Draft
May 27, 2010
For Management Discussion Purposes Only
Subject to Final Review

BRISTOL COUNTY WATER AUTHORITY
REQUEST FOR PROPOSALS FOR:

PERFORMANCE AUDIT OF THE BRISTOL COUNTY WATER AUTHORITY

For the Bristol County Water Authority
Town of Barrington, Rhode Island
Town of Bristol, Rhode Island
Town of Warren, Rhode Island

The Bristol County Water Authority (BCW) is requesting proposals from professional auditing and/or consulting firms to conduct a Fiscal and Performance Audit of BCW.

Sealed bids will be received by BCW in the Office of Mr. Michael A. Ursillo, Esq., Ursillo, Teitz, & Ritch Ltd., 2 Williams Street, Providence, RI 02903, until ***10:00 AM on Wednesday, July 2, 2010***.

THE AUDIT FIRM MUST PROVIDE TWENTY-FIVE (25) COPIES AND A PDF COPY OF THE FINAL REPORT. THE PROPOSALS MUST BE SUBMITTED IN A SEALED ENVELOPE PLAINLY MARKED ON THE OUTSIDE "RFP-PERFORMANCE AUDIT OF BRISTOL COUNTY WATER AUTHORITY."

Responses will be evaluated on the basis of the relative merits of the bid in addition to the price. BCW reserves the right to reject all bids, or parts thereof, to waive any irregularity in the bids received and to accept the bids or parts thereof deemed to be most favorable to the **best interest of BCW and the Towns of Barrington, Bristol, and Warren**.

Published: _____, 2010

_____
Michael A. Ursillo, Esq.
on behalf of:
Bristol County Water Authority
Town of Barrington, Rhode Island
Town of Bristol, Rhode Island
Town of Warren, Rhode Island

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REQUEST FOR PERFORMANCE AUDIT SERVICES
BRISTOL COUNTY WATER AUTHORITY

GENERAL

The Bristol County Water Authority (BCW) and the Towns of Barrington, Bristol, and Warren (Towns) seek to engage an auditing or consulting firm (or firms) to perform a comprehensive fiscal and performance audit of BCW. The purpose of this audit is to determine, among other things, the effectiveness, efficiency, and economy of the BCW operation in providing services to its rate payer base, identify potential opportunities for cost saving measures, and compare the BCW operation to industry best practices. This engagement is to be performed in accordance with the terms of this request for performance audit services and in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

The scope of work shall not include an audit of BCW's financial statements, which will be performed by other auditors engaged by BCW to audit its financial statements.

BACKGROUND

Background information has been provided by BCW, including its current year Operating and Maintenance Budget (Appendix II), Capital Budget (Appendix III), and Fiscal Year 2009 and 2008 financial statements, excluding auditors' report thereon (Appendix III).

For additional background information, please refer to the following link:

http://www.bcwari.com

All potential respondents are required to register with Mr. Michael A. Ursillo, Esq., by June 15, 2010. Questions regarding this RFP and BCW may be directed in writing to BCW through Mr. Michael A. Ursillo, Esq., 2 William Street, Providence, RI 02903, email: mikeursillo@utrlaw.com, until June 22, 2010.

Written answers to all questions received will be provided to respondents no later than June 25, 2010.

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SCOPE OF WORK

While the following scope of the work will be determined in meeting with BCW and representatives of the Towns upon award of the contract, the financial and performance audit will be expected to address the following:

- Review budget and other related financial documents to identify major cost categories for further review and detail analysis.
    - Provide a detail analysis of BCW costs.
    - Review significant expenditure items to identify areas for cost savings.
    - Compare major expenditures to other water companies, authorities or districts. Performance measures used to evaluate expenditures should be based upon common denominators (customers by type, miles of pipeline, number of meters, etc.). Identify the cause(s) of significant variances.
    - Compile a multi-year trend schedule to identify growth in revenue and expenses. Identify the cause(s) of cost increases in excess of expectations.
- Review payroll and related benefit costs to determine impact on overall costs and rates.
    - Determine how collective bargaining agreements impact the efficiencies and economy of operations. Provide guidance and recommendations for future negotiations.
    - Compare labor costs and related benefits to other water companies, authorities or districts. Performance measures used to evaluate should be based upon a common denominator. Identify cause(s) of significant variances.
    - Compile a multi-year trend schedule to identify growth in payroll and related benefits. Identify the cause(s) of cost increases in excess of expectations.
    - Determine the cost of unrecorded and/or future benefits by type and potential impact to rate payers.
- Compute and analyze cost of produced versus purchased water.
    - Determine current costs of production.
    - Analyze future capacity for water production compared to current production and impact on cost.
    - Analyze most economical mix of produced versus purchased water costs and the indifferent production amount.

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SCOPE OF WORK (CONTINUED)

- Identify services, processes, practices and internal controls that could be modified or implemented to cause more cost effective operations, including, but not limited to:
  - Evaluation of purchasing practices and contract bidding procedures
  - Distribution system maintenance procedures
  - Meter reading procedures
  - Billing and cash receipt practices
  - Collection and late payment procedures
  - Cash disbursement procedures
  - Timekeeping and payroll procedures
  - Outsourcing versus providing services in-house
  - Infrastructure maintenance and replacement reserves
  - Compliance with laws, regulations, and terms of contracts and grants
- Identify potential sources of revenue that BCW could explore, other than rate increases.
- Estimate and evaluate the effect of increased debt service upon completion of the rehabilitation of the Child Street Water Treatment Plant and other future planned infrastructure improvements and unrecorded obligations on rates for the next five years.
- Compare water rates and structure with other companies, authorities, and districts.
  - Determine whether rate structure adheres to best practices.
  - Compare average yearly usage billings to other communities.
  - Evaluate components of rate structure (water production, distribution, administration, debt service, etc.) for comparability with other companies, authorities, and districts.

If irregularities, fraud, or other significant audit issues are suspected, the firm must immediately notify Mr. Michael A. Ursillo, Esq., for further follow-up with BCW and the Towns.

The firm shall provide a report containing detailed recommendations designed to help BCW achieve its mission while operating efficiently. The recommendations should include potential cost savings and measurable implementation goals, if applicable.

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PROPOSAL REQUIREMENTS

The following information must be contained in the written response from the proposing firm:

1. Affirm that the partner-in-charge and senior auditor in-charge of fieldwork shall be certified public accountants and/or professional engineers eligible to practice in Rhode Island.

2. Identify the professional staff who will work on the engagement and summarize their relevant experience. Designate a single individual to serve as the primary contact.

3. Provide a statement of relevant experience in the last five years. Include contact information of three references.

4. Provide a statement that there exist no client conflicts, which would inhibit the ability to perform the audit in accordance with professional standards.

5. Explain any prior relationships with either BCW or the Towns within the last three years.

6. Affirm that the proposer is independent under the requirements of *Government Auditing Standards*.

7. Affirm that the proposer meets the continuing educational requirements of *Government Auditing Standards*.

8. Affirm that the proposer has an appropriate internal quality control system in place and has participated in an external quality control review program as required by *Government Auditing Standards*. The firm will provide the Finance Director with a copy of its most recent external quality control review report including letter of comment.

9. Affirm that the proposer is familiar with *Government Auditing Standards* issued by the Comptroller General of the United States and will conduct the audit and report in accordance with those standards.

10. Include a general description of the approach and work to be performed during the project, which will describe the techniques, tools, standards, and methodology the firm will employ.

11. Identify all areas for which subcontractors may be used and describe the tasks and responsibilities for which they will be responsible. If the proposer is awarded the contract as the primary contractor, the proposer must affirm that they accept full responsibility for successful performance of the entire scope of work. The primary contractor is solely responsible and liable for ensuring that all of the required terms, conditions, assurances, and certifications are carried forward to any subcontracts.

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PROPOSAL REQUIREMENTS (CONTINUED)

12. List and describe any professional complaints pending or resolved within the last three years against the firm or any of its partners with any state boards of accountancy, or any self regulatory, professional or government authority including but not limited to the AICPA.

13. Provide information regarding any lawsuits or claims against the firm, pending or resolved within the last three years.

14. Provide the amount, deductible, and term of professional liability coverage.

15. Specifically affirm that all answers and statements made in responding to this request are true and correct.

16. The proposer must provide a fixed-price proposal for a specified number of hours expected to be necessary to perform the work and an hourly rate by classification for hours in excess of the anticipated number of hours or for approved changes in scope of the engagements. Costs include, but are not limited to: labor, travel, lodging, per diem, administrative, the cost of subcontractors, and any incidentals necessary to complete the fiscal and performance audit. Please provide a schedule detailing the estimated hours and hourly rate of each individual assigned to the audit, plus estimates of out-of-pocket costs that are expected to be incurred. **The information set forth in this paragraph should be submitted in a separate sealed envelope.**

    All proposals must be received at the Office of Ursillo, Teitz & Ritch Lt.d. no later than **10:00 am on July 2, 2010**. All proposals should be appropriately marked as containing a performance audit proposal as indicated on page 1 of this Request for Proposal.

    BCW and the Towns reserve the right to conduct oral interviews with proposers to clarify their proposals, including methodology, understanding of scope of work, capacity to successfully complete the engagement and to review other matters.

    It is the intent of BCW and the Towns to start the audit process as soon as possible after the award is made. A meeting with BCW and representatives of the Town Councils will be held within one week after the award is made to refine the scope of work and audit methodology with the awardee.

All costs associated with developing or submitting a response to this request, or to provide oral or written clarification of its content shall be borne by the proposer. BCW and the Towns assume no responsibility for these costs.

Please be advised that all materials submitted to BCW for consideration in response to this request will be considered to be public records, as defined in Title 38, Chapter 2 of the Rhode Island General Laws.

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PROPOSAL REQUIREMENTS (CONTINUED)

The successful firm(s) will be expected to enter into a contract with BCW and the Towns that shall be substantially the same as the terms and conditions outlined in this request for audit services. The contract shall be subject to the approval of BCW and Town Councils of each of the Towns.

REPORTS

The financial and performance audit shall be completed and all final audit reports shall be delivered to BCW no later than November 30, 2010. All draft copies of the report shall be submitted to BCW no later than November 7 to allow adequate time for review. An exit conference will be scheduled prior to the issuance of the final report.

