

Springfield
Water and Sewer Commission
Springfield, Massachusetts



Annual Comprehensive
Financial Report

For the Fiscal Year Ended June 30, 2024

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SPRINGFIELD WATER AND SEWER COMMISSION

Springfield, Massachusetts

Annual Comprehensive Financial Report
For the Year Ended June 30, 2024



COMMISSIONERS

Vanessa Otero, Chairwoman

Daniel Rodriguez
Matthew Donnellan

Joshua D. Schimmel
Executive Director

Anthony J. Basile
Comptroller

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Prepared by Financial Group

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INTRODUCTORY SECTION

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**SPRINGFIELD WATER
AND SEWER COMMISSION**

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October 25, 2024

Springfield Water and
Sewer Commission
P.O. Box 995
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To the Customers and Board of Commissioners of the
Springfield Water and Sewer Commission

It is our pleasure to submit the Springfield Water and Sewer Commission's (the Commission) Annual Comprehensive Financial Report for the year ended June 30, 2024. Responsibility for the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the Commission's management. To the best of our knowledge and belief, this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of the Commission's operations. Disclosures necessary to enable the reader to gain an understanding of the Commission's financial activities have been included.

The Commission was created by an Act of the Massachusetts Legislature that requires an annual audit by independent certified public accountants. The Commission's Board selected the independent audit firm of Marcum LLP to perform an audit of the Commission's books for fiscal year ended June 30, 2024.

The Management's Discussion and Analysis (MD&A) follows the independent auditors' report and provides a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it.

The Commission is required to assess whether an annual Single Audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) needs to be performed. In accordance with Uniform Guidance, a single audit was required for fiscal year 2024 because the Commission's federal expenditures were above \$750,000.

ABOUT THE COMMISSION

The Commission was created by an Act of the Massachusetts Legislature adopted by the Springfield City Council in April 1996. The adoption of the Act merged the functions and responsibilities of the Springfield Municipal Water Department and the Regional and Local Wastewater Divisions of the City of Springfield's (the City) Department of Public Works into one Commission. A three-member board, appointed by the Mayor and approved by the City Council, is the governing body of the Commission. The ownership and operation of the water and sewer system were transferred to the Commission in June 1996.

The Commission has the authority to independently set its rates and charges. These rates and charges are set at a level and amount sufficient to meet the Commission's financial obligations including but not limited to operating expenses, debt service on all outstanding bonds, and any reserve requirements specified in bond resolutions.

WATER SYSTEM

History of Springfield's Water Supply

The Springfield water system dates back to 1848 when the Springfield Aqueduct Company was formed. In 1863, the City of Springfield began to investigate new water supplies. In 1872, the City purchased the Springfield Aqueduct Company and began to develop the Ludlow Reservoir by purchasing all the land surrounding the reservoir site. In November 1875, the 1.71-billion-gallon Ludlow Reservoir became the City's primary water supply.

In 1910, construction of the Borden Brook Reservoir (2.5 billion gallons) was completed, and this became the City's primary supply. The Ludlow Reservoir continued to be the primary supply for Ludlow and a secondary supply for Springfield. Borden Brook Reservoir continued to serve as Springfield's primary supply until 1931, when Cobble Mountain Reservoir was constructed, and this 22.8-billion-gallon reservoir has been the City of Springfield's primary supply source ever since. Borden Brook Reservoir is still an active supply source and feeds into the Cobble Mountain Reservoir. In 1994, Cobble Mountain Reservoir became the primary water supply for the Town of Ludlow. The Ludlow Reservoir is maintained as an emergency supply source.

Treatment

Water flows from the Cobble Mountain Reservoir to the West Parish Water Filtration Plant in Westfield, where it is filtered and treated to protect public health. The filtration process removes particles and impurities from the water. Then, the pH of the water is adjusted, and corrosion inhibitors are added to protect home plumbing and to comply with lead and copper regulations. Finally, chlorine is added to disinfect the water before it flows out into the distribution system for delivery to our customers.

Over 50,000 water quality tests are conducted annually to ensure that the water produced is safe. The Commission's State certified laboratory analyzes water samples daily. Private certified laboratories are also utilized to document that the water meets State and Federal regulatory standards and requirements.

Storage

After leaving the West Parish Water Filtration Plant, the finished drinking water travels through three transmission mains to three storage tanks located on Provin Mountain in Agawam. The three tanks have a total storage capacity of 43.7 million gallons.



Distribution

Water flows by gravity from the Provin Mountain storage tanks to the service area that includes the majority of Springfield and Ludlow. The Commission has five pump stations, which provide increased pressure to some of the higher elevation areas in the City of Springfield and Ludlow during periods of high demand.

The Springfield Water and Sewer Commission is responsible for providing drinking water from the source through treatment and storage to distribution to our customers taps. In addition to serving the residents of Springfield and Ludlow, the Commission provides wholesale water to the communities of Agawam, East Longmeadow, and

Longmeadow, and provides partial service or emergency service to Southwick, Westfield, and West Springfield. The Commission can also provide water on an emergency basis to Chicopee and Wilbraham.

POWER GENERATION

The Commission owns Cobble Mountain Hydro-Power Station, which is located in the Town of Granville, Massachusetts. The Station utilizes stored static hydro-pressure energy at the Cobble Mountain Reservoir Dam for green power production when water is conveyed to the Commission's West Parish Water Filtration Plant.



The generated power is transmitted and sold to ISO New England electricity market. The Plant has a

nominal capacity of 33 Megawatt-hours power production through three turbine generators: two rated at 13.6 Megawatts (MW) and one at 5.7 MW. Currently two of the three turbines are shutdown (one 13.5 MW and one 5.7 MW), and partially disassembled for rehabilitation needs and improvement. In fiscal year 2024, the plant output was approximately 10,300 MW.



The Commission manages the water supply resources for drinking water and generates power mainly as an ancillary benefit when water is conveyed for treatment.

The Commission is currently in a ten-year agreement with the City of Holyoke Gas & Electric Department (HG&E) to manage, operate, and maintain (O&M) the Station, expiring June 30, 2026. The Commission has a separate ten-year agreement with HG&E to provide marketing agency and facilitation of power sales into the ISO-New England market. HG&E is compensated for its O&M expenses, which includes routine maintenance work, and is reimbursed for major maintenance work approved by the Commission, and for support work on capital projects as approved by the Commission as well.



HG&E is also paid a flat monthly fee with a maximum annual cap for the marketing and facilitating of power sales. Historically, the Commission has received annual net income from the power station and anticipates continuing to receive net income during the ten-year term of these agreements.



The Power Plant generated enough Green Power in fiscal year 2024 to meet the average annual power needs for approximately 1,400 homes in Massachusetts.

SEWER SYSTEM

Wastewater Collection

The Springfield Water and Sewer Commission services approximately 37,700 sewer accounts. The sewer collection consists of 150 miles of combined sewer stormwater pipe, 473 miles of combined and separated sewer pipe, 24 combined sewer overflow outfalls, 11,507 manholes, and 31 pumping stations. Wastewater is conveyed to the Springfield Regional Wastewater Treatment Facility (SRWTF) located on Bondi’s Island off Route 5 in Agawam, MA.



The SRWTF treats wastewater from the households, businesses, and industries within Springfield and surrounding member communities, including Agawam, East Longmeadow, Longmeadow, Ludlow, Wilbraham, West Springfield, and a small section of Chicopee. The SRWTF is designed to treat up to 67 million gallons of wastewater per day. Currently, a daily average of 44 million gallons of wastewater is cleaned, treated, and returned to the Connecticut River. The SRWTF is the second-largest treatment facility in New England.

The SRWTF is owned by the Commission and is currently operated and maintained under a twenty-year Service Agreement between the Commission and Veolia Water USA, Inc., (formerly Suez Water Environmental Services, Inc.), which began on October 1, 2020, with an additional period up to five years, solely at the option of the Commission. In March of 2022, Veolia Water USA, Inc. merged its operations with Suez Water, Inc., which is the entity owning Suez Water Environmental Services Inc. (“Suez”). Following the merger, the name of Suez Water Inc, was amended to Veolia Water, USA, Inc. In addition, the name of Suez was amended to Veolia Water Contract



Operations, Inc. (Veolia). As of March 2022, the Service Agreement is between the Commission and Veolia.

Treatment consists of two major steps: primary treatment and secondary treatment. During the primary treatment stage, sand, grit, and solids are removed from the untreated sewage. The secondary treatment phase uses bacteria to further break down the dissolved solids, which produces sludge. The treated wastewater is then separated from the sludge, cleaned, and disinfected before being released into the Connecticut River in compliance with the facility's National Pollution Discharge Elimination System (NPDES) permit issued by the U.S. EPA and MA DEP. Veolia is responsible for the biological treatment, disinfection, and chlorination of the wastewater that flows through the plant.

Effluent flow to the Connecticut River is tested and monitored daily at the facility's on-site State certified testing laboratory to ensure that required permit limitations are not exceeded and the water can be discharged safely to the Connecticut River without harming the environment. The solids, or sludge, resulting from the treatment process are disposed of in a variety of ways including landfill and incineration as part of the Veolia contract.

Bondi's Island - The History Behind the Name



From his native Italy, Luigi Bondi came to Springfield with his wife and children in the late 1800's. With a successful venture in the produce business under his belt, he started acquiring land in and around Springfield. He purchased an Island (Bondi's Island) on the Connecticut River in 1889 for \$100. It was common practice in those days to measure real estate in approximations to local landmarks; unfortunately, landmarks change as time goes on, so it is not known for certain where the original Bondi's Island lies. Speculation and

local lore have the Island under the west end of the memorial bridge. So why is the Springfield Regional Wastewater Treatment Facility (SRWTF) nicknamed "Bondi's Island"? Locals have said that Luigi Bondi also purchased land in West Springfield surrounded on three sides by water (the Connecticut and Agawam Rivers). These plots of land are guessed to be what was known as Big Island and Hermit Island. Hermit Island was also known to some as Little Island or Cambell's Island. He had peach trees on the island for his produce business and had plans to make a recreation area one day. As time went on, the course of the river may have changed, branches may have been filled in or dried up and the two islands became one. This is the plot of land that Luigi was said to have purchased and is the current location of the SRWTF.

The first wastewater treatment plant was built in 1938-39 and at the time, was a state-of-the-art primary treatment plant that contributed greatly to the quality of the Connecticut and Chicopee rivers. However, it was not until 1960 that all the sewage generated in Springfield went to the treatment facility.

In 1968, the land northwest of the treatment plant started being used as a landfill, and by now more of the water being treated at the treatment plant was coming from surrounding communities. As a result of the 1972 Clean Water Act and increased demand being placed on the treatment plant, a new regional secondary wastewater treatment facility (the SRWTF) was put online in 1977.

Since 1988, three other waste management facilities have been established on Bondi's Island. This is a far cry from the recreational park Luigi Bondi had envisioned a century ago, but it is hoped he would advocate the use of his land as a center of environmental protection.

MANAGEMENT OBJECTIVES

It is the Commission’s objective to provide a high-quality, uninterrupted supply of water to our customers, collect and treat wastewater, and return clean water to the environment.

While fulfilling our objectives the Commission strives to:

- Conserve and protect our reliable, high-quality water supply for present and future generations,
- Meet or surpass public health standards, environmental standards, and support fire protection,
- Operate, maintain, improve, and manage our water and wastewater infrastructure in a cost-efficient manner,
- Manage finances to support Commission needs and maintain reasonable water and wastewater rates,
- Maintain a safe and professional workforce, and
- Understand and respond to customers’ expectations for service.

ORGANIZATION

A three-member board, appointed by the Mayor of the City of Springfield and approved by the City Council, governs the Commission. Decisions made by the Commissioners are implemented by the Executive Director and the staff. The following table lists the Commission Members:

<u>Office</u>	<u>Name</u>	<u>Method of Selection</u>	<u>Term Expiration</u>
Chairwoman	Vanessa Otero	Appointed by Mayor	June 30, 2025
Commissioner	Daniel Rodriquez	Appointed by Mayor	June 30, 2023 *
Commissioner	Matthew Donnellan	Appointed by Mayor	June 30, 2024

* The Mayor has not re-appointed this Commissioner as of this time.

The primary mission of the Board is to ensure the sound economical and efficient operation and maintenance of the systems and to ensure the highest quality services to customers of the Commission. The Board of Commissioners is also responsible for setting clear financial and operational policy directives.

A full-time Executive Director appointed by the Board of Commissioners oversees the Commission’s seven groups: Administration, Engineering, Water Operations, Field Services, Wastewater Operations, Financial, and Information Technology groups.

The Administration group is responsible for executive management, strategic planning, public relations, labor relations, human resources, safety and security, and representing the Commission in all litigation matters and procurement.

The Engineering group is responsible for planning, designing, managing, and providing contract compliance for the construction of the Commission’s capital projects. The group also administers the contract for operation of the power generation plant. The group provides construction and commercial development inspection services. The group also supports asset management and building maintenance.

The Water Operations group is responsible for the management of all dams and reservoirs, surrounding watersheds, water treatment facilities, water transmission mains and easements, water storage facilities, and testing for compliance with water quality regulations.

The Field Services group is responsible for all water distribution pipes and appurtenances, pumping stations, valves and hydrants, routine flushing of lines and exercising of valves for sustained water quality, replacement of customer water services, meters and meter readings, and for all sewer collection pipes and appurtenances, jetting of lines to maintain flows, and other collection system functions.

The Wastewater Operations group is responsible for all industrial pre-treatment programs, fats, oils, and grease programs. This group is also responsible for oversight of operations at the Regional Wastewater Treatment Facility, the pumping stations, and combined sewer overflows.

The financial planning and accounting responsibilities are divided between the Finance group and the Comptroller's group, which based on function ensures proper internal controls and segregation of duties are established and maintained. Both groups combine to effectively operate and manage the Commission's finances. Rate setting, cash management, customer billing and collection, and capital planning are the primary responsibilities of the Finance group. The Comptroller's primary focus is accounting, budget preparation, financial reporting, as well as internal and external audits.

The Information Technology (IT) group performs many strategic roles within the organization. IT maintains core systems that provide digital communication, accurate business planning, systematic management, real-time monitoring, instant customer support, and focuses on long-term business growth. IT offers and maintains technologies such as a robust infrastructure, database management, Geographical Information Systems, systems integration, and analytics along with maintaining all business tools employees use to perform their duties. This group also focuses on cyber security across all business platforms.

CUSTOMER BASE

The Service Area

The Commission serves a total population of approximately 250,000, or about 94% of the total population within the Commission's service area. Please see Table 11 in the Statistical Section for a breakdown by types of customers. The Commission's customer base includes residential population, businesses and industries, and various public, private, and nonprofit institutions in its respective service areas. Information regarding the Municipal Demographics for System Customers is set forth in the Tables found in the Statistical Section of this report.

Water System Customers

The Commission sells water at retail to the populations of Springfield and Ludlow based on metered usage. The Commission sells water based on metered usage to Solutia in accordance with a contract that will expire on June 30, 2033. Solutia is the largest single consumer of water provided by the Commission. The Commission also sells water to the communities of West Springfield and Westfield during peak demand periods based on metered usage.

The costs of operating the Commission's water supply and transmission systems are allocated to the following communities under regional water supply contracts based on a formula that considers each community's consumption with respect to total water output. Five-year contracts with the communities of Agawam and Southwick commenced on July 1, 2019. The Towns of Longmeadow and East

Longmeadow contracts were negotiated in fiscal year 2020 to address changes in the contracts with respect to a few customers located in each other's community. The Town of East Longmeadow and Longmeadow contracts were ratified, signed, and ran until June 30, 2024. The Town of Agawam, Southwick and East Longmeadow have all ratified and signed five-year extensions that will expire on June 30, 2029. The Town of Longmeadow and the Commission continue negotiations regarding the customers located in each other's community and have signed a contract extension expiring on June 30, 2025. All reservoirs, treatment and storage facilities, pump stations, and water transmission mains, are owned by the Springfield Water and Sewer Commission. Each contracted regional community owns and maintains the water distribution pipes within its borders. The Commission owns all distribution pipes in Springfield and Ludlow.

Sewer System Customers

The operating costs for the Springfield Regional Wastewater Treatment Plant are allocated to the following users under contracts based on a formula that considers each participant's contribution of flow, biochemical oxygen demand, and total suspended solids. Five-year contracts with the communities of Agawam, East Longmeadow, Ludlow, West Springfield, and Wilbraham commenced on July 1, 2021. The Commission is still in negotiations with the Town of Longmeadow, but the parties have extended the existing contract until June 30, 2026. A ten-year contract with the Commission's largest user, Solutia, commenced on February 9, 2015, that expires on June 30, 2025. Industrial user, Friendly's Ice Cream, dba Dean Foods, and the community of Chicopee also share about 1.3% of the annual plant operating costs under the same formula, as the above contracts.

The share of operating costs attributable to the customers located in the City of Springfield, are billed directly to each account by the Commission as part of the local sewer rate established by the Commission. The Springfield Water and Sewer Commission owns the Springfield Regional Wastewater Treatment Plant, all Wastewater Pump Stations, and the respective Collection/Interceptor Pipes, including associated wastewater facilities, within the boundaries of the City of Springfield. All other communities own and maintain the collection systems within their respective borders, and they are responsible for the conveyance pipes to the Regional Wastewater Treatment Plant.

ECONOMY

The City of Springfield (the City, Springfield) is located in Western Massachusetts along the bank of the Connecticut River. Springfield is centrally located with Boston 90 miles to the east, Hartford 30 miles south, and New York City 150 miles southwest. Springfield is the hub of Western Massachusetts. The City is surrounded by its suburbs including Agawam, East Longmeadow, Longmeadow, Ludlow, West Springfield, and Wilbraham.

Springfield is the third largest City in the Commonwealth of Massachusetts behind the Cities of Boston and Worcester and is home to approximately 154,000 people. Springfield is the fourth largest City in New England.

Springfield is the region's cultural and economic center. Springfield is home to several of the region's largest employers, including Massachusetts Mutual Life Insurance Company, Baystate Health, Trinity Health Care, Smith & Wesson, Big Y, and MGM Springfield. Major cultural institutions include the Springfield Symphony, the Mass Mutual Center, and the Quadrangle Museums.

Springfield is in Hampden County, which along with Hampshire and Franklin Counties, is collectively known as the "Pioneer Valley."

Nine hospitals and 100 clinics or related facilities make healthcare the largest private industry in Western Massachusetts and a leading economic driver for the region. Baystate Health, the parent organization of Baystate Medical Center, is a four-campus, 800-bed teaching, and research facility, as well as the western campus of Tufts University School of Medicine.

Multi-national banks, the Springfield-based operations of the MassMutual Financial Group and Liberty Mutual as well as a dense concentration of insurance giants, all contribute to the region's financial services.

Springfield is the headquarters of the MassMutual Financial Group, an industry staple since 1851 that sits among the Fortune 100. A more recent addition to the financial services sector in Springfield is Liberty Mutual Insurance Group, the sixth-largest personal and car insurance company in the United States. Liberty Mutual moved some of its operations into Springfield Technology Park.

Hartford Connecticut, "The Insurance Capital of the World," is less than 30 minutes from downtown Springfield. Internationally known companies located there include Travelers, Aetna, The Hartford, ING, and The Phoenix Companies, Inc.

Banking also plays a major role in Pioneer Valley. Berkshire Bank, TD Bank, M&T Bank, Westfield Bank, People's Bank, Citizen's Bank, and Florence Savings Bank are the largest of these institutions.

The region's economy is in transition. Manufacturing was once the mainstay of the region's economy, employing more than 29 percent of the workforce in 1980. Like most of the nation, the Pioneer Valley region is experiencing an increasing shift from manufacturing to service sector jobs. Examples of professions in the service sector include healthcare, education, and other industries that focus on customer-provider interaction. From 1990 to 2000, the service sector's share of total private sector jobs grew from 36 to 41 percent and as of 2011 the service sector comprised 54 percent of the private sector. The fastest-growing industries were healthcare and social assistance, public administration, and utilities. In 2018, CRRC MA opened a newly constructed \$95 million manufacturing facility to produce rail cars for the MBTA Boston's Orange Line and Red Line.

The travel, tourism, and hospitality industries play a tremendous role in Massachusetts' Pioneer Valley. Tourism-related employment in Western Massachusetts totals nearly 5,000.

The Pioneer Valley tourism industry is boosted by the region's famed attractions, including Six Flags New England, Dr. Seuss National Memorial Sculpture Garden, Naismith Memorial Basketball Hall of Fame, Yankee Candle Village, and the Eric Carle Museum of Picture Book Art. The Valley is also known for unique festivals and fairs including The Big E, Bright Nights at Forest Park, the Paradise City Arts Festival, Holyoke's St. Patrick's Day Parade, Springfield's Puerto Rican heritage parade, Stone Soul Picnic, and many other ethnic festivals.

