

**NARRAGANSETT BAY  
COMMISSION**

*2012*

**ANNUAL  
REPORT**





*The Narragansett Bay Commission's Silver LEED Designed Administration Building at the Field's Point Wastewater Treatment Facility. The new building features a green roof, a rain garden, reused asphalt and concrete, porous asphalt paving, native plant communities, and energy saving windows and lights, and has received awards for excellence in sustainable design by the American Institute of Architects and Rhode Island Monthly magazine.*

# 2012

## CHAIRMAN'S MESSAGE: VINCENT J. MESOLELLA

### **Over the past thirty years, the Narragansett Bay Commission has done an exceptional job of fulfilling our clean water mission:**

Narragansett Bay is visibly and measurably cleaner, the urban rivers serve as vibrant community resources, and our treatment facilities are among the finest in the nation. In short, we undeniably have met the goals established by Governor J. Joseph Garrahy's 1978 Sewerage Facilities Task Force, which sought to repair the dilapidated Providence Sewage Treatment Plant, then the second worst municipal pollution problem in New England.



That facility, renamed the Field's Point Wastewater Treatment Facility, soon won accolades from the US Environmental Protection Agency as the best operated and maintained facility in the nation. It stands in conjunction with the Narragansett Bay Commission's Bucklin Point Wastewater Treatment Facility as the last line of defense for water quality in upper Narragansett Bay, to the environmental and economic benefit of all Rhode Islanders.

I have been a member of the Commission since that 1978 task force, and I can say with sincerity that the development of this agency over the past three decades has been a joy to witness. I am very proud of all that we have accomplished.

But, this agency is not one to rest on laurels. We always look for better and more efficient ways to meet our environmental responsibilities to our rivers and bay as well as our fiduciary responsibilities to our ratepayers. In 2012, we made exciting progress on a project that addresses both of those responsibilities: this year the Narragansett Bay Commission constructed three 1.5 megawatt wind turbines at Field's Point. These gorgeous towers are 365 feet tall and serve as a visual reminder that our clean water future depends on seeking and using sustainable forms of energy. As anyone who has ever stood outside at Field's Point knows, wind is an abundant commodity there. Through careful planning and comprehensive study, the Commission determined that we could generate a sizable portion of the energy we need for operations at the treatment facility--and substantially reduce our carbon footprint--by using nature's own wind. And, over the course of two weeks in February, crews erected the 230 foot towers and attached the 80,000-pound blade sections without disturbing the day-to-day clean water operations of the plant.

The turbines, like the Commission's comprehensive Combined Sewer Overflow Project and nutrient reduction facilities at both treatment plants, are an exciting example of the crucial interplay between a healthy environment and a healthy economy, and a testimony to our long-held belief that clean water infrastructure is a good investment for our communities and our nation.

I look back at the goals that were set for the Narragansett Bay Commission thirty years ago when the voters of Rhode Island overwhelmingly approved the bond issue that created this excellent agency. At the time, the obstacles seemed insurmountable. Today, I am gratified at the amazing progress the Narragansett Bay Commission has made and the esteem in which this agency is held all over the country and all over the world, and I am pleased to say that the Board of Commissioners, the Citizens Advisory Committee, and the Commission's staff have the enthusiasm and energy to continue the task of stewarding a cleaner and healthier Narragansett Bay for all Rhode Islanders.



*Two hundred and thirty feet up, in the nacell of Tower B, a worker guides the 80,000-pound blade section into place during erection of one of the Narragansett Bay Commission's three 1.5 megawatt wind turbines.*

# 2012

## EXECUTIVE DIRECTOR'S MESSAGE: RAYMOND J. MARSHALL, P.E.

**When the Clean Water Act was passed in 1972, Congress laid out a bold agenda for America:** that all of our nation's navigable waterways would meet swimmable and fishable criteria. In other words, Congress declared that every American had the right to clean water.

