
Operating Expenses:				
Water Production	4,329,997	4,010,031	4,464,699	3,539,769
Insurance, Taxes & EE Benefits	1,790,599	1,969,807	1,740,000	1,817,634
Depreciation Expense	1,290,000	1,209,714	1,256,000	1,191,700
Customer Service & Accounting	481,381	393,311	669,434	604,280
Administration	1,367,458	1,550,982	1,058,998	1,045,111
Total Operating Expenses	**9,259,435**	**9,133,845**	**9,189,131**	**8,198,494**
Non-Operating Expenses:	717,000	544,566	648,000	517,016
Total Expenses	**9,976,435**	**9,678,411**	**9,837,131**	**8,715,510**
Increase in Net Position before Contributed Capital	2,160,499	2,727,549	2,162,869	3,431,239
Capital Contributions	0	222,824	0	133,204
Increase in Net Position	2,160,499	2,950,373	2,162,869	3,564,443
Net Position - Beginning	55,049,605	55,049,605	51,485,162	51,485,162
Net Position - Ending	**$57,210,104**	**$57,999,978**	**$53,648,031**	**$55,049,605**

As can be seen from Table A-3 above, the FY2015 Budget was very close to the actual. Total revenues were 102% of budget estimates while total expenses were 97% of budget. The final change in Net Position was 101% of the Budget projection.

In FY2014 the revenues again matched to the budget estimate amounts. However, in FY2014 Water Production expenses were under budget by $0.9MM as a result of the anticipated major rate increase from Providence Water did not materialize as budgeted and only amounted to a 2% increase at the end of FY2014.

In FY2015 actual expenses in customer service and accounting showed some savings from the budgetary estimates partly due to our ability to now outsource our bill printing and mailing to take advantage of more economical options.

CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of Fiscal 2015, the Authority had invested $64.1 million in a broad range of infrastructure including reservoirs, dams, water plants and facilities, maintenance and administration facilities, water lines, vehicles and equipment as shown in Table A-4.

Table A-4

	***********	February 28th	************
Capital Assets	2015	2014	2013
Capital Assets:			
Land & Improvements	$2,719,877	$2,719,877	$2,719,877
Treatment, Storage, & Admin Facilities	8,880,256	8,449,829	8,404,592
Distribution System	64,225,318	64,098,439	63,525,056
Equipment	7,829,975	7,526,138	7,384,872
Construction in Progress	2,480,630	907,155	643,369
Subtotal	**86,136,056**	**83,701,438**	**82,677,766**
Less Accumulated Depreciation	-22,072,711	-20,862,997	-19,671,297
Net Capital Assets	**$64,063,345**	**$62,838,441**	**$63,006,469**

During FY2015 the following are major capital asset additions:

- $430K in Treatment, Storage, and Administration Facilities
- $127K in the Distribution System
- $304K in Equipment including 2 new trucks
- $1.6MM increase in Construction in Progress indicated many new Capital projects underway, mostly mains and services

During FY2014 the following were major capital asset additions:

- $100K for the purchase of meters and hydrants
- $600K for Mains and Services
- $300K for Construction in Progress of mostly mains and services

In Table A-5 below, the Authority's Fiscal 2016 Capital Budget estimates spending approximately $5.8MM for Capital Projects, principally for distribution and meter improvements. The Authority believes that approximately $900K of these projects can be financed from available resources based upon projected cash flows. The remaining $4.8MM will be paid by our current Project Fund from the FY2015 Bond from TD BANK.

Table A-5

Fiscal Year 2016 Capital Budget	FY 2016
Capital Budget FY 2016	
Computer Systems	$130,000
Facilities	500,000
Supply and Distribution	3,774,160
Equipment/Meters	1,360,000
Total:	**$5,764,160**

LONG TERM DEBT

Table A-6

Debt Service Ratio Coverage	*********** 2015	February 28th 2014	************ 2013
Revenue Fund Balance	$2,681,770	$1,818,382	$1,229,020
Revenue Collected from Operations	12,175,000	12,090,000	11,085,000
Interest Income	3,779	5,439	19,771
Total Revenue Available	14,860,549	13,913,821	12,333,791
Total Operating Expenses	8,353,000	8,234,710	7,492,697
Net Revenues Available	**6,507,549**	**5,679,111**	**4,841,094**
Debt Service Requirement	**3,190,800**	**3,208,600**	**3,100,760**
Debt Service Coverage Ratio	**2.04**	**1.77**	**1.56**
Debt Service Required Ratio	**1.25**	**1.25**	**1.25**

Table A-6 shows the steady improvement of the Authority's Debt Service Ratio over the past three fiscal years from 1.56 in FY2013, 1.77 in FY2014, to the current 2.04 in FY 2015. Our Bond and Loan covenants require that the Authority maintains at least a 1.25 ratio of net revenues available to cover the current debt service for each year. Increasing this ratio creates more confidence from lenders meaning lower rates for our current and future borrowing. This is evident in the excellent rates we received from TD Bank this year with the $8.3MM Bond issue. The key has been to build our Revenue Fund over the last several years as these funds are part of our available revenues for debt service.

Table A-7

Cost of Capital	Debt Balance **Feb. 28, 2015**	Average Coupon **Rate**	Debt Balance **Feb. 28, 2014**	Average Coupon **Rate**
Bond/Loan				
2004 Bonds	$2,568,776	3.63%	$3,788,569	3.63%
2008 Loan	4,456,000	3.29%	4,677,000	3.29%
2011 Loan	883,000	2.93%	923,000	2.93%
2012 Bond (Refunding)	4,265,000	1.97%	5,500,000	1.97%
2012 Loan (RICWFA)	406,000	1.40%	453,000	1.40%
2014 Loan (RICWFA)	1,376,692	2.18%	0.00	
2014 Bond (TD BANK)	8,355,000	2.39%	0.00	
Total Bond/Loan Balance	**$22,310,468**	**2.54%**	**$15,341,569**	**2.64%**

Table A-7 above shows that the total net Bond/Loan balance increased by approximately $7MM in FY 2015 with the addition of the RICWFA Loan and the TD Bank Bond. The Average Coupon Rate shown above is based upon the rate during the remaining term of the Loan/Bond from FY2015 forward. Recent refunding of the 1995, 1997, and 1998 bond issues has saved the Authority approximately $1.1MM over the remaining term of those loans by taking advantage of the ability to borrow at the current favorable rates.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Authority's Board of Directors and management considered many factors when setting the Fiscal 2016 budget, user fees, and charges. Inflation in the Bristol County area is considered to be comparable to the National Consumer Price Index (CPI) increase. The Authority uses regional average wage increases and wage increases in accordance with its collective bargaining agreement when considering employment cost increases. These indicators were taken into consideration when adopting the Authority budget for Fiscal 2016. However, historical financial data also plays a large part in its formulation.