In August 2018, MGM Springfield opened in downtown - a \$960 million resort casino that covers a 3-block, 14.5-acre area. The development includes a 250-room hotel, many shops, restaurants, and bars. It also has a bowling alley, outdoor pavilion area, and a South End market. There is a 125,000-square-foot casino floor filled with slot machines, gaming tables, and sports betting. MGM is committed to bringing high-end entertainment acts to the City of Springfield. The casino project employs approximately 1,450 jobs, and with this type of investment the City of Springfield is planning on that this attraction will spur economic development to other parts of the downtown area.

The region offers higher education at many area colleges and universities. The University of Massachusetts, a leading national research university, anchors a group of colleges in the region along with

Smith, Mount Holyoke, and Amherst College. There are eight area schools centered in the Springfield area. These include American International College, Bay Path University, Elms College, Holyoke Community College, Springfield College, Springfield Technical Community College, Western New England University, and Westfield State University.

Source: 1) Pioneer Valley Planning Council, Comprehensive Economic Development Strategy
2) Economic Development Council of Western Massachusetts

CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program supports the Commission’s mission to provide an uninterrupted, high-quality supply of water to our customers, to collect and treat wastewater, and return clean water to the environment. Capital projects provide a means to sustain service to our customers by economically rehabilitating or replacing infrastructure, improving efficiency of support systems, and meeting regulatory requirements.



In addition to ongoing asset replacement programs including water distribution system valves, fire hydrants, pipes, operating equipment, and meters, the following significant capital improvements are being undertaken to improve infrastructure sustainability and meet regulatory requirements.

Water Infrastructure Finance and Innovation Act (WIFIA)



(From left to right) Springfield Water and Sewer Commission (SWSC) Executive Director Josh Schimmel, Acting Regional Administrator Deborah Szaro (EPA Region 1), Congressman Richard Neal (MA-1), EPA Assistant Administrator for Water Radhika Fox, Springfield Mayor Domenic Sarno, Commissioner Vanessa Otero (SWSC), MassDEP Commissioner Martin Suuberg, Commissioner Daniel Rodriguez (SWSC), Commissioner William Leonard (SWSC), and Agawam Mayor William Sapelli appear at the funding announcement at the site of the Connecticut River Crossing Project on Bondi’s Island.

In August of 2021, the Commission finalized a \$249 million WIFIA loan to support a commitment of more than \$550 million to infrastructure improvements over the next six years. Following a thorough financial analysis, it was determined that the innovative structuring of the WIFIA program provides the Commission the ability to undertake a more aggressive implementation schedule for much-needed investment while providing rate stability that could not be achieved through any other funding mechanisms.

The strategic program of comprehensive infrastructure investment will accelerate critical projects and produce beneficial outcomes for the region while preserving a sustainable and affordable rate structure.

The Commission's unique approach to funding the acceleration of a portfolio of prioritized projects not only delivers projects quicker, but it also reduces the risk and consequences of infrastructure failure which includes loss of service and increased repair costs. The program will also deliver quicker beneficial environmental outcomes and regulatory compliance than would have been achieved with other funding mechanisms. Utilization of the WIFIA program provides a pathway to responsible, sustainable, and much-needed investment.

The progress of various infrastructure capital projects in fiscal year 2024 included:

Water

- Design and permitting for the construction of improvements to the West Parish Filters (WPF) Water Treatment Plant (WTP) were completed by Hazen and Sawyer in fiscal year 2024, and bidding of the project began. The future water treatment processes will include coagulation, flocculation, DAF, rapid sand filtration, disinfection, and corrosion control, as well as treatment plant residuals management systems for the collection and treatment of solids captured by the treatment processes. Completion of bidding and award of the project are anticipated to be completed in early fiscal year 2025, followed by the start of construction.
- Design and permitting were completed for the rehabilitation of the approximately 2-mile long 42-inch diameter Raw Water Conveyance (RWC) pipe and control valve system and new energy dissipation valve facility. Bidding was also completed, and the project was awarded towards the end of fiscal year 2024. Construction is anticipated to begin in fiscal year 2025.
- Construction of the Clearwell and Backwash Pump Station was completed in fiscal year 2024, as well as start-up of the pump station. Final punch list and closeout of the project is anticipated to be completed in fiscal year 2025.
- Design for replacement of existing gaseous chlorinators was completed in fiscal year 2024 as well as bidding. Contract award and construction are planned for fiscal year 2025.
- Additional planning, including an updated bathymetric survey and residuals evaluation were completed in fiscal year 2024. Design, permitting, and bidding for the removal and disposal of the accumulating residuals are anticipated in fiscal year 2025.
- Conceptual design was completed for a new CT disinfection monitoring station at the Provin Mountain water storage tanks. Final design, bidding, and construction are anticipated to begin in fiscal year 2025.

- Design and bidding for the fiscal year 2024 watermain improvements project were completed in fiscal year 2024. Design and bidding for the fiscal year 2025 watermain improvements project is anticipated in fiscal year 2025, as well as construction of the fiscal year 2024 watermain improvements project.
- Development of a system wide water distribution system optimization study that evaluated chlorine residuals, water age, system performance, operability in terms of satisfying water quality and fire flow level of service goals, and system redundancy.
- Construction of repairs to approximately 200 linear feet (LF) of 36-inch PCCP water transmission main and appurtenances in response to a collapse of a City culvert following heavy rains.
- Evaluated leak detection and smart metering technologies to develop a leak detection program for the SWSC's water distribution system leak detection.
- Construction began for the Saint James Avenue watermain replacement project, as part of a Mass DOT project (construction in fiscal year 2024). The project includes 3,000 linear feet of watermain replacement. Construction is anticipated to be complete in fiscal year 2025.
- Design and bidding were completed for phase 1 repairs to the Provin Mountain Water Storage Tanks 3 and 4. Construction also begin in fiscal year 2024, and is anticipated to be complete in fiscal year 2025.
- Design and bidding of the Birnie Avenue water transmission main was completed in fiscal year 2024. Construction of the water main repair/replacement project is anticipated in fiscal year 2025.
- Additional current fiscal year water improvement projects include:
 - Vegetation clearing on the dams and spillways were completed, as well as phase 1 inspections of 9 significant and high hazard dams.
 - Permitting of the Borden Brook culvert replacement project.
 - Alternatives analyses for culvert and slope repairs at the Ludlow Reservoir and Jabish Canal.
 - Preliminary design and the start of permitting of repairs to the Borden Brook and Sugar Creek bridges.
 - Evaluation of repairs to several slope failures in the watershed due to heavy rain.

Wastewater

- Annual comprehensive sewer collection system cleaning, condition assessment, and system mapping.
- Completed construction of the York Street Pump Station and Connecticut River Crossing project. Startup of the new pump station was completed in fiscal year 2023, and closeout and other construction activities were completed in fiscal year 2024. Closeout of the project will occur in fiscal year 2025.
- Construction of the Locust transfer and flow optimization project upgrades continued and will continue into fiscal year 2025. The improvements are pursuant to the Integrated Wastewater Plan (IWP) and phase 3 workplan, and fundamentally address three objectives: redundancy of critical infrastructure, operational flexibility, and CSO abatement.

- Design and bidding of a new grit removal system at the Springfield Regional Wastewater Treatment Plant were completed in fiscal years 2023-2024. The project started in fiscal year 2024 and is scheduled for completion in fiscal year 2026.
- Construction of the Initial Capital Improvements (ICIs) that were part of the 2020 service contract with Veolia (formerly Suez) via a design build delivery are nearing completion. Replacement of the diffused aeration system and conversion of the aeration basin to a hybrid BNR mixed liquor recycle system was completed in fiscal year 2024. In addition, installation of a new HVAC system in the grit and screening building was completed in fiscal year 2024. Upgrades to the electrical system is nearing completion, with the shortage of electrical gear causing a substantial delay in the project. The final installation of electrical gear and switchover to the new equipment is anticipated in fiscal year 2025.
- Development of a phase 1 regional biosolids study for the Springfield Regional Wastewater Treatment Plant began in fiscal year 2024 and will be completed in fiscal year 2025.
- Completed investigation, design, and construction of replacement of collapsed sewer lines P1D92 and P1CF9 located in a passageway alley behind the Northern Heights apartments and discharging to Central Street.
- Completed construction of the fiscal year 2023 sanitary sewer infrastructure improvements. The project included sprayed-in-place pipe (SIPP) lining of approximately 577 LF of the 60-inch x 40-inch egg-shaped brick sewer pipelines on Main Street in the Court Square area, from Court Street to State Street; rehabilitation of an offset sewer manhole structure at the intersection of Main Street and Court Street; and cleaning and inspection of various additional segments of sewer main slated for lining. Construction began in fiscal year 2023 and was completed in fiscal year 2024.
- Additional investigations were completed for the rehabilitation of a portion of the North Branch Sewer Interceptor within the St. Michael's Cemetery.
- Final design and bidding of the fiscal year 2024 sewer infrastructure improvements project was completed which includes the replacement of 4,653 LF of water main on Westford Circle, Dover Street, and Wilbraham Road including water main connections to side streets.
- Preliminary design for the fiscal year 2025-2026 wastewater collection system infrastructure projects, was completed. Final design and bidding are anticipated for the fiscal year 2025 improvements project in fiscal year 2025.

Power Generation

- Conceptual design was completed for the Cobble Mountain Hydropower Station, including the existing penstocks. Peer review and detailed design is anticipated to be completed in fiscal year 2025.
- Reconductoring of power transmission line (637) commenced in fiscal year 24 with the procurement of new conductors, insulators, and other ancillary material. Installation is planned in fiscal year 2025.
- Inspection of hydropower generation Unit No. 1 and the station oil/water separator was completed in fiscal year 2024. In addition, a protective coating was applied to the Unit No. 1 wicket gates and the oil/water separator tank was emptied, cleaned, and put back into service.

System-Wide Support

- Continued support of the Commission's fleet and rolling stock equipment replacement programs.
- Continued to replace end-of-life Cisco network switches and systems so that they are supported by the manufacturer and can be updated to protect against exploits and vulnerabilities. This an ongoing project, the central datacenter Cisco network switches have been replaced as well as remote network switches at multiple sites. Project is expected to be complete in fiscal year 2025.
- Replaced all end-of-life server and storage equipment in the datacenter ensuring the Commission remains current on hardware and software. This keeps downtime to a minimum and maintains the Commissions access to data communications secure, reliable, and efficient.
- WIFI hardware was deployed to all Commission locations including most remote buildings.
- Continued the rebuild of the SCADA data center servers, storage, and network at 2 locations for system fault tolerance and high availability. This project is expected to be completed in fiscal year 2025.
- Upgraded software for centralized gate/door access and surveillance system while completely replacing the previous gate/door access system.
- Implemented the Everbridge mass notification system for more effective communication with both rate payers and staff.
- Added high-resolution ortho imagery to the catalog of products that can be provided from drone flights.
- The Commission's draft water service line inventory was developed and submitted to MA DEP in April 2024. This milestone was the culmination of years of work through a joint effort of the CMMS/BI, GIS, Operations and Water Quality teams.
- Acquire strategic parcels of land to support the facilities master plan.

Three sources fund the Commission’s Capital Improvement Program as indicated in Table I, Revenues and Reserves and two sources of bonds. Bonding, which will fund 68% of the three-year capital plan includes Federal Water Infrastructure Financing (WIFIA) Loans and State Revolving Fund (SRF) loans. The Commission will utilize WIFIA loans to finance 41% of the bonded Projects and 59% of the bonded projects will be financed with SRF loans. Projects typically funded through bonds are large scale projects over \$1 million.

Table I

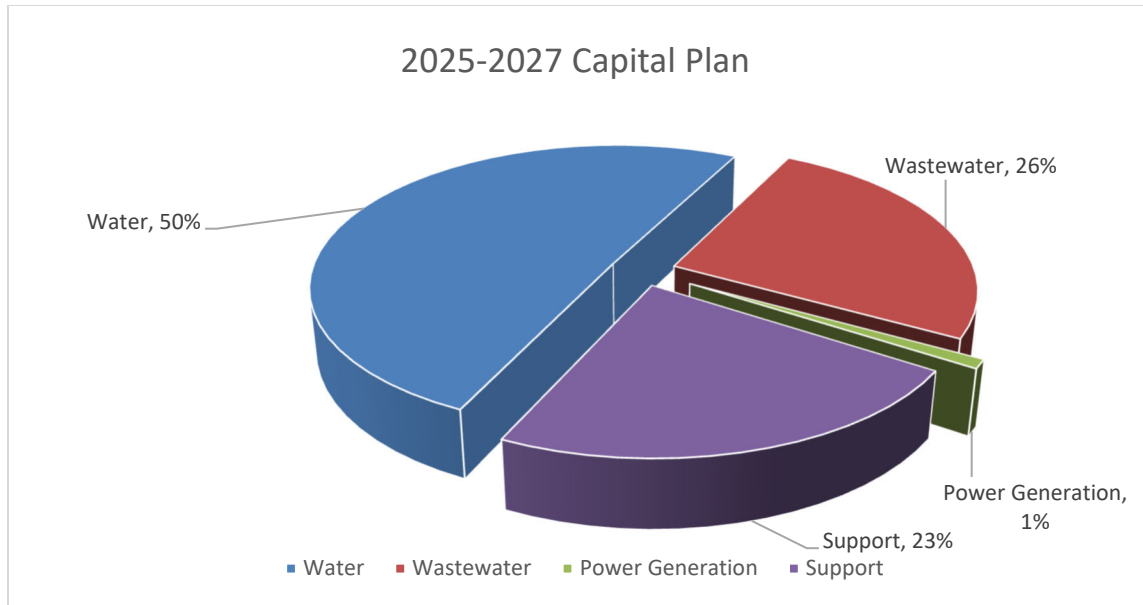
2025-2027 Capital Improvement Program Funding Sources			
Funding Source	2025	2026	2027
Revenues and Reserves	\$ 12,415,000	\$ 12,347,300	\$ 13,952,300
Bonds WIFIA	\$ 0	\$ 0	\$ 0
Bonds Revenue	\$ 0	\$600,000	\$300,000
Grand Total	\$ 12,415,000	\$ 12,947,300	\$ 14,252,300

Table II

2025-2027 Capital Improvement Program Funding of Activity Areas			
Activity Area	2025	2026	2027
Water	\$ 7,698,000	\$ 5,996,300	\$ 6,316,300
Wastewater	\$ 1,500,000	\$ 3,200,000	\$ 5,450,000
Power Generation	\$ 71,000	\$ 161,000	\$ 161,000
Support	\$ 3,146,000	\$ 3,590,000	\$ 2,325,000
Grand Total	\$ 12,415,000	\$ 12,947,300	\$ 14,252,300

Revenues and reserves are generated from wholesale and retail customer revenues, power generation revenues, grants, and miscellaneous collected fees. Revenues and reserves typically fund projects less than \$1 million, including planning and design, ongoing asset replacement projects such as fire hydrants, pipe replacement, meter replacement, and the replacement of operating equipment.

Over the next three years, capital expenditures are expected to fund 50% water improvements, 26% wastewater improvements, 1% power generation projects, and 23% support projects.



FINANCIAL INFORMATION

Administrative Controls

Internal controls are procedures designed to protect assets from loss, theft, or misuse, to check the accuracy of accounting data, to promote operational efficiency, to facilitate the preparation of financial statements, to satisfy other reporting requirements, and to encourage compliance with managerial policies.

The Commission is responsible for establishing a system of internal controls that provides reasonable assurance that these objectives are met. The concept of reasonable assurance stipulates the cost of a control should not exceed the benefits likely to be derived and that the valuation of cost and benefits requires estimates and judgments by management.

Federal and State financial assistance programs require recipients to comply with several laws and regulations. Administrative controls are procedures designed to ensure compliance with the requirements of the programs under which it receives financial assistance.

As with other internal controls, this system is subject to periodic review and evaluation by management or by the Commission's independent auditors.

Long-Term Financial Planning

The Springfield Water and Sewer Commission was established under Massachusetts General Laws Chapter 40N. The Commission is responsible for the operation and maintenance of the water supply, transmission, and distribution systems, as well as wastewater collection and treatment, which serve the City of Springfield, Town of Ludlow, and surrounding communities. In compliance with the General Bond Resolution, the Commission approved its Capital Expenditure program totaling \$39,614,600 for the three-year period 2025-2027. Expenditures are divided into four categories: Water Projects totaling \$20,010,600, Wastewater Projects totaling \$10,150,000, Power Generation Projects totaling \$393,000, and other Support Projects totaling \$9,061,000.

Funding approval for the fiscal year 2025 Capital Projects total \$12,415,000. The spending plan is as follows: Water Projects total \$7,698,000 (62%), Wastewater Projects total \$1,500,000 (12%), Power Generation Projects total \$71,000 (<1%), and other Support Projects total \$3,146,000 (25%).

The various infrastructure capital projects scheduled in fiscal year 2025 include:

Water

- Contract execution and the start of construction of the new West Parish Water Treatment Plant (WTP) is anticipated in fiscal year 2025. The project includes a new 65-mgd treatment facility to replace the aging slow sand and direct filtration plant. The new facility will include coagulation, flocculation, DAF clarification, filtration, and new supporting facilities including piping, chemical feed, and residuals handling. The new facility will also include new office and laboratory space. Construction in fiscal year 2025 is anticipated to include primarily demolition of existing structures, installation of temporary utilities, and site preparation.
- Construction for the rehabilitation and replacement of the 2-mile long 42-inch Raw Water Conveyance Pipeline and energy dissipation valves and equalization tank for the 42-inch bypass supply to the water treatment plant is anticipated to begin in fiscal year 2025 and be completed in fiscal year 2026.
- Warranty and closeout phase activities for the new 0.5 million-gallon Clearwell and Backwash Pump Station at WPF are anticipated to be completed in fiscal year 2025.
- Design, permitting, bidding, and construction for the removal of residuals from the Upper Lagoon.
- Design, permitting, bidding, and the start of construction of a new flow metering and sampling station at the Provin Mountain Storage Facility for primary disinfection compliance.
- Construction of the fiscal year 2024 water infrastructure improvements project which includes the installation of 1,000 linear feet of 8-inch watermain on Liberty Street and 3,000 linear feet of 8-inch watermain on Westford Circle.
- Final design for the fiscal year 2025-2026 watermain improvements projects will begin in fiscal year 2025. These projects include distribution system infrastructure that is ranked as grade 5 (highest priority) on the Commission's water infrastructure asset management and capital improvements plan. In addition, the fiscal year 2025 watermain improvement projects will be bid.
- Various facility improvement projects at the WPF campus, including miscellaneous safety and process improvements, and upgrades to the chlorine gas system including replacement of the chlorinators, and repairs to the transmission main vent stack.
- Bidding and construction for 7,680 linear feet of water main replacement at Sumner Avenue near Dickenson Street and Belmont Avenue, "the X," as part of a Mass DOT project.
- Construction of improvements to the 36-inch PCCP Northeast Trunk main and replacement of the valves and piping at the Birnie Avenue valve chamber.
- Complete leak detection of all water mains <16" in size in the distribution system as part of a comprehensive leak detection program.
- Preparation of a drought management plan for the Cobble Mountain Reservoir.

- Various dam related activities, including preparation of a dam’s master plan, updates to the operations and maintenance manuals for the dams, ROV inspection of the Cobble Mountain Dam and Intake Reservoir intakes, and additional studies as recommended from the Dams Master Plan.
- Additional planned fiscal year 2025 water improvement projects include:
 - Bidding and construction of the Borden Brook culvert replacement project.
 - Design, permitting, and bidding for culvert and slope repairs at the Ludlow Reservoir and Jabish Canal.
 - Design, permitting, and bidding of repairs to the Borden Brook and Sugar Creek bridges.
 - Design and construction of repairs to several slope failures in the watershed due to heavy rain.
 - Evaluation and repairs of a water 36-inch water transmission main failure on Riverside Drive.
 - Cleaning and ROV inspection of the Provin Mountain Tanks 2, 3, and 4.

Wastewater

- Annual cleaning and assessment of the sewer collection system.
- Completion of Phase 2 of the regional biosolids study for the Springfield Regional Wastewater Treatment Plant.
- Warranty activities for the construction of the York Street Pumping Station and Connecticut River sewer crossing and CSO project.
- Construction completion of the Locust transfer and flow optimization project upgrades.
- Construction completion of the new grit removal system at the wastewater treatment plant.
- Completion of electrical upgrades at the Springfield Regional Wastewater Treatment Plant as well as startup and closeout activities are anticipated in fiscal year 2025.
- Construction of the fiscal year 2024 sewer infrastructure improvements project which includes the replacement of 4,653 LF of water main on Westford Circle, Dover Street, and Wilbraham Road including water main connections to side streets.
- Final design for the fiscal year 2025-2026 wastewater collection system infrastructure projects, which includes infrastructure to be replaced or rehabilitated that is highly ranked on the Commission’s prioritized infrastructure improvements model, and/or has been identified by the Commission’s sewer operations department as in critical need for improvements or is located near the proposed coincidental high priority water infrastructure replacement projects. The fiscal year 2025 sewer improvements project will also be bid.
- Design, bidding, and construction are anticipated for the rehabilitation of a portion of the North Branch Sewer Interceptor within the St. Michael’s Cemetery.