The audit reports shall become the exclusive property of BCW and the Towns. BCW and the Towns shall enjoy an unlimited, non-exclusive, royalty-free and irrevocable right to reproduce or otherwise use or authorize others to use the material at any time.

The audit report shall be a public document in accordance with Title 38-2 of the R.I. General Laws.

The firm will provide up to 25 copies of the final report and a PDF copy of the final report.

CRITERIA

Responses will be evaluated on the basis of their relative merits, in addition to price.

All responses will be evaluated using the following criteria:

Capability, Capacity and Qualifications	25 points
Relevant Experience	20 points
Methodology and Understanding of the Scope of the Project	30 points
Cost (lowest cost/cost of this proposal x 25 points)	25 points
Total	100 points

Any responses found to be technically or substantially non-responsive at any point in the evaluation process will be rejected and not considered further.

Notwithstanding the above, BCW and the Towns reserve the right to accept or reject any or all submissions, and to act in their best interest.

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BACKGROUND

BCW was established in 1981 as a public corporation comprised of the member Towns of Barrington, Bristol, and Warren, Rhode Island (the Towns), which together constitute Bristol County, Rhode Island (the County). BCW maintains ownership of, and is responsible for, the operation of the County's water distribution and treatment system (the System). BCW's service area consists of substantially all of the County, 24.9 square miles in area, having a 2000 population of 50,648 as reported by the U.S. Commerce Department, Bureau of the Census. At the end of the Fiscal Year 2009, the number of customer accounts served by BCW was 16,642 with an average daily demand of approximately 3.8 million gallons per day (mgd).

As substantial portion of BCW's water supply is currently provided through purchased water from the City of Providence Water Supply System through the East Bay Pipeline as BCW completes planned major capital improvements to its Child Street Water Treatment Plant and the Shad Pipeline. Once those improvements are completed, BCW anticipates providing most of its water to its customers primarily by four surface water reservoirs located in the County and the adjacent areas of the Commonwealth of Massachusetts. In addition, BCW has installed two emergency connections to the East Providence water system, which are used only in the event BCW's normal supply from the reservoirs is temporarily inadequate to meet total demand, and the East Bay Pipeline were not operational. BCW's rehabilitated Child Street Water Treatment Plant, when operational, will treat all water from the reservoirs in compliance with updated water quality requirements. The water is distributed through approximately 220 miles of distribution mains.

BCW is not subject to regulation of its rates by the Rhode Island Public Utilities Commission. As a result of increasing operating and capital costs, coupled with conservation efforts by users, BCW has implemented a series of rate increases over the last several years.

BCW has aggressively pursued the goal of providing an adequate and reliable high quality supply of drinking water to users. Through the replacement of pipe and transmission lines, upgrading of the Shad Pipeline and the Child Street Water Treatment Plant and countless other improvements, BCW has focused on the challenge to preserve and protect its water resources and meet the needs of its service area.

Additional information about BCW may be found at http://www.bcwari.com.

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BRISTOL COUNTRY WATER AUTHORITY BASIC FACTS

Customer Service Area	___ square miles
Distribution Lines	___ miles
Water Treatment Plant	1 (Child Street, Warren)
Number of Employees:	
Union	___
Non-Union	___
Number of Customers:	___
Industrial/Commercial	___
Residential	___
Average Daily Demand	___ mgd
Peak Demand	___ mgd
Fiscal Year 2011 Projected Revenues	$10,722,000
Average Residential Demand	___ mg
Average Residential Billing	$____

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APPENDIX I

OPERATING BUDGET

BRISTOL COUNTY WATER AUTHORITY

Draft
May 7, 2010
For Management Discussion Only
Subject to Final Review

OPERATIONS & MAINTENANCE BUDGET

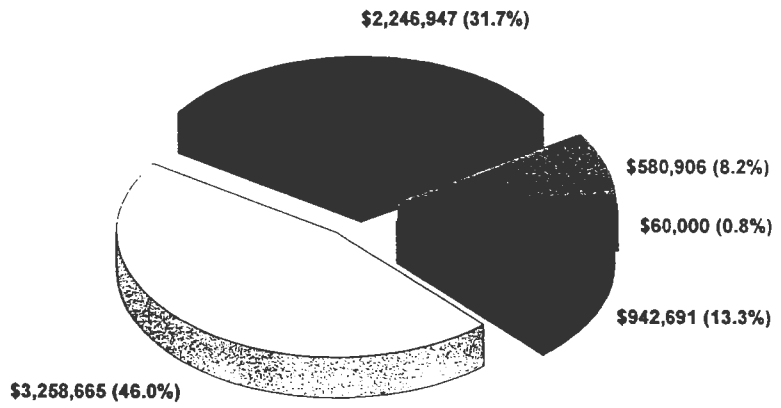
Approved By the Board on 2/17/10

FISCAL 2011 "PROPOSED"

P. Deline 2/18/10

$7,089,209
- 5520.00
7,083,689.00

P.D. 2/18/10



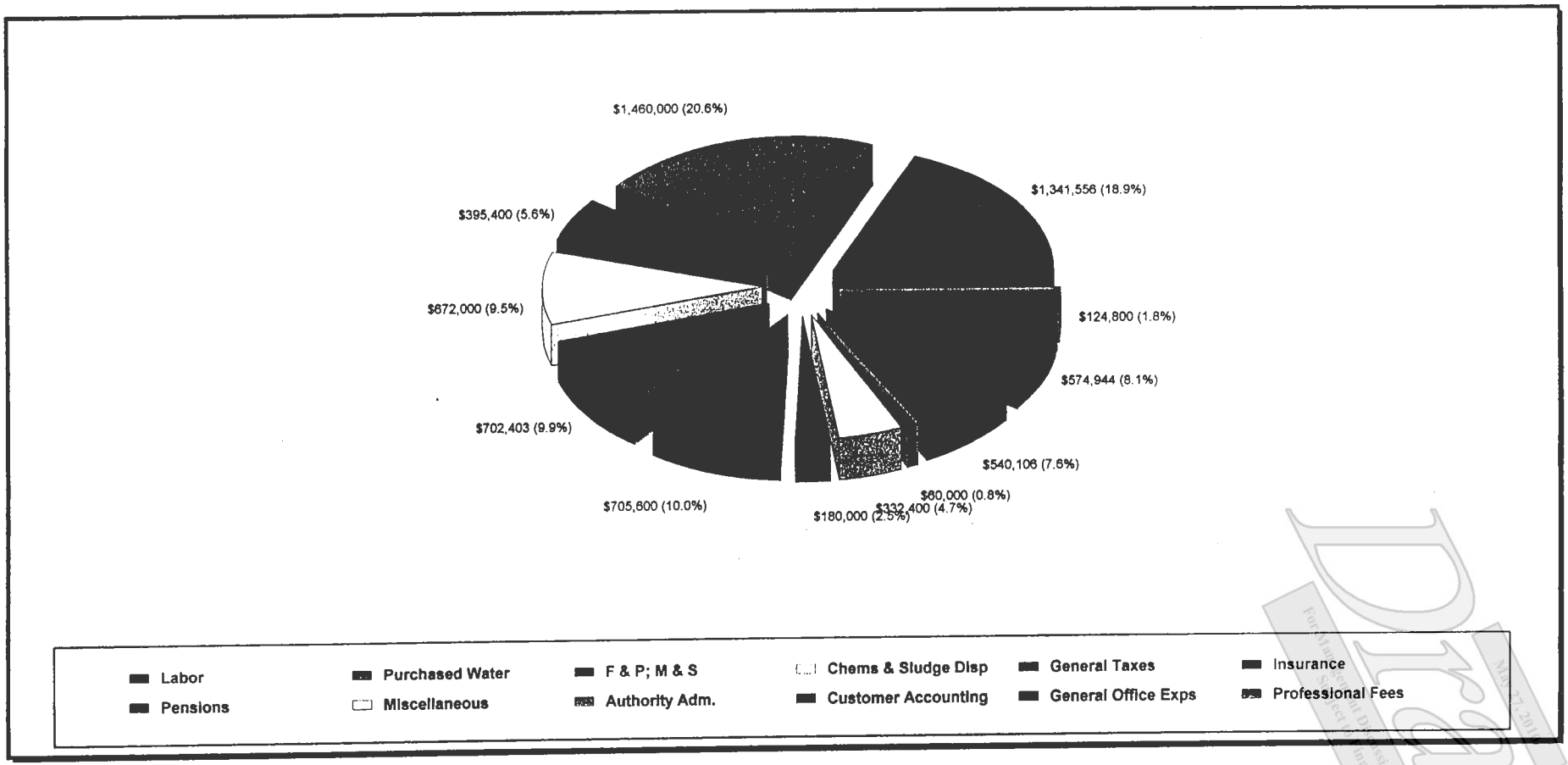
- AUTHORITY ADMINISTRATION
- COMMERCIAL & CUSTOMER
- MANAGEMENT & OFFICE
- PRODUCTION
- DISTRIBUTION

Draft No: 2 Date: 03-Feb-10

FY11.WT4 01/18/2010

ANALYSIS
FISCAL
2011
"PROPOSED"
BUDGET

$7,089,209



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Subject to Final Review
May 2, 2011