Table A-8

FY 2016 Budget vs. FY 2015 Actual	BUDGET FY 2016	ACTUAL FY 2015
Revenues:		
Operating Revenues	$12,316,394	$12,397,861
Non-Operating Revenues	5,000	8,099
Total Revenues	**12,321,394**	**12,405,960**
Expenses:		
Depreciation Expense	1,238,244	1,209,714
Other Operating Expenses	8,099,819	7,924,131
Non-Operating Expense	422,690	544,566
Total Expenses	**9,760,753**	**9,678,411**
Increase in Net Position before Contributed Capital	2,560,641	2,727,549
Capital Contributions	0	222,824
Changes in Net Position	2,560,641	2,950,373
Net Position - Beginning	57,999,978	55,049,605
Net Position - Ending	**$60,560,619**	**$57,999,978**

As shown in Table A-8 above, operating revenues available for recovering operating costs are projected to be about $12.3MM, basically remaining the same as last year. A rate increase of 3.25% has been budgeted for Fiscal 2016. The Authority is conservatively projecting revenues to remain about the same as FY2015 due to continued conservation efforts of the ratepayers and other possible economic factors. These projections will be reviewed for propriety each year and/or when operating changes having a financial impact dictate. Budget expenses for FY 2016 are estimated to be static with the actual expenses of FY2015. The Authority is always making efforts to reduce costs and will continue to do so in Fiscal 2016.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Bristol County Water Authority's Manager of Finance, P. 0. Box 447, Warren, Rhode Island 02885.

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF NET POSITION
PROPRIETARY FUND
FEBRUARY 28, 2015 AND 2014

	2015	2014
ASSETS:		
Current assets:		
Cash and cash equivalents	$ 1,255,542	$ 1,249,828
Accounts receivable, less allowance for doubtful accounts of $20,000 in 2015 and 2014		
Billed	1,442,807	821,567
Unbilled	1,321,805	1,264,538
Total accounts receivable	2,764,612	2,086,105
Inventory and other assets	311,668	289,355
Due from other governments	1,193,331	566,132
Restricted current assets:		
Funds held by trustee	3,261,613	2,962,550
Total current assets	8,786,766	7,153,970
Noncurrent assets:		
Restricted assets:		
Funds held by trustee	11,578,341	3,991,445
Property, plant and equipment, net of accumulated depreciation	64,063,345	62,838,441
Total noncurrent assets	75,641,686	66,829,886
TOTAL ASSETS	84,428,452	73,983,856
Deferred outflows of resources	21,681	45,994

(CONTINUED)

SEE NOTES TO FINANCIAL STATEMENTS.

STATEMENTS OF NET POSITION
PROPRIETARY FUND
FEBRUARY 28, 2015 AND 2014

	2015	2014
LIABILITIES:		
Current liabilities:		
Line of credit	34,000	0
Accounts payable	662,719	698,404
Accrued expenses	392,004	417,469
Deferred revenue	47,669	36,963
Amounts to be paid from restricted assets:		
Accounts payable	133,440	52,798
Accrued interest expense	241,879	151,752
Long-term debt due within one year	2,886,294	2,758,000
Total amounts to be paid from restricted assets	3,261,613	2,962,550
Total current liabilities	4,398,005	4,115,386
Other liabilities:		
Deferred revenue, net	255,834	0
Net pension obligation	183,597	241,926
Customer extension deposits	23,205	63,124
Net other post employment benefit obligation	2,165,340	1,976,240
Total other liabilities	2,627,976	2,281,290
Long-term debt due after one year	19,424,174	12,583,569
TOTAL LIABILITIES	26,450,155	18,980,245
NET POSITION:		
Net investment in capital assets	41,740,558	47,542,866
Restricted for capital activity and debt service	14,464,635	6,749,445
Unrestricted	1,794,785	757,294
TOTAL NET POSITION	$ 57,999,978	$ 55,049,605

(CONCLUDED)

SEE NOTES TO FINANCIAL STATEMENTS.

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION PROPRIETARY FUND YEARS ENDED FEBRUARY 28, 2015 AND 2014

	2015	2014
Operating revenues (net):		
Water	$ 11,800,750	$ 11,547,293
Fire services	597,111	593,430
Total operating revenues (net)	12,397,861	12,140,723
Operating expenses:		
Operations	4,729,724	4,330,562
Operations - nonrecurring Shad Pipeline write-off of design fees	169,099	
Engineering and administrative	3,025,308	2,676,232
Depreciation	1,209,714	1,191,700
Total operating expenses	9,133,845	8,198,494
Operating income	3,264,016	3,942,229
Non-operating revenues (expenses):		
Interest income	8,099	6,026
Interest expense	(544,550)	(516,911)
Unrealized net loss on investments held by trustee	(16)	(105)
Net non-operating expenses	(536,467)	(510,990)
Increase in net position before capital contributions	2,727,549	3,431,239
Capital contributions:		
Capital contributions	222,824	117,162
Developer contributions of systems	0	16,042
Total capital contributions	222,824	133,204
Increase in net position	2,950,373	3,564,443
Net position at beginning of year	55,049,605	51,485,162
Net position at end of year	$ 57,999,978	$ 55,049,605

SEE NOTES TO FINANCIAL STATEMENTS.

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF CASH FLOWS
PROPRIETARY FUND
YEARS ENDED FEBRUARY 28, 2015 AND 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	$ 11,733,588	$ 11,951,015
Cash paid to employees for services	(2,588,613)	(2,322,356)
Cash paid to suppliers for goods and services	(5,030,613)	(4,808,635)
Net cash provided by operating activities	4,114,362	4,820,024
Cash flows from investing activities:		
Interest income received	8,099	6,026
Purchase of securities	(63,820,962)	(59,313,589)
Proceeds from sales and maturities of securities	55,926,978	58,661,611
Net cash used for investing activities	(7,885,885)	(645,952)
Cash flows from capital and related financing activities:		
Purchase of property, plant and equipment	(2,380,893)	(890,468)
Advances from line of credit	50,000	0
Payments on line of credit	(16,000)	0
Proceeds from long-term debt	9,317,033	22,265
Payments on bonds and note payable	(2,758,000)	(2,706,000)
Interest payments	(434,903)	(502,600)
Net cash provided by (used for) capital and related financing activities	3,777,237	(4,076,803)
Net increase in cash and cash equivalents	5,714	97,269
Cash and cash equivalents, beginning of year	1,249,828	1,152,559
Cash and cash equivalents, end of year	$ 1,255,542	$ 1,249,828

Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 3,264,016	$ 3,942,229
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,209,714	1,191,700
Provision for uncollectible accounts	26,463	23,636
Write-off of Shad Pipeline design fees	169,099	0
Change in customer extension deposits	(4,373)	(42,874)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(678,507)	(418,384)
(Increase) decrease in inventory and other assets	(22,313)	11,156
Increase in accounts payable and accrued expenses	19,492	197
Decrease in net pension obligation	(58,329)	(40,045)
Increase in net other post employment benefit obligation	189,100	152,409
Net cash provided by operating activities	$ 4,114,362	$ 4,820,024

Supplemental disclosure of cash flow information:

Noncash financing activities consist of financing the purchase of depreciable assets through trade accounts payable.	$ 0	$ 81,630

SEE NOTES TO FINANCIAL STATEMENTS.