Power Generation

- Completion of the procurement of materials for and the installation of new transmission line conductors for the new power transmission poles for power transmission (637 Line) installed in fiscal year 2023. Installation of the new conductors is anticipated in fiscal year 2025 and will include guywires and securing the new poles and removal of the old poles.
- Final design and permitting for the Cobble Mountain Hydropower Station improvements project. The project includes the restoration of the Unit No. 3 turbine-generator via refurbishment and replacement of generating unit components. The project also includes upgrades to modernize the hydropower station to allow the plant to provide reliable, long-term operation into the future.
- Miscellaneous improvements at the Cobble Mountain Hydropower Station including the annual dewatering and inspection of Unit No. 1 and any necessary repairs identified, as well as brush cutting near the power lines and the purchase of a trailer-mounted backup generator for the Broome Gate and Diversion Gate buildings.
- Replacement of the light bulbs and transformers associated with the Surge Tank FAA lighting system is planned for fiscal year 2025.

Other Support Projects

- Development of a Commission-wide Hazard Mitigation Plan.
- Continued support of the Commission's fleet and rolling stock equipment replacement programs.
- Various improvement projects in support of the Commission's information systems and network equipment including system infrastructure and equipment upgrades, expansion of cybersecurity controls, and data reporting dashboards projects.

Certificate of Achievement for Excellence in Financial Reporting

The Commission was awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2023. This was the eleventh consecutive year that the Commission has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the Commission had to publish an easily readable and efficiently organized ACFR that satisfied both Generally Accepted Accounting Principles and applicable program requirements.

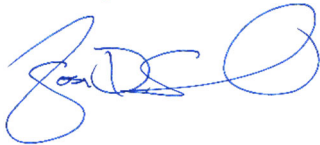
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for award.

Acknowledgements

We wish to express our appreciation to the Financial Group and the Administration's senior staff for compiling the information necessary to complete the Annual Comprehensive Financial Report.

We also give special recognition to the Board of Water and Sewer Commissioners for their continuous support to strive for and maintain the highest standards in the management of the Springfield Water and Sewer Commission finances.

Sincerely,

A handwritten signature in blue ink, appearing to read "Joshua D. Schimmel".

Joshua D. Schimmel
Executive Director

A handwritten signature in blue ink, appearing to read "Anthony J. Basile".

Anthony J. Basile
Comptroller



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

**Springfield Water and Sewer Commission
Massachusetts**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

SPRINGFIELD WATER AND SEWER COMMISSION

Commissioners

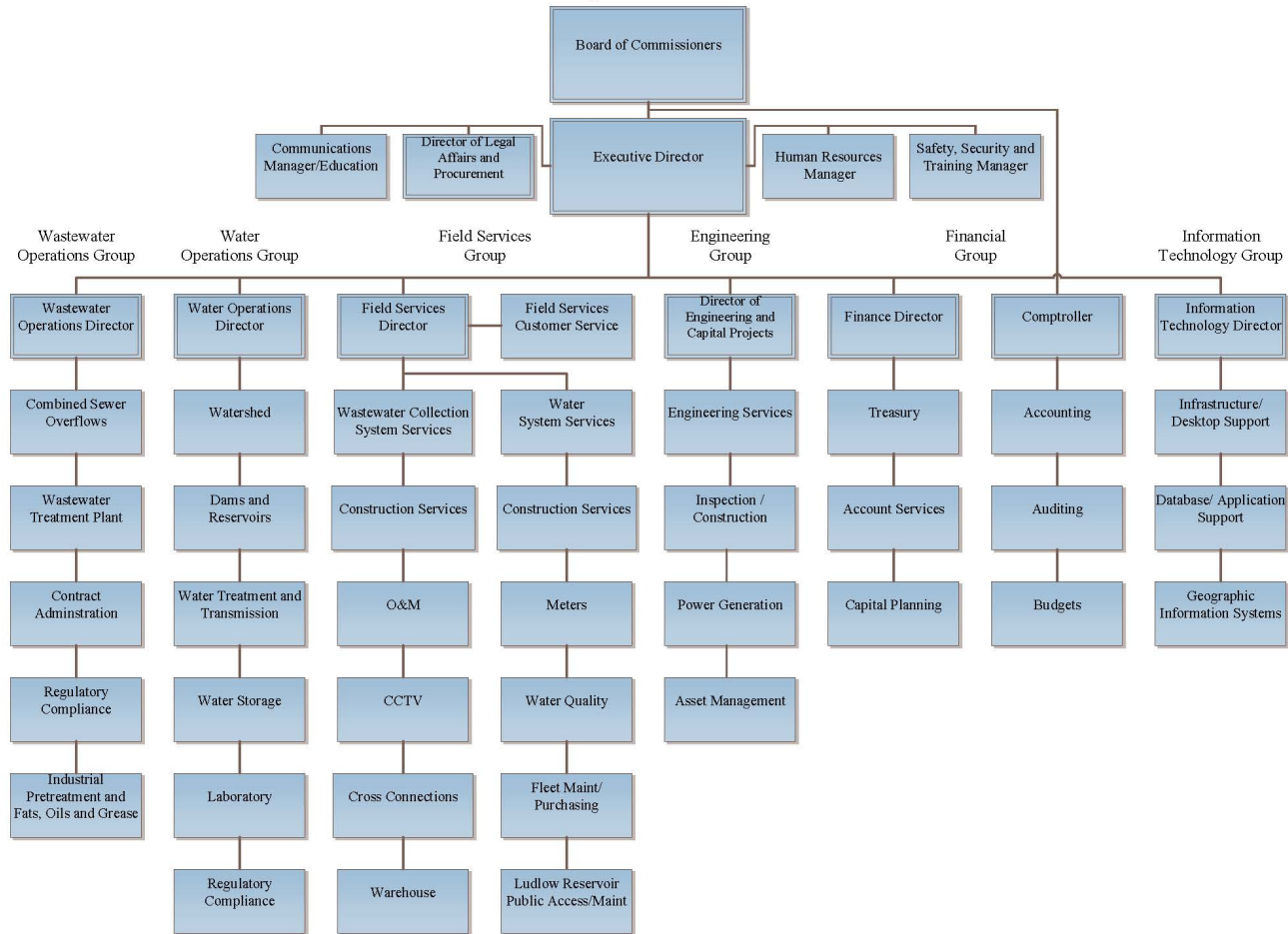
Vanessa Otero, Chairwoman
Daniel Rodriquez
Matthew Donnellan

Senior Management

Joshua D. Schimmel, Executive Director
Darleen Buttrick, Director of Engineering
Anthony J. Basile, Comptroller
Domenic P. Pellegrino, Finance Director
James R. Laurila, Drinking Water Operations Director
Daniel J. DiRienzo, Field Services Director
Steven Frederick, Wastewater Operations Director
Ricardo Gomez, Information Technology Director
Theo Theocles, Director of Legal Affairs/Procurement Officer
Susan Tower, Laboratory and Regulatory Manager
Jaimye Bartak, Communications Manager

Springfield Water and Sewer Commission

Organization Chart



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Commissioners
Springfield Water and Sewer Commission
Springfield, Massachusetts

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate remaining fund information of the Springfield Water and Sewer Commission (the Commission), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Springfield Water and Sewer Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate remaining fund information of the Commission, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 29 through 33 and certain pension and OPEB schedules on pages 67 through 70 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Schedule of Operating Expenses – Budget and Actual was presented for the purpose of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Expenses – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the introductory and statistical sections but does not include the financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2024, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Marcum LLP

Greenfield, MA
October 25, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Springfield Water and Sewer Commission (the Commission), we offer readers this narrative overview and analysis of the financial activities of the Springfield Water and Sewer Commission for the fiscal year ended June 30, 2024.

Overview of the Financial Statements and Financial Highlights

This discussion and analysis is intended to serve as an introduction to the basic financial statements. The basic financial statements are comprised of (1) the Statement of Net Position, (2) the Statement of Revenues, Expenses, and Changes in Net Position, (3) the Statement of Cash Flows, (4) the Statement of Fiduciary Net Position, (5) the Statement of Changes in Fiduciary Net Position and (6) Notes to Basic Financial Statements. This report also contains required and other supplementary information and other information in addition to the basic financial statements themselves.

The Statement of Net Position is designed to indicate our financial position as of a specific point in time. At the close of the current fiscal year, net position was \$168,959,216.

The Statement of Revenues, Expenses, and Changes in Fund Position summarizes our operating results. As discussed in more detail below, the Commission's change in net position for the year ended June 30, 2024, was a change of \$12,372,121 in comparison to the prior year net position.

The Statement of Cash Flows provides information about the cash receipts and cash payments during the accounting period. It also provides information about the investing and financing activities for the same period.

The Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position account for resources held for the benefit of parties outside the Commission.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which is required to be disclosed by accounting principles generally accepted in the United States of America, and other supplementary information.

Summary of Net Position and Changes in Net Position

The following is a summary of condensed financial data for the current and prior fiscal year.

	<u>2024</u>	<u>2023</u>
Assets		
Current and other assets	\$ 164,411,904	\$ 143,952,250
Capital assets, net	<u>583,911,695</u>	<u>535,011,410</u>
Total Assets	748,323,599	678,963,660
Deferred Outflows of Resources	108,302,826	107,109,393
Liabilities		
Current liabilities	52,363,121	54,926,245
Noncurrent liabilities	<u>413,611,469</u>	<u>371,839,892</u>
Total Liabilities	465,974,590	426,766,137
Deferred Inflows of Resources	221,692,619	202,719,821
Net Position		
Net investment in capital assets	223,239,138	212,911,511
Restricted	71,679,968	67,717,316
Unrestricted	<u>(125,959,890)</u>	<u>(124,041,732)</u>
Total Net Position	\$ <u><u>168,959,216</u></u>	\$ <u><u>156,587,095</u></u>

As noted earlier, net position may serve over time as a useful indicator of the Commission's financial position. At the close of the most recent fiscal year, total net position was \$168,959,216, a change of \$12,372,121 in comparison to the prior year.

The Commission's net position is comprised of \$223,239,138 invested in capital assets, net of related debt, \$71,679,968 restricted for other purposes, namely restricted cash and inventory, and a deficit of \$(125,959,890) in unrestricted.

	<u>2024</u>	<u>2023</u>
Operating Revenues		
Water and sewer usage	\$ 99,235,470	\$ 97,763,074
Other	<u>442,141</u>	<u>2,221,834</u>
Total Operating Revenues	99,677,611	99,984,908
Operating Expenses		
Salaries and wages	17,733,655	16,021,843
Employee benefits	11,274,298	11,458,635
Operations	32,295,556	31,048,637
Intergovernmental	568,604	564,401
Capital outlay	2,415,400	779,869
Depreciation	10,204,693	9,758,383
Other	<u>1,146,294</u>	<u>951,526</u>
Total Operating Expenses	<u>75,638,500</u>	<u>70,583,294</u>
Operating Income	24,039,111	29,401,614
Nonoperating Revenues (Expenses)		
Investment income	6,026,032	3,483,569
Interest expense	(7,321,879)	(6,477,426)
Capital grants and contributions	<u>9,318,275</u>	<u>3,744,112</u>
Total Nonoperating Revenues (Expenses)	8,022,428	750,255
Excess Revenues Before Deferrals	32,061,539	30,151,869
Excess Revenues Used to Fund Deferrals	<u>(19,689,418)</u>	<u>(12,858,420)</u>
Change in Net Position	12,372,121	17,293,449
Net Position, Beginning of Year	<u>156,587,095</u>	<u>139,293,646</u>
Net Position, End of Year	<u>\$ 168,959,216</u>	<u>\$ 156,587,095</u>

Financial Analysis of the Commission

The Commission ended the year with operating income of approximately \$24 million. The following paragraphs give an overview of the fiscal year activity.

It has been the practice of the Commission to establish its rates and charges for water and wastewater services at levels sufficient to produce revenues adequate to defray all operation and maintenance expenses, debt service, and reserve deposits projected by the Commission's consulting engineers and to maintain net revenues available for debt service in excess of the coverage requirements mandated by the General Bond Resolution. Until fiscal year 2010, the Commission had historically adjusted its rates and charges for water and wastewater services on a basis, which stabilized rates and charges over a multi-year period. Beginning in fiscal year 2011, the Commission has adopted single-year rate schedules to match revenues more closely to expenditures.

The Commission is required to file each year with Electronic Municipal Market Access (EMMA), the Commission's Annual Comprehensive Financial Report (1) the filing is being made merely to comply with contractual commitments, not to provide all information material to an investment in the linked securities, and does not purport to provide all such information, (2) consequently, the information set forth in the filing should not be relied upon as indicative of future financial performance.

In fiscal year 2024, water and sewer usage revenues increased by approximately \$1.5 million. This was the result of an overall increase in rates of approximately 6.5%, offset by decreases in consumption. Other revenues decreased by approximately \$1.8 million. In the prior year, the Commission received approximately \$2.1 million in insurance proceeds from a lawsuit associated with the 42" main project. These and other factors resulted in total operating revenue of approximately \$100 million in fiscal year 2024, which is a decrease of approximately \$300,000 from the prior year.

Operating expenses increased by \$5,055,206. This increase was due to new hires to fill vacant positions causing an increase in salary and benefit costs. There was also an increase in debt service interest costs as the Commission's debt has been increasing each year and an overall increase in other costs due to inflation, gas prices, etc.

To accommodate the rate-making process, the Commission follows the accounting standards set forth in Governmental Accounting Standards Board Statement No. 62 (GASB 62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 allows certain board approved (a) revenues provided for future allowable costs to be deferred until the costs are actually incurred (deferred inflows) and (b) costs incurred to be capitalized if future recovery is reasonably assured (deferred outflows). In the Commission's case, revenue intended to fund capital asset acquisitions is set aside (deferred) and is recognized equal to the annual depreciation expense on those assets; depreciation expense on assets funded in other ways (such as through bonds) is removed from the statement of revenues, expenses, and changes in net position because those costs are not factored into the budget process; conversely, because principal debt repayment costs are funded through the budget, those costs are reflected in the statement of revenues, expense, and changes in net position as a reduction to net position. The net effect of these adjustments is reported under the line "Excess revenues used to fund deferrals" on the Statement of Revenues, Expenses, and Changes in Net Position. This was a decrease of \$(19,689,418) for fiscal year 2024.

As a result of the key elements described above, the activities for the year resulted in a change in net position of \$12,372,121.

Capital Assets and Debt Administration

Capital Assets

Total investment in capital assets at year-end amounted to \$583,911,695 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and fixtures, vehicles and equipment, infrastructure, and construction in progress.

Major capital assets events during the current fiscal year included the following (in thousands):

Depreciation expense	\$ (10,205)
Acquisition/construction of:	
Various other rehab and improvement projects	15,361
Water production facility projects	14,186
Waste water treatment system improvements projects	10,904
York Street and river design projects	8,524
Sewer main rehabilitation projects	2,670
Water treatment system improvements projects	2,270
New vehicle and equipment purchases	1,992
Distribution system rehabilitation projects	1,271
Computer software and equipment purchases	783
Collection system assessment and rehabilitation	690
Provin Reservoir tank projects	178
Hydrant projects	174
Biosolids	102

Additional information on the Commission’s capital assets can be found in the Notes to Basic Financial Statements, Note 10, *Capital Assets*.

Long-Term Debt

At the end of the current fiscal year, total bonded debt outstanding was \$335,402,656, all of which was backed by dedicated revenues of the Commission.

The Commission maintained their AA credit rating from Standard & Poor’s (S&P) in the most recent bond rating in June 2021 for the secured loan issued by the U.S. Environmental Protection Agency under the Water Infrastructure Finance and Innovation Act (the WIFIA loan). At the same time, S&P affirmed the AA rating on the Commission’s parity debt outstanding.

Additional information on the Commission’s long-term debt can be found in the Notes to Basic Financial Statements, Note 13, *Long-Term Debt*.

Requests for Information

This financial report is designed to provide a general overview of the Springfield Water and Sewer Commission’s finances for all those with an interest in the Commission’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Public Communications Director
 Springfield Water and Sewer Commission
 P.O. Box 995
 Springfield, MA 01101-0995

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Net Position

June 30, 2024

Assets

Current:

Cash and short-term investments	\$ 64,057,944
Investments	6,195,805
Restricted cash	51,894,712
Restricted investments	17,231,698
Accounts receivable, net of allowance for uncollectibles	12,811,546
Intergovernmental receivables	7,193,001
Inventory for consumption, net of allowance	1,879,978
Other assets	<u>157,731</u>

Total Current Assets 161,422,415

Noncurrent:

Intergovernmental receivables, net of current portion	638,993
Inventory held by others	1,855,269
Health insurance deposit	495,227
Capital assets:	
Nondepreciable capital assets	259,148,266
Other capital assets, net of accumulated depreciation	<u>324,763,429</u>

Total Noncurrent Assets 586,901,184

Total Assets 748,323,599

Deferred Outflows of Resources

Related to pension	6,935,867
Related to OPEB	2,612,937
Unamortized loss on refunding of debt	582,795
Related to recoverable rate costs	<u>98,171,227</u>

Total Deferred Outflows of Resources 108,302,826

(continued)

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

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Net Position

June 30, 2024

(continued)

Liabilities

Current:

Accrued payroll and withholdings	480,495
Notes payable	25,852,696
Accrued interest payable	3,130,864
Other liabilities	2,936,652
Current portion of long-term liabilities	
Bonds and loans payable	19,812,895
Compensated absences	149,519

Total Current Liabilities 52,363,121

Noncurrent:

Bonds and loans payable, net of current portion	315,589,761
Compensated absences, net of current portion	1,448,968
Net pension liability	73,989,566
Net OPEB liability	22,277,755
Accrued workers' compensation	305,419

Total Noncurrent Liabilities 413,611,469

Total Liabilities 465,974,590

Deferred Inflows of Resources

Related to pension	793,157
Related to OPEB	4,993,463
Related to recoverable rate costs	215,905,999

Total Deferred Inflows of Resources 221,692,619

Net Position

Net investment in capital assets	223,239,138
Restricted for:	
Reserve for inventory	3,735,247
Reserve for stabilization fund	18,611,719
Reserve for debt covenants and scholarships	49,333,002
Unrestricted	(125,959,890)

Total Net Position \$ 168,959,216

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

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Revenues, Expenses, and Changes in Net Position For the Year Ended June 30, 2024

Operating Revenues	
Water and sewer usage	\$ 99,235,470
Other	442,141
	<hr/>
Total Operating Revenues	99,677,611
Operating Expenses	
Salaries and wages	17,733,655
Employee benefits	11,274,298
Operations	32,295,556
Intergovernmental	568,604
Capital outlay	2,415,400
Depreciation	10,204,693
Other	1,146,294
	<hr/>
Total Operating Expenses	75,638,500
Operating Income	24,039,111
Nonoperating Revenues (Expenses)	
Investment income	6,026,032
Interest expense	(7,321,879)
Capital grants and contributions	9,318,275
	<hr/>
Total Nonoperating Revenues (Expenses), Net	8,022,428
Excess Revenues Before Deferrals	32,061,539
Excess Revenues Used to Fund Deferrals	<hr/> (19,689,418)
Change in Net Position	12,372,121
Net Position, Beginning of Year	<hr/> 156,587,095
Net Position, End of Year	<hr/> \$ 168,959,216

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

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Cash Flows
For the Year Ended June 30, 2024

Cash Flows from Operating Activities	
Receipts from customers and users	\$ 98,499,131
Payments to vendors	(56,820,351)
Payments to employees	<u>(19,147,263)</u>
Net Cash Provided By Operating Activities	22,531,517
Cash Flows from Noncapital Financing Activities	
Intergovernmental receipts	<u>100,042</u>
Net Cash Provided By Noncapital Financing Activities	100,042
Cash Flows from Capital and Related Financing Activities	
Acquisition and construction of capital assets	(59,104,978)
Proceeds of intergovernmental notes and grants	73,014,071
Principal payments on bonds and loans	(17,416,218)
Interest expense	<u>(6,966,669)</u>
Net Cash (Used For) Capital and Related Financing Activities	(10,473,794)
Cash Flows from Investing Activities	
Sales of investments	1,340,219
Purchases of investments	(728,759)
Investment income	<u>6,026,032</u>
Net Cash Provided By Investing Activities	<u>6,637,492</u>
Net Change in Cash and Short-Term Investments and Restricted Cash	18,795,257
Cash and Short-Term Investments and Restricted Cash, Beginning of Year	<u>97,157,399</u>
Cash and Short-Term Investments and Restricted Cash, End of Year	<u>\$ 115,952,656</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities	
Operating income	\$ 24,039,111
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	10,204,693
Changes in assets, liabilities, and deferred outflows/inflows:	
Accounts receivable	(1,178,480)
Inventory	(272,922)
Deferred outflows - related to pension	(415,446)
Deferred outflows - related to OPEB	(421,024)
Accounts payable and accrued payroll and withholdings	(8,707,795)
Accrued compensated absences	118,862
Net pension liability	143,048
Net OPEB liability	340,091
Deferred inflows - related to pension	(303,063)
Deferred inflows - related to OPEB	(986,381)
Accrued workers' compensation	<u>(29,177)</u>
Net Cash Provided By Operating Activities	<u>\$ 22,531,517</u>

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

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Fiduciary Net Position
Other Post-Employment Benefit Trust Fund
June 30, 2024

Assets	
Cash	\$ 91,536
Investments:	
Corporate equities	1,868,143
Equity mutual funds	4,125,476
Fixed income mutual funds	<u>2,161,939</u>
Total investments	<u>8,155,558</u>
Total Assets	8,247,094
Net Position	
Restricted for OPEB	<u>8,247,094</u>
Total Net Position	\$ <u><u>8,247,094</u></u>

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

SPRINGFIELD WATER AND SEWER COMMISSION

Statement of Changes in Fiduciary Net Position
Other Post-Employment Benefit Trust Fund
For the Year Ended June 30, 2024

Additions	
Employer contributions	\$ 1,759,711
Investment income, net	<u>777,568</u>
Total Additions	2,537,279
Deductions	
Benefit payments	<u>759,711</u>
Change in Net Position	1,777,568
Restricted Net Position	
Beginning of Year	<u>6,469,526</u>
End of Year	<u><u>\$ 8,247,094</u></u>

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

SPRINGFIELD WATER AND SEWER COMMISSION

Notes to Basic Financial Statements

1. Summary of Significant Accounting Policies

The accounting policies of the Springfield Water and Sewer Commission (the Commission) conform to accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental and financial reporting principles. The following is a summary of the significant policies of the Commission:

Business Entity

The Commission has the responsibility to provide water and wastewater services on a fair and equitable basis to the City of Springfield, Massachusetts (the City) and to provide wholesale water and regional wastewater services to other participating communities.

