BCW

BRISTOL COUNTY WATER AUTHORITY

FY2026 ANNUAL REPORT

MARCH 1, 2025 - FEBRUARY 28, 2026

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INTRODUCTION

For more than 100 years, the water supply for Barrington, Bristol, and Warren was managed by the Bristol County Water Company. The Bristol County Water Authority (BCWA) was established in 1984 by the Rhode Island legislature, and BCWA assumed full responsibility for the county's water supply in 1986.

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BCWA continually adopts operational efficiencies while it invests in, modernizes, and maintains the utility. With strategic planning, vigilant maintenance, and constant innovation, BCWA successfully supplies an average of 3.2 million gallons of quality water daily to 17,446 metered service connections. BCWA serves a customer population of 50,793 residents and more than 1,000 commercial users.

ABOUT BCWA

MISSION

To provide the highest quality water to all our customers.

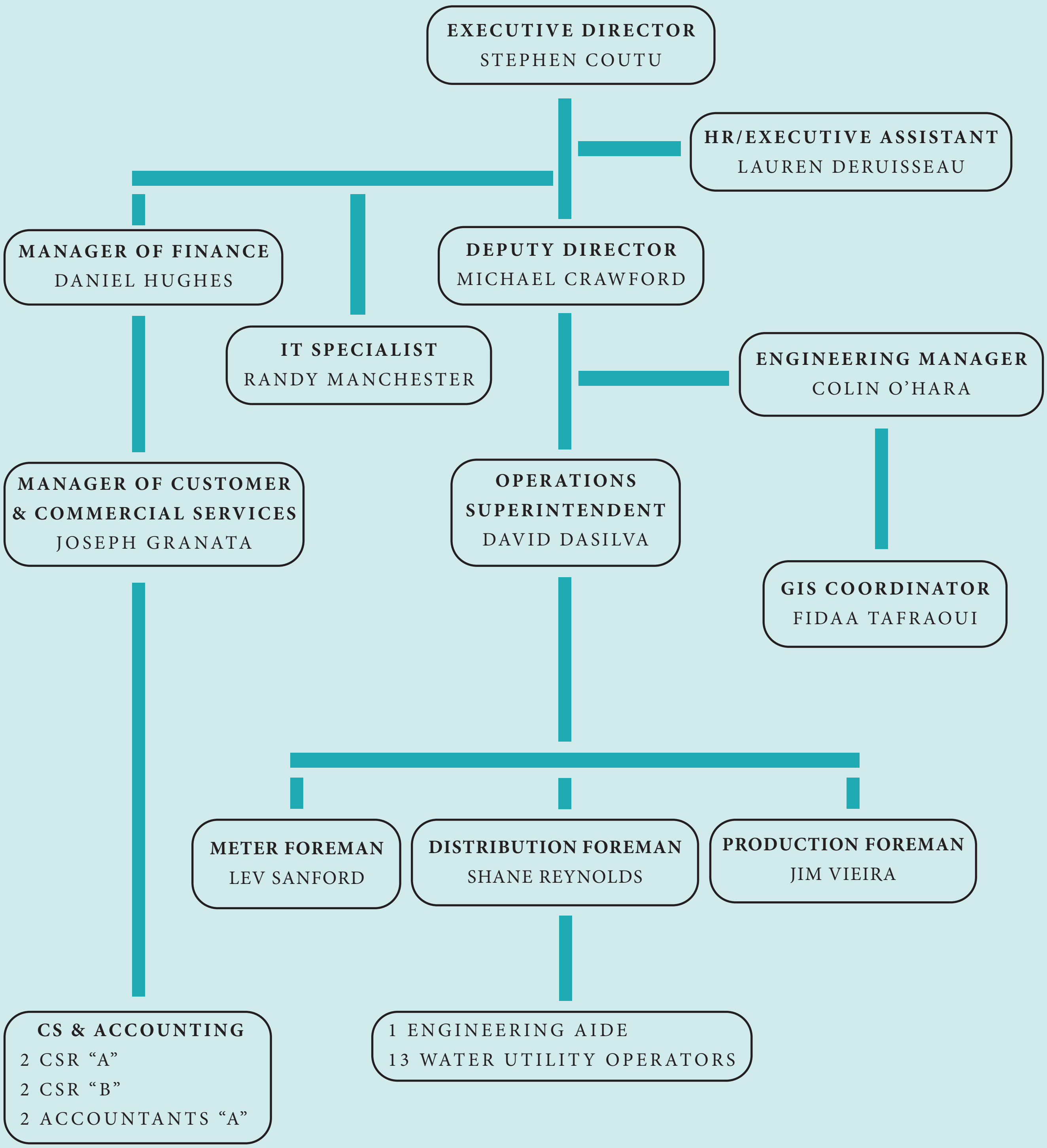
VISION

BCWA will be a model regional water utility, recognized for its customer focus, water quality, system reliability, and efficiency.

VALUES

- Quality product and exceptional customer service
- Effective and efficient asset managment
- Environmental sensitivity
- Employee development
- Integrity and transparency

ORGANIZATION



A WORD FROM OUR CHAIRMAN

JUAN MARISCAL

ON JULY 4, 2026, THE UNITED STATES CELEBRATES ITS 250TH ANNIVERSARY OF THE SIGNING OF THE DECLARATION OF INDEPENDENCE.

Rhode Island was the first of the thirteen colonies to officially renounce its allegiance to King George III two months earlier on May 4, 1776. Rhode Island traces its colonial roots to Roger Williams' founding of Providence in 1636 after being banished from Massachusetts. The winter of 1635-36 has been reported as a bitterly cold one, sounding like our recent 2025-2026 winter. Fortunately, Roger Williams was helped by the native Wampanoags and Narragansetts from which he was able to purchase land where there was a freshwater spring. This water source was the first drinking water source for Roger Williams and other settlers in Providence.

Without Roger Williams finding a good water source, Providence and Rhode Island might not exist today as we know it. Similarly, Bristol County's water sources were defined and supported the development of the three communities that the Bristol County Water Authority (BCWA) serves today.

Unfortunately, BCWA's original water sources are no longer available in the proper quantity and quality for Bristol County. Fortunately, through foresight and considerable planning, engineering, and construction, the BCWA built the Cross-Bay Pipeline which now provides the daily drinking water needs of over 50,000 Bristol County residents and businesses. Seven years ago, a pipeline leak (since repaired) highlighted the risks of relying on a single water source and transmission system.

We are now focused on completing the design and permitting of a connection to the Pawtucket water system. The first part of this project, an interconnection with the City of East Providence's water system, was completed in 2022. This allows BCWA to access Providence water through two separate access points. The second part of the

A WORD FROM OUR CHAIRMAN

Pawtucket Project, the connection to the Pawtucket system, is expected to be put out to bid in 2027. Once completed, the new pipeline will provide the redundancy needed to adequately and continuously supply water to Bristol County for the foreseeable future. This pipeline will also provide the City of East Providence with needed redundancy. As such, the BCWA and the City of East Providence have entered into a cost-sharing agreement for the design of the Project.

In addition to this major project, BCWA invests significant effort each year in upgrading existing infrastructure. As our operations change, so does the use of BCWA-owned property. On Serpentine Road, a new more-efficient operations building will be replacing functionally obsolete facilities. This project is expected to be under construction in 2027.

Each of the nine board members serves on committees and meets monthly as a board. The public is welcome to attend these open meetings and provide input. We are very much interested in learning of any gaps that might exist in our water services and providing additional community services to address our main mission – to provide the highest quality water to all our customers. If you have ideas for educational, public information, demonstration, efficiency or other water projects, we encourage you to share them with us. Finally, it is very important to stress that our daily activities could not be accomplished without the excellent and conscientious work of our staff. Our staff work diligently to provide the most efficient administrative and field services at the lowest costs to our customers. We thank them for their professionalism and commitment to serving our community.

A NOTE FROM THE EXECUTIVE DIRECTOR

STEPHEN COUTU

THE BLIZZARD OF 2026 WAS A HISTORIC WEATHER EVENT, AND THE EXTREME COLD TEMPERATURES EXPERIENCED THROUGHOUT THE WINTER PRESENTED SIGNIFICANT CHALLENGES ACROSS OUR REGION, INCLUDING FOR WATER UTILITIES.

Winter is typically the season when water systems experience the highest number of water main breaks, and this year was no exception. BCWA crews responded to 35 water main breaks caused by the severe weather conditions.

Whenever a water main break or leak occurs, our crews respond immediately, at any hour of the day and in all weather conditions. Thanks to their dedication, expertise, and professionalism, service disruptions were minimized and repairs were completed safely, efficiently, and as quickly as possible.

Harsh winter conditions place considerable stress on aging water infrastructure. Deep ground frost increases pressure on older cast iron pipes, making them more susceptible to cracking, while repeated freeze-thaw cycles can cause ground movement that contributes to pipeline failures. Like many utilities across the country, BCWA manages an aging underground distribution system. Nearly one-third of our network, approximately 78 miles, consists of unlined cast iron pipe.

Over the past decade, BCWA has replaced or improved nearly 20 miles of water main. While this progress is significant, important work remains to ensure the continued reliability and quality of the water service our customers depend upon. Maintaining and upgrading aging infrastructure is an ongoing challenge, particularly as construction and material costs continue to rise. Despite these challenges, we remain firmly committed to investing in the long-term reliability and resilience of our system through careful planning and responsible infrastructure improvements.

A NOTE FROM THE EXECUTIVE DIRECTOR

BCWA purchases all of its drinking water from Providence Water, which sources its supply from the Scituate Reservoir. Our primary transmission main connects to the Providence Water system through a pipeline that crosses 160 feet beneath the Providence River. A leak in this pipeline in 2019 highlighted the vulnerability of relying on a single supply connection and reinforced the importance of developing a secondary source of water. Establishing an interconnection with the Pawtucket Water Supply remains one of our highest priorities and would provide a reliable, high-quality backup source to strengthen the region's water supply resiliency.

The work we do is guided by four strategic priorities: maintaining exceptional water quality and strengthening our water supply; providing outstanding customer service; enhancing operational efficiency; and ensuring long-term financial stability. Achieving these objectives requires the dedication and teamwork of our utility operators, customer service representatives, management team, and the ongoing support of the BCWA Board of Directors.

Water is essential to every aspect of daily life. At BCWA, we remain committed to delivering safe, reliable, high-quality drinking water while maintaining the infrastructure and services our customers and communities depend upon. We are proud to serve our region and remain focused on meeting today's challenges while preparing for the future.

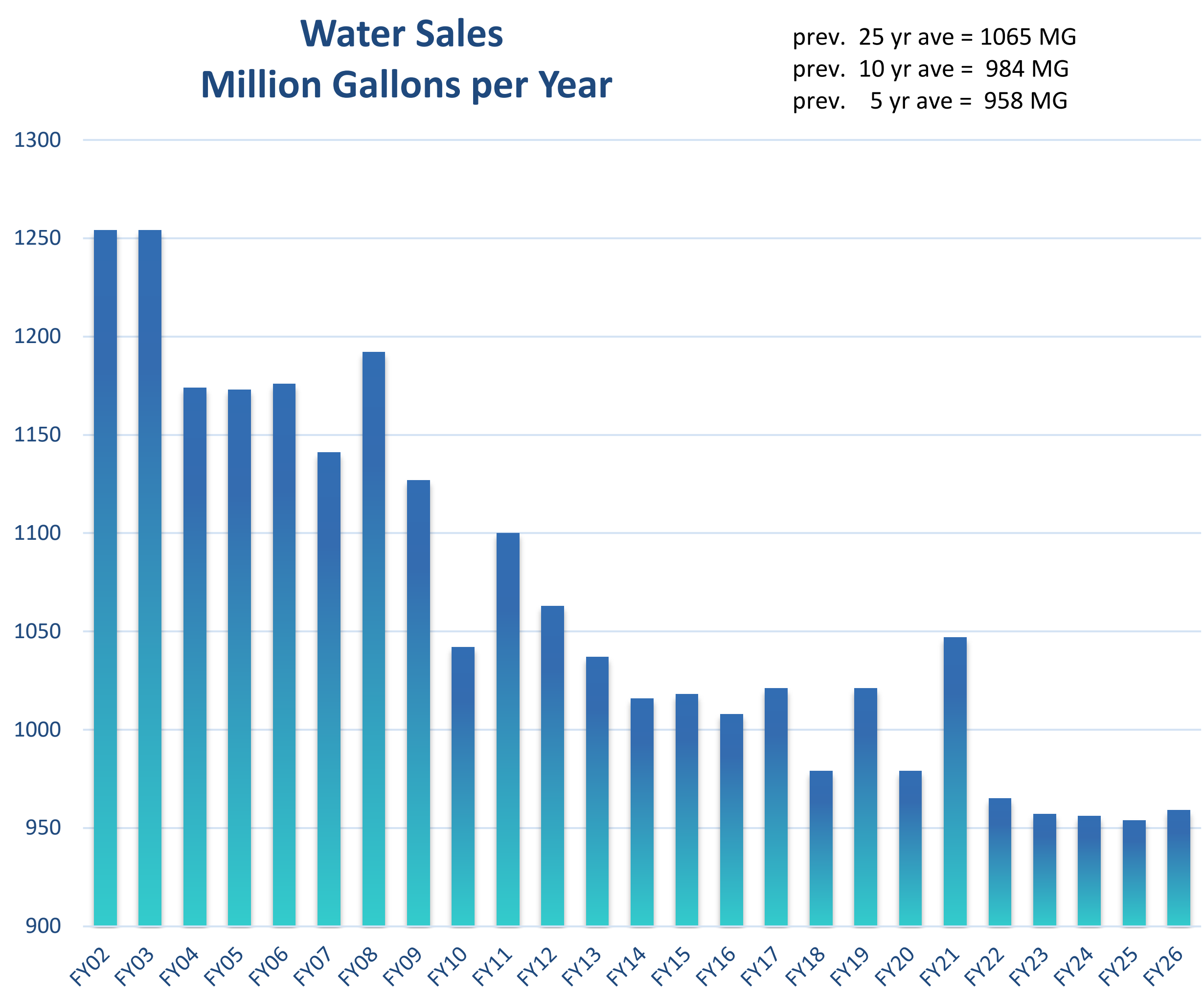
FY2027 RATE INCREASE

The BCWA Board of Directors has implemented a rate increase of 3.00% for FY2027 to help us fulfill our ongoing commitment to provide a safe, high-quality, and reliable water supply. This increase is crucial to meet our revenue needs and support our 10-year Financial Plan for the Capital Improvement Program.

