# Bristol County Water Authority

bcwari.com

Fiscal Year 2022 Annual Report
March 1, 2021 – February 28, 2022

*Overview of Kickemuit Reservoir and River*

# About BCWA

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.

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 approximately 3.15 million gallons of quality water daily to more than 17,300 service connections. BCWA serves 50,793 residents and more than 1,000 commercial users.

## 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

1. Quality product and exceptional customer service
2. Effective and efficient asset management
3. Environmental sensitivity
4. Employee development
5. Integrity and transparency

# Chairman's Letter

This past year has been a productive one, despite the persistent lingering effects of COVID.

The Phase 1 pipeline interconnection with East Providence has been completed, thus providing emergency supply to both systems in the event of serious supply interruptions. The design for the 5-mile Phase 2 connection to the Pawtucket Supply System is well underway. Most significant is East Providence's agreement to share in the design costs.

Our extensive capital projects program continues. Among our most notable achievements is the completion of the major portion of a series of projects that have increased water pressure in 1,000 homes in Bristol; an additional 1,000 will be added as current projects are completed.

A state-of-the-art system has been installed that provides continuous communications in the event of catastrophic situations. In further keeping with the resilience effort, isolated backup data servers are now online.

With over $2.8 million in grants secured, we are also moving forward to remove both the upper and lower dams of the Kickemuit Reservoir. This project will restore the Kickemuit River and estuary to its original state. As the Kickemuit Reservoir has for some years been obsolete, we successfully lobbied the state legislature to remove restrictive language in our Enabling Act, eliminating unnecessary responsibilities for its continued maintenance as well as for other properties in Massachusetts.

Administratively, this past year saw the retirement of Mark Champagne, longtime Manager of Finance, whose tenure was marked by a complete update of the accounting system. He also pioneered key health insurance plans that reduced costs for employees and for the BCWA.

On behalf of the Board, I extend our sincerest appreciation for the tremendous job that Stephen Coutu, PE, our new Executive Director and Chief Engineer, has done over the past year, along with all of our administrative and field staff.

**Allan C. Klepper**
Chair

# Report of the Executive Director and Chief Engineer

As the Executive Director and Chief Engineer of the Bristol County Water Authority, I am proud to report that we have accomplished many important objectives in FY2022. Our successes are due to the efforts and teamwork of the dedicated and knowledgeable BCWA staff, and to the support of the BCWA Board of Directors.

We successfully completed the critical interconnection with the East Providence water supply, on time and under budget. Now, the BCWA and the City of East Providence both have a reliable emergency interconnection in the event that either system has an issue with their primary supply pipelines that run under the Providence River. The interconnection is also significant for another reason: it marks the completion of Phase 1 of our multiyear Pawtucket Pipeline project, which will bring full supply redundancy and water security to both BCWA and East Providence.

The engineering design for Phase 2 of the Pawtucket Pipeline is underway and is being done in partnership with the City of East Providence. This extremely challenging phase will involve the installation of five miles of 30-inch water main from the East Providence water storage tanks to the East Providence / Pawtucket line, where it will connect to the Pawtucket Water Supply. The end result will be well worth the effort for BCWA, and for the City of East Providence.

In addition to the Pawtucket Pipeline project, we continue to improve the BCWA distribution system. Notably, we installed 3,400 feet of 12-inch main on Metacom Avenue in Bristol, along with 2,000 feet of smaller mains on streets in the area, to improve water pressure in this section of Bristol. Upon completion of the pumping station that is currently being built at the corner of Hope and Tupelo, approximately 1,000 customers will experience improved water pressure. We also completed other water main projects within the system that will improve water quality and reliability.

As we plan for the future and make annual improvements to the water system, we are also divesting ourselves from obsolete water system infrastructure. For example, the Kickemuit Reservoir is no longer used as a water supply, and the water quality has suffered. BCWA is moving forward with the removal of the upper and lower dams on the Kickemuit Reservoir, which will restore the ecological health of the Kickemuit River and remove the long-term liability associated with maintenance of the dams.

All our work is guided by our strategic plan, which serves as a working document to sustain our mission, vision, and values. We continue to focus on rehabilitation of aging infrastructure, development of an alternative source of water supply, and upgrading of obsolete information management systems, all of which contribute to the more efficient and reliable operation of our water system.

I'd like to thank the BCWA staff and Board of Directors for their dedication to and support of our cause and mission. I'd also like to thank all BCWA customers and the communities we serve for their understanding and patience as we constantly strive to provide excellent service and the highest-quality water to everyone.

**Stephen Coutu, P.E.**
Executive Director and Chief Engineer

# Report of the Manager of Finance

Fiscal year 2022 started off on a good note as vaccines became available and a return to "normal" seemed close at hand. But "normal" has been elusive; there have been many bumps in the road over the last year and we're not yet out of the woods. Despite many pandemic-related challenges, BCWA continued to provide safe drinking water, deliver our routine services, and work on important infrastructure projects. Unfortunately, our progress has been slowed slightly by supply chain issues and inflation.

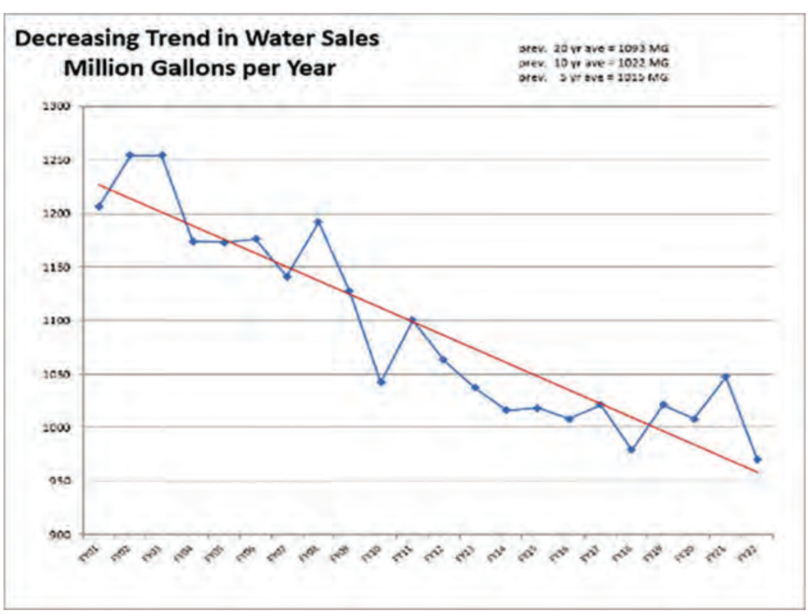
Due to COVID-19, FY2021 saw the highest level of water consumption in almost a decade. During FY2022 we saw consumption begin to return to pre-COVID-19 levels as people returned to work and students returned to the classroom. An unusually wet July (one of the wettest on record) led to a softening of revenue into the fall. Water consumption overall for the fiscal year was down almost 8% versus the prior year.

For FY2023, the Board of Directors approved a 4.0% rate increase; we estimate the average residential water bill will rise approximately $2.13 per month as a result. This increase will support new critical capital projects and the wholesale rate hike from Providence Water, while helping to offset the slow, long-term decline in water consumption. To further assist in meeting these obligations, we were able to reduce the operations and maintenance expense budget by 2.3% versus the prior fiscal year.

This past fiscal year, the BCWA said goodbye to Mark Champagne, longtime Finance Manager, who retired after 10 years. I became BCWA's new Finance Manager in mid-July after more than eight years at a not-for-profit healthcare facility in Cranston. To my new role at BCWA, I bring 16 years of public accounting experience and another 14 years of experience as a controller/director of finance.

While most of my experience has been in the health and human services area, BCWA's solid succession plan allowed me to work closely with Mark, take notes, and perform all the necessary tasks with his oversight and insight. Mark was a valuable resource as I worked through my first budget, rate setting, bond issue, and audit at BCWA, and the entire business office team has been extremely helpful in getting me acclimated to BCWA and the industry. I am grateful for their assistance, and I am confident that with my experience and their guidance I will contribute to the continued success of BCWA.

**Daniel Hughes**
Manager of Finance




BCWA water sales have declined steadily over the past 20 years. Following a short-lived spike in 2020/2021 due to COVID-19, water usage has returned to pre-COVID levels.

# Bristol County Water Authority
# Five Year Comparative Analysis

| ITEM | FY2022 | FY2021 | FY2020 | FY2019 | FY2018 | FY2017 |
|---|---|---|---|---|---|---|
| **# Customers:** | | | | | | |
| Residential | 16,187 | 16,141 | 16,068 | 15,944 | 15,896 | 15,822 |
| Commercial | 1,056 | 1,057 | 1,052 | 1,058 | 1,051 | 1,057 |
| Industrial | 8 | 8 | 8 | 8 | 8 | 8 |
| Municipal | 103 | 85 | 85 | 101 | 81 | 102 |
| **Total:** | **17,354** | **17,291** | **17,213** | **17,111** | **17,036** | **16,989** |
| **# Employees (FTE's)*:** | 33 | 34 | 34 | 33.25 | 33.5 | 34 |
| **Consumption: (Thousands of Gallons)** | | | | | | |
| Residential | 753,177 | 838,030 | 745,556 | 792,096 | 741,936 | 789,668 |
| Commercial | 190,196 | 187,366 | 209,581 | 208,028 | 215,776 | 219,431 |
| Industrial | 1,481 | 1,322 | 1,331 | 1,460 | 1,837 | 1,715 |
| Municipal | 20,397 | 20,845 | 22,443 | 17,056 | 18,451 | 17,806 |
| **Total:** | **965,251** | **1,047,563** | **978,911** | **1,018,640** | **978,000** | **1,028,620** |
| Unaccounted for Water (%): | 9.97% | 9.80% | 10.0% | 12.0% | 11.0% | 9.0% |
| Rate Increases (%): | 3.5% | 10.00% | 4.50% | 3.25% | 3.25% | 3.25% |

| FINANCIAL | FY2022 | FY2021 | FY2020 | FY2019 | FY2018 | FY2017 |
|---|---|---|---|---|---|---|
| Operating Revenue: | $ 16,066,002 | $16,223,925 | $14,014,867 | $13,945,622 | $13,181,975 | $13,166,870 |
| Operating Expenses: | $ 10,322,013 | $11,386,966 | $10,675,724 | $ 9,608,020 | $ 9,417,889 | $ 9,004,100 |
| Operating Income | $ 5,743,989 | $ 4,836,959 | $ 3,339,143 | $ 4,337,602 | $ 3,764,086 | $ 4,162,770 |
| Net Assets: | $ 83,135,047 | $78,034,477 | $73,856,835 | $70,803,180 | $66,977,672 | $63,266,990 |
| Accounts Receivable (A/R): | $ 3,291,024 | $ 3,094,067 | $ 2,717,961 | $ 2,643,645 | $ 2,396,677 | $ 2,480,66 |
| Debt Coverage Ratio | 7.62 | 6.74 | 9.75 | 7.99 | 4.89 | 3.01 |

*Full Time Equivalents

*BCWA customers use an average of 41 gallons of water per person per day (RI state recommendation is no more than 65 gallons).*

# Steady — and significant — progress on the Pawtucket Pipeline Project

As you may know, we have been pursuing a connection to the Pawtucket Water Supply for several years. In 2017, our board of directors voted to move forward with design and construction. The 2019 leak in the East Bay pipeline underscored the vital importance of establishing this alternative water source.

We are very pleased to report on the significant progress that has been made in the last year on the Pawtucket Pipeline project.

## Phase 1

We completed Phase 1 of the Pawtucket Pipeline on time and under the projected budget of $8 million. The BCWA and the East Providence systems now share a reliable emergency interconnection that will ensure water continues to flow in the event that either system has an issue with its primary supply pipelines that run under the Providence River. Construction of this phase commenced in spring of 2021 and involved the installation of 1.5 miles of 24-inch pipe.

This map shows the now-complete Phase 1 interconnection route.

## Phase 2

Phase 2 engineering is well underway and is being done in partnership with the City of East Providence. Phase 2 construction will consist of installing five miles of 30-inch water main from the East Providence storage tanks to the East Providence / Pawtucket line, where connection will be made to the Pawtucket Water Supply.

Phase 2 will be challenging as it requires crossing under I-195, crossing the Ten Mile River, and crossing railroad tracks at two locations. The route is heavily trafficked above ground and contains utility infra-structure and city service lines below ground.

Given the extensive engineering required and the permitting approvals needed from a number of State agencies, construction is expected to commence in 2023/2024 and likely continue into 2027. This phase of the Pawtucket Pipeline project will be particularly challenging, but upon completion it will establish a secondary water source that will bring full redundancy and water security to BCWA and East Providence.

This map shows the southern half of the Phase 2 interconnection route.

## Funding

Preliminary cost estimates for Phase 2 are approximately $40 million. The City of East Providence has partnered with the BCWA to cost-share on the design phase of this project as they also recognize the need for a redundant and reliable water supply. We also plan to take advantage of any federal funding that may be available through the Infrastructure Investment and Jobs Act.

While this is a long-term and costly project, we remain steadfast in our belief that it is critically important for not only BCWA's ability to provide uninterrupted, clean, and reliable water to our customers, but for the entire region as well. With the completion of Phase 1, we've established the vital emergency water connection with the City of East Providence. Once Phase 2 is complete, the new pipeline will


This map shows the northern half of the Phase 2 interconnection route.

- bring full redundancy to the system by establishing water transmission from Pawtucket Water Supply — a completely separate, high-quality supply that has a modernized water treatment facility and a renovated transmission and distribution system
- enable BCWA to choose which supplier to purchase our water from based on our needs and costs (both supplies are of excellent quality, so we can purchase from whichever is most cost-efficient)
- help provide options and bring stability to our water supply, as it will free us from dependence on just one supplier and minimize the effect of any related issues or cost increases

# Steady — and significant — progress on the Pawtucket Pipeline Project *cont.*

BCWA Phase I construction provides a vital interconnection with East Providence.

## Partnership with the City of East Providence

The project's success to date is due in large part to the strong and cooperative partnership the BCWA has developed with the City of East Providence. This partnership has been instrumental in the successful negotiation of three important agreements with the city.

1. a cost-sharing agreement for the design and engineering of Phase 2
2. an agreement to transfer an emergency pump station on Pawtucket Ave. in East Providence from BCWA to East Providence
3. an interconnection agreement that addresses water flows and situations when each system may require water from the other

We are grateful for East Providence's commitment to and partnership in this project. By working together, BCWA and the City of East Providence will be able to see this important initiative to completion in a way that offers the greatest benefit for all, while keeping disruptions as minimal as possible.

# Strategic Plan Update and Initiatives

Our strategic plan outlines the actions, metrics, and key events that will help us fulfill our mission to provide the highest-quality water to our customers. Along with our capital improvement plans, it considers current and projected issues and helps us determine the best course of action for the utility and for the communities we serve.

BCWA continues to be guided by four major strategic initiatives.

1. Maintain high-quality water and secure an alternative source of supply.
2. Provide exceptional customer services.
3. Enhance information management systems to improve operational efficiencies.
4. Ensure the financial stability of the utility.