Congress' landmark action forty years ago provided the guidelines by which we operate every day at the Narragansett Bay Commission. Over the years, the Clean Water Act has been interpreted to require increasingly refined levels of wastewater treatment and agencies like the Narragansett Bay Commission have met these progressively stringent requirements. The improvements in our receiving waters are tremendously gratifying, but we do recognize that clean water comes at a cost that is borne by our ratepayers, some of whom are among our region's most economically vulnerable citizens.



Despite these challenges, I am pleased to report that in fiscal year 2012, the Commission made significant strides on a number of initiatives that will enhance the environmental and economic health of our state. We continued our commitment in 2012 to sustainable and effective clean water infrastructure as we moved forward with construction of Phase II of the CSO Project, continued construction of the nitrogen removal project at the Field's Point facility, and began enhancing nitrogen removal at Bucklin Point. We boldly constructed wind turbines to generate our own power and we completed construction on an award-winning Silver LEED Designed building at Field's Point. Along the way, the Commission garnered numerous awards and accolades\*, reflecting first-class treatment facilities, reliable sewer infrastructure, and managerial excellence.

In 2012, the Commission completed its twentieth consecutive year under budget, its fifteenth consecutive year with a spotless financial audit by independent auditors, and has been awarded a tenth Distinguished Budget Presentation Award and a ninth Certificate in Excellence in Financial Reporting by the Government Finance Officers' Association of the United States and Canada.

Still, we recognize that the economy in Rhode Island has been slower to improve than other places in the nation. Therefore, the Narragansett Bay Commission advocates as a member of the National Association of Clean Water Agencies (NACWA) to encourage the federal government to take an integrated approach to future clean water mandates that brings local affordability into the equation. Although we face a national funding gap of over \$12 billion per year between federally mandated clean water infrastructure projects and federal funding commitments, we are cautiously optimistic that our nation's elected and environmental leaders will partner with us to make smart decisions about the management of our clean water resources.

The information in this annual report illustrates how the Narragansett Bay Commission's infrastructure, technological expertise, and environmental ethics continue to protect and enhance Narragansett Bay and the tributary rivers. We look forward to continued good news in the 2013 report.

*\*For a full list of 2012 awards, see page 7.*

Snapshot of the Bay - Home Page - Microsoft Internet Explorer provided by Narragansett Bay Commission

http://snapshot.narrabay.com/app/

File Edit View Favorites Tools Help

Favorites Suggested Sites Web Slice Gallery DEMODE -- Democratic ... Free Hotmail

Snapshot of the Bay - Home Page

Narragansett Bay Commission

SNAPSHOT of Upper Narragansett Bay

MONITORING INITIATIVES BUOYS LEARN MORE LINKS

**Welcome**

The Narragansett Bay Commission's (NBC) Mission Statement is to maintain a leadership role in the protection of water quality in Narragansett Bay and its tributaries. The NBC keeps to this vow by continually monitoring water quality at its two buoy locations, collecting water quality casts, mapping surface water quality parameters, and taking samples of the Bay's bacterial and nutrient levels.

**Providence Conditions**

Live Conditions: 1:25 2:12 PM

Wind Conditions: 5 mph NNW

Temperature: 25° Air 37° Water

Providence Tide Predictions

06:42 AM	4.3'	High
12:12 PM	0.1'	Low
07:02 PM	4.2'	High

Information provided by NOAA

Flow Through used in surface mapping program

Map

**Bullock Reach**

Last Updated: 11/26/13 9:48 AM

Sonde Location	Surface	Middle	Bottom
Depth (m)	0.07	3.94	0.16
Temperature (C)	7.83	8.27	18.11
Temperature (F)	46.04	46.89	64.6
Salinity (ppt)	28.34	29.36	0
Diss Oxygen (mg/L)	9.44	9.2	9.89
pH	7.63	7.83	6.43
Chlorophyll (ug/L)	2.6	2	
Turbidity (NTU)			10.6