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF FIDUCIARY NET POSITION
FIDUCIARY FUND
FEBRUARY 28, 2015 AND 2014

	Other Post-Employment Benefit Trust Fund	
	2015	2014
ASSETS:		
Cash and cash equivalents	$ 55,267	$ 75,003
Investments, at fair value	79,839	
Total assets	135,106	75,003
LIABILITIES	0	0
NET POSITION:		
Held in trust for other post-employment benefits	$ 135,106	$ 75,003

SEE NOTES TO THE FINANCIAL STATEMENTS.

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEARS ENDED FEBRUARY 28, 2015 AND 2014

	Other Post-Employment Benefit Trust Fund	
	2015	2014
ADDITIONS:		
Contributions:		
Employer contributions	$ 50,000	$ 75,000
Employee contributions	3,987	0
Total contributions	53,987	75,000
Investment income:		
Interest and dividends	1,438	3
Net realized gains on sale of investments	102	
Net increase in fair value of investments	5,228	
Total investment income	6,768	3
Total additions	60,755	75,003
DEDUCTIONS		
Administration fees	652	0
CHANGE IN NET POSITION	60,103	75,003
NET POSITION - BEGINNING	75,003	0
NET POSITION - ENDING	$ 135,106	$ 75,003

SEE NOTES TO THE FINANCIAL STATEMENTS.

1. BASIS OF PRESENTATION AND ORGANIZATION

The Bristol County Water Authority (the Authority) was authorized as a public corporation on May 12, 1981, by an act of the Rhode Island Legislature and was created for purposes of acquiring, constructing, improving, operating and maintaining water distribution systems in order to provide adequate water supplies to the residents of Bristol County. Bristol County includes the municipalities of Barrington, Bristol and Warren, Rhode Island. In November 1983, the voters of Bristol County approved the establishment of the Authority and, with the appointment of its members, the Authority came into existence on February 28, 1984. The Authority commenced its principal operations on November 25, 1986, with the acquisition of the Bristol County Water Company (Water Company).

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

The funds of the financial reporting entity are described below:

Proprietary Funds

Proprietary funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

The operations of the Authority are accounted for on a Proprietary Fund Type (Enterprise Fund) basis. Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other uses.

The accounting and financial reporting treatment applied to the Authority is determined by its measurement focus. The transactions of the Authority's Proprietary Fund are accounted for on a flow of economic resources management focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets net of total liabilities) is segregated into three components: net investment in capital assets, restricted for capital activity and debt service; and unrestricted net position.

Proprietary fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred, if measurable. Operating revenues consist of customer charges for usage and services. All other revenues are considered non-operating sources of revenue.

Fiduciary Fund

Other Post-Employment Benefit Trust (OPEB) funds are used to account for resources legally held in trust for the payment of benefits other than pensions. The Other Post-Employment Benefit Trust Fund accumulates resources for future retiree health and insurance benefits for eligible retirees.

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1. BASIS OF PRESENTATION AND ORGANIZATION (Continued)

Fund Financial Statements (Continued)

Fiduciary Fund (Continued)

OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due. Investment income is recognized when earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the Authority's policy to use restricted resources first.

Recently Issued Accounting Standards

The Authority implemented the following accounting pronouncement for the year ended February 28, 2015:

-> GASB Statement No. 67 – Financial Reporting for Pension Plans –- an amendment of GASB Statement No. 25.

The adoption of this pronouncement did not have a material effect on the Authority's financial statements.

The Authority will adopt the following new accounting pronouncements in future years:

-> GASB Statement No. 68 – Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27, effective for the Authority's fiscal year ending February 29, 2016.

-> GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68, effective for the Authority's fiscal year ending February 29, 2016.

-> GASB Statement No. 72 – Fair Value Measurement and Application, effective for the Authority's fiscal year ending February 28, 2017.

The impact of these pronouncements on the Authority's financial statements has not been determined.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marketable Securities

Marketable securities included in funds held by trustee are stated at fair value.

Inventory

Materials and supplies inventory is stated at the lower of weighted average cost or market.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is computed on the straight-line method over the estimated remaining useful lives of the applicable assets. The capitalization threshold is any individual item with a total cost equal to or greater than $2,500. Maintenance and repairs are charged to expenses as incurred. Major renewals or betterments are capitalized and depreciated over their estimated useful lives.

Estimated useful lives are as follows:

Equipment	5 years
Land improvements	5 − 45 years
Buildings and storage facilities	10 − 75 years
Distribution system	40 − 100 years

Deferred Inflows and Outflows of Resources

The Authority accounts for certain transactions that result in the consumption or acquisition of one period that are applicable to future periods as deferred outflows and deferred inflows of resources, respectively, to distinguish them from assets and liabilities. For the fiscal years ending February 28, 2015 and 2014, the Authority reported deferred outflows of resources pertaining to the deferred items on its debt refunding transactions.

Revenues

Revenues include amounts billed to customers on a monthly or quarterly cycle basis and unbilled amounts based on estimated usage from the date of the latest meter reading to the end of the Authority's fiscal year.

Net Position

Net position is comprised of the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net position is classified in the following three components: net investment in capital assets, restricted for capital activity and debt service, and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Restricted for capital activity and debt service consists of net assets for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations and enabling legislation, including self-imposed legal mandates. Unrestricted net position consists of all other net assets not included in the above categories.

Taxes

The Authority is exempt from federal and state income taxes. The Authority makes payments in lieu of real and personal property taxes to the three towns served by the Authority (see Note 9).

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Deposits

The carrying amount of the Authority's deposits with financial institutions at February 28, 2015 and 2014 was $506,535 and $528,592, respectively, and the bank balance was $583,299 and $553,100, respectively. Of the bank balance, $493,811 and $462,799 was insured by federal depository insurance and the remaining portions, $89,488 and $90,301 were uninsured and uncollateralized as defined by the Governmental Accounting Standards Board as of February 28, 2015 and 2014, respectively.

Cash and cash equivalents consisted of the following at February 28:

Description	2015	2014
Petty cash	$ 1,198	$ 850
Cash on hand	1,139	0
Deposits with financial institutions	506,535	528,592
Commercial paper	746,670	0
Institutional money market accounts – government portfolio	0	720,386
Total cash and cash equivalents	$1,255,542	$1,249,828

The commercial paper had credit ratings of AA-/Aa1 by Standard & Poor's and Moody's at February 28, 2015. The institutional money market funds – government portfolio had credit ratings of AAAm/Aaa-mf by Standard & Poor's and Moody's at February 28, 2014.