With this rate adjustment, the average residential water bill is projected to increase by approximately $1.92 per month, or $23.00 annually. All funds received by BCWA are directly reinvested into our operations, reserves, and capital programs. This rate increase will help us

- ensure water supply security through the Pawtucket Pipeline Project
- finance infrastructure projects that enhance water quality and reliability
- continue to provide exceptional customer service
- preserve reserves for bonding and minimize future rate hikes
- adjust for decreases in water consumption

We understand that rate increases of any kind affect our customers' households and businesses. However, this increase enables us to effectively address the current and future needs of our customers and the communities we serve while also providing financial stability to fund our critical capital improvements.



BRISTOL COUNTY WATER AUTHORITY FIVE YEAR COMPARATIVE ANALYSIS

ITEM	FY2026	FY2025	FY2024	FY2023	FY2022	FY2021
# Customers:						
Residential	16,283	16,257	16,236	16,224	16,187	16,141
Commercial	1,066	1,070	1,060	1,060	1,056	1,057
Industrial	8	8	8	8	8	8
Municipal	89	93	89	89	103	85
Total:	17,446	17,428	17,393	17,381	17,354	17,291
# Employees (FTEs)*:	32	32	32	33	33	34
Consumption: (Thousands of Gallons)						
Residential	756,185	746,106	742,153	741,515	753,177	838,030
Commercial	184,953	187,308	195,733	195,180	190,196	187,366
Industrial	1,612	2,208	1,893	1,682	1,481	1,322
Municipal	16,488	18,428	19,249	18,362	20,397	20,845
Total:	959,238	954,050	956,028	956,739	965,251	1,047,563
Unaccounted-for Water (%):	12%	11.3%	11.5%	13%	9.97%	9.8%
Rate Increases (%):	3%	5%	6%	4%	3.5%	10%

FINANCIAL	FY2026	FY2025	FY2024	FY2023	FY2022	FY2021
Operating Revenue	$19,617,256	$18,326,430	$17,247,931	$16,167,735	$16,066,002	$16,223,925
Operating Expenses	$9,563,252	$12,868,736	$12,973,560	$10,947,462	$10,322,013	$11,386,966
Operating Income	$10,054,004	$5,457,694	$4,274,371	$5,220,273	$5,743,989	$4,836,959
Net Assets	$115,229,536	$103,741,363	$94,849,837	$88,100,798	$83,135,047	$78,034,477
Accounts Receivable (A/R)	$3,852,646	$3,472,279	$3,187,563	$3,364,224	$3,291,024	$3,094,067
Debt Coverage Ratio	9.39	7.87	6.66	6.87	7.62	6.74

*Full Time Equivalents

BOARD OF DIRECTORS

JUAN MARISCAL
CHAIRMAN
BRISTOL REPRESENTATIVE
TERM ENDING: 3/31/29

THOMAS KRAIG
VICE-CHAIRMAN
BARRINGTON REPRESENTATIVE
TERM ENDING: 2/28/27

CHRISTOPHER STANLEY
SECRETARY/TREASURER
WARREN REPRESENTATIVE
TERM ENDING: 1/31/27

RICHARD E. FOURNIER
BRISTOL REPRESENTATIVE
TERM ENDING: 2/29/28

DAVID E. FALES
BARRINGTON REPRESENTATIVE
TERM ENDING: 2/29/28

JOHN JANNITTO
WARREN REPRESENTATIVE
TERM ENDING: 2/28/29

ROBERT MARTIN
BRISTOL REPRESENTATIVE
TERM ENDING: 2/28/27

STEPHEN J. GROSS
BARRINGTON REPRESENTATIVE
TERM ENDING: 2/28/29

FRANK J. ALFANO
WARREN REPRESENTATIVE
TERM ENDING: 1/31/28

FY2026 SYSTEM INFORMATION

TOTAL WATER PURCHASED
1,166 MILLION GALLONS

WATER PURCHASED (AVG. DAY): 3.2 MILLION GALLONS

MILES OF PIPE: 234

NUMBER OF EMPLOYEES: 32

RESIDENTIAL POPULATION SERVED: 50,793

AVG. RESIDENTIAL ANNUAL DEMAND: 46,440 GALLONS PER YEAR

GALLONS/PERSON/DAY: 41

AVG. ANNUAL WATER BILL: $790

AVG. COST PER GALLON: $1.7 CENTS

NUMBER OF SERVICE ACCOUNTS

RESIDENTIAL: 16,283

COMMERCIAL; 1,066

INDUSTRIAL: 8

GOVERNMENT: 89

TOTAL: 17,446

COST OF PROVIDENCE WATER

$2,472,813 OR 15% OF BUDGET REVENUE

PAWTUCKET PIPELINE PROJECT

The Pawtucket Pipeline Project is a critical infrastructure initiative involving the construction of approximately five miles of 30-inch transmission pipeline. The new pipeline will originate at the Kent Heights Water Tank site in East Providence and connect to the Pawtucket Water Supply near the East Providence–Pawtucket line along Pawtucket Avenue.

As illustrated in the accompanying maps, most of the pipeline will be installed along the most direct route within Pawtucket Avenue. The project also includes several complex engineering components, including crossings of Interstate 195, the Ten Mile River, and two active railroad corridors.

Design of the majority of the project has now reached the 90 percent completion stage and has been submitted for permitting to several regulatory agencies, including the Rhode Island Department of Transportation (RIDOT) and the Rhode Island Department of Environmental Management (RIDEM). Pending permit approvals and review timelines, construction may commence in 2027.

PROJECT PURPOSE

BCWA currently purchases its entire water supply—approximately 3.2 million gallons per day—from a single source, Providence Water. A reduction in supply, service interruption, or failure of the East Bay pipeline, as experienced in 2019, could significantly impact BCWA's ability to meet customer demand.

Addressing this vulnerability is the primary objective of the Pawtucket Pipeline Project. The City of East Providence faces a similar risk due to its reliance on Providence Water; therefore, Phase II is being developed as a jointly owned transmission pipeline that will provide both communities with access to an additional source of water supply.

Phase I of the project was completed in June 2022 and established a critical interconnection between the BCWA and East Providence water systems, laying the foundation for this next phase of regional water supply resilience.

PROJECT COSTS

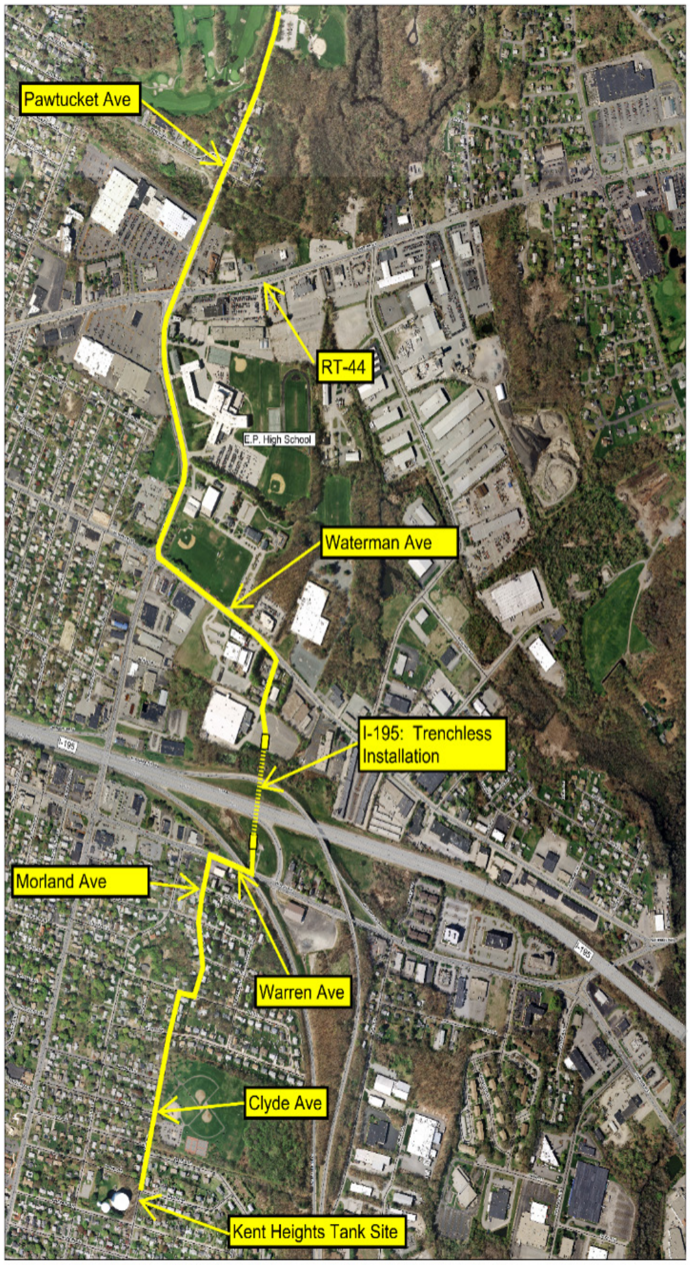
Recognizing the mutual benefits of the project, the City of East Providence has partnered with BCWA in funding the Phase II design effort, sharing approximately $2 million in design costs. The estimated construction cost for Phase II is currently projected to range between $50 million and $70 million.

To prepare for the financial impact of this investment, BCWA has strategically built reserves over the past several years to help minimize the need for significant future rate increases. While the current project budget does not assume any state or federal funding assistance, BCWA has applied for funding through the Rhode Island Infrastructure Bank, and the project is ranked on the State Project Priority List.

PAWTUCKET PIPELINE PROJECT

INVESTING IN THE FUTURE

Upon completion, the Pawtucket Pipeline Project will provide a critical level of water supply redundancy, reliability, and resilience for the communities of Barrington, Warren, Bristol, and East Providence. This investment will help ensure a secure and dependable water supply for generations to come.



CAPITAL PLAN UPDATE

INVESTING IN WATER SYSTEM INFRASTRUCTURE

Maintaining and improving water system infrastructure is essential to BCWA's mission of delivering a safe, reliable, and high-quality water supply. Ongoing system maintenance and strategic capital investments help ensure operational efficiency, enhance system resilience, and support future water demands. BCWA's annual capital improvement program focuses on:

- Replacing, cleaning, and re-lining aging cast iron pipes
- Replacing or rehabilitating asbestos concrete pipe
- Eliminating and reducing low-pressure zones
- Improving system reliability by installing new valves and tying in dead-end mains

Before and after cleaning and lining of cast iron pipe

To support these efforts, BCWA allocates $3.8 million annually for pipeline renewal and rehabilitation projects. Over the past decade, nearly 100,000 feet of water main has been improved throughout the system.

2025 WATER SYSTEM IMPROVEMENTS

BRISTOL: GOODING AVENUE AND NAOMI STREET

BCWA completed the removal of approximately 740 linear feet of 8-inch ductile iron and 8-inch cast iron water main and installed approximately 740 linear feet of new 8-inch ductile iron water main, along with associated valves, hydrants, and appurtenances.

This project was undertaken after sections of the existing water main were found to be compromised due to corrosion. Following completion of the work, BCWA expanded the High Service Area to an additional 94 customers.

WARREN: CHILD STREET

BCWA installed approximately 330 linear feet of new 12-inch ductile iron water main, and associated appurtenances, including cutting and capping of old water mains from BCWA's former water treatment facility.

The work on Child Street was completed to remove old and obsolete water system infrastructure from the former water treatment facility, including replacement of an older main within Child Street. This work also served to increase the resilience to the water main which serves the east Warren area.

CAPITAL PLAN UPDATE

2026 WATER MAIN IMPROVEMENT PROGRAM

Building upon the successful improvements completed on Child Street in 2025, BCWA will continue its infrastructure renewal efforts in this area for the 2026 construction season.

The project includes:

- Cleaning and lining of approximately 5,600 feet of existing water main
- Installation of 60 feet of new water main
- Eliminating and reducing low-pressure zones
- Replacement of 65 water services
- Installation of new valves and hydrants

Construction activities will take place in the Town of Warren along portions of Child Street (from Barker Avenue to Metacom Avenue), Metacom Avenue (from Child Street north to the dead end), and Kickemuit Road (from Metacom Avenue to Market Street).

These projects are designed to improve system performance and reliability so that our customers can expect a dependable water supply.

CAPITAL PLAN UPDATE

LEAD SERVICE LINE IDENTIFICATION AND REPLACEMENT PROGRAM

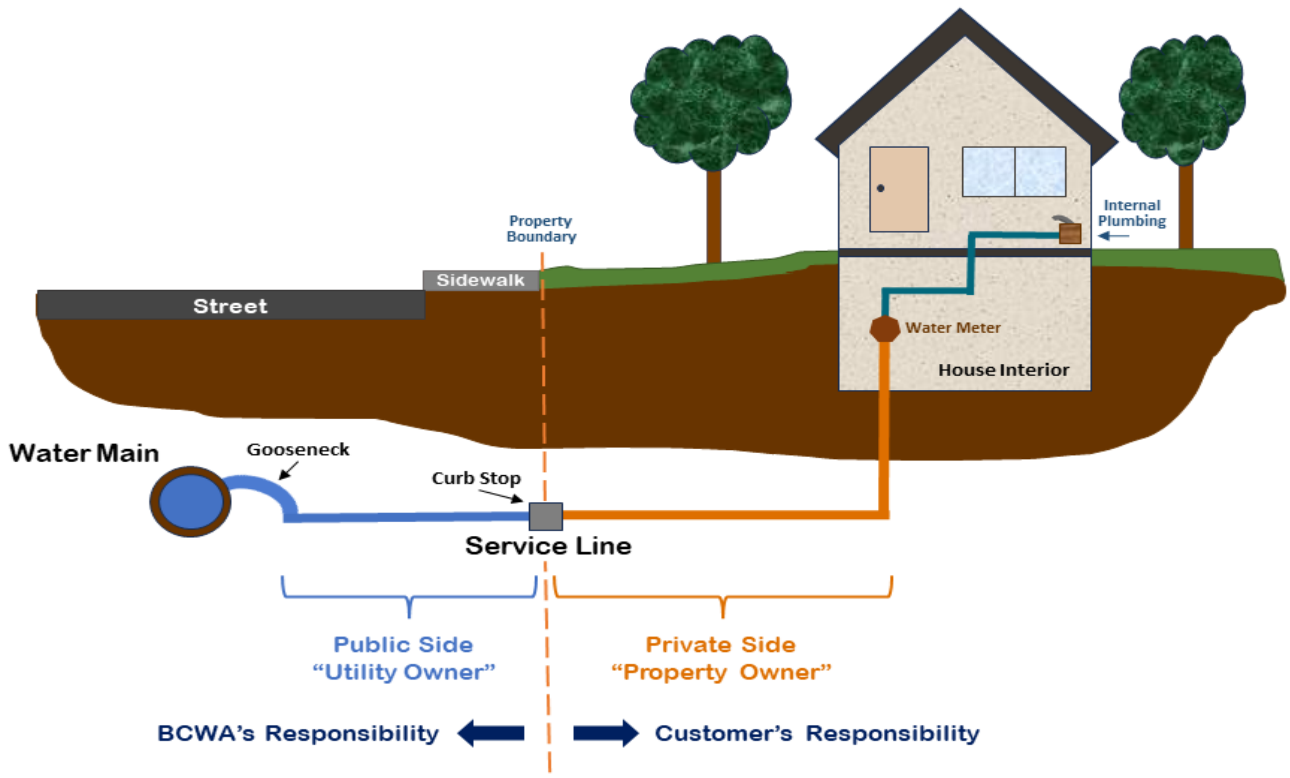
One of the most significant initiatives facing water utilities nationwide is the identification and removal of lead service lines. During the past year, BCWA continued to implement federal and state regulatory requirements associated with the Lead and Copper Rule Improvements (LCRI).