**Phillipsdale**

Last Updated: 11/26/13 8:00 AM

Sonde Location	Surface	Middle	Bottom
Depth (m)	-7999	-7999	-7999
Temperature (C)	-7999	-7999	-7999
Temperature (F)	-7999	-7999	-7999
Salinity (ppt)	-7999	-7999	-7999
Diss Oxygen (mg/L)	-7999	-7999	-7999
pH	-7999	-7999	-7999
Chlorophyll (ug/L)	-7999	-7999	-7999
Turbidity (NTU)	-7999	-7999	-7999

Sonde

Pembroke Lighthouse

Trusted sites | Protected Mode: Off

75%

The Commission's SNAPSHOT of Upper Narragansett Bay website was awarded a National Environmental Achievement Award in E-Media by the National Association of Clean Water Agencies. The site delivers real-time water quality data as well as analysis from the Commission's scientists.

## 2012 AWARDS & DISTINCTIONS

The Narragansett Bay Commission's *SNAPSHOT of Narragansett Bay* web module receives a National Environmental Achievement Award from the National Association of Clean Water Agencies for Excellence in e-media.

The Narragansett Bay Commission constructs and operates three 1.5 mW wind turbines at the Field's Point WWTF.

The Narragansett Bay Commission's Wind Turbine Project is named in *Water & Waste Magazine's* "Top Projects" list.

The Narragansett Bay Commission's Field's Point WWTF Administration Building wins a Merit Award for Sustainable Design from the American Institute of Architects/Rhode Island Chapter.

The Narragansett Bay Commission's Field's Point WWTF Administration Building wins a Silver Design Award from *Rhode Island Monthly Magazine*.

Narragansett Bay Commission Executive Director, Raymond J. Marshall, P.E., receives Freeman Award from the Providence Engineering Society for professional excellence.

Narragansett Bay Commission wins Distinguished Budget Presentation Award from the Government Finance Officers Association for Fiscal Year 2012 Budget.

Narragansett Bay Commission wins Excellence in Financial Reporting from the Government Finance Officers Association for Fiscal Year 2011 Comprehensive Annual Financial Report.

The Narragansett Bay Commission's World Toilet Day exhibit receives a National Achievement Award from the National Association of Clean Water Agencies for Excellence in Public Education.

Narragansett Bay Commission's Field's Point Wastewater Treatment Facility named Most Efficient Large Secondary Wastewater Treatment Facility from the Narragansett Water Pollution Control Association.

Narragansett Bay Commission's Field's Point and Bucklin Point Wastewater Treatment Facilities receive Silver Awards from the National Association of Clean Water Agencies for treatment excellence.

The Narragansett Bay Commission wins 2012 Worksite Wellness Award from Blue Cross/Blue Shield of Rhode Island.

Narragansett Bay Commission's Field's Point WWTF receives Operations and Maintenance Excellence Award from the US Environmental Protection Agency - Region I.

Narragansett Bay Commission Operations and Maintenance Support Supervisor receives Alfred E. Peloquin Award for lifetime achievement from the New England Water Environment Association.

Narragansett Bay Commission Process Monitor Stephen Cote receives Operator Safety Award from the New England Water Environment Association.



*In 2012, Narragansett Bay Commission Environmental Monitoring staff witnessed a school of dolphins swimming in upper Narragansett Bay, a true testament to the water quality improvements resulting from the Commission's clean water projects and facility management.*



# 2012 BOARD OF COMMISSIONERS

The Narragansett Bay Commission's nineteen-member Board of Commissioners represents the interests of the Greater Providence and Blackstone Valley communities and the interests of the State of Rhode Island. The following individuals volunteer their time as Commissioners:



Robert Andrade  
Treasurer



Richard Brown



Dr. Richard Burroughs



Bruce Campbell



Mario Carlino



Michael DiChiro, Esq.