Investments

In accordance with the Authority's investment policy, permitted investments include government obligations, bonds, notes or other investments wholly-owned by the United States of America, obligations issued by any state or any public agencies or municipalities which are rated in either of the two highest rating categories by Moody or Standard & Poor, commercial paper under the laws of any state of the United States of America rated A-1 by Moody or P-1 by Standard & Poor, investments in money market fund or other fund invested exclusively of obligations described above. At February 28, 2015 and 2014, the Authority's uncollateralized deposits had maturities of less than ninety (90) days and were with an institution that met the minimum capital standards.

At February 28, 2015, the Authority had the following investments classified as funds held by trustee:

Description	Maturity	Interest Rate	Fair Value	Rating
U.S. Bank NA Commercial Paper	3/1/15	0.2%	$14,764,954	Aa1, AA-

(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

At February 28, 2014, the Authority had the following investments classified as funds held by trustee:

Description	Maturity	Interest Rate	Fair Value	Rating
Abbey National NA LLC Commercial Paper	3/31/2014	0.07	$5,400,406	A-1, P-1
Federal Home Loan Bank Discount Note	6/30/2014	0.06	1,400,860	AA+, P-1
Total			$6,801,266	

Custodial Credit Risk: Deposits and Investments - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit or investment policy for custodial credit risk.

Interest Rate Risk − It is the policy of the Authority to limit the length of its investment maturities in order to manage the exposure to fair value losses arising from increasing changing rates.

Credit Risk − Government Money Market is not a rated security, as the fund invests in short-term obligations issued by the U.S. Treasury and invests in repurchase agreements and other instruments collateralized or secured by U.S. Treasury obligations. The U.S. Treasury does not directly or indirectly insure or guarantee the performance of the fund. Treasury obligations have historically involved minimal risk of loss if held to maturity. However, fluctuations in market interest rates may cause the value of Treasury obligations in the Fund's portfolio to fluctuate.

Concentration of Credit Risk − The Authority does not have a formal policy that limits the amount that may be invested in any one issuer. The U.S. Bank NA Commercial Paper represents 100% of the Authority's investments.

For the purposes of the statements of cash flows, the Authority considers only cash balances in its operating cash accounts as cash. Cash and investment funds held by trustee are not considered cash equivalents due to restrictions on the use of the funds.

Risk Management

The Authority purchases commercial insurance to cover the general risk of loss arising from its business activities.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassifications

Certain reclassifications have been made to the financial statements for the year ending February 28, 2014 to conform to the presentation of the financial statements for the year ending February 28, 2015.

3. FUNDS HELD BY TRUSTEE

Pursuant to the Bristol County Water Authority Bond Resolutions (Bond Resolutions) adopted November 13, 1986, and as amended, certain restricted funds that the Authority is required to maintain can be used only for the purposes specified in the Bond Resolution. Furthermore, the Authority is required to establish water rates so that net revenues, as defined in the Bond Resolution, shall equal at least the required debt service ratio of 1.25 during the fiscal year.

The assets of these funds are pledged as security for the bonds. Restricted assets at February 28 are as follows:

	2015	2014
Revenue fund	$ 3,266,427	$2,681,770
Debt service fund	1,563,783	1,414,530
Operations and maintenance reserve fund	1,305,000	1,304,935
Construction fund 2014B	6,547,401	0
Capitalized interest fund 2014B	297,338	0
Debt service reserve fund 2014A	95,171	0
Debt service reserve fund 2014B	556,742	0
Debt service reserve fund 2012A	426,510	550,112
Debt service reserve fund 2012B	50,009	52,639
Debt service reserve fund 2011	72,331	80,540
Debt service reserve fund 2008	402,965	491,747
Debt service reserve fund 2004	256,001	377,556
	14,839,678	6,953,829
Plus accrued interest income	276	166
Total	$14,839,954	$6,953,995

The funds held by the trustee are invested in cash and long and short-term securities that meet the requirements of the Bond Resolution for permitted investments. These investments include money market accounts and commercial paper. These funds are generally collateralized with securities held by the trustee's trust department and are generally uninsured and unregistered securities held by the trustee's trust department as agent for the Authority. The fair value of investments at February 28, 2015 and 2014 were as follows:

	2015	2014
Money market fund	$ 75,000	$ 152,563
Federal Home Loan Bank Discount Note	0	1,400,860
Commercial paper	14,764,678	5,400,406
Total	$14,839,678	$6,953,829

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4. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity during the year ended February 28, 2015 was as follows:

	Balance at February 28, 2014	Additions	Disposals	Transfers	Balance at February 28, 2015
Land and improvements	$ 2,719,877				$ 2,719,877
Treatment, storage and administrative facilities	8,449,829	$ 76,740		$ 353,687	8,880,256
Distribution system	64,098,439	50,511		76,368	64,225,318
Equipment	7,526,138	126,531		177,306	7,829,975
Capital assets in service	82,794,283	253,782	$0	607,361	83,655,426
Construction in progress	907,155	2,180,836		(607,361)	2,480,630
Total capital assets	83,701,438	2,434,618	0	0	86,136,056
Accumulated depreciation	(20,862,997)	(1,209,714)	0	0	(22,072,711)
Net capital assets	$ 62,838,441	$ 1,224,904	$0	$ 0	$ 64,063,345

Additions of capital assets include capital contributions of $222,824 for the year ended February 28, 2015.

Capital asset activity during the year ended February 28, 2014 was as follows:

	Balance at February 28, 2013	Additions	Disposals	Transfers	Balance at February 28, 2014
Land and improvements	$ 2,719,877				$ 2,719,877
Treatment, storage and administrative facilities	8,404,592	$ 45,237			8,449,829
Distribution system	63,525,056	110,675		$ 462,708	64,098,439
Equipment	7,384,872	93,517		47,749	7,526,138
Capital assets in service	82,034,397	249,429	$0	510,457	82,794,283
Construction in progress	643,369	774,243		(510,457)	907,155
Total capital assets	82,677,766	1,023,672	0	0	83,701,438
Accumulated depreciation	(19,671,297)	(1,191,700)	0	0	(20,862,997)
Net capital assets	$63,006,469	$ (168,028)	$0	$ 0	$62,838,441

Additions of capital assets include contributions of $133,204 for the year ended February 28, 2014.

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5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The major components of accounts payable and accrued expenses as of February 28, 2015 and 2014 were as follows:

	2015	2014
Suppliers	$ 280,185	$ 423,075
Employee expenses	279,615	256,761
Customer deposits	324,766	310,471
Contractor costs	217,572	81,630
Other	86,025	96,734
Total	$1,188,163	$1,168,671

6. LONG-TERM DEBT

a) Bonds Payable

In December 1995, the Authority issued a 1995 Series A General Revenue Bond (the "1995 Bonds") with a face value of $17,790,000. The net proceeds of approximately $17.3 million (after bond issue costs and discount) were used to refund the 1986 Series A General Revenue Bond (the "1986 Bonds") with an outstanding principal balance of $16,950,000 (plus accrued interest).