We work in alignment with these strategic initiatives to address challenges such as

- our single-source water supply
- our aging infrastructure
- a continual decline in water usage and sales
- increasing costs for water, supply, and infrastructure
- limited state and federal funding
- divestment of the non-operable Massachusetts reservoirs and infrastructure to eliminate the financial burden to BCWA (including removal of dams on the Kickemuit Reservoir and demolition of our century-old, decommissioned treatment plant)
- the need for greater security, both of physical infrastructure and cybersecurity

At the same time, we are proactively addressing these challenges by pursuing and implementing solutions such as

- establishing a second water supply via the Pawtucket Pipeline
- securing new bonding and capital funding for utility modernization
- using technology to optimize infrastructure performance and resilience
- employing prudent financial management
- using in-house expertise to reduce costs
- enhancing our employee development program

Technological advancements, staff training, innovative approaches, and constant improvements to our operational efficiencies have helped BCWA achieve significant advancements in modernizing and optimizing our utility over the years. We will continue to leverage all available resources in our efforts to ensure quality water from an efficient and reliable system.

Access the current BCWA strategic plan at **bcwari.com**.

# Capital Plan Update

Our capital improvements correlate with the goals of our strategic plan. As we formulate our budget each year, we review our annual and 10-year Capital Plan in conjunction with our financial plan. We work proactively to mitigate issues before they arise, to reduce unplanned (and planned) system downtime, and to extend the life of our utility.

In order to provide our customers with reliable, high-quality water, BCWA is a fully functioning, on-demand utility. Our water system consists of 233 miles of pipe and 941 hydrants providing water to more than 17,300 service connections. In 1986, when we became responsible for the water infrastructure, 150 of the 233 miles of pipe were deteriorated and needed to be replaced or cleaned and relined. Beginning with the highest-priority needs and water service areas, we've addressed over 50 miles to date. Our plan is to renovate or replace another 14 miles over the next 10 years, in addition to installing 6.5 miles of transmission main for the Pawtucket Pipeline.

The most common reasons pipe needs to be replaced are

- corrosion (common in older/unlined cast iron pipe)
- disturbance (an asbestos-cement pipe can become fragile when disturbed during construction or roadwork activity)
- increased water demand or fire flow requirements

Like most water utilities, we have several types of pipe in our system, and we always consider and assess new options for repairs and future work. Several factors (such as need, use, cost, and the environment around the pipe) are weighed when deciding to replace or to clean and line a water pipe. For difficult-to-access pipes that are underground alongside gas, electrical, communication, and sewer lines, cleaning and relining may be the best option. When other construction is being done in a particular area, we may take advantage of that opportunity to replace a water pipe.

Currently, we clean existing cast iron pipes and line them with cement to prevent iron deposits. We also line AC (asbestos-cement) pipes with a structural CIPP (cured-in-place pipe) liner, which essentially replaces the pipe in the ground.

Old cast iron pipe before cleaning and lining.

Old cast iron pipe with new cement lining.

Robotic inspection device inside a newly lined pipe.

# Capital Plan Update *cont.*

Ductile iron (DI) pipes or HDPE (high-density polyethylene) pipes are often used to replace old pipes. Ductile iron is the industry standard; it is a modern, less rigid material that is less prone to break with ground movement. HDPE is strong, corrosion resistant, and less expensive, but its suitability for use is determined by the surrounding soil conditions. Both ductile iron and HDPE pipes will be used in our upcoming work.

This ongoing maintenance is vital to our utility, but it is costly and slow. Cleaning and lining pipe costs approximately $175/foot ($0.9 million/mile). Pipe replacement is much more labor intensive and costs $250–300/foot ($1.33–1.6 million/mile), which can increase to $500/foot ($2.6 million/mile) on a busy road. Paving costs are a significant portion of the construction expense. Replacing a water main can take an entire construction season; pipe renovation requires the time-consuming process of disconnecting customers from their water source, connecting them to a bypass supply, and reversing that process when the work is complete.

The following pages outline our capital improvement progress during FY2022. You can access full BCWA capital improvement plans at **bcwari.com**.

A new 12-inch main is installed on Metacom Ave. in Bristol.

## Expanded high-pressure zone / increased water flow — Bristol (Hope Street pump station and new water main)

Construction has commenced on the new pumping station located at the intersection of Hope Street and Tupelo Street, which is an important element of our work to expand the high-pressure zone and increase fire flow to our customers in higher elevations. To improve water pressure we also installed 3,400 feet of new 12-inch main on Metacom Avenue in Bristol, 800 feet of 8-inch main on Smith Street in Bristol, and 1,200 feet of 2-inch main on Sousa and Maytum Street in Bristol.

Construction has commenced on the new Hope Street pump station. This will help expand the high-pressure zone and increase water flow.

## Water main improvements — replacements, cleaning, and lining

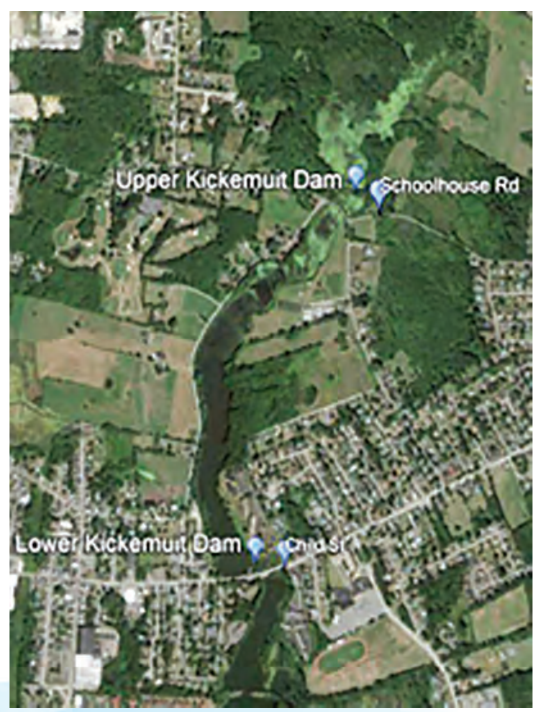
Water main improvements are an ongoing project; we replace, clean, and line water mains where needed and as funding permits. We plan on renovating or replacing approximately 14 miles of water main within the next decade, at a cost of approximately $1.33 million per mile.

Over the past year, we cleaned and cement-lined older cast iron pipes in Bristol (3,200 feet on Mt. Hope Avenue) and installed new water main in Barrington (750 feet on Starboard Lane, Clark Road, and Field Lane).

In addition, we continue to replace galvanized services, focusing on those that may have lead connectors. We identified about 120 of these services from the main to the building owner's connection near the property line. To date, we've replaced approximately 50 of these services with the objective of removing and replacing all of them.

## Restoring the ecological resiliency of the Kickemuit River

The Kickemuit River has been impaired by the two dams that were constructed to create a reservoir for public water supply for Bristol County. The lower dam on the Kickemuit River was built in 1883. A second dam was added farther up the river in 1961 to prevent saltwater intrusion into the upper section of the reservoir after the lower reservoir was inundated during Hurricane Carol in 1954. Continuing water quality degradation from water pollution and saltwater intrusion from sea level rise led to this water supply being designated as unusable for potable water.




This aerial view shows the location of the two dams on the Kickemuit River.

# Capital Plan Update *cont.*

In 1998, BCWA secured a primary source of water from the Scituate Reservoir via the East Bay Pipeline, and the Kickemuit Reservoir became a backup water supply only. In 2019, the water treatment plant was fully decommissioned which rendered the reservoir and dams as obsolete water system infrastructure.

Extreme high tides can result in tidal flooding of the dams.

Since the dams no longer serve our water supply needs, we have been working with the Town of Warren, Save The Bay, the National Oceanic and Atmospheric Administration's (NOAA) Restoration Center, and the State of Rhode Island's Chief Resilience Officer to remove both the lower and upper Kickemuit River dams. Their removal will

- increase the ecological health of the river
- restore the natural tidal estuary
- increase both salt marsh and freshwater wetland habitat
- improve habitat for fish and wildlife
- reduce stagnant water conditions
- increase tidal flushing
- significantly improve water quality

Restoring the natural flow to the area will help prevent algae blooms like this one in the lower Kickemuit Reservoir.

Combined, these changes will provide sustainable ecological benefits and will restore natural ecosystem function to the Kickemuit River. We expect dam removal will also enhance public access to the area for low-impact recreation like walking, kayaking, and fishing.

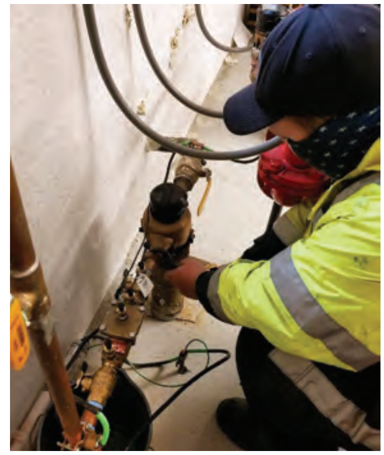
Removing the dams will benefit the community by increasing flood storage capacity of the wetlands. Further, as part of the dam removal project, the Rhode Island Department of Transportation has committed to elevate Schoolhouse Road and resize its culverts. This will prevent the road from flooding during heavy precipitation and will allow the road to serve as an important alternate evacuation route for the eastern part of Warren.

Permitting for the dam removal project is under review by the Rhode Island Department of Environmental Management, the Coastal Resources Management Council, and the U.S. Army Corps of Engineers. To date, we have received more than $2.8 million in grants, which is anticipated to cover the majority of the costs associated with this project. We are working closely with many entities and organizations that have an interest in this project and in the decisions surrounding the future of the decommissioned treatment plant in Warren. We are confident that careful listening, frequent communication, and forward-thinking collaboration will result in solutions that are best for the community and the environment.

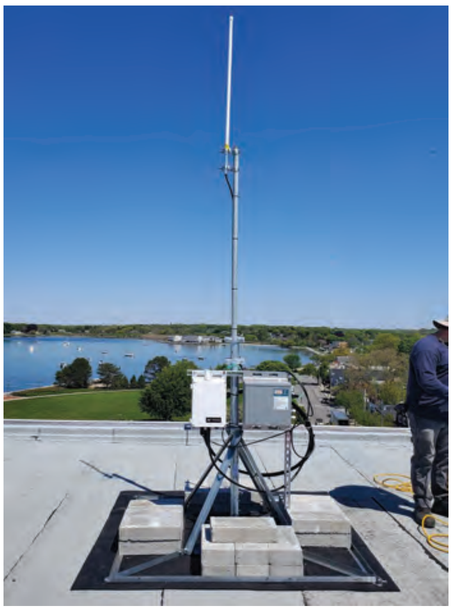
## Ongoing maintenance and cost-saving efficiencies

A utility like BCWA requires constant maintenance to maintain a high-quality product and excellent service. We routinely maintain pump stations, equipment, and facilities to promote long-term reliability. Annually, we perform hydrant flushing to remove sediments that may accumulate from cast iron mains and to ensure fresh water throughout the system.

Dead-end water mains may contribute to reduced water quality due to stagnant water within the pipelines. Since FY2015, we've been eliminating dead ends in the distribution system to help maintain water quality, provide better reliability of service, and increase fire flow availability.



Installation of new smart meters will provide timelier information and streamlined service.



Antennae for new smart meter system.

We continually seek additional organizational and operational efficiencies. Recently, we have

- installed meter data collectors and a computer program for billing and analysis
- launched a new "smart" meter system to tie to customer service
- added a customer portal with various pay options
- modified pump stations to reduce power usage
- brought many activities in-house (vehicle maintenance, treatment system installation, service and main break repair, water main rehabilitation design)
- developed an asset management system with GIS and workorder program for more efficient operations and planning

## Smart meter installation and implementation

Throughout our service area we have replaced more than 16,000 water meters with "smart" meters. These new meters provide updated usage information every 15 minutes, which enables BCWA staff to access detailed data and helps us analyze operations and prioritize projects.

The new meters also make an invaluable contribution to leak detection and allow for streamlined billing. We expect to complete smart meter installation in 2022 along with the implementation of the related data collection system. Once completed, the meters and data collection system will have the capability to allow customers to access their meter readings online and will help with the detection of household leaks before they grow costly.

Data Collectors gather continuous water usage information.

## Future projects

Our slate of upcoming projects always aligns with the goals of our capital improvement and strategic plans. Our primary focus is to establish a secondary source of water supply through the planning and completion of Phase 2 of the Pawtucket Pipeline project. Of course, we are simultaneously involved in many other projects to improve our system, including

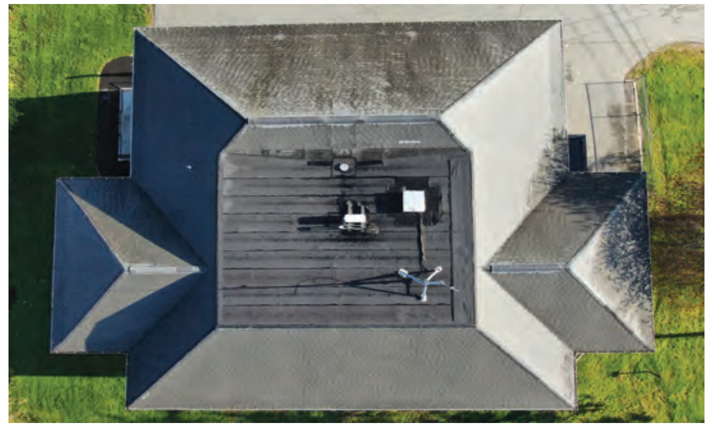


Image of BCWA administration building roof to be replaced.

- finalizing the plans and receiving permit approvals for the removal of the dams on the Kickemuit Reservoir, which will help return the area to its natural state
- planning for administrative facility improvements such as a new roof and repointing of brick (we recently replaced the lift, completed second-floor renovations for new offices, and improved overall facility security with a new keycard entry system)
- working with local communities and historical organizations to determine the future of the decommissioned Child Street water treatment plant in Warren

## Water main replacements and ongoing maintenance

As we do every year on an as-needed basis, we will perform ongoing infrastructure projects to help us maintain the quality of our water and the integrity of the system. We will continue to

- replace galvanized services throughout the system (focusing on those with lead connectors)
- replace or clean and line cast iron pipes
- replace or structurally line asbestos concrete pipes
- eliminate low-pressure zones and improve flows
- minimize shutdowns by installing valves and tying in dead ends
- install equipment that monitors water quality, pressure, and flow

Construction is underway for the following water main projects.

- in Barrington: Riverview Avenue, remove 600 feet of 6-inch pipe and replace it with DI pipe; Old River Road, County Road North, and County Road, clean and CIPP line 3,160 feet of 6-inch and 8-inch AC pipe
- in Bristol: Shore Road to Aaron Avenue through the bike path easement, install 400 feet of new 8-inch DI pipe to connect dead ends; Coggeshall Avenue, remove 650 feet of 8-inch pipe and replace it with DI pipe
- in Warren: Kickemuit Avenue to Serpentine Road, install 650 feet of new 6-inch and 8-inch DI pipe to connect dead ends

## High-pressure zone expansion

Complementing the recent water main improvements on Metacom Avenue, construction of the Hope Street pump station ($3.2 million) will continue as part of our efforts to expand the high-pressure zone.