Jonathan Farnum



Leslie Gray, III



Joseph Kimball



Ronald Leone



John MacQueen



Vincent J. Meselella  
Chairman



Joan Milas



Alessandro Montanari



Alan Nathan



Angelo Rotella  
Vice Chairman



Michael Salvatore



Leo Thompson



Richard Worrell

## CITIZENS ADVISORY COMMITTEE

The Narragansett Bay Commission's Citizens Advisory Committee is a diverse group of dedicated individuals representing municipalities throughout the Commission's service area, industrial and residential users, environmental organizations, and the general public. This committee advises the Board of Commissioners on matters pertaining to sewer usage fees, sewer construction, industrial pretreatment, public awareness, and education. The Commission is very grateful to:

Harold Gadon, Chairman; Howard Schacter, Vice Chairman; Lou Blais; Ted Bragger; Christopher Hamblett; Chris Hannifan; Phillip Holmes; Jean Lynch; Chandrasekhar Mohanty; Armand Oliver; Nilesh Patel; Michael Quinn; Jane Sherman



*Above: A micro-tunneling machine on a rare visit above ground. This machine bores a tunnel thirty feet underground in which to place a new combined sewer overflow (CSO) interceptor, which can convey additional flow to the existing CSO tunnel.*



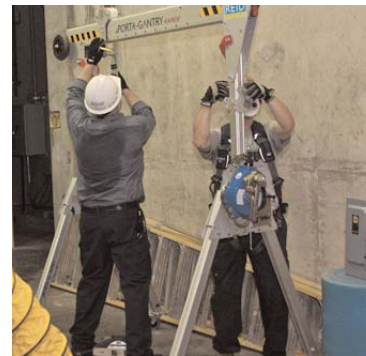
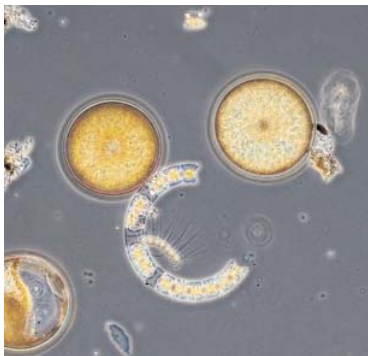
*Left: Storm pipe waiting to be installed on Providence's East Side. The new storm drains will create additional capacity in existing sanitary sewers and decrease storm-related overflows to the Moshassuck River.*

## 2012 CLEAN WATER CONSTRUCTION AND ASSET MANAGEMENT

Over four billion gallons of storm-related combined sewage flow has been conveyed through the Narragansett Bay Commission's Phase I Combined Sewer Overflow (CSO) tunnel and treated at the Field's Point Wastewater Treatment Facility. In 2012, the Commission began construction on Phase II of the project, which includes near-surface interceptors along the Woonasquatucket and Seekonk Rivers to capture overflows currently sited on those rivers and transport that flow to the Phase I tunnel, sewer separation on Providence's East Side, and a wetlands treatment facility in Central Falls. Whereas Phase I construction occurred almost entirely out of sight and deep underground, Phase II is highly visible; impacts area residents, commuters, and businesses, and necessitates enhanced public communication and education. By the end of 2012, the Narragansett Bay Commission had broken ground on twelve of the fourteen construction contracts in Phase II, bringing over \$200 million in construction jobs to Rhode Island.

In 2012, the Commission continued construction on a nutrient removal project that will bring seasonal nitrogen effluent levels to 5 mg/L at the Field's Point Wastewater Treatment Facility. Thanks to the foresight and hard work of the Board of Commissioners and agency staff, this project was shovel-ready and qualified for funding under the American Reinvestment and Recovery Act. Even though the project is still under construction, the facilities already provide an environmental benefit, and interim nitrogen removal results are impressive. Work began at Bucklin Point this year to enhance nitrogen removal at the facility, bringing the permitted level of seasonal total nitrogen from 8 mg/L to 5 mg/L.

With increasing weather extremes and several consecutive years of heavy rainfall, reliable infrastructure and operational assets are crucial for clean water. This year, the Narragansett Bay Commission continued implementation of its comprehensive Asset Management Program. The program identifies priorities in the replacement and repair of equipment and structures with proactive preventive maintenance and a replacement schedule. The Asset Management Program includes inspection, cleaning, and other improvements to the collection system infrastructure. The Commission's expertise in Asset Management continues to make it a respected leader throughout the country.



