

NARRAGANSETT BAY COMMISSION



FISCAL YEAR



2010



A Component Unit Of
The State Of Rhode Island
Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2010

Narragansett Bay Commission

A Component Unit of the State of Rhode Island

Comprehensive Annual Financial Report

Fiscal Year Ended June 30, 2010

**Prepared by: The Division of Administration and Finance
of the Narragansett Bay Commission**



Photo: View of Narragansett Bay from Newport RI

Narragansett Bay Commission's Mission Statement

**“The mission of the Narragansett Bay Commission is
to maintain a leadership role
in the protection and enhancement of water quality
in Narragansett Bay and its tributaries
by providing safe and reliable
wastewater collection and treatment services
to its customers at a reasonable cost.”**



Photo: Beach in Newport, RI

NARRAGANSETT BAY COMMISSION
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended 2010

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Comprehensive Annual Financial Report
Introductory Section



Photo: Swans on Narragansett Bay

In addition, the NBC's Citizen Advisory Committee (CAC) is a diverse group of dedicated individuals, representing municipalities throughout the NBC's service area, industrial and residential users, environmental organizations and the general public. The CAC also advises the Board on matters pertaining to sewer usage fees, sewer construction, pretreatment, public awareness and education.

The NBC prepares its operating budget on a modified cash basis. Accordingly, certain non-cash expenses such as depreciation and amortization are not provided for in the operating budget. The budget includes the debt service principal payments on all debt, including debt issued to finance capital projects included in NBC's Capital Improvement Program (CIP).

A line item budget is maintained for each individual section or program. Finance staff reviews the budget versus actual status on a monthly basis. All budget transfers must be approved by the Division Director and the Director of Administration and Finance. The Executive Director notifies the NBC's Finance Committee of these adjustments on a monthly basis. In addition, the Finance Committee reviews and approves the monthly financial statements and the status of the budget versus expenses prior to presentation at the monthly Board Meeting.

LOCAL ECONOMY

The NBC provides wastewater treatment and collection services to more than 360,000 residents and approximately 7,900 businesses in ten Rhode Island communities in the metropolitan Providence and Blackstone Valley areas. Of the ten member communities that make up the NBC service area, Providence, Pawtucket and North Providence represent more than 73% of the NBC's accounts.

According to the Rhode Island Department of Economic Development, the Rhode Island economy has been shifting from manufacturing and goods producing to services over the last decade. NBC's ten largest customers are in the health, education and governmental services. It should also be mentioned that one of the primary service industries in Rhode Island is tourism, which is largely focused on recreational activities on and around Narragansett Bay.

Information developed at the May 2010 Rhode Island Revenue Estimating Conference indicates that "state's economic recovery will lag that of the United States". "The Rhode Island labor market has reached a cyclical bottom, and initial unemployment claims are decreasing." It is important to note that "the March 2010 flood events are projected to have some short-term impacts on the labor market, primarily impacting retail and leisure/hospitality employment." "Overall, job growth in Rhode Island is expected to mirror both that of the New England region, and the U.S. as a whole. However, the state is projected to return to peak employment levels in early 2014, more than one year after the nation and region."

LONG-TERM FINANCIAL PLANNING

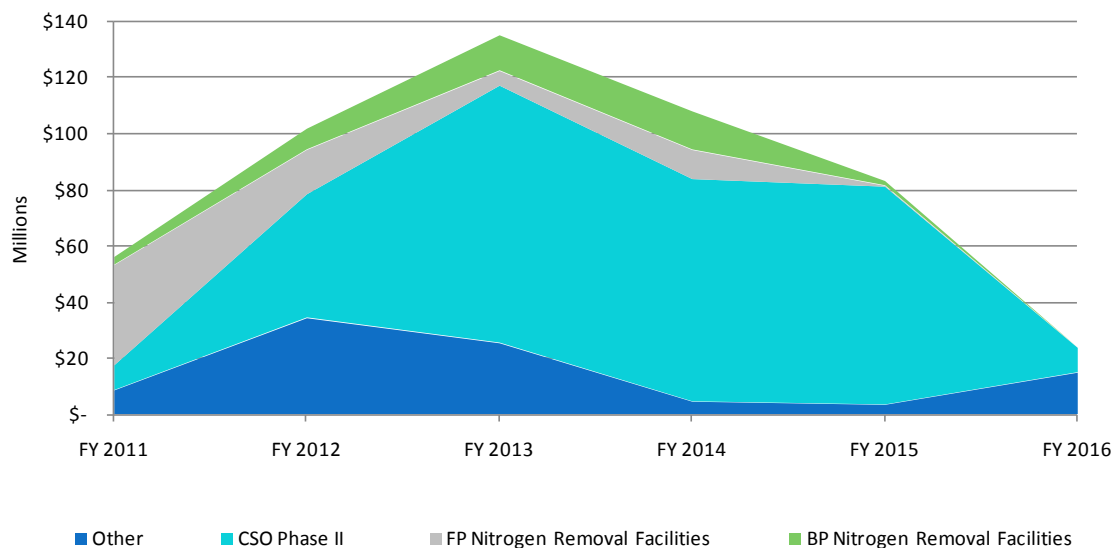
The NBC maintains and updates a long-term financial model in order to project current and future operating and capital requirements. The model is used to develop and support financing strategies that will provide stability and continuity as well as minimize rate increases.

MAJOR INITIATIVES

The NBC’s fiscal year 2012 - 2016 Capital Improvement Program (CIP) identifies 46 projects totaling approximately \$451 million either in progress, to be initiated, or to be completed during the fiscal years of 2012 – 2016 in addition to \$56 million in expenditures in fiscal year 2011, totaling approximately \$507 million over the six year period. Expenditures on these projects are necessary in order to comply with current and future regulatory requirements, take advantage of technological changes, and ensure the integrity of the NBC’s infrastructure.

The three major projects included in the CIP are the CSO Phase II Facilities, Nutrient Removal Facilities at the Field’s Point Wastewater Treatment Facility, and Nutrient Removal Facilities at the Bucklin Point Wastewater Treatment Facility. Costs for these three initiatives during the six-year period total \$416 million or more than 80% of this year’s CIP. Construction of the Nitrogen Removal Facilities at Field’s Point began in FY 2010. Construction of the CSO Phase II Facilities is scheduled to begin in FY 2011 and construction of the Bucklin Point Nutrient Removal Facilities is scheduled to begin in FY 2012. NBC’s investment in its other infrastructure initiatives is anticipated to remain fairly level in the near future as part of NBC’s commitment to maintain its infrastructure. The following graph show the projected cash flows for NBC’s major initiatives and other projects as identified in the CIP over the next six years.

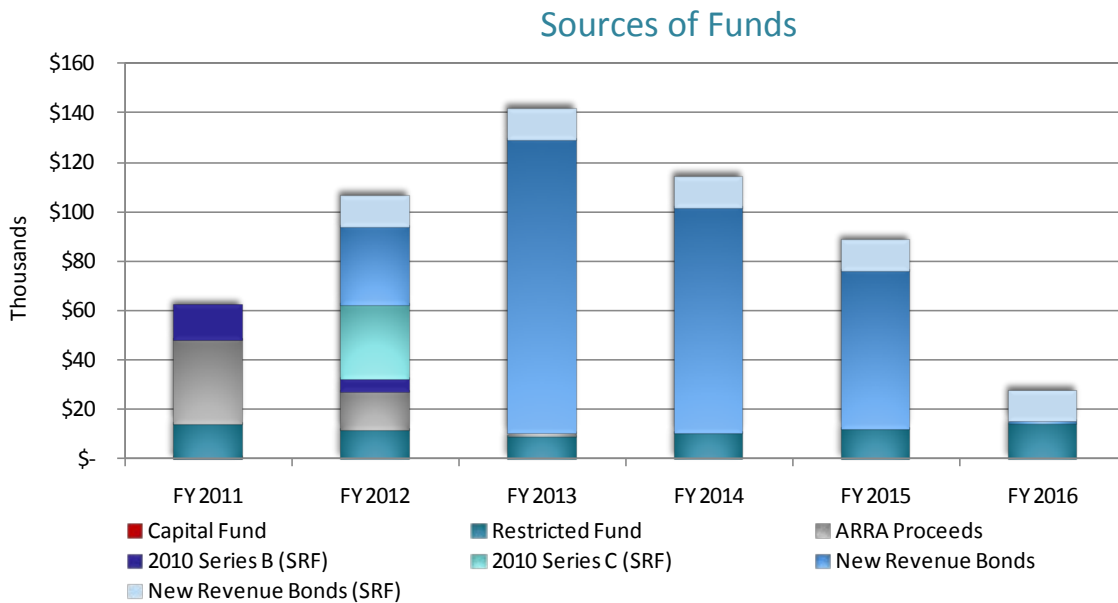
Expenditures by Major Initiative



FUNDING OF THE CIP

In FY 2011, NBC plans to fund the CIP with approximately \$13.9 million in unexpended State Revolving Funds (SRF) proceeds, \$34 million in America Recovery and Reinvestment Act (ARRA) funds, \$14 million in Restricted Funds, and \$0.9 million in Capital Funds. The NBC also plans on borrowing the maximum amount available from RI Clean Water Finance Association (RICWFA) over the next six years. SRF capacity is expected to be \$30 million in FY 2011.

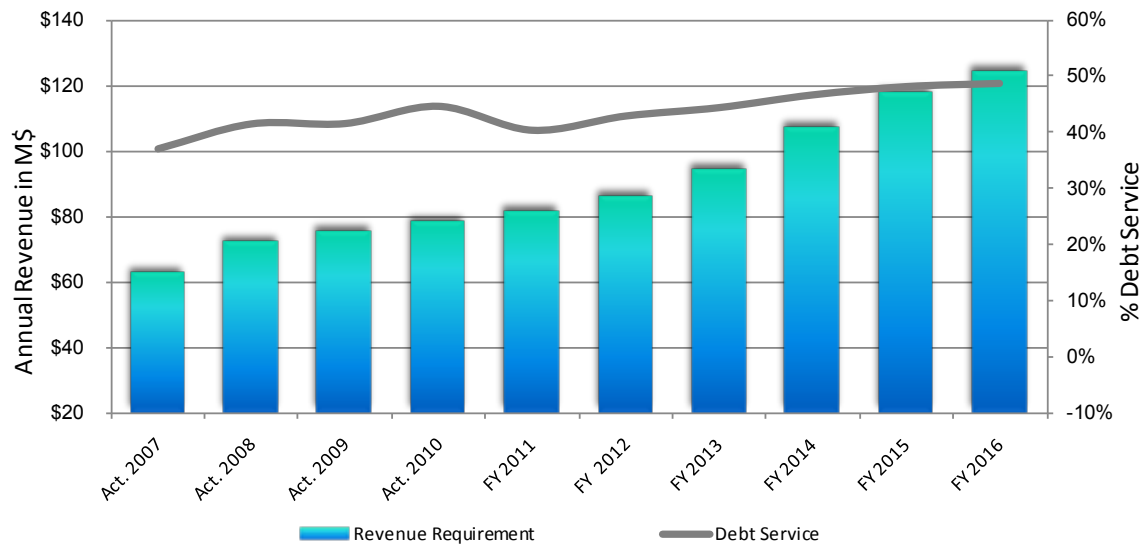
During the five year period of FY 2012 – 2016 CIP, The NBC plans on issuing \$306.3 million in revenue bonds, making it NBC’s largest source of capital. Current borrowing plans also include \$60 million in SRF borrowings over the same period. The actual timing and type of debt issuance will be determined based upon cash flows, market conditions, SRF availability and other factors. The graph below illustrates the projected sources of funds for the FY 2011 through FY 2016. NBC will rely heavily on revenue bonds to finance to the CIP, with the revenue bond issuance peaking in FY 2013 at more than \$118 million.



IMPACT OF CIP ON DEBT SERVICE

Since the CIP is financed primarily through the issuance of long-term debt, the capital program’s primary impact on the operating budget is the payment of the associated principal and interest. Overall, debt service is anticipated to increase from approximately \$32.8 million in FY 2011 to approximately \$60.3 million in FY 2016. The chart on the next page shows debt service as a percentage of projected revenues through FY 2016. Annual debt service as a percentage of total revenue has increased from 40.4% in FY 2011 to 48.7% in FY 2016. All debt service projections are based on a number of assumptions including the cash flow estimates outlined in the CIP.

Projected Debt Service as a Percent of Total Revenue Requirement



AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the NBC for its CAFR for the fiscal year ended June 30, 2009. This was the eighth consecutive year that the NBC has received this prestigious award. In order to be awarded a Certificate of Achievement, the NBC issued an easily readable and efficiently organized CAFR which satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR meets the high standards of the Certificate of Achievement Program’s requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the NBC also received the GFOA’s Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2010. The GFOA also awarded NBC Special Performance Measures Recognition as well as Special Capital Recognition. In order to qualify for the Distinguished Budget Presentation award, the budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the NBC’s Division of Administration and Finance. Credit also must be given to the Chairman and the Board of Commissioners for their unflinching support for maintaining the highest standards of professionalism in the management of the NBC’s finances.

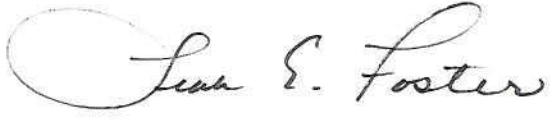
Respectfully Submitted,



Raymond Marshall, PE
Executive Director



Karen L. Giebink
Director of Administration and Finance



Leah E. Foster, CPA
Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to
Narragansett Bay Commission
Rhode Island

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to be "JRE".

President

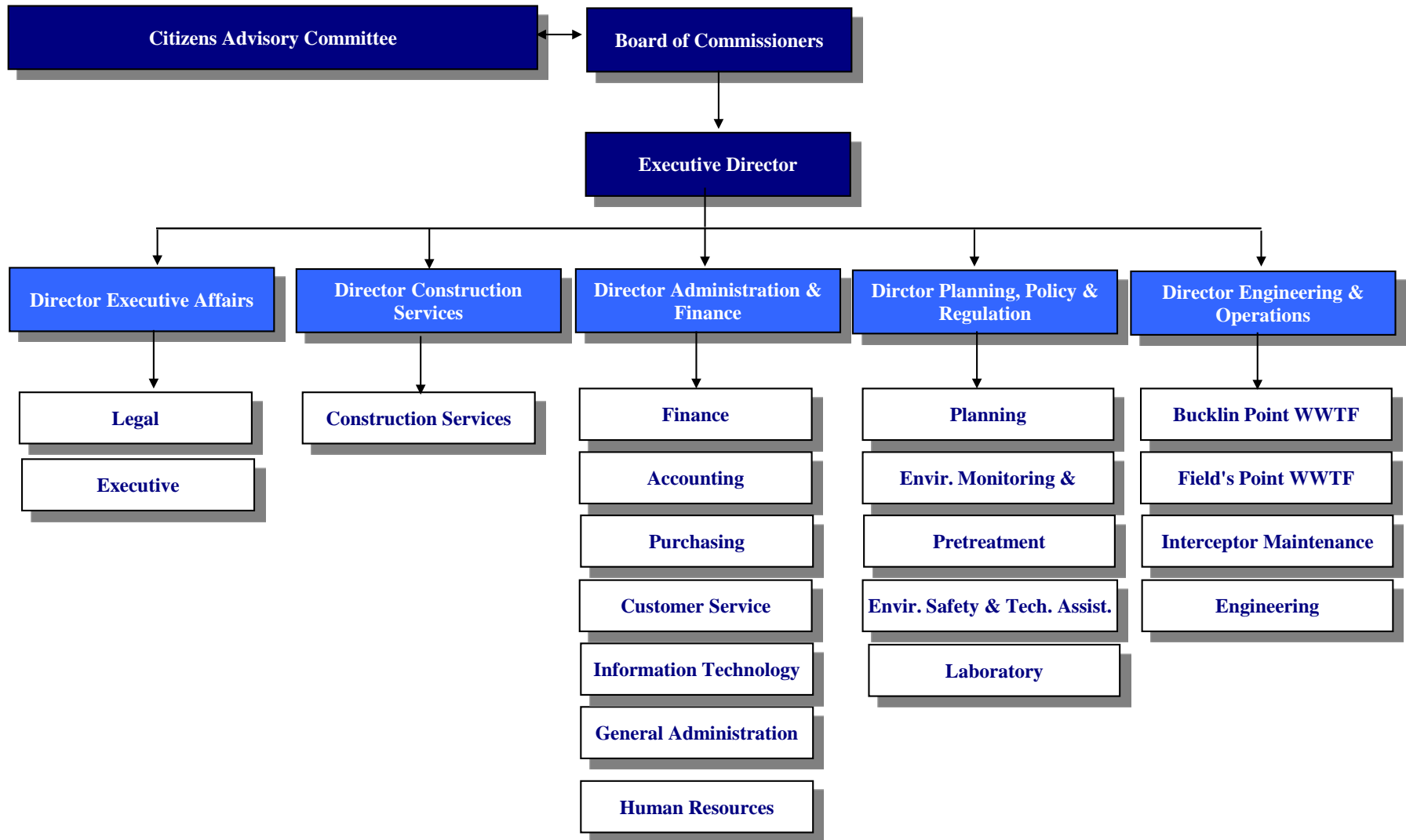
A handwritten signature in black ink, appearing to be "Jeffrey R. Emer".