The refunding resulted in a difference between the redemption price, which includes a 3% call premium and the net carrying amount of the old debt of approximately $1.1 million. The Authority completed the refunding to reduce its total debt service payments by $3.8 million over the next 20 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $2.1 million.

In July 1997, the Authority issued a 1997 Series A General Revenue Bond (the "1997 Bonds") with a face value of $12,195,000. The net proceeds of approximately $11,900,000 (after bond issue costs and discount) were used to complete the construction of the East Bay Pipeline and Emergency Connection projects and other distribution improvements.

In August 1998, the Authority issued a 1998 Series A General Revenue Bond (the "1998 Bonds) with a face value of $6,090,000. The net proceeds of approximately $5,881,000 (after bond issue costs and premium) were used to complete the construction of the East Bay Pipeline and Emergency Connection projects and other distribution improvements.

In November 2004, the Authority issued a 2004 Refunding Series A General Bond (the "2004 Bonds") with a face value of $11,295,000. The net proceeds of approximately $11 million (after bond issue costs and premium) were used to refund part of the 1995 Series A General Revenue Bond (the "1995 Bonds") with an outstanding principal balance of $10,695,000 (plus accrued interest).

The refunding resulted in a difference between the redemption price, which includes a 2% call premium and the net carrying amount of the old debt of approximately $474,600. The Authority completed the refunding to reduce its total debt service payments by $798,920 over the next 12 years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $603,402.

(CONTINUED)

6. LONG-TERM DEBT (Continued)

a) Bonds Payable (Continued)

In August 2012, the Authority issued a 2012 Refunding Series A General Bond (the "2012A Bonds") with a face value of $6,735,000. The net proceeds of approximately $6,665,000 (after bond issue costs) were used to refund the 1997 Series A (the "1997 Bonds") and 1998 Series A (the "1998 Bonds") General Revenue Bonds with combined outstanding principal balances of $6,600,000 (plus accrued interest).

The Authority completed the refunding to reduce its total debt service payments by $525,617 over the next six years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $512,451.

In September 2014, the Authority issued a 2014 Series B General Bond (the "2014B Bonds") with a face value of $8,355,000. The net proceeds of approximately $8,301,000 (after bond issue costs) will be used to complete future capital improvements.

Bonds due at February 28, 2015 consisted of:

	Balance at February 28, 2014	Increases	Decreases	Balance at February 28, 2015
Bonds outstanding	$ 9,275,000	$8,355,000	$(2,450,000)	$15,180,000
Unamortized bond discount/premium	13,569		(4,793)	8,776
Total bonds payable	9,288,569	8,355,000	(2,454,793)	15,188,776
Current portion due	(2,450,000)	(65,000)		(2,515,000)
Total bonds due after one year	$ 6,838,569	$8,290,000	$(2,454,793)	$12,673,776

Bonds due at February 28, 2014 consisted of:

	Balance at February 28, 2013	Increases	Decreases	Balance at February 28, 2014
Bonds outstanding	$11,680,000		$(2,405,000)	$ 9,275,000
Unamortized bond discount/premium	18,187		(4,618)	13,569
Total bonds payable	11,698,187	$ 0	(2,409,618)	9,288,569
Current portion due	(2,405,000)	(45,000)		(2,450,000)
Total bonds due after one year	$ 9,293,187	$(45,000)	$(2,409,618)	$6,838,569

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6. LONG-TERM DEBT (Continued)

a) Bonds Payable (Continued)

Interest on the 2004 bonds is paid semiannually on December 1 and June 1. Principal payments are made annually on December 1. Maturities and interest rates on the 2004 bonds outstanding at February 28, 2015 are as follows:

Year Ended February 28,	Interest Rate	Interest	Principal
2016	3.50%	$ 92,850	$1,260,000
2017	3.75	48,750	1,300,000
Total		$141,600	$2,560,000

Interest on the 2012A bonds is paid semiannually on July 1 and January 1. Principal payments are made annually on July 1. Maturities and interest rates on the 2012A bonds outstanding at February 28, 2015 are as follows:

Year Ended February 28,	Interest Rate	Interest	Principal
2016	1.97%	$ 72,551	$1,255,000
2017	1.97	47,448	1,275,000
2018	1.97	21,514	1,305,000
2019	1.97	4,259	430,000
Total		$145,772	$4,265,000

Interest on the 2014B bonds is paid semiannually on March 1 and September 1. Principal payments are made annually on September 1. Maturities and interest rates on the 2014B bonds outstanding at February 28, 2015 are as follows:

Year Ended February 28,	Interest Rate	Interest	Principal
2016	2.39%	$ 196,356	$ 0
2017	2.39	203,013	350,000
2018	2.39	193,977	360,000
2019	2.39	185,253	370,000
2020	2.39	176,287	380,000
2021 - 2022	2.39	325,287	6,895,00
Total		$1,280,173	$8,355,000

b) Loans Payable

In June 2008, the Authority obtained a twenty-one year, $5,500,000 loan from Rhode Island Clean Water Finance Agency. The outstanding balance under the loan agreement at February 28, 2015 was $4,456,000.

(CONTINUED)

6. LONG-TERM DEBT (Continued)

b) Loans Payable (Continued)

Interest on the loan payable is paid semiannually on September 1 and March 1. Principal payments are made annually on September 1. Maturities and interest rates on the loan payable outstanding at February 28, 2015 are as follows:

Year Ended February 28,	Interest Rate	Interest Only	Principal
2016	2.81%	$ 170,672	$ 228,000
2017	2.89	163,125	236,000
2018	2.98	155,124	244,000
2019	3.07	146,633	252,000
2020	3.15	137,637	262,000
2021 – 2025	3.22 - 3.44	534,190	1,458,000
2026 - 2030	3.48 - 3.63	223,567	1,776,000
Total		$1,530,948	$4,456,000

In October 2011, the Authority obtained a twenty-year, $1,000,000 loan from Rhode Island Clean Water Finance Agency of which $682,181 was drawn down as of February 28, 2015. The remaining balance to be drawn down is $317,819.

Interest on the loan payable is paid semiannually on September 1 and March 1. Principal payments are made annually on September 1. Maturities and interest rates on the loan payable at February 28, 2015 are as follows:

Year Ended February 28,	Interest Rate	Interest and Fees	Principal
2016	1.57%	$ 31,177	$ 40,000
2017	1.79	30,349	41,000
2018	2.04	29,410	42,000
2019	2.25	28,343	43,000
2020	2.48	27,161	44,000
2021 – 2025	2.68 – 3.28	113,518	244,000
2026 – 2030	3.37 – 3.59	64,658	292,000
2031 – 2032	3.64 – 3.67	8,654	137,000
Total		$333,270	$883,000

In November 2012, the Authority obtained a ten-year, $500,000 loan from Rhode Island Clean Water Finance Agency of which $361,547 was drawn down as of February 28, 2015. The remaining balance to be drawn down is $138,453.

