

Springfield  
Water and Sewer Commission  
Springfield, Massachusetts



Annual Comprehensive  
Financial Report

For the Fiscal Year Ended June 30, 2022

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# **SPRINGFIELD WATER AND SEWER COMMISSION**

Springfield, Massachusetts

Annual Comprehensive Financial Report  
For the Year Ended June 30, 2022



## **COMMISSIONERS**

Vanessa Otero, Chairperson  
Daniel Rodriguez  
William Leonard

Joshua D. Schimmel  
Executive Director

Anthony J. Basile  
Comptroller

Domenic P. Pellegrino  
Finance Director

Prepared by Financial Group

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## **INTRODUCTORY SECTION**

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**SPRINGFIELD WATER  
AND SEWER COMMISSION**

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November 16, 2022

Springfield Water and  
Sewer Commission  
PO Box 995  
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To the Customers and Board of Commissioners of  
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 ending June 30, 2022. 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 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 Melanson to perform an audit of the Commission's books for fiscal year ended June 30, 2022.

The Management's Discussion and Analysis (MD&A) follows the independent auditor's 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, Single Audits were required for fiscal year 2022 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's 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. Finally, chlorine is added to disinfect the water before it flows out into the distribution system for delivery to our customers.

Approximately 51,000 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 assure that the water meets or exceeds State and Federal standards and requirements.

### *Storage*

After leaving the West Parish Water Filtration Plant, the water travels through three transmission mains to our 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 majority of the Springfield and Ludlow system. The Commission has several 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 your drinking water from the source through treatment and storage to distribution to your tap. In addition to serving the residents of Springfield and Ludlow, the Commission also provides wholesale water to the communities of Agawam, East Longmeadow, and Longmeadow and provides partial service or peak 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 while 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 one 13.5 MW and one 5.7 MW Units are shut down and partially disassembled for rehabilitation needs and improvement. In fiscal year 2022, the plant output was 15,984 MW.



The Commission controls and limits the amounts of water available for power generation to protect safe-yield water storage under various seasonal and drought conditions.



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 also entered into a separate ten-year parallel 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 include 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 2022 to meet the average annual power needs for approximately 2,190 homes in Massachusetts.

## **SEWER SYSTEM**

### *Wastewater Collection*

The Springfield Water and Sewer Commission services approximately 37,600 sewer accounts. The sewer collection consists of 150 miles of combined sewer (sewer and stormwater pipe), 473 miles of combined and separated sewer pipe, 24 combined sewer overflow outfalls, 11,491 manholes, and 34 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 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, or 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>
Chairperson	Vanessa Otero	Appointed by Mayor	June 30, 2022
Commissioner	Daniel Rodriguez	Appointed by Mayor	June 30, 2023
Commissioner	William E. Leonard	Appointed by Mayor	June 30, 2021

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. Asset management and building maintenance are supported by this group as well.

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 and 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 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 commenced on December 14, 2018, and expires on June 30, 2023. 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 wholesale 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 will run until June 30, 2024. All reservoirs, treatment and storage facilities, pump stations, and water transmission mains, are owned by the Springfield Water and Sewer Commission. Each wholesale 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, with expectations that once agreed a new contract will be executed and run 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 under 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 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 and home to 154,789 people behind the Cities of Boston and Worcester and 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 located 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, the 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 Springfield 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 and gaming tables. Also, MGM is committed to bring high-end entertainment acts to the City of Springfield. The casino project employs approximately 1,200 jobs, and with this type of investment the City of Springfield is planning on the attraction to 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

### **Coronavirus (COVID-19)**

COVID-19 is a respiratory disease caused by a novel coronavirus that has not previously been seen in humans. On March 10, 2020, the Governor of the Commonwealth of Massachusetts declared a state of emergency to support the Commonwealth's response to the outbreak of the virus. On March 11, 2020, the World Health Organization declared COVID-19 a pandemic.

On March 15, 2020, the Governor announced emergency actions to help address the spread of the virus. Following the development and implementation of COVID-19 vaccines for the general public and the adoption and implementation of a four-phased reopening plan by the Commonwealth, on May 29, 2021, all business in the Commonwealth were permitted to reopen and to operate at full capacity, with some continuing limitations on public and private transportation and those facilities serving vulnerable populations.

On March 16, 2020, the Springfield Water and Sewer Commission closed its offices and operations facilities to the public. At that time, Commission employees were reporting to work or working from home under the discretion of management. On or about June 1, 2021, most Commission employees returned to reporting to work, however, the Commission offices and operations facilities continue to limit access to the public. The Commission continues to provide and fully expects to maintain all essential functions and services. 100% of Commission employees are reporting to in-person work currently.