Executive Director

**NARRAGANSETT BAY COMMISSION
BOARD OF COMMISSIONERS**

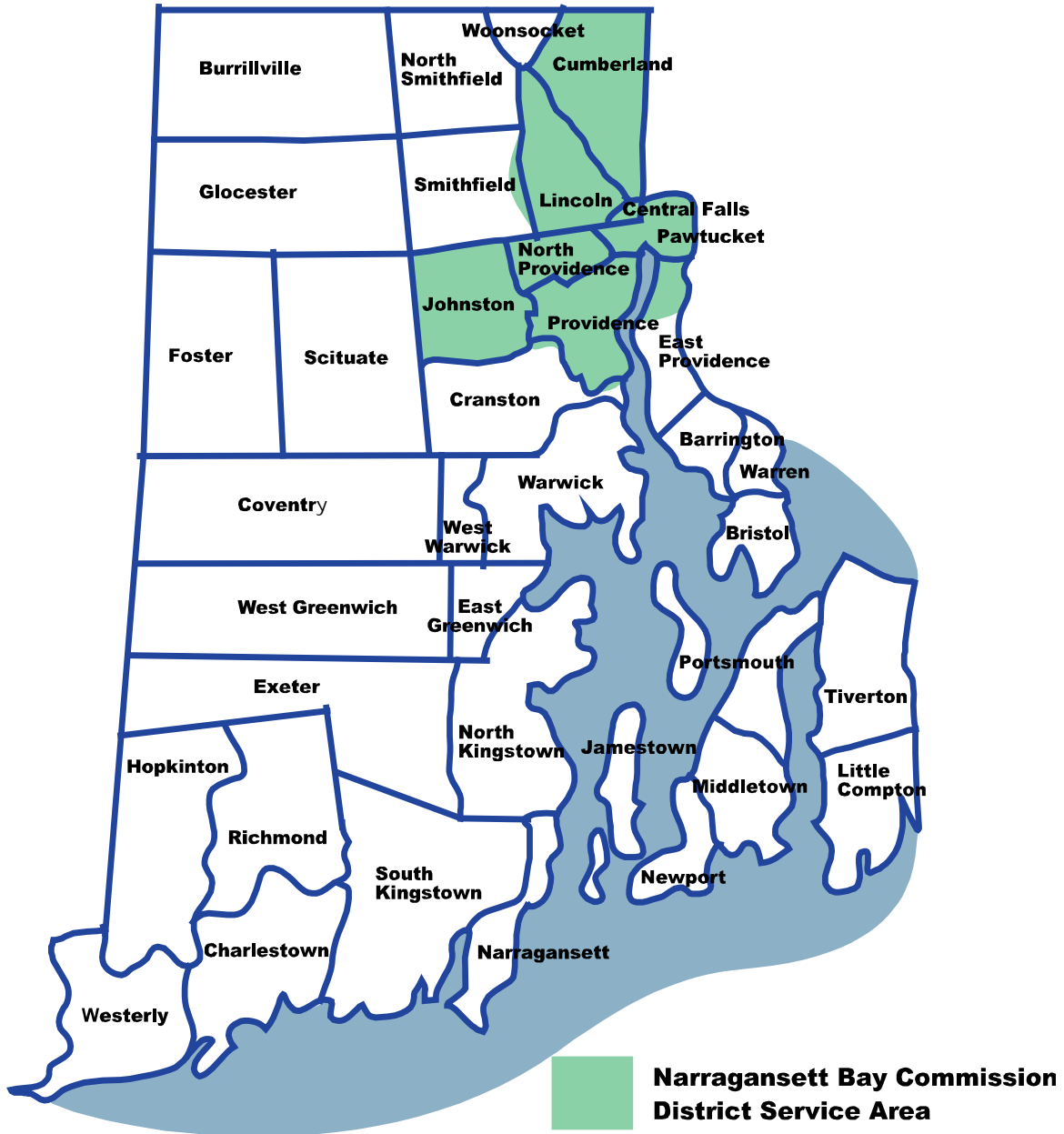
Vincent J. Mesolella, Jr. Chairman
Raymond Marshall, Executive Director and Secretary of the Board
Angelo S. Rotella, Vice Chairman
Robert P. Andrade, Treasurer

Richard Burroughs
Richard Brown
Bruce Campbell
Mario Carlino
Michael DiChiro, Esq
Jonathan Farnum
Leslie M. Gray, III
Ronald Leone
Joseph Kimball
John MacQueen
Joan Milas
Alessandro Montanari
Alan Nathan
Michael A. Salvatore
Leo P. Thompson
Richard D. Worrell



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NARRAGANSETT BAY COMMISSION SERVICE AREA



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Comprehensive Annual Financial Report
Financial Section



Photo: Newport Bridge

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Narragansett Bay Commission
Providence, Rhode Island

We have audited the accompanying basic financial statements of the Narragansett Bay Commission (NBC), a component unit of the State of Rhode Island, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of NBC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NBC as of June 30, 2010, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2010 on our consideration of NBC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and schedule of funding progress on pages 13 through 19 and page 50 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise NBC's basic financial statements. The Introductory Section, the schedule of expenses – budget to actual, the combining schedule of net assets and the combining schedule of revenues, expenses and changes in net assets, the Statistical Section, the schedule of expenditures of federal awards and the schedule of travel expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenses – budget to actual, the combining schedule of net assets, the combining schedule of revenues, expenses and changes in net assets, the schedule of expenditures of federal awards and the schedule of travel expenses have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic financial statements as a whole. The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Bacm + Company, LLC

Warwick, Rhode Island
September 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Narragansett Bay Commission's financial performance provides an overview of NBC's financial activities for the fiscal year ended June 30, 2010. It should be read in conjunction with the transmittal letter beginning on page 1 and NBC's basic financial statements, which begin on page 20.

FINANCIAL STATEMENTS

Our discussion and analysis is intended to serve as an introduction to the NBC's basic financial statements, which consist of the financial statements and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The financial statements report information about the NBC based upon an accrual accounting method similar to those used by private sector companies. The financial statements include a Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows; and Notes to the Financial Statements.

The Statement of Net Assets presents the financial position of the NBC on the accrual basis of accounting, with the exception of fine assessments and monitoring fees that are recorded on a cash basis. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the NBC is improving or deteriorating.

All the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the NBC's operations over the past year and can be used to determine whether the NBC has successfully recovered all its costs through its user fees and other charges.

The final required financial statement is the Statement of Cash Flows. The purpose of this statement is to provide information about the changes in cash and cash equivalents, resulting from operating, capital and related financing, noncapital financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of assets.

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the statements. The notes to the financial statements can be found on pages 25-49 of this report.

FINANCIAL HIGHLIGHTS

The NBC's financial condition is strong and the NBC's performance for the current year exceeded the budget. The following are the key financial highlights:

- The assets of NBC exceeded its liabilities at the close of the most recent fiscal year by \$327,986,901 (total net assets). Of this amount, \$63,493,654 (unrestricted net assets) may be used to meet NBC's ongoing obligations.

- Operating revenues increased by \$1,230,368 during 2010 compared to 2009.
- Operating expenses increased by \$2,391,793 during 2010 compared to 2009.
- The total change in net assets was \$23,061,123, an increase of \$4,885,309 over the prior year.
- Debt Service Coverage calculated as gross revenue, less operating expenses exclusive of depreciation and amortization, divided by total debt service was 132% for fiscal year 2010, exceeding the 125% debt service coverage level recommended by credit rating agencies.

FINANCIAL ANALYSIS

Net assets over time may serve as a useful indicator of a government's financial position. In the case of NBC, assets exceeded liabilities by \$327,986,901 as of June 30, 2010. This represents an increase in total net assets of \$23,061,123 or 7.6% from FY 2009 and demonstrates that the financial position of NBC is improving.

The largest portion of the NBC's net assets, 81%, reflects its investment in capital assets (e.g., land, buildings, equipment, and capital projects) less any related debt used to acquire those assets that is still outstanding. The NBC uses these capital assets to provide wastewater treatment and collection services to its customers. Consequently, only the unrestricted net assets are available for future spending. Although the NBC's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Assets

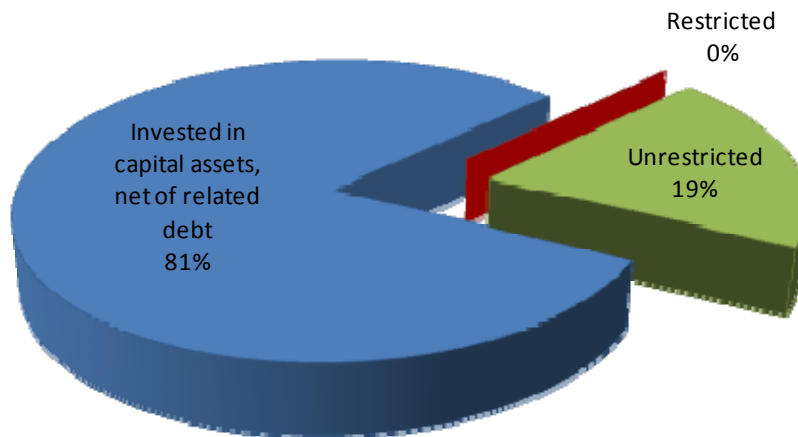
	2010	2009
Current assets	\$ 27,774,421	\$ 36,208,496
Restricted assets	43,822,873	46,952,691
Capital assets (net)	673,356,083	656,568,035
Other assets	5,850,851	5,226,944
Total assets	750,804,228	744,956,166
Current liabilities	30,932,827	30,262,567
Noncurrent liabilities	391,884,500	409,767,821
Total liabilities	422,817,327	440,030,388
	-	
Invested in capital assets, net of related debt	264,347,077	240,723,854
Restricted	146,170	157,021
Unrestricted	63,493,654	64,044,903
Total net assets	\$ 327,986,901	\$ 304,925,778

The table on the previous page reflects a decrease in Current assets of \$8,434,075 from FY 2009 to FY 2010. This decrease is driven by the significant reduction in the unbilled revenue in FY 2010 compared to FY 2009. The significant reduction in unbilled revenue is a result of NBC converting from quarterly billing to monthly billing in October 2009. There is also a significant increase in Capital assets (net) of \$16,788,048 from FY 2009 to FY 2010. This increase is the result of substantial progress that NBC made in FY 2010 on the initiatives identified in the Capital Improvement Program (CIP).

In FY 2010, the NBC shows restricted assets of \$43,822,873. Of this amount \$146,170 is restricted for future environmental enforcement activities in accordance with Rhode Island General Law Section 46-25-38.1. These funds are held in a restricted cash account and are reflected as a restricted net asset. In addition, \$35,523,066 is restricted cash for future debt service and debt service coverage in accordance with the Report and Order of the Rhode Island Public Utilities Commission (PUC) as well as the Trust Indenture. As of June 30, 2010, the NBC's restricted cash account for future acquisition and construction of capital assets had a balance of \$8,153,637.

In 2010, the noncurrent liabilities decreased by \$17,883,321. This is the net result of the expenditure of the proceeds of the long-term borrowings from the Rhode Island Clean Water Finance Agency (RICWFA) and debt service principal payments during FY 2010.

Net Assets
As of June 30, 2010

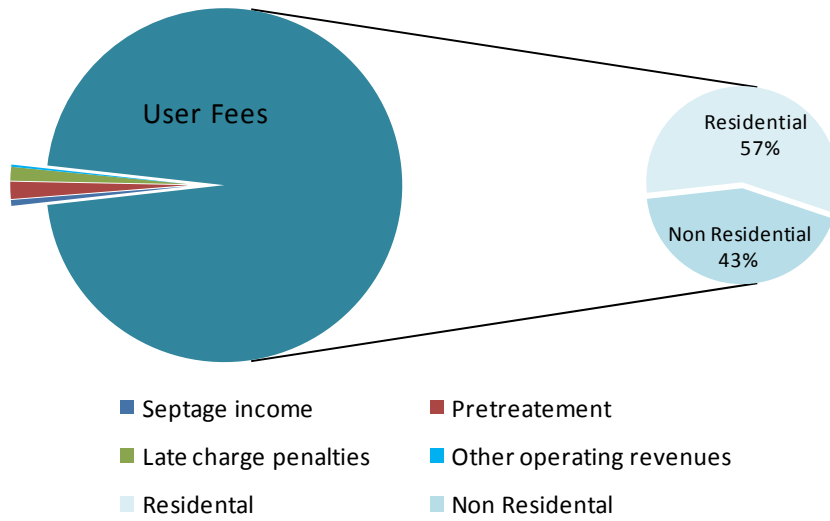


Condensed Statement of Revenues, Expenses and Changes in Net Assets

	2010	2009
Operating Revenues		
User fees	\$ 69,224,415	\$ 67,958,753
Pretreatment	1,114,004	1,126,654
Septage income	380,579	382,955
Late charge penalties	901,619	849,127
Other operating revenues	153,432	226,192
Nonoperating revenue	608,437	640,149
Total revenue	72,382,486	71,183,830
Operating Expenses		
Personnel services	18,767,282	17,832,832
General and administration	894,291	1,147,786
Operating and maintenance	6,927,346	6,940,124
Depreciation and amortization	9,065,008	7,301,816
Contractual services	7,008,213	7,221,939
Miscellaneous	708,340	534,190
Nonoperating expenses	10,856,852	12,029,329
Total expenses	54,227,332	53,008,016
Net income (loss) before capital contributions	18,155,154	18,175,814
Capital contributions	4,905,969	-
Change in net assets	23,061,123	18,175,814
Total net assets - beginning of year	304,925,778	286,749,964
Total net assets - end of year	\$ 327,986,901	\$ 304,925,778

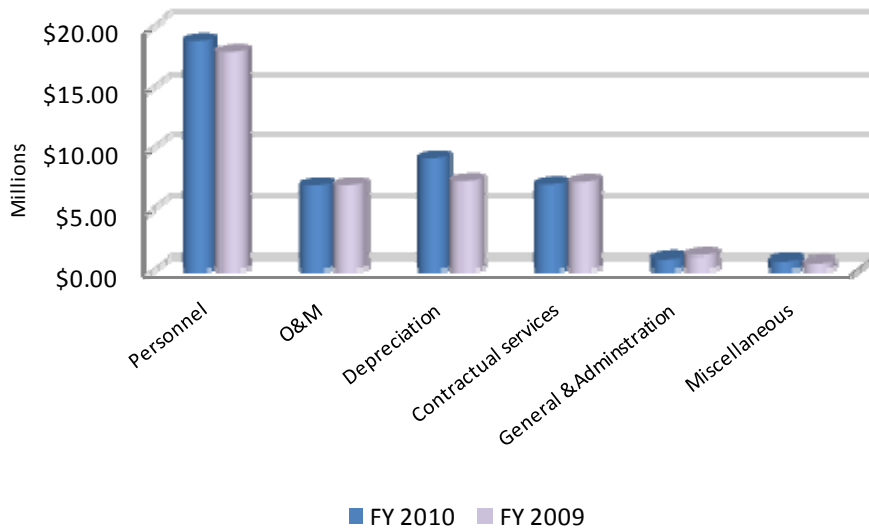
User fees are NBC's primary source of revenue, representing approximately 96% of total operating revenues. Fiscal Year 2010 user fee revenue was \$69,224,415 which is \$1,265,662 more than the prior year. The increase in user fees is primarily the result of a rate increase effective July 1, 2009. The rate increase of 10.29% was related to operating and maintenance costs and adjustment in the rate base to reflect declining consumption. In a departure from prior rate case decisions, the PUC allowed for the rate increase to be applied entirely to the flat fee component of the user charge as opposed to an across-the-board percentage increase to both consumption and flat fees. Although a portion of the rate increase was for the consumption rate base adjustment, NBC experienced a further decline in consumption during FY 2010 and as a result, the actual increase in user fee revenues in FY 2010 was less than the approved level.

Operating Revenue for FY 2010



Total expenses in FY 2010 increased \$1,219,316 over the prior year. Operating expenses were \$2,391,793 higher in FY 2010 than the prior year. This was primarily due to higher personnel costs, including employer contributions to the union retirement plan as well as health insurance. There was also an increase of \$1,763,192 in Depreciation expense. This is attributable to the completion of a number of major capital projects that NBC began to depreciate after reclassifying them to completed projects. Nonoperating expenses decreased \$1,172,477 a result of lower interest expense. NBC maintained its Variable Rate Demand Bonds in weekly mode and was able to remarket the bonds at historically low short-term interest rates in FY 2010.

Total Expenses for FY 2010 and FY 2009



CAPITAL ASSETS AND DEBT ADMINISTRATION

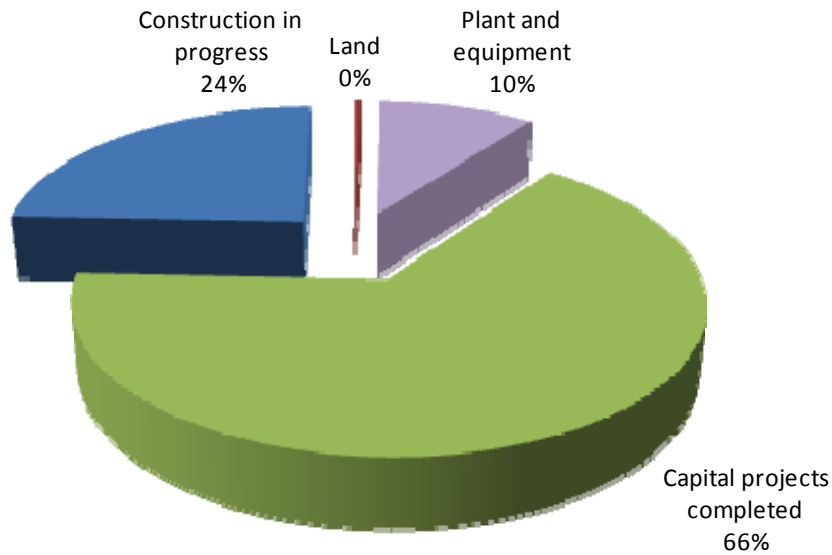
CAPITAL ASSETS

At the end of FY 2010, the NBC had \$673 million invested in net capital assets. This amount represents an increase of more than \$16.8 million, or 2.6% over last year. The following schedule summarizes the NBC's capital assets and changes therein, for the years ended June 30, 2010 and 2009.

Capital Assets for FY 2010 and FY 2009

	2010	2009
Capital Assets		
Land	\$ 2,754,407	\$ 2,754,407
Plant and equipment	78,310,057	76,830,816
Capital projects completed	521,519,722	260,300,608
Construction in progress	193,843,866	431,243,898
	796,428,052	771,129,729
Less accumulated depreciation	(123,071,969)	(114,561,694)
Net capital assets	\$ 673,356,083	\$ 656,568,035

Capital Assets As of June 30, 2010



LONG-TERM DEBT

During fiscal year 2010, the NBC was able to borrow significantly more through the RICWFA than originally projected due to the increased federal funding available through the American Recovery and Reinvestment Act of 2009 (ARRA). The initial ARRA loan amount was \$55 million, more than four times higher than what RICWFA had originally projected would be available to NBC. In addition, NBC was in a position to take advantage of another \$2 million in ARRA subsidized loans that became available. The ARRA loans included a “principal forgiveness” component totaling \$8.6 million. In June 2010, the NBC borrowed an additional \$20 million from the RICWFA at the traditional subsidized interest rate. All the funds borrowed from RICWFA will be used to finance projects identified in the CIP. The total debt to net capital asset ratio is 61% and 65% for fiscal years ending June 30, 2010 and 2009, respectively.