(CONTINUED)

6. LONG-TERM DEBT (Continued)

b) Loans Payable (Continued)

Interest on the loan payable is paid semi-annually on September 1 and March 1. Principal payments are made annually on September 1. Maturities and interest rates on the loan payable at February 28, 2015 are as follows:

Year Ended February 28,	Interest Rate	Interest and Fees	Principal
2016	0.70%	$ 7,807	$ 48,000
2017	0.87	7,231	48,000
2018	1.06	6,574	49,000
2019	1.27	5,809	50,000
2020	1.50	4,924	51,000
2021 – 2023	1.74 − 2.12	8,085	160,000
Total		$40,430	$406,000

In August 2014, the Authority obtained a twenty-year, $1,643,232 loan from Rhode Island Clean Water Finance Agency of which $906,173 was drawn down as of February 28, 2015. This loan includes principal forgiveness of $266,540 resulting in a net direct loan of $1,376,692. The balance remaining to be drawn down is $737,059.

Interest on the loan payable is paid semi-annually on September 1 and March 1. Principal payments are made annually on September 1. Maturities and interest rates on the loan payable outstanding at February 28, 2015 are as follows:

Year Ended February 28,	Interest Rate	Interest and Fees	Principal	Loan Forgiveness	Net Principal
2016	0.31%	$ 25,163	$ 66,000	$ (10,706)	$ 55,294
2017	0.53	38,492	67,000	(10,868)	56,132
2018	0.85	37,914	67,000	(10,868)	56,132
2019	1.23	37,157	68,000	(11,030)	56,970
2020	1.57	36,171	69,000	(11,192)	57,808
2021-2025	1.74 - 2.35	160,187	371,000	(60,179)	310,821
2026-2030	2.47 - 2.98	112,948	427,000	(69,261)	357,739
2031-2035	3.06 - 3.04	46,772	508,232	(82,436)	425,796
Total		$494,804	$1,643,232	$(266,540)	$1,376,692

7. LINE OF CREDIT

The Authority maintains a loan agreement (Agreement) with a bank. Such Agreement includes a revolving line of credit with maximum available borrowings of $500,000. Interest is payable monthly at the LIBOR 30 days at 1st of the month plus 2.50% (2.671% at February 28, 2015). At February 28, 2015 and 2014, the outstanding balance on the line was $34,000 and $0, respectively.

(CONTINUED)

8. PENSION PLAN

Plan Description

The Plan is a single-employer defined benefit pension plan administered by the Bristol County Water Authority. The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries. The Plan assigns the authority to amend benefit provisions to the employer. The Plan issues a stand-alone financial report that includes financial statements and required supplementary information.

Effective July 1, 2008, the Plan was amended and restated into a contributory defined benefit plan to incorporate the amendments made by the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) as well as other changes to the Plan, and to include provisions relating to the contributory portion of the Plan.

Funding Policy

The contribution requirements are established by the Authority. Plan members are not required to contribute to the Plan. The Authority is responsible for funding the cost of all benefits. Investment costs of the Plan are financed through investment earnings. Administrative costs are paid by the Authority.

Funded Status of Plan

The required supplementary information which follows the notes to the financial statements presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of a valuation dated July 1, 2013, which is the most recent report available:

Actuarial Value of Assets	$4,658,271
Actuarial Accrued Liability (AAL)	5,217,516
Unfunded AAL (UAAL)	559,245
Funded Ratio	89.3%
Covered Payroll	1,975,961
UAAL as a percentage of covered payroll	28.3%

Projections of benefits for financial reporting purposes are based on the substantive plan (as understood by the employees and management) and include the type of benefit provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Annual Pension Cost and Net Pension Obligation

The Authority's annual pension cost and net pension obligation for the current year were as follows:

Annual required contribution	$ 272,440
Interest on net pension obligation	17,330
Adjustment to annual required contribution	(34,099)
Annual pension cost	255,671
Contributions made	(314,000)
Increase (decrease) in net pension obligation	(58,329)
Net pension obligation beginning of year	241,926
Net pension obligation end of year	$ 183,597

(CONTINUED)

8. PENSION PLAN (Continued)

Annual Pension Cost and Net Pension Obligation (Continued)

The annual required contribution for the current year was determined as part of the July 1, 2013 and July 1, 2014 actuarial valuation using the frozen entry age cost method. The actuarial assumptions included (a) 6.0% investment rate of return and (b) projected salary increases of 1.0% per year for the July 1, 2013 determination and (c) 7.75% investment rate of return and (d) projected salary increases of 3.0% per year for the July 1, 2014 determination. The actuarial value of assets was determined using the market value of investments.

Three-Year Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2/28/13	$272,002	96%	$281,971
2/28/14	272,704	115%	241,926
2/28/15	255,671	123%	183,597

9. COMMITMENTS AND CONTINGENCIES

Payment in Lieu of Taxes

The Authority has entered into an agreement with the towns of Bristol County providing for annual payments of $463,600, by the Authority in lieu of taxes to the towns for the years ended February 28, 2015 and 2014.

Litigation

The Authority is subject to litigation arising from its normal business operations. In the opinion of management, and legal counsel, the ultimate disposition of these matters is not expected to have a material adverse effect on the Authority's combined financial position or results of operations.

Commitment

As of February 28, 2015 and 2014, the Authority had entered into various contracts and had a commitment of approximately $661,021 and $59,977, respectively, related to these contracts.

10. LEASE COMMITMENTS

Operating Leases

The Authority has entered into three lease agreements for office equipment. The terms of these agreements have resulted in the obligations being recorded as operating leases. The terms of the lease obligations are for twenty-four, thirty-six and sixty-month periods, respectively. As of February 28, 2015, all of the operating leases of the Authority had expired. Lease expense amounted to $5,405 and $10,128 for the fiscal years ended February 28, 2015 and 2014, respectively.

(CONTINUED)

11. NET POSITION

Net position represents the difference between assets and liabilities. The net position amounts at February 28, 2015 and 2014 were as follows:

	2015	2014
Net investment in capital assets:		
Net capital assets in service	$ 64,063,345	$ 62,838,441
Add: deferred outflows of resources	21,681	45,994
Less: bonds and notes payable	(22,310,468)	(15,341,569)
Less: line-of-credit	(34,000)	0
Net investment in capital assets	41,740,558	47,542,866
Restricted for capital activity and debt service:		
Restricted funds held by trustee	14,839,954	6,953,995
Amounts to be paid from restricted assets	(375,319)	(204,550)
Total restricted for capital activities and debt service	14,464,635	6,749,445
Unrestricted	1,794,785	757,294
Total net position	$ 57,999,978	$ 55,049,605

12. MAJOR SUPPLIER

The Authority's water purchases from one supplier for the years ended February 28, 2015 and 2014 were approximately 45% of the Authority's operations expense.

13. OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description

The cost of post employment health care benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in future years when it will be paid. In adopting the requirements of GASB No. 45 during the year ended February 28, 2010, the Authority recognizes the cost of post employment healthcare and life insurance in the year when the employee services are rendered, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Authority's future cash flows.

The Authority's OPEB Plan is a single-employer defined benefit postretirement health and life insurance program. The Authority provides post employment benefits to eligible retirees in accordance with the various labor contracts and personnel policies. As of March 1, 2013, twenty-six active employees were participating in the Plan. An actuarial consultant, The Angell Pension Group, Inc., was hired to determine the Authority's actuarial valuation of the post retirement benefits that are offered to current and future retirees as of February 28, 2010, which was the first actuarial valuation that the Authority had in determining its OPEB obligation. The actuary, as of February 28, 2015, has updated the actuarial valuation. The plan does not issue a stand-alone report.

(CONTINUED)

13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters

Basis of Accounting

In fiscal year 2014, the Authority established an OPEB trust fund to fund future OPEB liabilities. The OPEB trust fund financial statements are prepared on the accrual basis of accounting. Contributions are recognized when due, pursuant to formal budgetary commitments and contractual requirements. Investment income is recognized when earned and expenses (benefits and administration) are recognized when they are due and payable in accordance with the terms of the plan.

Funding Policy

The contribution requirements of plan members and the Authority are established and may be amended by the Authority, subject to applicable labor contracts. Contributions are recognized when due on a pay-as-you-go basis, pursuant to formal budgetary commitments and contractual requirements.

Benefit Provisions and Contributions

Eligible retirees receive medical and dental insurance coverage under individual or individual/spouse plans. Retirees are required to contribute to the cost of health insurance at a co-pay rate of 6% in the first year of retirement. The co-pay rate gradually increases to 20% by year four of retirement and thereafter. No health coverage is available to a retiree whose spouse has similar insurance coverage available. If the participant retires earlier than age 65, or his/her spouse is under the age of 65, the Plan will reimburse the participant for full medical and dental coverage outside of the Plan under a health insurance plan that provides equivalent coverage that the Bristol County Water Authority's active health plan would have covered. At age 65, the participants enter in the Authority's Plan 65 medical coverage.

Surviving spousal coverage ends upon the death of a retired member.

Eligible retirees are covered under a $50,000 life insurance policy until age 65. The benefit is then reduced to $25,000 until age 70, when the benefit ends. As of December 1, 2012, retirees who have reached age 70 will be entitled to a $500 stipend per year for the next five years.

Classes of Employees Covered

As of March 1, 2013, (date of last actuarial valuation) membership data was as follows:

Active Employees	26
Retirees and Spouses	23
Total Plan Members	49

(CONTINUED)

13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Summary of Significant Accounting Policies and Plan Asset Matters (Continued)

The Authority may contribute the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.* The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. In February 2014, the Authority established an OPEB trust to fund its post-retirement plan. The Authority made an initial deposit of $75,000 to the OPEB trust on February 24, 2014. An additional deposit of $53,987 consisting of $50,000 by the Authority and $3,987 by the employees was made to the OPEB trust on February 25, 2015. These events are not incorporated into the March 1, 2013 actuarial valuation as they occurred after March 1, 2013. Subsequent valuations will reflect the impact of the existence of this trust.

In addition, the Authority contributed $133,895 and $172,560, for the years ended February 28, 2015 and 2014, respectively on a pay-as-you-go basis. These costs are recognized as an expense when claims or premiums are paid. The following table shows the components of the Authority's annual OPEB cost by year, the amount actually contributed to the Plan on a pay-as-you-go basis, and changes in the Authority's net OPEB obligation.

Annual required contribution (ARC)	$ 360,671
Interest on net OPEB obligation	79,050
Adjustment to annual required contribution	(114,286)
Annual OPEB cost (expense)	325,435
Contributions made	(133,895)
Allocation for implicit rate subsidy	(2,440)
Increase in net OPEB obligation	189,100
Net OPEB obligation – February 28, 2014	1,976,240
Net OPEB obligation - February 28, 2015	$2,165,340

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for last three fiscal years are as follows:

Fiscal Year	Annual OPEB Cost (a)	Employer Contributions (b)	Allocation for Implicit Rate Subsidy (c)	Total Contribution (b) + (c)	Percentage of OPEB Cost Contributed ((b) + (c))/(a)	Net OPEB Obligation
2/28/13	$511,229	$129,866	$3,100	$132,966	26.0%	$1,823,831
2/28/14	$328,152	$172,560	$3,183	$175,743	53.6%	$1,976,240
2/28/15	$325,435	$133,895	$2,440	$136,335	41.9%	$2,165,340

(CONTINUED)

13. OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Funded Status and Funding Progress

The funded status of the Plan as of March 1, 2013 was as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
3/1/13	$0	$3,636,045	$3,636,045	0.0%	$1,908,876	190.5%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Actuarial Methods and Assumptions

The accompanying schedules of employer contributions present trend information about the amounts contributed to the Plan by employers in comparison to the ARC, an amount that is actuarially determined. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The annual OPEB cost was determined as part of the actuarial valuation. Additional information and assumptions used as of the last actuarial valuation are summarized below:

Interest Rate	4.00%
Medical Trend Rate	8.00%
Ultimate Medical Trend Rate	4.50%
Year Ultimate Medical Trend Rate Reached	2020
Actuarial Cost Method	Projected Unit Credit
Amortization Period (decreasing)	30 years
Valuation Type	Closed Group

(CONTINUED)

14. DEFERRED COMPENSATION PLAN

The Authority offers its employees “The Bristol County Water Authority 457(b) Deferred Compensation Plan” (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan, available to all Authority employees hired after September 1, 2012, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Authority's Board of Directors is responsible for establishing or amending the Plan’s provisions and establishing or amending contribution requirements. The defined contribution Plan is currently administered by Security Benefits.

The Authority is obligated to remit to the administrator an amount equal to 3% of each employee's prior year's base rate compensation on an annual basis. If an employee contributes 3% or more of their base rate compensation, the Authority will also match up to 3% of base employee compensation. The Authority's contribution totaled $21,019 and $5,821 for the years ended February 28, 2015 and 2014, respectively. Employees are allowed to make contributions to the Plan up to, but not exceeding, the lesser of 33 1/3% of their individual compensation or $18,000 ($24,000 if age 50 or older). Employee contributions to the Plan for the years ended February 28, 2015 and 2014 were $72,155 and $50,065, respectively. The employees pick and manage their selection of a broad range of funds as offered by Security Benefits.