COVID-19 and the resulting continuing actions by national, state, and local governments is alternating the behavior of business and people in a manner that will continue to have negative impacts on global and local economies. The Commission continues to monitor year-over-year trends in revenues on a daily basis to assess the effects of COVID-19, and the resultant economic effects, on collections of water and sewer charges and other revenues. The Commission continues to provide payment arrangements for all customers for outstanding water/sewer charges and is working with a local non-profit agency to provide access to tenants and landlords to available governmental programs for payment of water /sewer charges.

### **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)* 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.

### Water

- The planning for the construction of improvements to the West Parish Filters (WPF) Water Treatment Plant (WTP) continued. As part of the process, the Commission contracted with AECOM to complete facilities planning for long-term improvements to the WPF. A peer review process was completed for the facilities plan. Following completion of the facilities plan, the Commission issued a Request for

Qualifications (RFQ) for design of the new WTP, and selected Hazen and Sawyer, DPC. 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. Design is ongoing and is anticipated to be completed in 2024, construction is anticipated to begin mid fiscal year 2025.

- Peer review of the preliminary design was completed for the approximately 2-mile long 42-inch diameter Raw Water Conveyance (RWC) pipe and control valve system. Following the peer review process, design began for the improvements necessary to return the pipe system to service as a raw water supply to the WPF. Design is anticipated to be completed in 2023.
- The Design-Build process began for the Clearwell and Backwash Pump Station. Construction of the new facility began, and is anticipated to be complete in 2023.
- Upgrades to the existing gaseous chlorine system were completed at the West Parish Filters WTP, as well as the installation of a new bulk chemical storage system for the primary coagulant.
- Temporary repairs were completed for the Upper Lagoon Dam No. 2 at the West Parish WTP. Planning for the repairs or removal to the Upper Lagoon Dam No. 2 was also completed, including an alternatives analysis for repairs or removal. In addition, planning for the removal of existing residuals from the Upper Lagoon was completed. Design and permitting for the removal and disposal of the accumulating residuals will begin in fiscal year 2023.
- Began a Water Distribution System Optimization Study with Wright-Pierce to evaluate distribution system hydraulics and make operational and capital improvement recommendations to optimize system water age, water quality, available fire flow, and redundancy. Project completion is anticipated in March of 2023.
- Proceeded with development of design documents for 3,000 linear feet of watermain replacement at Saint James Avenue as part of a Mass DOT project (Construction in fiscal year 2023), 7,245 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 in fiscal year 2024), and 4,653 linear feet of water main replacement on Westford Circle, Dover Street, and Wilbraham Road.
- Initiated the Birnie Avenue water transmission main repair and replacement evaluation with Kleinfelder. Due to a recent pipe failure on the 36-inch PCCP Northeast Trunk Main near the Birnie Avenue Valve Chamber, Kleinfelder will evaluate and recommend several water main repair/replacement options to reduce risk and provide system sustainability. Project completion anticipated in October 2022.
- Additional current fiscal year Water improvement projects include:
  - Completion of repairs to Filter No. 6 at the West Parish Filters Water Treatment Plant.
  - Inspection of watershed bridges including the Cobble Mountain Dam and Borden Brook Dam bridges. Phase 1 dam inspections were completed for all high-hazard dams.
  - At the Provin Mountain water storage facility, cleaning and evaluation of the tanks, valves, and access structures were completed for Tanks 3 and 4. Structural monitoring equipment was installed in Tank 1 to monitor the structural stability of the tank over time.
  - Installation of a new hoist/trolley system at the 72-inch raw water inlet control valve building.

- Installation of a new flow control valve in Slow Sand Filter No. 11 was completed.
- Replacement of the domestic water pump at the Provin Mountain water storage facility.
- Water Main Replacement in conjunction with the 2019-21 and 2020-22 infrastructure projects was initiated, including replacement of approximately 3,710 linear feet of water main primarily along Massachusetts Avenue and Narragansett Street. The project is complete.
- Developed design documents for 1,033 linear feet of water main on Liberty Street.