For additional information related to capital assets or long-term debt see the notes to the financial statements. The notes to the financial statements can be found on pages 25-49 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

NBC is governed by a 19-member Board of Commissioners (Board) and is also regulated by the Rhode Island Public Utilities Commission (PUC). Both NBC’s Board and the PUC must authorize all adjustments to user charges.

The NBC filed a General Rate Filing with the PUC on December 22, 2008 related to higher operating expenses and a rate base adjustment for declining consumption. The PUC authorized a 10.73% increase in revenues effective July 1, 2009 to be recovered entirely through flat fees. The PUC also authorized NBC to increase the frequency of user charge billings from quarterly to monthly effective October 2009. In addition, NBC filed a Compliance Filing for debt service and debt service coverage with the PUC on March 2, 2010. The PUC approved a 2.25% increase in revenues effective July 1, 2010. All of these factors were considered during the preparation of the NBC’s FY 2010 operating budget.

CONTACTING NBC’S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board, the NBC’s ratepayers, bond investors and other interested parties with the general overview of the NBC’s finances, and to demonstrate the NBC’s accountability for the financial resources it manages. If you have any questions concerning this report or need additional financial information contact the Director of Administration and Finance at One Service Road, Providence, RI, 02905.

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NARRAGANSETT BAY COMMISSION

Statement of Net Assets

June 30, 2010

Assets

Current assets

Cash and cash equivalents	\$ 13,672,781
Accounts receivable	
Sewer use fees (net of allowance)	9,565,528
Sewer use unbilled	4,101,800
Receivables, other	83,587
Due from federal and state governments	112,860
Prepaid expenses	237,865
Total current assets	27,774,421

Noncurrent assets

Restricted assets

Cash, environmental enforcement	146,170
Cash and cash equivalents, restricted	35,523,066
Cash and cash equivalents, restricted for the acquisition and construction of capital assets	8,153,637
Total restricted assets	43,822,873

Capital assets

Land	2,754,407
Plant and equipment	78,310,057
Capital projects completed	521,519,722
Construction in progress	193,843,866
	796,428,052
Less accumulated depreciation	(123,071,969)
Net capital assets	673,356,083

Other assets

Negative net pension obligation	25,369
Organization costs (net of accumulated amortization)	39,194
Bond and loan issuance costs (net of accumulated amortization)	5,786,288
Total other assets	5,850,851

Total noncurrent assets 723,029,807

Total assets \$ 750,804,228

(Continued)

The notes to the financial statements are an integral part of this statement.

NARRAGANSETT BAY COMMISSION

Statement of Net Assets (Continued)

June 30, 2010

Liabilities

Current liabilities

Accounts and contracts payable	\$ 5,422,126
Accrued interest payable	3,764,816
Accrued expenses	2,557,594
Unearned revenue	273,794
Current portion of loans payable	17,082,732
Current portion of leases payable	211,765
Current portion of long-term debt	<u>1,620,000</u>
<i>Total current liabilities</i>	<u>30,932,827</u>

Noncurrent liabilities

Net OPEB obligation	120,527
Other accrued expenses	69,892
Long-term loans payable, net	238,612,534
Long-term leases payable, net	154,090
Long-term debt, net	<u>152,927,457</u>
<i>Total noncurrent liabilities</i>	<u>391,884,500</u>

Total liabilities

422,817,327

Net assets

Invested in capital assets, net of related debt	264,347,077
Restricted, environmental enforcement	146,170
Unrestricted	<u>63,493,654</u>
<i>Total net assets</i>	<u>\$ 327,986,901</u>

The notes to the financial statements are an integral part of this statement.

NARRAGANSETT BAY COMMISSION
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended June 30, 2010

<i>Operating revenues</i>	
User fees, residential	\$ 39,392,798
User fees, commercial and industrial	29,831,617
Permit and connection fees	86,009
Pretreatment	1,114,004
Environmental enforcement	13,650
Septage income	380,579
Abatement fees	2,916
Late charge penalties	901,619
Miscellaneous revenue	21,438
BOD/TSS surcharge	29,419
<i>Total operating revenues</i>	<u>71,774,049</u>
<i>Operating expenses</i>	
Personnel services	18,767,282
Contractual services	7,008,213
Travel	32,865
Repairs and maintenance	1,265,659
Utilities	4,187,385
Supplies	1,474,302
Depreciation and amortization	9,065,008
Insurance	861,426
Miscellaneous	708,340
<i>Total operating expenses</i>	<u>43,370,480</u>
<i>Operating income</i>	<u>28,403,569</u>
<i>Nonoperating revenues (expenses)</i>	
Grants	279,978
Interest expense	(10,820,471)
Interest income	47,803
Loss on disposal of assets	(15,086)
Miscellaneous nonoperating income	280,656
Bond and note issuance costs	(21,295)
<i>Total nonoperating revenues (expenses)</i>	<u>(10,248,415)</u>
<i>Income before capital contributions</i>	18,155,154
<i>Capital contributions</i>	<u>4,905,969</u>
<i>Change in net assets</i>	23,061,123
<i>Total net assets - beginning of year</i>	<u>304,925,778</u>
<i>Total net assets - end of year</i>	<u>\$ 327,986,901</u>

The notes to the financial statements are an integral part of this statement.

NARRAGANSETT BAY COMMISSION

Statement of Cash Flows
For the Year Ended June 30, 2010

<i>Cash flows from operating activities</i>	
Cash received from customers	\$ 80,731,790
Cash paid to suppliers for goods and services	(16,311,311)
Cash paid to employees for services	(18,629,750)
Other operating revenues	<u>296,029</u>
<i>Net cash provided by operating activities</i>	<u>46,086,758</u>
<i>Cash flows from noncapital financing activities</i>	
Cash receipts from grants	<u>167,118</u>
<i>Net cash provided by noncapital financing activities</i>	<u>167,118</u>
<i>Cash flows from capital and related financing activities</i>	
Acquisition and construction of capital assets	(19,749,598)
Principal paid on debt, net	(18,349,965)
Interest paid on debt	(10,940,810)
Bond and note issuance costs	(70,143)
Capital contributions received	<u>50,000</u>
<i>Net cash used for capital and related financing activities</i>	<u>(49,060,516)</u>
<i>Cash flows from investing activity</i>	
Interest on investments	<u>47,803</u>
<i>Net cash provided by investing activities</i>	<u>47,803</u>
<i>Net decrease in cash and cash equivalents</i>	(2,758,837)
<i>Cash and cash equivalents at beginning of year</i>	<u>60,254,491</u>
<i>Cash and cash equivalents at end of year</i>	<u>\$ 57,495,654</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

NARRAGANSETT BAY COMMISSION

Statement of Cash Flows (Continued)

For the Year Ended June 30, 2010

***Reconciliation of operating income to net cash
provided by operating activities:***

<i>Operating income</i>	<u>\$ 28,403,569</u>
<i>Adjustments to reconcile operating income to net cash provided by operating activities</i>	
Depreciation and amortization	9,065,008
Changes in assets and liabilities:	
Increase in accounts receivable	(3,310,070)
Decrease in unbilled revenue	12,296,379
Increase in other receivables	(62,868)
Increase in prepaid expenses	(37,336)
Decrease in negative net pension obligation	6,443
Decrease in accounts and contracts payable	(680,053)
Increase in other accrued expenses	131,092
Decrease in unearned revenue	(6,062)
Nonoperating income reported as operating revenues received	<u>280,656</u>
<i>Total adjustments</i>	<u>17,683,189</u>
<i>Net cash provided by operating activities</i>	<u><u>\$ 46,086,758</u></u>

Noncash capital and related financing activities

Purchase of equipment financed by a capital lease	\$ 125,466
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The NBC participates in the State Revolving Loan Fund as described in Note 6 to the financial statements. Project costs are paid directly by the Rhode Island Clean Water Finance Agency on behalf of the NBC and the related loan payable and debt forgiveness, reported as contribution capital, is reported in the financial statements. The State Revolving Loan Project activity during the year was as follows:

Project invoices paid by Rhode Island Clean Water Finance Agency	\$ 5,754,110
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The notes to the financial statements are an integral part of this statement.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 1 – ORGANIZATION

The Narragansett Bay Commission (NBC) is a public corporation established in 1980 by an Act of the Rhode Island Legislature. NBC was created for purposes of acquiring, planning, constructing, extending, improving, operating and maintaining publicly owned wastewater treatment facilities (Field's Point Facility) in the District. The Field's Point service area includes the City of Providence and the Town of North Providence and portions of the Towns of Johnston and Lincoln and the City of Cranston.

On June 27, 1991, the Governor of the State of Rhode Island signed into law legislation mandating the merger of NBC and the Blackstone Valley District Commission (BVDC). The merger became effective January 1, 1992. The Bucklin Point service area includes the City of Pawtucket, the City of Central Falls, the Rumford area of the City of East Providence and portions of the Towns of Lincoln, Cumberland and Smithfield. NBC also accepts septage generated from within the State of Rhode Island at its Lincoln septage facility. NBC can provide service to other communities as long as it is a mutual agreement between the two parties.

NBC is considered a component unit of the State of Rhode Island for financial reporting purposes. Accordingly, the financial statements of NBC will be included in the State of Rhode Island's Annual Financial Report.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – The accounting policies of NBC conform to generally accepted accounting principles as applicable to governmental proprietary fund types (enterprise funds). For enterprise funds, the intent of the governing body is that costs of providing goods or services to the general public on a continuing basis be financed or recovered through user charges. The financial statements of NBC are accounted for using the "economic resources" measurement focus and have been prepared on the accrual basis of accounting with the exception of fine assessments and monitoring fees, which are recorded on a cash basis. Under the accrual basis of accounting, all assets and liabilities associated with operations are included on the statement of net assets, and revenues are recorded when earned and expenses recognized at the time of liabilities are incurred. In accordance with Government Accounting Standards Board Statement No. 20, NBC has elected to apply all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989: FASB Statements and Interpretations, APB opinions and ARBs unless these pronouncements conflict with or contradict GASB pronouncements.

Cash equivalents – For purposes of the statement of cash flows, cash equivalents are considered to be all highly liquid investments (including restricted assets purchased) with a maturity of three months or less.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Cash and cash equivalents restricted accounts – Based upon a Report and Order issued by the Rhode Island Public Utilities Commission (PUC), along with the Trust Indenture and supplemental indentures, NBC established accounts for operating capital assets, debt service, debt service coverage and an Operating Reserve for Revenue Stability Fund. NBC is required to set aside a certain percentage of its monthly receipts from user charges into the restricted cash accounts. Funds from the accounts may only be used for those expenses outlined above and any other use so ordered by the PUC and in conformance with the Trust Indenture and supplemental indentures.

Cash and cash equivalents are also restricted for acquisition and construction of capital assets as set forth in the Trust Indenture and supplemental indentures.

The restricted cash for environmental enforcement activities is in accordance with Rhode Island General Law 46-25.

Investments – NBC reports investments at fair value.

NBC is authorized to invest excess funds, by provisions of its Act, in obligations of the State and of the United States Government or certain agencies thereof, and in certificates of deposit. NBC is also authorized to enter into repurchase agreements.

Receivables – Permit fees and fixed fees for sewer usage are billed to all customers in advance on a monthly basis. Consumption based fees are billed in arrears on a monthly basis, based on estimated and actual water consumption meter readings.

The allowance for doubtful accounts for June 30, 2010 was \$530,723.

Capital assets – Capital assets are valued at cost. Plant and equipment and capital projects completed are depreciated using the straight-line method over the estimated useful lives of the respective assets. Construction in progress and land are not depreciated. NBC's asset capitalization threshold is \$2,500. Depreciation expense is recognized over the following useful lives:

	<u>Years</u>
Plant and equipment	3-50
Capital projects completed	5-100

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, NBC will start to depreciate the completed capital project.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Organization costs – Organization costs, which were assumed from BVDC in the merger, are amortized on a straight-line method over a 60-year period ending June 30, 2014.

The total organization costs at June 30, 2010 were \$581,385. The accumulated amortization through June 30, 2010 was \$542,191.

Bond and loan issuance costs – Bond and loan issuance costs are amortized over the life of the related bond or loan.

The total bond and loan issuance costs as of June 30, 2010 were \$8,288,817. The accumulated amortization through June 30, 2010 was \$2,502,529.

Unearned revenue – Unearned revenue represents amounts billed in the current fiscal year for pretreatment fees relating to the subsequent fiscal year.

Capital contributions – Capital contributions represent financial assistance from Federal and State governments for the construction and upgrade of sewer treatment facilities and related capital projects.

Operating revenues and expenses – Operating revenues and expenses for NBC are those that result from providing wastewater treatment and collection services and related activities. It also includes all revenue and expenses not related to capital and related financing, noncapital financing or investing activities. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Income taxes – NBC is exempt from Federal and State income taxes.

Regulatory – NBC is a regulated utility, and its rates are set by the PUC. For rate-making purposes, depreciation expense is excluded while principal payments and capital outlays are included in the total expenses to arrive at a regulatory net income (loss). For this reason, the net income (loss) on a regulatory basis differs from the net income (loss) in the audited financial statements, which are prepared in conformance with generally accepted accounting principles.

Estimates – The preparation of financial statements in conformity with the generally accepted accounting principles 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.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 3 – CASH DEPOSITS AND INVESTMENTS

Cash deposits: NBC’s cash deposits are in one financial institution. The carrying amount of deposits is separately displayed on the statement of net assets as “cash and cash equivalents”.

The carrying value of deposits, investments and petty cash funds reported on the statement of net assets as “cash and cash equivalents” are as follows:

Cash deposits	\$ 11,994,325
Cash equivalents	45,500,304
Petty cash	625
Cash with customer service	400
<i>Total cash and cash equivalents</i>	<u><u>\$ 57,495,654</u></u>

In accordance with Rhode Island General Laws, Chapter 35-10.1, depository institutions holding deposits of the State, its agencies or governmental subdivisions of the State, shall at a minimum, insure or pledge eligible collateral equal to one hundred percent of time deposits with maturities greater than sixty days. Any of these institutions, which do not meet minimum capital standards prescribed by federal regulators, shall insure or pledge eligible collateral equal to one hundred percent of deposits, regardless of maturity.

The carrying amount of NBC’s deposits at June 30, 2010 was \$11,994,325 and the bank balance was \$12,388,027.

Custodial Credit Risk – Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, NBC 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 June 30, 2010, \$12,138,027 of NBC’s bank balance of \$12,388,027 was exposed to custodial credit risk as follows:

	<i>Bank</i>
	<i>Balance</i>
	<hr/>
Insured (Federal depository insurance funds)	\$ 250,000
Collateralized with securities held by pledging financial institution's or its agent, in NBC's name	12,138,027
<i>Total</i>	<u><u>\$ 12,388,027</u></u>

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Investments – NBC’s investments as of June 30, 2010 were as follows:

<u>As of June 30, 2010</u>	<u>Fair Value</u>	<u>Maturity</u>
Government Money Market Funds	<u>\$ 45,500,304</u>	average 27 days

These investments are classified as cash equivalents.

Interest rate risk – Funds held by NBC are invested in accordance with NBC’s investment policy. This investment policy does not limit investment maturities as a means of limiting its exposure to fair value losses arising from interest rates. Money held by the Trustee under the Indenture must be invested in accordance with Permitted Investments as defined under the Trust Indenture and all supplemental indentures, which mitigates interest rate exposure by limiting Federal funds or bankers acceptances to a maximum term of one year and requires Bond Insurer approval of Repurchase Agreements which exceed 30 days.

Credit risk – NBC’s investment policy objective states that all financial assets held by NBC shall be invested in a manner that will preserve the value and safety of capital. NBC shall invest funds in order to maximize earnings and minimize risk during the period of availability of the funds. NBC’s investment policy limits investments to U.S. Treasury securities, securities of the U.S. government agencies and instrumentalities that are backed by the full faith and credit or guarantee of the U.S. government, which have a liquid market with a readily determinable market value, investment-grade obligations of the State of Rhode Island, or any municipality or political subdivision of the State of Rhode Island, repurchase agreements backed by collateral, certificate of deposits, money market mutual funds whose portfolios consist of U.S. Treasury securities, U.S. agency obligations and repurchase agreements fully collateralized by such securities and governmental investment products backed by collateral consisting of U.S. Treasury and U.S. Agency securities. NBC’s Money Market Funds were rated Aaa by Moody’s Investment Service. Money held by the Trustee under the Indenture is invested at the direction of an Authorized Officer from NBC and must be invested in accordance with Permitted Investments as defined under the Trust Indenture and all supplemental indentures. The monies invested in the Money Market Funds held by the Trustee were rated Aaa by Moody’s Investment Service.

Concentration of credit risk – NBC’s investment policy is not specific but states that investments shall be diversified to minimize the risk of loss that may occur due to concentration in a specific maturity, a specific issue or a specific class of securities.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 4 – CAPITAL ASSETS

The following is a summary of capital assets at June 30, 2010:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2010</u>
Non-depreciable assets:				
Land	\$ 2,754,407	\$ -	\$ -	\$ 2,754,407
Construction in progress	431,243,898	23,819,082	(261,219,114)	193,843,866
Total non-depreciable assets	<u>433,998,305</u>	<u>23,819,082</u>	<u>(261,219,114)</u>	<u>196,598,273</u>
Depreciable assets:				
Plant and equipment	76,830,816	1,700,926	(221,685)	78,310,057
Capital projects completed	260,300,608	261,219,114	-	521,519,722
Total depreciable assets	<u>337,131,424</u>	<u>262,920,040</u>	<u>(221,685)</u>	<u>599,829,779</u>
Less accumulated depreciation for:				
Plant and equipment	(54,320,302)	(2,324,324)	206,281	(56,438,345)
Capital projects completed	(60,241,392)	(6,392,232)	-	(66,633,624)
Less accumulated depreciation	<u>(114,561,694)</u>	<u>(8,716,556)</u>	<u>206,281</u>	<u>(123,071,969)</u>
Total capital assets, net	<u>\$ 656,568,035</u>	<u>\$ 278,022,566</u>	<u>\$(261,234,518)</u>	<u>\$ 673,356,083</u>

NOTE 5 – COMPENSATED ABSENCES

NBC's employees are granted vacation and sick leave in varying amounts based on years of service with NBC. 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. NBC has determined that the dollar value of accumulated accrued vacation leave and sick leave, valued at the current rate of pay, at June 30, 2010 to be \$1,852,245. The accrued vacation and sick leave is reported on the statements of net assets as other accrued expenses.