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 17, 2015 (the date the financial statements were available to be issued) and determined that no disclosures are required.

(CONCLUDED)

REQUIRED SUPPLEMENTARY INFORMATION

BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS AND
SCHEDULE OF EMPLOYER CONTRIBUTIONS
YEAR ENDED FEBRUARY 28, 2015

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	FEA* Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a) (c)	Funded Ratio (a)/(b)	Covered Payroll (d)	UAAL as % of Covered Payroll (c)/(d)
Pension Plan						
7/1/04	$4,556,059	$4,531,518	$ 0	100.5%	$1,928,499	0.0%
7/1/05	4,960,489	5,020,387	59,898	98.8	2,010,344	3.0
7/1/06	5,385,288	5,454,797	69,509	98.7	1,973,549	3.5
7/1/07	5,748,408	5,598,552	0	102.7	2,021,777	0.0
7/1/08	6,114,085	6,045,187	0	101.1	2,389,203	0.0
7/1/09	5,410,786	6,717,545	1,306,759	80.6	2,409,334	54.2
7/1/10	6,069,607	6,579,268	509,661	92.3	2,382,503	21.4
7/1/11	6,145,945	6,610,636	464,691	93.0	2,136,065	21.8
7/1/12	4,007,116	4,517,064	509,948	88.7	2,079,772	24.5
7/1/13	4,658,271	5,217,516	559,245	89.3	1,975,961	28.3

* Frozen Entry Age

Actuarial Valuation Date	Actuarial Value of Assets (a)	FEA* Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a) (c)	Funded Ratio (a)/(b)	Covered Payroll (d)	UAAL as % of Covered Payroll (c)/(d)
OPEB						
3/1/09	$0	$5,669,882	$5,669,882	0%	$2,409,317	235.3%
3/1/11	$0	5,580,080	5,580,080	0%	2,062,100	270.6%
3/1/13	$0	3,636,045	3,636,045	0%	1,908,876	190.5%

Schedule of Employer Contributions

Pension Plan

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2005	$208,171	100%
2006	231,264	55
2007	223,602	100
2008	198,637	100
2009	231,547	55
2010	404,931	46
2011	247,606	100
2012	183,297	105
2013	336,370	89
2014	271,574	101

(CONTINUED)

Schedule of Employer Contributions (Continued)

OPEB

Year Ended February 28		
2010	$578,614	10.9%
2011	569,423	12.1
2012	518,891	17.2
2013	511,229	26.0
2014	328,152	53.6
2015	325,435	41.9

(CONCLUDED)

Notes to Schedules

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows.

Pension Plan

* Valuation date	7/1/2013
* Actuarial cost method	Frozen Entry Age with Costs Allocated
* Amortization method	Level Dollar - Closed over Earnings
* Remaining amortization period	6 years
* Asset valuation method	Market
* Actuarial assumptions:	
Investment rate of return	6.0% pre-retirement, 6.0% post-retirement
Projected salary increases	1.0%
* Membership:	
- Retirees and beneficiaries receiving benefits	1
- Terminated plan members entitled to but not yet receiving benefits	2
- Active plan members	29
Total	32

OPEB

* Valuation date	3/1/2013
* Actuarial cost method	Projected Unit Credit
* Amortization Period (decreasing)	30 years
* Valuation Type	Closed Group
* Actuarial assumptions:	
Discount rate	4.0%
Investment rate of return	N/A - the Plan is unfunded
Medical Trend Rate	8.0%
Ultimate Medical Trend Rate	4.5%
Year Ultimate Medical Trend Rate Reached	2020
* Membership:	
- Active Employees	26
- Retirees and Spouses	23
Total	49

SUPPLEMENTARY INFORMATION

BRISTOL COUNTY WATER AUTHORITY

RECEIPTS, DISBURSEMENTS AND TRANSFERS FOR FUNDS HELD BY TRUSTEE YEAR ENDED FEBRUARY 28, 2015

	Project Funds	Debt Service Reserve Funds	Revenue Fund	Debt Service Fund	Operations and Maintenance Reserve Fund	Capital Interest Funds	Total
Balance per bank at February 28, 2014	$ 0	$ 1,552,594	$ 2,681,770	$ 1,414,530	$ 1,304,935	$ 0	$ 6,953,829
Receipts:							
Collections from operations			12,175,000				12,175,000
Interest income	699	427	1,278	730	615	30	3,779
State and other grants/loan proceeds	7,447,007	651,845				297,308	8,396,160
Transfers:							
From (to) other funds		407,853	(3,238,621)	2,831,318	(550)		0
To (from) operating cash accounts			(8,353,000)				(8,353,000)
Disbursements:		(244,985)					(244,985)
Project expenditures:							
Distribution	(900,305)						(900,305)
Payment on principal and accrued interest on Authority's notes		(508,005)		(2,682,795)			(3,190,800)
Balance per bank at February 28, 2015	$ 6,547,401	$ 1,859,729	$ 3,266,427	$ 1,563,783	$ 1,305,000	$ 297,338	14,839,678
Accrued interest							276
Total funds held by trustee at February 28, 2015							$ 14,839,954

BRISTOL COUNTY WATER AUTHORITY

NONCAPITALIZED FEES PAID TO CONSULTANTS
YEAR ENDED FEBRUARY 28, 2015

Current operations:		
Legal	$	48,429
Engineering		153,457
Auditing		17,606
Accounting, financial and computer consulting		21,945
Total	$	241,437

DEBT SERVICE REQUIREMENT CALCULATION
(SECTION 603 - GENERAL BOND RESOLUTION)
YEAR ENDED FEBRUARY 28, 2015

Revenue fund balance per bank at March 1, 2014	$ 2,681,770
Revenue collected from operations	12,175,000
Transfers to operating cash accounts for operations and maintenance expenses	(8,353,000)
Interest income:	
Revenue fund	1,278
Operations and maintenance reserve fund	615
Debt service reserve funds	427
Debt service fund	730
Project fund	699
Capital interest fund	30
Total interest income	3,779
Net revenue available for debt service requirement	$ 6,507,549
Debt service requirement	$ 3,190,800
Computed ratio	2.04
Required ratio	1.25

In accordance with Section 603 of the General Bond Resolution, the ratio of the net revenue available for debt service requirements must be equal to or greater than 1.25. The computed ratio for the year ended February 28, 2015 is 2.04.

Cayer Caccia

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

To the Board of Directors
Bristol County Water Authority
Warren, Rhode Island

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 business-type activities, and the aggregate remaining fund information of the Bristol County Water Authority, as of and for the year ended February 28, 2015, and the related notes to the financial statements, which collectively comprise Bristol County Water Authority's basic financial statements, and have issued our report thereon dated June 17, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Cayer Caccia, LLP

June 17, 2015