## Supply improvements

Now that Phase 1 of the Pawtucket Pipeline is complete, we will focus our work with the City of East Providence and State permitting agencies on finalizing plans for Phase 2 as well as identifying funding opportunities so that construction can begin as soon as possible.

## Distribution improvements

Our overall capital plan is built to account for a secure water supply. To that end, we routinely replace or renovate deteriorating pipes in the distribution system, improve pressures and flows by eliminating dead-end pipes, expand the high-pressure zone, provide additional treatments like tank aeration and mixing to improve water quality, and replace or add valves and hydrants to ensure system reliability. Water main renovation and replacement projects are expected to total 14 miles over 10 years at $1.3 million/mile.

Beyond capital improvements, ongoing measures help us carefully maintain the distribution system to protect the health of our customers. Some of those measures are as follows

- monitor water quality in the entire distribution system every week
- manage routine and targeted flushing programs to maintain the high quality of the water from the Scituate Reservoir
- upgrade our continuous monitoring system with remote water quality instrumentation and pressure and flow recorders, so we can discover and remedy issues before they become problems

Paving the road after water main installation.

# FY2023 Rate Increase

Our ongoing commitment is to provide our customers with a safe, high-quality, and reliable water supply. To provide for this, the BCWA Board of Directors approved a rate increase of 4% for FY2023.

Under this rate increase, the average residential water bill will rise approximately $2.13 per month, or $25.53 per year. All funds that come into BCWA are invested in our critical capital projects, help us maintain reserve funds, and support our ongoing operation and maintenance programs. This rate increase will help us address the following

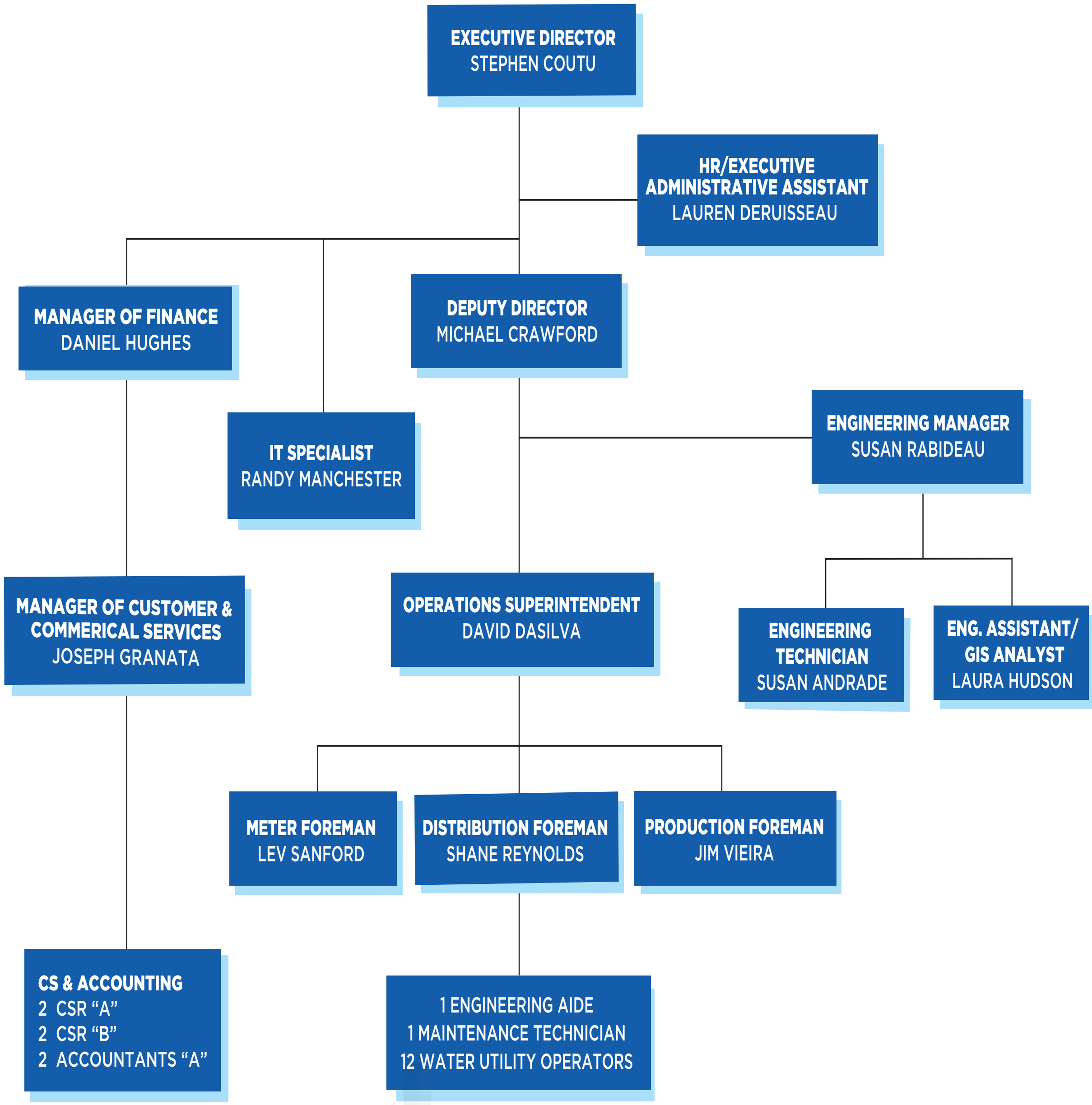
- the vital Pawtucket Pipeline project
- our ongoing infrastructure improvements and maintenance projects
- Providence Water's rate increase
- declining trend in water usage and sales
- engineering design and permitting for dam removals (funding offset by matching grants)
- installation of meter data collectors and computer programs for billing and analysis

We know rate increases impact our customers, and we consider them carefully. Ultimately, we believe these increased rates are necessary to facilitate our continued ability to provide the safe and reliable water that all BCWA customers deserve and have come to expect.

## FY2022 System Information

| | |
|---|---|
| Total water purchased: | 1,142 million gallons |
| Water purchased (average day): | 3.15 million gallons per day |
| Miles of pipe: | 233 |
| Number of service connections: | |
| Residential: | 16,187 |
| Commercial: | 1,056 |
| Industrial: | 8 |
| Government: | 103 |
| **Total:** | **17,354** |
| Residential population served: | 50,793 (per 2020 U.S. Census) |
| Average residential annual demand: | 46,570 gallons per year |
| Gallons/person/day: | 41 |
| Average annual water bill: | $665 |
| Average cost per gallon: | $1.4 cents per gallon |
| Cost of Providence Water: | $2,517,121 or 17.3% of budget revenue |

# Bristol County Water Authority Organizational Chart



# BCWA Board Members FY2022

**Mr. Allan C. Klepper**
Chairman
Barrington Representative
Term Ending: 2/28/23

**Mr. Juan Mariscal**
Vice-Chairman
Bristol Representative
Term Ending: 2/28/23

**Mr. George S. Champlin**
Secretary/Treasurer
Barrington Representative
Term Ending: 2/28/25

**Mr. John M. Jannitto**
Warren Representative
Term Ending: 2/28/23

**Mr. Thomas Kraig**
Barrington Representative
Term Ending: 2/28/24

**Ms. Georgina Macdonald**
Bristol Representative
Term Ending: 2/28/25

**Mr. William F. Gosselin**
Warren Representative
Term Ending: 1/31/25

**Mr. Robert J. Martin**
Bristol Representative
Term Ending: 2/28/24

**Mr. Christopher Stanley**
Warren Representative
Term Ending: 1/31/24

**BRISTOL COUNTY WATER AUTHORITY**
**WARREN, RHODE ISLAND**

ANNUAL FINANCIAL STATEMENTS

*YEARS ENDED FEBRUARY 28, 2022 and February 28, 2021*

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**Bristol County Water Authority**
**Warren, Rhode Island**

February 28, 2022 and February 28, 2021

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HAGUE, SAHADY & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
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Fall River, MA 02720
TEL. (508) 675-7889
FAX (508) 675-7859
www.hague-sahady.com

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

# *Independent Auditor's Report*

***Report on the Audit of the Financial Statements***

***Opinions***

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Bristol County Water Authority ("the Authority"), as of and for the year ended February 28, 2022 (except for the Pension Trust Fund which for the year ended June 30, 2021), and the related notes of the financial statements, which collectively comprise of the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Authority, as of February 28, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

***Auditor's Responsibility***

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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

***Auditor's Responsibility (continued)***

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Pension Plan information, and Other Post Employment Benefit information, as listed on 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.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the receipts, disbursements and transfers for fund held by BCWA and Trustees, non-capitalized fees paid to consultants, and debt service fund requirement calculation but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Matters***

*Prior-Year Comparative Information*

The financial statements include partial prior-year comparative information related to the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows for the Authority's business-type activities and the statement of fiduciary net position and the statement of changes in the fiduciary net position for the Authority's aggregate remaining fund information. Such information does not include all of the information required for a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Authority's financial statements for the year ended February 28, 2021, from which such partial information was derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Hague, Sahady & Co. PC

Hague, Sahady & Co., CPAs, P.C.

Fall River, Massachusetts
May 16, 2022

# *Management Discussion and Analysis*

# Management's Discussion and Analysis

## Introduction

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

## Contents of the Audited Financial Statements

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

## Financial Highlights – Fiscal Year 2022

- The Authority's net position increased by $5.1MM or 6.5%.
- During the year, the Authority's operating revenues decreased .97% to $16.07MM. Total expenses also decreased from $11.4MM to $10.3MM or by 9.4%. A return to pre-COVID consumption along with one of the wettest July's on record accounted for this decrease.
- The Authority made an additional deposit of $125K to the established OPEB Irrevocable Trust during fiscal year 2022 increasing the balance to almost $1.26MM.
- The Debt Service Ratio increased to 7.62 for FY2022.
- The Authority's capital contributions decreased from $153K to $84K indicating a decrease in the number of new service contributions for the year.

## Financial Highlights – Fiscal Year 2021

- The Authority's net position increased by $4.2MM or 5.7%.
- During the year, the Authority's operating revenues increased 15.7% to $16.2MM while total expenses increased from $10.7MM to $11.4MM or by 6.7%. However, $400K of these expenses were non-recurring and $344K were an increase in (non-cash) depreciation. The 10% rate hike for FY2021 and increase in demand accounted for the revenue increase.
- The Authority made an additional deposit of $140K to the established OPEB Irrevocable Trust during fiscal year 2021 increasing the balance to almost $1.1MM.
- The Debt Service Ratio decreased to 6.74 with the added debt of the $18MM CHASE bond with first principal payment paid in FY2021.
- The Authority's capital contributions increased from $102K to $153K indicating a sharp increase in the number of new service contributions for the year.
- Refunded $6.6MM balance on 2014A TD Bank Bond with New 2021A Bond at .975% - 5-year bond.

## Required Financial Statements

## Proprietary Funds

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

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

## Fiduciary Funds

The Fiduciary Fund financial statements are used to account for resources held for the benefit of parties other than the Authority. These funds are not available to fund Authority operations and therefore are not reflected in the Proprietary Fund financial statements. The Authority established a Other Post-Employment Benefits (OPEB) trust fund in FY2014 with an initial deposit of $75,000 and annual deposits following of $50,000, $100,000, $150,000, $114,000, $50,000, $75,000, $125,000 and $125,000 in FY2022. The basic fiduciary fund financial statements and footnotes can be found on pages 18-19 and 39-42, respectively, of this report.

## Financial Analysis of the Authority

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

## Net Position

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

Table A-1

| **Condensed Statement of Net Position Summary: Net Assets** | February 28th FY 2022 | February 28th FY 2021 |
|---|---|---|
| Assets: | | |
| Current and other Assets | $ 26,386,345 | $ 23,330,243 |
| Capital Assets | 96,285,549 | 97,407,039 |
| Total Assets: | 122,671,894 | 120,737,282 |
| Deferred outflows of resources: | 1,138,412 | 1,227,850 |
| Liabilities: | | |
| Long-Term Debt Outstanding | $ 28,525,362 | $ 31,995,127 |
| Other Liabilities | 9,911,594 | 11,201,083 |
| Total Liabilities: | 38,436,956 | 43,196,210 |
| Deferred inflows of resources: | 2,238,303 | 734,445 |
| Net Assets: | | |
| Net Investments in Capital Assets | $ 56,535,708 | $ 46,159,377 |
| Restricted | 6,717,569 | 15,149,348 |
| Unrestricted | 19,881,770 | 16,725,752 |
| Net Position: | $ 83,135,047 | $ 78,034,477 |

Please note recent accounting policy requires that we include the amount of any remaining funds not drawn down at year end from current Bonds or Loans as a Receivable Asset and offset as a Debt Outstanding.

Table A-1 above shows that Net Position increased $5.1MM from $78.0MM in FY2021 to $83.1MM in FY2022. Total assets increased by $1.9MM from FY2021 to FY2022, total liabilities decreased by almost $4.8MM largely due to principal payments on the bonds in FY2022 along with decreases in the net pension obligation and other post-employment benefit liability. In addition, deferred outflows of resources decreased $89K and deferred inflows of resources increased by $1.5MM in FY2022.

A further review shows that the Authority's Net Investments in Capital increased by $10.4MM and Restricted Net Assets decreased by $8.4MM. These borrowed funds can only be used for the Capital Projects outlined in the loan agreements. The Unrestricted net position (which can be used to finance day to day operations) increased by a net also of approximately $3.1MM.

## Net Position (*Continued*)

Table A-2

| **Statement of Revenues Expenses & Changes in Net Position** | February 28th FY 2022 | February 28th FY 2021 |
|---|---|---|
| Revenues: | | |
| Operating revenues | $ 16,066,002 | $ 16,223,925 |
| Non-Operating Revenues | 18,027 | 64,290 |
| Total Revenue | 16,084,029 | 16,288,215 |
| Operating Expenses: | | |
| Water Operations | 4,651,424 | 4,962,135 |
| Insurance, Taxes & EE Benefits | 1,270,306 | 1,914,632 |
| Depreciation Expense | 2,046,345 | 2,064,544 |
| Customer Service & Accounting | 545,088 | 538,775 |
| Administration | 1,808,849 | 1,906,880 |
| Total Expenses | $ 10,322,012 | $ 11,386,966 |
| Non-Operating Expense | (745,366) | (876,623) |
| Increase in net position before Contributed Capital | 5,016,650 | 4,024,626 |
| Capital contributions | 83,920 | 153,016 |
| Changes in Net Position: | 5,100,570 | 4,177,642 |
| Net position- beginning, reclassified | 78,034,477 | 73,856,835 |
| Net position- ending | $ 83,135,047 | $ 78,034,477 |

While the Statements of Net Position show the change in the financial position of the Authority, the Statements of Revenues, Expenses and Changes in Net Position provide answers as to the nature and source of these changes. As can be seen in Table A-2 above, Net Revenue (Total Revenues less Total Expenses) was $5.1MM in FY2022 as compared to $4.177MM in FY2021. A closer examination of the source of changes in net position reveals that the Authority's operating revenues decreased by $158K in FY2022 versus an increase of $2.21MM in FY2021. These revenue changes in FY2022 and FY2021 are reflective of a 3.5% and 10.0% rate increase respectively imposed each year. The decrease in FY2022 was attributable to a return to pre-Covid (normal) water consumption by our customers along with one of the wettest July's on record.