Regulation and Basis of Accounting

The Springfield Water and Sewer Commission was created in July 1996 under Massachusetts General Laws Chapter 40N; however, the Commission did not become a separate accounting entity until July 1997. Under Massachusetts General Laws Chapter 40N, the Board of Commissioners (the Board), appointed by the Mayor of the City of Springfield, establishes policies for accounting and other matters. The Board regulates the rates that the Commission can charge its customers for water and sewer usage. The rates charged to customers are based on the cash required for the Commission's operations, debt service, and reserve contributions.

To comply with the external financial reporting requirements of the Board, the accompanying financial statements are presented on a basis that is consistent with GAAP for proprietary (enterprise) funds.

To accommodate the rate-making process, the Commission follows the accounting standards set forth in Governmental Accounting Standards Board Statement No. 62 (GASB 62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 allows certain board approved (a) revenues provided for future allowable costs to be deferred until the costs are actually incurred (deferred inflows) and (b) costs incurred to be capitalized if future recovery is reasonably assured (deferred outflows).

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Under this method, revenues are recognized when earned and expenses are recorded when liabilities are incurred.

The Commission reports the following fiduciary fund:

- The *Other Post-Employment Benefit Trust Fund* is used to accumulate resources for health and life insurance benefits for retired employees.

Cash and Investments

Cash balances are invested to the extent available, and investment earnings are recognized in each fund.

For purposes of the Statement of Cash Flows, the Commission considers investments with original maturities of three months or less to be short-term investments. These are reflected in the following accounts reported on the Statement of Net Position: cash and short-term investments and restricted cash.

Investments consist of corporate bonds, mutual funds, federal agency securities, and U.S. Treasury notes, and are carried at fair value. These are reflected in the following accounts reported on the Statement of Net Position: investments and restricted investments.

Inventory for Consumption

Gasoline, diesel fuel, and materials purchased and unused at year-end are stated at cost, and using the FIFO (first-in/first-out) basis.

Inventory Held by Others

Under the terms of a privatization agreement with Veolia Water, Inc. the Commission transferred custody of certain inventory to Veolia Water, Inc. The value stated was a negotiated value, which will be replaced by Veolia Water, Inc at the expiration of the privatization contract in October 2040.

Capital Assets

Capital assets, which include land, building and improvements, vehicles and equipment, furniture and fixtures, construction in progress, and infrastructure assets are defined by the Commission as assets with an initial individual cost of more than \$5,000 (for land, vehicles, equipment, and furniture and fixtures), \$10,000 (for buildings and improvements) and \$20,000 (for infrastructure) and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 50
Water/sewer infrastructure	50 - 100
Vehicles	5 - 15
Furniture and fixtures	5 - 10
Office and computer equipment	5 - 10

Compensated Absences

It is the Commission's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vested sick and vacation pay is accrued when incurred. Sick pay benefits are payable upon death or retirement, with certain limits, for all employees employed over six months.

Net Position

Net position represents the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on use either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining net position is reported as unrestricted.

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure for contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenses during the fiscal year. Actual results could vary from estimates that were used.

2. Stewardship, Compliance, and Accountability

Budgetary Information

At the June meeting of the Commission, the Commissioners review and approve an operating and capital budget for the proposed expenses of the fiscal year commencing the following July 1. The original budget may be amended during the fiscal year at Commission meetings as required by changing conditions.

At year-end, appropriation balances lapse, except for certain unexpended capital items, which will be honored during the subsequent year.

A budget and actual comparison of operating expenses is presented as other supplementary information.

3. Deposits and Investments

Massachusetts General Laws (MGL) Chapter 44, Section 55 place certain limitations on the nature of deposits and investments available to the Commission. Deposits, including demand deposits, money markets, and certificates of deposit in any one financial institution, may not exceed 60% of the capital and surplus of such institution unless collateralized by the institution involved. Investments may be made in unconditionally guaranteed U.S. government obligations having maturities of a year or less from the date of purchase, or through repurchase agreements with maturities of no greater than 90 days in which the underlying securities consist of such obligations. Other allowable investments include certificates of deposit having a maturity date of up to 3 years from the date of purchase, national banks, and Massachusetts Municipal Depository Trust (MMDT). MGL Chapter 44, Section 54 provides additional investment options for OPEB funds. Limited investments are subject to the Commission's General Bond Resolution.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the Commission's deposits may not be returned. The Commission adopted a policy for custodial credit risk in fiscal year 2017. The Commission manages custodial credit risk by limiting deposits to those with minimal amounts of risk (U.S. Treasury notes and federal agency securities, fully insured certificates of deposit, and investments permitted by the Commission's General Bond Resolution).

As of June 30, 2024, \$24,512 of the Commission's bank balance of \$117,456,244 was exposed to custodial credit risk as uninsured and/or uncollateralized. Coverage is obtained through additional collateralization agreements with the Commission's banks.

The Commission votes annually to fund capital projects from current year revenue. Included in the Commission's cash balance is \$21,830,044 voted by the Commission in prior years that has been reserved for ongoing capital projects.

Investments

The following is a summary of the Commission's investments as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Federal agency securities	\$ 10,527,974
U.S. Treasury notes	<u>12,899,529</u>
	<u>\$ 23,427,503</u>

Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, the Commission will not be able to recover the value of its investment or collateral securities that are in possession of another party. The Commission adopted a policy for custodial credit risk in fiscal year 2017. The Commission manages custodial credit risk by limiting investments to those with minimal amounts of risk (U.S. Treasury notes and federal agency securities, fully insured certificates of deposit, and investments permitted by the Commission's General Bond Resolution).

As of June 30, 2024, the Commission did not have investments subject to custodial credit risk exposure as all assets were held in the Commission's name.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. For short-term investments that were purchased using surplus revenues, Massachusetts General Laws, Chapter 44, Section 55, limit the Commission's investments to the top rating issued by at least one nationally recognized statistical rating organization (NRSROs). In addition, the Commission's investments are limited by Section 515 of the General Bond Resolution.

As of June 30, 2024, all of the Commission's investment in U.S Treasury notes and federal agency securities had an implied rating on AAA.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributable to the magnitude of the Commission's investment in a single issuer. The Commission places no limit on the amount invested in any one issuer.

As of June 30, 2024, the Commission did not have investments in any one issuer that exceeded 5% of total investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission does not have formal investment policies limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Commission manages interest rate risk by managing the duration of investments.

Information about the sensitivity of the fair values of the Commission's investments to market interest rate fluctuations was as follows at June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Federal agency securities	\$ 10,527,974	\$ 3,083,924	\$ 7,444,050
U.S. Treasury notes	<u>12,899,529</u>	<u>12,899,529</u>	<u>-</u>
	<u>\$ 23,427,503</u>	<u>\$ 15,983,453</u>	<u>\$ 7,444,050</u>

Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchange rates will adversely affect the fair value of an investment. The Commission does not have formal investment policies related to foreign currency risk.

At June 30, 2024, none of the Commission's investments were exposed to foreign currency risk.

Fair Value

The Commission categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

The hierarchy is based on the valuation inputs used to measure the fair value of an asset or liability and gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The hierarchy categorizes the inputs to valuation techniques used for fair value measurement into three levels as follows:

- Level 1 – inputs that reflect quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.
- Level 2 – inputs other than quoted prices that are observable for an asset or liability either directly or indirectly, including inputs in markets that are not considered to be active. Because

they must often be priced on the basis of transactions involving similar but not identical securities or do not trade with sufficient frequency, certain directly held securities are categorized as Level 2.

- Level 3 – unobservable inputs based on the best information available, using assumptions in determining the fair value of investments and derivative instruments.

In instances where inputs used to measure fair value fall into different levels in the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation.

The Commission has the following fair value measurements as of June 30, 2024:

Investment Type	Amount	Fair Value Measurements Using:		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments by fair value level:				
Federal agency securities	\$ 10,527,974	\$ -	\$ 10,527,974	\$ -
U.S. Treasury notes	<u>12,899,529</u>	<u>-</u>	<u>12,899,529</u>	<u>-</u>
	<u>\$ 23,427,503</u>	<u>\$ -</u>	<u>\$ 23,427,503</u>	<u>\$ -</u>

Debt securities classified in Level 2 are valued using either a bid evaluation or a matrix pricing technique. Bid evaluations may include market quotations, yields, maturities, call features, and ratings. Matrix pricing is used to value securities based on the security’s relationship to benchmark quote prices. Level 2 debt securities have non-proprietary information that is readily available to market participants, from multiple independent sources, which are known to be actively involved in the market.

4. Restricted Deposits and Investments

The Commission issues debt under a General Bond Resolution, which requires cash reserves to be maintained. These reserves are reported as either restricted cash or restricted investments.

The reserves include an Operating Reserve Fund (equal to 1/6 of the Commission's annual operating budget), a Renewal/Replacement Fund (\$1 million), a Debt Service Fund (equal to principal and interest, payable on an accrual basis at June 30), and a Debt Service Reserve Fund (equal to the highest principal and interest due in any subsequent year). In fiscal year 2017, the Commission also established a Stabilization Fund reserve to help protect the financial condition of the Commission. In addition, the Bond Resolution establishes several other reserves, which may be activated in future years.

The restricted deposits and investment balances reported in the financial statements are comprised of the following at June 30, 2024:

Stabilization Fund	\$ 18,611,719
Reserve Funds	
Operating reserve fund	11,438,873
Renewal/replacement fund	1,000,000
Debt service fund	9,900,166
Debt service reserve fund	26,993,963
Other Funds	
Project accounts	<u>1,181,689</u>
	<u>\$ 69,126,410</u>
Restricted Balances	
Restricted cash	\$ 51,894,712
Restricted investments	<u>17,231,698</u>
	<u>\$ 69,126,410</u>

5. Investments – OPEB Trust Fund

Generally, the OPEB Trust Fund’s investment policies mirror that of the Commission as discussed in Note 3.

The following is a summary of the OPEB Trust Fund’s investments as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 1,868,143
Equity mutual funds	4,125,476
Fixed income mutual funds	<u>2,161,939</u>
	<u>\$ 8,155,558</u>

Custodial Credit Risk

As of June 30, 2024, none of the OPEB Trust Fund’s total investments were subject to custodial credit risk exposure as all assets were held in the Commission’s name.

Credit Risk

As of June 30, 2024, the credit quality ratings, as rated by S&P Global Ratings, of the Commission's OPEB Trust Fund's debt securities were as follows:

<u>Investment Type</u>	<u>Amount</u>	<u>Rating as of Year-End</u>					
		<u>AAA</u>	<u>AA/A</u>	<u>BBB</u>	<u>BB/B</u>	<u>Below B</u>	<u>Unrated</u>
Corporate equities	\$ 1,868,143	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,868,143
Equity mutual funds	4,125,476	-	-	-	-	-	4,125,476
Fixed income mutual funds	<u>2,161,939</u>	<u>1,260,526</u>	<u>440,468</u>	<u>268,303</u>	<u>175,733</u>	<u>16,909</u>	-
	<u>\$ 8,155,558</u>	<u>\$ 1,260,526</u>	<u>\$ 440,468</u>	<u>\$ 268,303</u>	<u>\$ 175,733</u>	<u>\$ 16,909</u>	<u>\$ 5,993,619</u>

Concentration of Credit Risk

As of June 30, 2024, the OPEB Trust Fund does not have an investment in one issuer greater than 5% of total investments.

Interest Rate Risk

Information about the sensitivity of the fair values of the OPEB Trust Fund's investments to market interest rate fluctuations was as follows at June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>Thereafter</u>
Fixed income mutual funds	\$ <u>2,161,939</u>	\$ <u>135,923</u>	\$ <u>597,631</u>	\$ <u>814,155</u>	\$ <u>614,230</u>

Foreign Currency Risk

At June 30, 2024, none of the OPEB Trust Fund's investments were exposed to foreign currency risk.

Fair Value

The OPEB Trust Fund has the following fair value measurements as of June 30, 2024:

<u>Investment Type</u>	<u>Amount</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted prices in active markets for identical assets (Level 1)</u>	<u>Significant observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
Investments by fair value level:				
Corporate equities	\$ 1,868,143	\$ 1,868,143	\$ -	\$ -
Equity mutual funds	4,125,476	4,125,476	-	-
Fixed income mutual funds	<u>2,161,939</u>	<u>-</u>	<u>2,161,939</u>	<u>-</u>
	<u>\$ 8,155,558</u>	<u>\$ 5,993,619</u>	<u>\$ 2,161,939</u>	<u>\$ -</u>

6. Accounts Receivable

Accounts receivable consisted of the following at June 30, 2024:

Billed water, sewer, and wastewater regional	\$ 6,480,656
Less: allowances	<u>(574,275)</u>
Total billed	5,906,381
Unbilled water (including power generation) and sewer	7,210,174
Adjustment to wastewater regional and sewer pump station for actual usage through June 30, 2024	<u>(305,009)</u>
	<u>\$ 12,811,546</u>

7. Intergovernmental Receivables

The balance in this account represents the following at June 30, 2024:

	<u>Current</u>	<u>Non-Current</u>
Massachusetts Clean Water Trust loan funds not yet requested (or expended on project costs) as of June 30, 2024. These funds are expected to be drawn down as project costs are incurred in fiscal year 2025.	\$ 7,130,187	\$ -
Amount due from the Town of Wilbraham, Massachusetts (the Town) under an agreement signed in June 2007, whereby the Town agrees to reimburse the Commission a portion of the costs/debt incurred to enable the Town to enter the sewage disposal system. Future amounts to be paid by the Town are anticipated to coincide with certain debt issued by the Commission, which mature in fiscal years 2026 through 2038.	<u>62,814</u>	<u>638,993</u>
	<u>\$ 7,193,001</u>	<u>\$ 638,993</u>

8. Inventory for Consumption

The inventory balance at June 30, 2024, consisted of the following:

Fuel inventory (gasoline and diesel)	\$ 178,593
Materials inventory (parts and supplies)	2,062,685
Less: adjustment for obsolete and slow moving materials inventory	<u>(361,300)</u>
	<u>\$ 1,879,978</u>

9. Health Insurance Deposit

The Commission participates in the Hampshire County Group Insurance Trust (the Trust) to provide health insurance coverage to its employees. When the Commission joined the Trust, they were required to place on deposit the equivalent of 3 months (estimated) claims expense. This deposit reserve affords the Commission voting rights in the Trust and would only be used to fund the residual claims in the event the Commission withdraws from the Trust.

10. Capital Assets

Capital assets activity for the year ended June 30, 2024, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
Capital Assets, Being Depreciated					
Furniture and fixtures	\$ 14,131	\$ -	\$ -	\$ 501	\$ 14,632
Vehicles and equipment	12,419	-	-	1,746	14,165
Buildings and improvements	9,924	-	-	482	10,406
Infrastructure	<u>501,319</u>	<u>-</u>	<u>-</u>	<u>11,676</u>	<u>512,995</u>
Total Capital Assets, Being Depreciated	537,793	-	-	14,405	552,198
Less Accumulated Depreciation					
Furniture and fixtures	(10,710)	(781)	-	-	(11,491)
Vehicles and equipment	(11,588)	(710)	-	-	(12,298)
Buildings and improvements	(4,355)	(365)	-	-	(4,720)
Infrastructure	<u>(190,577)</u>	<u>(8,349)</u>	<u>-</u>	<u>-</u>	<u>(198,926)</u>
Total Accumulated Depreciation	<u>(217,230)</u>	<u>(10,205)</u>	<u>-</u>	<u>-</u>	<u>(227,435)</u>
Capital Assets, Being Depreciated, Net	320,563	(10,205)	-	14,405	324,763
Capital Assets, Not Being Depreciated					
Land	6,285	-	-	-	6,285
Construction in progress (CIP)	<u>208,163</u>	<u>59,105</u>	<u>-</u>	<u>(14,405)</u>	<u>252,863</u>
Total Capital Assets, Not Being Depreciated	<u>214,448</u>	<u>59,105</u>	<u>-</u>	<u>(14,405)</u>	<u>259,148</u>
Capital Assets, Net	<u>\$ 535,011</u>	<u>\$ 48,900</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 583,911</u>

11. Deferred Outflows and Inflows of Resources

To accommodate the rate-making process, the Commission follows the accounting standards set forth in Governmental Accounting Standards Board Statement No. 62 (GASB 62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 allows certain board approved (a) revenues provided for future allowable costs to be deferred until the costs are actually incurred (deferred inflows) and (b) costs incurred to be capitalized if future recovery is reasonably assured (deferred outflows).

Deferred Outflows of Resources

Deferred outflows of resources represent the consumption of net assets by the Commission that apply to future reporting periods. Deferred outflows of resources have a positive effect on net position, similar to assets.

The following is a summary of deferred outflows of resources balances as of June 30, 2024:

Related to pension	\$ 6,935,867
Related to OPEB	2,612,937
Other:	
Unamortized loss on refunding of debt	582,795
Deferred charges	<u>98,171,227</u>
Total Other	<u>98,754,022</u>
Total Deferred Outflows	<u>\$ 108,302,826</u>

The balance in unamortized loss on refunding of debt represents the difference between the amount required to pay off the previously issued debt and the net carrying amount of old debt. This difference is amortized over the shorter of the original debt amortization period or the life of the new debt.

Deferred charges consist of accrued sick, vacation, and other compensated absences, accrued workers' compensation costs, net OPEB liability, and net pension liability. Other costs will be recovered through future rates or matched against credits related to the specific costs in the future.

Deferred outflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, are more fully discussed in the corresponding pension and OPEB notes.

Deferred Inflows of Resources

Deferred inflows of resources represent the acquisition of net assets by the Commission that apply to future reporting periods. Deferred inflows of resources have a negative effect on net position, similar to liabilities.

The following is a summary of deferred inflows of resources balances as of June 30, 2024:

Related to pension	\$ 793,157
Related to OPEB	4,993,463
Other:	
Deferred credits	<u>215,905,999</u>
Total Deferred Inflows	<u>\$ 221,692,619</u>

Deferred credits consist primarily of amounts raised through rates specifically earmarked for capital improvements and debt repayments which will be recognized in the Statement of Revenues, Expenses, and Changes in Net Position over the depreciable lives of the assets and related debt repayments.