For more than a decade, BCWA has proactively replaced public-side lead gooseneck service connections throughout the distribution system. In 2025, BCWA completed replacement of the **remaining 21 public-side lead service connections**, making the Authority's water distribution system **lead-free on the public side**.

Current regulations also require water utilities to develop comprehensive inventories identifying the material composition of service lines on both the public and private sides of every customer connection (please see diagram below).

BCWA successfully completed a system-wide inventory of all water service lines within the district and has identified the material composition of service lines on both the public and private portions wherever information is available.

To assist customers, BCWA maintains an online mapping tool that allows property owners to view available information regarding their service line materials. The Authority continues to work toward identifying private-side service lines for locations where material information remains unknown and encourages customers to participate in the online service line survey located on our website (www.bcwari.com/lead-service-line-survey) to help complete these records.



CAPITAL PLAN UPDATE

RESTORING THE ECOLOGICAL RESILIENCE OF THE KICKEMUIT RIVER

Following a decade of planning, engineering analyses, and regulatory permitting both the Lower and Upper Kickemuit River Dams were successfully removed. The project restored the Kickemuit River to a natural tidal estuary as it existed over 100 years ago.

This initiative, which divested BCWA from obsolete water system infrastructure was widely supported by environmental groups throughout our state, to improve water quality, enhance wildlife habitat, and mitigate flooding. The project received over $4 million in grant funds, which has covered the costs for the dam removals and ecological restoration work.

A family of bald eagles have returned to the area

A community-based planting project was completed with assistance from Save The Bay and local volunteers in the location of the former Upper Dam

CAPITAL PLAN UPDATE

REMOVAL OF THE SHAD FACTORY PIPELINE

With the successful completion of the Kickemuit River Dams, BCWA has begun planning for the removal of the Shad Factory Pipeline, a decommissioned water supply pipeline located within an environmentally sensitive salt marsh along the Palmer River in Swansea, MA and Warren, RI. The Shad Factory Pipeline once transported water from the Shad Factory Pond Reservoir in Rehoboth, MA to the former BCWA water treatment facility on Child Street in Warren. This project's objective is to remove approximately 3,000 feet of above-ground pipeline and further advance BCWA's efforts to eliminate obsolete infrastructure. The project is currently in the design and permitting phase.

FUTURE INVESTMENTS IN YOUR WATER SYSTEM

Divesting ourselves from the obsolete dams, water supply pipelines, and treatment plant facilities, removes the on-going costs and liability associated with maintaining infrastructure that is no longer part of the water supply system. As these projects are completed, BCWA continues to focus on future investments that will strengthen the reliability, resilience, and long-term sustainability of the water system.

Key initiatives include:

- The Pawtucket Water Supply Connection Project which will ensure future water supply reliability and provide increased system redundancy.
- A new Operations and Maintenance Facility to provide BCWA staff with the necessary equipment resources and work environment to effectively operate, maintain and improve the water system.

These investments represent BCWA's ongoing commitment to protecting public health, maintaining critical infrastructure, and ensuring a reliable water supply for future generations.

BRISTOL COUNTY WATER AUTHORITY
WARREN, RHODE ISLAND

FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED
FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

BRISTOL COUNTY WATER AUTHORITY

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Independent Auditors' Report

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Bristol County Water Authority (Authority), as of and for the years ended February 28, 2026 and February 28, 2025 (except for the Pension Trust Fund which is as of and for the years ended June 30, 2025 and June 30, 2024), and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Authority, as of February 28, 2026 and February 28, 2025, and the respective changes in financial position, and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 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 23, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

CBIZ CPAs P.C.

Providence, RI
June 23, 2026

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BRISTOL COUNTY WATER AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE YEARS ENDED FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

Overview of the Entity:

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).

Overview of the Financial Statements:

As noted in the Independent Auditors' Report, Management's Discussion and Analysis (MD&A) provides required supplementary information to the audits 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.

The financial statements include (1) the statement of net position, (2) the statement of revenues, expenses and changes in net position, (3) the statement of cash flows, (4) the statement of fiduciary net position, (5) the statement of changes in fiduciary net position, and (6) notes to the financial statements.

Financial Highlights – Fiscal Year 2026

- The Authority's net position increased by $11.5 million or 11.1%.
- During the year, the Authority's operating revenues increased 7.0% to $19.6 million. Operating expenses decreased from $12.9 million to $9.6 million or by 25.6%.
- The Debt Service Ratio increased to 9.29 for FY2026.

Financial Highlights – Fiscal Year 2025

- The Authority's net position increased by $8.9 million or 9.4%.
- During the year, the Authority's operating revenues increased 6.3% to $18.3 million. Total expenses decreased from $13.0 million to $12.9 million or by 0.8%.
- The Debt Service Ratio increased to 7.87% for FY2025.

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 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 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 FY2014.

Financial Highlights:

Summary of Net Position

Presented below is the Authority's condensed summary of net position at February 28, 2026 compared to February 28, 2025 and February 29, 2024. The statement of net position presents the assets and deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end-of-year data for assets, deferred outflows of resources, liabilities, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

SUMMARY OF NET POSITION
February 28, 2026, 2025 and 2024

	2026	2025	2024
Current and Other Assets	$ 53,014,325	$ 47,151,209	$ 44,684,003
Capital Assets	95,907,896	96,413,212	94,952,797
Total Assets	148,922,221	143,564,421	139,636,800
Deferred Outflows of Resources	1,029,108	657,106	1,187,609
Current Liabilities	5,440,326	6,796,815	7,027,050
Noncurrent Liabilities	28,005,028	31,842,462	36,596,918
Total Liabilities	33,445,354	38,639,277	43,623,968
Deferred Inflows of Resources	1,276,439	1,840,887	2,350,604
Net Investment in Capital Assets	67,036,481	63,184,236	57,788,012
Restricted	7,195,511	7,868,041	10,875,079
Unrestricted	40,997,544	32,689,086	26,186,746
Total Net Position	$ 115,229,536	$ 103,741,363	$ 94,849,837

2026 Comparative Information

Total assets of the Authority at February 28, 2026 and 2025 were $148,922,221 and $143,564,421, respectively, a change of 3.7%. The significant components of current assets are cash, accounts receivable, and funds held by the Authority. The significant components of noncurrent assets are capital assets and funds held by trustees. Capital assets include land, facilities, distribution systems, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

Total liabilities of the Authority at February 28, 2026 and 2025 were $33,445,354 and $38,639,277, respectively, a change of 13.4%. Current liabilities include accounts payable, accrued liabilities, unearned revenue and current portion of long-term debt. Noncurrent liabilities are primarily made up of the long-term portion of debt and pension and OPEB liabilities.

Deferred outflows of resources relate to the Authority's pension and OPEB liabilities. In 2026, the Authority's deferred outflows increased by $372,002. Deferred inflows of resources relate to the Authority's deferred bond subsidy and pension and OPEB liabilities. In 2026, the Authority's deferred inflows decreased by $564,448.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, net of accumulated depreciation and related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by $8,308,458, or 25.4%, for the fiscal year.

2025 Comparative Information

Total assets of the Authority at February 28, 2025 and 2024 were $143,564,421 and $139,636,800, respectively, a change of 2.8%. The significant components of current assets are cash, accounts receivable, and funds held by the Authority. The significant components of noncurrent assets are capital assets and funds held by trustees. Capital assets include land, facilities, distribution systems, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

Total liabilities of the Authority at February 28, 2025 and 2024 were $38,639,277 and $43,623,968, respectively, a change of 11.4%. Current liabilities include accounts payable, accrued liabilities, unearned revenue and current portion of long-term debt. Noncurrent liabilities are primarily made up of the long-term portion of debt and pension and OPEB liabilities.

Deferred outflows of resources relate to the Authority's pension and OPEB liabilities. In 2025, the Authority's deferred outflows decreased by $530,503. Deferred inflows of resources relate to the Authority's deferred bond subsidy and pension and OPEB liabilities. In 2025, the Authority's deferred inflows decreased by $509,717.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, net of accumulated depreciation and related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by $6,502,040, or 24.8%, for the fiscal year.

Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended February 28, 2026 compared to the year ended February 28, 2025 and February 29, 2024. The information reflects the results of operations for the Authority. All revenues and expenses are accounted for on an accrual basis.

SUMMARY OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the years ended February 28, 2026, 2025 and 2024

	2026	2025	2024
Revenue			
Operating Revenues	$ 19,617,256	$ 18,326,430	$ 17,247,931
Non-operating Revenues	2,086,970	4,205,676	3,279,269
Total Revenues	21,704,226	22,532,106	20,527,200
Expenses			
Water Operations	3,524,843	6,945,582	6,868,504
Insurance, Taxes & EE Benefits	1,322,580	1,308,687	1,450,497
Depreciation Expense	2,551,916	2,431,338	2,423,975
Customer Service & Accounting	540,707	512,939	631,202
Administration	1,623,206	1,670,190	1,599,382
Total Expenses	9,563,252	12,868,736	12,973,560
Non-Operating Expense	(777,133)	(944,950)	(1,003,776)
Increase in net position before Contributed Capital	11,363,841	8,801,136	6,608,690
Capital Contributions	124,332	90,390	140,349
Changes in Net Position	11,488,173	8,891,526	6,749,039
Net Position - Beginning of Year	103,741,363	94,849,837	88,100,798
Net Position - End of Year	$ 115,229,536	$ 103,741,363	$ 94,849,837

2026 Comparative Information

The Authority's operating revenues increased by $1.3 million in 2026 versus an increase of $1.1 million in 2025. These revenue changes in 2026 and 2025 are reflective of a 3.0% and 5.0% rate increase respectively imposed each year.

Total expenses decreased from $12.9 million in 2025 to $9.5 million in 2026. This decrease was caused by the adjustments related to the OPEB and pension plans along with prior year costs associated with the demolition of the water treatment facility tanks and demolition work done on the upper and lower Kickemuit dams that did not recur in 2026.

Overall, the Authority has shown a steady healthy increase in Net Position over the past five years averaging over $7.4 million per year.

2025 Comparative Information

The Authority's operating revenues increased by $1.1 million in 2025 versus an increase of $1.1 million in 2024. These revenue changes in 2025 and 2024 are reflective of a 5.0% and 6.0% rate increase respectively imposed each year.

Total expenses decreased from $13.0 million in 2024 to $12.9 million in 2025. This decrease was caused by the adjustments related to the pension plan along with costs associated with the demolition of the water treatment facility tanks and demolition work done on the upper and lower Kickemuit dams. The dam demolition work is covered by grant funds included in Non-Operating Income.

Overall, the Authority has shown a steady healthy increase in Net Position over the past five years averaging over $5.0 million per year.

Budgetary Highlights:

As required by its By-Laws, 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 2026 and 2025 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.

	Budget FY2026	Actual 2026	Budget FY2025	Actual 2025	Budget FY2024	Actual 2024
Revenue						
Operating Revenues	$ 16,978,656	$ 19,617,256	$ 16,549,425	$ 18,326,430	$ 15,867,055	$ 17,247,931
Non-operating Revenues	1,529,328	2,086,970	1,464,120	4,205,676	104,004	3,279,269
Total Revenues	18,507,984	21,704,226	18,013,545	22,532,106	15,971,059	20,527,200
Expenses						
Water Operations	5,273,652	3,524,843	5,223,813	6,945,582	7,695,271	6,868,504
Insurance, Taxes & EE Benefits	1,688,188	1,322,580	1,719,140	1,308,687	1,725,987	1,450,497
Depreciation Expense	2,600,400	2,551,916	2,500,008	2,431,338	2,300,004	2,423,975
Customer Service & Accounting	547,007	540,707	533,014	512,939	507,784	631,202
Administration	2,130,696	1,623,206	2,108,261	1,670,190	2,073,602	1,599,382
Total Expenses	12,239,943	9,563,252	12,084,236	12,868,736	14,302,648	12,973,560
Non-Operating Expense	1,824,544	777,133	1,902,340	862,234	1,298,700	944,950
Increase in net position before Contributed Capital	4,443,497	11,363,841	4,026,969	8,801,136	369,711	6,608,690
Capital Contributions	108,000	124,332	108,000	90,390	108,000	140,349
Changes in Net Position	4,551,497	11,488,173	4,134,969	8,891,526	477,711	6,749,039
Net Position - Beginning of Year	103,741,363	103,741,363	94,849,837	94,849,837	88,100,798	88,100,798
Net Position - End of Year	$ 108,292,860	$ 115,229,536	$ 98,984,806	$ 103,741,363	$ 88,578,509	$ 94,849,837

In 2026 total revenues were 117.3% of budget estimates while total expenses were 78.1% of budget. The ending Net Position was 106.4% of the budget projection. In 2025 total revenues were 125.1% of budget estimates while total expenses were 106.5% of budget. The ending Net Position was 104.8% of the budget projection.