BRISTOL COUNTY WATER AUTHORITY
PROPOSED OPERATING BUDGET

STATEMENT OF INCOME, EXPENSES & CHANGES IN ACCUMULATED FUNDS

	Acc. No.	FISCAL 2011 "PROPOSED" BUDGET	FISCAL 2010 "EST-ACT" ***	"PROPOSED" 2011 VS "EST-ACT" OVR(UND)	"PROPOSED" 2011 VS "EST-ACT" %	FISCAL 2009 ACTUAL	FISCAL 2008 ACTUAL	FISCAL 2007 ACTUAL	FISCAL 2006 ACTUAL	FISCAL 2005 ACTUAL
OPERATING REVENUE:										
WATER SERVICES	461.1	10,416,000	9,125,094	1,290,906	14.1%	9,370,549	9,534,284	8,809,051	8,583,201	7,494,165
FIRE SERVICES	463	550,000	536,384	13,617	2.5%	527,869	519,518	509,804	502,445	479,510
OTHER	471.1	56,400	53,852	2,549	4.7%	51,016	53,838	38,877	46,448	59,551
PUBLIC DRINKING WATER PROTECTION TAX	475	(300,000)	(276,218)	(23,782)	8.6%	(290,082)	(313,006)	(290,607)	(306,602)	(303,473)
SUBTOTAL		10,722,400	9,439,111	1,283,289	13.6%	9,659,352	9,794,634	9,067,125	8,825,492	7,729,753
OPERATING EXPENSES:										
WATER OPERATIONS		5,789,359	5,487,977	301,382	5.5%	5,523,544	5,147,172	5,137,633	5,000,848	4,877,211
ENGINEERING AND ADMINISTRATION		1,299,850	1,267,116	32,734	2.6%	1,195,631	1,128,307	1,153,777	1,067,805	1,056,748
DEPRECIATION & AMORTIZATION		1,200,000	1,290,000	(90,000)	-7.0%	1,185,022	1,197,039	1,201,725	1,164,535	1,195,053
SUBTOTAL		8,289,209	8,045,093	244,116	3.0%	7,904,197	7,472,518	7,493,135	7,233,188	7,129,012
OPER REVENUE OVER OPER EXPENSES		2,433,191	1,394,018	1,039,173	74.5%	1,755,155	2,322,116	1,573,990	1,592,304	600,741
INTEREST INCOME	419.3	9,000	9,726	(726)	-7.5%	125,920	307,338	312,392	205,685	112,729
NON-REOCCURING EXPENSES		0	0	0	**	(188,545)	(423,546)	3,644	319,900	9,441
INTEREST EXPENSE		(966,000)	(991,800)	25,800	-2.6%	(956,346)	(1,029,301)	(1,112,043)	(1,209,272)	(1,414,453)
REVENUE OVER EXPENSES		1,476,191	411,944	1,064,247	258.3%	736,184	1,176,607	777,983	908,617	(691,542)
DESIGNATED BY GOVERNING BOARD:										
REVENUE FUNDED CAPITAL IMPROVEMENTS	440	0	0	0	**	0	0	0	0	0
TRANSFERRED TO FUNDS:										
PER BOND RESOLUTION		0	0	0	**	0	0	0	0	0
RENEWAL AND REPLACEMENT	442	0	0	0	**	0	0	0	0	0
DEBT SERVICE	444	0	0	0	**	0	0	0	0	0
OPERATIONS AND MAINTENANCE	446	0	0	0	**	0	0	0	0	0
SUBTOTAL		0	0	0	**	0	0	0	0	0
INCREASE IN FUNDS AVAILABLE:										
TO TRUSTEE FOR FUTURE REQUIREMENTS		1,476,191	411,944	1,064,247	258.3%	736,184	1,176,607	777,983	908,617	(691,542)
BALANCE AT BEGINNING OF PERIOD		411,944	0	411,944	**	0	0	0	0	0
PRESENT BALANCE		1,888,135	411,944	1,476,191	358.3%	736,184	1,176,607	777,983	908,617	(691,542)

*** (6MO Actual/6MO Budgeted) x 12MO Budgeted
* Asterisked items are adjusted estimated actual

BRISTOL COUNTY WATER AUTHORITY
PROPOSED OPERATING BUDGET

ANALYSIS OF EXPENSES

	FISCAL 2011 "PROPOSED" BUDGET	FISCAL 2010 "EST-ACT" ***	"PROPOSED" 2011 VS "EST-ACT" OVR(UND)	"PROPOSED" 2011 VS "EST-ACT" %	FISCAL 2009 ACTUAL	FISCAL 2008 ACTUAL	FISCAL 2007 ACTUAL	FISCAL 2006 ACTUAL	FISCAL 2005 ACTUAL
OPERATIONS									
LABOR	953,188	1,025,341	(72,153)	-7.0%	976,544	961,419	976,855	923,036	858,879
PURCHASE WATER	1,460,000	1,248,000	212,000	17.0%	1,484,942	1,328,125	1,152,894	1,527,030	1,588,652
FUEL AND POWER	90,000	78,920	11,081	14.0%	88,732	92,944	149,531	27,749	24,261
CHEMICALS	600,000	589,727	10,274	1.7%	466,204	306,631	338,849	154,030	8,503
SLUDGE DISPOSAL	72,000	62,751	9,249	14.7%	58,310	45,756	58,716	8,209	11,291
MAINTENANCE									
LABOR	388,368	357,594	30,774	8.6%	359,288	359,693	375,110	341,819	357,662
MATER, SUPPL, OTHER	305,400	318,148	(12,748)	-4.0%	273,049	253,033	253,252	208,813	252,771
GENERAL TAXES	702,403	657,183	45,220	6.9%	674,184	685,131	669,513	653,452	642,258
GROUP INSURANCE	525,600	457,866	67,734	14.8%	453,811	468,935	439,094	399,391	406,407
PENSIONS	180,000	240,000	(60,000)	-25.0%	198,637	200,648	293,983	151,498	210,387
INSURANCE OTHER/GROUP	180,000	164,211	15,789	9.6%	175,609	166,532	163,691	155,254	153,406
MISCELLANEOUS	332,400	288,237	44,163	15.3%	314,234	278,325	266,145	450,567	362,734
SUBTOTAL	5,789,359	5,487,977	301,382	5.5%	5,523,544	5,147,172	5,137,633	5,000,848	4,877,211
ADMINISTRATION									
AUTHORITY ADMINISTRATION	60,000	53,255	6,746	12.7%	58,032	48,089	47,736	13,364	56,780
CUSTOMER ACCOUNTING	540,106	510,080	30,026	5.9%	499,749	464,803	462,014	424,127	427,426
GENERAL OFFICE EXPENSE	574,944	572,743	2,201	0.4%	529,285	506,865	507,402	505,126	467,139
PROFESSIONAL FEES	124,800	131,039	(6,239)	-4.8%	108,565	108,550	136,625	125,188	105,403
MANAGEMENT SERVICE CONTRACT	0	0	0	**	0	0	0	0	0
MISCELLANEOUS	0	0	0	**	0	0	0	0	0
SUBTOTAL	1,299,850	1,267,116	32,734	2.6%	1,195,631	1,128,307	1,153,777	1,067,805	1,056,748
TOTAL	7,089,209	6,755,093	334,116	4.9%	6,719,175	6,275,479	6,291,410	6,068,653	5,933,959

*** (8MO Actual/8MO Budgeted) x 12MO Budgeted

* Asterisked items are adjusted estimated actual

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BRISTOL COUNTY WATER AUTHORITY
PROPOSED OPERATING BUDGET

AUTHORITY ADMINISTRATION

	Acc. No.	FISCAL 2011 "PROPOSED" BUDGET	FISCAL 2010 "EST-ACT" ***	"PROPOSED" 2011 VS "EST-ACT" OVR(UND)	"PROPOSED" 2011 VS "EST-ACT" %	FISCAL 2009 ACTUAL	FISCAL 2008 ACTUAL	FISCAL 2007 ACTUAL	FISCAL 2006 ACTUAL	FISCAL 2005 ACTUAL
DIRECTORS FEES	927.20	9,600	9,600	0	0.0%	8,610	9,950	9,250	9,410	9,750
DIRECTORS INSURANCE	927.05	14,400	12,000	2,400	20.0%	11,070	11,541	12,151	13,018	13,201
BROKER FEES	419.31	0	0	0	**	0	0	0	0	0
TRUSTEE FEES/BANK CHARGES	927.19	36,000	31,655	4,346	13.7%	38,352	26,598	25,958	26,471	33,062
ARBITRAGE REBATE	419.4	0	0	0	**	0	0	377	(35,535)	767
TOTAL AUTHORITY ADMINISTRATION		60,000	53,255	6,746	12.7%	58,032	48,089	47,736	13,364	56,780