Deferred inflows of resources related to pension and OPEB, in accordance with GASB Statements No. 68 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

Excess Revenues Used to Fund Deferrals

The application of GASB 62 results in certain revenues and expenses being removed from the Statement of Revenues, Expenses, and Changes in Net Position and reflected in the Statement of Net Position as deferred outflows or deferred inflows. The revenues and expenses that have been removed from the Statement of Revenues, Expenses, and Changes in Net Position and added to the Statement of Net Position appear in the line “Excess revenues used to fund deferrals” on the Statement of Revenues, Expenses, and Changes in Net Position. The detail of changes to the components of these amounts are as follows for fiscal year 2024:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Deferred Outflows Related to Recoverable Costs			
Net pension liability	\$ 73,846,518	\$ 143,048	\$ 73,989,566
Net OPEB liability	21,937,664	340,091	22,277,755
Accrued compensated absences	1,479,625	118,862	1,598,487
Accrued workers' compensation	<u>334,596</u>	<u>(29,177)</u>	<u>305,419</u>
	<u>\$ 97,598,403</u>	572,824	<u>\$ 98,171,227</u>
Deferred Inflows Related to Recoverable Costs			
Capital improvements, net of depreciation	\$ 53,042,272	2,846,024	\$ 55,888,296
Principal debt payments	142,106,258	17,416,218	159,522,476
Group insurance deposit	<u>495,227</u>	<u>-</u>	<u>495,227</u>
	<u>\$ 195,643,757</u>	<u>20,262,242</u>	<u>\$ 215,905,999</u>
Excess Revenues Used to Fund Deferrals		<u>\$ (19,689,418)</u>	

12. Notes Payable

The Commission had the following notes outstanding at June 30, 2024:

<u>Purpose</u>	<u>Maximum Note Amount</u>	<u>Interest Rate(s)%</u>	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Balance at June 30, 2024</u>
Massachusetts Clean Water Trust Interim note CW-18-18B	\$ 14,548,793	0.00%	06/29/21	05/13/24	\$ 6,602,374
Massachusetts Clean Water Trust Interim note CW-21-39	27,620,000	0.00%	10/25/22	*	15,207,868
Massachusetts Clean Water Trust Interim note CW-21-39A	2,625,375	0.00%	10/25/22	*	1,655,280
Massachusetts Clean Water Trust Interim note CW-22-36	18,627,000	0.00%	11/28/23	*	1,976,076
Massachusetts Clean Water Trust Interim note CW-22-36A	<u>3,362,339</u>	0.00%	11/28/23	*	<u>411,098</u>
	<u>\$ 66,783,507</u>				<u>\$ 25,852,696</u>

* Maturity date is flexible and will be determined when the balance is converted to a long-term note.

The following summarizes activity in notes payable during fiscal year 2024:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>Issuance of New Notes</u>	<u>Converted to Long-Term Debt</u>	<u>Balance End of Year</u>
Massachusetts Clean Water Trust Interim notes	<u>\$ 21,462,225</u>	<u>\$ 35,306,858</u>	<u>\$ (30,916,387)</u>	<u>\$ 25,852,696</u>

13. Long-Term Debt

Revenue Bonds and Loans from Direct Borrowings

The Commission issues revenue bonds and loans from direct borrowings. Under the terms of these bonds, all operating revenues of the Commission are deposited in a dedicated operating reserve account, from which prescribed reserves are established (Note 4). Loans from direct borrowings are excluded from some of these reserve requirements. In addition, all bond proceeds have been deposited in separate project accounts that are under the lender's control. These project accounts may be accessed only to fund project-related costs.

Revenue bonds and loans from direct borrowings outstanding at June 30, 2024, were as follows:

	Serial Maturities <u>Through</u>	Interest Rate(s)%	Balance <u>June 30, 2024</u>
<u>Revenue Bonds</u>			
Revenue bonds - 2014C (refunding)	07/15/26	3.0 - 5.0	\$ 3,595,000
Revenue bonds - 2017B (refunding)	04/15/31	2.0 - 5.0	13,545,000
Revenue bonds - 2014A	07/15/34	3.0 - 5.0	16,675,000
Revenue bonds - 2017C	04/15/37	2.0 - 5.0	13,715,000
Revenue bonds - 2019E	04/15/39	4.0	<u>16,765,000</u>
Total Revenue Bonds			64,295,000
<u>Loans - Direct Borrowings</u>			
Sewer CSO (MCWT CW-08-36)	07/15/30	2.00	3,861,298
Sewer CSO (MCWT CW-08-36-A)	07/15/32	2.00	3,089,576
Water (MCWT DW-10-06)	07/15/32	2.00	863,807
Water (MCWT DW-11-01)	07/15/32	2.00	3,222,311
Water (MCWT DW-11-22)	01/15/33	2.00	789,728
Sewer CSO (MCWT CW-12-03)	01/15/35	2.00	11,848,095
Water (MCWT DW-13-16)	01/15/35	2.00	13,867,242
Sewer CSO (MCWT CW-14-27)	01/15/37	2.00	16,010,891
Sewer CSO (MCWT CW-06-27)	07/15/37	2.00	16,205,293
Sewer CSO (MCWT CW-14-27) additional	01/15/40	2.00	1,630,491
Sewer CSO (MCWT CW-18-18)	01/15/41	2.00	43,017,772
Sewer CSO (MCWT CW-18-18A)	01/15/41	2.00	4,601,247
Sewer CSO (MCWT DW-20-01)	01/15/43	2.00	11,543,374
Sewer CSO (MCWT CW-18-18D)	01/15/43	2.00	52,817,983
Sewer CSO (MCWT CW-18-18E)	01/15/43	2.00	6,085,366
Sewer CSO (MCWT CW-18-18C)	01/15/44	2.00	1,649,713
Water (MCWT DW-21-03)	01/15/44	2.00	8,567,159
Sewer CSO (MCWT CW-21-11)	01/15/44	2.00	27,829,703
Water and Sewer (WIFIA)	03/15/52	1.85	<u>35,878,787</u>
Total Loans - Direct Borrowings			<u>263,379,836</u>
Total Long-Term Bonds and Loans			<u>\$ 327,674,836</u>

Note: The Commission entered into a loan agreement in August 2021 with the Federal Environmental Protection Agency under the Water and Wastewater Infrastructure Renewal Program (WIFIA) for approximately \$249 million. The amount listed represents the amount of the WIFIA loan agreement received and drawn as of June 30, 2024. The WIFIA loan is structured for the Commission to request funds from WIFIA based on project expenses. Annual long-term debt associated with the WIFIA loan is based on the total amount of loan proceeds funds disbursed by WIFIA. WIFIA issues a revised amortization schedule after each disbursement, up to the full amount of the WIFIA loan.

Future Debt Service

The annual payments to retire all long-term debt outstanding as of June 30, 2024, were as follows:

Year	Revenue Bonds		Loans - Direct Borrowings	
	Principal	Interest	Principal	Interest
2025	\$ 6,535,000	\$ 2,755,525	\$ 12,387,790	\$ 5,315,647
2026	6,665,000	2,440,800	12,658,887	5,003,218
2027	6,790,000	2,133,625	12,935,925	4,745,277
2028	5,600,000	1,860,950	13,233,386	4,481,682
2029	5,670,000	1,610,200	13,522,696	4,212,035
2030 - 2034	21,335,000	4,888,525	69,493,977	16,867,499
2035 - 2039	11,700,000	1,143,300	62,605,613	9,984,406
Thereafter	-	-	66,541,562	6,093,817
Total	<u>\$ 64,295,000</u>	<u>\$ 16,832,925</u>	<u>\$ 263,379,836</u>	<u>\$ 56,703,581</u>

Changes in Long-Term Liabilities

During the year ended June 30, 2024, the following changes occurred in long-term liabilities (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Less Current Portion	Equals Long-Term Portion
Bonds and loans payable:						
Revenue bonds	\$ 71,095	\$ -	\$ (6,800)	\$ 64,295	\$ (6,535)	\$ 57,760
Loans payable (direct borrowings)	212,876	61,120	(10,616)	263,380	(12,388)	250,992
Unamortized premium	8,618	-	(890)	7,728	(890)	6,838
Subtotal - bond and loans payable	292,589	61,120	(18,306)	335,403	(19,813)	315,590
Accrued compensated absences	1,479	277	(157)	1,599	(150)	1,449
Net pension liability	73,847	8,291	(8,148)	73,990	-	73,990
Net OPEB liability	21,938	1,340	(1,000)	22,278	-	22,278
Accrued workers' compensation	335	-	(30)	305	-	305
	<u>\$ 390,188</u>	<u>\$ 71,028</u>	<u>\$ (27,641)</u>	<u>\$ 433,575</u>	<u>\$ (19,963)</u>	<u>\$ 413,612</u>

Bond Covenants

The Commission’s General Bond Resolution contains various restrictive covenants including, among other things, restrictions on incurring both short-term and long-term debt in certain circumstances and restrictions on selling, mortgaging, leasing, or otherwise disposing of any part of the system. The Bond Resolution requires the Commission to establish water and sewer rates at least sufficient to pay current expenses, pay principal and interest of indebtedness, create and maintain reserves required by bond resolutions, and pay the cost of all necessary repairs, replacements, and renewals of the system. They also require certain accounts to be established and maintained (Note 4), the balances of which are restricted to various operating, debt service, capital expenditure, and renewal and replacement purposes. The Commission has pledged all cash accounts and revenues as collateral for the debt.

In addition, the Commission is required to comply with certain bond covenants, which require that “net revenues” as defined in the General Bond Resolution, for each fiscal year shall equal at least 125% of the Debt Service Requirement.

The Commission was in compliance with all financial bond covenants for the year ended June 30, 2024.

In the event of a default as described in the General Bond Resolution, a trustee or bondholder of 25% in principal amounts of the bonds outstanding, may, with the consent of the trust, declare the principal amount of all bonds outstanding and the interest accrued thereon to be due and payable immediately.

14. Restricted Net Position

The balance in restricted net position of \$71,679,968 represents the restricted cash balance for required reserves and scholarships of \$49,333,002, the balance in the Commission's Stabilization Fund of \$18,611,719, and the total value of inventory of \$3,735,247.

15. Springfield Contributory Retirement System

The Commission follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* with respect to employees' retirement funds.

Plan Description

All full-time employees of the Commission are members of Springfield Contributory Retirement System (the System), a cost-sharing, multiple-employer public employee retirement system (PERS). Eligible employees must participate in the System. The System provides pension benefits, deferred allowances, and death and disability benefits. Chapter 32 of Massachusetts General Laws establishes the authority of the System, contribution percentages, and benefits paid. The System Retirement Board does not have the authority to amend benefit provisions. Additional information is disclosed in the System's annual financial reports publicly available from the System located at 70 Tapley Street, Springfield, MA 01104.

There are four classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the Massachusetts State Police. The other three classes are as follows:

- Group 1 – General employees, including clerical, administrative, technical, and all other employees not otherwise classified.
- Group 2 – Certain specified hazardous duty positions.
- Group 4 – Police officers, firefighters, and other specified hazardous positions.

Participant Contributions

Participants contribute a set percentage of their gross regular compensation annually. Employee contribution percentages are specified in Chapter 32 of Massachusetts General Laws. The employee's individual contribution percentage is determined by their date of entry into the System. In addition, all employees hired on or after January 1, 1979 contribute an additional 2% on all gross regular compensation over the rate of \$30,000 per year.

The percentages are as follows:

Before January 1, 1975	5%
January 1, 1975 - December 31, 1983	7%
January 1, 1984 - June 30, 1996	8%
Beginning July 1, 1996	9%

For those members entering the System on or after April 2, 2012 in Group 1, the contribution rate will be reduced to 6% when at least 30 years of creditable service has been attained.

Participant Retirement Benefits

A retirement allowance consists of two parts: an annuity and a pension. A member's accumulated total deductions and a portion of the interest they generate constitute the annuity. The difference between the total retirement allowance and the annuity is the pension. The average retirement benefit is approximately 80-85% pension and 15-20% annuity.

The System provides for retirement allowance benefits up to a maximum of 80% of a member's highest 3-year average annual rate of regular compensation for those hired prior to April 2, 2012, and the highest 5-year average annual rate of regular compensation for those first becoming members of the System on or after that date. However, per Chapter 176 of the Acts of 2011, for members who retire on or after April 2, 2012, if in the 5 years of creditable service immediately preceding retirement, the difference in the annual rate of regular compensation between any 2 consecutive years exceeds 100%, the normal yearly amount of the retirement allowance shall be based on the average annual rate of regular compensation received by the member during the period of 5 consecutive years preceding retirement. Benefit payments are based upon a member's age, length of creditable service, level of compensation, and group classification.

A retirement allowance may be received at any age, upon attaining 20 years of service. The plan also provides for retirement at age 55 if the participant was a member prior to January 1, 1978, with no minimum vesting requirements. If the participant was a member on or after January 1, 1978 and a member of Group 1 or 2, then a retirement allowance may be received if the participant (1) has at least 10 years of creditable service, (2) is age 55, (3) voluntarily left Commission employment on or after that date, and (4) left accumulated annuity deductions in the fund. Members of Group 4 have no minimum vesting requirements, however, must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

A participant who became a member on or after April 2, 2012 is eligible for a retirement allowance upon 10 years creditable service and reaching ages 60 or 55 for Groups 1 and 2, respectively. Participants in Group 4 must be at least age 55. Groups 2 and 4 require that participants perform the duties of the group position for at least 12 months immediately prior to retirement.

Methods of Payment

A member may elect to receive his or her retirement allowance in one of three forms of payment as follows:

- Option A – Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.
- Option B – A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member-provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.
- Option C – A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired

on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or “pops up” to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable “pops up” to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

Participant Refunds

Employees who resign from service and who are not eligible to receive a retirement allowance are entitled to request a refund of their accumulated total deductions. Members voluntarily withdrawing with at least 10 years of service or involuntarily withdrawing, receive 100% of the regular interest that has accrued on those accumulated total deductions. Members voluntarily withdrawing with less than 10 years of service get credited interest each year at a rate of 3%.

Employer Contributions

Employers are required to contribute at actuarially determined rates as accepted by the Public Employee Retirement Administration Commission (PERAC).

The Commission’s contribution to the System for the year ended June 30, 2024, was approximately \$8.1 million, which was equal to its annual required contribution.

Summary of Significant Accounting Policies

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the System and additions to/deductions from System’s fiduciary net position have been determined on the same basis as they are reported by System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At June 30, 2024, the Commission reported a liability of approximately \$74 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The Commission’s proportion of the net pension liability was based on a projection of the Commission’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2024, the Commission’s proportion was 8.05%, which was an increase of 0.01% from its proportion measured as of December 31, 2022.

For the year ended June 30, 2024, the Commission recognized pension expense of approximately \$7.6 million. In addition, the Commission reported deferred outflows and inflows of resources related to pension from the following sources (in thousands):

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Differences between expected and actual experience	\$ 2,723	\$ (793)
Changes in assumptions	1,324	-
Net difference between projected and actual earnings on pension plan investments	1,587	-
Changes in proportion and differences between contributions and proportionate share of contributions	<u>1,302</u>	<u>-</u>
	<u>\$ 6,936</u>	<u>\$ (793)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized as increases in pension expense as follows (in thousands):

<u>Year ended June 30:</u>	<u>Amount</u>
2025	\$ 1,447
2026	1,648
2027	2,354
2028	278
2029	<u>416</u>
	<u>\$ 6,143</u>

Actuarial Assumptions

The total pension liability in the latest actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	January 1, 2024
Actuarial cost method	Entry Age Normal Cost Method
Actuarial assumptions:	
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Projected salary increases	4.25% for Group 1 and Group 2, and 4.75% for Group 4
Inflation rate	2.50%
Post-retirement cost-of-living adjustment	3% of the first \$14,000 of retirement income
Remaining amortization period	10 years from July 1, 2023

Pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2021 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2021 (gender distinct). For disabled retirees, the rates reflect the RP-2014 Blue Collar Healthy Annuitant table set forward 1 year projected generationally with Scale MP-2021 (gender distinct).

Target Allocation

The long-term expected rate of return on pension plan investments was selected from the best estimate range determined using the building-block approach. Under this method, an expected future real return range (expected returns, net of pension plan investment expense and inflation) is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major class are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equities	24.30%	6.90%
International equities	10.80%	6.60%
Emerging international equities	4.40%	9.20%
Hedged equities	8.50%	6.60%
Core fixed income	13.60%	4.13%
Value added fixed income	7.30%	7.80%
Private equity	17.10%	10.20%
Real estate	10.30%	6.60%
Timberland	3.20%	7.10%
Portfolio completion	<u>0.50%</u>	6.40%
	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the plan member contributions will be made at the current contribution rate and that employer contributions will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Commission’s proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Commission’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate (in thousands):

	Current	
	Discount	
1% Decrease	Rate	1% Increase
<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
\$86,927	\$73,990	\$63,023

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued System financial report.

16. Other Post-Employment Benefits

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* applies if a trust fund has been established to fund future OPEB costs. In fiscal year 2016, the Commission established a single employer defined benefit OPEB Trust Fund to provide funding for future employee healthcare costs. OPEB Trust Fund does not issue a stand-alone financial report.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This statement identifies the methods and assumptions that are required to be used to project benefit payments, discounted projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

All the following OPEB disclosures are based on a measurement date of June 30, 2024.

General Information about the OPEB Plan

Plan Description

The Commission provides post-employment healthcare benefits for retired employees through the Commission’s plan. The Commission provides health insurance coverage through the Hampshire County Group Insurance Trust (HCGIT). The benefits, benefit levels, employee contributions, and employer contributions are governed by Chapter 32 of Massachusetts General Laws.

Benefits Provided

The Commission provides health, life, and prescription drug insurance to retirees and their covered dependents. All active employees who retire from the Commission and meet the eligibility criteria will receive these benefits.

Funding Policy

The Commission’s funding policy includes financing the implicit subsidy on a pay-as-you-go basis, as required by statute. Additional contributions are based on annual budget authorizations.

Plan Membership

At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	132
Active employees	<u>234</u>
	<u>366</u>

Investments

The OPEB Trust Fund assets consist of corporate equities, equity mutual funds, and fixed income mutual funds. The OPEB funds are managed in accordance with the “prudent person” rule, which allows a wider range of investment instruments in accordance with the principles of safety, liquidity, and yield. Additional information about the OPEB Trust Fund’s investments can be found at Note 3, *Investments – OPEB Trust Fund*.

Rate of Return

The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 12.00%.

Actuarial Assumptions and Other Inputs

The net OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Not explicitly stated
Salary increases	3.0%, average, including inflation
Investment rate of return	6.02%, net of OPEB plan investment expense
Municipal bond rate	4.09%
Discount rate	4.29%
Healthcare cost trend rates	6.50% for 2023, fluctuating 0.25% to an ultimate rate of 4.5% as of July 1, 2031 and later years
Retirees' share of benefit-related costs	25%
Participation rate	100% of eligible active employees

Mortality rates were based on Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre- and post-retirement projection with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

Target Allocations

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024, are summarized in the following table.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic equity	38.00%	7.00%
International equity	20.00%	6.50%
Domestic fixed income	23.00%	3.00%
International fixed income	4.00%	2.50%
Alternative investments	14.00%	9.00%
Cash	<u>1.00%</u>	1.00%
	<u>100.00%</u>	

Contributions

In addition to the implicit subsidy contribution, the Commission’s policy is to contribute amounts provided annually by the budget.

Discount Rate

The discount rate used to measure the net OPEB liability was 4.29%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate.

Based on those assumptions, the OPEB plan fiduciary net position was not projected to be available to make all projected future benefit payments of current plan members. As a result, a blended discount rate was used based on a combination of the investment rate of return of 6.02% through fiscal year 2029 and municipal bond rate of 4.09% thereafter (based on the average of indexes as of June 30, 2024, provided by S&P Municipal Bond 20-Year High Grade Rate Index – 4.21% and Fidelity GO AA 20 Years – 3.97%).

Net OPEB Liability

The components of the net OPEB liability, measured as of June 30, 2024, were as follows (in thousands):

Total OPEB liability	\$ 30,525
Less: plan fiduciary net position	<u>(8,247)</u>
Net OPEB Liability	<u>\$ 22,278</u>

Plan fiduciary net position as a
percentage of the total OPEB liability 27.02%

Changes in the Net OPEB Liability

The following summarizes the changes in the net OPEB liability for the past year (in thousands):

	Increase (Decrease)		
	Total OPEB Liability <u>(a)</u>	Plan Fiduciary Net Position <u>(b)</u>	Net OPEB Liability <u>(a) - (b)</u>
Balances, Beginning of Year	\$ 28,408	\$ 6,470	\$ 21,938
Changes for the year:			
Service cost	981	-	981
Interest	1,202	-	1,202
Contributions - employer	-	1,760	(1,760)
Net investment income	-	402	(402)
Differences between expected and actual experience	-	399	(399)
Changes in assumptions	694	-	694
Benefit payments	(760)	(760)	-
Administrative expenses	-	(24)	24
Net Changes	<u>2,117</u>	<u>1,777</u>	<u>340</u>
Balances, End of Year	<u>\$ 30,525</u>	<u>\$ 8,247</u>	<u>\$ 22,278</u>

Changes in assumptions reflects the change in headcount and other demographic changes.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate (in thousands):

1% Decrease	Current Discount Rate	1% Increase
<u>(3.29%)</u>	<u>(4.29%)</u>	<u>(5.29%)</u>
\$29,011	\$22,278	\$17,175

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates (in thousands):

	Current Healthcare Cost Trend Rates	1% Increase
1% Decrease	(5.50%)	(7.50%)
	\$16,719	\$29,745

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

For the year ended June 30, 2024, the Commission recognized an OPEB expense of approximately \$1.4 million. At June 30, 2024, the Commission reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on OPEB investments	\$ -	\$ (83)
Change in assumptions	<u>2,613</u>	<u>(4,910)</u>
	<u>\$ 2,613</u>	<u>\$ (4,993)</u>

Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized as increases (decreases) in OPEB expense as follows (in thousands):

<u>Year ended June 30:</u>	<u>Amount</u>
2025	\$ 335
2026	(459)
2027	(895)
2028	(980)
2029	(478)
Thereafter	<u>97</u>
	<u>\$ (2,380)</u>

17. Commitments and Contingencies

Litigation

On an ongoing basis, there are typically pending issues in which the Commission is involved. The Commission's management is of the opinion that the potential future settlement of these issues would not materially affect its financial statements taken as a whole.