The changes in compensated absences for the year ended June 30, 2010 were as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Compensated absences	<u>\$ 1,749,562</u>	<u>\$ 275,258</u>	<u>\$ 172,575</u>	<u>\$ 1,852,245</u>	<u>\$ 1,782,353</u>

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 6 – LOANS PAYABLE

NBC has seventeen loans outstanding with the Rhode Island Clean Water Finance Agency (RICWFA) at June 30, 2010 as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2010</u>
The Butler Hospital Project - The total loan authorized is \$1,662,055 with an interest rate of 3.2644%.	\$ 437,138	-	\$ 103,304	\$ 333,834
The North Providence Interceptor Project - The total loan authorized is \$2,647,977 with an interest rate of 3.225%.	530,388	-	170,371	360,017
The Washington Park Project - The total loan authorized is \$3,694,678 with an interest rate of 1.9773%.	1,100,335	-	209,378	890,957
Pooled Loan #1 - The total loan authorized is \$14,781,000 with an interest rate of 3.16917%.	6,422,500	-	821,000	5,601,500
Pooled Loan #2 - The total loan authorized is \$17,279,000 with an interest rate of 2.9938%.	7,404,749	-	951,512	6,453,237
Pooled Loan #3 - The total loan authorized is \$8,150,000 with an interest rate of 3.14473%.	5,191,948	-	391,752	4,800,196
Pooled Loan #4 - The total loan authorized is \$23,955,000 with an interest rate of 3.032%.	19,675,000	-	2,300,000	17,375,000
Pooled Loan #5 - The total loan authorized is \$57,000,000 with an interest rate of 2.671%.	41,510,000	-	4,215,000	37,295,000
Pooled Loan #6 - The total loan authorized is \$57,000,000 with an interest rate of 1.0785%.	42,914,964	-	2,570,580	40,344,384
Pooled Loan #7 - The total loan authorized is \$40,000,000 with an interest rate of 1.349%.	33,054,000	-	1,793,000	31,261,000

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2010</u>
Pooled Loan #8 - The total loan authorized is \$40,000,000 with an interest rate of 1.404%.	34,658,000	-	322,000	34,336,000
Pooled Loan #9 - The total loan authorized is \$30,000,000 with an interest rate of 1.397%.	26,040,000	-	1,200,000	24,840,000
Pooled Loan #10 - The total loan authorized is \$30,000,000 with an interest rate of 1.27%	27,442,000	-	1,311,000	26,131,000
Pooled Loan #11 - The total loan authorized is \$25,000,000 with an interest rate of 1.475%	25,000,000	-	225,000	24,775,000
Pooled Loan #12 - The total loan authorized is \$55,000,000 with principal forgiveness of \$8,302,114 and an interest rate of 2.301%.	-	46,697,886	-	46,697,886
Pooled Loan #12 Takeover - The total loan authorized is \$2,000,000 with principal forgiveness of \$301,895 and an interest rate of 1.861%.	-	1,698,105	-	1,698,105
Pooled Loan #13 - The total loan authorized is \$20,000,000 with an interest rate of 2.143%.	-	20,000,000	-	20,000,000
Total loans payable	\$271,381,022	<u>\$68,395,991</u>	<u>\$16,583,897</u>	\$323,193,116
Less funds not yet drawn from pool	-			(67,497,850)
Less current portion	<u>(16,583,897)</u>			<u>(17,082,732)</u>
Net long-term loans payable	<u>\$254,797,125</u>			<u>\$238,612,534</u>

The RICWFA pays all invoices related to the projects funded by these RICWFA loans. Amounts paid on NBC's behalf are shown as loans payable on the statements of net assets. The total loan authorized must be drawn down within three years, at which time NBC will be responsible for repayment of the total loan authorized.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Maturities of loans payable as of June 30, 2010 are due in future years as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 17,082,732	\$ 5,871,145	\$ 22,953,877
2012	18,680,893	6,455,400	25,136,293
2013	19,080,802	6,542,463	25,623,265
2014	19,346,530	6,160,468	25,506,998
2015	19,770,514	5,702,052	25,472,566
2016-2020	104,751,955	21,370,010	126,121,965
2021-2025	85,180,731	9,917,507	95,098,238
2026-2030	34,374,635	3,052,700	37,427,335
2031	4,924,324	81,418	5,005,742
	<u>\$323,193,116</u>	<u>\$ 65,153,163</u>	<u>\$388,346,279</u>

NOTE 7 – CAPITAL LEASES

NBC entered into capital leases for computers. The assets are included in NBC's Statement of Net Assets at June 30, 2010 are as follows:

Plant and equipment	<u>\$125,466</u>
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Amortization of assets acquired under capital leases is included in depreciation expense for the year ended June 30, 2010.

As of June 30, 2010, future minimum rental commitments under capital leases are as follows:

<u>Years ending June 30</u>	
2011	\$ 225,581
2012	112,818
2013	<u>46,964</u>
Total future minimum rental payments	385,363
Less interest portion of payments	<u>(19,508)</u>
Present value of minimum lease payments	365,855
Less current maturities of capital lease	<u>(211,765)</u>
Long-term capital lease obligations	<u>\$ 154,090</u>

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

The changes in capital leases for the year ended June 30, 2010 was as follows:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2010</u>
Capital Leases	<u>\$441,456</u>	<u>\$125,466</u>	<u>\$201,067</u>	<u>\$365,855</u>

NOTE 8 – LONG TERM DEBT

Long-term debt at June 30, 2010 consists of the following:

	<u>June 30, 2009</u>	<u>Additions</u>	<u>Payments</u>	<u>June 30, 2010</u>
Revenue Bonds 2005 Series A, 5% average coupon rate, dated August 4, 2005, maturing August 1, 2035 (net of premium amortized at June 30, 2010 of \$2,429,506)	\$47,429,506	\$ -	\$ -	\$47,429,506
Revenue Bonds 2007 Series A, 4.84825% average coupon rate, dated February 8, 2007, maturing February 1, 2037 (net of premium amortized at June 30, 2010 of \$1,919,216)	44,419,216	-	-	44,419,216
Revenue Bonds (variable rate) 2008 Series A, dated July 17, 2008, maturing September 1, 2034 (net of refunding loss amortized at June 30, 2010 of \$581,265)	<u>64,240,484</u>	<u>-</u>	<u>1,541,749</u>	<u>62,698,735</u>
Total long-term debt	\$156,089,206	<u>\$ -</u>	<u>\$1,541,749</u>	\$154,547,457
Less current portion	<u>(1,565,000)</u>			<u>(1,620,000)</u>
Net long-term debt	<u>\$154,524,206</u>			<u>\$152,927,457</u>

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Maturities of long-term debt for the years ending June 30, 2011 through 2037 are as follows:

<u>Years ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,620,000	\$ 6,599,452	\$ 8,219,452
2012	1,670,000	6,538,258	8,208,258
2013	1,735,000	6,474,311	8,209,311
2014	1,790,000	6,408,656	8,198,656
2015	1,855,000	6,340,604	8,195,604
2016-2020	10,350,000	30,592,764	40,942,764
2021-2025	12,345,000	28,473,531	40,818,531
2026-2030	40,705,000	23,953,373	64,658,373
2031-2035	62,985,000	11,553,657	74,538,657
2036-2037	15,725,000	869,300	16,594,300
	<u>\$ 150,780,000</u>	<u>\$ 127,803,906</u>	<u>\$ 278,583,906</u>

The above bonds are subject to federal arbitrage regulations. Based on current calculations, NBC has no arbitrage liability.

On July 17, 2008, NBC issued \$66,360,000 in Wastewater System Revenue Refunding Bonds to refund on a current basis, \$65,765,000 of the outstanding Wastewater System Revenue Bonds, 2004 Series A and to pay the costs of issuance associated therewith. The reacquisition price exceeded the net carrying amount of the old debt by \$627,767. This amount is being netted against the new debt and amortized over the new debt's life.

The Bonds were issued under a Trust Indenture dated as of April 15, 2004 between NBC and Wells Fargo Bank, N.A., as Trustee and a thirteenth Supplemental Indenture dated as of June 24, 2010 between NBC and the Trustee.

These bonds have been issued in weekly rate mode but can be changed by NBC to a daily, commercial paper or term rate mode. The interest rate is determined weekly or daily based on the mode and interest is paid monthly. The interest rate for the bonds outstanding during fiscal year 2010 ranged from .14% to 1.25%. The Bonds shall be repaid from Revenues, as defined in the Indenture of the Commission pledged under the Indenture and funds drawn under an irrevocable direct pay letter of credit issued by US Bank. Under the Letter of Credit, the Bank is obligated to pay to the Trustee, upon presentation of required documentation, the amount necessary to pay the principal and purchase price of and interest on the Bonds of up to 60 days at the maximum rate of 10% on the Bonds. The Letter of Credit provides that it will expire on July 13, 2013.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 9 – RISK MANAGEMENT

NBC is exposed to various risk of loss relating to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; health of employees and natural disasters. NBC purchases commercial insurance for property damage, general liability, errors and omissions and employee health coverage.

NBC has been commercially insured for workers' compensation benefits since March 1, 2000. Prior to that date, NBC was self-insured and the workers' compensation benefits were administered by the State of Rhode Island.

NBC has established an Owner Controlled Insurance Program for the construction projects associated with Phase I of the CSO abatement program. Commercial coverage has been purchased for workers' compensation benefits, general liability, builder's risk and environmental pollution. Settlement claims from these risks have not exceeded commercial insurance coverage for the past three fiscal years. The end of year liability is covered by the owner controlled insurance program and is not a direct liability of NBC. As of June 30, 2010 there are no claims or judgments.

The following schedules detail settlement activity for the years ended June 30, 2009 and 2010:

	<i>Owner Controlled Insurance</i> 2009	2010
<i>Claims liability at beginning of year</i>	\$ 778,571	\$ 640,584
Plus:		
Claims incurred during year	2,589	-
Adjustments to claims of prior year	730,355	221,970
Less:		
Paid claims	(870,931)	(862,554)
<i>Claims liability at the end of year</i>	\$ 640,584	\$ -

NOTE 10 – NET ASSETS

Investment in capital assets, net of related debt is intended to reflect the portion of net assets that are associated with nonliquid capital assets less outstanding capital asset related debt.

Chapter 46-25 of the general laws enacted by the General Assembly established a restricted environmental enforcement fund. The fund consists of sums recovered by administrative or civil enforcement action and may be used as outlined in chapter 46-25. NBC has restricted net assets equal to the balance of funds in the environmental enforcement restricted cash and cash equivalent account.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 11 – PENSION PLANS

EMPLOYEES’ RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

All NBC eligible full-time union employees participate in the Employees’ Retirement System of the State of Rhode Island (“ERS”), a cost-sharing multiple-employer defined benefit pension plan administered by the State of Rhode Island. The payroll for NBC employees covered by the ERS for the year ended June 30, 2010 was \$5,088,974. NBC’s total payroll was \$13,762,887.

Plan Description

The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The eligibility provisions and level of benefits provided to State employees are established by Title 36 Chapters 36-10 of the Rhode Island General Laws, and was amended by the General Assembly in 2005, 2009 and 2010. The plan changes resulting from the amendments are reflected below. The benefits are subject to additional amendment by the General Assembly.

Schedule A Provisions (for members vested as of July 1, 2005)

Pension benefits vest after 10 years of service. Participants are eligible to retire after 10 years of service if they have attained age 60, or after 28 years of service regardless of age and are entitled to retirement benefits payable monthly for life.

The retirement benefit is a percentage of final average salary per year of credited service with a maximum benefit of 80% of final average salary. The percentage for each year of credited service is as follows:

<u><i>Years of Credited Service</i></u>	<u><i>Percent/Year</i></u>
1-10	1.7%
11-20	1.9%
21-34	3.0%
35	2.0%

Final average salary is computed using the three highest consecutive years of earned salary excluding overtime, bonuses or severance pay. Retirees’ benefits are subject to a 3% compounded annual cost of living increase commencing on the January 1st following the third anniversary of an employee’s retirement.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

The plan also provides pre-retirement benefits at a minimum of 17% of salary for nonoccupational disabilities after 5 years of service and at 67% of salary for occupational disabilities regardless of years of service. Surviving spouses are also eligible for both pre- and post-retirement benefits with minimum amounts established under varying circumstances.

Schedule B Provisions (for members vested after July 1, 2005)

Pension benefits vest after 10 years of service. Participants are eligible to retire after 10 years of service if they have attained age 65 with a minimum of 10 contributing years of retirement service credit, or at age 59 with 29 years of retirement service credit.

The retirement benefit is a percentage of final average salary for each year of service, as follows:

<u><i>Years of Credited Service</i></u>	<u><i>Percent/Year</i></u>
1-10	1.6%
11-20	1.8%
21-25	2.0%
26-30	2.25%
31-37	2.5%
38	2.25% (Max. 75% of salary)

Final average salary is computed using the three highest consecutive years of earned salary excluding overtime, bonuses or severance pay. Beginning the month after the 3rd anniversary of the date of retirement, the cost of living adjustment is the lesser of 3% or the CPI-U (Consumer Price Index for all Urban Consumers) as of September 30th of the prior calendar year compounded annually.

The plan also provides for ordinary disability benefits after 5 years of service, including a minimum of 3 years of consecutive service based upon 16% of the three highest consecutive years of salary.

Plan Changes Enacted into Law by General Assembly in 2009

The plan changes become effective October 1, 2009. Plan members who are eligible to retire as of September 30, 2009, are not affected by the changes, even if the plan members do not retire. The plan changes are as follows:

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Retirement Eligibility and Benefit

The law establishes a minimum retirement age of 62 for all members, except those Schedule B members who retire with less than 29 years of service; their retirement eligibility still remains 65 years old with a minimum of 10 years of service credit. The law provides a proportional downward adjustment of the minimum retirement age based on the years of service credited to the plan member's account for Schedule A members not eligible to retire as of September 30, 2009. For Schedule A members who were not eligible to retire as of September 30, 2009, the retirement benefit is calculated as described under Schedule A Provisions for service through September 30, 2009 and as described under Schedule B Provisions for service after September 30, 2009, up to a maximum of 80% of final average salary.

Service Credit Accrual Rates

The law freezes service credit earned for members under Schedule A as of September 30, 2009. Future accrual of service credits will be earned under Schedule B.

Final Average Salary

For members not eligible to retire as of September 30, 2009, the final average salary will be based on the 5 consecutive highest years of salary.

Cost of Living Adjustments (COLA)

The law changes the COLA to that provided under Schedule B which is the lower of the Consumer Price Index for all Urban Consumers (CPI-U) or 3%, and requires a full 3 year anniversary for receipt.

Service Credit Purchases

Effective for all service credit purchase requests received after June 16, 2009, the cost will be determined at full actuarial value, except purchases of military service and contribution refund paybacks.

Disability Provisions

Effective for applications filed after September 30, 2009, accidental disability will be available at 66 2/3% for members who are permanently and totally disabled as determined by the Retirement Board. If the disability is determined to be partial and the member is able to work in other jobs, the benefit will be limited to 50%.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Plan Changes Enacted into Law by General Assembly in 2010

The following plan changes became effective June 13, 2010. Plan members who are eligible to retire on or before June 12, 2010 are not affected by the changes, even if the plan member remains active beyond June 12, 2010. The plan changes are as follows:

Cost of Living Adjustments (COLA)

The law changes the COLA for Schedule B members not eligible to retire on or before June 12, 2010. For these members, the COLA will apply only to the first \$35,000 of retirement allowance, indexed annually, and will commence upon the retiree's 3rd anniversary of the date of retirement or age 65, whichever is later. The \$35,000 limit will increase annually by the percentage increase in the Consumer Price Index for all Urban Consumers (CPI-U) as published by the US Department of Labor Statistics, determined as of September 30 of the prior calendar year or 3%, whichever is less.

Contributions Required and Contributions Made

Rhode Island General Laws set the contribution rates for participating State employees at 8.75% of the member's salary. Annual contributions by the State on behalf of those employees are determined by actuaries and assessed as a percentage of the member's salary. NBC was required to contribute 21.64% for all full-time employees for fiscal year 2010 and effective with the payroll period beginning June 6, 2010 the rate changed to 20.78% as a result of the 2010 plan amendments. The required contributions include (a) normal costs and (b) payments to amortize the unfunded actuarial accrued liability as of June 30, 1999 over 30 years. Normal cost is determined using the entry age normal cost method. In addition, NBC is required to contribute 5.62% for post-retirement health benefits.

The amounts contributed to the Plan are as follows:

<u><i>Years ended June 30</i></u>	<u><i>Employee Contributions</i></u>	<u><i>NBC Required Contributions</i></u>
2010	\$445,285	\$1,099,571
2009	418,231	1,034,345
2008	402,357	955,078

NBC contributed 100% of the required contribution.

Trend information showing the ERS's progress in accumulating sufficient assets to pay benefits when due is presented in the State of Rhode Island's Employee Retirement System's June 30, 2008 annual financial report, which may be obtained from the administrative offices of the State of Rhode Island Retirement Board, 40 Fountain Street, Providence, Rhode Island.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NON-UNION PROFIT-SHARING PLAN

NBC's Board of Commissioners approved a resolution, at the regular business meeting on May 15, 2002, adopting the Narragansett Bay Commission Non-union Defined Contribution Plan, which is a profit-sharing plan for its non-union employees pursuant to 401(a) of the Internal Revenue Code. The profit-sharing plan is a defined contribution, single employer pension plan. As of June 30, 2010, there were 120 participants.

Contributions are discretionary and established annually and may be amended by the Board of Commissioners. NBC's contribution to the profit-sharing plan for the year ended June 30, 2010 amounted to \$372,828 representing a contribution rate of 5% for the year ended June 30, 2010. Employees are allowed to make voluntary contributions to the profit-sharing plan on an after-tax basis. The employees' contribution to the plan for the year ended June 30, 2010 amounted to \$ 0.

Non-union employees are eligible to participate in the profit-sharing plan if they have performed one year of service and are at least twenty-one years of age. These provisions were adopted and may be amended by the Board of Commissioners.

NBC funds the annual profit-sharing plan contribution biweekly based on each eligible employee's biweekly compensation. The plan is administered by a third-party administrator and Capital Bank and Trust is the Plan's trustee.

NBC's payroll for employees covered by the profit-sharing plan was \$7,456,560 for the year ended June 30, 2010. The total payroll for the year ended June 30, 2010 amounted to \$13,762,887.