## **Wastewater**

- Annual comprehensive sewer collection system cleaning, condition assessment, and system mapping.
- Continued construction of the York Street Pump Station and Connecticut River Crossing project.
- Design and bidding of the Locust Transfer Project interceptor sewer upgrade were completed.
- Completed preliminary design and began design of a new grit removal system at the Springfield Regional Wastewater Treatment Plant.
- In fiscal year 2022 Kleinfelder completed the design for the Locust Transfer and Flow Optimization Project. Construction phase is scheduled for fiscal years 2023-24. 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.
- The Commission initiated the construction phase of the fiscal year 2022 Sanitary Sewer Infrastructure Improvements designed by Kleinfelder. Baltazar Contractors Inc. was awarded the contract. The project entails stabilization and restoration of a compromised shoreline along Watershops Pond that houses the Commission's 42-inch South Branch Sewer. Erosion and shifting of the sloped shoreline caused a section of the sewer main to move and separate at the joints. As a result, this project also includes the rehabilitation of approximately 375 feet of the South Branch Sewer, and associated access structures, in proximity of Pondview Drive and South Shore Drive.
- Design and construction of annual sewer infrastructure improvements.

## **Power Generation**

- Installation of new power transmission poles (637 Line) was completed.
- Comprehensive inspection of the Cobble Mountain Hydropower Station, including evaluation of the condition of the existing penstocks. An alternatives analysis for upgrades to the station is anticipated to be completed in fiscal year 2023.
- Completed other miscellaneous improvements, which included the swapping of Valves 1 and 3 and miscellaneous welding repairs to Penstock No. 1.

## **System-Wide Support**

- Continued support of the Commission's Fleet and Rolling Stock Equipment replacement programs.
- Replace end-of-life Cisco network switches and systems so that they are supported by manufacturer and can be updated to protect against exploits and vulnerabilities.

- Implement a Commission-wide Wi-Fi network, assuming COVID-19 protocols do not interfere with project again.
- Multi-factor authentication on remote access applications and services.
- Complete rebuild the SCADA data center servers, storage, and network at 2 locations for system fault tolerance and high availability.
- Deploy cyber security solutions within the SCADA network to protect systems from potential threats to operations.
- Development of a facilities master plan, facilities security improvements as well as short- and long-term improvements to Commission properties.
- Produce a video documentary of the Springfield Water and Sewer Commission to be used as an educational tool and historical record.
- 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.

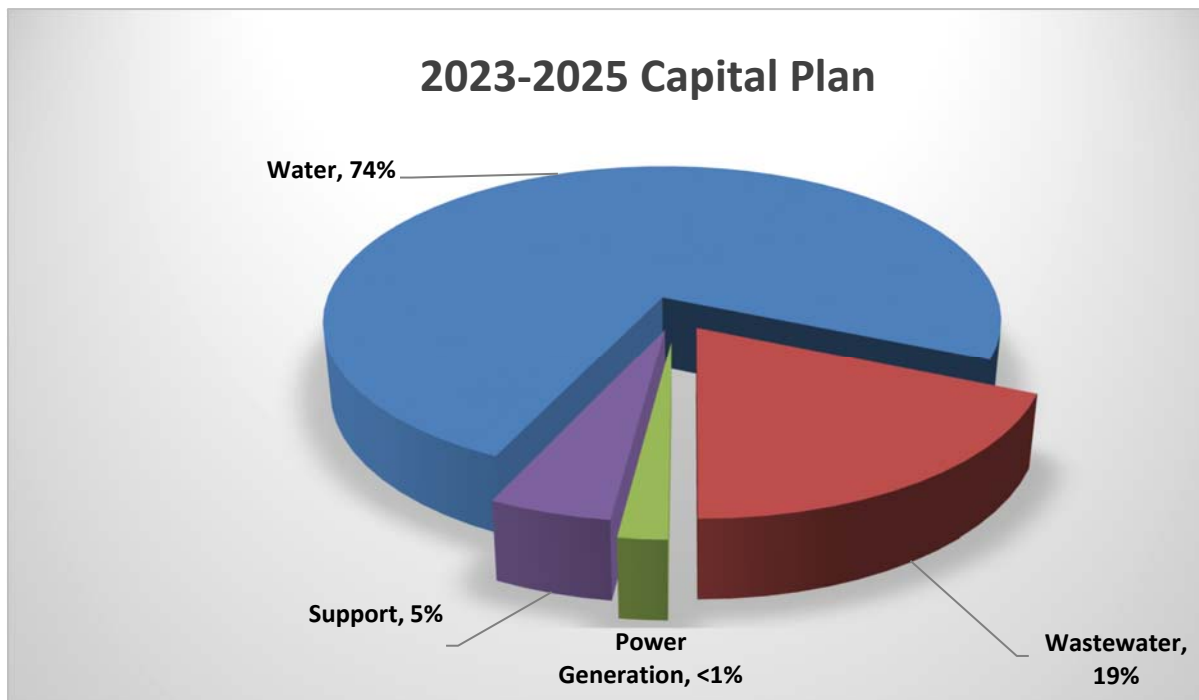
<b>2023-2025 Capital Improvement Program</b>			
<b>Funding Sources</b>			
<b>Funding Source</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Revenues and Reserves	\$ 11,473,050	\$ 13,613,000	\$ 9,454,400
Bonds WIFIA	\$ 27,960,001	\$ 2,900,000	\$ -
Bonds SRF	\$ -	\$ 29,004,388	\$15,000,000
<b>Grand Total</b>	<b>\$ 39,433,051</b>	<b>\$ 45,517,388</b>	<b>\$24,454,400</b>