*Above: Environmental Monitoring staff investigate water quality in many different scenarios. Below, left to right: Phytoplankton under the microscope; Providence Mayor Angel Taveras at the NBC's CSO tunnel pumping station in advance of Hurricane Irene, with Executive Director Ray Marshall, Engineering Director Paul Nordstrom, and Providence Emergency Management Director Peter Gainor; Joe Crosby and Mike Spring preparing at Field's Point for the Operators' Challenge, a test of skill for clean water maintenance experts.*

Sound and reliable science must drive water quality improvements in Narragansett Bay and elsewhere. Beneficial management strategies and appropriate policy decisions stem from intensive data collection and intelligent analysis. Every day the Commission's Environmental Monitoring and Data Analysis staff pursue sound science through intensive sampling in the Commission's collection system, at the treatment plants, in the urban rivers and upper Narragansett Bay. Their extensive bacteria data encouraged the decision by the Rhode Island Departments of Environmental Management and Health to decrease shellfishing closures after rain events, due to improved water quality after the commissioning of the Phase I CSO tunnel. Their studies show that nutrient loading from area rivers can increase from 91% to 282% in wet weather as compared to dry weather loadings and will be a crucial component of determining the efficacy of the Commission's nitrogen reduction projects at Field's Point and Bucklin Point.

Extreme weather conditions also provoke the Commission scientists to ask new questions about water quality. In the advent and wake of Hurricane Irene in September 2011, the staff undertook additional monitoring and studies of Narragansett Bay and the tributary rivers to determine the efficacy of existing infrastructure and to serve as a benchmark for evaluating the performance of future construction.

With the successful completion of the Commission's wind turbine construction, the Commission continues to plan for biogas generation at Bucklin Point. The facility currently uses digester biogas supplemented with natural gas as its fuel for the three boilers that heat sewage sludge. By using biogas in cogeneration equipment such as microturbines or reciprocating engines, this process could generate up to 30% of the electricity and heat needed for the facility.

And, because the Commission has long been of the opinion that good information becomes useful information once it is shared, Environmental Monitoring and Data Analysis staff continued to populate the award-winning water quality web module, *SNAPSHOT of Upper Narragansett Bay* ([snapshot.narrabay.com](http://snapshot.narrabay.com)), which provides real-time and historical water quality data as well as narrative blogs from Commission scientists.



*Above: Artistically-enhanced toilet seats for the Commission's World Toilet Day exhibit.*

*Left: Curious students learn about marine life and other clean water topics at the annual Woon Watershed Explorers Conference.*

## 2012 CLEAN WATER AND OUR COMMUNITIES

While every Rhode Islander will agree that Narragansett Bay is the jewel in the state's crown, we also can not underestimate the value of our local rivers to the historic, environmental, and economic fabric of the Ocean State. These tributaries---from the Woonasquatucket in the west to the Blackstone and Seekonk in the east---truly connect our communities. Ensuring the health of these rivers is not only an historical imperative, it is crucial to protecting and preserving water quality in Narragansett Bay.

In 2012, the Commission expanded its annual Earth Day clean-up of the Woonasquatucket River by offering grants to local environmental, non-profit, and neighborhood groups to conduct river clean-ups in their own neighborhoods and to encourage local stewardship of our community waters. This year also saw the continuation of the Narragansett Bay Commission's support of the Providence Children's Museum's WaterWays exhibit. By far the museum's most popular exhibit, this series of channels and canals not only gives children hands-on experiences with the physical properties of water, but also elicits giggles and squeals of delight with every splash.

The Commission has long understood that the best way to protect the quality of our local waters is to involve our younger constituents early on in keeping them healthy. Thanks to a wide variety of programs and activities designed for young advocates and scientists, the Narragansett Bay Commission aims to encourage lifelong learning and potential careers in clean water. The Commission's award-winning Woon Watershed Explorers program leverages the natural enthusiasm and energy of thousands of local elementary school students with a nine-month hands-on exploration of water quality, culminating in a year-end Environmental Education Summit, where students present their data to peers from other communities in the program. For high school students, the Commission continues its successful collaboration with Providence's MET School, in which students study environmental and policy-related clean water issues both locally and globally.