Total expenses decreased from $11.39MM in FY2021 to $10.32MM in FY2022. This decrease was caused by several items including decreases of $246K in O&M expenses, $131k in professional fees, $111K non-recurring expenses and $475K in pension related costs.

You may also note that Capital Contributions increased over $69K in FY2022 indicating an increase in the number of new service contributions for the year. Overall, the Authority has shown a steady healthy increase in Net Position over the past several years averaging over $3.9MM 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 2022 and 2021 budget comparison and analysis are presented in the interim financial statements; however, they are not reported on nor shown in the audited financial statement section of this report.

Table A-3

**Summary: Budget vs Actual**

| | Budget FY 2022 | Actual FY 2022 | Budget FY 2021 | Actual FY 2021 |
|---|---|---|---|---|
| Revenues: | | | | |
| Operating Revenues | $ 14,588,478 | $ 16,066,002 | $ 14,165,754 | $ 16,223,925 |
| Non-Operating Revenues | 20,000 | 18,027 | 230,000 | 64,290 |
| Total Revenues | 14,608,478 | 16,084,029 | 14,395,754 | 16,288,215 |
| Operating Expenses: | | | | |
| Water Operations | 5,963,103 | 4,651,424 | 4,726,659 | 4,962,135 |
| Insurance, Taxes and EE Benefits | 1,659,292 | 1,270,306 | 1,693,332 | 1,914,632 |
| Depreciation Expense | 2,064,000 | 2,046,345 | 2,081,016 | 2,064,544 |
| Customer Service & Acccounting | 534,012 | 545,088 | 478,657 | 538,775 |
| Administration | 2,157,320 | 1,808,849 | 2,141,286 | 1,906,880 |
| Total Operating Expenses: | 12,377,727 | 10,322,012 | 11,120,950 | 11,386,966 |
| Non-Operating Expenses | 800,000 | 745,366 | 910,000 | 876,623 |
| Total Expenses | 13,177,727 | 11,067,378 | 12,030,950 | 12,263,589 |
| Increase in Net Position before Contributed Capital | 1,430,751 | 5,016,650 | 2,364,804 | 4,024,626 |
| Capital contributions | 120,000 | 83,920 | 80,000 | 153,016 |
| Increase in Net Position | 1,550,751 | 5,100,570 | 2,444,804 | 4,177,642 |
| Net position- beginning (reclassified) | 78,034,477 | 78,034,477 | 73,856,835 | 73,856,835 |
| Net position- ending | $ 79,585,228 | $ 83,135,047 | $ 76,301,639 | $ 78,034,477 |

As can be seen from Table A-3 above, the FY2022 revenues were 110.1% of budget estimates while total expenses were 83.4% of budget. The ending Net Position was 104.5% of the Budget projection.

In FY2021 total revenues were 113.1% of budget estimates while total expenses were 101.9% of budget. The ending Net Position was 102.3% of the Budget projection.

Actual expenses in FY2022 were 16.1% lower than budgeted estimates largely due to water consumption returning to pre-COVID levels along with some decreases in operations as operations hadn't quite returned to pre-COVID levels yet. Revenues in FY2022 were higher than budget expectations based upon the 10% rate increase in FY 2021 plus the 4.0% increase in FY 2022 offsetting the decreased consumption as we return to pre-COVID.

## Capital Assets and Debt Administration

At the end of Fiscal 2022, the Authority had invested $82.3 million in a broad range of infrastructure including reservoirs, dams, water plants and facilities, maintenance and administration facilities, water lines, vehicles and equipment as shown in Table A-4.

Table A-4

**Capital Assets**

| | February 28th FY 2022 | February 28th FY 2021 |
|---|---|---|
| Capital Assets: | | |
| Land and improvements | $ 3,274,221 | $ 3,274,221 |
| Treatment, storage and admin facilities | 9,734,485 | 9,397,916 |
| Distribution system | 90,557,796 | 85,413,312 |
| Equipment | 12,125,841 | 12,083,411 |
| Construction in progress | 7,040,829 | 3,325,697 |
| Total Capital Assets: | 122,733,172 | 113,494,557 |
| Less accumulated depreciation | (33,281,711) | (31,236,866) |
| Net Capital Assets | $ 89,451,461 | $ 82,257,691 |

During **FY2022** the following are major capital asset additions or changes:

- $42K in Equipment which includes $9K in Meters
- $5.1MM in the Distribution System which includes $64K in New Services
- $337K in Treatment, Storage & Admin Facilities
- $3.7MM increase in Construction in Process with more projects underway.

During **FY2021** the following are major capital asset additions or changes:

- $170K in Auto/Trucks
- $537K in the Distribution System
- $254K in Meters
- $2.8MM increase in Construction in Process with more projects underway.
- $139K in New Services

In Table A-5 below, the Authority's Fiscal 2023 Capital Budget estimates spending approximately $10.4MM for Capital Projects, principally for supply and distribution. Approximately, $8.0MM will be paid by our remaining project funds with the Webster bond which was obtained in March 2023. The remaining balance will be paid by cash IFR funds and projected cash flow in FY2023.

Table A-5

**Capital Budget FY 2022**

| | |
|---|---|
| Computer Systems/SCADA | $ 50,000 |
| Facilities | 650,000 |
| Supply and distribution | 9,530,000 |
| Equipment/meters/vehicles | 165,000 |
| Total | $ 10,395,000 |

## Long Term Debt

| Table A-6 **Debt Service Ratio Coverage** | February 28th FY 2022 | | February 28th FY 2021 | | February 29th FY 2020 | |
|---|---|---|---|---|---|---|
| Revenue fund balance | $18,509,028 | | $15,554,265 | | $12,827,807 | |
| Revenue collected from operations | 16,250,000 | | 16,100,000 | | 14,200,000 | |
| Interest income | 3,264 | | 175,511 | | 187,362 | |
| Total Revenue Available | 34,762,292 | | 31,829,776 | | 27,215,169 | |
| Total Operating Expenses, Net | $ 8,816,771 | ** | $ 8,362,517 | ** | $ 8,654,814 | ** |
| Net Revenues Available | $25,945,521 | | $23,467,259 | | $18,560,355 | |
| Debt Service Requirement | $ 3,405,787 | | $ 3,480,765 | | $ 1,903,109 | |
| Debt Service Coverage Ratio | 7.62 | | 6.74 | | 9.75 | |
| Debt Service Required Ratio | 1.25 | | 1.25 | | 1.25 | |

Table A-6 shows the increase in the Authority's Debt Service Ratio from 6.74 in FY2021 to 7.62 in FY2022 due to the refinancing of the TD Bank Bonds at a lower interest rate in the prior year and 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. Increasing this ratio creates more confidence from lenders meaning lower rates for our current and future borrowing. This is evident in the excellent rates we received on our $18MM JP Morgan CHASE bond in FY2020 and the TD Bank refunding of the 2014A bond this year to a 5-year bond at a rate of .975%. The key to this improvement has been building our Revenue & IFR Reserve Funds over the last six years and the recent reduction in debt service as BCWA paid off older bonds. (** Note-FY2020, FY2021, and FY2022 Net Expenses are net of cash paid to capital projects from operating cash).

| Table A-7 **Cost of Capital** | Debt Balance Feb. 28, 2022 | Average Coupon Rate | Debt Balance Feb. 28, 2021 | Average Coupon Rate |
|---|---|---|---|---|
| Bond/Loan: | | | | |
| 2008 Loan | $ 2,684,000 | 3.15% | $ 2,964,000 | 3.15% |
| 2011 Loan | 580,000 | 2.93% | 627,000 | 2.93% |
| 2012 Loan (RICWFA) | 55,000 | 1.40% | 108,000 | 1.40% |
| 2014 Loan (RICWFA) | 974,551 | 2.18% | 1,034,872 | 2.18% |
| 2018 Bond (TD Bank) | 3,086,476 | 3.32% | 3,516,542 | 3.32% |
| 2018 Bond (RIIB) | 3,402,100 | 2.03% | 3,554,500 | 2.03% |
| 2019 Bond (Chase) | 15,863,000 | 1.88% | 16,936,000 | 1.88% |
| 2021 Bond (TD Bank)* | 5,350,000 | 0.975% | 6,660,000 | 0.975% |
| **Total Bond/Loan Balance:** | $ 31,995,127 | | $ 35,400,914 | |

Table A-7 above shows that the total net Bond/Loan balance decreased by approximately $3.4MM in FY2022 a result of principal payments.

## Economic Factors and Next Year's Budget and Rates

The Authority's Board of Directors and management considered many factors when setting the Fiscal 2023 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 2023. However, historical financial data also plays a large part in its formulation.

| Table A-8<br>**FY 2023 Budget vs. FY 2022 Actual** | Budget<br>FY 2023 | Actual<br>FY 2022 |
|---|---|---|
| Revenues: | | |
| Operating Revenues | $ 15,093,997 | $ 16,066,002 |
| Non-Operating Revenues | 22,000 | 18,027 |
| Total Revenues | 15,115,997 | 16,084,029 |
| Expenses: | | |
| Depreciation Expense | 2,250,000 | 2,046,345 |
| Other Operating Expenses | 9,028,137 | 8,090,042 |
| Non-Operating Expense | 2,140,000 | 930,992 |
| Total Expenses | 13,418,137 | 11,067,379 |
| Increase in Net Position before Contributed Capital | 1,697,860 | 5,016,650 |
| Capital contributions | 100,000 | 83,920 |
| Changes in Net Position: | 1,797,860 | 5,100,570 |
| Net position- beginning | 83,164,760 | 78,034,477 |
| Net position- ending | $ 84,962,620 | $ 83,135,047 |

As shown in Table A-8 above, operating budget revenues available for recovering operating costs are projected to be about $15.1MM, a decrease over last year's actual. Although a rate increase of 4.0% has been budgeted and implemented for Fiscal 2023, the Authority is conservatively projecting revenues to be lower than the actual of FY2022 and back to a more normal pre-COVID levels. 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 sharp increase in non-operating expenses as we start the demolition of the former treatment plant. These projections will be reviewed for propriety each year and/or when operating changes having a financial impact dictate. Budget expenses for FY2023 are estimated to increase versus the actual expenses of FY2022 due to inflationary pressures. The Authority is always making efforts to reduce costs and will continue to do so in Fiscal 2023.

## 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. 0. Box 447, Warren, Rhode Island 02885.

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*Fund Financial Section*

**BRISTOL COUNTY WATER AUTHORITY**

Statement of Net Position

February 28, 2022 and February 28, 2021

| | 2022 | 2021 |
|---|---|---|
| **Assets** | | |
| **Current Assets** | | |
| Cash and cash equivalents | $ 698,450 | $ 560,541 |
| Accounts recevable, less allowance of $306,923 and $198,348 in 2022 and 2021 | | |
| Billed | 1,296,012 | 1,355,946 |
| Unbilled | 1,995,012 | 1,737,759 |
| Total accounts receivable | 3,291,024 | 3,093,705 |
| Accrued investment income | 218 | 265 |
| Prepaid Items | 43,120 | 70,299 |
| Inventory and other assets | 231,443 | 295,665 |
| Unrestricted current assets | | |
| Funds held by BCWA | 22,122,090 | 19,309,768 |
| **Total Current Assets** | 26,386,345 | 23,330,243 |
| **Noncurrent Assets** | | |
| Restricted Assets | | |
| Funds held by trustee | 5,865,677 | 6,034,036 |
| Bond Proceeds | 851,892 | 9,115,312 |
| Net Pension asset | 116,519 | 0 |
| Non-depreciable capital assets | 3,274,222 | 3,274,222 |
| Depreciable capital assets | 86,177,239 | 78,983,469 |
| **Total Noncurrent Assets** | 96,285,549 | 97,407,039 |
| **Total Assets** | 122,671,894 | 120,737,282 |
| **Deferred Outflows of Resources** | | |
| Pension related outflows | 424,616 | 392,295 |
| OPEB related outflows | 713,796 | 835,555 |
| **Total Deferred Outflows of Resources** | $ 1,138,412 | $ 1,227,850 |
| **Total Assets and Deferred Outflows of Resources** | $ 123,810,306 | $ 121,965,132 |

*The accompanying notes are an integral part of the financial statements*

**BRISTOL COUNTY WATER AUTHORITY**

Statement of Net Position *(continued)*

February 28, 2022 and February 28, 2021

| | 2022 | 2021 |
|---|---|---|
| **Liabilities** | | |
| **Current Liabilities** | | |
| Accounts payable | $ 323,097 | $ 255,761 |
| Other payables | 147,167 | 152,404 |
| Accrued expenses | 389,726 | 417,838 |
| Customer deposits, net | 387,261 | 388,787 |
| State water protection escrow | 692,228 | 704,308 |
| Retainage payable | 455,562 | 202,218 |
| Accrued interest expense | 290,717 | 306,765 |
| Long-term debt due within one year | 3,469,765 | 3,405,787 |
| **Total Current Liabilities** | 6,155,523 | 5,833,868 |
| **Noncurrent Liabilities** | | |
| Net pension obligation | 0 | 645,101 |
| Net other post employment benefit liability | 3,756,071 | 4,722,114 |
| Long-term debt due after one year | 28,525,362 | 31,995,127 |
| **Total Non-Current Liabilities** | 32,281,433 | 37,362,342 |
| **Total Liabilities** | 38,436,956 | 43,196,210 |
| **Deferred Inflows of Resources** | | |
| Deferred bond subsidy | 188,682 | 200,360 |
| Pension related inflows | 596,898 | 59,845 |
| OPEB related inflows | 1,452,723 | 474,240 |
| **Total Deferred Inflows of Resources** | 2,238,303 | 734,445 |
| **Net Position** | | |
| Net investment in capital assets | 56,535,708 | 46,159,377 |
| Restricted | 6,717,569 | 15,149,348 |
| Unrestricted | 19,881,770 | 16,725,752 |
| **Total Net Position** | $ 83,135,047 | $ 78,034,477 |
| **Total Liabilities, Deferred Inflows of Resources and Net Position** | $ 123,810,306 | $ 121,965,132 |