Table II

<b>2023-2025 Capital Improvement Program</b>			
<b>Funding of Activity Areas</b>			
<b>Activity Area</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Water	\$ 34,443,801	\$ 27,024,000	\$ 19,948,400
Wastewater	\$ 1,460,000	\$ 16,124,388	\$ 2,920,000
Power Generation	\$ 1,369,250	\$ 619,000	\$ 136,000
Support	\$ 2,160,000	\$ 1,750,000	\$ 1,450,000
<b>Total</b>	<b>\$ 39,433,051</b>	<b>\$ 45,517,388</b>	<b>\$ 24,454,400</b>

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 74% Water improvements, 19% Wastewater improvements, 2% Power Generation projects, and 5% 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 a number of 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 has the responsibility for the operation and maintenance of the water supply, transmission and distribution systems, as well as wastewater collection and treatment, which serves 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 \$109,404,839 for the three-year period 2023-2025. Expenditures are divided in four categories: Water Projects total \$81,416,201, Wastewater Projects total \$20,504,388, Power Generation Projects total \$2,124,250, and other Support Projects total \$5,360,000.

Funding approval for the fiscal year 2023 Capital Projects total \$39,433,051. The spending plan is as follows: Water Projects total \$34,443,801 (87%), Wastewater Projects total \$1,460,000 (4%), Power Generation Projects total \$1,369,250 (3%), and other Support Projects total \$2,160,000 (6%).

### **The various infrastructure capital projects scheduled in fiscal year 2023 include:**

#### Water

- Design and permitting of the new West Parish Water Treatment Plant (WTP). The project includes the design of 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.
- Final design 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.
- Design/build construction of the new 0.5 million-gallon Clearwell and Backwash Pump Station at WPF.
- Planning for the removal of the Upper Lagoon Dam No. 2 will continue in fiscal year 2023. In addition, design and permitting for the removal of residuals from the Upper Lagoon will begin.
- Various facility improvement projects at the WPF campus, including miscellaneous safety improvements, replacement of nozzles in the rapid sand filters, and installation of air vents in the rapid sand filters.
- Design and construction of various water main projects including 3,000 linear feet of watermain replacement at Saint James Avenue as part of a Mass DOT project, and the Birnie Avenue water transmission main repair and replacement project.

- Preliminary design by Wright-Pierce for distribution system infrastructure to be replaced that is ranked as grade 5 (highest priority) on the SWSC's water infrastructure asset management and capital improvements plan. This project includes approximately 16,700 linear feet of water infrastructure.
- Completion of distribution system studies, including the Water Distribution System Optimization Study, and a distribution system leak detection program.
- Design and permitting of new flow metering and sampling station at the Provin Mountain Storage Facility for primary disinfection compliance.
- Design and permitting for improvements at the Provin Mountain Tanks 3 and 4. Continued structural monitoring of the Provin Mountain Tank 1.
- Potential failure mode analysis exercise for the Cobble Mountain Reservoir Dam and associated infrastructure.
- Various assessments and improvements throughout the watersheds including design of the Borden Brook culvert replacement, culvert and slope repairs, and woody vegetation control.
- Various dam planning projects, including development of a dams master plan, and update to the Operations and Maintenance Manuals for the dams.