Actual expenses in 2026 were 21.9% lower than budgeted estimates largely due to decreases related to pension and OPEB activity. Revenues in 2026 were higher than budget expectations based upon the 5.0% rate increase in 2025 plus the 3.0% increase in 2026 along with a slight increase in consumption as we return to normal usage.

Actual expenses in 2025 were 6.5% higher than budgeted estimates largely due to a variety of things including water consumption returning to a normal level of usage along with some decreases in administration and employee benefit expenses. Revenues in 2025 were higher than budget expectations based upon the 6.0% rate increase in 2024 plus the 5.0% increase in 2025 offsetting the decreased consumption as we return to normal usage.

Capital Assets

At the end of 2026 and 2025, the Authority had invested $95.9 million and $96.4 million, respectively 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:

	2026	2025	2024
Capital Assets:			
Land	$ 2,020,265	$ 2,020,265	$ 2,020,265
Treatment, storage and admin facilitie:	10,173,968	10,118,500	9,984,794
Distribution system	112,546,714	111,169,999	104,333,714
Equipment	12,693,741	12,478,100	12,284,597
Construction in progress	1,212,325	921,227	4,192,967
Total Capital Assets	138,647,013	136,708,091	132,816,337
Less: accumulated depreciation	(42,739,117)	(40,294,879)	(37,863,541)
Net Capital Assets	$ 95,907,896	$ 96,413,212	$ 94,952,796

During 2026 the following are major capital asset additions or changes:

- $55 thousand in Treatment, Storage & Admin Facilities which includes a $26 thousand canopy roof system.
- $1.4 million in the Distribution System which includes $1.28 million for Renewals and capital projects.
- $215 thousand in Equipment which includes $90 thousand for vehicle replacements and $78 thousand for security system improvements.

During 2025 the following are major capital asset additions or changes:

- $134 thousand in Equipment which includes $110 thousand for a utility truck.
- $3.6 million in the Distribution System which includes $3.0 million for Renewals and capital projects.
- $193 thousand in Treatment, Storage & Admin Facilities which includes $110 thousand storage containers and canopy roof system.

During 2024 the following are major capital asset additions or changes:

- $112 thousand in Equipment which includes $81.4 thousand for a pickup with a dump body.
- $4.1 million in the Distribution System which includes $3.8 million for Renewals and capital projects.
- $225 thousand in Treatment, Storage & Admin Facilities which includes replacing the roof of the administration building.
- $10 thousand decrease in Construction in Process Phase 1 completion offsetting the projects underway.

In the below, the Authority's Fiscal 2027 Capital Budget estimates spending approximately $20.95 million for Capital Projects, principally for the construction of a new operations building. Approximately, $15 million will be paid with project funds from bonds to be issued late summer 2026. The remaining balance will be paid by cash IFR funds and projected cash flow in 2027.

Computer systems /SCADA	$ 50,000
Facilities	325,000
Supply and distribution	3,580,000
Equipment/meters/vehicles	350,000
	$ 4,305,000

Long-Term Debt

The table below shows the increase in the Authority's Debt Service Ratio from 7.87 in 2025 to 9.29 in 2026 due to a decrease in debt service offset by the increase in the Revenue Fund balance this year. 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. A ratio consistently over 6.50 creates more confidence from lenders meaning lower rates for our current and future borrowing. This is evident in the excellent rates we received on our $12 million Webster bond (2.88%) subsequent to 2023 and the TD Bank refunding of the 2014A bond to a 5-year bond at a rate of .975% during 2022. The key to this improvement has been building our Revenue & IFR Reserve Funds over the last few years which was offset by the $12 million bond issue in 2023. (** Note-2024, 2025 and 2026 Net Expenses are net of cash paid to capital projects from operating cash).

Debt Service Ratio Coverage

	2026	2025	2024
Revenue fund balance	$ 32,934,349	$ 26,242,730	$24,141,601
Revenue collected from operation	21,967,087	19,228,317	16,990,000
Interest income	1,400,770	1,972,862	1,841,125
Total revenue available	56,302,206	47,443,909	42,972,726
Total Operating Expenses, Net	10,801,000	8,834,991	10,327,913
Net Revenues Available	$ 45,501,206	$ 38,608,918	$32,644,813
Debt service requirement	$ 4,898,563	$ 4,905,558	$ 4,901,202
Debt Service Coverage Ratio	9.29	7.87	6.66
Debt Service Required Ratio	1.25	1.25	1.25

The table below shows that the total net Bond/Loan balance decreased by approximately $4.1 million in 2026 as a result of the principal payments made during 2026.

	2026	Average Coupon Rate	2025	Average Coupon Rate
Bond/Loan:				
2008 Loan	$ 1,449,000	3.15%	$ 1,776,000	3.15%
2011 Loan	375,000	2.93%	429,000	2.93%
2014 Loan (RICWFA)	716,509	2.18%	783,533	2.18%
2018 Bond (TD Bank)	1,214,296	3.32%	1,706,247	3.32%
2018 Bond (RIIB)	2,753,700	2.03%	2,922,200	2.03%
2019 Bond (Chase)	11,373,000	1.88%	12,526,000	1.88%
2021 Bond (TD Bank)	0	0.98%	1,355,000	0.98%
2022 Bond (Webster)	10,610,000	2.88%	11,085,000	2.88%
Total Bond / Loan Balance	$ 28,491,505		$ 32,582,980	

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Economic Factors and Next Year's Budget and Rates

The Authority's Board of Directors and management considered many factors when setting the Fiscal 2027 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 2027. However, historical financial data also plays a large part in its formulation.

	Budget FY2027	Actual FY2026
Revenues:		
Operating Revenues	$ 17,413,293	$ 19,617,256
Non-Operating Revenues	1,599,288	2,086,970
Total Revenues	19,012,581	21,704,226
Expenses:		
Depreciation Expense	2,600,400	2,551,916
Other Operating Expenses	10,630,648	7,011,336
Non-Operating Expenses	737,988	777,133
Total Expenses	13,969,036	10,340,385
Increase in Net Position before Contribution Capital	5,043,545	11,363,841
Capital Contributions	60,000	124,332
Change in Net Position	5,103,545	11,488,173
Net position - Beginning	115,229,536	103,741,363
Net position - Ending	$ 120,333,081	$ 115,229,536

As shown in the table above, budgeted operating revenues available for recovering operating costs are projected to be about $17.4 million, a decrease over last year's actual. Although a rate increase of 3.0% has been budgeted and implemented for Fiscal 2027, the Authority is conservatively projecting revenues to be lower than the actual of FY2026 with consumption returning to a more normal level. Historically the demand for water continues to decline. The possible impact of an extremely wet or dry summer, continued conservation efforts of the ratepayers, and other possible economic factors can play a factor in revenue for the year. We anticipate a slight decrease in non-operating expenses due to a decrease in interest expense. These projections will be reviewed for propriety each year and/or when operating changes having a financial impact dictate. Budget expenses for FY2027 are estimated to increase slightly versus the actual expenses of FY2026 due to inflationary pressures on operating cost. The Authority is always making efforts to reduce costs and will continue to do so in Fiscal 2027.

Contacting the Authority's Manager of Finance

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.O. Box 447, Warren, Rhode Island 02885.

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BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF NET POSITION

FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

	2026	2025
Assets		
Current Assets		
Cash and cash equivalents	$ 41,111,896	$ 34,567,572
Accounts receivable, less allowance of $55,007 and $617,051 in 2026 and 2025		
Billed	1,663,287	1,452,135
Unbilled	2,189,359	2,020,144
Total accounts receivable	3,852,646	3,472,279
Grants receivable	313,403	713,118
Accrued investment income	122,534	128,215
Prepaid items	108,776	103,722
Inventory and other assets	309,559	298,262
Total Current Assets	45,818,814	39,283,168
Noncurrent Assets		
Restricted Assets		
Funds held by trustee	7,195,511	7,868,041
Non-depreciable capital assets	3,232,590	2,941,492
Depreciable capital assets	92,675,306	93,471,720
Total Noncurrent Assets	103,103,407	104,281,253
Total Assets	148,922,221	143,564,421
Deferred Outflows of Resources		
Pension related outflows	50,000	102,785
OPEB related outflows	979,108	554,321
Total Deferred Outflows of Resources	1,029,108	657,106
Total Assets and Deferred Outflows of Resources	$ 149,951,329	$ 144,221,527

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

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF NET POSITION (CONTINUED)

FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

	2026	2025
Liabilities		
Current Liabilities		
Accounts payable	$ 438,579	$ 272,243
Other payables	2,404	2,404
Accrued expenses	463,596	437,109
Customer deposits, net	453,867	441,148
State water protection escrow	704,195	703,191
Retainage payable	241,187	494,297
Accrued interest expense	324,992	354,948
Long-term debt due within one year	2,811,506	4,091,475
Total Current Liabilities	5,440,326	6,796,815
Noncurrent Liabilities		
Net pension obligation	51,279	208,843
Net other post employment benefit liability	2,273,750	3,142,114
Long-term debt due after one year	25,679,999	28,491,505
Total Noncurrent Liabilities	28,005,028	31,842,462
Total Liabilities	33,445,354	38,639,277
Deferred Inflows of Resources		
Deferred bond subsidy	138,723	151,699
Pension related inflows	98,027	11,691
OPEB related inflows	1,039,689	1,677,497
Total Deferred Inflows of Resources	1,276,439	1,840,887
Net Position		
Net investment in capital assets	67,036,481	63,184,236
Restricted	7,195,511	7,868,041
Unrestricted	40,997,544	32,689,086
Total Net Position	$ 115,229,536	$ 103,741,363
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 149,951,329	$ 144,221,527

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

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEARS ENDED FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

	2026	2025
Operating Revenues		
Water	$ 18,554,527	$ 17,829,601
Fire Services	402,175	389,731
Other	660,554	107,098
Total Operating Revenues	19,617,256	18,326,430
Operating Expenses		
Operations	5,388,130	8,889,989
Engineering and administrative	1,623,206	1,547,409
Depreciation	2,551,916	2,431,338
Total Operating Expenses	9,563,252	12,868,736
Operating Income	10,054,004	5,457,694
Non-Operating Revenues (Expenses)		
Investment income	1,773,567	1,972,862
Interest expense	(777,133)	(862,234)
Grant income	313,403	2,232,814
Net Non-Operating Revenues	1,309,837	3,343,442
Increase in Net Position before Capital Contributions	11,363,841	8,801,136
Capital Contributions	124,332	90,390
Increase in Net Position	11,488,173	8,891,526
Net Position at March 1	103,741,363	94,849,837
Net Position at February 28	$ 115,229,536	$ 103,741,363

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

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

	2026	2025
Cash Flows from Operating Activities		
Cash received from customers	$ 19,250,612	$ 18,056,448
Cash paid to employees	(2,579,942)	(4,108,955)
Cash paid to suppliers for goods and services	(6,204,324)	(7,362,071)
Net Cash Provided from Operating Activities	10,466,346	6,585,422
Cash Flows from Investing Activities		
Interest income	1,773,567	1,972,862
Grant revenue	713,118	2,853,923
Net Cash Provided from Investing Activities	2,486,685	4,826,785
Cash Flows from Capital and Related Financing Activities		
Purchase of property, plant and equipment	(2,299,710)	(3,813,624)
Capital contributions	124,332	90,390
Transfers from trustee revenue and debt service accounts	678,211	3,032,838
Payments on bonds and note payable	(4,104,451)	(4,026,590)
Interest payments	(807,089)	(891,621)
Net Cash used for Capital and Related Financing Activities	(6,408,707)	(5,608,607)
Net Increase in Cash and Cash Equivalents	6,544,324	5,803,600
Cash and Cash Equivalents - March 1	34,567,572	28,763,972
Cash and Cash Equivalents - February 28	$ 41,111,896	$ 34,567,572

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

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

	2026	2025
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ 10,054,004	$ 5,457,694
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,551,916	2,431,338
Change in customer extension deposits		
Changes in operating assets and liabilities:		
Increase (decrease) in accounts receivable	(380,367)	(284,716)
Increase (decrease) in inventory and other assets	(16,351)	(32,837)
Increase (decrease) in deferred outflows of resources	(372,002)	530,503
(Decrease) increase in other liability	0	(149,880)
(Decrease) increase in accounts payable and accrued expenses	206,546	(581,496)
(Decrease) increase in net pension liability	(157,564)	(275,625)
(Decrease) increase in other post employment liability	(868,364)	(12,494)
(Decrease) increase in deferred inflows of resources	(551,472)	(497,065)
Net Cash Provided by Operating Activities	$ 10,466,346	$ 6,585,422

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

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BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF FIDUCIARY NET POSITION

FOR THE YEARS ENDED FEBRUARY 28, 2026 AND FEBRUARY 28, 2025
(Except Pension Trust Fund, which is as of June 30, 2025 and June 30, 2024)

	OPEB and Pension Trust Fund	
	2026	2025
Assets		
Cash and cash equivalents	$ 186,716	$ 77,230
Investments, at fair value		
Fixed Income	1,631,954	1,739,219
Equity	4,429,617	3,702,546
Total Assets	6,248,287	5,518,995
Net Position		
Restricted for pension	3,923,001	3,596,237
Restricted for other post-employment benefits	2,325,286	1,922,758
Total Net Position	$ 6,248,287	$ 5,518,995

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

BRISTOL COUNTY WATER AUTHORITY

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEARS ENDED FEBRUARY 28, 2026 AND FEBRUARY 28, 2025

(Except Pension Trust Fund, which is as of June 30, 2025 and June 30, 2024)

	OPEB and Pension Trust Fund	
	2026	2025
Additions		
Contributions		
Employer contributions	$ 407,550	$ 407,954
Total Contributions	407,550	407,954
Investment Income		
Net investment income	676,123	602,924
Total Investment Income	676,123	602,924
Total Additions	1,083,673	1,010,878
Deductions		
Administration fees	16,043	13,398
Service benefits payments	338,338	785,883
Total Deductions	354,381	799,281
Change in Net Position	729,292	211,597
Net Position - March 1	5,518,995	5,307,398
Net Position - February 28	$ 6,248,287	$ 5,518,995

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

NOTE 1 – BASIS OF PRESENTATION AND ORGANIZATION

REPORTING ENTITY

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 accounting methods and procedures adopted by the Authority conform to accounting principles generally accepted in the United States of America (“GAAP”) for governments as promulgated by the Governmental Accounting Standards Board (“GASB”) and specifically applicable to enterprise funds and follow the uniform system of accounts prescribed by regulatory bodies having jurisdiction over its activities. The more significant of the Authority’s accounting policies are described below.