*** (6MO Actual/6MO Budgeted) x 12MO Budgeted
* Asterisked items are adjusted estimated actual

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BRISTOL COUNTY WATER AUTHORITY
PROPOSED OPERATING BUDGET

MANAGEMENT & OFFICE

	Acc. No	FISCAL 2011 "PROPOSED" BUDGET	FISCAL 2010 "EST-ACT" ***	"PROPOSED" 2011 VS "EST-ACT" OVR(UND)	"PROPOSED" 2011 VS "EST-ACT" %	FISCAL 2009 ACTUAL	FISCAL 2008 ACTUAL	FISCAL 2007 ACTUAL	FISCAL 2006 ACTUAL	FISCAL 2005 ACTUAL
SALARIES	920	385,944	414,833	(28,889)	-7.0%	344,961	331,846	320,229	312,286	299,927
OFFICE EQUIPMENT EXPENSE	927.06	0	0	0	**	575	0	481	0	242
OFFICE SUPPLIES	921.36	6,000	5,585	416	7.4%	5,803	5,198	5,104	5,816	5,598
LEASES - OFFICE EQUIPMENT	921.32	0	0	0	**	0	726	3,201	3,777	3,498
DATA PROCESSING SUPPLIES	921.34	2,400	2,690	(290)	-10.8%	2,072	1,582	2,561	3,382	4,294
EXPRESS PACKAGE DELIVERY	921.44	3,600	3,275	326	9.9%	2,956	1,775	1,014	1,008	958
POSTAGE	927.09	0	0	0	**	439	0	172	0	408
SUBSCRIPTIONS & PUBLICATIONS	927.12	1,200	1,037	164	15.8%	1,043	1,313	1,034	2,241	2,157
PRINTING	927.11	2,400	2,364	36	1.5%	1,546	2,774	1,866	2,679	1,996
JANITORIAL EXPENSE	921.39	24,000	24,881	(880)	-3.5%	24,794	22,281	21,289	14,277	7,860
RADIO RENTS - ADMIN	931	1,500	2,022	(522)	-25.8%	1,383	1,176	1,360	1,703	1,368
COMPUTER SOFTWARE	930.33	2,400	1,110	1,290	116.2%	3,198	4,939	0	820	272
MISCELLANEOUS OFFICE EXPENSE	921.2	0	0	0	**	0	49	4	17	0
SUB TOTAL		43,500	42,962	539	1.3%	43,809	41,813	38,086	35,720	28,651
TRANSPORTATION EXPENSE	921.22	12,000	8,373	3,627	43.3%	10,399	13,047	14,220	12,248	11,629
TELEPHONE	921.24	21,000	19,596	1,404	7.2%	20,393	16,135	18,286	19,349	19,480
ELECTRICITY/GAS	921.28	21,000	12,798	8,202	64.1%	18,862	16,298	18,978	12,986	9,983
INVENTORY ADJUSTMENTS	930.27	0	0	0	**	7,050	(2,041)	929	238	1,864
REPAIR & MAINTENANCE - ADMIN	932.1	30,000	28,245	1,755	6.2%	36,188	31,685	30,937	31,357	20,240
SUB TOTAL		84,000	69,012	14,988	21.7%	92,892	75,124	83,350	76,178	63,196
GROUP INSURANCE	926.11	525,600	457,866	67,734	14.8%	453,811	468,935	439,094	399,391	406,407
PENSION EXPENSE	926.4	180,000	240,000	(60,000)	-25.0%	198,637	200,648	293,983	151,498	210,387
WORKMENS COMPENSATION	925.11	60,000	49,611	10,389	20.9%	61,055	52,948	50,188	33,787	42,377
PROPERTY INSURANCE	924	48,000	43,800	4,200	9.6%	43,477	41,515	40,686	49,320	46,019
GENERAL LIABILITY	925.4	72,000	70,800	1,200	1.7%	71,077	72,069	72,817	72,147	65,010
AUTO INSURANCE	925.42	0	0	0	**	0	0	0	0	0
SUB TOTAL		885,600	862,077	23,523	2.7%	828,057	836,115	896,768	706,143	770,200
OPERATIONS MGR EXPENSE	921.12	0	0	0	**	0	0	0	800	0
WQ SUPERVISOR EXPENSE	921.13	300	0	300	**	0	0	0	0	0
PRODUCTION MGR EXPENSE	921.14	300	0	300	**	0	0	0	0	0
ACCOUNTING MGR EXPENSE	921.11	300	0	300	**	0	(750)	0	0	0
EXEC DIRECTOR EXPENSE	921.10	1,200	483	717	148.4%	574	575	574	550	550
SUB TOTAL		2,100*	483	1,617	334.8%	574	(175)	574	1,350	550
CONSERVATION PROGRAM	929	4,800	3,665	1,136	31.0%	3,219	3,547	16,135	5,443	6,073
PUBLIC RELATIONS & ADVERTISING	927.13	24,000	28,685	(4,685)	-16.3%	24,198	23,481	28,884	16,541	30,221
EMPLOYEE PHYSICALS	926.3	0	0	0	**	0	0	385	0	82
EMPLOYEE EDUCATION/TUITION	926.21	12,000	8,805	3,195	36.3%	10,454	7,925	10,390	11,665	12,370
ATTENDENCE & SAFETY AWARDS	926.6	1,800	75	1,725	2300.0%	2,068	695	89	406	826
EMPLOYEE FUNCTIONS	926.7	3,600	1,050	2,550	242.9%	2,725	3,894	3,030	7,468	3,519
COMPLAINT / DAMAGES EXPENSE	925.3	3,600	75	3,525	4700.0%	3,346	0	1,370	2,369	1,342
OTHER EMPLOYEE EXPENSES	926.2	2,400	890	1,511	169.8%	2,386	893	1,206	1,984	2,398
DUES	930.32	7,200	2,210	4,991	225.9%	6,531	5,113	5,900	4,778	5,169
SYS MGT & INFSTR PLANS	930.21	0	0	0	**	(7,878)	12,709	(2,226)	28,938	12,815
SUB TOTAL		59,400	45,453	13,947	30.7%	47,049	58,257	65,163	79,592	74,815
LEGAL FEES	928.41	60,000	71,384	(11,384)	-15.9%	35,953	26,752	87,191	75,028	60,063
CONSULTING ENGINEER	928.42	6,000	0	6,000	**	14,329	900	0	0	261
AUDIT FEES	928.43	15,000	18,000	(3,000)	-16.7%	16,500	16,000	15,400	14,500	14,500
OTHER NON-REOCCURING EXP	422	0	0	0	**	188,545	423,546	(3,644)	(319,900)	(9,441)
GENERAL & FINANCIAL CONSULTING	928.47	3,000	3,750	(750)	-20.0%	0	0	0	7,500	0
SUB TOTAL		84,000	93,134	(9,134)	-9.8%	255,327	467,198	98,947	(222,872)	65,383
PROPERTY TAXES	408.10	504,000	504,173	(173)	-0.0%	493,721	499,232	496,803	498,676	490,575
PAYROLL TAXES	408.16	198,403	153,011	45,393	29.7%	180,463	185,899	172,710	154,776	151,683
DEPRECIATION	403	1,155,000	1,239,000	(84,000)	-6.8%	1,124,657	1,135,386	1,134,264	1,092,518	1,019,960
AMORTIZATION	428	45,000	51,000	(6,000)	-11.8%	60,365	61,653	67,461	72,017	175,093
INTEREST EXPENSE	427.1	966,000	991,800	(25,800)	-2.6%	956,346	1,029,301	1,112,043	1,209,272	1,414,453
SUB TOTAL		2,868,403	2,938,983	(70,580)	-2.4%	2,815,552	2,911,471	2,983,281	3,027,259	3,251,764
SUBTOTAL MANAGEMENT & OFFICE		4,412,947	4,466,936	(53,989)	-1.2%	4,428,221	4,721,649	4,486,398	4,015,656	4,554,486
DEPRECIATON/AMORTIZATION/INTEREST		(2,166,000)	(2,281,800)	115,800	-5.1%	(2,141,368)	(2,226,340)	(2,313,768)	(2,373,807)	(2,609,506)
TOTAL MANAGEMENT & OFFICE		2,246,947	2,185,136	61,811	2.8%	2,286,853	2,495,309	2,172,630	1,641,849	1,944,980

*** (8MO Actual/8MO Budgeted) x 12MO Budgeted
* Asterisked items are adjusted estimated actual

BRISTOL COUNTY WATER AUTHORITY
PROPOSED OPERATING BUDGET

COMMERCIAL & CUSTOMER

	Acc. No.	FISCAL 2011 "PROPOSED" BUDGET	FISCAL 2010 "EST-ACT" ***	"PROPOSED" 2011 VS "EST-ACT" OVR(UND)	"PROPOSED" 2011 VS "EST-ACT" %	FISCAL 2009 ACTUAL	FISCAL 2008 ACTUAL	FISCAL 2007 ACTUAL	FISCAL 2006 ACTUAL	FISCAL 2005 ACTUAL
OFFICE SALARIES	901	327,375	337,169	(9,794)	-2.9%	312,033	287,354	275,477	250,936	258,268
METER READING SALARIES	902.2	73,831	52,880	20,951	39.6%	60,931	64,530	69,646	68,212	68,055
SUB TOTAL LABOR		401,206	390,049	11,157	2.9%	372,964	351,884	345,123	319,148	326,323
TRANSPORTATION	902.3	9,000	7,544	1,456	19.3%	7,310	10,872	12,154	9,762	14,231
UNIFORMS & CLOTHING	902.4	4,800	2,711	2,089	77.0%	3,955	5,201	2,723	3,617	4,640
SUPPLIES	902.6	9,000	7,920	1,080	13.6%	8,057	2,188	3,526	2,140	3,651
SUB TOTAL METER READING EXPENSE		22,800	18,175	4,625	25.4%	19,322	18,261	18,403	15,519	22,522
POSTAGE - BILLS	903.54	40,800	39,570	1,230	3.1%	37,575	34,401	34,951	32,123	29,563
PRINTING	903.1	0	0	0	**	0	0	10	0	0
CUSTOMER INSERTS	907.11	0	0	0	**	0	0	0	0	0
SUPPLIES	903.55	21,600	18,476	3,125	16.9%	19,198	19,611	18,448	17,644	17,980
SUB TOTAL BILLING EXPENSE		62,400	58,046	4,355	7.5%	56,773	54,012	53,409	49,767	47,543
COLLECTING EXPENSE	903.3	1,500	1,230	270	22.0%	1,726	1,277	584	293	1,243
COLLECTION AGENCIES	903.31	0	0	0	**	0	0	0	0	0
POSTAGE	902.5	0	0	0	**	0	0	320	300	150
PUROLATOR COSTS	903.53	0	0	0	**	0	0	0	0	0
RECORD STORAGE EXPENSES	903.56	0	0	0	**	0	0	0	0	0
COMPUTER MAINTENANCE	927.03	7,200	7,749	(549)	-7.1%	5,584	3,389	10,482	6,641	7,807
COMPUTER CONSULTANT	928.45	40,800	37,905	2,895	7.6%	41,783	64,898	34,034	28,160	30,579
POSTAGE METER LEASE	903.58	9,000	4,832	4,168	86.3%	7,882	11,487	10,884	11,191	10,896
PROVISION FOR BAD DEBTS	904	36,000	30,000	6,000	20.0%	35,498	24,493	22,807	21,025	11,391
PRINTED INFORM. MATERIAL	907.12	0	0	0	**	0	0	0	0	0
MISCELLANEOUS	903.8	0	0	0	**	0	0	2	243	(449)
SUB TOTAL		94,500	81,716	12,784	15.6%	92,473	105,544	79,113	67,853	61,617
TOTAL COMMERCIAL & CUSTOMER		580,906	547,985	32,921	6.0%	541,532	529,701	496,048	452,287	458,005

*** (8MO Actual/8MO Budgeted) x 12MO Budgeted
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BRISTOL COUNTY WATER AUTHORITY
PROPOSED OPERATING BUDGET