#### Wastewater

- The ongoing construction of the York Street Pumping Station and Connecticut River sewer crossing and CSO project.
- Fiscal year 2023-24 Locust Transfer and Flow Optimization Project which includes the following:
  - Replacement of the existing sewer main within Locust Street, between Mill Street and Main Street, to facilitate the temporary bypass of the Main Intercepting Sewer (MIS) during construction and for future improvements/operational needs.
  - Construction of a new transfer pipeline to allow diversion of wastewater flow from the MIS to the currently under construction York Street Pump Station / Connecticut River Crossing project (Phase 2). This transfer pipeline will provide full redundancy for the MIS river crossing, allowing for its bypass, inspection, and subsequent rehabilitation, as needed.
  - System Optimizations. A new stilling chamber, along with new gates and valves, have been designed to support the reduction in CSO discharge volume and to improve the Commission's operation of the collection system.
- Design and bidding for the new grit removal system at the wastewater treatment plant.
- Construction of fiscal year 2022 Sanitary Sewer Infrastructure Improvements project.
- Fiscal year 2023 Sewer Infrastructure Improvements project which entails expedited repairs to a 60"x40" brick sewer within Main St near Court Square and the rehabilitation of Pondview Drive sewer siphons.
- Preliminary design by Wright-Pierce for wastewater collection system infrastructure to be replaced or rehabilitated that is highly ranked on the SWSC's prioritized infrastructure improvements model, and/or has been identified by the SWSC's Sewer Operations Department as in critical need for improvements or is located near the proposed coincidental high priority SWSC water infrastructure replacement projects. This project includes approximately 9,300 linear feet of sewer infrastructure.
- Annual cleaning and assessment of the sewer collection system.

## Power Generation

- Procurement of materials for the installation of new transmission line conductors for the new power transmission poles for power transmission (637 Line) installed in the previous year.
- Completion of alternatives analysis for the Cobble Mountain Hydropower Station.
- Miscellaneous improvements at the Cobble Mountain Hydropower Station including installation of a blind flange on Unit No. 2 and dewatering and inspection of Unit No. 1.

## 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, 2021. This was the ninth 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,



Joshua D. Schimmel  
Executive Director



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, 2021

*Christopher P. Morill*

Executive Director/CEO

## **SPRINGFIELD WATER AND SEWER COMMISSION**

### **Commissioners**

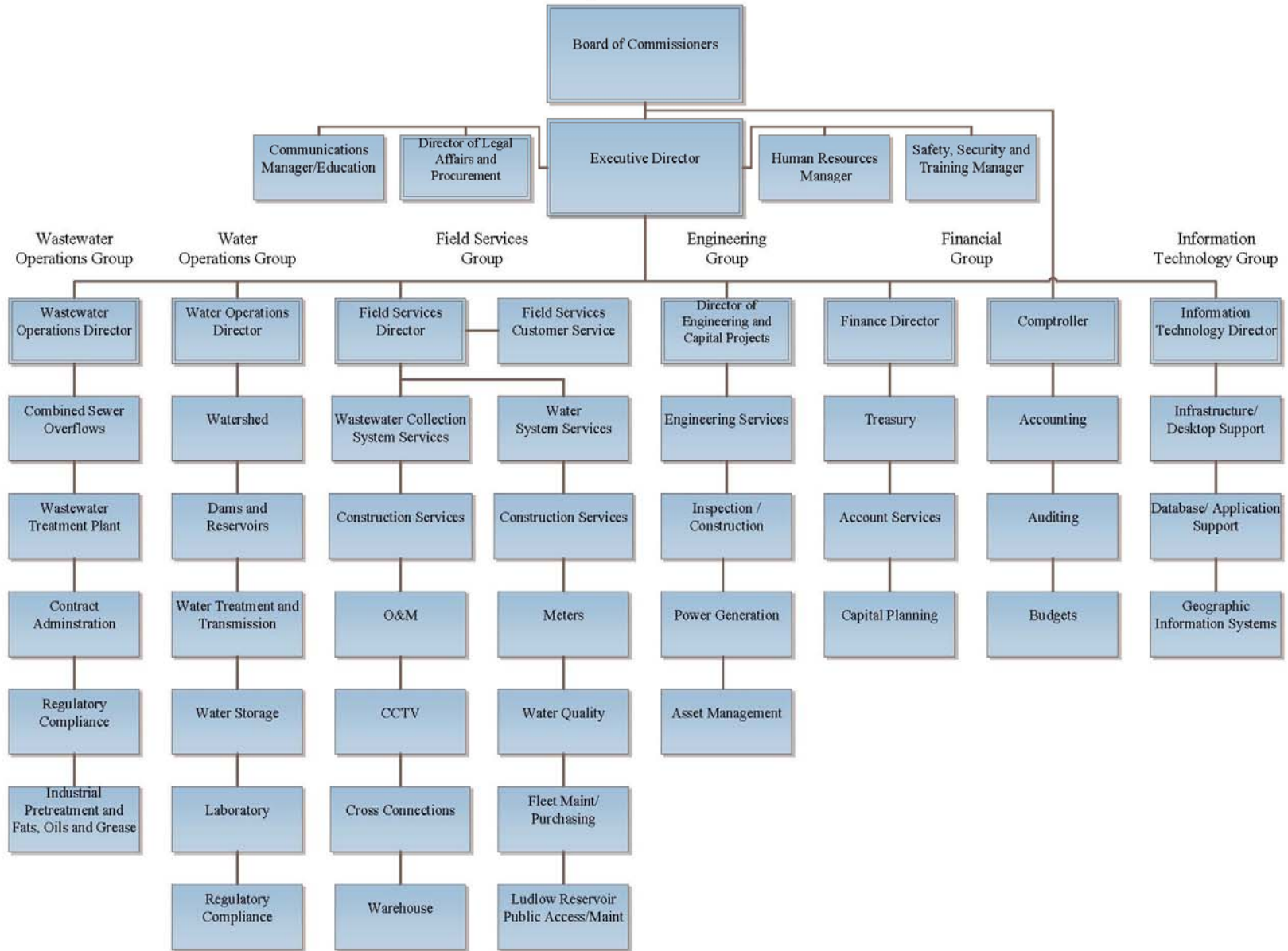
Vanessa Otero, Chairperson  
Daniel Rodriguez  
William E. Leonard