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor cannot be determined at this time, although the Commission expects such amounts, if any, to be immaterial.

Combined Sewer Overflows

The Commission owns the entire wastewater system. The Commission operates portions of the collection system and has a contract operator (Veolia) that is responsible for operation and maintenance of the Springfield Regional Wastewater Treatment Facility, all pump stations, force mains, and Combined Sewer Overflows (CSOs). The wastewater system is primarily governed by Massachusetts and the federal regulations associated with the Clean Water Act through NPDES Permit #MA0101613.

The Commission has experienced a variety of regulatory non-compliance issues related to the operation of wastewater facilities. All known non-compliance issues are being directly addressed through ongoing infrastructure investments and improvements as identified in the Commission's capital investment plan and other planning documents such as the Integrated Wastewater Plan and Long Term CSO Control Plan. These capital improvements are funded with proceeds of the 2021 WIFIA program, MA Clean Water Trust financing, and General Revenue Bonds of the Commission. The Commission remains in contact with regulatory agencies and continues to provide updates, responses to requests, and to satisfy all requirements and submittal deadlines in a timely manner.

Drinking Water Administrative Consent Order

The Commission owns and operates the water system identified as Massachusetts Public Water System (PWS) ID #1281000 and is governed by both the Massachusetts and Federal Safe Drinking Water Act. The Commission jointly executed an Administrative Consent Order with the Massachusetts Department of Environmental Protection on April 18, 2024, which outlined certain enforceable conditions related to drinking water quality. The Commission is on schedule to satisfy the requirements of the ACO at this time and remains in contact with regulatory agencies and continues to provide updates, responses to requests, and to satisfy all requirements in a timely manner.

Workers' Compensation Liability

The financial statements include an estimate of future benefit costs/settlements for employees currently receiving workers' compensation benefits.

Self-Insurance

The Commission participates in the Hampshire County Group Insurance Trust (the Trust) to provide health insurance coverage to its employees. The Trust is funded by member assessments, which are calculated in a manner similar to commercial insurance premiums. As of June 30,

2024, the Trust contracted with an insurance carrier for excess liability coverage which takes effect when an individual claim exceeds \$350,000.

If the Trust were to experience a cash deficit, each member would be required to contribute additional funds. At June 30, 2024, according to the Trust's fiscal year 2023 unaudited financial statements, after accruing an estimated liability for incurred but unreported claims of approximately \$5.0 million, the Trust was in a surplus position of approximately \$22.8 million.

18. Transactions with City of Springfield

Other than the retirement system contribution previously noted, the Commission's fiscal year 2024 transactions with the City consist primarily of payments for Police Department services of approximately \$255,000 and approximately \$414,000 for retiree health insurance costs.

19. Wastewater Regional Operations Management

On October 1, 2020, the Commission entered into an agreement with SUEZ Water Environmental Services, Inc. (SUEZ Water) to operate the Commission's wastewater regional operations. Veolia Water USA, Inc. merged its operations with Suez Water, Inc., which is the entity owning Suez Water Environmental Services Inc. ("Suez"). Following the merger, the name of Suez Water Inc, was amended to Veolia Water USA, Inc. In addition, the name of Suez was amended to Veolia Water Contract Operations, Inc. (Veolia). As of March 2022, the Service Agreement is between the Commission and Veolia. This agreement is in effect for 20 years and contains a 5-year renewal option. The pertinent conditions of the agreement are as follows:

- All assets remain the property of the Commission.
- Equipment/inventory used over the 20-year term is to be replaced/reimbursed by Veolia.
- The Commission continues to control the customer billing process.
- The Commission agreed to incur a maximum of \$10.3 million for the initial capital improvements to the facility. These improvements became the property of the Commission upon acceptance of the work performed.
- Veolia bills the Commission monthly for the cost of providing service and an administrative fee. The monthly cost as of June 2024 was approximately \$1.4 million.
- Under the contract, Veolia must provide a guaranteed letter of credit to the Commission as security for operating performance and capital asset management. The letter of credit is adjusted annually. At June 30, 2024, the letter of credit was \$4,547,966.

SPRINGFIELD WATER AND SEWER COMMISSION

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability

(Dollars expressed in thousands)

Springfield Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of the Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</u>	<u>Plan Fiduciary Net Position Percentage of the Total Pension Liability</u>
June 30, 2024	December 31, 2023	8.05%	\$73,990	\$16,933	436.96%	39.14%
June 30, 2023	December 31, 2022	8.04%	\$73,847	\$14,212	519.61%	35.67%
June 30, 2022	December 31, 2021	7.91%	\$66,716	\$13,987	476.99%	39.53%
June 30, 2021	December 31, 2020	7.69%	\$69,512	\$13,202	526.53%	33.26%
June 30, 2020	December 31, 2019	7.67%	\$70,653	\$13,178	536.14%	30.23%
June 30, 2019	December 31, 2018	8.10%	\$73,244	\$12,483	586.75%	27.20%
June 30, 2018	December 31, 2017	8.00%	\$69,365	\$12,357	561.34%	28.36%
June 30, 2017	December 31, 2016	8.24%	\$70,365	\$12,530	561.57%	25.92%
June 30, 2016	December 31, 2015	8.69%	\$72,326	\$13,215	547.30%	25.70%
June 30, 2015	December 31, 2014	8.67%	\$63,437	\$12,460	509.13%	28.83%

See Independent Auditors' Report.

SPRINGFIELD WATER AND SEWER COMMISSION

Required Supplementary Information

Schedule of Pension Contributions

(Dollars expressed in thousands)

Springfield Contributory Retirement System

<u>Fiscal Year</u>	<u>Measurement Date</u>	Contributions in Relation to the			<u>Covered Payroll</u>	Contributions as a Percentage of <u>Covered Payroll</u>
		<u>Actuarially Determined Contribution</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>		
June 30, 2024	December 31, 2023	\$8,148	\$8,148	\$ -	\$17,526	46.49%
June 30, 2023	December 31, 2022	\$7,451	\$7,451	\$ -	\$16,096	46.29%
June 30, 2022	December 31, 2021	\$6,709	\$6,709	\$ -	\$14,952	44.87%
June 30, 2021	December 31, 2020	\$5,977	\$5,977	\$ -	\$12,874	46.43%
June 30, 2020	December 31, 2019	\$5,477	\$5,477	\$ -	\$13,358	41.00%
June 30, 2019	December 31, 2018	\$5,311	\$5,311	\$ -	\$12,839	41.37%
June 30, 2018	December 31, 2017	\$4,612	\$4,612	\$ -	\$12,451	37.04%
June 30, 2017	December 31, 2016	\$4,165	\$4,165	\$ -	\$12,351	33.72%
June 30, 2016	December 31, 2015	\$4,143	\$4,143	\$ -	\$12,606	32.87%
June 30, 2015	December 31, 2014	\$3,902	\$3,902	\$ -	\$12,512	31.19%

See Independent Auditors' Report.

SPRINGFIELD WATER AND SEWER COMMISSION

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability

(Amounts expressed in thousands)

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability								
Service cost	\$ 981	\$ 1,172	\$ 1,211	\$ 1,487	\$ 1,358	\$ 809	\$ 754	\$ 1,513
Interest	1,202	1,180	1,315	783	786	803	912	888
Differences between expected and actual experience	-	-	-	-	-	-	(3,365)	-
Changes in assumptions	694	(1,143)	(6,820)	1,254	400	2,797	1,778	(3,592)
Benefit payments, including refunds of member contributions	<u>(760)</u>	<u>(596)</u>	<u>(599)</u>	<u>(556)</u>	<u>(603)</u>	<u>(472)</u>	<u>(451)</u>	<u>(452)</u>
Net Change in Total OPEB Liability	2,117	613	(4,893)	2,968	1,941	3,937	(372)	(1,643)
Total OPEB Liability - Beginning	<u>28,408</u>	<u>27,795</u>	<u>32,688</u>	<u>29,720</u>	<u>27,779</u>	<u>23,842</u>	<u>24,214</u>	<u>25,857</u>
Total OPEB Liability - Ending (a)	<u>\$ 30,525</u>	<u>\$ 28,408</u>	<u>\$ 27,795</u>	<u>\$ 32,688</u>	<u>\$ 29,720</u>	<u>\$ 27,779</u>	<u>\$ 23,842</u>	<u>\$ 24,214</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 1,760	\$ 1,346	\$ 1,249	\$ 1,306	\$ 1,103	\$ 1,672	\$ 1,451	\$ 717
Net investment income	402	309	313	253	226	141	52	44
Differences between expected and actual experience	399	141	(1,146)	686	(133)	22	-	-
Benefit payments, including refunds of member contributions	<u>(760)</u>	<u>(596)</u>	<u>(599)</u>	<u>(556)</u>	<u>(603)</u>	<u>(472)</u>	<u>(451)</u>	<u>(452)</u>
Administrative expenses	<u>(24)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Plan Fiduciary Net Position	1,777	1,200	(183)	1,689	593	1,363	1,052	309
Plan Fiduciary Net Position - Beginning	<u>6,470</u>	<u>5,270</u>	<u>5,453</u>	<u>3,764</u>	<u>3,171</u>	<u>1,808</u>	<u>756</u>	<u>447</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 8,247</u>	<u>\$ 6,470</u>	<u>\$ 5,270</u>	<u>\$ 5,453</u>	<u>\$ 3,764</u>	<u>\$ 3,171</u>	<u>\$ 1,808</u>	<u>\$ 756</u>
Net OPEB Liability - Ending (a-b)	<u>\$ 22,278</u>	<u>\$ 21,938</u>	<u>\$ 22,525</u>	<u>\$ 27,235</u>	<u>\$ 25,956</u>	<u>\$ 24,608</u>	<u>\$ 22,034</u>	<u>\$ 23,458</u>

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

SPRINGFIELD WATER AND SEWER COMMISSION

Required Supplementary Information
Schedules of the Net OPEB Liability, Contributions, and Investment Returns

(Dollars expressed in thousands)

Schedule of the Net OPEB Liability	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB liability	\$ 30,525	\$ 28,408	\$ 27,795	\$ 32,688	\$ 29,720	\$ 27,779	\$ 23,842	\$ 24,214
Plan fiduciary net position	<u>(8,247)</u>	<u>(6,470)</u>	<u>(5,270)</u>	<u>(5,453)</u>	<u>(3,764)</u>	<u>(3,171)</u>	<u>(1,808)</u>	<u>(756)</u>
Net OPEB Liability	<u>\$ 22,278</u>	<u>\$ 21,938</u>	<u>\$ 22,525</u>	<u>\$ 27,235</u>	<u>\$ 25,956</u>	<u>\$ 24,608</u>	<u>\$ 22,034</u>	<u>\$ 23,458</u>
Plan fiduciary net position as a percentage of the total OPEB liability	27.02%	22.78%	18.96%	16.68%	12.66%	11.42%	7.58%	3.12%
Covered payroll	\$ 14,858	\$ 14,000	\$ 13,616	\$ 13,380	\$ 13,200	\$ 12,458	\$ 12,433	\$ 12,097
Net OPEB liability as a percentage of covered employee payroll	149.94%	156.70%	165.43%	203.55%	196.64%	197.53%	177.22%	193.92%
Schedule of Contributions	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 2,335	\$ 2,416	\$ 2,416	\$ 2,754	\$ 2,611	\$ 1,986	\$ 1,992	\$ 1,732
Contributions in relation to the actuarially determined contribution	<u>(1,760)</u>	<u>(1,346)</u>	<u>(1,249)</u>	<u>(1,306)</u>	<u>(1,103)</u>	<u>(1,672)</u>	<u>(1,451)</u>	<u>(717)</u>
Contribution Deficiency	<u>\$ 575</u>	<u>\$ 1,070</u>	<u>\$ 1,167</u>	<u>\$ 1,448</u>	<u>\$ 1,508</u>	<u>\$ 314</u>	<u>\$ 541</u>	<u>\$ 1,015</u>
Covered payroll	\$ 14,858	\$ 14,000	\$ 13,616	\$ 13,380	\$ 13,200	\$ 12,458	\$ 12,433	\$ 12,097
Contributions as a percentage of covered employee payroll	11.85%	9.61%	9.17%	9.76%	8.36%	13.42%	11.67%	5.93%
Schedule of Investment Returns	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money weighted rate of return, net of investment expense	12.00%	Unavailable	Unavailable	13.35%	Unavailable	Unavailable	Unavailable	Unavailable

Schedules are intended to show information for 10 years. Additional years will be displayed as they become available.

See Independent Auditors' Report.

SPRINGFIELD WATER AND SEWER COMMISSION

Other Supplementary Information
 Schedule of Operating Expenses - Budget and Actual
 For the Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Expenses				
Salaries and wages	\$ 19,092,742	\$ 18,013,359	\$ 17,549,083	\$ 464,276
Employee benefits	12,609,024	13,109,024	12,946,250	162,774
Operations	34,589,311	34,741,311	32,289,923	2,451,388
Intergovernmental	665,074	665,074	568,604	96,470
Capital outlay	448,446	448,446	396,320	52,126
Other	920,750	1,277,750	1,233,156	44,594
Debt principal	17,416,220	17,416,220	17,416,218	2
Debt interest	<u>7,786,256</u>	<u>7,856,639</u>	<u>8,072,498</u>	<u>(215,859)</u>
	<u>\$ 93,527,823</u>	<u>\$ 93,527,823</u>	<u>\$ 90,472,052</u>	<u>\$ 3,055,771</u>

See Independent Auditors' Report and Notes to Other Supplementary Information.

Notes to Other Supplementary Information

Schedule of Operating Expenses – Budget and Actual

Budgetary Basis

The appropriation appearing on the previous page represents the operating budget of the Commission that was originally authorized in June 2023.

Budget/GAAP Reconciliation

The budgetary data is based upon accounting principles that differ from GAAP. Therefore, in addition to the GAAP basis financial statements, the results of operations are presented in accordance with budgetary accounting principles to provide a meaningful comparison with budgetary data.

The following is a summary of adjustments made to the actual expenses to conform to the budgetary basis of accounting.

GAAP Basis - Operating expenses	\$ 75,638,500
GAAP Basis - Non-operating expenses	7,321,879
Reverse capital expenses appropriated in a prior fiscal year	(2,019,080)
Remove depreciation and amortization expense not budgeted for	(10,195,798)
Add long-term debt payments budgeted for	17,416,218
Reverse the effect of prior year and current year GAAP accruals of:	
Accounts payable and accrued payroll	(71,343)
Interest on long-term debt	(139,486)
Amortization of bond premium	890,105
Inventory adjustment	77,967
Accrued compensated absences	(118,862)
Net pension liability, net of deferrals	575,461
Net OPEB liability, net of deferrals	1,067,314
Accrued workers compensation	29,177
Budgetary Basis	<u>\$ 90,472,052</u>

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STATISTICAL SECTION

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This part of the Commission’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Commission’s overall financial health.

CONTENTS

Financial Trends

These schedules contain trend information to help the reader understand how the Commission’s financial performance and well-being have changed over time. These schedules are found on pages 77 and 78.

- Net Position by Component – Last Ten Fiscal Years
- Changes in Net Position – Last Ten Fiscal Years

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting the Commission’s ability to generate revenue. These schedules are found on pages 79 through 83.

- Largest Users – Last Ten Fiscal Years
- Water: Supplied Billed and Accounted For. Sewer: Treated and Billed – Last Ten Fiscal Years
- Billings and Collections – Last Ten Fiscal Years
- Water and Sewer Rate Structure – Last Ten Fiscal Years

Debt Capacity

These schedules present information to help the reader assess the affordability of the Commission’s current levels of outstanding debt and the Commission’s ability to issue additional debt in the future. These schedules are found on pages 84 and 85.

- Commission Per Capita Debt – Last Ten Fiscal Years
- Debt Coverage – Last Ten Fiscal Years

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the Commission’s financial activities take place. These schedules are found on pages 86 through 89.

- Population, Income, and Employment – Last Ten Calendar Years
- Demographic and Economic Statistics – 2023 Calendar Year-End Summary
- Distribution of Customers by Account Type – Last Ten Fiscal Years
- Largest Private Employers – Current Year and Nine Years Prior

Operating and Capital Information

These schedules contain service and infrastructure data to help the reader understand how the information in the Commission’s financial statements relates to the services the Commission provides and the activities it performs. These schedules are found on pages 90 through 94.

- Divisional Breakdown of SWSC Funded (Budgeted) Positions – Last Ten Budget Years
- Water and Sewer Distribution System – Year-End 2024 Summary
- Insurance Coverage – 2024 – 2025
- Water and Sewer Sales – Last Ten Fiscal Years
- Capital Spending by Category – Last Ten Fiscal Years

Table 1
Net Position by Component
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Net investment in capital assets	\$ 223,239,138	\$ 212,911,511	\$ 201,071,124	\$ 181,781,706	\$ 159,325,678	\$ 152,176,660	\$ 135,716,523	\$ 140,096,489	\$ 124,851,184	\$ 113,624,261
Restricted	71,679,968	67,717,316	62,790,797	62,948,144	59,930,406	50,334,806	58,368,491	46,627,990	37,694,132	36,368,236
Unrestricted	<u>(125,959,890)</u>	<u>(124,041,732)</u>	<u>(124,568,275)</u>	<u>(101,372,436)</u>	<u>(88,297,650)</u>	<u>(66,299,071)</u>	<u>(69,189,511)</u>	<u>(62,830,249)</u>	<u>(36,200,649)</u>	<u>(29,816,125)</u>
Total Net Position	<u>\$ 168,959,216</u>	<u>\$ 156,587,095</u>	<u>\$ 139,293,646</u>	<u>\$ 143,357,414</u>	<u>\$ 130,958,434</u>	<u>\$ 136,212,395</u>	<u>\$ 124,895,503</u>	<u>\$ 123,894,230</u>	<u>\$ 126,344,667</u>	<u>\$ 120,176,372</u>

Source: Audited Financial Statements

Table 2
Changes in Net Position
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues										
Water and sewer usage	\$ 99,235,470	\$ 97,763,074	\$ 90,228,684	\$ 90,076,439	\$ 80,720,589	\$ 78,569,778	\$ 76,365,206	\$ 70,958,566	\$ 68,826,361	\$ 67,168,792
Other	442,141	2,221,834	1,655,823	470,735	343,197	452,917	283,345	122,107	220,121	252,568
Total Operating Revenues	99,677,611	99,984,908	91,884,507	90,547,174	81,063,786	79,022,695	76,648,551	71,080,673	69,046,482	67,421,360
Operating Expenses										
Salaries and wages	17,733,655	16,021,843	15,013,330	13,793,770	14,552,351	13,592,558	13,415,407	13,196,653	13,210,801	12,845,594
Employee benefits	11,274,298	11,458,635	9,182,040	10,632,203	11,136,631	11,384,289	9,119,516	11,035,903	11,138,171	9,877,386
Operations	32,295,556	31,048,637	26,865,756	26,238,699	24,768,918	23,229,294	23,625,366	22,467,683	23,210,770	22,166,166
Intergovernmental	568,604	564,401	622,920	626,879	642,225	573,277	586,514	572,476	557,125	540,163
Capital outlay	2,415,400	779,869	1,979,035	2,066,377	2,095,482	1,945,358	1,213,715	1,209,614	1,285,389	991,480
Other	1,146,294	951,526	882,672	561,908	651,906	567,964	500,063	683,593	379,835	521,140
Total Operating Expenses	65,433,807	60,824,911	54,545,753	53,919,836	53,847,513	51,292,740	48,460,581	49,165,922	49,782,091	46,941,929
Depreciation	10,204,693	9,758,383	9,931,582	9,872,396	9,796,272	9,950,198	9,494,640	9,040,841	8,623,900	7,951,427
Operating Income	24,039,111	29,401,614	27,407,172	26,754,942	17,420,001	17,779,757	18,693,330	12,873,910	10,640,491	12,528,004
Nonoperating Revenues (Expenses)										
Investment income (loss)	6,026,032	3,483,569	(1,105,289)	144,676	2,155,814	2,245,158	768,883	233,262	15,564	15,027
Interest expense	(7,321,879)	(6,477,426)	(5,959,800)	(5,575,113)	(5,310,745)	(5,282,890)	(5,455,009)	(4,678,636)	(5,035,560)	(4,738,350)
Other	-	-	-	-	-	-	-	-	83,797	81,045
Total Nonoperating Revenues (Expenses), Net	(1,295,847)	(2,993,857)	(7,065,089)	(5,430,437)	(3,154,931)	(3,037,732)	(4,686,126)	(4,445,374)	(4,936,199)	(4,642,278)
Capital grants and contributions	9,318,275	3,744,112	1,739,905	6,447,059	896,618	525,858	808,112	156,154	792,512	1,643,475
Excess revenues before deferrals	32,061,539	30,151,869	22,081,988	27,771,564	15,161,688	15,267,883	14,815,316	8,584,690	6,496,804	9,529,201
Excess revenues used to fund deferrals	(19,689,418)	(12,858,420)	(26,145,756)	(15,372,584)	(20,415,649)	(3,950,991)	(13,814,043)	(11,035,127)	(328,509)	(2,687,059)
Change in Net Position	\$ 12,372,121	\$ 17,293,449	\$ (4,063,768)	\$ 12,398,980	\$ (5,253,961)	\$ 11,316,892	\$ 1,001,273	\$ (2,450,437)	\$ 6,168,295	\$ 6,842,142