PRODUCTION DEPARTMENT

	Acc. No	FISCAL 2011 "PROPOSED" BUDGET	FISCAL 2010 "EST-ACT" ***	"PROPOSED" 2011 VS "EST-ACT" OVR(UND)	"PROPOSED" 2011 VS "EST-ACT" %	FISCAL 2009 ACTUAL	FISCAL 2008 ACTUAL	FISCAL 2007 ACTUAL	FISCAL 2006 ACTUAL	FISCAL 2005 ACTUAL
SUPERVISION	600	106,042	82,652	23,390	28.3%	121,408	124,324	149,043	146,664	137,571
MAINTENANCE LABOR	611	191,199	131,632	59,567	45.3%	130,882	139,648	150,825	171,927	186,286
PUMPING LABOR	624	216,112	216,053	59	0.0%	218,858	209,565	192,207	167,434	155,121
WATER TREATMENT LABOR	642	216,112	289,034	(72,922)	-25.2%	265,007	245,350	240,993	242,868	200,088
SUB TOTAL		729,465	719,371	10,094	1.4%	736,155	718,887	733,068	728,893	679,066
PURCHASED WATER	602	1,460,000	1,248,000	* 212,000	17.0%	1,484,942	1,328,125	1,152,894	1,527,030	1,588,652
POWER	623	90,000	78,920	11,081	14.0%	88,732	92,944	149,531	27,749	24,261
CHEMICALS	641	600,000	589,727	10,274	1.7%	466,204	306,631	338,849	154,030	8,503
ELECTRIC UTILITY	625	30,000	22,994	7,007	30.5%	30,973	21,889	3,896	3,856	3,454
GAS UTILITY	625	15,000	5,744	9,257	161.2%	14,254	14,581	14,807	19,637	12,799
HEAT-SHAD	625	0	0	0	**	0	0	0	241	0
TELEPHONE	625	2,400	2,196	204	9.3%	2,343	2,439	2,355	1,679	460
CHARTS AND GRAPHS	625	1,800	0	1,800	**	1,972	2,151	1,443	2,176	210
PLUMB. & ELECT. SUPPIES	625	1,200	650	551	84.8%	780	2,294	1,966	2,952	4,747
SAFETY SUPPLIES	625	1,800	1,760	41	2.3%	2,730	817	1,181	1,984	1,867
OIL AND GREASE	625	600	357	243	68.1%	28	179	130	135	231
SUB TOTAL		2,202,800	1,950,345	252,455	12.9%	2,092,958	1,772,050	1,667,052	1,741,469	1,645,184
UNIFORMS AND CLOTHING	625	4,800	3,149	1,651	52.5%	4,089	5,630	3,063	4,384	5,246
FACILITY INSPECTION	625	0	0	0	**	547	0	18,386	0	0
SLUDGE REMOVAL	643	72,000	62,751	9,249	14.7%	58,310	45,756	58,716	8,209	11,291
OFFICE SUPPLIES	625	1,200	51	1,149	2252.9%	209	514	1,731	2,288	3,051
JANITORIAL EXPENSE	625	1,800	1,362	438	32.2%	1,680	1,230	1,709	1,822	1,800
SNOW REMOVAL & LAWN CARE	625	8,400	11,196	(2,796)	-25.0%	9,170	6,298	4,164	4,336	5,049
MEAL ALLOWANCE	625	3,600	2,520	1,080	42.9%	3,279	2,993	2,860	4,845	3,705
TRANSPORTATION	625	21,000	20,906	95	0.5%	20,254	18,076	15,121	12,531	13,250
MISCELLANEOUS TOOLS	625	1,200	425	776	182.7%	350	751	1,181	1,041	1,970
OTHER PUMPING EXPENSE	627	30,000	30,054	(54)	-0.2%	28,576	22,155	18,466	78,000	79,043
SUB TOTAL		144,000	132,412	11,588	8.8%	126,464	103,403	125,397	117,456	124,405
SAMPLES - Q.C.	642	60,000	40,137	19,863	49.5%	66,362	48,530	30,130	65,264	38,707
LAB SUPPLIES	642	18,000	15,953	2,048	12.8%	14,903	17,159	14,310	12,986	14,223
LAB HARDWARE	642	1,800	1,548	252	16.3%	1,616	2,676	2,192	4,957	1,691
MISC WATER TREATM. EXPENSE	643	42,000	54,452	(12,452)	-22.9%	35,337	26,650	49,900	146,246	68,628
SUB TOTAL		121,800	112,089	9,711	8.7%	118,218	95,015	96,532	229,453	123,249
SOURCE OF SUPPLY REPAIRS	612	24,000	21,260	2,741	12.9%	16,001	32,509	8,579	16,932	20,287
DAM REPAIR	613	1,800	0	1,800	**	0	0	350	3,248	0
WELL REPAIR	614	0	0	0	**	0	0	0	0	0
TRANSMISSION MAINS REPAIRS	616	2,400	53	2,348	4471.4%	0	1,265	0	2,158	318
PUMPING STRUCTURE REPAIRS	631	2,400	180	2,220	1233.3%	217	1,608	256	2,057	1,331
POWER EQUIPMENT REPAIRS	632	9,000	10,454	(1,453)	-13.9%	6,858	439	2,866	6,577	3,838
PUMP & MOTOR REPAIRS	633	12,000	19,616	(7,616)	-38.8%	4,135	5,198	1,893	455	9,271
WATER TREATM FACIL REPAIRS	652	6,000	2,957	3,044	102.9%	4,197	3,830	11,986	7,299	10,850
MISCELLANEOUS REPAIRS	633	3,000	7,392	(4,392)	-59.4%	2,188	2,063	1,959	4,014	3,785
SUB TOTAL		60,600	61,910	(1,310)	-2.1%	33,596	46,912	27,889	42,740	49,680
TOTAL PRODUCTION DEPARTMENT		3,258,665	2,976,127	282,538	9.5%	3,107,391	2,736,267	2,649,938	2,860,011	2,621,584

*** (6MO Actual/6MO Budgeted) x 12MO Budgeted
* Asterisked items are adjusted estimated actual

BRISTOL COUNTY WATER AUTHORITY
PROPOSED OPERATING BUDGET

DISTRIBUTION DEPARTMENT

	Acc No.	FISCAL 2011 "PROPOSED" BUDGET	FISCAL 2010 "EST-ACT" ***	"PROPOSED" 2011 VS "EST-ACT" OVR(UND)	"PROPOSED" 2011 VS "EST-ACT" %	FISCAL 2009 ACTUAL	FISCAL 2008 ACTUAL	FISCAL 2007 ACTUAL	FISCAL 2006 ACTUAL	FISCAL 2005 ACTUAL
SUPERVISION	660	113,554	82,539	31,015	37.6%	76,394	80,263	105,759	102,139	97,673
T & D LINE LABOR	662.2	175,553	203,240	(27,687)	-13.6%	151,676	159,289	152,129	128,660	132,708
REMOVE & RESET METERS	663.2	56,509	86,113	(29,604)	-34.4%	80,704	79,889	76,231	74,575	79,942
MAPS & RECORDS LABOR	665.2	69,306	65,709	3,597	5.5%	62,497	62,739	60,493	60,696	55,776
MAINTENANCE LABOR	671.2	197,169	225,962	(28,793)	-12.7%	228,406	220,045	224,285	169,892	171,376
SUB TOTAL		612,091	663,564	(51,473)	-7.8%	599,677	602,225	618,897	535,962	537,475
GAS UTILTIY	662.14	4,800	2,057	2,744	133.4%	4,988	4,691	4,654	4,014	4,217
ELECTRIC UTILITY	662.15	4,800	3,126	1,674	53.6%	3,854	3,425	3,761	3,382	3,055
EQUIPMENT RENTALS	662.22	0	0	0	**	0	0	0	0	0
STREET PERMITS	662.23	3,600	2,423	1,178	48.6%	3,485	2,084	2,125	1,700	2,465
NOTICES	662.24	0	0	0	**	0	0	0	0	0
DIG SAFE & MAPS	662.25	8,400	6,506	1,895	29.1%	7,390	8,444	9,805	9,042	10,047
RADIO RENTALS	666	600	0	600	**	124	858	1,236	1,245	1,660
SAFETY SUPPLIES	662.17	600	305	296	97.0%	469	458	750	669	734
UNIFORMS & CLOTHING	662.18	7,200	5,013	2,187	43.6%	6,082	8,308	2,748	6,238	6,611
TRANSPORTATION	662.12	18,000	19,460	(1,460)	-7.5%	15,534	14,452	18,070	17,456	15,195
TELEPHONE	662.13	30,000	28,797	1,203	4.2%	24,743	31,029	28,702	31,399	35,607
SNOW REMOVAL	662.16	0	0	0	**	0	0	0	0	0
HAND TOOLS	662.21	1,500	860	641	74.5%	1,337	1,077	1,447	404	1,976
OPERATING SUPPLIES	662.27	4,800	2,783	2,018	72.5%	5,252	5,090	2,575	2,320	1,097
LEAK SURVEYS	662.26	0	0	0	**	0	0	0	0	18,658
SUB TOTAL		84,300	71,326	12,974	18.2%	73,258	79,916	75,873	77,869	101,322
R & R METERS - SUPPLIES	663.1	9,000	17,912	(8,912)	-49.8%	8,438	7,547	2,029	2,112	2,510
R & R METERS - TRANSPORTATION	663.12	7,200	6,710	491	7.3%	6,400	6,163	6,623	5,603	6,235
METER REPAIR - PROG	676.11	0	0	0	**	0	0	0	0	0
SUB TOTAL		16,200	24,621	(8,421)	-34.2%	14,838	13,710	8,652	7,715	8,745
HYDRANT REPAIRS - TRANSP	677.12	1,200	561	639	113.9%	2,583	919	457	349	853
HYDRANT REPAIRS - MATERIALS	677.1	12,000	14,936	(2,936)	-19.7%	10,027	4,155	21,013	11,029	14,629
PAINT & REPAIR HYDRANT	677.11	1,200	254	947	373.4%	619	1,154	0	0	0
SUB TOTAL		14,400	15,750	(1,350)	-8.6%	13,229	6,228	21,470	11,378	15,482
SERVICE REPAIRS - TRANSP	675.1	7,200	5,145	2,055	39.9%	5,491	7,461	6,221	2,622	7,574
SERVICE REPAIRS - CONTRACTOR	675.12	24,000	16,158	7,842	48.5%	24,700	20,370	26,718	14,823	19,368
SERVICE REPAIRS - PAVING	675.13	24,000	38,307	(14,307)	-37.3%	18,061	18,772	27,202	26,134	25,227
SERVICE REPAIRS - MATERIAL	675.14	12,000	11,318	683	6.0%	14,597	15,300	10,011	12,544	10,739
SUB TOTAL		67,200	70,928	(3,728)	-5.3%	62,849	61,903	70,152	56,123	62,908
T & D STRUCURE REPAIRS	671.1	2,400	1,442	958	66.4%	2,032	2,546	1,700	2,619	2,125
TANK & STANDPIPE REPAIRS	672.1	4,800	17,129	(12,329)	-72.0%	0	2,719	0	0	3,315
TELEMETERING REPAIRS	672.12	3,600	1,089	2,511	230.6%	5,111	827	0	5,406	3,211
ALTITUDE VALVE REPAIRS	672.13	0	0	0	**	0	0	0	0	0
TANK INSPECTION	672.11	0	0	0	**	0	6,600	0	0	0
VALVE REPAIRS	673.16	1,200	451	749	166.1%	0	0	0	13	0
T & D MAINS - CONTRACTOR	673.13	30,000	24,285	5,715	23.5%	36,233	35,129	42,288	20,339	23,520
T & D MAINS - PAVING	673.14	60,000	56,858	3,142	5.5%	61,698	45,322	60,879	43,855	53,449
T & D MAINS - MATERIALS	673.15	45,000	43,686	1,314	3.0%	43,463	31,137	20,222	18,625	30,336
SUB TOTAL		147,000	144,940	2,060	1.4%	148,537	124,280	125,089	90,857	115,956
TOTAL MAINT & REPAIR		244,800	256,239	(11,439)	-4.5%	239,453	206,121	225,363	166,073	203,091
MISCELLANEOUS	665.31	1,500	1,461	39	2.7%	1,524	1,397	1,281	1,281	1,281
MISC- RADIO LINE	665.3	0	0	0	**	0	0	0	57	0
SUB TOTAL		1,500	1,461	39	2.7%	1,524	1,397	1,281	1,338	1,281
TOTAL DISTRIBUTION DEPARTMENT		942,691	992,590	(49,899)	-5.0%	913,912	889,659	921,414	781,242	843,169