NON-UNION DEFINED BENEFIT PLAN

Plan Description

NBC's Board of Commissioners approved a resolution, at the regular business meeting on December 20, 2004 adopting a defined benefit plan for its non-union employees effective February 1, 2005, pursuant to 401(a) of the Internal Revenue Code. The plan is a single-employer, defined benefit pension plan. The plan year begins January 1 and ends December 31, with the initial plan year ending December 31, 2005.

The Pension Plan is being administered by third party administrator.

NBC's payroll for employees covered by the Plan for the year ended June 30, 2010 was \$6,817,000 and NBC's total payroll was \$13,762,887.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

At December 31, 2009, employee membership related to the plan was as follows:

Active – vested benefits	83
Active – not vested	18
Terminated – deferred vested benefit	19
Total	<u>120</u>

Benefit Provisions

All non-union employees are eligible to participate in the plan after the completion of one year of service and attaining age 21. The monthly retirement benefit is based on 1% of average monthly compensation multiplied by total years of service limited to 30 years. Participants are eligible to retire at age 65 after 5 years of service. A participant is eligible for early actuarially adjusted retirement after 20 years of service and if they have attained age 62. The Plan has cliff vesting after 7 years. There are no retirement benefit payment distributions for the first five years of the plan or year 2010. The Board is authorized to establish and amend all plan provisions.

Effective as of January 1, 2007 the Plan was amended such that 1,000 hours of service was added to the definitions of both “Period of Service” and “Period of Participation.”

Funding Policy

The contribution requirements of the plan participants and NBC are established and may be amended by the Board. Eligible plan participants must contribute 5% of covered earnings. NBC is required to contribute an actuarially determined amount. The annual required contribution for the plan year January 1, 2009 through December 31, 2009 was \$785,638. This includes both the employee and employer contributions for the plan year ending December 31, 2009.

The contributions made to the plan for the plan year ended December 31, 2009 were \$779,195, which consists of employer contributions of \$443,998 and employee contributions of \$335,197.

Annual Pension Cost

NBC’s annual pension cost and net pension obligation for the plan year ended December 31, 2009 were as follows:

Annual required contribution (ARC)	\$ 785,638
Interest on net pension obligation	-
Adjustment to ARC	-
Annual pension cost (APC)	<u>785,638</u>
Contributions made	779,195
Increase in net pension obligation	<u>6,443</u>
Negative net pension obligation, beginning of year	(31,812)
Negative net pension obligation, end of year	<u><u>\$ (25,369)</u></u>

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Three-Year Trend Information

<u>Plan Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage of APC</u> <u>Contributed</u>	<u>Net Pension</u> <u>Obligation</u>
12/31/2007	\$687,937	104%	\$(88,359)
12/31/2008	800,139	93%	(31,812)
12/31/2009	785,638	99%	(25,369)

Actuarial Methods and Assumptions

The annual required contribution was determined by an actuarial valuation as of December 31, 2009 using the entry age normal cost with frozen initial liability actuarial cost method. The actuarial assumptions included (a) 6% investment rate of return and (b) projected salary increases of 3.5% per year due to inflation and merit raises. NBC's unfunded actuarial accrued liability is being amortized over 30 years on a closed basis using the level dollar method. The remaining amortization period at December 31, 2009 is 26 years. The actuarial value of the investments was based on market value.

Funding Status and Funding Progress

The funded status of the plan as of December 31, 2009 the most recent actuarial valuation is as follows:

<u>Actuarial</u> <u>Valuation Date</u>	<u>Actuarial</u> <u>Value of Assets</u>	<u>Actuarial Accrued</u> <u>Liability (AAL)</u>	<u>Unfunded (AAL)</u> <u>(UAAL)</u>	<u>Funded</u> <u>Ratio</u>	<u>Covered</u> <u>Payroll</u>	<u>UAAL as</u> <u>a % of</u> <u>Covered</u> <u>Payroll</u>
12/31/2009	\$3,641,181	\$9,084,433	\$5,443,252	40.0%	\$6,596,574	82.52%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

A separate audited pension plan financial statement is not available for the plan year ended December 31, 2009.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 12 – SALARY DEFERRAL

Under a salary reduction plan adopted by NBC, the gross pay of non-union employees of the Field's Point service area was reduced by 12 ½% from March 10, 1991 through June 29, 1991; the gross pay of union employees of the Bucklin Point service area was reduced 14% from April 21, 1991 through June 29, 1991; and the gross pay of all non-union employees of the Field's Point service area was reduced 10% from June 30, 1991 through March 21, 1992. The equivalent number of pay hours was accrued as deferred vacation days. Field's Point service area employees may discharge this additional deferred leave during any payroll period following the payroll period(s) in which it was earned commencing July 1, 1991.

Bucklin Point service area employees may discharge this additional deferred leave during any payroll period following the payroll period(s) in which it was earned. Cash payment may be elected for one additional day of paid leave per calendar month commencing July 1, 1992.

Employees at either facility may retain this additional deferred leave to be paid upon termination and at such time, receive payment at their then-current rate of pay.

Salary deferred under the salary reduction plan is included in compensated absences as of June 30, 2010 and is reported as a long-term liability within other accrued expenses.

NOTE 13 – USER BILLING

At its 1983 session, the Rhode Island General Assembly enacted Public Law 1983 Chapter 235, which amended NBC's enabling legislation (Title 46, Chapter 25 of the General Laws). The amendment required that NBC institute a retail billing system with rates and fees subject to review and approval by the PUC. A PUC approved retail billing system went into effect July 1, 1985, for the Field's Point service area, and January 1, 1992, for the Bucklin Point service area.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

NBC has entered into various engineering and construction contracts for the design and improvement of its facilities as part of its capital improvement program. Commitments under these contracts aggregated approximately \$56,052,559 at June 30 2010.

NBC, during the ordinary course of its operations, is a party to various claims, legal actions and complaints. In the opinion of NBC's management and legal counsel, the potential liability to NBC, if any, or an evaluation of the outcome to these matters cannot be made at the present time.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

NOTE 15 – POST-EMPLOYMENT UNION HEALTHCARE PLAN

Plan Description

The NBC union employees are eligible to participate in a State administered defined benefit post-employment health care plan known as the Rhode Island Retiree Health Care Benefits Plan (RIRHCBP or “the Plan”). The RIRHCBP is an agent multiple employer plan.

The RIRHCBP is reported in an internal service fund of the State using the accrual basis of accounting. The fund reports all employer and retired participant (plan member) contributions to the Plan. Contributions are recognized when made. Benefits (health care claims) and refunds are recognized when due and payable in accordance with the terms of the Plan. A liability for incurred but not reported claims is determined based on past claims payment trends and is included in the State of RI’s financial statements. Working premium rates are determined by the State each fiscal year after consultation with an employee benefits consultant and are designed to fund current claims incurred during the fiscal year as well as the costs of administering the Plan. For the year ended June 30, 2010, the Plan operated on a pay as you go basis and no provision has been made to fund future benefits to be provided to RIRHCBP members. The RIRHCBP does not issue a stand-alone financial report.

Pursuant to legislation enacted by the General Assembly the State will establish a trust in fiscal year 2011 to accumulate assets and pay benefits and other costs associated with the RIRHCBP. In addition, effective in fiscal year 2011, all participating employers will be required to fully fund the actuarially determined annual required contribution.

Funding Policy

RIGL Sections 36-10-2, 36-12.1, 36-12-2.2 and 36-12-4 govern the provisions of the RIRHCBP. The contribution requirements of plan members, the State and other participating employers are established and may be amended by the General Assembly.

For Plan members who retired on or before September 30, 2008, the Plan provides two types of subsidies for health care benefits. The Tier I subsidy applies to non-Medicare eligible plans and provides that the Plan will pay the portion of the cost of post-retirement health care for the retired participants and any dependents above the active group rate. The retired participant pays the active monthly rate and the Plan pays the difference between the active group rate and the early retiree rate. This subsidy is not based on years of service and ends at age 65. In addition to the Tier I benefits, the Plan pays a portion of the cost of post-retirement health care above the Tier I costs for certain plan members meeting eligibility requirements based upon the age and service of the retired participant which is referred to as the Tier II benefit.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

For those participants who retired on or before September 30, 2008, the fiscal 2010 contributions are as follows:

<i>Retiree Age</i>	<i>Years of Service</i>	<i>Amount of Cost Paid by Retiree</i>
Below 60: (1)	28-34	10%
	35+	0%
Retiree Age from 60 to 65: (2)	10 – 15	50%
	16 – 22	30%
	23 – 27	20%
	28+	0%
Retiree Age Greater than 65: (3)	10 – 15	50%
	16 – 19	30%
	20 – 27	10%
	28+	0%

- (1) The monthly premium rate for fiscal year 2010 is \$789.76 for the individual plan. The retired participant's cost is then calculated based on a maximum of \$501.68 (the active plan rate).
- (2) The monthly premium rates are the same as indicated above for the Retiree Age Below 60 category.
- (3) The monthly premium rate for the Medicare Supplemental plan is \$218.54 for the individual plan, and the monthly premium for the Medicare HMO plan was \$115 for the first six months of fiscal year 2010 and \$142 thereafter. Retired participants can choose between the two plans. The retired participant's cost is then calculated based on their years-of-service subsidy above.

For any participant who retired on or after October 1, 2008, age 59 through 64, with a minimum of 20 years of service, the Plan will pay 80% of the actual cost of health care coverage. The Plan contributed \$631.81 per month for these retirees during fiscal 2010. For eligible retirees ages 65 or older, the Plan pays 80% of the cost of the Medicare supplement products as described in note (3) above.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Annual Other Postemployment Benefit (OPEB) Cost and Net OPEB Obligation

The NBC recognized an expense equal to the annual required contribution of the employer (ARC), which is actuarially determined in accordance with GASB Statement 45, interest on the net OPEB obligation at the beginning of the fiscal year and the ARC adjustment. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The ARC for fiscal 2010 was determined based on an actuarial valuation performed as of June 30, 2007. For fiscal year 2010, the ARC, as a percentage of covered payroll, for the NBC was 5.73% of covered payroll. The NBC actually contributed 5.62% of annual covered payroll for fiscal 2010. The NBC's annual OPEB cost and the net OPEB obligation for fiscal 2010, were as follows:

Annual required contribution (ARC)	\$291,598
Plus: Interest on net OPEB obligation at beginning of year	4,090
Less: Adjustment to ARC	<u>(3,865)</u>
<i>Annual OPEB cost</i>	<u>291,823</u>
Contributions made	286,001
Increase in OPEB obligation	5,822
Net obligation at beginning of year	<u>114,705</u>
<i>Net obligation at end of year</i>	<u>\$120,527</u>

The NBC's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010, 2009 and 2008 (first year of GASB 45 implementation) were as follows:

<i>Fiscal Year Ended</i>	<i>Annual OPEB Cost</i>	<i>Percentage of Annual OPEB Cost Contributed</i>	<i>Net OPEB Obligation</i>
June 30, 2008	\$276,362	60%	\$109,441
June 30, 2009	287,480	94%	114,705
June 30, 2010	291,823	98%	120,527

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

Funded Status and Funding Progress

The funded status of the NBC's share of the plan as of June 30, 2007 (the date of the most recent valuation), was as follows:

Actuarial Accrued Liability (AAL)	\$3,131,891
Actuarial Value of Plan Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	\$3,131,891
Funded ratio (Actuarial Value of Plan Assets / AAL)	0%
Annual Covered Payroll (Active Plan Members)	\$4,441,000
UAAL as a Percentage of Covered Payroll	70.5%

A separate actuarial valuation was performed to determine the actuarial accrued liability for the NBC, a participating employer.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the plan and include the types of benefits provided at the time of each valuation. The actuarial assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The Annual Required Contributions for fiscal year 2010 was determined based on the June 30, 2007 valuation. The Unfunded Actuarial Accrued Liability (UAAL) was amortized by a level (principal and interest combined) percent of payroll contribution for each component unit employer. The UAAL was determined using the actuarial value of assets and actuarial accrued liability calculated as of the valuation date. The UAAL is being amortized over the remainder of a closed 30-year (or shorter) period from June 30, 2006.

Plan changes effective for employees retiring after October 1, 2008 have been reflected in the actuarial valuation performed as of June 30, 2007.

NARRAGANSETT BAY COMMISSION
Notes to Financial Statements
June 30, 2010

The individual entry-age actuarial cost method is used to determine the annual required contribution amounts and the annual net OPEB obligation. The actuarial assumptions include a 3.566% discount rate based upon the average rate of return during the 10 years ended June 30, 2008 for short term investments of the State's General Fund; a healthcare cost trend rate of 10% progressively declining to 4.5% after 8 years and a salary growth assumption of 9% in the first year of service to 4.5% in year 15 and beyond. Other assumptions including those relating to rates of termination, rates of retirement, percent married, and retiree health care election rates were based on the experience study for the Employees' Retirement System of Rhode Island as well as anticipated experience changes in conjunction with the adopted plan changes recently enacted through legislation.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about employment, mortality and healthcare cost trends. Actuarial valuations are subject to continual revision as actual results are compared to past expectations and new estimates are formulated about the future.

NARRAGANSETT BAY COMMISSION

Required Supplementary Information

Schedule of Funding Progress (1)

"Unaudited"

	<i>Actuarial Valuation Date</i>	<i>Actuarial Value of Assets</i>	<i>Actuarial Accrued Liability (AAL) -Entry Age</i>	<i>Unfunded Liability/ (Funding) (Excess)</i>	<i>Funded Ratio</i>	<i>Covered Payroll</i>	<i>Unfunded Liability/ (Funding Excess) as a Percentage of Covered Payroll</i>
<i>Non-Union Defined Benefit Plan</i>	12/31/2007	\$ 2,351,065	\$ 7,296,345	\$ 4,945,280	32.22%	\$5,843,128	84.63%
	12/31/2008	2,331,076	8,229,436	5,898,360	28.33%	6,279,494	93.93%
	12/31/2009	3,641,180	9,084,433	5,443,253	40.01%	6,596,574	82.52%
<i>Postemployment Union Healthcare Plan (2)</i>	6/30/2007	\$ -	\$ 3,131,891	\$ 3,131,891	0.00%	\$4,441,000	70.52%

(1) The information included in the schedule of funding progress was obtained from the annual actuarial valuation at the date indicated.

(2) Separate actuarial valuations for each participating component unit were not performed prior to June 30, 2007.

NARRAGANSETT BAY COMMISSION
Schedule of Expenses - Budget and Actual (Budgetary Basis)
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
Operating Expenses			
Personnel services			
Union regular	\$ 5,353,696	\$ 5,234,488	\$ 119,208
Union overtime	413,333	394,385	18,948
Non-union regular	8,094,982	8,032,049	62,933
Non-union overtime	82,965	63,254	19,711
Non-union limited	53,040	38,711	14,329
Fringe benefits	7,263,593	6,619,452	644,141
Workers' compensation old claims	64,000	58,595	5,405
Project salaries and fringe benefits capitalized	(1,638,861)	(1,615,057)	(23,804)
Total personnel services	<u>19,686,748</u>	<u>18,825,877</u>	<u>860,871</u>
Contract services			
Medical services	12,045	8,469	3,576
Biosolids disposal	4,539,462	4,098,227	441,235
Screening and grit disposal	183,422	161,167	22,255
Security services	47,842	42,663	5,179
Regulatory expenses	248,102	192,511	55,591
Legal services	215,100	155,130	59,970
Management/audit services	2,460,225	2,106,568	353,657
Special clerical services	52,100	42,550	9,550
Other special services	107,080	86,869	20,211
Total contract services	<u>7,865,378</u>	<u>6,894,154</u>	<u>971,224</u>
Travel			
Local travel	5,215	2,069	3,146
Long distance travel	59,800	30,796	29,004
Total travel	<u>65,015</u>	<u>32,865</u>	<u>32,150</u>
Repairs and maintenance			
Building and ground maintenance	110,712	99,448	11,264
Vehicle fuel and maintenance	184,782	176,996	7,786
Repairs, building and structures	521,778	394,470	127,308
Repairs, highway and walls	14,200	12,237	1,963
Maintenance/service agreements	642,929	576,136	66,793
Highway and landscape	12,213	6,372	5,841
Total repairs and maintenance	<u>1,486,614</u>	<u>1,265,659</u>	<u>220,955</u>

(Continued)

NARRAGANSETT BAY COMMISSION
Schedule of Expenses - Budget and Actual (Budgetary Basis)-(Continued)
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
Utilities			
Telephone	\$ 140,450	\$ 136,398	\$ 4,052
Central telephone services	5,500	5,216	284
Fuel, oil - kerosene	400	-	400
Diesel for equipment	10,000	-	10,000
Fuel, gas	545,625	413,260	132,365
Electricity	3,950,529	3,608,648	341,881
Water	41,426	23,863	17,563
Total utilities	<u>4,693,930</u>	<u>4,187,385</u>	<u>506,545</u>
Supplies			
Clothing and clothing materials	33,714	25,796	7,918
Household, laundry and chemical supplies	36,351	31,380	4,971
Building and machinery supplies and expenses	168,970	169,314	(344)
Educational expenses	66,950	49,541	17,409
Lab supplies	229,720	229,977	(257)
Computer supplies	81,715	75,159	6,556
Other operating supplies and expenses	11,050	12,184	(1,134)
Chemicals	868,329	880,951	(12,622)
Total supplies	<u>1,496,799</u>	<u>1,474,302</u>	<u>22,497</u>
Miscellaneous			
Office expense	82,440	81,381	1,059
Postage	346,338	298,699	47,639
Dues and subscriptions	55,500	46,667	8,833
Freight	39,705	34,913	4,792
Insurance	359,404	358,851	553
Workers' compensation insurance	492,000	443,980	48,020
Printing and binding	146,210	114,334	31,876
Advertising	16,950	9,650	7,300
Rental of outside property	5,550	5,423	127
Rental of equipment	31,560	20,072	11,488
Rental of clothing	38,000	36,199	1,801
Safety equipment	27,370	25,274	2,096
Miscellaneous expense	1,900	-	1,900
Public outreach education	16,000	10,225	5,775
Total miscellaneous	<u>1,658,927</u>	<u>1,485,668</u>	<u>173,259</u>
Total operating expenses	<u>36,953,411</u>	<u>34,165,910</u>	<u>2,787,501</u>

(Continued)

NARRAGANSETT BAY COMMISSION
Schedule of Expenses - Budget and Actual (Budgetary Basis)-(Continued)
For the Year Ended June 30, 2010

	<u>Budget</u>	<u>Actual</u>	<i>Variance Favorable (Unfavorable)</i>
Nonoperating expenses			
Interest expense- 2007 Series A	\$ 2,065,612	\$ 2,065,563	\$ 49
Interest expense- 2008 Series A	2,343,220	622,857	1,720,363
Interest expense- SRF	6,021,313	5,861,478	159,835
Interest expense- Leases	21,000	20,573	427
Interest expense- 2005 Series A	2,250,000	2,250,000	-
Programmed debt	3,838,700	-	3,838,700
Bond and note issue fees	35,000	21,295	13,705
Total nonoperating expenses	<u>16,574,845</u>	<u>10,841,766</u>	<u>5,733,079</u>
Capital outlays			
Automotive equipment	37,410	24,764	12,646
Building and plant equipment	317,590	235,755	81,835
Medical surg and laboratory equipment	57,600	57,515	85
Office furniture and equipment	81,900	44,730	37,170
Computer software	211,900	157,451	54,449
Computer hardware	452,100	451,124	976
Buildings and other structures	325,600	105,323	220,277
Replacement reserve	776,500	623,875	152,625
Total capital outlays	<u>2,260,600</u>	<u>1,700,537</u>	<u>560,063</u>
Debt service principal	<u>18,148,947</u>	<u>18,148,897</u>	<u>50</u>
Total budgeted expenses	<u>\$ 73,937,803</u>	<u>\$ 64,857,110</u>	<u>\$ 9,080,693</u>

The NBC prepares its operating budget on a modified cash basis. Accordingly certain noncash expenditures such as depreciation and amortization expense are not provided for in the operating budget.