Source: Audited Financial Statements

**Table 3
Largest Users
Last Ten Fiscal Years**

Top 25 Customers	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Solutia, Inc.	\$ 10,591,165	\$ 9,306,554	\$ 8,844,691	\$ 7,973,048	\$ 7,487,202	\$ 7,766,295	\$ 7,768,760	\$ 7,550,467	\$ 7,367,101	\$ 7,368,394
Town of Agawam	4,026,788	3,701,214	3,228,431	4,130,774	3,458,927	2,831,206	3,319,151	3,009,713	3,007,522	2,952,071
Town of West Springfield	2,355,557	2,543,423	2,527,701	2,140,579	1,928,184	2,118,275	1,643,124	1,558,939	1,477,728	1,809,349
Town of East Longmeadow	2,294,839	1,405,823	1,828,979	2,288,407	1,951,442	1,566,007	1,634,575	1,575,946	1,246,046	1,200,725
Town of Longmeadow	2,136,210	2,022,591	1,738,773	2,303,274	1,874,712	1,534,103	1,745,160	1,620,606	1,324,505	1,306,863
Springfield Housing Authority	1,704,523	1,574,642	1,498,041	1,581,612	1,723,006	1,450,758	1,358,085	1,476,234	1,660,106	1,324,351
Town of Ludlow DPW**	1,551,553	1,276,187	1,200,483	1,132,502	1,126,200	1,049,457	812,133	806,227	902,631	824,146
Bay State Medical Center	1,517,571	1,417,929	1,362,841	1,233,726	1,070,792	1,041,969	1,016,664	989,015	873,883	901,132
East Springfield Realty LLC	947,791	770,067	595,675	322,674	475,972	609,749	389,201	-	-	-
City of Springfield/Schools	830,190	762,989	861,825	768,528	650,408	589,371	375,004	445,895	468,008	388,135
Papyrus Equities, LLC (formally Springfield Gardens***)	734,130	757,711	1,110,468	936,864	-	-	-	-	-	-
Catholic Health East-APSS	732,400	668,596	673,212	683,912	538,649	510,741	584,889	450,068	458,863	437,435
Springfield College	628,134	635,329	580,117	483,619	486,058	459,934	397,675	448,211	495,982	442,041
Smith & Wesson	627,952	584,813	643,599	614,281	499,274	601,044	536,624	584,161	492,162	441,301
Western New England University	626,239	616,460	609,731	613,821	541,692	461,747	482,811	512,172	491,598	509,482
Mass Power	483,902	389,514	-	250,655	-	-	-	-	259,600	199,286
Pynchon Townhouses, LLC (formally Pynchon I Apartments, Ltd)	451,921	481,470	420,958	406,080	375,253	562,059	291,895	235,502	250,244	243,464
Colonial Estates	441,100	496,541	438,323	355,178	299,260	259,231	225,850	220,564	-	-
MGM Resorts International (formally Blue Tarp/Davenport Comp.)	423,832	411,609	307,665	-	346,134	416,063	-	-	-	-
Carando/Smithfield Foods	418,448	406,551	414,927	364,664	325,197	336,976	299,477	321,213	292,089	252,159
Spring Meadow Apartments	404,421	356,221	311,498	283,925	231,981	-	-	173,163	221,225	172,518
Edgewater Apartments	394,062	385,892	365,026	-	-	-	-	-	-	-
Unifirst Corporation	375,954	-	-	-	255,793	258,509	216,016	260,479	265,276	202,413
Park Tenants Assoc., Inc.	337,226	308,914	269,202	-	239,287	220,785	214,785	-	-	183,227
Friendly Ice Cream Corp	333,390	345,577	383,025	350,766	279,804	398,816	412,348	353,305	230,315	238,405
Allen Park 1 & 2	322,336	389,767	313,896	254,815	239,101	-	178,633	185,138	191,870	206,815
Town of Wilbraham	-	-	340,744	236,442	354,179	291,974	235,049	178,341	300,733	191,960
American International College	-	-	275,891	228,983	-	-	-	-	-	-
Bergen Circle Apartments	-	-	-	425,891	-	-	-	-	-	-
Rayes (frmly Related Springfield Assoc.)	-	-	-	-	221,196	281,948	247,736	438,962	421,723	338,939
Springfield Technical Comm College	-	-	-	-	-	205,833	-	-	183,651	-
Related Springfield Associates LP	-	-	-	-	-	185,506	-	-	-	-
Pynchon II Apartments, Ltd.	-	-	-	-	-	-	256,756	230,128	198,254	205,079
Armory Commons	-	-	-	-	-	-	176,052	188,622	206,610	182,313
Spfld 164/Belmont LLC (frmly Cardaropoli, Attilio)	-	-	-	-	-	-	-	227,042	-	-
Total	\$ 35,691,634	\$ 32,016,384	\$ 31,145,722	\$ 30,365,020	\$ 26,979,703	\$ 26,008,356	\$ 24,818,453	\$ 24,040,113	\$ 23,287,725	\$ 22,522,003
Percent of Total Operating Revenue	34%	32%	33%	33%	33%	33%	34%	34%	34%	33%

** Includes IOPS

***Purchased Army Commons, Belmont LLC and other small entities

Source: Commission Billing Records

Table 4
Water: Supplied Billed and Accounted For
Sewer: Treated and Billed
Last Ten Fiscal Years

Water Sales (1000 gals)	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential	3,418,039	3,680,407	3,560,435	3,976,127	3,739,865	3,674,248	3,881,968	3,974,963	3,993,954	3,904,169
Commercial	983,243	996,420	942,418	923,456	951,713	1,074,234	1,047,640	1,020,339	1,043,817	995,680
Industrial	225,001	272,436	207,967	249,921	213,230	230,311	267,357	246,874	301,338	332,947
Municipal	130,862	148,617	142,430	128,660	133,021	110,883	111,240	124,078	119,125	99,915
Solutia contract	1,763,515	1,634,706	1,658,095	1,684,109	1,582,382	1,889,882	1,937,904	2,052,774	2,133,279	2,176,832
Town contracts	<u>2,326,536</u>	<u>2,686,163</u>	<u>2,452,692</u>	<u>2,993,661</u>	<u>2,702,195</u>	<u>2,369,513</u>	<u>2,533,247</u>	<u>2,720,622</u>	<u>2,938,450</u>	<u>2,940,024</u>
Total water billed	8,847,196	9,418,749	8,964,037	9,955,934	9,322,406	9,349,071	9,779,356	10,139,650	10,529,963	10,449,567
Water supplied	10,812,700	11,016,740	11,513,009	11,513,010	11,210,150	10,576,950	10,802,240	11,165,680	11,648,180	11,230,750
% Accounted for	81.8%	85.5%	77.9%	86.5%	83.2%	88.4%	90.5%	90.8%	90.4%	93.0%
Sewer Sales (1000 gals)	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential	3,182,379	3,394,332	3,283,937	3,663,476	3,443,074	3,422,186	3,521,594	3,672,325	3,700,999	3,639,573
Commercial	574,618	578,073	529,361	502,741	529,387	618,825	578,290	549,491	555,334	532,273
Industrial	143,963	143,200	138,705	146,841	146,567	168,098	182,626	182,541	175,459	164,419
Municipal	53,151	49,142	48,269	40,363	46,422	53,692	53,868	61,530	62,876	56,562
Food service	24,942	27,126	25,355	24,234	28,072	33,053	34,875	35,447	36,666	36,320
Medical	127,462	131,285	132,389	133,656	127,544	132,460	142,256	137,163	148,388	137,709
Solutia contract	1,355,893	1,333,389	1,422,486	1,439,633	1,243,311	1,484,451	1,473,494	1,628,296	1,667,604	1,760,526
Town contracts	<u>5,720,150</u>	<u>4,002,239</u>	<u>4,843,313</u>	<u>3,714,734</u>	<u>4,105,485</u>	<u>5,355,536</u>	<u>4,130,910</u>	<u>3,527,632</u>	<u>3,773,133</u>	<u>4,160,382</u>
Total sewer billed	11,182,558	9,658,786	10,423,815	9,665,678	9,669,862	11,268,301	10,117,913	9,794,425	10,120,459	10,487,764
Wastewater treated	17,138,014	12,824,753	12,364,684	12,364,685	13,535,850	17,321,557	13,354,455	11,972,147	12,325,910	13,512,560
% Accounted for *	65.3%	75.3%	84.3%	78.2%	71.4%	65.1%	75.8%	81.8%	82.1%	77.6%

Source: Commission Billing System

* Unaccounted for wastewater includes inflow and infiltration from precipitation and groundwater. The combined sewer system within the City of Springfield, Massachusetts collects surface water runoff from precipitation and snow melt that accounts for the majority of the unaccounted wastewater treated.

Table 5
Billings and Collections
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020**</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015*</u>
Billings	\$ 98,838,055	\$ 94,489,407	\$ 87,853,208	\$ 87,843,556	\$ 77,449,116	\$ 68,418,378	\$ 71,714,561	\$ 69,951,215	\$ 66,828,449	\$ 64,477,845
Adjustments	1,722,284	(99,141)	722,136	700,973	121,199	362,899	313,365	345,814	(281,823)	(767,583)
Write-offs	<u>8,083</u>	<u>10,426</u>	<u>38,615</u>	<u>10,084</u>	<u>24,360</u>	<u>255,550</u>	<u>4,025</u>	<u>104,364</u>	<u>99,880</u>	<u>88,395</u>
Net Billings	\$ 100,568,422	\$ 94,400,692	\$ 88,613,959	\$ 88,554,613	\$ 77,594,675	\$ 69,036,827	\$ 72,031,951	\$ 70,401,393	\$ 66,646,506	\$ 63,798,657
Payments	\$ 98,648,399	\$ 94,907,745	\$ 89,586,300	\$ 86,775,345	\$ 77,760,365	\$ 69,171,649	\$ 71,165,499	\$ 71,246,016	\$ 66,670,637	\$ 63,740,688
Collection rate	99.8%	100.4%	102.0%	98.8%	100.4%	101.1%	99.2%	101.9%	100.0%	99.9%
Ending Receivables (before accruals)	\$ 6,480,655	\$ 6,380,982	\$ 5,086,197	\$ 6,097,153	\$ 4,327,967	\$ 4,518,017	\$ 4,164,095	\$ 3,301,668	\$ 4,249,281	\$ 4,374,664

*Fiscal year 2015 adjusted during fiscal year 2016

**Fiscal year 2020 adjusted during fiscal year 2021

Source: Commission Billing System

**Table 6
Water and Sewer Rate Structure
Last Ten Fiscal Years**

Water Rates (per 1000 gals)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	\$6.89	\$6.35	\$5.96	\$5.60	\$5.29	\$4.84	\$4.30	\$4.02	\$3.86	\$3.72
Commercial	\$6.89	\$6.35	\$5.96	\$5.60	\$5.29	\$4.84	\$4.30	\$4.02	\$3.86	\$3.72
Municipal	\$5.15	\$4.75	\$4.45	\$4.18	\$3.96	\$3.61	\$3.21	\$2.99	\$2.87	\$2.77
Industrial	\$5.15	\$4.75	\$4.45	\$4.18	\$3.96	\$3.61	\$3.21	\$2.99	\$2.87	\$2.77
Solutia contract	\$5.04	\$4.65	\$4.36	\$4.10	\$3.88	\$3.54	\$3.10	\$2.82	\$2.66	\$2.51
Town contracts	\$2.63	\$2.03	\$1.95	\$1.66	\$1.34	\$1.73	\$1.49	\$1.72	\$1.53	\$1.18
Residential Water % Change	8.4%	6.5%	6.4%	5.8%	9.4%	12.4%	7.0%	4.2%	4.0%	4.5%
Sewer Rates (per 1000 gals)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	\$10.49	\$10.04	\$9.43	\$8.85	\$8.36	\$7.63	\$7.11	\$6.59	\$6.34	\$6.10
Commercial	\$11.55	\$11.04	\$10.37	\$9.73	\$9.20	\$8.40	\$7.82	\$7.25	\$6.97	\$6.70
Industrial	\$12.59	\$12.05	\$11.31	\$10.61	\$10.03	\$9.16	\$8.53	\$7.91	\$7.61	\$7.30
Municipal	\$10.49	\$10.04	\$9.43	\$8.85	\$8.36	\$7.63	\$7.11	\$6.59	\$6.34	\$6.10
Food service	\$13.64	\$13.05	\$12.26	\$11.51	\$10.87	\$9.93	\$9.25	\$8.57	\$8.24	\$7.91
Medical	\$11.55	\$11.04	\$10.37	\$9.73	\$9.20	\$8.40	\$7.82	\$7.25	\$6.97	\$6.70
Solutia contract	\$1.67	\$1.39	\$1.33	\$1.29	\$1.34	\$1.26	\$1.20	\$1.18	\$1.22	\$1.11
Town contracts	\$1.67	\$1.39	\$1.33	\$1.29	\$1.34	\$1.26	\$1.20	\$1.18	\$1.22	\$1.11
Residential Sewer % Change	4.5%	6.5%	6.5%	5.9%	9.5%	7.3%	7.9%	4.0%	3.9%	5.1%
Water Rates (per 100 CF)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	\$5.15	\$4.75	\$4.46	\$4.19	\$3.96	\$3.62	\$3.22	\$3.01	\$2.89	\$2.78
Commercial	\$5.15	\$4.75	\$4.46	\$4.19	\$3.96	\$3.62	\$3.22	\$3.01	\$2.89	\$2.78
Municipal	\$3.85	\$3.55	\$3.33	\$3.13	\$2.96	\$2.70	\$2.40	\$2.24	\$2.15	\$2.07
Industrial	\$3.85	\$3.55	\$3.33	\$3.13	\$2.96	\$2.70	\$2.40	\$2.24	\$2.15	\$2.07
Solutia contract (per 100 CF)**	\$3.77	\$3.48	\$3.26	\$3.07	\$2.90	\$2.65	\$2.32	\$2.11	\$1.99	\$1.88
Town contracts (per million gals)*	\$2,632.81	\$2,028.37	\$1,950.32	\$1,656.62	\$1,340.94	\$1,727.00	\$1,491.03	\$1,717.86	\$1,526.61	\$1,178.93
Residential Water % Change	8.4%	6.5%	6.4%	5.8%	9.4%	12.4%	7.0%	4.2%	4.0%	4.5%
Sewer Rates (per 100 CF)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Residential	\$7.85	\$7.51	\$7.05	\$6.62	\$6.25	\$5.71	\$5.32	\$4.93	\$4.74	\$4.56
Commercial	\$8.64	\$8.26	\$7.76	\$7.28	\$6.88	\$6.28	\$5.85	\$5.42	\$5.21	\$5.01
Industrial	\$9.42	\$9.01	\$8.46	\$7.94	\$7.50	\$6.85	\$6.38	\$5.92	\$5.69	\$5.46
Municipal	\$7.85	\$7.51	\$7.05	\$6.62	\$6.25	\$5.71	\$5.32	\$4.93	\$4.74	\$4.56
Food service	\$10.20	\$9.76	\$9.17	\$8.61	\$8.13	\$7.43	\$6.92	\$6.41	\$6.16	\$5.92
Medical	\$8.64	\$8.26	\$7.76	\$7.28	\$6.88	\$6.28	\$5.85	\$5.42	\$5.21	\$5.01
Residential Sewer % Change	4.5%	6.5%	6.5%	5.9%	9.5%	7.3%	7.9%	4.0%	3.9%	5.1%
Average Combined Rate Increase	6.5%	6.5%	6.5%	5.9%	9.4%	9.9%	7.4%	4.1%	4.0%	4.8%

Source: Commission's adopted Rules and Regulations Chapter 5

Table 6
Water and Sewer Rate Structure (Continued)
Last Ten Fiscal Years

(continued)

Sewer Contract Rates (per million gals)	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Agawam	\$1,950.50	\$1,536.81	\$1,603.56	\$1,537.52	\$1,592.36	\$1,553.44	\$1,105.93	\$1,431.59	\$1,503.64	\$1,375.92
Longmeadow	\$1,404.64	\$1,176.53	\$1,139.53	\$1,145.45	\$1,211.67	\$1,140.41	\$880.54	\$1,072.83	\$1,108.53	\$959.04
Chicopee	\$900.80	\$742.02	\$710.27	\$699.60	\$744.50	\$663.23	\$557.05	\$652.23	\$631.46	\$577.91
East Longmeadow	\$1,349.44	\$1,123.63	\$1,093.50	\$1,082.41	\$1,130.51	\$1,084.04	\$802.57	\$991.09	\$1,055.03	\$945.34
Ludlow	\$1,860.33	\$1,724.80	\$1,490.39	\$1,585.33	\$1,677.68	\$1,611.88	\$1,195.07	\$1,488.14	\$1,746.10	\$1,426.13
West Springfield	\$2,218.83	\$1,934.36	\$1,662.43	\$1,520.51	\$1,694.06	\$1,482.35	\$1,168.17	\$1,194.23	\$1,253.45	\$1,143.72
Wilbraham	\$1,541.02	\$1,228.92	\$1,303.23	\$1,339.82	\$1,479.57	\$1,343.92	\$1,115.76	\$1,281.69	\$1,116.32	\$1,061.65
Springfield	\$1,596.13	\$1,295.79	\$1,277.62	\$1,060.98	\$1,235.96	\$1,207.57	\$914.55	\$1,123.16	\$1,178.85	\$1,087.99
Solutia / Nova	\$1,333.79	\$1,191.78	\$1,029.78	\$1,230.25	\$1,182.67	\$1,006.25	\$936.01	\$1,030.71	\$988.48	\$901.90
Friendly DBA Dean Foods	\$11,755.28	\$9,209.37	\$9,578.44	\$10,717.54	\$13,202.84	\$9,094.13	\$11,608.00	\$12,232.93	\$10,498.96	\$7,752.63
Totals	\$1,672.02	\$1,392.86	\$1,326.36	\$1,288.93	\$1,340.94	\$1,263.53	\$1,197.77	\$1,175.82	\$1,217.98	\$1,108.27

* Fiscal year 2025 Town rates per million gallons are estimated

** Solutia Contract had two separate rates for fiscal year 2019. 7/1/18 - 12/31/18 rate was \$2.32; 1/1/19 - 6/30/19 rate was \$2.35

Solutia contract (per million gals)***	\$1,672.02	\$1,392.86	\$1,326.36	\$1,288.93	\$1,340.94	\$1,263.53	\$1,197.77	\$1,175.82	\$1,217.98	\$1,108.27
Town contracts (per million gals)***	\$1,672.02	\$1,392.86	\$1,326.36	\$1,288.93	\$1,340.94	\$1,263.53	\$1,197.77	\$1,175.82	\$1,217.98	\$1,108.27

*** Changes in fiscal year 2016 Town and Solutia Contract rates are due to estimates changing to actuals

Table 7
Commission Per Capita Debt
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Outstanding Principal	\$ 335,402,656	\$ 292,589,052	\$ 471,571,568	\$ 237,373,443	\$ 196,877,365	\$ 185,252,698	\$ 198,021,678	\$ 185,598,197	\$ 170,821,830	\$ 179,270,356
City Springfield Population	153,672	154,064	154,789	155,929	153,060	153,060	154,341	154,758	153,703	153,991
Town of Ludlow Population ⁽¹⁾	20,831	21,002	21,233	21,119	21,233	21,472	21,502	21,502	21,103	21,103
Per Capita Debt	1,922	1,671	2,679	1,341	1,130	1,061	1,126	1,053	977	1,024
City of Springfield:										
Total Personal Income ⁽²⁾⁽³⁾	\$ 3,944,606,568	\$ 3,568,276,304	\$ 3,453,033,012	\$ 3,537,093,436	\$ 2,309,536,560	\$ 2,288,247,000	\$ 2,210,367,000	\$ 2,109,884,000	\$ 2,084,349,000	\$ 2,047,862,000
Town of Ludlow:										
Estimated Total Personal Income ⁽³⁾	\$ 640,417,000	\$ 640,417,000	\$ 644,575,000	\$ 602,330,000	\$ 583,946,000	\$ 563,460,000	\$ 553,134,000	\$ 541,567,000	\$ 518,896,000	\$ 503,954,000
Debt per Personal Income	7.32%	6.95%	11.51%	5.73%	6.80%	6.50%	7.17%	7.00%	6.56%	7.03%