*** (8MO Actual/8MO Budgeted) x 12MO Budgeted
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For Management Subject to Revision Purposes Only

Draft
May 27, 2010
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APPENDIX II

CAPITAL BUDGET

BRISTOL COUNTY WATER AUTHORITY

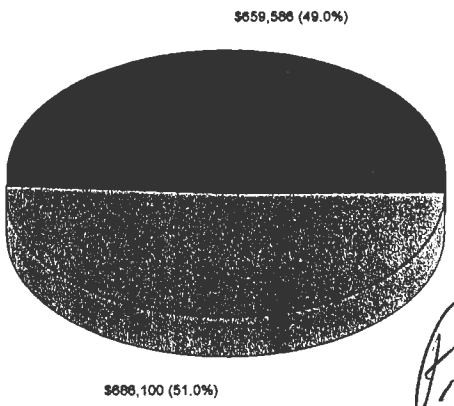
Proposed Capital Budget FY 11

March 1, 2010 to February 28, 2011

Total Budget: $1,277,686

Construction & Engineering Projects	$659,586
Departments	$686,100
Vehicle Replacement	$0
Hold	($68,000)
	$1,277,686

Departments	
Commercial	$0
Meter	$298,700
Customer Service	$0
Office	$89,100
Engineering	$0
Distribution	$263,750
Production	$34,550
	$686,100
Vehicle Replacement	$0
Construction Projects	
Water Mains	$561,000
Facilities Rehab	$98,586
	$659,586
Hold	($68,000)
	$1,277,686



■ Construction & Engineering Projects ■ Departments

Approved by the Board on 2/17/10

P. Deluca 2/18/10

Rev #	Date	Change Amount	Total Budget	Pages Affected
0	06-Jan-10	n/a	$1,277,686	n/a

Items on HOLD: $68,000

Total Budget	$1,277,686

Net Cash Requirement: $500,000

Cash Source:

Renewal & Replacement Reserve Fund	$0
Project Fund	$0
FY11 Revenue Fund	$500,000
Other Loans	$719,475
State Share & Other Grants	$58,211
Total	$1,277,686

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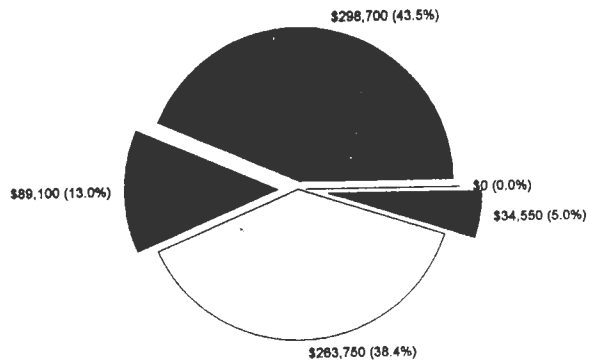
BRISTOL COUNTY WATER AUTHORITY

Proposed Capital Budget FY 11

Departments

$686,100



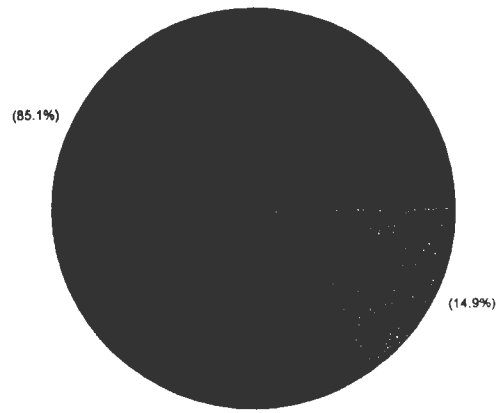
■ Commercial ■ Meter ■ Office □ Distribution ■ Production

Departments

Commercial	$0
Meter	$298,700
Office	$89,100
Distribution	$263,750
Production	$34,550
	$686,100
Vehicles	$0
	$686,100

Construction & Engineering Projects

$659,586



■ Water Mains ■ Facilities Rehab/Studies

Construction & Engineering Projects

Water Mains	$561,000
Facilities Rehab/Studies	$98,586

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	Quantity	Unit Cost			Estimated Cost
COMMERCIAL DEPARTMENT					$0
NONE				$0	
METER DEPARTMENT					$298,700
Radio AMR Units					
1. 5/8" Radio Module Units	900	$125.00		$112,500	
2. 1-inch modules	40	$125.00		$5,000	
3. 2-inch modules	60	$125.00		$7,500	
4. Labor	1,000	$50.00		$50,000	
				$175,000	
Water Meter Bases					
1. 5/8" Bases	900	$45.00		$40,500	
2. 1" Bases	40	$125.00		$5,000	
3. 2" Bases	60	$470.00		$28,200	
4. Labor	1,000	$50.00		$50,000	
				$123,700	
CUSTOMER SERVICE DEPARTMENT					$0
NONE					
OFFICE DEPARTMENT (Note 1)					$89,100
1. Archival Backup Tape Library	1	$18,000	HOLD	$18,000	
2. Backup Database Software	1	$5,000		$5,000	
3. Emergency Backup Generator	1	$50,000	HOLD	$50,000	
4. AS400 File Conversion	1	$9,600		$9,600	
5. Service Order Update	1	$6,500		$6,500	
				$0	
ENGINEERING DEPARTMENT					$0
NONE					
VEHICLE REPLACEMENT					$0
NONE					

Notes:
1 Implementation of Financial System, 3 to 5 year window, anticipated cost: $300,000

Items on HOLD: $68,000

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DISTRIBUTION DEPARTMENT

		Quantity	Unit Cost	Estimated Cost Total
1. New Services	3/4" Paved	25	$2,000	$50,000
	3/4" UnPaved	25	$1,300	$32,500
	1" Paved	20	$2,300	$46,000
	1" Un-Paved	15	$1,600	$24,000
2. Replacement Services	3/4"	25	$2,000	$50,000
	1"	25	$2,300	$57,500
3. Paving				$75,000
4. Hydrants	New	4	$6,400	$25,600
	Replace	5	$5,000	$25,000
5. Valves	Replace	5	$4,400	$22,000
				$407,600
Custumer Service Connections Fees				($152,500)
			Subtotal 1	**$255,100**
6. Trash Pump w/hose		1	$3,200	$3,200
7. Services Pullers		2	$1,000	$2,000
8. Replace Valve Box Locator		1	$900	$900
9. Replace Jackhammer		1	$900	$900
10. Rock Drill & Bits		1	$1,650	$1,650
			Subtotal 2	**$8,650**
Total				**$263,750**

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PRODUCTION DEPARTMENT

		Quantity	Unit Cost	Estimated Cost
1	Replace Shaft for Wash Water Pump	1	$7,600	$7,600
2	Rebuild Altitude Valves @ Fountain & Hope Storage Tanks	2	$3,050	$6,100
3	Rebuild Pressure Regulating Valves @ Middle Highway & Nayatt Booster Station	2	$550	$1,100
4	Replace Windows at Child Street WTP	6	$1,100	$6,600
5	LMI Chemical Feed Metering Pumps	2	$1,750	$3,500
6	12"-Valve-High Service Transmission Line	1	$1,800	$1,800
7	Replace Electric Motor for No. 6 Low Service Pump	1	$7,850	$7,850
8				
9				
10				
11				
12				
13				
14				
			Total	**$34,550**

HOLD TOTAL $0

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CONSTRUCTION/ENGINEERING PROJECTS

1 Main Replacement — $561,000

Town	Street	Vintage	Feet	Existing/ New Diam	Serv Tran/ Serv Repl	Type	Unit Cost

Complete Water Main Projects already contracted in FY10 — $561,000

2 Building Structures Rehabilitation — $0

3 Storage Tank Rehabilitation — $0

4 WTP Phase II — TBA

Estimate	BCWA	State
TBA	$0	TBA

HOLD Total $0

Total This Page $561,000

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CONSTRUCTION/ENGINEERING PROJECTS (Cont'd)

5	a	**BCWA Water System Study** **Hydraulic Evaluation/Low Pressure**				Remaining Services	**$14,275**
	b	**Evaluation of Existing and Potential Emergency Interconnections**	Estimated Services $30,000	BCWA $22,500	Possible State $7,500	Total	**$30,000**
						State Share	($7,500)
						BCWA	$22,500
6		**New Shad Pipeline Engineering & Design** [Total: $102,888]	Apprx. 90% Complete of total $102,888	Remaining Services $9,311	BCWA $0	State $9,311	Total **$9,311**
						State Share	($9,311)
						BCWA	$0
7		**Existing Shad Pipeline Repairs**		Estimate $45,000	BCWA $3,600	State $41,400	Total **$45,000**
						State Share	($41,400)
						BCWA	$3,600