Reconciliation of Budgetary Basis Expenses to GAAP Expenses:

Total expenses on budgetary basis	\$ 64,857,110
Add:	
Depreciation	8,716,555
Amortization	348,453
Loss on disposal of assets	15,086
Grant expenses	139,562
Less:	
Capital outlay	(1,700,537)
Debt service principal	(18,148,897)
Total expenses on a GAAP basis	<u>\$ 54,227,332</u>

NARRAGANSETT BAY COMMISSION
Combining Schedule of Net Assets
 June 30, 2010

<i>Assets</i>	<i>Revenue Fund</i>	<i>O & M Fund</i>	<i>Project Fund</i>	<i>Debt Service Fund</i>	<i>Operating Reserve for Revenue Stability Fund</i>	<i>Total</i>
Current Assets						
Cash and cash equivalents	\$ 7,995,541	\$ 5,675,739	\$ 1,501	\$ -	\$ -	\$ 13,672,781
Accounts receivable						
Sewer use (net of allowance)	9,565,528	-	-	-	-	9,565,528
Sewer use unbilled	4,101,800	-	-	-	-	4,101,800
Receivables, other	7,136	76,451	-	-	-	83,587
Due from the federal and state government	112,860	-	-	-	-	112,860
Prepaid expenses	-	237,865	-	-	-	237,865
Total current assets	<u>21,782,865</u>	<u>5,990,055</u>	<u>1,501</u>	<u>-</u>	<u>-</u>	<u>27,774,421</u>
Noncurrent Assets						
Restricted assets						
Cash and cash equivalents, environmental enforcement	146,170	-	-	-	-	146,170
Cash and cash equivalents	-	-	161,574	32,360,842	3,000,650	35,523,066
Cash and cash equivalents, restricted for the acquisition and construction of plant assets	-	-	8,153,637	-	-	8,153,637
Total restricted assets	<u>146,170</u>	<u>-</u>	<u>8,315,211</u>	<u>32,360,842</u>	<u>3,000,650</u>	<u>43,822,873</u>
Capital assets						
Land	-	-	2,754,407	-	-	2,754,407
Plant and equipment	-	-	78,310,057	-	-	78,310,057
Capital projects completed	-	-	521,519,722	-	-	521,519,722
Construction in progress	-	-	193,843,866	-	-	193,843,866
	-	-	796,428,052	-	-	796,428,052
Less accumulated depreciation	-	-	(123,071,969)	-	-	(123,071,969)
Net capital assets	<u>-</u>	<u>-</u>	<u>673,356,083</u>	<u>-</u>	<u>-</u>	<u>673,356,083</u>
Other assets						
Negative net pension obligation	-	25,369	-	-	-	25,369
Organization costs (net of accumulated amortization)	-	39,194	-	-	-	39,194
Bond and loan issuance costs (net of accumulated amortization)	-	-	5,786,288	-	-	5,786,288
Total other assets	<u>-</u>	<u>64,563</u>	<u>5,786,288</u>	<u>-</u>	<u>-</u>	<u>5,850,851</u>
Total noncurrent assets	<u>146,170</u>	<u>64,563</u>	<u>687,457,582</u>	<u>32,360,842</u>	<u>3,000,650</u>	<u>723,029,807</u>
Total Assets	<u>\$ 21,929,035</u>	<u>\$ 6,054,618</u>	<u>\$ 687,459,083</u>	<u>\$ 32,360,842</u>	<u>\$ 3,000,650</u>	<u>\$ 750,804,228</u>

(Continued)

NARRAGANSETT BAY COMMISSION
Combining Schedule of Net Assets (Continued)
June 30, 2010

<i>Liabilities</i>	<i>Revenue Fund</i>	<i>O & M Fund</i>	<i>Project Fund</i>	<i>Debt Service Fund</i>	<i>Operating Reserve for Revenue Stability Fund</i>	<i>Total</i>
<i>Current Liabilities</i>						
Accounts and contracts payable	\$ 28,438	\$ 1,206,970	\$ 4,186,718	\$ -	\$ -	\$ 5,422,126
Accrued interest payable	-	-	-	3,764,816	-	3,764,816
Accrued expenses	-	2,557,594	-	-	-	2,557,594
Unearned revenue	273,794	-	-	-	-	273,794
Current portion of loans payable	-	-	17,082,732	-	-	17,082,732
Current portion of leases payable	-	-	211,765	-	-	211,765
Current portion of long-term debt	-	-	1,620,000	-	-	1,620,000
<i>Total current liabilities</i>	<u>302,232</u>	<u>3,764,564</u>	<u>23,101,215</u>	<u>3,764,816</u>	<u>-</u>	<u>30,932,827</u>
<i>Noncurrent Liabilities</i>						
Net OPEB obligation	-	120,527	-	-	-	120,527
Other accrued expenses	-	69,892	-	-	-	69,892
Long-term loans payable, net	-	-	238,612,534	-	-	238,612,534
Long-term leases payable, net	-	-	154,090	-	-	154,090
Long-term debt, net	-	-	152,927,457	-	-	152,927,457
<i>Total noncurrent liabilities</i>	<u>-</u>	<u>190,419</u>	<u>391,694,081</u>	<u>-</u>	<u>-</u>	<u>391,884,500</u>
<i>Total liabilities</i>	<u>302,232</u>	<u>3,954,983</u>	<u>414,795,296</u>	<u>3,764,816</u>	<u>-</u>	<u>422,817,327</u>
<i>Net Assets</i>						
Investment in capital assets, net of related debt	-	-	264,347,077	-	-	264,347,077
Restricted, environmental enforcement	146,170	-	-	-	-	146,170
Unrestricted	21,480,633	2,099,635	8,316,710	28,596,026	3,000,650	63,493,654
<i>Total net assets</i>	<u>\$ 21,626,803</u>	<u>\$ 2,099,635</u>	<u>\$ 272,663,787</u>	<u>\$ 28,596,026</u>	<u>\$ 3,000,650</u>	<u>\$ 327,986,901</u>

NARRAGANSETT BAY COMMISSION
Combining Schedule of Revenues, Expenses and Changes in Net Assets
For the year ended June 30, 2010

	<i>Revenue Fund</i>	<i>O & M Fund</i>	<i>Project Fund</i>	<i>Debt Service Fund</i>	<i>Operating Reserve for Revenue Stability Fund</i>	<i>Total</i>
Operating revenues						
User fees, residential	\$ 39,392,798	\$ -	\$ -	\$ -	\$ -	\$ 39,392,798
User fees, commercial and industrial	29,831,617	-	-	-	-	29,831,617
Permit and connection fees	86,009	-	-	-	-	86,009
Pretreatment	1,114,004	-	-	-	-	1,114,004
Environmental enforcement	13,650	-	-	-	-	13,650
Septage income	380,579	-	-	-	-	380,579
Abatement fees	2,916	-	-	-	-	2,916
Late charge penalties	901,619	-	-	-	-	901,619
Miscellaneous revenue	21,438	-	-	-	-	21,438
BOD/TSS surcharge	29,419	-	-	-	-	29,419
Total operating revenues	71,774,049	-	-	-	-	71,774,049
Operating expenses						
Personnel services	-	18,767,282	-	-	-	18,767,282
Contractual services	-	7,008,213	-	-	-	7,008,213
Travel	-	32,865	-	-	-	32,865
Repairs and maintenance	-	1,265,659	-	-	-	1,265,659
Utilities	-	4,187,385	-	-	-	4,187,385
Supplies	-	1,474,302	-	-	-	1,474,302
Depreciation	-	-	9,065,008	-	-	9,065,008
Insurance	-	861,426	-	-	-	861,426
Miscellaneous	-	708,340	-	-	-	708,340
Total operating expenses	-	34,305,472	9,065,008	-	-	43,370,480
Operating income (loss)	71,774,049	(34,305,472)	(9,065,008)	-	-	28,403,569

(Continued)

NARRAGANSETT BAY COMMISSION
Combining Schedule of Revenues, Expenses and Changes in Net Assets (Continued)
For the year ended June 30, 2010

	<i>Revenue Fund</i>	<i>O & M Fund</i>	<i>Project Fund</i>	<i>Debt Service Fund</i>	<i>Operating Reserve for Revenue Stability Fund</i>	<i>Total</i>
<i>Nonoperating revenues (expenses)</i>						
Grant	\$ 279,978	\$ -	\$ -	\$ -	\$ -	\$ 279,978
Interest expense	-	(20,573)	-	(10,799,898)	-	(10,820,471)
Interest income	30,608	13,356	1,440	2,171	228	47,803
Loss on disposal of assets	-	-	(15,086)	-	-	(15,086)
Miscellaneous income	280,656	-	-	-	-	280,656
Bond and note issuance costs	-	(21,295)	-	-	-	(21,295)
<i>Total nonoperating revenues (expenses)</i>	<u>591,242</u>	<u>(28,512)</u>	<u>(13,646)</u>	<u>(10,797,727)</u>	<u>228</u>	<u>(10,248,415)</u>
Net income(loss) before capital contributions and transfers	<u>72,365,291</u>	<u>(34,333,984)</u>	<u>(9,078,654)</u>	<u>(10,797,727)</u>	<u>228</u>	<u>18,155,154</u>
Capital contributions	-	-	4,905,969	-	-	4,905,969
Transfers in (out)	<u>(78,196,212)</u>	<u>36,645,165</u>	<u>23,966,383</u>	<u>16,084,664</u>	<u>1,500,000</u>	<u>-</u>
<i>Change in net assets</i>	(5,830,921)	2,311,181	19,793,698	5,286,937	1,500,228	23,061,123
<i>Total net assets, beginning of year</i>	27,457,724	(211,546)	252,870,089	23,309,089	1,500,422	304,925,778
<i>Total net assets ending end of year</i>	<u><u>\$ 21,626,803</u></u>	<u><u>\$ 2,099,635</u></u>	<u><u>\$ 272,663,787</u></u>	<u><u>\$ 28,596,026</u></u>	<u><u>\$ 3,000,650</u></u>	<u><u>\$ 327,986,901</u></u>

Comprehensive Annual Financial Report
Statistical Section



Photo: Sailboat on Narragansett Bay

STATISTICAL SECTION

This part of the NBC's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statement, note disclosure, and required supplementary information says about the NBC's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the NBC's financial performance and well-being have changed over time.

- Net Assets by Component
- Changes in Net Assets
- Revenue by Source
- Expenses by Function

Revenue Capacity

These schedules contain information to help the reader assess the NBC's most significant revenue sources.

- User Fee Revenue by Customer Type
- Residential Sewer Rates
- Non-residential Sewer Rates
- Comparative Sewer Rates – RI Municipalities
- Principal Commercial Users

Debt Capacity

These schedules present information to help the reader assess the affordability of the NBC's current levels of outstanding debt and the NBC's ability to issue additional debt in the future.

- Ratios of Outstanding Debt
- Debt Service Coverage

Demographic and Economic Information

This schedule offer demographic and economic indicators to help the reader understand the environment within which the NBC's financial activities take place.

- Demographic & Economic Statistics

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the NBC's financial report relates to the Services the NBC provides and the activities it performs.

- Operating Indicators by Division
- Budgeted Employees by Activity

Sources: Unless otherwise noted, the information in these schedules was derived from the comprehensive annual financial report for the relevant year.

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NARRAGANSETT BAY COMMISSION

Net Assets By Component - (Unaudited)

Last Ten Fiscal Years

<u>Years Ending June 30,</u>	<u>Investment in Capital Assets, net of related debt</u>	<u>Restricted Environmental Enforcement</u>	<u>Unrestricted</u>	<u>Total Net Assets</u>
2001	\$ 164,604,758	\$ 101,241	\$ 16,251,384	\$ 180,957,383
2002	173,360,798	45,288	20,891,265	194,297,351
2003	180,119,178	70,699	26,584,786	206,774,663
2004	176,130,955	34,340	46,295,161	222,460,456
2005	195,783,867	49,193	43,092,952	238,926,012
2006	205,752,364	84,735	50,790,866	256,627,965
2007	214,974,154	127,370	54,514,025	269,615,549
2008	228,385,908	189,545	58,174,511	286,749,964
2009	240,723,854	157,021	64,044,903	304,925,778
2010	264,347,077	146,170	63,493,654	327,986,901

NARRAGANSETT BAY COMMISSION
Change in Net Assets (Unaudited)
Last Ten Fiscal Years

	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Operating Revenues										
User fees	\$ 69,224,415	\$ 67,958,753	\$ 64,462,984	\$ 56,094,973	\$ 56,395,730	\$ 51,186,822	\$ 47,873,355	\$ 41,993,962	\$ 33,249,538	\$ 27,765,540
Pretreatment fees	1,114,004	1,126,654	1,115,529	1,163,397	1,165,749	1,209,418	1,234,447	1,083,886	861,821	875,338
Other operating revenue	1,435,630	1,458,274	1,499,218	1,399,037	1,464,685	1,381,662	1,305,690	1,510,275	1,325,622	1,624,235
Total Operating Revenues	71,774,049	70,543,681	67,077,731	58,657,407	59,026,164	53,777,902	50,413,492	44,588,123	35,436,981	30,265,113
Non Operating Revenues										
Interest income	47,803	420,017	2,195,657	2,849,252	2,483,388	914,079	515,567	260,466	244,713	494,964
Grants	279,978	34,300	27,653	49,037	20,695	35,530	74,983	391,631	1,132,839	228,265
Other nonoperating revenue	280,656	185,832	95,316	111,703	30,465	-	-	-	260,632	160,201
Total Nonoperating Revenues	608,437	640,149	2,318,626	3,009,992	2,534,548	949,609	590,550	652,097	1,638,184	883,430
Operating Expenses										
Personnel Services	18,767,282	17,832,832	17,052,860	16,043,809	15,681,061	15,367,770	14,984,343	13,893,990	13,373,277	11,809,558
Contractual Services	7,008,213	7,221,939	7,214,382	6,474,726	5,299,762	3,226,479	3,470,114	1,577,752	4,083,886	4,504,501
General and Administrative	8,529,977	8,622,100	7,384,874	7,413,415	7,319,290	7,821,574	7,050,880	8,650,093	6,495,336	6,904,768
Depreciation and amortization	9,065,008	7,301,816	7,463,646	6,803,213	6,129,019	6,397,410	6,265,860	5,981,286	5,849,189	5,388,068
Total Operating Expenses	43,370,480	40,978,687	39,115,762	36,735,163	34,429,132	32,813,233	31,771,197	30,103,121	29,801,688	28,606,895
Nonoperating Expenses										
Interest Expense	10,820,471	12,013,384	13,121,460	11,913,538	9,836,182	8,381,979	5,720,685	4,296,363	2,877,973	2,563,511
Other Expenses	36,381	15,945	24,720	36,740	1,016,836	8,436	49,740	27,973	119,986	20,788
Total Nonoperating Expenses	10,856,852	12,029,329	13,146,180	11,950,278	10,595,585	8,390,415	5,770,425	4,324,336	2,997,959	2,584,299
Net Income before capital contributions	18,155,154	18,175,814	17,134,415	12,981,958	16,535,995	13,523,863	13,462,420	10,812,762	4,275,518	(42,651)
Capital contribution	4,905,969	-	-	5,626	1,165,958	2,941,693	2,223,373	1,664,550	9,064,450	5,089
Change in Net Assets	23,061,123	18,175,814	17,134,415	12,987,584	17,701,953	16,465,556	15,685,793	12,477,312	13,339,968	(37,562)
Net Assets- beginning	304,925,778	286,749,964	269,615,549	256,627,965	238,926,012	222,460,456	206,774,663	194,297,351	180,957,383	180,994,945
Net Assets- ending	\$ 327,986,901	\$ 304,925,778	\$ 286,749,964	\$ 269,615,549	\$ 256,627,965	\$ 238,926,012	\$ 222,460,456	\$ 206,774,663	\$ 194,297,351	\$ 180,957,383