Source:

(1) From Massachusetts Department of Revenue

(2) From City of Springfield, Massachusetts Annual Comprehensive Financial Report

(3) Estimated total personal income was calculated using Ludlow population and estimated per capital income for zip code 01056

Table 8
Debt Coverage
Last Ten Fiscal Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenue										
Beginning revenue cash	\$ 33,135,022	\$ 32,411,767	\$ 43,946,782	\$ 36,731,290	\$ 29,213,733	\$ 30,858,423	\$ 23,543,264	\$ 35,282,607	\$ 40,949,346	\$ 24,945,725
Deposits to revenue account	<u>100,982,882</u>	<u>101,043,018</u>	<u>93,759,816</u>	<u>89,226,889</u>	<u>81,689,505</u>	<u>81,361,548</u>	<u>74,568,571</u>	<u>73,080,877</u>	<u>67,844,909</u>	<u>66,470,471</u>
Total cash receipts	\$ 134,117,904	\$ 133,454,785	\$ 137,706,598	\$ 125,958,179	\$ 110,903,238	\$ 112,219,971	\$ 98,111,835	\$ 108,363,484	\$ 108,794,255	\$ 91,416,196
Transfers										
To operating accounts	\$ 64,383,784	\$ 60,373,093	\$ 55,777,460	\$ 51,020,111	\$ 51,655,361	\$ 51,368,058	\$ 42,859,242	\$ 46,681,334	\$ 44,787,949	\$ 44,173,446
To (from) debt service reserve*	<u>-</u>	<u>42,000</u>	<u>261,018</u>	<u>(6,046)</u>	<u>(7,598,820)</u>	<u>(638,043)</u>	<u>19,186</u>	<u>1,247,387</u>	<u>1,223,597</u>	<u>477,261</u>
Total transfers	\$ 64,383,784	\$ 60,415,093	\$ 56,038,478	\$ 51,014,065	\$ 44,056,541	\$ 50,730,015	\$ 42,878,428	\$ 47,928,721	\$ 46,011,546	\$ 44,650,707
Net Revenue	\$ 69,734,120	\$ 73,039,692	\$ 81,668,120	\$ 74,944,114	\$ 66,846,697	\$ 61,489,956	\$ 55,233,407	\$ 60,434,763	\$ 62,782,709	\$ 46,765,489
Debt Service Requirement	\$ 24,964,965	\$ 20,511,800	\$ 21,067,863	\$ 18,587,675	\$ 18,023,355	\$ 17,191,399	\$ 16,897,703	\$ 15,348,323	\$ 12,837,884	\$ 10,689,535
Debt Coverage	279.3%	356.1%	387.6%	403.2%	370.9%	357.7%	326.9%	393.8%	489.0%	437.5%
Alternate (no begin balance)	146.6%	198.1%	179.0%	205.6%	208.8%	178.2%	187.5%	163.9%	170.1%	204.1%
125% of debt service required	\$ 31,206,206	\$ 25,639,750	\$ 26,334,829	\$ 23,234,594	\$ 22,529,194	\$ 21,489,249	\$ 21,122,129	\$ 19,185,404	\$ 16,047,355	\$ 13,361,919
140% of debt service required	\$ 34,950,951	\$ 28,716,520	\$ 29,495,008	\$ 26,022,745	\$ 25,232,697	\$ 24,067,959	\$ 23,656,784	\$ 21,487,652	\$ 17,973,038	\$ 14,965,349

Debt Service Requirement: The above calculations are in accordance with the Commission's General Bond Resolution which represents the current years debt service requirement for the Fiscal Year. It does not include future WIFIA debt service requirements that have not been obligated by the Commission through future projected requested funds.

* Fiscal year 2015 revised transfer to debt service reserve, adjusted during 2015 audit by auditors

* Fiscal year 2017 Revised Debt Service Requirement, adjusted during 2017 audit by auditors

* Fiscal year 2022 WIFIA Reserve Requirement excluded from calculation; will be transferred to Project Fund in fiscal year 2023

Source: Commission Accounting System

Table 9
Population, Income, and Employment
Last Ten Calendar Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
United States										
Total Personal Income (\$000)	\$23,402,500,000	\$21,804,672,169	\$23,138,636,220	\$20,564,900,000	\$18,599,062,000	\$17,813,035,000	\$16,820,250,000	\$16,115,630,000	\$15,324,108,725	\$14,708,582,165
Per Capita Income (\$)	\$69,876	\$65,423	\$69,717	\$62,090	\$56,663	\$54,446	\$51,640	\$49,831	\$47,665	\$46,129
Population	334,914,896	333,287,562	331,893,745	331,209,000	328,239,523	327,167,434	325,719,178	323,405,935	321,467,160	318,857,056
Employment	164,300,374	169,852,882	166,900,336	147,795,000	157,538,000	200,746,000	196,132,200	193,368,900	190,195,400	185,798,800
New England										
Total Personal Income (\$000)	\$1,278,575,592	\$1,200,166,525	\$1,156,873,537	\$1,098,140,600	\$1,049,299,200	\$1,008,436,200	\$952,330,566	\$915,452,998	\$867,004,548	\$831,543,055
Per Capita Income (\$)	\$84,340	\$79,326	\$76,651	\$73,961	\$70,683	\$67,893	\$64,303	\$62,033	\$58,863	\$56,642
Population	15,159,777	15,129,548	15,092,739	14,847,468	14,845,063	14,853,290	14,810,001	14,727,573	14,729,289	14,680,722
Employment	8,016,896	12,603,450	12,537,490	10,783,355	10,127,365	10,032,617	9,886,800	9,777,804	9,571,509	9,378,271
Massachusetts										
Total Personal Income (\$000)	\$634,296,100	\$593,083,781	\$576,063,500	\$549,564,800	\$516,713,600	\$494,764,600	\$463,930,693	\$444,812,504	\$414,723,656	\$399,204,457
Per Capita Income (\$)	\$90,596	\$84,945	\$82,475	\$79,721	\$74,967	\$71,683	\$67,630	\$65,186	\$61,032	\$59,182
Population	7,001,399	6,981,974	6,984,723	6,893,574	6,892,503	6,902,149	6,859,819	6,823,721	6,795,177	6,745,408
Employment	3,753,345	5,805,465	5,790,261	3,760,335	4,936,751	4,872,851	4,777,678	4,710,176	4,542,723	4,428,065
Western Massachusetts ⁽¹⁾										
Total Personal Income (\$000)	(2)	(2)	\$51,632,549	\$47,945,845	\$44,927,459	\$43,647,850	\$41,889,827	\$40,025,022	\$39,196,508	\$36,463,080
Per Capita Income (\$)	(2)	(2)	\$62,664	\$58,466	\$54,635	\$52,647	\$50,551	\$48,365	\$47,201	\$44,002
Population	820,447	822,382	823,962	820,225	822,326	829,072	828,667	827,568	830,411	828,677
Employment	403,831	395,533	377,885	455,990	503,002	499,052	494,421	493,325	478,874	470,214

(1) Includes Hampden, Hampshire, Franklin, and Berkshire Counties

Source: Bureau of Economic Analysis
Bureau of the Census
Boston Water and Sewer Commission Comprehensive Annual Financial Report

(2) Information is not presented as it is unavailable

Table 10
Demographic and Economic Statistics
2023 Calendar Year End Summary

	Springfield, MA ⁽¹⁾	United States ⁽²⁾
ECONOMY		
Unemployment Rate	4.7%	4.3%
Recent Job Growth *	1.0%	2.7%
3 Year Average	-1.4%	3.0%
5 Year Average	1.0%	1.0%
Future Job Growth *	unavailable	unavailable
Sales Tax	6.25%	0.0%
Income Per Capita	\$26,901	\$43,313
Household Income (Median)	\$47,101	\$77,719
HOUSEHOLD INCOME		
Income less than 10K	7.9%	5.3%
Income between 10K and 15K	12.0%	3.5%
Income between 15K and 25K	11.0%	6.4%
Income between 25K and 35K	8.9%	6.8%
Income between 35K and 50K	11.3%	10.3%
Income between 50K and 75K	15.5%	16.1%
Income between 75K and 100K	11.5%	12.7%
Income between 100K and 150K	12.6%	17.4%
Income between 150K and 200K	4.5%	9.1%
Income greater than 200K	4.7%	12.4%
POPULATION BY OCCUPATION		
Management, business, science, and arts occupations	29.6%	43.2%
Service occupations	28.3%	16.4%
Sales and office occupations	16.9%	19.1%
Natural resources, construction, and maintenance occupations	6.4%	8.4%
Production, transportation, and material moving occupations	18.8%	12.9%

* Growth between May 2022 and May 2023

(1) Source: U.S. Census Bureau

(2) Source: Bureau of Labor Statistics 2024

Table 11
Distribution of Customers by Account Type
Last Ten Fiscal Years

Water Accounts	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential	40,746	40,706	40,668	40,621	40,532	40,462	40,394	40,358	40,303	40,226
Commercial	2,206	2,204	2,204	2,200	2,187	2,183	2,175	2,174	2,175	2,186
Industrial	80	79	83	85	84	85	86	87	88	91
Municipal	214	206	193	192	185	183	169	162	158	154
Solutia contract	24	24	24	25	25	25	25	23	24	24
Town contracts	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Totals	43,276	43,225	43,178	43,129	43,019	42,944	42,855	42,810	42,754	42,687
% Change	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	0.1%	0.1%	0.2%	0.0%
Sewer Accounts	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential	35,749	35,704	35,660	35,610	35,483	35,412	35,347	35,298	35,243	35,181
Commercial	1,704	1,703	1,704	1,702	1,705	1,702	1,695	1,689	1,689	1,701
Industrial	100	100	100	100	99	100	101	102	104	104
Municipal	18	108	106	106	105	102	99	96	97	97
Food service	64	63	63	61	62	61	65	67	71	70
Medical	114	21	20	19	19	19	19	19	19	19
Solutia contract	1	1	1	1	1	1	1	1	1	1
Town contracts	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>	<u>6</u>
Totals	37,756	37,706	37,660	37,605	37,480	37,403	37,333	37,278	37,230	37,179
% Change	0.1%	0.1%	0.1%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%

Source: Commission Billing System

Table 12
Largest Private Employers
Current Year and Nine Years Prior

<u>Employer</u>	<u>Nature of Business</u>	<u>2024</u>			<u>2015</u>		
		<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Number of Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
BayState Health Systems	Healthcare	8,000	1	12.2%	9,773	1	14.5%
Massachusetts Mutual Financial Group	Insurance	4,300	2	6.6%	3,977	2	5.9%
Sisters of Providence	Healthcare	2,800	3	4.3%	1,962	3	2.9%
MGM Springfield	Entertainment	1,541	4	2.4%	n/a	n/a	0.0%
Big Y	Grocery	1,000	5	1.5%	1,035	6	1.5%
Smith & Wesson	Firearms	907	6	1.4%	1,301	4	1.9%
Western New England University	Education	807	7	1.2%	844	7	1.3%
Peter Pan Bus Lines	Transportation	750	8	1.1%	700	n/a	0.0%
Center for Human Development	Human Services	650	9	1.0%	350	10	0.5%
TD Bank	Financial	575	10	0.9%	n/a	n/a	0.0%
Springfield Technical Community College	Education	566	n/a	0.9%	1,081	5	1.6%
Performance Food Group	Food Service	560	n/a	0.9%	n/a	n/a	0.0%
American International College	Education	560	n/a	0.9%	n/a	n/a	0.0%
Springfield College	Education	539	n/a	0.8%	680	5	1.0%
CRCC of MA	Manufacturing	441	n/a	0.7%	n/a	n/a	0.0%
Solutia	Manufacturing	300	n/a	0.5%	388	9	0.6%
		24,296		37.3%	22,091		31.7%

Source: City of Springfield, Massachusetts June 30, 2023 Comprehensive Annual Financial Report
Official Statements, Massachusetts Department of Labor and Workforce Development

Table 13
Divisional Breakdown of SWSC Funded (Budgeted) Positions
Last Ten Budget Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Administration	12	14	13	13	11	11	9	8	7	7
Public Relations and Education	3	0	0	0	0	0	0	0	0	0
General Accounting	4	5	4	4	4	4	4	4	4	4
Customer Service	10	10	8	8	8	8	8	8	8	8
Information Systems	17	17	13	11	10	10	10	10	7	6
Asset Management	6	5	1	3	3	3	4	4	4	0
Engineering	13	12	21	25	15	19	19	19	21	26
Operations Management Water	2	2	2	2	3	3	4	3	3	3
SERTS	0	0	0	0	0	0	0	1	1	0
Water Supply Administration	5	4	4	5	4	4	3	3	3	4
Ludlow Reservoir	6	6	5	5	5	6	6	6	6	7
Provin Mountain	6	6	9	9	9	9	9	9	9	9
West Parish Filters	36	32	30	30	26	31	36	37	35	35
Watershed Management	3	3	2	2	1	2	1	1	1	2
Borden Brook	4	4	4	3	4	4	3	3	3	0
Laboratory	7	7	6	6	5	5	5	5	5	5
Cross Connection Control	6	6	5	5	4	5	4	4	4	5
Warehouse Management	5	5	6	6	6	4	4	4	4	4
Customer Field Service	10	10	9	8	9	7	6	5	5	5
Meters and Field Service	24	24	22	21	21	21	22	22	22	21
Water Quality	14	15	14	14	14	16	13	13	14	17
Water Distribution	38	39	34	32	32	34	35	36	35	34
Fleet Management	2	2	2	2	2	2	0	0	0	0
WW Operations Management	1	1	2	2	2	2	1	1	1	1
Sewer Collection Services	30	29	30	33	33	38	41	39	39	38
Industrial Pretreatment	3	3	3	3	2	2	2	2	2	2
FOG	0	0	0	0	0	1	1	1	1	2
Totals	267	261	249	252	233	251	250	248	244	245

Source: Commission Budget Documents

Table 14
Water and Sewer Distribution System
Year-End 2024 Summary

Water Distribution System

	<u>Appurtenances</u>		<u>Water Main City Wide</u>
Hydrants	6,230	Total Linear Feet	3,058,769
Valves	19,821	Total Linear Miles	579
Meters	47,002		
		Water Booster Pump Stations	5

Sewer Collection System

	<u>Appurtenances</u>		<u>Sewer Pipes City Wide</u>
CSO Regulator Structures & Outfalls	24	Total Linear Feet	2,499,248
Manholes	11,507		
Regulators	24	Combined Sewer Miles	150
Flood Control Gates	42	Separated Sewer Miles	323
		Total Sewer Miles	473
		Sewage Pumping Stations	26
		Flood Control Pumping Stations	8
		Active CSO's	24

Source: Commission's GIS System

Table 15
Insurance Coverage
2024 - 2025

<u>Provider</u>	<u>Policy Period</u>	<u>Type of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
Starr Surplus Lines Insurance Company	4/2/2024 - 4/2/2025	Property	\$100,000,000	\$405,894
Homesite Insurance Company	4/2/2024 - 4/2/2025	Special Primary/Excess Liability	\$5,000,000	\$120,180
Westchester Surplus Lines Insurance Co	4/2/2024 - 4/2/2025	Excess Liability/3rd layer	\$5,000,000	\$83,200
Vantage Risk Specialty Ins. Company	4/2/2024 - 4/2/2025	Excess Liability/2nd layer	\$5,000,000	\$112,500
Lexington Insurance Company	4/2/2024 - 4/2/2025	Excess Liability/1st layer	\$5,000,000	\$166,400
Safety Insurance Company	4/2/2024 - 4/2/2025	Automobile (OOS)	\$1,000,000	\$17,796
Hanover Insurance Group	4/2/2024 - 4/2/2027	Crime	\$1,000,000	\$14,721
United States Aircraft Insurance Group	6/3/2024 - 6/3/2025	Drone	\$1,000,000	\$4,041
CFC Underwriting Limited	4/17/2024 - 4/17/2025	Cyber	\$2,000,000	\$38,792

Source: Commission's Insurance Records

Table 16
Water and Sewer Sales
Last Ten Fiscal Years

Water Revenues

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential	\$ 21,322,489	\$ 21,117,952	\$ 19,443,812	\$ 20,447,895	\$ 17,292,613	\$ 15,616,135	\$ 14,911,091	\$ 15,218,954	\$ 14,381,642	\$ 13,415,558
Commercial	6,126,126	5,695,713	5,139,100	4,745,864	4,398,794	4,563,718	4,018,447	3,902,296	3,752,587	3,427,199
Industrial	1,397,708	1,548,066	1,139,079	1,274,604	977,510	973,305	1,019,910	944,766	1,080,588	1,136,290
Municipal	892,154	847,055	768,216	650,861	605,125	475,838	428,362	472,383	432,235	348,218
Solutia contract	8,012,914	7,205,824	6,816,682	6,229,929	5,714,593	5,944,006	5,521,688	5,536,360	5,352,632	5,107,358
Town contracts	<u>5,454,367</u>	<u>5,060,104</u>	<u>5,396,009</u>	<u>4,932,096</u>	<u>3,409,620</u>	<u>4,295,035</u>	<u>4,293,041</u>	<u>4,162,012</u>	<u>2,327,342</u>	<u>3,927,297</u>
Total	<u>\$ 43,205,758</u>	<u>\$ 41,474,714</u>	<u>\$ 38,702,898</u>	<u>\$ 38,281,249</u>	<u>\$ 32,398,255</u>	<u>\$ 31,868,037</u>	<u>\$ 30,192,539</u>	<u>\$ 30,236,771</u>	<u>\$ 27,327,026</u>	<u>\$ 27,361,920</u>
% Change	4.2%	7.2%	1.1%	18.2%	1.7%	5.5%	-0.1%	10.6%	-0.1%	N/A

Sewer Revenues

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential	\$ 31,090,660	\$ 30,266,555	\$ 28,201,429	\$ 28,687,877	\$ 25,248,071	\$ 23,742,570	\$ 22,283,701	\$ 22,417,606	\$ 21,468,222	\$ 20,201,407
Commercial	5,612,366	5,159,947	4,533,647	3,921,619	3,896,503	4,300,077	3,656,813	3,335,785	3,229,732	2,965,577
Industrial	1,408,106	1,270,733	1,178,034	1,165,887	1,077,082	1,167,164	1,142,754	1,102,505	1,004,203	912,485
Municipal	517,509	423,578	428,376	317,969	348,468	368,578	342,826	339,232	352,828	304,162
Food service	244,714	231,042	214,188	176,649	190,073	215,004	228,551	226,155	217,125	202,774
Medical	1,243,626	1,155,212	1,142,336	1,059,897	950,367	921,445	914,203	848,081	868,499	760,404
Solutia contract	2,578,251	2,100,730	2,028,009	1,743,119	1,772,609	1,822,289	2,247,072	2,078,416	2,014,469	2,261,036
Town contracts	<u>7,832,923</u>	<u>6,742,655</u>	<u>7,869,775</u>	<u>7,154,688</u>	<u>6,773,341</u>	<u>6,351,866</u>	<u>5,562,796</u>	<u>4,551,677</u>	<u>4,902,426</u>	<u>3,536,341</u>
Total	<u>\$ 50,528,155</u>	<u>\$ 47,350,452</u>	<u>\$ 45,595,794</u>	<u>\$ 44,227,705</u>	<u>\$ 40,256,514</u>	<u>\$ 38,888,993</u>	<u>\$ 36,378,716</u>	<u>\$ 34,899,457</u>	<u>\$ 34,057,504</u>	<u>\$ 31,144,186</u>
% Change	6.7%	3.8%	3.1%	9.9%	3.5%	6.9%	4.2%	2.5%	9.4%	N/A

Source: Commission Billing System

**Table 17
Capital Spending by Category
Last Ten Fiscal Years**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>Totals</u>	<u>% of Total</u>
Water	\$ 22,280,533	\$ 24,379,276	\$ 14,911,646	\$ 8,864,872	\$ 10,848,846	\$ 9,454,096	\$ 8,086,519	\$ 7,516,116	\$ 15,371,825	\$ 14,281,580	\$ 135,995,309	31%
Sewer	43,400,255	56,122,095	46,273,978	28,078,727	32,523,915	8,869,437	15,705,575	19,415,137	17,824,767	11,796,065	280,009,951	63%
Power Generation	662,261	775,269	246,658	553,559	576,743	539,395	952,337	894,471	253,744	221,315	5,675,752	1%
Support	3,628,281	3,004,163	1,538,640	1,149,930	2,371,762	945,701	1,152,620	2,484,984	2,255,125	2,528,713	21,059,919	5%
Total	<u>\$ 69,971,330</u>	<u>\$ 84,280,803</u>	<u>\$ 62,970,922</u>	<u>\$ 38,647,088</u>	<u>\$ 46,321,266</u>	<u>\$ 19,808,629</u>	<u>\$ 25,897,051</u>	<u>\$ 30,310,708</u>	<u>\$ 35,705,461</u>	<u>\$ 28,827,673</u>	<u>\$ 442,740,931</u>	<u>100%</u>

Source: Commission's Accounting System