Spent to date	$115,000
State Share	$106,000
BCWA	$9,000

Total This page	**$98,586**
State Share	($58,211)
Other Grants	$0
Cash Requirement	$40,375
Previous Page	$561,000
Total Capital Projects	**$659,586**
State Share & Other Grants	($58,211)
Cash Requirement	$601,375

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APPENDIX III

FINANCIAL STATEMENTS

BRISTOL COUNTY WATER AUTHORITY

BALANCE SHEETS
FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

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ASSETS

	2009	2008
Current assets:		
Cash and cash equivalents	628,917	599,002
Temporary investments	230,992	224,859
Accounts receivable, less allowance for doubtful accounts of $20,000 and $13,000, for 2009 and 2008		
Billed	711,366	607,089
Unbilled	1,038,644	1,071,730
Total accounts receivable	1,750,010	1,678,819
State grant receivable *(Note 5)*	52,336	21,659
Inventory and other assets	325,379	297,177
Restricted current assets:		
Funds held by trustee *(Note 3)*	2,205,427	2,082,107
Total current assets	5,193,061	4,903,623
Restricted assets:		
Funds held by trustee *(Note 3)*	3,830,660	3,846,036
Property plant & equipment, net of accumulated depreciation *(Note 4)*	61,234,231	60,144,320
Bond issuance costs, net of accumulated amortization of $596,606 in 2009 and $968,884 in 2008	277,530	239,839
TOTAL ASSETS	$ 70,535,482	$ 69,133,818

(CONTINUED)

SEE NOTES TO FINANCIAL STATEMENTS.

BRISTOL COUNTY WATER AUTHORITY

BALANCE SHEETS
FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

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LIABILITIES AND NET ASSETS

	2009	2008
Current liabilities:		
Accounts payable	657,755	606,239
Accrued expenses	382,815	373,634
Amounts to be paid from restricted assets:		
Accounts payable	41,585	0
Accrued interest expense	198,842	177,107
Long-term debt due within one year (*Note 7*)	1,965,000	1,905,000
Total amounts to be paid from restricted assets	2,205,427	2,082,107
Total current liabilities	3,245,997	3,061,980
Other liabilities	423,919	217,472
Long-term debt due after one year (Note 7)	19,558,726	19,541,576
Total liabilities	23,228,642	22,821,028
Net assets (Note 10):		
Invested in capital assets, net of related debt	39,710,505	38,697,744
Restricted for capital activity and debt service	5,795,660	5,751,036
Unrestricted	1,800,675	1,864,010
Total net assets	47,306,840	46,312,790
TOTAL LIABILITIES AND NET ASSETS	$ 70,535,482	$ 69,133,818

(CONCLUDED)

SEE NOTES TO FINANCIAL STATEMENTS.

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

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	2009	2008
Operating revenues (net):		
Water	9,131,483	9,275,117
Fire services	527,869	519,518
Total operating revenues (net)	9,659,352	9,794,635
Operating expenses:		
Operations	4,730,771	4,329,008
Engineering and administrative	2,005,820	1,946,471
Maintenance of East Bay Pipeline	169,568	422,242
Depreciation and amortization	1,185,022	1,197,039
Total operating expenses	8,091,181	7,894,760
Operating income	1,568,171	1,899,875
Non-operating revenues (expenses):		
Interest income	125,920	307,338
Interest expense	(956,345)	(1,029,301)
Unrealized net gain (loss) on investments held by trustee	(18,977)	(1,305)
Net non-operating expenses	(849,402)	(723,268)
Increase in net assets before capital contributions	718,769	1,176,607
Capital contributions:		
Capital contributions	52,336	101,577
Developer contributions of systems	222,945	216,349
Total capital contributions	275,281	317,926
Increase in net assets	994,050	1,494,533
Net assets at beginning of year	46,312,790	44,818,257
Net assets at end of year	$ 47,306,840	$ 46,312,790

SEE NOTES TO FINANCIAL STATEMENTS.

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF CASH FLOWS
YEARS ENDED FEBRUARY 28, 2009 AND FEBRUARY 29, 2008

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	2009	2008
Cash flows from operating activities:		
Cash received from customers	$ 9,588,161	$ 9,720,405
Cash paid to employees for services	(2,528,737)	(2,612,887)
Cash paid to suppliers for goods and services	(4,096,895)	(4,441,782)
Net cash provided by operating activities	2,962,529	2,665,736
Cash flows from investing activities:		
Interest income received	125,920	307,338
Purchase of securities	(50,663,306)	(51,200,213)
Proceeds from sales and maturities of securities	50,665,891	51,000,110
Net cash provided by investing activities	128,505	107,235
Cash flows from capital and related financing activities:		
Proceeds from long term debt	1,897,789	0
Purchase of property, plant and equipment	(2,203,659)	(310,932)
Payments on bonds payable	(1,905,000)	(1,835,000)
Interest payments	(850,249)	(935,807)
Net cash used for capital and related financing activities	(3,061,119)	(3,081,739)
Net increase in cash and cash equivalents	29,915	(308,768)
Cash and cash equivalents, beginning of year	599,002	907,770
Cash and cash equivalents, end of year	$ 628,917	$ 599,002
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 1,568,171	$ 1,899,875
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization of bond issuance costs	1,185,022	1,197,039
Changes in operating assets and liabilities:		
Increase in accounts receivable	(71,191)	(74,230)
Increase in inventory and other assets	(28,202)	(36,597)
Increase (decrease) in accounts payable and accrued expenses	102,282	(315,333)
Increase (decrease) in other liabilities	206,447	(5,018)
Net cash provided by operating activities	$ 2,962,529	$ 2,665,736

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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).

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 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 balance sheet. Net assets (i.e., total assets net of total liabilities) are segregated into three components: invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted net assets.

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.

In accordance with Statement No. 20 of the Governmental Accounting Standards Board (GASB), the Authority has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued since November 30, 1989.

Recently Issued Accounting Standards

The Authority has implemented GASB Statement No. 46 – Net Assets Restricted by Enabling Legislation an amendment of GASB No. 34. The adoption of this Statement did not have an effect on the Authority's financial statements or results of operations.

The Authority has implemented GASB Statement No. 48 – Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue. The adoption of this Statement did not have an effect on the Authority's financial statements or results of operations.

The Authority has implemented GASB Statement No. 50 – Pension Disclosures – an amendment of GASB No. 25 and No. 27.

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1. BASIS OF PRESENTATION AND ORGANIZATION (Continued)

Recently Issued Accounting Standards (Continued)

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

- ✓ GASB Statement No. 45 – Accounting and Financial Reporting by Employees for Post-employment Benefits Other Than Pensions, effective for the Authority's fiscal year ending February 28, 2010.
- ✓ GASB Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations, effective for the Authority's fiscal year ending February 28, 2010.
- ✓ GASB Statement No. 51 – Accounting and Financial Reporting for Intangible Assets, effective for the Authority's fiscal year ending February 28, 2011.
- ✓ GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definition, effective for the Authority's fiscal year ending February 29, 2012.

The impact of this pronouncement 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.

Depreciation

Depreciation is computed on the straight-line method over the estimated remaining useful lives of the applicable assets. 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	20 - 75 years
Distribution system	50 -100 years

Bond Issuance Costs

Costs related to the issuance of bonds have been capitalized and are amortized on a weighted-average basis over the life of the bonds.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues

Revenues include amounts billed to customers on a 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 Assets

Net assets comprise the various net earnings from operating and non-operating revenues, expenses and contributions of capital. Net assets are classified in the following three components: invested in capital assets, net of related debt; restricted for capital activity and debt service; and unrestricted net assets. Invested in capital assets, net of related debt, 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; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination. 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 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).

Cash Deposits

The carrying amount of the Authority's deposits, except for petty cash of $850 at February 28, 2009 and February 29, 2008 is $628,067 and $598,152 respectively and the bank balance was $770,167 and $731,198, respectively. Of the bank balance, $250,000 and $100,000 was insured by federal depository insurance and the remaining portions, $577,952 and $631,198 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board as of February 28, 2009 and February 29, 2008, respectively.

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 Sates 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, 2009 and February 29, 2008, the Authority's uncollateralized deposits had maturities of less than ninety (90) days and were with an institution that met the minimum capital standards.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (Continued)

At February 28, 2009, the Authority had the following investments classified as funds held by trustee:

Description	Maturity	Interest Rate	Fair Value	Rating
Federal Home Loan Discount Note	3/31/09	0.15	$2,390,761	P-1
Prudential Fndg Commercial Paper	3/31/09	1.05	3,376,379	P-1
			$5,767,140	

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 Federal Home Loan Discount Note and Prudential Fndg Commercial Paper represent 40% and 60% of the Authority's investments, respectively.

For 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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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 are as follows:

	2009	2008
Debt service reserve fund 1997	$ 687,431	$ 811,151
Revenue fund	1,073,797	1,332,703
Debt service fund	1,077,251	1,025,022
Operations and maintenance reserve fund	1,226,749	1,164,025
Project fund	229,153	8,799
Debt service reserve fund 2008	439,842	0
Debt service reserve fund 2004	928,907	1,136,821
Debt service reserve fund 1998	370,463	430,530
	6,033,593	5,909,051
Plus accrued interest income	2,494	19,092
Total	$6,036,087	$5,928,143

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, 2009 and February 29, 2008 were as follows:

	2009	2008
Money market fund	$ 266,453	$ 12,054
Federal Home Loan Discount Note	2,390,761	2,377,429
Commercial paper	3,376,379	3,519,568
Total	$6,033,593	$5,909,051

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4. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity during the year ended February 28, 2009 was as follows:

	Balance at February 29, 2008	Additions	Disposals	Transfers	Balance at February 28, 2009
Land and improvements	$ 2,691,990				$ 2,691,990
Treatment, storage and administrative facilities	6,483,427	12,562		70,038	6,566,027
Distribution system	59,233,010	199,370		90,755	59,523,135
Equipment	5,118,648	722,609		18,392	5,859,649
Capital assets in service	73,527,075	934,541		179,185	74,640,801
Construction in progress	233,044	1,280,026		(179,185)	1,333,885
Shad factory in progress	241,047				241,047
Total capital assets	74,001,166	2,214,567		0	76,215,733
Accumulated depreciation	(13,856,846)	(1,124,656)			(14,981,502)
Net capital assets	$60,144,320	$ 1,089,911		$ 0	$61,234,231

Additions of capital assets include capital contributions of $52,336 for the year ended February 29, 2009.