In 2012, the Narragansett Bay Commission again commemorated World Toilet Day. The observance, initiated by the United Nations in 2001, seeks to bring awareness to the fact that nearly half of the world's population does not have access to adequate sanitation. In light of this, the Commission asked student artists throughout the service area to "artistically enhance" a white toilet seat with a message about clean water. The resulting artwork ranged from humorous to genuinely thought-provoking. The artwork, displayed at the Firehouse 13 Gallery in Providence, drew an enthusiastic crowd to the gallery.

Commission employees regularly give of themselves to build a better community. In 2012, seventy employees participated in the State Employees Charitable Appeal campaign, and over eighty employees participated in a casual day fund that supports philanthropic causes, including the American Red Cross, the Wounded Warrior Project, and the Environment Council of Rhode Island.



*A view of the green roof, native plantings, and reused concrete and asphalt from the Commission's new Silver LEED Designed Administration Building at the Field's Point Wastewater Treatment Facility. One of the Commission's three 1.5 mW wind turbines is in the background.*



# 2012

## FINANCIAL STATEMENTS: JUNE 30, 2011

### STATEMENT OF NET ASSETS

#### ASSETS

##### CURRENT ASSETS

Cash & cash equivalents	\$15,448,302
Accounts receivables	
Sewer use (net of allowance)	9,991,957
Sewer use unbilled	3,771,489
Receivables, other	189,752
Due from the RI Clean Water Finance Agency	40,887,057
Prepaid expenses	664,620
<b>Total current assets</b>	<b>70,953,177</b>

##### NONCURRENT ASSETS

##### RESTRICTED ASSETS

Cash - environmental enforcement	87,748
Cash & cash equivalents - restricted	35,871,076
Cash & cash equivalents - restricted for the acquisition and construction of capital assets	21,146,977
<b>Total restricted assets</b>	<b>57,105,801</b>

##### CAPITAL ASSETS

Land	2,754,407
Plant and equipment	81,449,851
Capital projects completed	527,255,060
Construction in progress	289,872,521
Total	901,241,839

Less accumulated depreciation (142,391,927)

**Net capital assets** 758,849,912

##### OTHER ASSETS

Negative net pension obligation	94,296
Organization costs (net of accumulated amortization)	19,815
Bond and loan issuance costs (net of accumulated amortization)	5,728,057
<b>Total other assets</b>	<b>5,842,168</b>
<b>Total noncurrent assets</b>	<b>821,797,881</b>

**TOTAL ASSETS** \$892,751,058

#### LIABILITIES

##### CURRENT LIABILITIES

Accounts and contracts payable	\$16,296,283
Accrued interest payable	4,226,176
Accrued expenses	3,154,268
Unearned revenue	272,105
Current portion - loans payable	20,192,958
Current portion - leases payable	133,771
Current portion - long term debt	1,735,000
<b>Total current liabilities</b>	<b>46,010,561</b>

##### NONCURRENT LIABILITIES

Other accrued expenses	69,892
Long-term loans payable, net	320,786,986
Long-term leases payable, net	115,665
Long-term debt, net	149,568,958
<b>Total noncurrent liabilities</b>	<b>470,541,501</b>

**Total liabilities** 516,552,062

##### NET ASSETS

Investment in capital assets, net of related debt	298,407,024
Restricted - env. enforcement	87,748
Unrestricted	77,704,224