*The accompanying notes are an integral part of the financial statements*

**BRISTOL COUNTY WATER AUTHORITY**

Statement of Revenues, Expenses and Changes in Net Position

Years Ended February 28, 2022 and February 28, 2021

| | 2022 | 2021 |
|---|---|---|
| **Operating Revenues (Net Refunds)** | | |
| Water | $ 15,621,589 | $ 15,851,283 |
| Fire services | 334,680 | 317,357 |
| Other | 109,733 | 55,285 |
| **Total Operating Revenues (Net Refunds)** | 16,066,002 | 16,223,925 |
| **Operating Expenses** | | |
| Operations | 6,519,160 | 7,333,757 |
| Operations - nonrecurring | 185,625 | 400,926 |
| Engineering and administrative | 1,570,883 | 1,587,739 |
| Depreciation | 2,046,345 | 2,064,544 |
| **Total Operating Expenses** | 10,322,013 | 11,386,966 |
| **Operating Income** | 5,743,989 | 4,836,959 |
| **Non-Operating Revenues (Expenses)** | | |
| Interest income | 20,669 | 58,702 |
| Interest expense | (745,366) | (876,623) |
| Other | (2,642) | 5,588 |
| **Net Non-Operating Revenues (Expenses)** | (727,339) | (812,333) |
| **Increase in Net Position before Capital Contributions** | 5,016,650 | 4,024,626 |
| **Capital Contributions** | | |
| Capital contributions | 83,920 | 153,016 |
| **Increase in Net Position** | 5,100,570 | 4,177,642 |
| **Net Position at March 1, 2021** | 78,034,477 | 73,856,835 |
| **Net Position at February 28, 2022** | $ 83,135,047 | $ 78,034,477 |

*The accompanying notes are an integral part of the financial statements*

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## BRISTOL COUNTY WATER AUTHORITY

Statement of Cash Flows

Years Ended February 28, 2022 and February 28, 2021

| | 2022 | 2021 |
|---|---|---|
| **Cash Flows from Operating Activities:** | | |
| Cash received from customers | $ 15,867,157 | $ 15,859,364 |
| Cash received from government agency | (5,237) | 75,000 |
| Cash paid to employees and suppliers for goods and services | (8,026,066) | (9,028,440) |
| **Net Cash Provided by Operating Activities** | 7,835,854 | 6,905,924 |
| **Cash Flows from Investing Activities:** | | |
| Interest income (expense), net | 20,669 | 58,702 |
| BCWA and trustee revenue and debt service accounts, net | (2,643,963) | (2,535,653) |
| **Net Cash used for Investing Activities** | (2,623,294) | (2,476,951) |
| **Cash flows from capital and Related Financing Activities:** | | |
| Purchase of property, plant and equipment | (9,156,195) | (3,770,964) |
| Proceeds from long-term debt | 8,263,420 | 9,129,661 |
| Payments on bonds and note payable | (3,417,867) | (8,884,904) |
| Interest payments | (764,009) | (828,035) |
| **Net cash provided by (used for) Capital and Related Financing Activities** | (5,074,651) | (4,354,242) |
| **Net Increase in Cash and Cash Equivalents** | 137,909 | 74,731 |
| **Cash and Cash Equivalents, March 1, 2021** | 560,541 | 485,810 |
| **Cash and Cash Equivalents, February 28, 2022** | $ 698,450 | $ 560,541 |
| **Cash and Cash Equivalents, per Balance Sheet** | $ 698,450 | $ 560,541 |

*The accompanying notes are an integral part of the financial statements*

**BRISTOL COUNTY WATER AUTHORITY**

Statement of Cash Flows (*Continued*)

Years Ended February 28, 2022 and February 28, 2021

| | 2022 | 2021 |
|---|---|---|
| **Reconciliation of Operating Income to Net Cash Provided by Operating Activities:** | | |
| Operating income | $ 5,743,989 | $ 4,836,959 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation | 2,046,345 | 2,064,544 |
| Change in customer extension deposits | | |
| Changes in operating assets and liabilities: | | |
| Increase (decrease) in accounts receivable | (198,845) | (364,561) |
| Increase (decrease) in inventory and other assets | 91,401 | (21,924) |
| Increase (decrease) in deferred outflows of resources | 89,438 | 232,722 |
| Increase (decrease) in other liability | (5,237) | 75,000 |
| (Decrease) increase in accounts payable and accrued expenses | 292,568 | (88,517) |
| (Decrease) increase in net pension liability | (761,620) | 46,728 |
| (Decrease) increase in other post employment liability | (966,043) | (227,802) |
| (Decrease) increase in deferred inflows of resources | 1,503,858 | 352,775 |
| **Net Cash Provided by Operating Activities** | $ 7,835,854 | $ 6,905,924 |

*The accompanying notes are an integral part of the financial statements*

**BRISTOL COUNTY WATER AUTHORITY**

Statement of Fiduciary Net Position
(Except Pension Trust Fund, which is as of June 30, 2021 and June 30, 2020)

February 28, 2022 and February 28, 2021

| | OPEB and Pension Trust Fund (as of June 30 2021 and 2020) | |
|---|---|---|
| | 2022 | 2021 |
| **Assets** | | |
| Cash and cash equivalents | $ 0 | $ 0 |
| Investments, at fair value | | |
| Fixed Income | 1,535,784 | 1,476,935 |
| Equity | 3,812,931 | 3,703,409 |
| Short-Term | 254,478 | 375,944 |
| Investment income | | |
| **Total assets** | 5,603,193 | 5,556,288 |
| **Liabilities** | | |
| None | 0 | 0 |
| **Net Position** | | |
| Restricted for pension | 4,347,596 | 4,481,372 |
| Held in trust for other post-employment benefits | 1,255,597 | 1,074,916 |
| **Total Net Position** | $ 5,603,193 | $ 5,556,288 |

*The accompanying notes are an integral part of the financial statements*

# BRISTOL COUNTY WATER AUTHORITY

Statement of Changes in Fiduciary Net Position
(Except for Pension Trust Fund, which is as of June 30, 2021 and June 30, 2020)

Years Ended February 28, 2022 and February 28, 2021

| | OPEB and Pension Trust Fund (as of June 30 2021 and 2020) | |
|---|---|---|
| | 2022 | 2021 |
| **Additions** | | |
| **Contributions** | | |
| Employer contributions | $ 508,184 | $ 546,163 |
| **Total contributions** | 508,184 | 546,163 |
| **Investment income** | | |
| Net investment income | 1,173,689 | 260,642 |
| **Total investment income** | 1,173,689 | 260,642 |
| **Total additions** | 1,681,873 | 806,805 |
| **Deductions** | | |
| Administration fees | 8,811 | 7,800 |
| Actual and service benefits payments | 1,626,157 | 544,014 |
| **Total deductions** | 1,634,968 | 551,814 |
| **Change in net position** | 46,905 | 254,991 |
| Net Position - March 1, 2021 | 5,556,288 | 5,301,297 |
| Net Position - February 28, 2022 | $ 5,603,193 | $ 5,556,288 |

*The accompanying notes are an integral part of the financial statements*

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# *Notes to the 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).

***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. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. The statement of net position presents information on the Authorities 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.

## NOTE 1. BASIS OF PRESENTATION AND ORGANIZATION (CONTINUED)

***Fund Financial Statements***

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 other than pensions. 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.

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, 2022 was $306,923.

***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 |

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***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.

***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, 2022 and 2021, there were $1,138,412 and $1,227,850 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, 2022 and 2021, there were $2,238,303 and $734,445, 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.

***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.

***Summarized Financial Information* -** The financial information for the year February 28, 2021, presented for comparative purposes is not intended to be a complete financial statement presentation. Certain amounts in the prior year financial statements may have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Recently Issued Accounting Standards –*** For the year ending February 28, 2022, the Authority implemented the following pronouncements issued by the GASB:

- GASB Statement No. 92, Omnibus 2020 was originally effective for reporting periods beginning after June 15, 2021. This statement addresses a variety of topics including, but not limited to, leases, financial reporting for Postemployment Benefit Plans Other Than Pension Plans, Fiduciary Activities, Measurement of Liabilities related to AROs. The Authority implemented this Statement and there was no impact to the financial accounting and reporting framework in Fiscal Year 2022.

- GASB Statement No. 83, *Certain Asset Retirement Obligations*. This statement is effective for periods beginning after June 15, 2019. The objective of this statement is to establish criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The Authority implemented this Statement and there was no impact to the financial accounting and reporting framework in Fiscal Year 2022.

- GASB Statement No. 87*, Leases*. This Statement is effective for periods beginning after June 15, 2021, and all reporting periods thereafter. This Statement requires a lessee to recognize a lease liability and an intangible right to use leased assets. The lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority implemented this Statement and there was no impact to the financial accounting and reporting framework in Fiscal Year 2022.

- GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period.* This Statement is effective for periods beginning after December 15, 2020. The objective of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Authority implemented this Statement and there was no impact to the financial accounting and reporting framework in Fiscal Year 2022.

- GASB Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. This Statement is effective for the periods beginning after December 15, 2019. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method.
  The Authority has evaluated this standard and there was no impact to the financial reporting framework in Fiscal Year 2022.

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Accounting standards that the Authority is currently reviewing for applicability and potential impacts on future financial statements include (continued)–***

- GASB Statement No. 91, *Conduit Debt Obligations*. This Statement is effective for reporting periods beginning after December 15, 2021. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The Authority is in the process of evaluating this Statement and will complete their evaluation prior to the required implementation date of Fiscal Year 2023.

- Statement No. 93, "Replacement of Interbank Offered Rates". GASB Statement No. 93 assists state and local governments in the transition away from existing interbank offered rates (IBOR) to other reference rates because of global reference rate reform, wherein the London Interbank Offered Rate (LIBOR) is expected to cease to exist in its current form at the end of 2021. The objective of this Statement is to address implications that result from the replacement of an IBOR in Statement No. 53, Accounting and Financial Reporting for Derivative Instruments and Statement No. 87, Leases and other accounting and financial reporting implications. The impact of this standard will be evaluated by the Authority's management for fiscal year ending fiscal year 2023.

- Statement No. 94, "Public-Private and Public-Public Partnerships and Availability Payment Arrangements". GASB Statement No. 94 establishes standards of accounting and financial reporting for Public-Private and Public-Public Partnerships (PPPs) and Availability Payment Arrangements (APAs). The impact of this standard will be evaluated by the Authority's management for fiscal year 2023.

- Statement No. 96, "Subscription-Based Information Technology Arrangements". GASB Statement No. 96 establishes standards of accounting and financial reporting for subscription-based information technology (SBITAs) for government end users. Under this Statement, a government generally should recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability. The impact of this standard will be evaluated by the Authority's management for fiscal year 2022

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Accounting standards that the Authority is currently reviewing for applicability and potential impacts on future financial statements include (continued)–***

- Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for internal Revenue Code Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32”. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The impact of this standard will be evaluated by the Authority’s management for fiscal year 2022

## NOTE 3. CASH AND CASH EQUIVALENTS

The carrying amount of deposits is separately displayed on the Statement of Net Position as "cash and cash equivalents". The carrying value of deposits, investments and petty cash funds reported on the Statement of Net Position as "cash and cash equivalents" are as follows:

| Description | 2022 | 2021 |
|---|---|---|
| Petty cash | $ 477 | $ 393 |
| Deposits with financial institutions | 697,973 | 560,148 |
| **Total cash and cash equivalents** | $ 698,450 | $ 560,541 |

Essential risk information regarding the Authority's deposits and investments is presented below.

The carrying amount of the Authority's deposits at February 28, 2022 was $698,450 and the bank balance was $733,534.

***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, 2022, $468,691 of the Authority's bank balance of $733,534 was exposed to custodial credit risk as follows:

| | Bank Balance |
|---|---|
| Insured (Federal depository insurance funds) | $ 264,842 |
| Uninsured | 468,691 |
| **Total bank balance** | $ 733,534 |

The commercial paper had credit ratings of AA-/Aa1 by Standard & Poor's and Moody's at both February 28, 2022 and February 28, 2021.

## 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 fund or other fund invested exclusively of obligations described above. At February 28, 2022 and 2021, the Authority's uncollateralized deposits had maturities of less than ninety (90) days and were with an institution that met the minimum capital standards.

At February 28, 2022, the Authority had the following investments classified as funds held by trustee:

| Description | Maturity | Interest Rate | Fair Value | Rating |
|---|---|---|---|---|
| U.S Bank NA Commercial Paper | 3/1/2022 | 0.2% | $ 6,717,569 | Aa1, AA- |

At February 29, 2021, the Authority had the following investments classified as funds held by trustee:

| Description | Maturity | Interest Rate | Fair Value | Rating |
|---|---|---|---|---|
| U.S Bank NA Commercial Paper | 3/1/2021 | 0.2% | $15,149,348 | Aa1, AA- |

***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 February 28 as follows:

| | 2022 | 2021 |
|---|---|---|
| Pension (as of June 30, 2021 and 2020) | $ 4,347,596 | $ 4,481,372 |
| OPEB | 1,255,597 | 1,074,916 |
| | $ 5,603,193 | $ 5,556,288 |

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:** represents quoted prices for identical items in active, liquid and visible markets (i.e. Stock exchanges).
**Level 2:** represents observable information for similar items in active or inactive markets (i.e. two similarly situated buildings in the same real estate market).
**Level 3:** represents unobservable inputs to be used in situations where markets do not exist or are illiquid (i.e. Credit crisis).

The Plan has the following recurring fair value measurements as of February 28, 2022:

| | | OPEB Fair Value Measurements | | |
|---|---|---|---|---|
| | February 28, 2022 | Quoted Prices in Active Markets 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 | $ 359,060 | $ 359,060 | $ 0 | $ 0 |
| Equity | 788,817 | 788,817 | 0 | 0 |
| Short Term Investment | 107,720 | 0 | 107,720 | 0 |
| Total investments measured at fair value | $ 1,255,597 | $ 1,147,877 | $ 107,720 | $ 0 |

| | | Pension Fair Value Measurements | | |
|---|---|---|---|---|
| | June 30, 2021 | Quoted Prices in Active Markets 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 | $ 1,176,725 | $ 1,176,725 | $ 0 | $ 0 |
| Equity | 3,024,114 | 3,024,114 | 0 | 0 |
| Short Term Investment | 146,758 | 0 | 146,758 | 0 |
| Total investments measured at fair value | $ 4,347,597 | $ 4,200,839 | $ 146,758 | $ 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 that the Authority is required to maintain can be used only for the purposes specified in the Bond Resolution. Furthermore, the Authority is required to establish water rates so that net revenues, as defined in the Bond Resolution, shall equal at least the required debt service ratio of 1.25 during the fiscal year.