REPORTING ENTITY

In evaluating how to define the Authority, for financial reporting purposes, management has applied the entity definition criteria of GASB in considering all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*. Under GASB Statement No. 61, a legally separate entity is required to be included as a component unit if it is fiscally dependent upon the primary government and there is a financial benefit or burden relationship present. The primary government is financially accountable if it appoints the voting majority of the organizations governing board and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government. A potential component unit has a financial benefit or burden relationship with the primary government if, for example, any one of the following conditions exists:

NOTE 1 – BASIS OF PRESENTATION AND ORGANIZATION (CONTINUED)

a) The primary government is legally entitled to or can otherwise access the organization's resources.
b) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
c) The primary government is obligated in some manner for the debt of the organization.

Based upon the application of the criteria, it was determined there were no component units to be reported.

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 two major categories: 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, also known as the accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position.

NOTE 1 – BASIS OF PRESENTATION AND ORGANIZATION (CONTINUED)

FUND FINANCIAL STATEMENTS (CONTINUED)

Proprietary Funds (Continued)

The statement of net position presents information on the Authority's assets, deferred outflows, liabilities, and deferred inflows. Differences between these amounts are reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. Net position is segregated into three components: net investment in capital assets, restricted, 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) and Pension Trust funds are used to account for resources legally held in trust for the payment of benefits. The OPEB Trust Fund accumulates resources for future retiree health and insurance benefits for eligible retirees.

OPEB and Pension 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.

Use of Resources

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents - Cash and cash equivalents and restricted cash (held by trustee) include highly liquid investments with a maturity of three months or less when purchased. Restricted cash has been classified as noncurrent as it primarily represents unspent bond proceeds restricted for future capital spending.

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

Receivables - 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. The allowance for doubtful accounts for February 28, 2026 and February 28, 2025 was $55,007 and $617,051, respectively.

Revenue Recognition - Usage revenues are based on rates established by the Authority. Revenues from sales of water are recorded on the basis of consumption by customers based on meter readings taken on a cycle basis. Revenues are stated net of discounts and any related bad debts.

Materials and Supplies Inventory - Materials and supplies inventory is stated at the lower of cost (average cost method) or market.

Capital Assets - 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 $5,000. 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

Construction in Progress - Construction in progress consists of the capital projects’ design, planning and construction costs. Upon completing the project and finalizing the financial transaction, the construction in progress is transferred into the completed project capital asset account. Once transferred, the Authority will start to depreciate the completed capital project.

Capital Contributions - Capital contributions consist of property, plant, and equipment paid for by customers for water installations. Once the installation is complete, the property, plant, and equipment transfer to the Authority.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Lived Assets Impairment - The Authority reviews the carrying value of its long-lived assets to ensure that any impairment issues are identified and appropriately reflected in the financial statements. Factors involved in this review include the market value of the assets, business conditions, future plans for asset use, and the expected future cash flows generated from the assets. Should the expected cash flows be less than the carrying value, an impairment loss would be recognized to reduce the carrying value. No impairment losses were recognized in the 2026 and 2025 financial statements.

Pensions/Other Post-Employment Benefits - For purposes of measuring the retirement and OPEB liability, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position can report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense) until that later date. At February 28, 2026 and February 28, 2025, there were $1,029,108 and $657,106 in deferred outflows respectively, relating to pension and OPEB related outflows.

In addition to liabilities, the statement of financial position can report a separate section for deferred inflows of resources. This separate section represents the acquisition of net position that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until a later date. At February 28, 2026 and February 28, 2025, there were $1,276,439 and $1,840,887, respectively in deferred inflows relating to subsidies, pension and OPEB inflows.

Compensated Absences - Employees are granted vacation and sick leave in varying amounts based on years of service with the Authority. At the termination of service, an employee is paid for accumulated unused vacation leave and sick leave. Sick leave payments are based on age and years of service for both union and non-union employees. The accrued vacation and sick leave is reported on the Statement of Net Position as accrued expenses under liabilities.

Long-term Debt - Long-term debt is reported as a liability in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium.

Income Taxes - The Authority is exempt from Federal and State income taxes.

Regulatory - The Authority sets their own rates and have a public rate hike hearing for the ratepayers to ask questions and express opinions, however the decision is ultimately that of the Board.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. The reclasses had no affect on prior year net position or results of operations.

NOTE 3 – CASH AND CASH EQUIVALENTS

The carrying value of deposits, money market accounts and petty cash funds reported on the Statement of Net Position as "cash and cash equivalents" are as follows:

Description	2026	2025
Petty cash	$ 751	$ 798
Money market accounts	40,441,071	33,884,350
Deposits with financial institutions	670,074	682,424
Total Cash and Cash Equivalents	$ 41,111,896	$ 34,567,572

The carrying amount of the Authority's deposits at February 28, 2026 was $41,111,896 and the bank balance was $41,257,939. The carrying amount of the Authority's deposits at February 28, 2025 was $34,567,572 and the bank balance was $34,653,010.

Custodial Credit Risk - Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of February 28, 2026 and 2025, the authority's funds were Federal Deposit Insurance Corporation (FDIC) insured, under a collateralization agreement or uninsured as follows.

	2026	2025
	Bank Balance	Bank Balance
Insured (Federal depository insurance funds)	$ 500,000	$ 509,621
Collateralized	566,868	509,039
Uninsured	40,191,071	33,634,350
Total Bank Balance	$ 41,257,939	$ 34,653,010

NOTE 4 – 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 account or other fund invested exclusively of obligations described above.

At February 28, 2026 and February 28, 2025, the Authority had the following investments classified as funds held by trustee:

Description	Maturity	Interest Rate	Fair Value	Rating
U.S. Bank NA				
Money market accounts	3/1/2026	0.2%	$ 7,195,511	Aa1, AA-

Description	Maturity	Interest Rate	Fair Value	Rating
U.S. Bank NA				
Money market accounts	3/1/2025	0.2%	$ 7,868,041	Aa1, AA-

NOTE 4 – INVESTMENTS (CONTINUED)

Custodial Credit Risk - 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.

NOTE 4 – INVESTMENTS (CONTINUED)

Pension trust fund and OPEB trust fund investments had carrying amounts at fiscal year-end were as follows:

	2026	2025
Pension (as of June 30, 2025 and 2024)	$ 3,923,001	$ 3,596,237
OPEB	2,325,286	1,922,758
	$ 6,248,287	$ 5,518,995

Investments are stated at fair value which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority follows the guidance for fair value measurements and disclosures in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

The Plan categorizes their fair market value measurements within the fair value hierarchy established by generally accepted accounting principles. According to the GASB 72 fair value hierarchy provides the following definition for the three levels of input data for determining the fair value of an asset or liability:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices in active markets for identical assets and liabilities that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3 – Unobservable inputs for the asset or liability (supported by little or no market activity). Level 3 inputs include management's own assumption about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk).

NOTE 4 – INVESTMENTS (CONTINUED)

The Plan has the following recurring fair value measurements as of February 28, 2026 and February 28, 2025:

	OPEB			
	Fair Value Measurements			
	February 28, 2026	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual Funds				
Fixed Income	$ 748,388	$ 748,388	$ 0	$ 0
Equity	1,390,182	1,390,182	0	0
Total Investments Measured at Fair Value Level	$ 2,138,570	$ 2,138,570	$ 0	$ 0

	Pension			
	Fair Value Measurements			
	June 30, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual Funds				
Fixed Income	$ 883,566	$ 883,566	$ 0	$ 0
Equity	3,039,435	3,039,435	0	0
Total Investments Measured at Fair Value Level	$ 3,923,001	$ 3,923,001	$ 0	$ 0

NOTE 4 – INVESTMENTS (CONTINUED)

	OPEB			
	Fair Value Measurements			
	February 28, 2025	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual Funds				
Fixed Income	$ 766,811	$ 766,811	$ 0	$ 0
Equity	1,132,307	1,132,307	0	0
Total Investments Measured at Fair Value Level	$ 1,899,118	$ 1,899,118	$ 0	$ 0

	Pension			
	Fair Value Measurements			
	June 30, 2024	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Mutual Funds				
Fixed Income	$ 972,408	$ 972,408	$ 0	$ 0
Equity	2,570,239	2,570,239	0	0
Total Investments Measured at Fair Value Level	$ 3,542,647	$ 3,542,647	$ 0	$ 0

NOTE 5 – FUNDS HELD BY TRUSTEE (RESTRICTED NET POSITION)

Pursuant to the Bristol County Water Authority Bond Resolutions (Bond Resolutions) adopted November 13, 1986, and as amended, certain restricted funds 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 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 fiscal year-end are as follows:

Restricted For	2026	2025
Debt service fund	$ 1,380,922	$ 1,281,314
Operations and maintenance reserve fund	1,750,000	1,750,000
Debt service reserve fund 2022A	915,224	880,445
Debt service reserve fund 2021A	592	741,178
Debt service reserve fund 2019A	1,612,664	1,551,381
Debt service reserve fund 2018A	548,044	527,217
Debt service reserve fund 2018B	314,235	302,293
Debt service reserve fund 2014A	111,871	107,620
Debt service reserve fund 2011	85,024	81,793
Debt service reserve fund 2008	473,675	455,675
Project Fund 2022A	3,260	189,125
Total	$ 7,195,511	$ 7,868,041

NOTE 5 – FUNDS HELD BY TRUSTEE (RESTRICTED NET POSITION) (CONTINUED)

The funds held by the trustee are invested in cash and long and short-term securities which meet the requirements of the Bond Resolution for permitted investments. These investments include money market accounts. 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 fiscal year ends were as follows:

	2026	2025
Money market funds	$ 7,195,511	$ 7,868,341
Total	$ 7,195,511	$ 7,868,341

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT

Capital asset activity during the year ended February 28, 2026 was as follows:

	Balance at March 1, 2025	Additions	Disposals	Transfers	Balance at February 28, 2026
Non-Depreciable					
Land	$ 2,020,265	$ 0	$ 0	$ 0	$ 2,020,265
Construction in progress	921,227	291,098	0	0	1,212,325
Non-Depreciable Capital Assets	2,941,492	291,098	0	0	3,232,590
Depreciable					
Treatment, storage and admin facilities	10,118,500	55,468	0	0	10,173,968
Distribution system	111,169,999	1,376,715	0	0	112,546,714
Equipment	12,478,100	329,163	113,522	0	12,693,741
Depreciable Capital Assets	133,766,599	1,761,346	113,522	0	135,414,423
Total Capital Assets	136,708,091	2,052,444	113,522	0	138,647,013
Accumulated depreciation	(40,294,879)	(2,551,916)	(107,678)	0	(42,739,117)
Net Capital Assets	$ 96,413,212	$ (499,472)	$ 5,844	$ 0	$ 95,907,896

NOTE 6 – PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital asset activity during the year ended February 28, 2025, was as follows:

	Balance at March 1, 2024	Additions	Disposals	Transfers	Balance at February 28, 2025
Non-Depreciable					
Land	$ 2,020,265	$ 0	$ 0	$ 0	$ 2,020,265
Construction in progress	4,192,967	3,564,545	0	(6,836,285)	921,227
Non-Depreciable Capital Assets	6,213,232	3,564,545	0	(6,836,285)	2,941,492
Depreciable					
Treatment, storage and admin facilities	9,984,795	133,705	0	0	10,118,500
Distribution system	104,333,714	0	0	6,836,285	111,169,999
Equipment	12,284,596	193,504	0	0	12,478,100
Depreciable Capital Assets	126,603,105	327,209	0	0	133,766,599
Total Capital Assets	132,816,337	3,891,754	0	0	136,708,091
Accumulated depreciation	(37,863,541)	(2,431,338)	0	0	(40,294,879)
Net Capital Assets	$ 94,952,796	$ 1,460,416	$ 0	$ 0	$ 96,413,212

NOTE 7 – LONG-TERM OBLIGATIONS

The Authority issues revenue bonds and applies for loans to support various projects. The following is a summary of the Bond and Loan activity for the fiscal year ends were as follows:

	Balance March 1, 2025	Increases	Decreases	Principal Forgiveness	Outstanding Balance February 28, 2026	Balance Due in 2027	Interest Paid in 2026
Bonds Payable- Direct Borrowing							
General Revenue Bond, Series 2018A	$ 1,706,247	$ 0	$ 491,951	$ 0	$ 1,214,296	$ 508,769	$ 48,551
General Revenue Bond, Series 2019A	12,526,000	0	1,153,000	0	11,373,000	1,174,000	217,839
General Revenue Refunding Bond, Series 2021A	1,355,000	0	1,355,000	0	0	0	11,433
General Revenue Bond, Series 2022A	11,085,000	0	475,000	0	10,610,000	490,000	306,708
Total Bonds Payable	$ 26,672,247	0	$ 3,474,951	0	$ 23,197,296	$ 2,172,769	$ 584,531
Loans Payable - Direct Borrowing							
Drinking Water Revolving Bond, Series 2008A	1,776,000	0	327,000	0	1,449,000	340,000	54,680
Drinking Water SRF - Direct Loan, Series 2011	429,000	0	54,000	0	375,000	56,000	16,300
Safe Drinking Water Program, Series 2014	783,533	0	67,024	12,326	716,509	69,537	25,955
Drinking Water SRF, Series 2018	2,922,200	0	168,500	0	2,753,700	173,200	95,667
Total Loans Payable	5,910,733	0	616,524	12,326	5,294,209	638,737	192,602
Total Debt	$ 32,582,980	$ 0	$ 4,091,475	$ 12,326	$ 28,491,505	$ 2,811,506	$ 777,133

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

	Balance March 1, 2024	Increases	Decreases	Principal Forgiveness	Outstanding Balance February 28, 2025	Balance Due in 2026	Interest Paid in 2025
Bonds Payable- Direct Borrowing							
General Revenue Bond, Series 2018A	$ 2,181,737	$ 0	$ 475,490	$ 0	$ 1,706,247	$ 491,950	$ 64,854
General Revenue Bond, Series 2019A	13,659,000	0	1,133,000	0	12,526,000	1,153,000	238,676
General Revenue Refunding Bond, Series 2021A	2,700,000	0	1,345,000	0	1,355,000	1,355,000	24,454
General Revenue Bond, Series 2022A	11,550,000	0	465,000	0	11,085,000	475,000	320,364
Total Bonds Payable	$ 30,090,737	0	$ 3,418,490	0	$ 26,672,247	$ 3,474,950	$ 648,348
Loans Payable- Direct Borrowing							
Drinking Water Revolving Bond, Series 2008A	2,090,000	0	314,000	0	1,776,000	327,000	67,427
Drinking Water SRF - Direct Loan, Series 2011	481,000	0	52,000	0	429,000	54,000	18,328
Safe Drinking Water Program, Series 2014	848,881	0	65,348	12,326	783,533	67,025	27,881
Drinking Water SRF, Series 2018	3,086,300	0	164,100	0	2,922,200	168,500	100,250
Total Loans Payable	6,506,181	0	595,448	12,326	5,910,733	616,525	213,886
Total Debt	$ 36,596,918	$ 0	$ 4,013,938	$ 12,326	$ 32,582,980	$ 4,091,475	$ 862,234

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

BONDS PAYABLE

In June 2018, the Authority issued 2018 Series A General Revenue Bond (the “2018A Bonds”) with a face value of $4,600,000. The net proceeds of approximately $4,535,000 (after bond issue costs) of which $460,000 was place into a Debt Service Reserve Fund, was used to complete capital improvements. Principal and interest on the 2018A bonds is paid on a monthly basis on the first. Principal and interest payments on the 2018A Bonds outstanding at February 28, 2026 is $491,951 and $48,551, respectively with an outstanding principal balance of $1,214,296.