**TOTAL NET ASSETS** \$376,198,996

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

# 2012

## FINANCIAL STATEMENTS: FOR THE YEAR ENDED JUNE 30, 2011

### STATEMENTS OF REVENUES, EXPENSES & CHANGES IN NET ASSETS

OPERATING REVENUES	
User fees - residential	\$43,266,302
User fees - commercial & industrial	32,665,450
Permit and connection fees	85,487
Pretreatment	1,087,140
Environmental enforcement	1,000
Septage income	304,157
Abatement fees	2,160
Late charge penalties	918,943
Miscellaneous income	5,089
BOD/TSS surcharge	93,462
<b>Total operating revenue</b>	<b>78,419,190</b>
OPERATING EXPENSES:	
Personnel services	19,412,763
Contractual services	6,780,533
Travel	38,999
Repairs and maintenance	1,617,879
Utilities	4,247,867
Supplies	1,143,635
Depreciation & amortization	10,569,625
Bad debt expense	170,457
Insurance	821,924
Miscellaneous	742,863
<b>Total operating expenses</b>	<b>45,546,545</b>
<b>Operating income</b>	<b>32,872,645</b>
NON-OPERATING REVENUES (EXPENSES):	
Grant	129,327
Interest expense	(11,785,551)
Interest income	10,868
Miscellaneous nonoperating income	247,740
Bond and note issue costs	(60,883)
<b>Total non-operating revenues (expense)</b>	<b>(11,458,499)</b>
<b>Income before capital contributions</b>	<b>21,414,146</b>
<b>Capital contributions</b>	<b>1,550,547</b>
<b>CHANGE IN NET ASSETS</b>	<b>22,964,693</b>
<b>TOTAL NET ASSETS, BEGINNING OF YEAR</b>	<b>353,234,303</b>
<b>TOTAL NET ASSETS, END OF YEAR</b>	<b>\$376,198,996</b>

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



## FINANCIAL STATEMENTS: FOR THE YEAR ENDED JUNE 30, 2011

### STATEMENTS OF CASH FLOW

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$78,003,379
Cash payments for goods & services	(14,804,887)
Cash payments to employees for services	(19,295,559)
Other operating revenues	258,740
<b>Net cash provided by operating activities</b>	<b>44,161,673</b>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITY	
Grant receipts from grants	94,581
<b>Net cash provided by non-capital financing activities</b>	<b>94,581</b>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES	
Acquisition & construction of capital assets	(5,628,522)
Principal paid on debt, net	(20,509,077)
Interest paid on debt	(11,403,912)
Bond & note issuance costs	(60,883)
<b>Net cash used for capital &amp; related financing activities</b>	<b>(37,602,394)</b>
CASH FLOWS FROM INVESTING ACTIVITY	
Interest on investments	10,868
<b>Net cash provided by investing activity</b>	<b>10,868</b>
<b>Net increase in cash &amp; cash equivalents</b>	<b>6,664,728</b>
<b>Cash &amp; cash equivalents, beginning of year</b>	<b>65,889,375</b>
<b>Cash &amp; cash equivalents, end of year</b>	<b>\$72,554,103</b>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
<b>Operating income</b>	<b>\$32,872,645</b>
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Depreciation & amortization	10,569,625
Bad debt expense	170,457
Changes in assets & liabilities:	
Increase in accts receivables	(218,126)
Increase in unbilled revenue	(193,445)
Decrease in other receivables	73,152
Increase in prepaid expenses	(375,336)
Increase in negative net pension obligation	(25,207)
Increase in accts & contracts payable	529,142
Increase in other accrued expenses	504,226
Increase in unearned revenue	1,889
Nonoperating income reported as operating revenue received	252,611
<b>Total adjustments</b>	<b>11,289,028</b>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$44,161,673</b>

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



*The health of our tributary rivers directly impacts the health of Narragansett Bay. Thanks to the Narragansett Bay Commission's clean water construction and environmental monitoring activities, our rivers are once again vibrant community resources.*

2012

**FINANCIAL STATEMENTS: FOR THE YEAR ENDED JUNE 30, 2011**

**STATEMENT OF CASH FLOWS (CONTINUED)**

**NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchase of equipment financed by a capital lease \$129,215

The Narragansett Bay Commission 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 Narragansett Bay Commission 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 as follows:

Project invoices paid by the Rhode Island Clean Water Finance Agency \$50,637,732

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

**THE NARRAGANSETT BAY COMMISSION'S  
246 ENVIRONMENTALISTS**

**PURSUE THIS MISSION EVERY DAY TO BRING CLEAN WATER TO OUR COMMUNITY**

*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.*

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