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

| **Restricted For:** | 2022 | 2021 |
|---|---|---|
| Debt service fund | $ 929,458 | $ 1,096,660 |
| Operations and maintenance reserve fund | 1,500,000 | 1,500,000 |
| Debt service reserve fund 2021A | 666,068 | 667,501 |
| Debt service reserve fund 2019A | 1,394,169 | 1,394,030 |
| Debt service reserve fund 2018A | 473,789 | 473,742 |
| Debt service reserve fund 2018B | 271,659 | 271,632 |
| Debt service reserve fund 2014A | 96,714 | 96,704 |
| Debt service reserve fund 2012B | 50,819 | 50,814 |
| Debt service reserve fund 2011 | 73,504 | 73,497 |
| Debt service reserve fund 2008 | 409,497 | 409,456 |
| Project Fund 2019A | 851,892 | 9,115,312 |
| **Total** | $ 6,717,569 | $ 15,149,348 |
| Restricted Assets/Net Position on Balance Sheet: | $ 6,717,569 | $ 15,149,348 |

## NOTE 5. FUNDS HELD BY TRUSTEE (CONTINUED)

The funds held by the trustee are invested in cash and long and short-term securities that meet the requirements of the Bond Resolution for permitted investments. These investments include money market accounts and commercial paper. These funds are generally collateralized with securities held by the trustee's trust department and are generally uninsured and unregistered securities held by the trustee's trust department as agent for the Authority. The fair value of investments at February 28, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Commercial paper | $ 6,717,569 | $ 15,149,348 |
| **Total** | $ 6,717,569 | $ 15,149,348 |

## NOTE 6. PROPERTY, PLANT AND EQUIPMENT

Capital asset activity during the year ended February 28, 2022 was as follows:

| | Balance at February 28, 2021 | Additions | Disposals | Transfers | Balance at February 28, 2022 |
|---|---|---|---|---|---|
| **Non-Depreciable** | | | | | |
| Land and improvements | $ 3,274,221 | $ 0 | $ 0 | $ 0 | $ 3,274,221 |
| **Depreciable** | | | | | |
| Treatment, storage and admin facilities | 9,397,916 | 8,269 | 0 | 328,300 | 9,734,485 |
| Distribution system | 85,413,312 | 0 | 0 | 5,144,484 | 90,557,796 |
| Equipment | 12,083,411 | 42,430 | 0 | 0 | 12,125,841 |
| **Capital assets in service** | 110,168,860 | 50,699 | 0 | 5,472,784 | 115,692,343 |
| Construction in progress | 3,325,697 | 9,187,916 | 0 | (5,472,784) | 7,040,829 |
| **Total capital assets** | 113,494,557 | 9,238,615 | 0 | 0 | 122,733,172 |
| Accumulated depreciation | (31,236,866) | (2,044,845) | 0 | 0 | (33,281,711) |
| **Net capital assets, reclassified** | $ 82,257,691 | $ 7,193,770 | $ 0 | $ 0 | $ 89,451,461 |

## NOTE 6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Capital asset activity during the year ended February 28, 2021 was as follows:

| | Balance at February 29, 2020 | Additions | Disposals | Transfers | Balance at February 28, 2021 |
|---|---|---|---|---|---|
| **Non-Depreciable** | | | | | |
| Land and improvements | $ 3,274,221 | $ 0 | $ 0 | $ 0 | $ 3,274,221 |
| **Depreciable** | | | | | |
| Treatment, storage and admin facilities | 12,884,004 | 260,222 | 0 | 0 | 13,144,226 |
| Distribution system | 83,922,108 | 669,790 | 0 | 6,944 | 84,598,842 |
| Equipment | 8,982,528 | 169,043 | 0 | 0 | 9,151,571 |
| **Capital assets in service** | 109,062,861 | 1,099,055 | 0 | 6,944 | 110,168,860 |
| Construction in progress | 570,381 | 2,762,260 | 0 | (6,944) | 3,325,697 |
| **Total capital assets** | 109,633,242 | 3,861,315 | 0 | 0 | 113,494,557 |
| Accumulated depreciation | (29,234,987) | (2,001,879) | 0 | 0 | (31,236,866) |
| **Net capital assets** | $ 80,398,255 | $ 1,859,436 | $ 0 | $ 0 | $ 82,257,691 |

## NOTE 7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The major components of accounts payable and accrued expenses as of February 28, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| Supplier | 323,097 | $ 255,761 |
| Wages and withholding | 343,570 | 365,190 |
| Taxes | 12,088 | 15,548 |
| Audit | 20,000 | 23,000 |
| Water protection charges | 14,068 | 14,100 |
| Customer deposits | 387,261 | 388,787 |
| Other | 147,167 | 152,404 |
| **Total** | $ 1,247,251 | $1,214,790 |

## NOTE 8. 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 years ended February 28, 2022 and 2021.

| | Balance March 1, 2021 | Increases | Decreases | Refunding | Principle Forgiveness | Outstanding Balance February 28, 2022 | Balance Due in 2023 | Interest Paid in 2022 |
|---|---|---|---|---|---|---|---|---|
| **Bonds Payable- Direct Borrowing** | | | | | | | | |
| General Revenue Bond, Series 2015 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 | $ 0 |
| General Revenue Bond. Series 2018A | 3,516,542 | 0 | 430,066 | 0 | 0 | 3,086,476 | 444,768 | 110,595 |
| General Revenue Bond. Series 2019A | 16,936,000 | 0 | 1,073,000 | 0 | 0 | 15,863,000 | 1,092,000 | 298,963 |
| General Revenue Refunding Bond, Series 2021A | 6,660,000 | 0 | 1,310,000 | 0 | 0 | 5,350,000 | 1,320,000 | 63,091 |
| **Total Bonds Payable** | $ 27,112,542 | $ 0 | $ 2,813,066 | $ 0 | $ 0 | $ 24,299,476 | $ 2,856,768 | $ 472,649 |
| **Loans Payable- Direct Borrowing** | | | | | | | | |
| Drinking Water Revolving Bond, Series 2008A | 2,964,000 | 0 | 280,000 | 0 | 0 | 2,684,000 | 291,000 | 101,898 |
| Drinking Water SRF- Direct Loan, Series 2011 | 627,000 | 0 | 47,000 | 0 | 0 | 580,000 | 49,000 | 23,613 |
| Drinking Water SRF- Direct Loan, Series 2012B | 108,000 | 0 | 53,000 | 0 | 0 | 55,000 | 55,000 | 1,966 |
| Safe Drinking Water Program, Series 2014 | 1,034,872 | 0 | 72,000 | 0 | 11,679 | 974,551 | 61,997 | 32,912 |
| Drinking Water SRF, Series 2018 | 3,554,500 | 0 | 152,400 | 0 | 0 | 3,402,100 | 156,000 | 112,328 |
| **Total Loans Payable** | 8,288,372 | 0 | 604,400 | 0 | 11,679 | 7,695,651 | 612,997 | 272,717 |
| **Total Debt** | $ 35,400,914 | $ 0 | $ 3,417,466 | $ 0 | $ 11,679 | $ 31,995,127 | $ 3,469,765 | $ 745,366 |

## NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

| | Balance March 1, 2020 | Increases | Decreases | Refunding | Principle Forgiveness | Outstanding Balance February 28, 2021 | Balance Due in 2022 | Interest Paid in 2021 |
|---|---|---|---|---|---|---|---|---|
| **Bonds Payable- Direct Borrowing** | | | | | | | | |
| General Revenue Bond, Series 2015 | $ 6,895,000 | $ 0 | $ 385,000 | $ 6,510,000 | $ 0 | $ 0 | $ 0 | $ 147,758 |
| General Revenue Bond. Series 2018A | 3,932,030 | 0 | 415,488 | 0 | 0 | 3,516,542 | 430,066 | 124,848 |
| General Revenue Bond. Series 2019A | 18,000,000 | 0 | 1,064,000 | 0 | 0 | 16,936,000 | 1,073,000 | 318,442 |
| General Revenue Refunding Bond, Series 2021A | 0 | 6,660,000 | 0 | 0 | 0 | 6,660,000 | 1,310,000 | 5,513 |
| **Total Bonds Payable** | $ 28,827,030 | $ 6,660,000 | $ 1,864,488 | $ 6,510,000 | $ 0 | $ 27,112,542 | $ 2,813,066 | $ 596,561 |
| **Loans Payable- Direct Borrowing** | | | | | | | | |
| Drinking Water Revolving Bond, Series 2008A | 2,964,000 | 0 | 270,000 | 0 | 0 | 2,964,000 | 280,000 | 112,314 |
| Drinking Water SRF- Direct Loan, Series 2011 | 627,000 | 0 | 46,000 | 0 | 0 | 627,000 | 47,000 | 25,118 |
| Drinking Water SRF- Direct Loan, Series 2012B | 108,000 | 0 | 52,000 | 0 | 0 | 108,000 | 53,000 | 3,138 |
| Safe Drinking Water Program, Series 2014 | 1,034,872 | 0 | 71,000 | 0 | 11,517 | 1,034,872 | 60,321 | 34,308 |
| Drinking Water SRF, Series 2018 | 3,554,500 | 0 | 149,200 | 0 | 0 | 3,554,500 | 152,400 | 105,184 |
| **Total Loans Payable** | 8,288,372 | 0 | 588,200 | 0 | 11,517 | 8,288,372 | 592,721 | 280,062 |
| **Total Debt** | $ 37,115,402 | $ 6,660,000 | $ 2,452,688 | $6,510,000 | $ 11,517 | $ 35,400,914 | $ 3,405,787 | $ 876,623 |

## NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

### Bonds payable

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

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

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

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

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

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

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

The Authority completed the refunding to reduce its total debt service payments by $525,617 over the next six years and to obtain an economic gain (difference between the present values of the old and new debt service payments) of $512,451. As of end of fiscal year 2019, the Authority has completed the payment for the 2012 Refunding Series A General Bond (the “2012A Bonds”).

In September 2014, the Authority issued a 2014 Series B General Bond (the "2014B Bonds") with a face value of $8,355,000. The net proceeds of approximately $8,301,000 (after bond issue costs) will be used to complete future capital improvements. Interest on the 2014B Bond is paid semi-annually on March 1 and September 1. Principal payments are made annually on September 1. As of fiscal year 2021, the Authority has completed the payment for the 2014 B Bonds as way of refinance.

## NOTE 8. LONG-TERM OBLIGATIONS (CONTINUED)

**Bonds payable (continued)**

In June 2018, the Authority issued a 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) will be used to complete capital improvements. Of the approximate total after bond issuance costs, $460,000 of the total will be placed into a Debt Service Reserve Fund. Principal and interest on the 2018A bonds are paid on a monthly basis on the first. Principal and interest payments on the 2018A Bonds outstanding at February 28, 2022 are $3,086,476 and $344,765, respectively.

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 is placed into a Debt Service Reserve Fund, is to be 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 outstanding as of February 28, 2022 are $15,863,000 and $2,097,831, respectively.

In January 2021, the Authority issued a 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 outstanding as of February 28, 2022 are 5,350,000 and 129,476, respectively.

The annual debt service requirements of the general long-term bonds payable as of February 28, 2022 are as follows:

| | Bonds from Direct Borrowings | | |
|---|---|---|---|
| Fiscal Year Ended February 28: | Principal | Interest | Total |
| 2023 | 2,856,785 | 438,078 | 3,294,863 |
| 2024 | 2,901,972 | 389,892 | 3,291,864 |
| 2025 | 2,953,489 | 341,365 | 3,294,854 |
| 2026 | 2,999,951 | 291,221 | 3,291,172 |
| 2027 | 1,682,769 | 240,333 | 1,923,102 |
| 2028-2035 | 10,904,510 | 871,184 | 11,775,694 |
| | 24,299,476 | 2,572,072 | 26,871,548 |

The Authority's outstanding notes from direct borrowings relate to business-type activities of $24,299,476 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.

The Authority must meet certain financial covenants. The Authority was in compliance with all such covenants at February 28, 2022 and 2021.

## NOTE 8. LONG-TERM OBLIGATION (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, 2022 are $2,684,000 and $448,429, respectively.

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, 2022 are $580,000 and $119,673, respectively.

In November 2012, the Authority obtained a ten-year (10), $500,000 loan from Rhode Island Infrastructure Bank of which 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, 2022 are $55,000 and $1,166, respectively.

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, 2022 are $974,550 and $214,934, respectively. This Debt also has $200,360 total in loan forgiveness.

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, 2022 are $3,402,100 and $962,906 respectively.

The annual debt service requirements of the loans payable as of February 28, 2022 are as follows:

| Year Ended February 28, | Principal | Interest & Fees | Total |
|---|---|---|---|
| 2023 | $ 612,997 | $ 274,450 | $ 887,447 |
| 2024 | 576,472 | 254,634 | 831,106 |
| 2025 | 595,448 | 235,013 | 830,461 |
| 2026 | 616,524 | 214,383 | 830,907 |
| 2027 | 638,737 | 192,556 | 831,293 |
| 2028-2038 | 4,655,473 | 858,969 | 5,514,442 |
| | $ 7,695,651 | $ 2,030,005 | $ 9,725,656 |

## NOTE 9. 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 LIBOR 30 days at 1st of the month plus 2.50% (2.50% at February 29, 2016). At February 28, 2022 and 2021, the outstanding balance on the line was $0 and $0, respectively.

## NOTE 10. PENSION PLAN

### Plan Description

#### *(a) Plan Administration*

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

#### *(b) Benefits Provided*

The Plan for employees of the BCWA 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 BCWA after 5 years of service is vested in their benefit earned to date of termination.

#### *(c) Plan Membership*

At June 30, 2021, pension plan membership consisted of the following:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 8 |
| Inactive plan members entitled to but not yet receiving benefits | 3 |
| Active plan members | 7 |
| Subtotal | 18 |

#### *(d) Contributions*

The BCWA 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, 2021 (i.e. the measurement date), the actuarially determined contribution was $26,353 and the actual contribution was $278,000.

## NOTE 10. PENSION PLAN (CONTINUED)

### Summary of Significant Accounting Policies

***(a) 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 and 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.

***(b) 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.

***(c) 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.

***(d) 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

***(a) Investment Policy***

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the BCWA. It is the policy of the BCWA 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.

**NOTE 10. PENSION PLAN (CONTINUED)**

**Investments (Continued)**

***(a) Investment Policy (Continued)***

The following was the BCWA's adopted asset allocation policy as of June 30, 2021:

| Asset Class | Target Allocation |
|---|---|
| Domestic equity | 61% |
| International equity | 8% |
| Fixed income | 26% |
| Short term investments | 5% |
| Cash | 0% |
| Total | 100% |

***(b) Rate of Return***

For the year ended June 30, 2021 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expenses, was 29.20%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**Net Pension Liability of the BCWA**

The components of the net pension liability of the BCWA at June 30, 2021, were as follows:

| | |
|---|---|
| Total pension liability | $ 4,231,077 |
| Plan fiduciary net position | (4,347,596) |
| BCWA's net pension liability (asset) | $ (116,519) |
| Plan fiduciary net position as a percentage of the total pension liability | 102.75% |

***(a) Actuarial assumptions***

The total pension liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.00 percent |
| Salary increases | 3.00 percent, average, including inflation |
| Investment rate of return | 7.50 percent, net of pension plan investment expense, including inflation |

## NOTE 10. PENSION PLAN (CONTINUED)

### Net Pension Liability of the BCWA (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-2014. 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, 2021 (see the discussion of the pension plan's investment policy) are summarized in the following table:

| Asset Class | Long-Term Expected Real Rate of Return |
|---|---|
| Domestic equity | 7.0% |
| International equity | 7.5% |
| Fixed income | 3.5% |
| Short term investments | 2.0% |
| Cash | 0.0% |

### *(b) Discount rate*

The discount rate used to measure the total pension liability was 7.50 percent. 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 BCWA 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.