In September 2019, the Authority issued a 2019 Series A General Revenue Bond (the “2019A Bonds”) with a face value of $18,000,000. The net proceeds of approximately $17,935,000 of which $1,382,113 was placed into a Debt Service Reserve Fund, was used for the repairs and improvements of the water main that suffered a major break in FY 2019. Interest on the 2019A Bond is paid semiannually on March 1 and September 1. Principal payments are made annually on September 1. Principal and interest payments as of February 28, 2026 are $1,153,000 and $217,839 respectively with an outstanding principal balance of $11,373,000.

In January 2021, the Authority issued 2021 Series A General Revenue Refunding Bonds (the “2021A Bonds”) with a face value of $6,660,000. The net proceeds of $6,510,000 refinanced 2014B bond. Interest on the 2021A Bond is paid semiannually on January 15 and July 15. Principal payments are made annually on January 15. Principal and interest payments as of February 28, 2026 are $1,355,000 and $11,433, respectively, with an outstanding principal balance of $0.

In March 2022, the Authority issued 2022 Series A General Revenue Bond (the “2022A Bond”) with a face value of $12,000,000. The net proceeds of approximately $11,151,000 (after bond issuance costs), of which $791,232 was placed into a Debt Service Reserve Fund, was used to complete capital improvement. Interest is paid semiannually on April 1 and October 1. Principal payments are made annually on April 1. Principal and interest payments as of February 28, 2026, are $475,000 and $306,708, respectively, with an outstanding principal balance of $10,610,000.

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

BONDS PAYABLE (CONTINUED)

The annual debt service requirements of the general long-term bonds payable as of February 28, 2026, are as follows:

	Bonds from Direct Borrowings		
Fiscal Years Ended February 28,	Principal	Interest	Total
2027	$ 2,172,769	$ 538,847	$ 2,711,616
2028	2,227,162	485,734	2,712,896
2029	1,916,365	434,791	2,351,156
2030	1,775,000	396,172	2,171,172
2031	1,812,000	357,942	2,169,942
2032-2036	8,284,000	1,185,342	9,469,342
2037-2041	3,475,000	482,000	3,957,000
2042-2043	1,535,000	44,568	1,579,568
	$ 23,197,296	$ 3,925,396	$ 27,122,692

The Authority's outstanding notes from direct borrowings relate to business-type activities of $23,197,296 are secured by the Authority's pledge of the proceeds of the bonds, revenues, securities, receivables, sale of Authority's real property, exclusive of monies collected as water quality protection charges, and other amounts in all funds and accounts established by or pursuant to the General Bond Resolutions, except the General Fund and the Rebate Fund.

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

LOANS PAYABLE

In June 2008, the Authority obtained a twenty-one year (21), $5,500,000 loan from Rhode Island Infrastructure Bank. There were no drawdowns in the Fiscal Year. Interest on the loan payable is paid semi-annually on September 1 and March 1. Principal payments are made annually on September 1. Principal and interest payments outstanding under the loan agreement as of February 28, 2026 are $327,000 and $54,680, respectively with an outstanding principal balance of $1,449,000.

In October 2011, the Authority obtained a twenty-year (20), $1,000,000 loan from Rhode Island Infrastructure Bank. There were no drawdowns in the Fiscal Year. Interest on the loan payable is paid semi-annually on September 1 and March 1. Principal payments are made annually on September 1. Principal and interest payments outstanding under the loan agreement as of February 28, 2026 are $54,000 and $16,300 respectively with an outstanding principal balance of $375,000.

In August 2014, the Authority obtained a twenty-year (21), $1,643,232 loan from Rhode Island Infrastructure Bank of which there were no drawdowns in the Fiscal Year. This loan includes principal forgiveness of $266,540 resulting in a net direct loan of $1,376,692. Interest on the loan payable is paid semi-annually on September 1 and March 1. Principal payments are made annually on September 1. Net Principal and interest payments outstanding under the loan agreement as of February 28, 2026 are $67,024 and $25,955 respectively with an outstanding principal balance of $716,509. This Debt also had $12,326 in loan forgiveness in 2026.

In November 2018, the Authority obtained a twenty-year (20), $3,850,000 loan from Rhode Island Infrastructure Bank of which a total of $3,200,816 was drawn down as of February 28, 2021. This loan includes principal forgiveness of $295,500 resulting in a net direct loan of $3,554,500. Interest on the loan payable is paid semi-annually on March 1 and September 1. Principal payments are made annually on September 1. Principal and interest payments outstanding under the loan agreement as of February 28, 2026 are $168,500 and $95,667 respectively with an outstanding principal balance of $2,753,700.

NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

LOANS PAYABLE (CONTINUED)

The annual debt service requirements of the loans payable as of February 28, 2026, are as follows:

Years Ended February 28,	Principal	Interest & Fees	Total
2027	$ 638,737	$ 192,556	$ 831,293
2028	660,413	169,486	829,899
2029	686,226	135,226	821,452
2030	716,739	119,260	835,999
2031	340,553	91,638	432,191
2032-2036	1,504,042	281,124	1,785,166
2037-2039	747,499	52,234	799,733
	$ 5,294,209	$ 1,041,524	$ 6,335,733

NOTE 8 – LINE OF CREDIT

The Authority maintains a loan agreement (Agreement) with Washington Trust Bank. Such Agreement includes a revolving line of credit with maximum available borrowings of $150,000. Interest is payable monthly at the adjusted term at the 1st of the month plus 2.61% (6.278% at February 28, 2026). At February 28, 2026 and 2025, the outstanding balance on the line was $0 and $0, respectively.

NOTE 9 – PENSION PLAN

PLAN DESCRIPTION

Plan Administration

The Authority administers the Pension Plan (Plan) for employees of the Authority, a single employer defined benefit pension plan that provides pensions for employees of the Authority who were hired prior to September 1, 2012. The pension plan is closed to new entrants.

Benefits Provided

The Plan for employees of the Authority provides retirement, disability, and death benefits. Retirement benefits for plan members are calculated at 1.85% of the member's final 5-year average salary times the member's years of service to a maximum of 25 years plus 0.7 percent of the member's final 5-year average salary times the member's years of service in excess of 25 years. Members are eligible to retire at age 65, or at 62 with 20 years of service, at age 61 with 19 years of service or at 64 with 17 years of service. All plan members are eligible for disability benefits after 10 years of service. Disability retirement benefits are calculated as 1.15% of the members final 5-year average salary times the member's years of service. Death benefits are payable to the surviving spouse of a member who dies at after 10 years of service. A plan member who leaves the Authority after 5 years of service is vested in their benefit earned to date of termination.

Plan Membership

At June 30, 2025, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	9
Inactive plan members entitled to but not yet receiving benefits	3
Active plan members	4
Total	16

NOTE 9 – PENSION PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

Contributions

The Authority establishes contribution rates based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits expected to be earned by plan members during the year with an additional amount to finance any actuarial gains or losses over the compensation weighted average future working life of active members. For the year ended June 30, 2025 the actuarially determined contribution was $71,129 and the actual contribution was $125,000. For the year ended June 30, 2024 the actuarially determined contribution was $112,111 and the actual contribution was $160,000.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Plan's statement of fiduciary net position and statement of change in fiduciary net position are prepared using the accrual basis of accounting in accordance with generally accepted accounting principles that apply to governmental accounting for defined benefit plans. These are included in this financial statement in fiduciary net position as outlined in the Table of Contents. Employer contributions are recognized when made, because there are no required due dates for contributions. Other additions are recognized when due. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan document. Plan expenses, other than benefits and refunds are recognized on the accrual basis in accordance with generally accepted accounting principles.

Plan Expenses

Certain expenses are paid from the assets of the Plan and are recorded as administrative expenses on the financial statements. These expenses include benefit payment processing fees and other administrative expenses.

Fair Value of Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

NOTE 9 – PENSION PLAN (CONTINUED)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, disclosure of contingent assets and liabilities, and the actuarial values at the date of the financial statements. Actual results could differ from these estimates.

INVESTMENTS

Investment Policy

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Authority. It is the policy of the Authority board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans.

Rate of Return

For the year ended June 30, 2025 and June 30, 2024 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 11.91% and 11.42%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 9 – PENSION PLAN (CONTINUED)

NET PENSION LIABILITY OF THE AUTHORITY

The components of the net pension liability of the Authority at June 30, 2025 and June 30, 2024, were as follows:

June 30, 2025	
Total pension liability	$ 3,974,280
Plan fiduciary net position	(3,923,001)
BCWA's net pension liability	$ 51,279
Plan fiduciary net position as a percentage of the total pension liability	98.7%

June 30, 2024	
Total pension liability	$ 3,805,080
Plan fiduciary net position	(3,596,237)
BCWA's net pension liability	$ 208,843
Plan fiduciary net position as a percentage of the total pension liability	94.5%

Actuarial assumptions

The total pension liability was determined by an actuarial valuation as of June 30, 2025, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00 percent
Salary increases	3.00 percent, compounded annually
Investment rate of return/Discount Rate	7.00 percent, net of pension plan investment expense, including inflation

The total pension liability was determined by an actuarial valuation as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.00 percent
Salary increases	3.00 percent, compounded annually
Investment rate of return/Discount Rate	7.50 percent, net of pension plan investment expense, including inflation

NOTE 9 – PENSION PLAN (CONTINUED)

NET PENSION LIABILITY OF THE AUTHORITY (CONTINUED)

Mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, with adjustments for future mortality improvement using Mortality Improvement Scale MP-2021. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2025 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Weighted Real Rate of Return
Stocks and equity mutual funds	70%	6.2%	4.06%
Fixed income mutual funds	23%	2.6%	0.60%
Cash	7%	1.1%	0.00%
Total	100%		5.76%
		Investment Expense	-1.00%
		Inflation	2.00%
		Total Calculated Rate	6.76%
		Long-Term Rate of Return Assumption	7.00%
		Inflation	2.00%
		Salary Increase Assumption	3.00%

NOTE 9 – PENSION PLAN (CONTINUED)

NET PENSION LIABILITY OF THE AUTHORITY (CONTINUED)

Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of 7/01/2024	$ 3,805,080	$ 3,596,237	$ 208,843
Changes for the year:			
Service cost	38,838	0	38,838
Interest on total pension liability	280,010	0	280,010
Differences between expected and actual experience	(37,996)	0	(37,996)
Changes in assumptions	109,261	0	109,261
Contributions - employer	0	125,000	(125,000)
Net investment income	0	422,677	(422,677)
Benefit payments	(220,913)	(220,913)	0
Net Changes	169,200	326,764	(157,564)
Balance as of 6/30/2025	$ 3,974,280	$ 3,923,001	$ 51,279

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance as of 7/01/2023	$ 4,177,330	$ 3,692,862	$ 484,468
Changes for the year:			
Service cost	38,111	0	38,111
Interest on total pension liability	290,722	0	290,722
Differences between expected and actual experience	594	0	594
Changes in assumptions	(23,382)	0	(23,382)
Contributions - employer	0	160,000	(160,000)
Net investment income	0	421,670	(421,670)
Benefit payments	(678,295)	(678,295)	0
Net Changes	(372,250)	(96,625)	(275,625)
Balance as of 6/30/2024	$ 3,805,080	$ 3,596,237	$ 208,843

NOTE 9 – PENSION PLAN (CONTINUED)

NET PENSION LIABILITY OF THE AUTHORITY (CONTINUED)

Discount rate

The discount rate used to measure the total pension liability as of June 30, 2025 and June 30, 2024 was 7.00 percent and 7.50 percent, respectively. The projection of cash flows used to determine the discount rate assumed that plan participant contributions will be made at the current contribution rate and that Authority contributions will be made at rates equal to the difference between actuarially determined contribution rates and the participant rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Authority, calculated using the discount rate, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

6/30/2025	1% Decrease 6.00%	Current Discount Rate (7.00%)	1% Increase 8.00%
Plan's Net Pension Liability (Asset)	$ 295,371	$ 51,279	$ (166,930)

6/30/2024	1% Decrease 6.50%	Current Discount Rate (7.50%)	1% Increase 8.50%
Plan's Net Pension Liability (Asset)	$ 446,394	$ 208,843	$ (5,074)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the years ended February 28, 2026 and February 28, 2025, the Authority recognized pension expense of $56,557 and $90,085, respectively. At February 28, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 9 – PENSION PLAN (CONTINUED)

NET PENSION LIABILITY OF THE AUTHORITY (CONTINUED)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution subsequent to measurement date	$ 50,000	$ 0
Difference between projected and actual earnings on plan investments	0	98,027
Total deferred outflows/(inflows)	$ 50,000	$ 98,027
Net deferred outflows/deferred infows		$ (48,027)

An amount of $50,000 reported as deferred outflows of resources related to pensions resulting from the Authority's contributions in fiscal year 2026 subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent period. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended February 28	
2027	$ 88,079
2028	(90,654)
2029	(64,140)
2030	(31,312)
	$ (98,027)

NOTE 10 – COMMITMENTS AND CONTINGENCIES

PAYMENT IN LIEU OF TAXES

For the fiscal year 2023 through fiscal year 2039, through agreement with the towns of Bristol County, the Authority will make no PILOT payments to the Towns and the Authority will not charge the Towns of Bristol County for public fire protection.