NARRAGANSETT BAY COMMISSION
Revenue by Source (Unaudited)
Last Ten Fiscal Years

<i>Years Ending June 30,</i>	<i>Operating Revenue</i>									<i>Nonoperating Revenue</i>				<i>Total Revenue</i>
	<i>User Fees</i>	<i>Permit and Connection Fees</i>	<i>Pretreatment</i>	<i>Environmental Enforcement</i>	<i>Septage Income</i>	<i>Late Charge Penalties</i>	<i>BOD/TSS Surcharge</i>	<i>Other Revenue</i>	<i>Total Operating Revenue</i>	<i>Grants</i>	<i>Interest Income</i>	<i>Arbitrage Rebate</i>	<i>Miscellaneous</i>	
2001	\$27,765,540	\$ 57,150	\$ 875,338	\$ 40,639	\$ 599,232	\$ 446,311	\$ 201,261	\$ 279,642	\$ 30,265,113	\$ 228,265	\$ 494,964	\$ -	\$ 160,201	\$ 31,148,543
2002	33,249,538	51,450	861,821	5,060	597,696	470,674	116,088	84,654	35,436,981	1,132,839	244,713	260,632	-	37,075,165
2003	41,993,962	106,164	1,083,886	42,260	610,582	434,509	187,438	129,322	44,588,123	391,631	260,466	-	-	45,240,220
2004	47,873,355	115,241	1,234,447	44,443	532,769	434,081	134,448	44,708	50,413,492	74,983	515,567	-	-	51,004,042
2005	51,186,822	197,595	1,209,418	69,536	435,145	458,176	194,215	26,995	53,777,902	35,530	914,079	-	-	54,727,511
2006	56,395,730	357,496	1,165,749	81,398	387,068	447,672	152,123	38,928	59,026,164	20,695	2,483,388	-	30,465	61,560,712
2007	56,094,973	205,589	1,163,397	52,525	357,206	631,183	139,815	12,719	58,657,407	49,037	2,849,252	-	111,703	61,667,399
2008	64,462,984	181,290	1,115,529	75,500	372,711	741,834	116,096	11,787	67,077,731	27,653	2,195,657	-	95,316	69,396,357
2009	67,958,753	140,822	1,126,654	3,700	382,955	849,127	66,439	15,231	70,543,681	34,300	420,017	-	185,832	71,183,830
2010	69,224,415	86,009	1,114,004	13,650	380,579	901,619	29,419	24,534	71,774,049	279,978	47,803	-	280,656	72,382,486

NARRAGANSETT BAY COMMISSION
Expenses by Function (Unaudited)
Last Ten Fiscal Years

<i>Years Ending June 30,</i>	<i>Operating Expenses</i>							<i>Nonoperating Expenses</i>			<i>Total Expenses</i>	
	<i>Personnel Services</i>	<i>Contractual Services</i>	<i>Repairs and Maintenance</i>	<i>Utilities</i>	<i>Supplies</i>	<i>Depreciation Amortization</i>	<i>Miscellaneous</i>	<i>Operating Expenses</i>	<i>Interest Expenses</i>	<i>Arbitrage Expenses</i>		<i>Other Expenses</i>
2001	\$11,809,558	\$4,504,501	\$ 1,190,439	\$ 3,286,815	\$ 930,849	\$ 5,388,068	\$ 1,496,665	\$ 28,606,895	\$ 2,563,511	\$ 17,538	\$ 3,250	\$ 31,191,194
2002	13,373,277	4,083,886	1,237,214	2,388,772	1,370,809	5,849,189	1,498,541	29,801,688	2,877,973	-	119,986	32,799,647
2003	13,893,990	3,577,752	1,187,923	2,800,886	1,299,002	5,981,286	1,362,282	30,103,121	4,296,363	-	27,973	34,427,457
2004	14,984,343	3,470,114	1,321,740	2,922,865	1,173,647	6,265,860	1,632,628	31,771,197	5,720,685	-	49,740	37,541,622
2005	15,367,770	3,226,479	1,378,543	3,809,972	1,132,783	6,397,410	1,500,276	32,813,233	8,381,979	-	8,436	41,203,648
2006	15,681,061	5,299,762	1,259,874	3,470,521	1,044,137	6,386,452	1,287,325	34,429,132	9,836,182	-	759,403	45,024,717
2007	16,043,809	6,474,726	1,349,609	3,345,585	1,067,524	6,803,213	1,650,697	36,735,163	11,913,538	-	36,740	48,685,441
2008	17,052,860	7,214,382	1,258,783	3,435,790	1,183,308	7,463,646	1,506,993	39,115,762	13,121,460	-	24,720	52,261,942
2009	17,832,832	7,221,939	1,304,720	4,156,172	1,479,232	7,301,816	1,681,976	40,978,687	12,013,384	-	15,945	53,008,016
2010	18,767,282	7,008,213	1,265,659	4,187,385	1,474,302	9,065,008	1,602,631	43,370,480	10,820,471	-	36,381	54,227,332

NARRAGANSETT BAY COMMISSION
User Fee Revenue by Customer Type - (Unaudited)
Last Ten Fiscal Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Residential	\$ 39,392,798	\$ 38,711,515	\$ 36,113,007	\$ 30,990,979	\$ 30,875,896	\$ 27,436,514	\$ 26,103,320	\$ 23,706,243	\$ 18,096,097	\$ 14,802,543
Commercial	28,295,493	27,647,095	26,584,703	23,412,834	23,454,508	21,715,154	19,744,104	16,418,380	13,040,443	10,604,822
Industrial	1,536,124	1,584,239	1,765,274	1,691,160	2,065,326	2,035,154	2,025,931	1,869,339	2,112,998	2,358,175
Total	<u>\$ 69,224,415</u>	<u>\$ 67,942,849</u>	<u>\$ 64,462,984</u>	<u>\$ 56,094,973</u>	<u>\$ 56,395,730</u>	<u>\$ 51,186,822</u>	<u>\$ 47,873,355</u>	<u>\$ 41,993,962</u>	<u>\$ 33,249,538</u>	<u>\$ 27,765,540</u>

NARRAGANSETT BAY COMMISSION
Schedule of Residential Sewer Rates - (Unaudited)
Last Ten Fiscal Years

<u><i>Fiscal Year</i></u>	<u><i>Fixed Rate (per Dwelling Unit)</i></u>	<u><i>Consumption Rate (HCF)</i></u>
2001	\$ 44.23	\$ 0.85
2002	54.68	1.120
2003	68.25	1.400
2004	79.00	1.625
2005	83.70	1.722
2006	94.38	1.942
2007	98.21	2.021
2008	112.35	2.309
2009	124.98	2.569
2010	159.21	2.569

* HCF - per hundred cubic feet

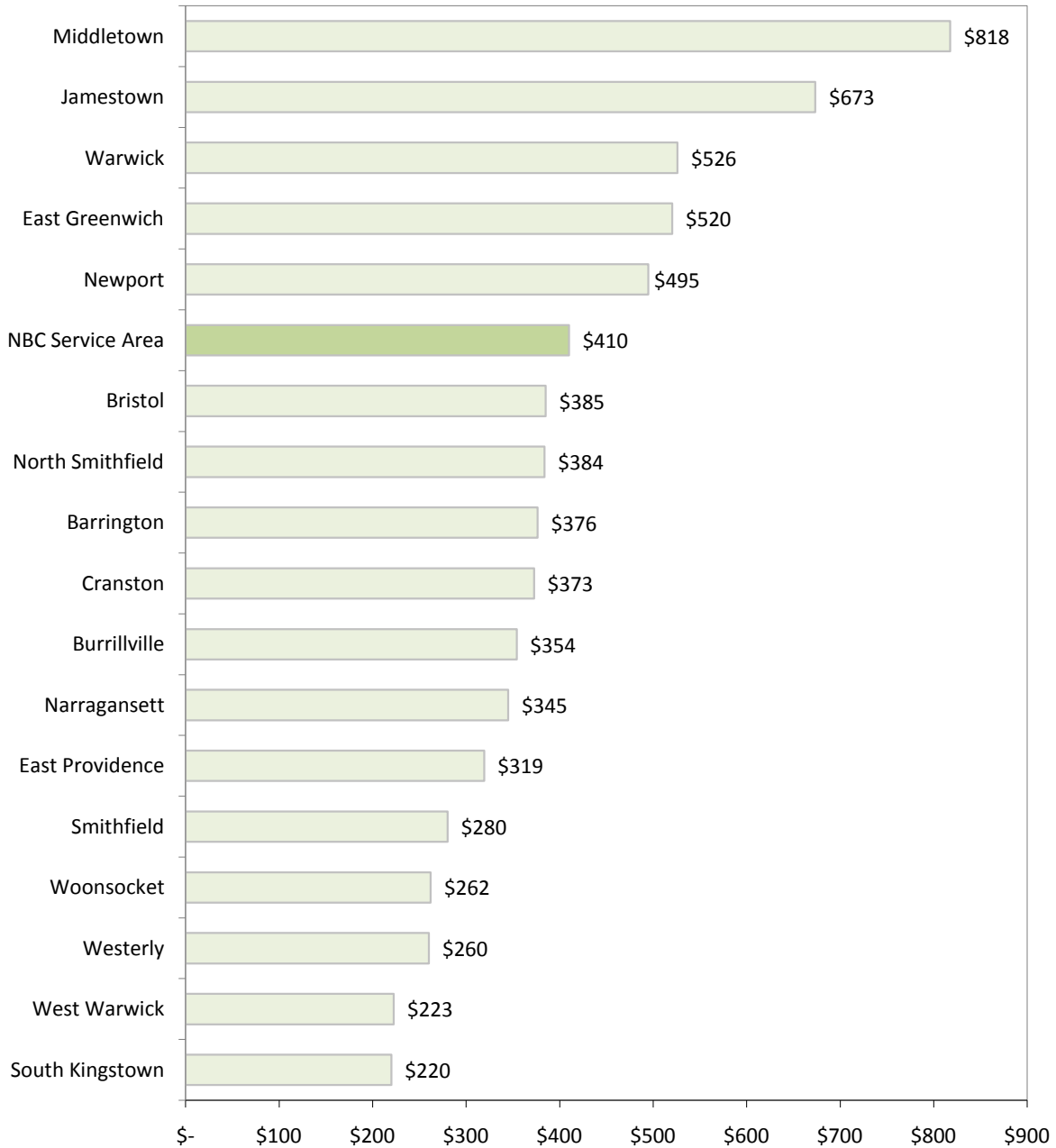
NARRAGANSETT BAY COMMISSION
Schedule of Non-residential Sewer Rates - (Unaudited)
Last Ten Fiscal Years

<u><i>Fiscal Year</i></u>	<u><i>Non-residential Fixed Rate (Based on 5/8" meter)</i></u>	<u><i>Industrial Consumption Rate (HCF)</i></u>	<u><i>Commercial Consumption Rate (HCF)</i></u>
2001	\$ 98.00	\$ 0.770	\$ 1.280
2002	122.01	1.050	1.630
2003	152.27	1.310	2.030
2004	177.00	1.515	2.355
2005	188.00	1.605	2.495
2006	212.00	1.810	2.813
2007	221.00	1.884	2.927
2008	253.00	2.153	3.349
2009	281.00	2.395	3.725
2010	380.00	2.395	3.725

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Annual Residential Sewer Charges Rhode Island Cities & Towns

The survey shown below, conducted by the Narragansett Bay Commission (NBC) in 2009, compares the annual residential sewer charges for participating Rhode Island Cities & Towns. The survey shows NBC, with its current fee structure, ranks 13th lowest among participants.



Source: 2009 Narragansett Bay Commission Residential Sewer User Survey

Notes:

In this survey, all Annual Residential Sewer Charges are based on 97.6 HCF. The average 2009 Annual Residential Sewer User Fee for Rhode Island Cities & Towns is \$401.

Warren's sewer costs are built into municipal taxes and therefore do not appear on this chart.

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NARRAGANSETT BAY COMMISSION
Principal Commercial Users - (Unaudited)
2010 and 2001

<u>Company</u>	<u>2010</u>			<u>2001*</u>		
	Annual Billing	Rank	Percentage of Total Billing	Annual Billing	Rank	Percentage of Total Billing
RI Hospital	\$ 1,344,693	1	1.65%	\$ 403,496	3	1.34%
Brown University	1,311,639	2	1.61%	461,247	1	1.53%
Providence Housing Authority	1,269,187	3	1.55%	404,532	2	1.34%
City of Providence	706,540	4	0.86%			
City of Pawtucket	620,007	5	0.76%			
Providence School Department	520,011	6	0.64%			
Providence College	357,819	7	0.44%	117,555	9	0.39%
Fairfield Residential	357,794	8	0.44%			
Johnson & Wales	327,983	9	0.40%	122,884	8	0.41%
State of RI	308,128	10	0.38%			
Rhode Island School of Design				191,179	5	0.63%
Roger William Hospital				195,565	4	0.65%
Slater				87,534	10	0.29%
St. Joseph Hospital				129,091	6	0.43%
Pawtucket Memorial Hospital				128,992	7	0.43%
Total	\$ 7,123,801		8.73%	\$ 2,242,074		7.44%

* Note: The top ten principal commercial users for 2001 was non able. However, the top ten users for FY 2000 and the FY 2002 was available. Therefore, the 2001 top ten was estimated based on FY 2000 and 2002 information.

NARRAGANSETT BAY COMMISSION

Ratios of Outstanding Debt - (Unaudited)

Last Ten Fiscal Years

<i>Fiscal Year Ended June 30,</i>	<i>Loans Payable</i>	<i>Bonds Payable</i>	<i>Total Outstanding Debt</i>	<i>Capitalized Assets*</i>	<i>Construction in Process</i>	<i>Total Capital Assets</i>	<i>(1) Population</i>	<i>Ratio of Outstanding Debt to Capital Assets</i>	<i>Ratio of Outstanding Debt per Population</i>
2001	\$ 52,813,472	\$ 18,351,154	\$ 71,164,626	\$ 192,340,284	\$ 37,451,809	\$ 229,792,093	1,058,065	0.31	67.26
2002	74,810,860	15,972,043	90,782,903	187,657,682	76,255,003	263,912,685	1,065,937	0.34	85.17
2003	136,619,669	13,775,319	150,394,988	195,311,349	134,283,423	329,594,772	1,071,302	0.46	140.39
2004	204,228,468	81,628,122	285,856,590	203,821,078	201,485,348	405,306,426	1,071,095	0.71	266.88
2005	222,735,236	70,000,000	292,735,236	211,608,992	271,817,109	483,426,101	1,064,439	0.61	275.01
2006	247,768,485	116,064,506	363,832,991	220,781,312	330,122,836	550,904,148	1,058,991	0.66	343.57
2007	269,690,992	159,068,722	428,759,714	225,428,491	378,547,610	603,976,101	1,053,136	0.71	407.13
2008	269,026,900	157,613,722	426,640,622	226,015,839	412,852,916	638,868,755	1,050,788	0.67	406.02
2009	271,381,022	156,089,206	427,470,228	225,324,137	431,243,898	656,568,035	1,053,209	0.65	405.87
2010	255,695,266	154,547,457	410,242,723	479,512,217	193,843,866	673,356,083	N/A	0.61	N/A

* Capitalized assets net of accumulated depreciation

(1) Source: United States Census Bureau (Note: Not based on population of service area, but total population of State of Rhode Island)

NARRAGANSETT BAY COMMISSION
Schedule of Debt Service Coverage - (Unaudited)
Last Ten Fiscal Years

<i>Fiscal Year</i>	<i>Gross Revenues (1)</i>	<i>Operating Expenses (2)</i>	<i>Net Revenue Available for Debt Service</i>	<i>Debt Service Requirement</i>			<i>Coverage</i>
				<i>Principal</i>	<i>Interest</i>	<i>Total</i>	
2001	\$ 31,148,543	\$ 23,218,827	\$ 7,929,716	\$ 3,693,168	\$ 2,551,913	\$ 6,245,081	1.27
2002	37,075,165	24,101,905	12,973,260	4,326,500	2,864,094	7,190,594	1.80
2003	45,240,220	24,322,698	20,917,522	5,623,294	4,276,165	9,899,459	2.11
2004	51,004,042	25,738,005	25,266,037	8,934,425	5,694,831	14,629,256	1.73
2005	54,727,511	26,601,612	28,125,899	9,035,349	7,295,728	16,331,077	1.72
2006	61,560,712	28,300,113	33,260,599	10,922,981	9,840,948	20,763,929	1.60
2007	61,667,399	29,931,950	31,735,449	12,502,822	10,742,156	23,244,978	1.37
2008	69,396,357	31,652,116	37,744,241	16,800,972	12,879,158	29,680,130	1.27
2009	71,183,830	33,676,871	37,506,959	17,457,042	11,982,197	29,439,239	1.27
2010	72,382,486	34,305,472	38,077,014	18,148,897	10,799,897	28,948,794	1.32

(1) Total revenues including interest income

(2) Total operating expenses exclusive of depreciation and amortization

NARRAGANSETT BAY COMMISSION
Demographic Statistics - (Unaudited)
State of Rhode Island
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (Millions of dollars)(4)</u>	<u>Per Capita Income (4)</u>	<u>Labor Force (2)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (2)</u>
2001	1,058,065	31,750	29,984	503,566	115,004	4.70%
2002	1,065,937	33,503	31,319	556,428	157,599	5.10%
2003	1,071,302	34,347	31,916	572,956	159,205	5.30%
2004	1,071,095	36,453	33,733	562,289	158,592	5.20%
2005	1,064,439	38,907	36,153	569,451	153,560	5.00%
2006	1,058,991	39,054	36,289	578,243	153,417	5.10%
2007	1,053,136	41,745	39,463	576,987	151,619	5.00%
2008	1,050,788	43,091	41,008	567,597	145,342	7.80%
2009	1,053,209	43,185	41,003	567,093	145,118	11.20%
2010	N/A	N/A	N/A	N/A	N/A	N/A

- (1) Source United States Census Bureau
- (2) Source Rhode Island Department of Labor
- (3) Source Rhode Island Department of Education
- (4) Source Rhode Island Department of Commerce

NARRAGANSETT BAY COMMISSION
Operating Indicators by Division - (Unaudited)
Last Ten Years

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Number of treatment plants	2	2	2	2	2	2	2	2	2	2
Number of Employees	246	244	237	241	245	247	247	255	243	229
<i>Field's Point Plant (Largest WWTF in RI)</i>										
Daily average treatment in gallons (mgd)	43.06	43.06	43.06	49.39	53.07	45.69	45.69	41.00	41.00	41.00
Maximum daily capacity of treatment (mgd)	200	200	200	200	200	200	200	200	200	200
Number of pump stations	4	4	4	4	4	4	5	5	6	6
Number of active combined sewer overflows (CSOs)	38	38	38	38	39	39	39	39	39	39
Miles of interceptor	80	80	80	80	80	80	80	80	80	80
Number of tide gates	32	32	32	32	32	32	32	32	32	32
<i>Bucklin Point Plant (Second largest WWTF in RI)</i>										
Daily average treatment in gallons (mgd)	19.6	19.6	19.60	24.83	24.83	24.61	24.61	24.48	24.48	24.48
Maximum daily capacity of treatment (mgd)	116	116	116	116	116	46	46	46	46	46
Number of pump stations	3	3	3	3	3	3	3	3	3	3
Number of active combined sewer overflows (CSOs)	26	26	26	26	27	27	27	27	27	27
Miles of interceptor	30	30	30	30	30	30	30	30	30	30