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|---|---|---|---|
| **Balance as of 7/01/2020** | $ 5,126,473 | $ 4,481,372 | $ 645,101 |
| **Changes for the year:** | | | |
| Service cost | 42,825 | 0 | 42,825 |
| Interest on total pension liability | 330,077 | 0 | 330,077 |
| Differences between expected and actual experience | 268,235 | 0 | 268,235 |
| Contributions - employer | 0 | 278,000 | (278,000) |
| Net investment income | 0 | 1,124,757 | (1,124,757) |
| Benefit payments | (1,536,533) | (1,536,533) | 0 |
| **Net changes** | (895,396) | (133,776) | (761,620) |
| **Balance as of 6/30/2021** | $ 4,231,077 | $ 4,347,596 | $ (116,519) |

## NOTE 10. PENSION PLAN (CONTINUED)

### Net Pension Liability of the BCWA (Continued)

***(c) Sensitivity of the net pension liability to changes in the discount rate***

The following presents the net pension liability of the BCWA, calculated using the discount rate of 7.50 percent, as well as what the BCWA's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

| | 1% Decrease 6.50% | Current Discount Rate (7.50%) | 1% Increase 8.50% |
|---|---|---|---|
| Plan's Net Pension Liability (Asset) | $ 165,893 | $ (116,519) | $ (368,763) |

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

For the year ended February 28, 2022, the BCWA recognized pension expense of $21,112. At February 28, 2022, the BCWA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 175,830 | $ 6,323 |
| Difference between projected and actual earnings on plan investments | 248,786 | 590,575 |
| Total deferred outflows / (inflows) | $ 424,616 | $ 596,898 |
| Net deferred outflows/deferred infows | | $ (172,282) |

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

| **Year ended February 28:** | |
|---|---|
| 2023 | 54,732 |
| 2024 | 8,314 |
| 2025 | (91,207) |
| 2026 | (144,121) |
| 2027 | 0 |
| Thereafter | 0 |
| | $ (172,282) |

## NOTE 11. COMMITMENTS AND CONTINGENCIES

***Payment in Lieu of Taxes***

The Authority has entered into an agreement with the Towns of Bristol County providing for annual payments of $113,550 and $ 306,400, by the Authority in lieu of taxes to the towns for the years ended February 28, 2022 and 2021.

***Litigation***

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

***Commitment***

As of February 28, 2022, and 2021 the Authority had entered into various contracts and had a commitment of approximately $8,908,440 and $10,268,345, respectively, related to these contracts.

## NOTE 12. NET POSITION

Net position represents the difference between assets and liabilities. The net position amounts at February 28, 2022 and 2021 were as follows:

| | 2022 | 2021 |
|---|---|---|
| **Net investment in capital assets:** | | |
| Net capital assets in service | $ 89,451,461 | $ 82,257,691 |
| Less: bonds and notes payable | (31,995,127) | (35,400,914) |
| Less: other capital related liabilities | (920,626) | (697,400) |
| **Net investment in capital assets** | 56,535,708 | 46,159,377 |
| **Restricted:** | | |
| Restricted funds held by trustee | 6,717,569 | 15,149,348 |
| **Total restricted** | 6,717,569 | 15,149,348 |
| **Unrestricted** | 19,881,770 | 16,725,752 |
| **Total Net Position** | $ 83,135,047 | $ 78,034,477 |

***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 12. 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 13. MAJOR SUPPLIER

The Authority's water purchases from one supplier for the years ended February 28, 2022 and 2021 were approximately 22.7% and 21%, respectively, of the Authority's operations expense.

## NOTE 14. 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 during the year ended February 28, 2022, 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, 2022, 27 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, 2022, has updated the actuarial valuation. The plan does not issue a stand-alone report.

***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.

## NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

### *Funding Policy*

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

### *Benefit Provisions and Contributions*

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

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

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

### *Classes of Employees Covered*

As of February 28, 2022 (date of the last actuarial valuation) membership data was as follows:

| Description | Active Employees | Inactive or Beneficiaries Receiving Benefits | Total |
|---|---|---|---|
| Number | 27 | 31 | 58 |

### *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 14. 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, 2021 for OPEB expense and February 28, 2022 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 sume 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 partcipant's entry age multiplied by (c) current compensation. For other than a current active participant, the service cost equal $0.<br><br>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, 2021 and premium information as of March 1, 2022 were used to calculate the Service cost and Total OPEB Liability. |
| **Actuarial Assumptions:** | |
| Discount rate: | 3.33% for February 28, 2022<br>2.55% for February 28, 2021<br>2.43% for February 29, 2020 |
| 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 ultmate rate of 3.94% |
| 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<br>Medical claim costs are assumed to increase range from:<br>from 3.0% at <70 to 0.0% at 90+ |

## NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

***Investment Policy and Rate of Return***

The Water District'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 year ended February 28, 2022 the annual money-weighted rate of return on investment, net of investment expense, was 18.48%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The following was the Authority's adopted asset allocation policy as of February 28, 2022:

| Asset Class | Asset Allocation | Target Allocation | Long-term Expected Real Rate of Return |
|---|---|---|---|
| Cash and Receivables | 0.00% | N/A | N/A |
| Cash and Equivalents | 9.00% | N/A | N/A |
| Mutual Funds - Fixed Income | 29.00% | N/A | N/A |
| Mutual Funds - Equity | 62.00% | N/A | N/A |
| Total | 100% | N/A | |

## NOTE 14. 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, 2021 | $ 5,797,030 | $ 1,074,916 | $ 4,722,114 |
| Service cost | 370,624 | 0 | 370,624 |
| Interest on Total OPEB liability | 145,085 | 0 | 145,085 |
| Differences between actual and expected experience | (508,521) | 0 | (508,521) |
| Changes in assumptions | (702,926) | 0 | (702,926) |
| Benefit payments, including refunds | (89,624) | (89,624) | 0 |
| Trust administrative expenses | 0 | (8,811) | 8,811 |
| Contributions - employer | 0 | 230,184 | (230,184) |
| Contributions - active employees | 0 | 0 | 0 |
| Net investment income | 0 | 48,932 | (48,932) |
| Net changes | (785,362) | 180,681 | (966,043) |
| Balances at February 28, 2022 | $ 5,011,668 | $ 1,255,597 | $ 3,756,071 |

### *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 (2.33 percent) or 1-percentage-point higher (4.33 percent) than the current discount rate:

| | Impact of 1% Change in Discount Rate | | |
|---|---|---|---|
| | 1% Decrease (2.33%) | Current discount rate (3.33%) | 1% Increase (4.33%) |
| Total OPEB liability | $ 4,489,158 | $ 3,756,071 | $ 3,156,774 |

## NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

### *Sensitivity of the net OPEB liability to changes in the discount rate(continued)*

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 (2.94 percent) or 1-percentage-point higher (4.94 percent) than the current discount rate:

| | Impact of 1% Change in Healthcare Trend Rate | | |
|---|---|---|---|
| | **1% Decrease (5.0% decreasing to 2.94%)** | **Current trend rate (6.0% decreasing to 3.94%)** | **1% Increase (7.0% decreasing to 4.94%)** |
| Total OPEB liability | $ 3,050,312 | $ 3,756,071 | $ 4,666,119 |

### *Net OPEB Liability*

The components of the net OPEB liability of the Authority at February 28, 2022 were as follows:

| | |
|---|---|
| Total OPEB liability | $ 5,011,668 |
| Plans fiduciary net position | 1,255,597 |
| Authority's net OPEB liability | $ 3,756,071 |
| | |
| Plan net position as a percentage of the total OPEB liability | 25.05% |

### *OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB*

For the year ended February 28, 2022 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 | $ 33,047 | $ (575,494) |
| Changes of assumptions | 645,273 | (814,705) |
| Difference between projected and actual earnings on OPEB plan investments | 35,476 | (62,524) |
| Total Deferred Outflows/(Inflows) | $ 713,796 | $ (1,452,723) |
| | | $ (738,927) |

## NOTE 14. OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

***OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB (continued)***

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

| | |
|---|---|
| Year ended February 29: | |
| 2023 | $ (80,377) |
| 2024 | (86,511) |
| 2025 | (93,107) |
| 2026 | (69,303) |
| 2027 | (74,028) |
| Thereafter | (335,601) |
| | $ (738,927) |

## NOTE 15. 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 $196,928 and $136,408 for the years ended February 28, 2022 and 2021, 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, 2022 and 2021 were $122,541 and $114,165, respectively. The employees pick and manage their selection of a broad range of funds as offered by Security Benefits.

## NOTE 16. 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.

Statement of Fiduciary Net Position

| | OPEB Trust Fund | | Pension Trust Fund (as of June 30) | |
|---|---|---|---|---|
| | 2022 | 2021 | 2021 | 2020 |
| **Assets** | | | | |
| Cash and cash equivalents | $ 107,720 | $ 0 | $ 146,758 | $ 0 |
| Investments, at fair value | 1,147,877 | 1,074,916 | 4,200,839 | 4,481,372 |
| Investment income | 0 | 0 | 0 | 0 |
| **Total Assets** | 1,255,597 | 1,074,916 | 4,347,597 | 4,481,372 |
| **Deferred outflows of resources** | | | | |
| None | 0 | 0 | 0 | 0 |
| **Total Deferred outflows of resources** | 0 | 0 | 0 | 0 |
| **Total assets and deferred outflows of resources** | 1,255,597 | 1,074,916 | 4,347,597 | 4,481,372 |
| **Liabilities** | | | | |
| None | 0 | 0 | 0 | 0 |
| **Total liabilities** | 0 | 0 | 0 | 0 |
| **Deferred inflows of resources** | | | | |
| None | 0 | 0 | 0 | 0 |
| Total deferred inflows of resources | 0 | 0 | 0 | 0 |
| **Net Position** | | | | |
| Restricted- OPEB benefits | 1,255,597 | 1,074,916 | 0 | 0 |
| Restricted- Pension benefits | 0 | 0 | 4,347,597 | 4,481,372 |
| Total net position | 1,255,597 | 1,074,916 | 4,347,597 | 4,481,372 |
| Total liabilities, deferred inflows of resources and net position | $1,255,597 | $1,074,916 | $4,347,597 | $4,481,372 |

## NOTE 16. FINANCIAL STATEMENTS FOR INDIVIDUAL PENSION AND OTHER POSTEMPLOYMENT BENEFIT TRUST FUNDS (OPEB) (CONTINUED)

Statement of Changes in Fiduciary Net Position

| | OPEB Trust Fund | | Pension Trust Fund (as of June 30) | |
|---|---|---|---|---|
| | 2022 | 2021 | 2021 | 2020 |
| **Additions** | | | | |
| **Contributions** | | | | |
| Employer contributions | $ 230,184 | $ 221,163 | $ 278,000 | $ 325,000 |
| **Total contributions** | 230,184 | 221,163 | 278,000 | 325,000 |
| **Investment Income** | | | | |
| Net Investment Income | 48,932 | 156,735 | 1,152,827 | 103,907 |
| **Total investment income** | 48,932 | 156,735 | 1,152,827 | 103,907 |
| **Total additions** | 279,116 | 377,898 | 1,430,827 | 428,907 |
| **Deductions** | | | | |
| Administration fees | 8,811 | 0 | 28,070 | 7,800 |
| Actual and service benefits payments | 89,624 | 81,163 | 1,536,533 | 462,851 |
| **Total deductions** | 98,435 | 81,163 | 1,564,603 | 470,651 |
| **Change in net position** | 180,681 | 296,735 | (133,776) | (41,744) |
| Net position - March 1, 2021 | 1,074,916 | 778,181 | 4,481,372 | 4,523,116 |
| Net position - February 28, 2022 | $1,255,597 | $1,074,916 | $4,347,596 | $4,481,372 |

## NOTE 17. RECLASSIFICATION

As of March 1, 2021 the Authority reclassified fixed assets for reorganization of fixed assets to better enhance financial statement presentation purposes.

Reclassification of Asset Classes

| | February 28, 2021 | March 1, 2021 |
|---|---|---|
| Depreciable Capital Assets | | |
| Treatment, storage and admin facilities | $ 13,144,226 | $ 9,397,916 |
| Distribution system | 84,598,842 | 85,413,312 |
| Equipment | 9,151,571 | 12,083,411 |
| | $ 106,894,639 | $ 106,894,639 |

## NOTE 18. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 16, 2022, the date the financial statements were to be issued.

In March of 2022 (Fiscal Year 2023), there was an approval and issuance of a $12 million General Revenue Bond for the capital improvement program. The bond rate is 2.88% which at the time was the lowest competitive rate. The cost of issuance was $57,450, the debt service reserve fund totals $791,232 and the remainder of $11,151,318 is in the project fund.

In March of 2022, the Authority awarded a bid proposal for the 2022 Water Main Renewal Project to Boyle & Fogarty. The overall project budget is approximately $1.9 million.

On March 9, 2020 the governor of the State of Rhode Island declared a State of Emergency in response to limit the spread of COVID—19 Coronavirus, which the World Health Organization characterizes as being a pandemic. As a result of the spread of COVID-19, there is considerable uncertainty around the duration of the pandemic accordingly, the financial impact related to the collection of water sales, taxes, investment income, other revenues and other potential financial impacts cannot be reasonably estimated at this time. As of March 3, 2022 the State of Emergency relating to COVID-19 remained in effect until May 11, 2022.

Due to economic factors, locally and globally, there are some uncertain circumstances that may affect BCWA such as global markets and supply chains.