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 financial position or results of operations.

COMMITMENTS

As of February 28, 2026, and 2025 the Authority had entered into various construction contracts and had commitments of approximately $1,902,568 and $2,260,950, respectively, related to these contracts.

NOTE 11 – NET POSITION

Net position represents the difference between assets and liabilities. The net position amounts at February 28, 2026 and February 28, 2025 were as follows:

	2026	2025
Net Investment in Capital Assets		
Net capital assets in service	$ 95,907,896	$ 96,413,212
Less: bonds and notes payable	(28,491,505)	(32,582,980)
Less: other capital related liabilities	(379,910)	(645,996)
Total Net Investment in Capital Assets	67,036,481	63,184,236
Restricted		
Restricted funds held by trustee	7,195,511	7,868,041
Total Restricted	7,195,511	7,868,041
Unrestricted	40,997,544	32,689,086
Total Net Position	$ 115,229,536	$ 103,741,363

NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets reflects the portion of net position associated with non-liquid capital assets, less outstanding capital assets related debt. The net investment in capital assets also includes cash or cash equivalents restricted for the acquisition of capital assets or debt service.

NOTE 11 – NET POSITION (CONTINUED)

RESTRICTED

This category represents external restrictions imposed by creditors, grantors, contributions, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

UNRESTRICTED

This category represents the residual amount of net position not included in the net investment in capital assets or the restricted categories highlighted above.

NOTE 12 – MAJOR SUPPLIER

The Authority's water purchases from one supplier for the years ended February 28, 2026 and 2025 were approximately 20% and 15%, respectively, of the Authority's operations expense.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS

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 Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, 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, 2025, 21 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, 2026, has updated the actuarial valuation. The plan does not issue a stand-alone report.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

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 20%. 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.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

CLASSES OF EMPLOYEES COVERED

As of March 1, 2025 (date of the last actuarial valuation) membership data was as follows:

Active Employees	Inactive or Beneficiaries Receiving Benefits	Total
21	30	51

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 Actuarially Determined Contribution (ADC). The ADC 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.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

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:

Actuarial Methods:	
Measurement Date:	March 1, 2025 for OPEB expense and February 28, 2026 for Net OPEB Liability
Actuarial Cost Method:	Costs have been computed in accordance with the Entry Age Actuarial Cost Method. The service cost is the sum of the service costs for all participants For a current participant, the individual service cost is (a) the present value of future benefits as of the participant's entry age divided by (b) the present value of future compensation as of the participant's entry age multiplied by (c) current compensation. For other than a current active participant, the service cost equal $0. The accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is equal to (d) the present value of future benefits less (e) the service cost accrual rate multiplies by (f) the present value of future compensation.
Asset-Valuation Method:	For purposes of determining the unfunded actuarial liability, the actuarial value of assets is equal to the fair market value.
Census Information:	Census data as of March 1, 2025 and premium information as of March 1, 2025 were used to calculate the OPEB Expense. Census data and premium information as of March 1, 2025 were used to calculate the Total OPEB Liability as of March 1, 2025
Actuarial Assumptions:	
Discount rate:	5.49% in 2026, 4.77% in 2025
Investment Rate of Return:	6.75%
Salary Scale:	3.00%
Healthy Mortality:	PubG.H-2010 Employee and Healthy Annuitant with Scale MP-2021 generational improvements (Male/Female)
Disabled Mortality:	PubG.H-2010 Disabled Annuitant with Scale MP-2021 generational improvements (Male/Female)

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)

Health Care Cost Trend Rates:

Medical Costs:	Starting at 6.0% grading down using the Getzen model to an ultimate rate of 4.00%
Participation:	100% of eligible future retirees are assumed to elect medical coverage under Plan
Marital Status:	80% of future retirees are assumed to be married and elect family medical coverage. Female spouses are assumed to be 3 years younger than males.
Retirement Rates:	Ranging from 5% at age 55 to 100% at age 70
Aging Assumption:	Dental claims costs are assumed to increase by 3.00% per year of age up to age 70 Medical claim costs are assumed to increase range from: from 3.0% at <70 to 0.0% at 90+

INVESTMENT POLICY AND RATE OF RETURN

The Water Authority's policy in regard to the allocation of invested assets is established and may be amended by the committee by a majority vote of its members.

For the years ended February 28, 2026 and February 28, 2025 the annual money-weighted rate of return on investment, net of investment expense, was 12.7% and 11.2%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

INVESTMENT POLICY AND RATE OF RETURN (CONTINUED)

The following was the Authority's adopted asset allocation policy as of February 28, 2026:

Asset Class	Asset Allocation
Cash and Receivables	0.0%
Cash and Equivalents	8.0%
Mutual Funds - Fixed Income	32.2%
Mutual Funds - Equity	59.8%
Total	100.00%

Projected Rate of Return*: 6.75%

*The projected rate of return was estimated by the plan sponsor.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

CHANGES IN NET OPEB LIABILITY

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at March 1, 2025	$ 5,064,872	$ 1,922,758	$ 3,142,114
Service cost	136,600	0	136,600
Interest on Total OPEB liability	239,994	0	239,994
Differences between actual and expected experience	(490,154)	0	(490,154)
Changes in assumptions	(234,851)	0	(234,851)
Benefit payments, including refunds	(117,425)	(117,425)	0
Trust administrative expenses	0	(16,043)	16,043
Contributions - employer	0	282,550	(282,550)
Net investment income	0	253,446	(253,446)
Net changes	(465,836)	402,528	(868,364)
Balances at February 28, 2026	$ 4,599,036	$ 2,325,286	$ 2,273,750

	Total OPEB Liability	Increase (Decrease) Plan Fiduciary Net Position	Net OPEB Liability
Balance at March 1, 2024	$ 4,769,144	$ 1,614,536	$ 3,154,608
Service cost	168,852	0	168,852
Interest on Total OPEB liability	230,856	0	230,856
Differences between actual and expected experience	3,608	0	3,608
Benefit payments, including refunds	(107,588)	(107,588)	0
Trust administrative expenses	0	(13,398)	13,398
Contributions - employer	0	247,954	(247,954)
Net investment income	0	181,254	(181,254)
Net changes	295,728	308,222	(12,494)
Balances at February 28, 2025	$ 5,064,872	$ 1,922,758	$ 3,142,114

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Impact of 1% Change in Discount Rate		
February 28, 2026	1% Decrease (4.49%)	Current Discount Rate (5.49%)	1% Increase (6.49%)
Total OPEB Liability	$ 2,819,006	$ 2,273,750	$ 1,814,958

	Impact of 1% Change in Discount Rate		
February 28, 2025	1% Decrease (3.70%)	Current Discount Rate (4.70%)	1% Increase (5.70%)
Total OPEB Liability	$ 3,799,786	$ 3,142,114	$ 2,627,908

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using health care cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	Impact of 1% Change in Healthcare Trend Rate		
February 28, 2026	1% Decrease (5.5% decreasing to 3.00%)	Current Trend Rate (6.5% decreasing to 4.00%)	1% Increase (7.5% decreasing to 5.00%)
Total OPEB Liability	$ 1,680,768	$ 2,273,750	$ 3,016,445

	Impact of 1% Change in Healthcare Trend Rate		
February 28, 2025	1% Decrease (5.5% decreasing to 3.00%)	Current Trend Rate (6.5% decreasing to 4.00%)	1% Increase (7.5% decreasing to 5.00%)
Total OPEB Liability	$ 2,475,857	$ 3,142,114	$ 3,997,207

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

NET OPEB LIABILITY

The components of the net OPEB liability of the Authority at February 28, 2026 and February 28, 2025 were as follows:

February 28, 2026	
Total OPEB liability	$ 4,599,036
Plans fiduciary net position	(2,325,286)
Authority's net OPEB liability	$ 2,273,750
Plan net position as a percentage of the total OPEB liability	50.6%

February 28, 2025	
Total OPEB liability	$ 5,064,872
Plans fiduciary net position	(1,922,758)
Authority's net OPEB liability	$ 3,142,114
Plan net position as a percentage of the total OPEB liability	38.0%

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB

For the years ended February 28, 2026 and February 28, 2025, the Authority recognized pension expense of $227,508 and $129,433, respectively. For the year ended February 28, 2026 the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 204,689	$ 319,562
Changes in assumptions	620,683	720,127
Difference between projected and actual earnings on OPEB plan investments	153,736	0
Total deferred outflows/(inflows)	$ 979,108	$ 1,039,689
Net deferred outflows/deferred inflows		$ (60,581)

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ended February 29	
2027	$ (15,335)
2028	(109,962)
2029	(95,851)
2030	8,294
2031	143,908
Thereafter	8,365
	$ (60,581)

NOTE 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 5% of each employee's prior year's base rate compensation on an annual basis. If an employee contributes 5% or more of their base rate compensation, the Authority will also match up to 3% of base employee compensation. The Authority's contribution totaled $291,304 and $263,896 for the years ended February 28, 2026 and February 28, 2025, 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, 2026 and February 28, 2025 were $252,128 and $244,065, respectively. The employees pick and manage their selection of a broad range of funds as offered by Security Benefits.

NOTE 15 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS (OPEB)

GAAP requires that all pension and Other Postemployment Trust Funds (OPEB) be combined and presented in one column in the Fiduciary Funds financial statements and that the individual financial statements for each trust fund plan are reported in the notes to the financial statements. Provided below are the individual financial statements for the pension and OPEB plan that are included in the Fiduciary Funds as Pension and Other Postemployment Benefits Trust funds, comparatively.

	OPEB Trust Fund		Pension Trust Fund (as of June 30)		Total	
	2026	2025	2025	2024	2026	2025
Assets						
Cash and cash equivalents	$ 186,716	$ 23,640	$ 0	$ 53,590	$ 186,716	$ 77,230
Investments, at fair value						
Fixed Income	748,388	766,811	883,566	972,408	1,631,954	1,739,219
Equity	1,390,182	1,132,307	3,039,435	2,570,239	4,429,617	3,702,546
Total Assets	2,325,286	1,922,758	3,923,001	3,596,237	6,248,287	5,518,995
Net Position						
Restricted for pension	0	0	3,923,001	3,596,237	3,923,001	3,596,237
Restricted for other post-employment benefits	2,325,286	1,922,758	0	0	2,325,286	1,922,758
Total Net Position	$ 2,325,286	$ 1,922,758	$ 3,923,001	$ 3,596,237	$ 6,248,287	$ 5,518,995

NOTE 15 – FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS (OPEB) (CONTINUED)

	OPEB Trust Fund		Pension Trust Fund (as of June 30)		Total	
	2026	2025	2025	2024	2026	2025
Additions						
Contributions						
Employer contributions	$ 282,550	$ 247,954	$ 125,000	$ 160,000	$ 407,550	$ 407,954
Total Contributions	282,550	247,954	125,000	160,000	407,550	407,954
Investment Income						
Net investment income	253,446	181,254	422,677	421,670	676,123	602,924
Total Investment Income	253,446	181,254	422,677	421,670	676,123	602,924
Total Additions	535,996	429,208	547,677	581,670	1,083,673	1,010,878
Deductions						
Administration fees	16,043	13,398	0	0	16,043	13,398
Service benefits payments	117,425	107,588	220,913	678,295	338,338	785,883
Total Deductions	133,468	120,986	220,913	678,295	354,381	799,281
Change in Net Position	402,528	308,222	326,764	(96,625)	729,292	211,597
Net Position - March 1	1,922,758	1,614,536	3,596,237	3,692,862	5,518,995	5,307,398
Net Position - February 28	$ 2,325,286	$ 1,922,758	$ 3,923,001	$ 3,596,237	$ 6,248,287	$ 5,518,995

REQUIRED SUPPLEMENTARY INFORMATION

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BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET POSITION LIABILITY AND RELATED RATIOS

LAST TEN FISCAL YEARS
MEASURED AS OF JUNE 30, 2025

Fiscal Years Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service cost	$ 38,838	$ 38,111	$ 42,839	$ 42,839	$ 42,825	$ 50,344	$ 84,412	$ 79,150	$ 104,910	$ 164,052
Interest	280,010	290,722	304,311	297,541	330,077	370,531	398,672	400,373	429,481	473,937
Differences between expected and actual experience	(37,996)	594	64,539	158,559	268,235	46,960	(53,738)	104,028	(1,073)	(52,783)
Changes of assumptions	109,261	(23,382)	(147,042)	0	0	0	0	0	0	0
Benefit payments, including refunds of participant contribu	(220,913)	(678,295)	(203,920)	(613,413)	(1,536,533)	(462,851)	(1,078,149)	(144,836)	(1,646,500)	(591,117)
Net Change in Total Pension Liability	169,200	(372,250)	60,727	(114,474)	(895,396)	4,984	(648,803)	438,715	(1,113,182)	(5,911)
Total Pension Liability - Beginning	3,805,080	4,177,330	4,116,603	4,231,077	5,126,473	5,121,489	5,770,292	5,331,577	6,444,759	6,450,670
Total Pension Liability - Ending	$ 3,974,280	$ 3,805,080	$ 4,177,330	$ 4,116,603	$ 4,231,077	$ 5,126,473	$ 5,121,489	$ 5,770,292	$ 5,331,577	$ 6,444,759
Pension Fiduciary Net Position										
Contributions - employer	$ 125,000	$ 160,000	$ 223,150	$ 100,000	$ 278,000	$ 325,000	$ 409,000	$ 467,000	$ 582,000	$ 350,000
Net investment income	422,677	421,670	380,300	(540,851)	1,124,757	103,907	205,023	413,208	494,351	(190,089)
Benefit payments, including refunds of participant contribu	(220,913)	(678,295)	(203,920)	(613,413)	(1,536,533)	(462,851)	(1,078,149)	(144,836)	(1,646,500)	(591,117)
Administrative expense	0	0	0	0	0	(7,800)	(8,300)	(8,300)	(8,150)	(6,420)
Net Change in Plan Fiduciary Net Position	326,764	(96,625)	399,530	(1,054,264)	(133,776)	(41,744)	(472,426)	727,072	(578,299)	(437,626)
Pension Fiduciary Net Position - Beginning	3,596,237	3,692,862	3,293,332	4,347,596	4,481,372	4,523,116	4,995,542	4,268,470	4,846,769	5,284,395
Pension Fiduciary Net Position - End	$ 3,923,001	$ 3,596,237	$ 3,692,862	$ 3,293,332	$ 4,347,596	$ 4,481,372	$ 4,523,116	$ 4,995,542	$ 4,268,470	$ 4,846,769
BCWA's Net Pension Liability (Asset) - Ending	$ 51,279	$ 208,843	$ 484,468	$ 823,271	$ (116,519)	$ 645,101	$ 598,373	$ 774,750	$ 1,063,107	$ 1,597,990

See independent auditors' report.

BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE AUTHORITY'S NET POSITION LIABILITY AND RELATED RATIOS (CONTINUED)

LAST TEN FISCAL YEARS
MEASURED AS OF JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability	$ 3,974,280	$ 3,805,080	$ 4,177,330	$ 4,116,603	$ 4,231,077	$ 5,126,473	$ 5,121,489	$ 5,770,292	$ 5,331,577	$ 6,444,759
Plan Fiduciary Net Position	(3,923,001)	(3,596,237)	(3,692,862)	(3,293,332)	(4,347,596)	4,481,372	4,523,116	4,995,542	4,268,470	4,846,769
BCWA's Net Pension Liability (Asset)	$ 51,279	$ 208,843	$ 484,468	$ 823,271	$ (116,519)	$ 645,101	$ 598,373	$ 774,750	$ 1,063,107	$ 1,597,990
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.71%	94.51%	88.40%	80.00%	102.75%	87.42%	88.32%	86.57%	80.06%	75.20%
Covered-Employee Payroll	$ 399,237	$ 476,094	$ 462,185	$ 503,778	$ 603,323	$ 858,466	$ 1,078,697	$ 1,231,521	$ 1,180,179	$ 1,450,870
Net Pension Liability as a Percentage of Covered-Employee Payroll	12.84%	43.87%	104.82%	163.42%	-19.31%	75.15%	55.47%	62.91%	90.08%	110.14%

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BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF AUTHORITY'S CONTRIBUTIONS

LAST TEN FISCAL YEARS
MEASURED AT JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 71,129	$ 112,111	$ 176,088	$ 26,353	$ 213,045	$ 249,122	$ 326,836	$ 368,310	$ 342,076	$ 272,873
Contributions in relation to the actuarially determined contribution	125,000	160,000	223,150	100,000	278,000	325,000	409,000	467,000	582,000	350,000
Contribution deficiency (excess)	$ (53,871)	$ (47,889)	$ (47,062)	$ (73,647)	$ (64,955)	$ (75,878)	$ (82,164)	$ (98,690)	$ (239,924)	$ (77,127)
Covered-employee payroll	$ 399,237	$ 476,094	$ 462,185	$ 503,778	$ 606,323	$ 858,466	$ 1,078,697	$ 1,231,521	$ 1,180,179	$ 1,450,870
Contributions as a percentage of covered-employee payroll	31.31%	33.61%	48.28%	19.85%	45.85%	37.86%	37.92%	37.92%	49.31%	24.12%

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BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF INVESTMENT RETURNS

LAST TEN FISCAL YEARS
MEASURED AT JUNE 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual money-weighted rate of return, net of investment expense	11.91%	11.42%	11.51%	-13.22%	29.20%	2.90%	5.76%	9.21%	12.30%	-3.13%

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BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PENSION RELATED NOTES

LAST TEN FISCAL YEARS
MEASURED AT JUNE 30, 2025

Notes to the Schedule:

Valuation Date:

Actuarially determined contribution rates are calculated as of July 1, 2024

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Method
Asset Method	Market Value of Assets
Discount rate	7.00%
Expected long-term rate of return	7.00%
Retirement age	Normal retirement age 65
Normal form	Life annuity
Assumed payment form and valuation	Lump sum valued at 5% discount rate post retirement and unisex mortality
Annual pay increases	3.00%, compounded annually
Inflation	2.00%
Mortality Rates:	
Healthy	PubG-2010 mortality table with generational improvements from 2010 base on the MP-2021 mortality improvement scale.
Disabled	PubG-2010 mortality table with generational improvements from 2010 base on the MP-2021 mortality improvement scale.
Lump sum	2024 Applicable mortality table per IRC 417e
Retirement rates	All participants are assumed to retire at the later of age 65 and attained age

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BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY*
LAST NINE FISCAL YEARS

FOR THE YEARS ENDED FEBRUARY 28,

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service cost	$ 136,600	$ 168,852	$ 174,528	$ 247,342	$ 370,624	$ 407,835	$ 306,682	$ 255,435	$ 260,346
Interest on net OPEB liability and service cost	239,994	230,856	217,690	171,670	145,085	136,415	158,169	149,024	139890
Differences between actual and expected experience	(490,154)	3,608	(84,534)	(67,987)	(508,521)	(132,232)	49,737	(71,160)	3,036
Changes of assumptions	(234,851)	0	77,438	(774,394)	(702,926)	(261,922)	966,809	28,267	32158
Benefit payments, including refunds	(117,425)	(107,588)	(102,657)	(101,620)	(89,624)	(81,163)	(87,887)	(83,087)	(128,500)
Net Change in Total OPEB Liability	(465,836)	295,728	282,465	(524,989)	(785,362)	68,933	1,393,510	278,479	306,930
Total OPEB liability - Beginning	5,064,872	4,769,144	4,486,679	5,011,668	5,797,030	5,728,097	4,334,588	4,056,109	3,749,179
Total OPEB liability - Ending	$ 4,599,036	$ 5,064,872	$ 4,769,144	$ 4,486,679	$ 5,011,668	$ 5,797,030	$ 5,728,098	$ 4,334,588	$ 4,056,109
OPEB Fiduciary Net Position									
Benefit payments, including refunds	$ (117,425)	$ (107,588)	$ (102,657)	$ (101,620)	$ (89,624)	$ (81,163)	$ (87,887)	$ (83,087)	$ (128,500)
Trust administrative expenses	(16,043)	(13,398)	(10,030)	(9,026)	(8,811)	0	0	0	0
Contributions - employer	282,550	247,954	244,309	217,416	230,184	221,163	181,664	149,362	230,922
Net investment income	253,446	181,254	203,380	(82,833)	48,932	156,735	18,822	9,168	64,572
Net Change in Plan Fiduciary Net Position	402,528	308,222	335,002	23,937	180,681	296,735	112,599	75,443	166,994
Plan Fiduciary Net Position - Beginning	1,922,758	1,614,536	1,279,534	1,255,597	1,074,916	778,181	665,582	590,139	423,145
Plan Fiduciary Net Position - Ending	$ 2,325,286	$ 1,922,758	$ 1,614,536	$ 1,279,534	$ 1,255,597	$ 1,074,916	$ 778,181	$ 665,582	$ 590,139
Plan's Net OPEB Liability - Ending	$ 2,273,750	$ 3,142,114	$ 3,154,608	$ 3,207,145	$ 3,756,071	$ 4,722,114	$ 4,949,917	$ 3,669,006	$ 3,465,970
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	50.56%	37.96%	33.85%	28.52%	25.05%	18.54%	13.59%	15.36%	14.55%
Covered-Employee Payroll	$ 2,057,661	$ 2,134,949	$ 2,250,251	$ 2,209,790	$ 2,183,885	$ 2,192,977	$ 2,663,763	$ 2,592,000	$ 2,516,888
Net OPEB Liability as a Percentage of Covered-Employee Payroll	110.50%	147.18%	106.89%	112.30%	138.47%	172.09%	185.82%	141.55%	137.71%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

See independent auditors' report.

BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF INVESTMENT RETURNS*
LAST NINE FISCAL YEARS

FOR THE YEARS ENDED FEBRUARY 28,

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	12.69%	10.80%	15.12%	-6.33%	4.29%	18.48%	2.64%	1.47%	13.61%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

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BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF OPEB RELATED NOTES

FOR THE YEAR ENDED FEBRUARY 28, 2026

Actuarial Methods:

Measurement Date: March 1, 2025 for OPEB expense and February 28, 2026 for Net OPEB Liability

Actuarial Cost Method: Costs have been computed in accordance with the Entry Age Actuarial Cost Method. The service cost is the sum of the service costs for all participants For a current participant, the individual service cost is (a) the present value of future benefits as of the participant's entry age divided by (b) the present value of future compensation as of the participant's entry age multiplied by (c) current compensation. For other than a current active participant, the service cost equal $0.

The accrued liability is the sum of the individual accrued liabilities for all participants. The individual accrued liability is equal to (d) the present value of future benefits less (e) the service cost accrual rate multiplies by (f) the present value of future compensation.

Asset-Valuation Method: For purposes of determining the unfunded actuarial liability, the actuarial value of assets is equal to the fair market value.

Census Information: Census data as of March 1, 2025 and premium information as of March 1, 2025 were used to calculate the OPEB Expense. Census data and premium information as of March 1, 2025 were used to calculate the Total OPEB Liability as of March 1, 2025

Actuarial Assumptions:

Discount rate: 5.49% in 2026, 4.77% in 2025

Investment Rate of Return: 6.75%

Salary Scale: 3.00%

Healthy Mortality: PubG.H-2010 Employee and Healthy Annuitant with Scale MP-2021 generational improvements (Male/Female)

Disabled Mortality: PubG.H-2010 Disabled Annuitant with Scale MP-2021 generational improvements (Male/Female)

Health Care Cost Trend Rates:

Medical Costs: Starting at 6.0% grading down using the Getzen model to an ultimate rate of 4.00%

Participation: 100% of eligible future retirees are assumed to elect medical coverage under Plan

Marital Status: 80% of future retirees are assumed to be married and elect family medical coverage. Female spouses are assumed to be 3 years younger than males.

Retirement Rates: Ranging from 5% at age 55 to 100% at age 70

Aging Assumption: Dental claims costs are assumed to increase by 3.00% per year of age up to age 70 Medical claim costs are assumed to increase range from: from 3.0% at <70 to 0.0% at 90+

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BRISTOL COUNTY WATER AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CONTRIBUTIONS*
LAST NINE FISCAL YEARS

FOR THE YEAR ENDED FEBRUARY 28,

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarial determined contribution	$ 310,226	$ 376,802	$ 386,045	$ 455,474	$ 597,742	$ 511,960	$ 511,960	$ 449,833	$ 448,047
Contributions in relation to the actuarially determined contribution	282,550	247,954	244,309	217,416	230,184	230,922	230,922	149,362	230,922
Contribution deficiency (excess)	$ 27,676	$ 128,848	$ 141,736	$ 238,058	$ 367,558	$ 281,038	$ 281,038	$ 300,471	$ 217,125
Covered-employee payroll	$ 2,057,661	$ 2,134,949	$ 2,250,251	$ 2,209,790	$ 2,183,885	$ 2,192,977	$ 2,663,763	$ 2,592,000	$ 2,516,888
Contributions as a percentage of covered-employee payroll	13.73%	11.61%	8.28%	7.61%	8.49%	5.76%	9.17%	5.76%	9.17%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, OPEB plans should present information for those years for which information is available.

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SUPPLEMENTARY INFORMATION

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BRISTOL COUNTY WATER AUTHORITY

SUPPLEMENTARY INFORMATION
RECEIPTS, DISBURSEMENTS AND TRANSFERS FOR FUNDS HELD BY BCWA AND TRUSTEES

YEAR ENDED FEBRUARY 28, 2026

	BCWA Funds				Trustee Funds		
	Project Funds	Debt Service Reserve Funds	Debt Service Fund	Operations and Maintenance Reserve Fund	Operations and Maintenance	Revenue Funds	Total
Funds Held with BCWA and Trustee Per Bank at March 1, 2025	$ 187,234	$ 4,649,493	$ 1,281,315	$ 1,750,000	$ 950,000	$ 32,934,349	$ 41,752,391
Receipts:							
Collections from operations	0	0	0	0	0	19,900,000	19,900,000
Interest income	2,381	181,972	44,372	67,924	28,854	1,400,770	1,726,273
Transfers:							
To (from) operating cash accounts	0	(768,170)	0	0	146,000	(4,088,649)	(4,710,819)
(To) from other funds	0	0	4,953,798	(67,924)	(28,854)	(10,801,000)	(5,943,980)
Disbursements:							
Project expenditures	(188,322)	0	0	0	0	0	(188,322)
Payment on principal and accrued interest on Authority's notes	0	0	(4,898,563)	0	0	0	(4,898,563)
Funds Held with BCWA and Trustee Per Bank at February 28, 2026	$ 1,293	$ 4,063,295	$ 1,380,922	$ 1,750,000	$ 1,096,000	$ 39,345,470	47,636,980
Change in Accrued Interest							(398)
Total funds held by trustee at February 28, 2026							$ 47,636,582
Cash and cash equivalents held by trustees							$ 40,441,071
Investment assets held by trustees							7,195,511
							$ 47,636,582

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BRISTOL COUNTY WATER AUTHORITY

SUPPLEMENTARY INFORMATION
NON-CAPITALIZED FEES PAID TO CONSULTANTS

YEAR ENDED FEBRUARY 28, 2026

Current Operations		
Legal	$	169,073
Engineering		0
Auditing		41,000
Accounting, financial, and computer consulting		39,751
Total	$	249,824

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BRISTOL COUNTY WATER AUTHORITY

SUPPLEMENTARY INFORMATION
DEBT SERVICE FUNDS REQUIREMENT CALCULATION
(SECTION 603 – GENERAL BOND RESOLUTION)

YEAR ENDED FEBRUARY 28, 2026

Revenue fund balance per bank at March 1, 2025	$ 32,934,349
Revenue collected from operations	19,900,000
Transfer to operating cash accounts for operations and maintenance expenses	(10,801,000)
Operating cash used for capital projects	2,067,087
Interest Income	1,400,770
Net revenue available for debt service requirement	$ 45,501,206
Debt service requirement	$ 4,898,563
Computed ratio	9.29
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, 2026 is 9.29

See independent auditors' report.

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CBIZ CPAs P.C.

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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To The Board of Directors
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 (*Government Auditing Standards*), the financial statements of the business-type activities and aggregate remaining fund information of the Bristol County Water Authority (Authority), as of and for the year ended February 28, 2026, and the related notes to the financial statements, as listed in the table of contents, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 23, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

CBIZ CPAs P.C.

Providence, RI
June 23, 2026

BRISTOL COUNTY WATER AUTHORITY

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