Mgd = million gallons per day
Source: Management of NBC

NARRAGANSETT BAY COMMISSION
Budgeted Employees by Activity - (Unaudited)
Last Ten Fiscal Years

<i>Departments</i>	<i>FY 2010</i>	<i>FY 2009</i>	<i>FY 2008</i>	<i>FY 2007</i>	<i>FY 2006</i>	<i>FY 2005</i>	<i>FY 2004</i>	<i>FY 2003</i>	<i>FY 2002</i>	<i>FY 2001</i>
Executive	8.0	8.0	8.0	8.0	8.0	8.0	7.0	7.0	6.0	11.0
Construction and Grants	10.0	10.0	9.0	10.0	10.0	9.9	11.0	10.0	5.0	3.0
Human Resources	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Legal	5.0	5.0	5.0	5.0	5.0	5.5	5.3	5.8	5.0	-
Finance	5.0	5.0	5.0	5.0	5.0	5.0	5.0	8.0	6.0	5.0
Accounting	10.0	10.0	10.0	10.0	11.0	11.0	12.0	13.0	12.0	12.0
Information Technology	11.0	11.0	11.0	11.0	11.0	11.0	11.0	10.0	10.0	9.0
Customer Service	24.0	22.0	22.0	22.0	21.0	21.0	20.0	19.0	19.0	18.0
Purchasing	4.0	4.0	4.0	4.0	4.0	4.0	6.0	4.0	4.0	4.0
Planning	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0
Pretreatment	15.0	15.0	15.0	15.0	15.0	16.0	16.0	16.0	16.0	15.0
Laboratory	17.0	15.0	15.0	15.0	15.0	15.0	15.0	14.0	13.0	14.0
Environmental Safety & Technical Assistance	4.0	4.0	4.0	4.0	4.0	4.0	3.0	3.0	3.0	2.5
Environmental Monitoring & Data Analysis	17.0	17.0	17.0	17.0	17.0	17.0	18.0	15.0	15.0	13.0
Interceptor Maintenance	22.0	22.0	22.0	22.0	21.0	23.0	23.0	23.0	23.0	23.0
Engineering	10.0	11.0	11.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Field's Point WWTF	56.0	56.0	56.0	56.0	56.0	61.0	62.0	61.0	61.0	61.0
Bucklin Point WWTF	32.0	32.0	32.0	32.0	32.0	32.0	32.0	31.0	31.0	28.0
Total	<u>258.0</u>	<u>254.0</u>	<u>254.0</u>	<u>254.0</u>	<u>253.0</u>	<u>261.4</u>	<u>264.3</u>	<u>257.8</u>	<u>247.0</u>	<u>237.5</u>

Comprehensive Annual Financial Report
Compliance Section



Photo: Beavertail Lighthouse RI

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

To the Board of Commissioners
Narragansett Bay Commission
Providence, Rhode Island

We have audited the financial statements of the Narragansett Bay Commission, a component unit of the State of Rhode Island, as of and for the year ended June 30, 2010 and have issued our report thereon dated September 15, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered NBC's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of NBC's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of NBC's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether NBC'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*.

This report is intended solely for the information and use of management, the Board of Commissioners, the State of Rhode Island Auditor General and the Public Utilities Commission and is not intended to be and should not be used by anyone other than these specified parties.

Bacm & Company, LLC

Warwick, Rhode Island
September 15, 2010

NARRAGANSETT BAY COMMISSION
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2010

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Project Number</u>	<u>Expenditures</u>
<i>U.S. Environmental Protection Agency</i>			
<i>Direct Program:</i>			
SIG Grant	66.940	EI-97187901-8	\$ 114,059
<i>Passed through RI Clean Water Finance Agency:</i>			
Capitalization Grants for Clean Water State Revolving Funds - ARRA	66.458	N/A	4,855,969
<i>Total Environmental Protection Agency</i>			<u>4,970,028</u>
<i>Federal Emergency Management Agency</i>			
<i>Direct Program:</i>			
Public Assistance Grant	97.036	N/A	<u>112,860</u>
<i>Total Federal Emergency Management Agency</i>			<u>112,860</u>
<i>Total expenditures of federal awards</i>			<u><u>\$ 5,082,888</u></u>

NARRAGANSETT BAY COMMISSION
Notes to Schedule of Expenditures of Federal Awards
June 30, 2010

GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the NBC.

BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting.

DETERMINATION OF TYPE A AND TYPE B PROGRAMS

The determination of Type A and Type B federal programs was based upon the overall level of expenditures for all federal programs for the State of Rhode Island. As such, the threshold for determining Type A and Type B programs is determined at the State level. For the year ended June 30, 2010, grants with expenditures exceeding \$16,500,000 were determined to constitute a Type A program. The NBC had no Type A programs for the year ended June 30, 2010.

NARRAGANSETT BAY COMMISSION
LONG DISTANCE TRAVEL DETAIL
FISCAL YEAR 2010

TRAVELER	PAYEE	TRAVEL DATES	CHECK	DATE PAID BY NBC	PURPOSE OF TRAVEL	DESTINATION	MILEAGE	MEALS	REGISTRY	AIRFARE	HOTEL	MISC./ OTHER	TOTALS
Executive (21)													
Rafael H Cuello	Rafael H Cuello	A 7/15-7/16/09	67054	7/14/09	NACWA Summer Conference	Milwaukee, WI				\$353.90	\$229.19		\$583.09
Raymond J Marshall	Raymond J Marshall	R 7/14-7/17/09	66973	7/7/09	NACWA Summer Conference	Milwaukee, WI				315.91			315.91
Rafael H Cuello	Rafael H Cuello	S 7/15-7/16/09	67210	7/28/09	NACWA Summer Conference	Milwaukee, WI		50.00			50.00	34.00	134.00
Jamie Samons	NACWA	R 7/14-7/17/09	67435	8/18/09	NACWA Summer Conference	Milwaukee, WI			825.00				825.00
Jamie Samons	Jamie Samons	S 7/14-7/17/09	67521	8/25/09	NACWA Summer Conference	Milwaukee, WI		150.00				142.00	292.00
Laurie Bissonette	Laurie Bissonette	A 11/10-11/13/09	67843	9/22/09	NACWA Conference	Washington, DC				295.20	219.00		514.20
Raymond J Marshall	Raymond J Marshall	A 11/9-11/10/09	68178	10/20/09	NACWA Conference	Washington, DC				259.20	250.75		509.95
Laurie Bissonette	Laurie Bissonette	A 11/10-11/13/09	68163	10/20/09	NACWA Conference	Washington, DC					438.00		438.00
Raymond J Marshall	Raymond J Marshall	S 11/9-11/10/09	68594	11/24/09	NACWA Conference	Washington, DC			50.00		0.01	40.36	90.37
Laurie Bissonette	Laurie Bissonette	S 11/10-11/13/09	68671	12/2/09	NACWA Conference	Washington, DC		120.00			95.28	27.80	243.08
Raymond J Marshall	Raymond J Marshall	A 2/1-2/5/10	69313	1/26/10	NACWA Winter Conference	Austin, TX				288.00	1,200.00		1,488.00
Raymond J Marshall	Raymond J Marshall	S 2/1-2/5/10	69528	2/15/10	NACWA Winter Conference	Austin, TX		215.00				121.56	336.56
Jamie Samons	Jamie Samons	A 2/1-2/5/10	69359	2/2/10	NACWA Winter Conference	Austin, TX				270.80	1,016.00		1,286.80
Diane M Buerger	Diane M Buerger	R 6/27-6/30/10	69748	3/9/10	SHRM Annual Conference	San Diego, CA			1,070.00				1,070.00
Jamie Samons	NACWA	R 2/1-2/5/10	69932	3/22/10	NACWA Winter Conference	Austin, TX			775.00				775.00
Raymond J Marshall	NACWA	R 2/1-2/5/10	69932	3/22/10	NACWA Winter Conference	Austin, TX			850.00				850.00
Jamie Samons	Jamie Samons	A 4/21-4/23/10	70113	4/6/10	NACWA Wet Weather Workshop	Chicago, IL				428.10	438.00		866.10
Jamie Samons	Jamie Samons	A 4/18-4/20/10	70113	4/6/10	NACWA Policy Forum	Washington, DC				261.40	570.20		831.60
Jamie Samons	Jamie Samons	S 2/1-2/5/10	70438	5/4/10	NACWA Winter Conference	Austin, TX		105.00			37.40	185.23	327.63
Jamie Samons	Jamie Samons	S 3/16-3/17/10	70438	5/4/10	NACWA SSO Rulemaking Meeting	Washington, DC		50.00		201.40	129.95	47.90	429.25
Jamie Samons	Jamie Samons	S 4/18-4/20/10	70438	5/4/10	NACWA Policy Forum	Washington, DC	52.00	100.00				168.72	320.72
Jamie Samons	Jamie Samons	S 4/21-4/23/10	70438	5/4/10	NACWA Wet Weather Workshop	Chicago, IL		50.00			67.46	128.85	246.31
Jamie Samons	Jamie Samons	A 5/25/10	71010	6/2/10	NACWA SSO Petition Workgroup	Washington, DC				171.40			171.40
Jamie Samons	Jamie Samons	A 6/15/10	71339	6/22/10	Environmental Roundtable	Washington, DC				245.00			245.00
Jamie Samons	NACWA	R 4/18-4/20/10	71484	6/25/10	NACWA Policy Forum	Washington, DC			650.00				650.00
Jamie Samons	Jamie Samons	S 5/25/10	71554	7/7/10	NACWA SSO Petition Workgroup	Washington, DC						67.00	67.00
Jamie Samons	Jamie Samons	S 6/15/10	71554	7/7/10	Environmental Roundtable	Washington, DC						54.00	54.00
Diane M. Buerger	Diane M. Buerger	S 6/26-7/3	71681	7/20/10	Nat'l SHRM Conference	San Diego, CA	7.00	220.00		529.80	1,301.44	106.80	2,165.04
Total Executive Cost Center (21)												16,126.01	
Construction (22)													
Mark R Thomas	Mark R Thomas	A 2/9-2/13/10	69048	1/5/10	Microtunneling Short Course	Denver, CO				400.00	100.00		500.00
Richard Bernier	Richard Bernier	A 2/9-2/13/10	69057	1/5/10	Microtunneling Short Course	Denver, CO				360.40			360.40
Mark R Thomas	Colorado Sch of Mines	R 2/9-2/13/10	69090	1/12/10	Microtunneling Short Course	Denver, CO			1,325.00				1,325.00
Richard Bernier	Colorado Sch of Mines	R 2/9-2/13/10	69090	1/12/10	Microtunneling Short Course	Denver, CO			1,325.00				1,325.00
Mark R Thomas		CP			Reimbursement by Capital Projects				(1,325.00)				(1,325.00)
Richard Bernier		CP			Reimbursement by Capital Projects				(1,325.00)				(1,325.00)
Mark R Thomas		CP			Reimbursement by Capital Projects					(400.00)	(100.00)		(500.00)
Richard Bernier		CP			Reimbursement by Capital Projects					(360.40)			(360.40)
Richard Bernier	Richard Bernier	S 2/9-2/13/10	69625	2/23/10	Microtunneling Short Course	Denver, CO		170.00			482.08	296.59	948.67
Mark R Thomas	Mark R Thomas	S 2/9-2/13/10	69684	3/2/10	Microtunneling Short Course	Denver, CO		170.00			342.48	100.90	613.38
Mark R Thomas	Mark R Thomas	A 3/3-3/6/10	69684	3/2/10	Construction Law Seminar	San Francisco, CA					400.00		400.00
Mark R Thomas	Mark R Thomas	S 3/3-3/6/10	70027	3/29/10	Construction Law Seminar	San Francisco, CA	56.00	130.00		307.40	16.04	167.50	676.94
Mark R Thomas	CLE International	R 3/3-3/6/10	69894	3/22/10	Construction Law Seminar	San Francisco, CA			695.00				695.00
Richard Bernier		CP			Reimbursement by Capital Projects			(170.00)			(482.08)	(296.59)	(948.67)
Mark R Thomas		CP			Reimbursement by Capital Projects			(170.00)			(342.48)	(100.90)	(613.38)
Mark R Thomas		CP			Reimbursement by Capital Projects						(400.00)		(400.00)
Anthony M Dalmazzi	Anthony M Dalmazzi	S 4/28-4/29/10	70475	5/11/10	Concrete Field Testing Tech Course	Springfield, MA	90.39						90.39
Mark R Thomas		CP			Reimbursement by Capital Projects		(56.00)	(130.00)		(307.40)	(16.04)	(167.50)	(676.94)
Total Construction Cost Center (22)												\$785.39	

NARRAGANSETT BAY COMMISSION
LONG DISTANCE TRAVEL DETAIL
FISCAL YEAR 2010

TRAVELER	PAYEE	TRAVEL DATES	CHECK	DATE PAID BY NBC	PURPOSE OF TRAVEL	DESTINATION	MILEAGE	MEALS	REGISTRY	AIRFARE	HOTEL	MISC./ OTHER	TOTALS
Legal (24)													
Jennifer J Galego	Jennifer J Galego	A 11/10-11/13/09	68082	10/14/09	NACWA Conference	Washington, DC				\$385.20	\$752.26		\$1,137.46
Jennifer J Galego	Jennifer J Galego	S 11/10-11/13/09	68566	11/24/09	NACWA Conference	Washington, DC		105.00				124.25	229.25
Jennifer J Galego	NACWA	R 11/10-11/13/09	68746	12/8/09	NACWA Conference	Washington, DC			850.00				850.00
Jennifer J Galego	Jennifer J Galego	A 3/3-3/5/10	69456	2/9/10	Construction Law Seminar	San Francisco, CA				325.40	420.00		745.40
Jennifer J Galego	Jennifer J Galego	S 3/3-3/5/10	70025	3/29/10	Construction Law Seminar	San Francisco, CA		130.00				116.04	246.04
Jennifer J Galego	CLE International	R 3/3-3/5/10	69894	3/22/10	Construction Law Seminar	San Francisco, CA			695.00				695.00
Total Legal Cost Center (24)													3,903.15
IT (33)													
Keith A Zuidema	Keith A Zuidema	S 7/5-7/10/09	67112	7/21/09	Ultimate Exchange Server 2007	New York, NY	172.70	240.00			(164.80)	310.00	557.90
Danny Garcia	CDW Government	R 10/5-10/9/09	68221	10/27/09	SYM 5 day TRAINING	New York, NY			3,180.00				3,180.00
Danny Garcia	Danny Garcia	S 10/5-10/9/09	68381	11/10/09	SYM 5 day TRAINING	New York, NY		196.37		344.07		39.45	579.89
Total IT Cost Center (33)													4,317.79
Engineering (44)													
Eugene Sorkin	Eugene Sorkin	S 7/9-7/10/09	67182	7/28/09	HIS (Houston Service Industries)	Houston, TX		65.00		429.40	162.63	5.00	662.03
Terry Cote	Terry Cote	S 7/9-7/10/09	67223	7/28/09	HIS (Houston Service Industries)	Houston, TX		65.00		429.40	162.63	27.00	684.03
Thomas G Brueckner	Thomas G Brueckner	A 10/11-10/14/09	67557	8/25/09	WEFTEC 09 Conference	Orlando, FL				675.20	473.25		1,148.45
Thomas G Brueckner	Water Env Fed	R 10/11-10/14/09	67629	9/2/09	WEFTEC 09 Conference	Orlando, FL			875.00				875.00
Thomas G Brueckner	Thomas G Brueckner	S 10/11-10/14/09			WEFTEC 09 Conference	Orlando, FL					(332.03)		(332.03)
Kathryn Kelly	Kathryn Kelly	R 2/9-2/13/10			Microtunneling Training	Denver, CO			1,325.00				1,325.00
Kathryn Kelly		CP			Reimbursement by Capital Projects				(1,325.00)				(1,325.00)
Kathryn Kelly	Kathryn Kelly	A 2/9-2/13/10	69113	1/12/10	Microtunneling Training	Denver, CO				360.40	500.00		860.40
Eugene Sorkin		CP			Reimbursement by Capital Projects			(65.00)		(429.40)	(162.63)	(5.00)	(662.03)
Terry Cote		CP			Reimbursement by Capital Projects			(65.00)		(429.40)	(162.63)	(27.00)	(684.03)
Kathryn Kelly		CP			Reimbursement by Capital Projects					(360.40)	(500.00)		(860.40)
Kathryn Kelly	Kathryn Kelly	S 2/9-2/13/10	70361	4/27/10	Microtunneling Training	Denver, CO		170.00				65.08	235.08
Kathryn Kelly		CP			Reimbursement by Capital Projects			(170.00)				(65.08)	(235.08)
Total Engineering Cost Center (44)													1,691.42
Pretreatment (52)													
Kerry M Britt	Kerry M Britt	A 5/18-5/21/10	70117	4/6/10	2010 NACWA PPP Workshop	Phoenix, AZ				250.00			250.00
Kerry M Britt	Kerry M Britt	S 5/18-5/21/10	71095	6/8/10	2010 NACWA PPP Workshop	Phoenix, AZ		165.00		148.80	468.18	50.00	831.98
Kerry M Britt	NACWA	R 5/18-5/21/10	71350	6/22/10	2011 NACWA PPP Workshop	Phoenix, AZ			525.00				525.00
Total Pretreatment Cost Center (52)													1,606.98
Planning (54)													
Barry Wenskowicz	Barry Wenskowicz	S 10/1-10/2/09	69656	3/2/10	NEBRA Conference	Lawrence, MA	89.00						89.00
Barry Wenskowicz	Barry Wenskowicz	S 11/4-11/5/09	69656	3/2/10	NEBRA Conference	North Haven, CT	109.00						109.00
John Bissonette	John Bissonette	A 6/7-6/8/10	70672	5/25/10	NEWEA Spring Meeting	Ogunquit, ME					165.00		165.00
James McCaughey	James McCaughey	S 5/18-5/22/10	71009	6/2/10	2010 NACWA PPP Workshop	Phoenix, AZ				374.60	468.18	184.00	1,026.78
James McCaughey	NACWA	R 5/18-5/22/10	71350	6/22/10	2010 NACWA PPP Workshop	Phoenix, AZ			575.00				575.00
John Bissonette	NEWEA	R 6/7-6/8/10	71356	6/22/10	NEWEA Spring Meeting	Ogunquit, ME			400.00				400.00
Total Planning Cost Center (54)													2,364.78
GRAND TOTAL TRAVEL													\$30,795.52