# *Required Supplementary Information*

**BRISTOL COUNTY WATER AUTHORITY**

Required Supplementary Information

Schedule of Changes in the Authority's Net Pension Liability and Related Ratios

Last Ten Fiscal Years**
Measured as of June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| **Total pension liability** | | | | | | | | |
| Service cost | $ 42,825 | $ 50,344 | $ 84,412 | $ 79,150 | $ 104,910 | $ 164,052 | $ 165,962 | $ 195,345 |
| Interest | 330,077 | 370,531 | 398,672 | 400,373 | 429,481 | 473,937 | 457,069 | 418,247 |
| Differences between expected and actual experience | 268,235 | 46,960 | (53,738) | 104,028 | (1,073) | (52,783) | 186,447 | 113,788 |
| Changes of assumptions | 0 | 0 | 0 | 0 | 0 | 0 | 418,440 | 328,009 |
| Benefit payments, including refunds of participant contributions | (1,536,533) | (462,851) | (1,078,149) | (144,836) | (1,646,500) | (591,117) | (1,017,891) | (32,262) |
| **Net change in total pension liability** | (895,396) | 4,984 | (648,803) | 438,715 | (1,113,182) | (5,911) | 210,027 | 1,023,127 |
| **Total pension liability - beginning** | 5,126,473 | 5,121,489 | 5,770,292 | 5,331,577 | 6,444,759 | 6,450,670 | 6,240,643 | 5,217,516 |
| **Total pension liability - ending** | $ 4,231,077 | $ 5,126,473 | $ 5,121,489 | $ 5,770,292 | $ 5,331,577 | $ 6,444,759 | $ 6,450,670 | $ 6,240,643 |
| **Pension fiduciary net position** | | | | | | | | |
| Contributions - employer | $ 278,000 | $ 325,000 | $ 409,000 | $ 467,000 | $ 582,000 | $ 350,000 | $ 405,081 | $ 275,000 |
| Contributions - employee | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Net investment income | 1,124,757 | 103,907 | 205,023 | 413,208 | 494,351 | (190,089) | 369,331 | 641,659 |
| Benefit payments, including refunds of participant contributions | (1,536,533) | (462,851) | (1,078,149) | (144,836) | (1,646,500) | (591,117) | (1,017,891) | (32,262) |
| Administrative expense | 0 | (7,800) | (8,300) | (8,300) | (8,150) | (6,420) | (6,815) | (7,979) |
| **Net change in plan fiduciary net position** | (133,776) | (41,744) | (472,426) | 727,072 | (578,299) | (437,626) | (250,294) | 876,418 |
| **Plan fiduciary net position - beginning** | 4,481,372 | 4,523,116 | 4,995,542 | 4,268,470 | 4,846,769 | 5,284,395 | 5,534,689 | 4,658,271 |
| **Plan fiduciary net position - ending** | $ 4,347,596 | $ 4,481,372 | $ 4,523,116 | $ 4,995,542 | $ 4,268,470 | $ 4,846,769 | $ 5,284,395 | $ 5,534,689 |
| **BCWA's net pension liability (asset) - ending** | $ (116,519) | $ 645,101 | $ 598,373 | $ 774,750 | $ 1,063,107 | $ 1,597,990 | $ 1,166,275 | $ 705,954 |

** - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

*See Independent Auditors' Report*

**BRISTOL COUNTY WATER AUTHORITY**

Required Supplementary Information

Schedule of Changes in the Authority's Net Pension Liability and Related Ratios

Last Ten Fiscal Years**
Measured as of June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Total pension liability | $ 4,231,077 | $ 5,126,473 | $ 5,121,489 | $ 5,770,292 | $ 5,331,577 | $ 6,444,759 | $6,450,670 | $6,240,643 |
| Plan fiduciary net position | (4,347,596) | 4,481,372 | 4,523,116 | 4,995,542 | 4,268,470 | 4,846,769 | 5,284,395 | 5,534,689 |
| BCWA's net pension liability (asset) | $ (116,519) | $ 645,101 | $ 598,373 | $ 774,750 | $ 1,063,107 | $ 1,597,990 | $1,166,275 | $ 705,954 |
| Plan fiduciary net position as a percentage of the total pension liability | 102.75% | 87.42% | 88.32% | 86.57% | 80.06% | 75.20% | 81.92% | 88.69% |
| Covered-employee payroll | $ 603,323 | $ 858,466 | $ 1,078,697 | $ 1,231,521 | $ 1,180,179 | $ 1,450,870 | $1,567,423 | $1,964,651 |
| Net pension liability as a percentage of covered-employee payroll | -19.31% | 75.15% | 55.47% | 62.91% | 90.08% | 110.14% | 74.41% | 35.93% |

** - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its’ 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

*See Independent Auditors’ Report*

**BRISTOL COUNTY WATER AUTHORITY**

Required Supplementary Information

Schedule of Authority's Contributions

Last Ten Fiscal Years**
Measured at June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Actuarially determined contribution | $ 26,353 | $ 213,045 | $ 249,122 | $ 326,836 | $ 368,310 | $ 342,076 | $ 272,873 | $ 271,574 |
| Contributions in relation to the actuarially determined contribution | 278,000 | 325,000 | 409,000 | 467,000 | 582,000 | 350,000 | 405,081 | 275,000 |
| Contribution deficiency (excess) | $ (251,647) | $ (111,955) | $ (159,878) | $ (140,164) | $ (213,690) | $ (7,924) | $ (132,208) | $ (3,426) |
| Covered-employee payroll | $ 603,323 | $ 858,466 | $ 1,078,697 | $ 1,231,521 | $ 1,180,179 | $ 1,450,870 | $ 1,567,423 | $ 1,964,651 |
| Contributions as a percentage of covered-employee payroll | 4.37% | 24.82% | 23.09% | 26.54% | 31.21% | 23.58% | 17.41% | 13.82% |

** - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

*See Independent Auditors' Report*

**BRISTOL COUNTY WATER AUTHORITY**

Required Supplementary Information

Schedule of Investment Returns

Last Ten Fiscal Years**
Measured at June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 29.20% | 2.90% | 5.76% | 9.21% | 12.30% | -3.13% | 7.34% | 13.41% |

** - Per paragraph 138 of GASB Statement No. 68, the Authority is not required to retrospectively present its' 10-year RSI schedules, as this information was not available at transition and historical information was not measured in accordance with the parameters of GASB Statement No. 68.

**BRISTOL COUNTY WATER AUTHORITY**

Required Supplementary Information

Schedule of Investment Returns

Last Ten Fiscal Years**
Measured at June 30, 2021

**Notes to the Schedule:**

Valuation Date:

Actuarially determined contribution rates are calculated as of June 30, 2021.

Methods and assumptions used to determine contribution rates:

| | |
|---|---|
| Discount rate | 7.50% |
| Long term rate of return on investments | 7.50% compounded annually |
| 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 |
| Salary progression | 3.00%, compounded annually |
| Inflation | 2.00% |
| Pre retirement mortality | Male - RP-2014 Male Employee Mortality Table<br>Female - RP 2014 Female Employee Mortality Table |
| Post retirement mortality | Male - RP-2014 Male Annuitant Mortality Table<br>Female - RP 2014 Female Annuitant Mortality Table |
| Joint and survivor benefit cost | Based on mortality assumptions indicated above with assumptions that 90% of males and 70% of females have eligible spouses at date of death |
| Asset basis | Market value |
| Expenses | Assumed paid separately |

**BRISTOL COUNTY WATER AUTHORITY**

Required Supplementary Information

Other Post-Employment Benefits – Schedule of Changes in Net OPEB Liability*

For the Years Ended February 28, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Total OPEB liability** | | | | | |
| Service cost | $ 370,624 | $ 407,835 | $ 306,682 | $ 255,435 | $ 260,346 |
| Interest on net OPEB liability and service cost | 145,085 | 136,415 | 158,169 | 149,024 | 139,890 |
| Differences between actual and expected experience | (508,521) | (132,232) | 49,737 | (71,160) | 3,036 |
| Changes of assumptions | (702,926) | (261,922) | 966,809 | 28,267 | 32,158 |
| Benefit payments, including refunds | (89,624) | (81,163) | (87,887) | (83,087) | (128,500) |
| Net change in total OPEB liability | (785,362) | 68,933 | 1,393,510 | 278,479 | 306,930 |
| Total OPEB liability - beginning | 5,797,030 | 5,728,097 | 4,334,588 | 4,056,109 | 3,749,179 |
| Total OPEB liability - ending | $5,011,668 | $5,797,030 | $5,728,097 | $4,334,588 | $4,056,109 |
| **OPEB fiduciary net position** | | | | | |
| Benefit payments, including refunds | $ (89,624) | $ (81,163) | $ (87,887) | $ (83,087) | $ (128,500) |
| Trust administrative expenses | (8,811) | 0 | 0 | 0 | 0 |
| Contributions - employer | 230,184 | 221,163 | 181,664 | 149,362 | 230,922 |
| Contribution - Active employees | 0 | 0 | 0 | 0 | 0 |
| Net investment income | 48,932 | 156,735 | 18,822 | 9,168 | 64,572 |
| Net change in plan fiduciary net position | 180,681 | 296,735 | 112,599 | 75,443 | 166,994 |
| Plan fiduciary net position - beginning | 1,074,916 | 778,181 | 665,582 | 590,139 | 423,145 |
| Plan fiduciary net position - ending | $1,255,597 | $1,074,916 | $ 778,181 | $ 665,582 | $ 590,139 |
| Plan's net OPEB liability - ending | $3,756,071 | $4,722,114 | $4,949,916 | $3,669,005 | $3,465,970 |
| **Plan fiduciary net position as a percentage of total OPEB liability** | 25.05% | 18.54% | 13.59% | 15.36% | 14.55% |
| Covered-employee payroll | $2,712,641 | $2,744,000 | $2,663,763 | $2,592,000 | $2,516,888 |
| Net OPEB Liability as a percentage of covered-employee payroll | 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 Changes in Net OPEB Liability*

For the Years Ended February 28, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Annual money-weighted rate of return, net of investment expense | 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.

## BRISTOL COUNTY WATER AUTHORITY

Required Supplementary Information

Other Post-Employment Benefits – Schedule of Changes in Net OPEB Liability*

For the Years Ended February 28, 2022

| | |
|---|---|
| **Actuarial Methods:** | |
| Measurement Date: | March 1, 2021 for OPEB expense and February 28, 2022 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 sume 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 partcipant's entry age multiplied by (c) current compensation. For other than a current active participant, the service cost equal $0.<br><br>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, 2021 and premium information as of March 1, 2022 were used to calculate the Service cost and Total OPEB Liability. |
| **Actuarial Assumptions:** | |
| Discount rate: | 3.33% for February 28, 2022<br>2.55% for February 28, 2021<br>2.43% for February 29, 2020 |
| 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 ultmate rate of 3.94% |
| 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<br>Medical claim costs are assumed to increase range from:<br>from 3.0% at <70 to 0.0% at 90+ |

**BRISTOL COUNTY WATER AUTHORITY**

Required Supplementary Information

Other Post-Employment Benefits – Schedule of Contributions*

For the Year Ended February 28, 2022

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Actuarial determined contribution | $ 597,742 | $ 642,128 | $ 511,960 | $ 449,833 | $ 448,047 |
| Contributions in relation to the actuarially determined contribution | 230,184 | 181,664 | 149,362 | 149,362 | 230,922 |
| Contribution deficiency (excess) | $ 367,558 | $ 460,464 | $ 362,598 | $ 300,471 | $ 217,125 |
| Covered-employee payroll | $2,712,641 | $2,663,763 | $2,592,000 | $2,592,000 | $ 2,516,888 |
| Contributions as a percentage of covered-employee payroll | 8.49% | 6.82% | 5.76% | 5.76% | 9.17% |

| Actuarial Valuation Date | Fiduciary Net Position | Total OPEB Liability (TOL) | Net OPEB Liability (NOL) | Funded Ratio | Covered Payroll | NOL as a % of Covered Payroll |
|---|---|---|---|---|---|---|
| 2/28/2018 | 590,139 | 4,056,109 | 3,465,970 | 14.55% | 2,516,888 | 137.71% |
| 2/28/2019 | 665,582 | 4,334,588 | 3,669,006 | 15.36% | 2,592,000 | 141.55% |
| 2/29/2020 | 778,181 | 5,728,097 | 4,949,916 | 13.59% | 2,663,763 | 185.82% |
| 2/28/2021 | 1,074,916 | 5,797,030 | 4,722,114 | 18.54% | 2,744,000 | 172.09% |
| 2/28/2022 | 1,255,597 | 5,011,668 | 3,756,071 | 25.05% | 2,712,641 | 138.47% |

*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*

# *Other Information*

## BRISTOL COUNTY WATER AUTHORITY

Other Information

Receipts, Disbursements and Transfers for Funds Held by BCWA and Trustees

Year Ended February 28, 2022

| | BCWA Funds | | | | Trustee Funds | | |
|---|---|---|---|---|---|---|---|
| | Project Funds | Debt Service Reserve Funds | Debt Service Fund | Operations and Maintenance Reserve Fund | Operations and Maintenance | Revenue Funds | Total |
| **Balance per bank at February 29, 2021** | $ 9,115,310 | $ 3,437,376 | $ 1,096,660 | $ 1,500,000 | $ 800,740 | $ 18,509,028 | $ 34,459,114 |
| Receipts: | | | | | | | |
| Collections from operations | 0 | 0 | 0 | 0 | 0 | 16,250,000 | 16,250,000 |
| Interest income | 593 | 344 | 114 | 149 | 63 | 2,327 | 3,590 |
| State and other grants/loan proceeds | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers: | | | | | | | |
| To (from) operating cash accounts | 0 | 0 | 4,000,000 | 0 | 100,000 | (9,540,000) | (5,440,000) |
| To (from) other funds | 0 | 0 | 0 | 0 | 0 | (4,000,004) | (4,000,004) |
| Interest income tranferred | 0 | 0 | (114) | (149) | (63) | 0 | (326) |
| Disbursements: | | (1,500) | | | | | (1,500) |
| Project expenditures | (8,264,014) | 0 | 0 | 0 | 0 | 0 | (8,264,014) |
| Payment on principal and accrued interest | | 0 | 0 | 0 | 0 | 0 | 0 |
| on Authority's notes | 0 | 0 | (4,167,202) | 0 | 0 | 0 | (4,167,202) |
| Payment of Bond Rate Lock/Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Balance per bank at February 28, 2022** | $ 851,889 | $ 3,436,220 | $ 929,458 | $ 1,500,000 | $ 900,740 | $ 21,221,352 | $ 28,839,659 |
| **Change in Accrued Interest** | | | | | | | 0 |
| **Total funds held by trustee at February 28, 2022** | | | | | | | $ 28,839,659 |

**BRISTOL COUNTY WATER AUTHORITY**

Other Information

Non-Capitalized Fees Paid to Consultants

Year Ended February 28, 2022

**Current operations**

| | | |
|---|---|---|
| Legal | $ | 267,254 |
| Engineering | | 45,638 |
| Auditing | | 20,000 |
| Accounting, financial, and computer consulting | | 35,878 |
| **Total** | $ | 368,770 |

*See Independent Auditors' Report*

**BRISTOL COUNTY WATER AUTHORITY**

Other Information

Debt Service Funds Requirement Calculation (Section 603 - General Bond Resolution)

Year Ended February 28, 2022

| | |
|---|---|
| Revenue fund balance per bank at March 1, 2021 | $ 18,509,028 |
| Revenue collected from operations | 16,250,000 |
| Transfer to operating cash accounts for operations and maintenance expenses | (9,540,000) |
| Operating cash used for capital projects | 723,229 |
| Interest income: | |
| Revenue fund | 2,001 |
| Operations and maintenance reserve fund | 150 |
| Debt service reserve funds | 344 |
| Debt service fund | 114 |
| Project fund | 593 |
| Operations and maintenance interest only | 63 |
| Total interest income | 3,265 |
| Net revenue available for debt service requirement | $ 25,945,522 |
| Debt service requirement | $ 3,405,787 |
| Computed ratio | 7.62 |
| 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, 2022 is 7.62

*See Independent Auditors' Report*

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate remaining fund information of the Bristol County Water Authority (the Authority), as of and for the year ended February 28, 2022, and the related notes to the financial statements, and have issued our report thereon dated May 16, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Hague, Sahady & Co. PC

Hague, Sahady & Co., CPAs,P.C.
Fall River, Massachusetts
May 16, 2022

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