Capital asset activity during the year ended February 29, 2008 was as follows:

	Balance at February 28, 2007	Additions	Disposals	Transfers	Balance at February 29, 2008
Land and improvements	$ 2,357,726	$ 5,206		$ 305,698	$ 2,691,990
Treatment, storage and administrative facilities	6,400,303	68,525		14,599	6,483,427
Distribution system	58,861,233	196,094		175,683	59,233,010
Equipment	4,734,719	363,697		20,232	5,118,648
Capital assets in service	72,377,341	633,522		516,212	73,527,075
Construction in progress	732,276	16,980		(516,212)	233,044
Shad factory in progress	241,047				241,047
Total capital assets	73,350,644	650,502		0	74,001,166
Accumulated depreciation	(12,721,460)	(1,135,386)			(13,856,846)
Net capital assets	$60,629,204	$ (484,884)		$ 0	$60,144,320

Additions of capital assets include capital contributions of $101,577 for the year ended February 29, 2008.

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5. STATE GRANTS

In 1992, the Rhode Island General Assembly enacted the Bristol County Water Supply Act (the "Water Supply Act"), which authorized the Authority to construct (i) the East Bay Pipeline and Emergency Line ("East Bay") and (ii) System Improvements. The Authority is also granted reimbursement of qualifying expenditures made in accordance with the Public Drinking Water Supply System Protection, RIGL 46-15, 3.

During the years ended February 28, 2009 and February 29, 2008, the Authority incurred reimbursable costs from these State programs of $52,336 and $101,577, respectively.

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The major components of accounts payable and accrued expenses as of February 28, 2009 and February 29, 2008 were as follows:

	2009	2008
Suppliers	$ 450,870	$ 415,058
Employee expenses	230,401	215,603
Customer deposits	248,332	240,068
Other	110,967	109,144
Total	$ 1,040,570	$ 979,873

7. LONG TERM DEBT

BOND 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. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to interest expense through 2016 using a weighted average method. 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.

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7. LONG TERM DEBT (Continued)

BOND PAYABLE (Continued)

In November 2004, the Authority issued a 2004 Refunding Series A General Revenue 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. This difference, reported in the accompanying financial statements as a deduction from bonds payable is being charged to interest expense through 2016 using a weighted average method. 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.

Bonds due at February 28, 2009 consisted of:

	Balance at February 29, 2008	Increases	Decreases	Balance at February 28, 2009
Bonds outstanding	$21,775,000	$ 0	$(1,905,000)	$19,870,000
Unamortized bond discount/premium	85,992		(8,499)	77,493
Amount deferred on refunding	(414,416)	92,860		(321,556)
Total bonds payable	21,446,576	92,860	(1,913,499)	19,625,937
Current portion due	(1,905,000)	(60,000)		(1,965,000)
Total bonds due after one year	$19,541,576	$ 32,860	$(1,913,499)	$17,660,937

Bonds due at February 29, 2008 consisted of:

	Balance at February 28, 2007	Increases	Decreases	Balance at February 29, 2008
Bonds outstanding	$23,610,000	$ 0	$(1,835,000)	$21,775,000
Unamortized bond discount/premium	90,990		(4,998)	85,992
Amount deferred on refunding	(524,818)	110,402		(414,416)
Total bonds payable	23,176,172	110,402	(1,839,998)	21,446,576
Current portion due	(1,835,000)	(70,000)		(1,905,000)
Total bonds due after one year	$21,341,172	$ 40,402	$(1,839,998)	$19,541,576

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7. LONG TERM DEBT (Continued)

BOND PAYABLE (Continued)

The Authority is authorized by the Board of Directors to borrow up to $500,000 and issue up to $500,000 in notes in anticipation of the issuance of bonds for the purpose of financing capital improvements of the Authority. No such borrowings were outstanding at February 29, 2008.

Interest on the 1997 bonds is paid semiannually on January 1 and July 1. Principal payments are made annually on July 1. Maturities and interest rates on the 1997 bonds outstanding at February 28, 2009 are as follows:

July 1,	Interest Rate	Interest	Principal
2009	4.80	$ 328,455	$ 625,000
2010	4.90	297,408	655,000
2011	4.90	264,455	690,000
2012	5.00	229,550	720,000
2013	5.00	192,550	760,000
2014~2017	5.00~5.25	360,925	3,425,000
Total		$1,673,343	$6,875,000

The term bonds maturing on July 1, 2017 are subject to mandatory redemption in part by lot on July 1, 2016 and 2017 through the application of sinking fund payments at a redemption price equal to the principal amount of each 1997 Series A bond or portion thereof to be redeemed together with interest accrued thereon to the redemption date.

After July 1, 2007, the Authority has in accordance with the provisions of the Bond Resolution, the right to redeem the serial bonds maturing after July 1, 2007, at specified redemption prices. The source of debt repayment will be cash provided by operations.

Interest on the 1998 bonds is paid semiannually on January 1 and July 1. Principal payments are made annually on July 1. Maturities and interest rates on the 1998 bonds outstanding at February 28, 2009 are as follows:

July 1,	Interest Rate	Interest	Principal
2009	4.45	$ 167,303	$ 300,000
2010	4.50	153,540	315,000
2011	4.55	138,945	330,000
2012	4.60	123,503	345,000
2013	4.625	107,243	360,000
2014-2018	4.65~4.85	258,009	2,055,000
Total		$948,543	$3,705,000

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7. LONG TERM DEBT (Continued)

BOND PAYABLE (Continued)

The term bonds maturing on July 1, 2018 are subject to mandatory redemption in part by lot on July 1, 2015 through 2018 through the application of sinking fund payments at a redemption price equal to the principal amount of each 1998 Series A bond or portion thereof to be redeemed together with interest accrued thereon to the redemption date.

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, 2009 are as follows:

December 1,	Interest Rate	Interest	Principal
2009	3.00	$ 310,887	$1,040,000
2010	3.00	279,687	1,070,000
2011	3.125	247,587	1,100,000
2012	3.25	213,212	1,135,000
2013	3.50	176,325	1,170,000
2014~2016	3.50~3.75	141,600	2,560,000
Total		$1,504,673	$9,290,000

LOAN PAYABLE

In June 2008, the Authority obtained a twenty-one year, $5,500,000 loan from Rhode Island Water Finance Agency. An outstanding balance under loan agreement at February 28, 2009 was $1,897,789.

Interest on loan payable is paid semiannually on September 1 and March 1. Principal payments are made annually on September 1. Maturities and interest rates on loan payable outstanding at February 28, 2009 are as follows:

September 1,	Interest Rate	Interest	Principal
2009	3.167	$ 72,648	$ -
2010	2.08	127,573	198,000
2011	2.55	167,022	202,000
2012	2.63	165,339	208,000
2013	2.71	160,035	215,000
2014~2029	2.81~3.63	1,491,514	4,677,000
Total		$2,184,131	$5,500,000

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 does not issue a stand-alone financial report.

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8. PENSION PLAN (Continued)

Plan Description (Continued)

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. Under the amended Plan, an employee hired on or after May 10, 2008, shall be required to contribute one percent of their earnings to the Plan.

Funding Policy

The contribution requirements are established by the Authority. Plan members hired prior in May 10, 2008 are not required to contributed 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 and decreasing over time relative to the actuarial accrued liability for benefits. Listed below are the details of the funding progress of with a valuation dated of July 1, 2007 which is the most recent report available:

Actuarial Value of Asset	$	5,748,408
Actuarial Accrued Liability (AAL)	$	5,598,552
Unfunded AAL (UAAL)	$	0
Funded Ratio		102.7%
Covered Payroll	$	2,021,777
UAAL as a percentage of covered payroll		0%

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	$ 220,577
Interest on net pension obligation	5,853
Adjustment to annual required contribution	(10,379)
Annual pension cost	216,051
Contributions made	(198,637)
Increase (decrease) in net pension obligation	17,414
Net pension obligation beginning of year	97,550
Net pension obligation end of year	$ 114,964

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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, 2007 and July 1, 2008 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 3.0% per year. 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
2/28/07	293,983	65%	103,861
2/29/08	200,648	103%	97,550
2/28/09	216,015	92%	114,964

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.

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, 2009 and February 29, 2008, the Authority had entered into various contracts and had a commitment of approximately $732,419 and $21,781 related to these contracts, respectively.

10. LEASE COMMITMENTS

Operating Leases

The Authority entered into various lease agreements for office equipment. The terms of the agreements have resulted in the obligations being recorded as operating leases.

The lease obligations were for fifty to sixty-six month periods. The following is a schedule of the future minimum lease payments to be made under these agreements:

2009	3,207
2010	1,260
Total future minimum lease payments	$4,467

Lease expense amounted to $7,882 and $12,312 in 2009 and 2008, respectively.

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11. NET ASSETS

Net assets represent the difference between assets and liabilities. The restricted net asset amounts at February 28, 2009 and February 29, 2008 were as follows:

	2009	2008
Invested in capital assets, net of related debt:		
Net capital assets in service	$61,234,231	$60,144,320
Less: bonds payable	(21,523,726)	(21,446,576)
Total invested in capital assets, net of related debt	39,710,505	38,697,744
Restricted for capital activity and debt service:		
Restricted funds held by trustee	6,036,087	5,928,143
Amounts to be paid from restricted assets	(240,427)	(177,107)
Total restricted for capital activity and debt service	5,795,660	5,751,036
Unrestricted	1,800,675	1,864,010
Total net assets	$47,306,840	$46,312,790

12. MAJOR SUPPLIER

The Authority's water purchases from one supplier for the years ended February 28, 2009 and February 29, 2008 were approximately 31% and 31%, respectively, of the Authority's total operating expenses.

13. POSTEMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the Authority provides post retirement health care and life insurance benefits to all employees. The expenses for these post retirement benefits are recognized on a pay-as-you-go basis as the monthly premiums for the benefits become due. At February 28, 2009 and February 29, 2008, there were 20 retired employees and family members receiving benefits. The amount paid by the Authority as of February 28, 2009 and February 29, 2008 was $59,681 and $61,878, respectively.

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