### **Senior Management**

Joshua D. Schimmel, Executive Director  
Darlene Buttrick, Director of Engineering  
Robert A. Stoops, P.E. Chief Engineer  
Anthony J. Basile, Comptroller  
Domenic P. Pellegrino, Finance Director  
James R. Laurila, Drinking Water Operations Director  
Daniel J. DiRienzo, Field Services Director  
William D. Fuqua, Wastewater Operations Director  
James M. Richardson, 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 AUDITOR'S REPORT

To the Commissioners  
Springfield Water and Sewer Commission  
Springfield, Massachusetts

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

#### ***Opinions***

We have audited the accompanying financial statements of the business-type activities and the aggregate remaining fund information of the Springfield Water and Sewer Commission (the Commission), as of and for the year ended June 30, 2022, 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 Springfield Water and Sewer Commission, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further discussed in the Auditor's 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

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Merrimack, New Hampshire  
Andover, Massachusetts  
Greenfield, Massachusetts  
Ellsworth, Maine



continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor’s 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 auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 and certain pension and OPEB schedules 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 has not been subject to the auditing procedures applied in the audit of the basic financial statements and, according, we do not express an opinion or provide any assurance on it.

***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 auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 November 16, 2022 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 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.

A handwritten signature in black ink that reads "Melanson".

Greenfield, Massachusetts  
November 16, 2022

## 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, 2022.

### **Overview of the Financial Statements**

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

### **Financial Highlights**

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 \$139,293,646.

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, 2022, was a change of \$(4,063,768) 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 Basic 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

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

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current and other assets	\$ 444,594,725	\$ 216,810,368
Capital assets	<u>455,656,564</u>	<u>405,398,449</u>
Total Assets	900,251,289	622,208,817
<b>Deferred Outflows of Resources</b>	98,559,706	105,775,469
<b>Liabilities</b>		
Other liabilities	124,232,253	101,571,327
Long-term liabilities	<u>547,168,634</u>	<u>320,057,192</u>
Total Liabilities	671,400,887	421,628,519
<b>Deferred Inflows of Resources</b>	188,116,462	162,998,353
<b>Net Position</b>		
Net investment in capital assets	201,071,124	181,781,706
Restricted	62,790,797	62,948,144
Unrestricted	<u>(124,568,275)</u>	<u>(101,372,436)</u>
Total Net Position	\$ <u><u>139,293,646</u></u>	\$ <u><u>143,357,414</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 \$139,293,646, a change of \$(4,063,768) in comparison to the prior year.

The Commission's net position is comprised of \$201,071,124 invested in capital assets, \$62,970,797 restricted for other purposes, namely restricted cash and inventory, and a deficit of \$(124,568,275) in unrestricted.

	<u>2022</u>	<u>2021</u>
<b>Operating Revenues</b>		
Water and sewer usage	\$ 90,228,684	\$ 90,076,439
Other	<u>1,655,823</u>	<u>470,735</u>
Total Operating Revenues	91,884,507	90,547,174
<b>Operating Expenses</b>		
Salaries and wages	15,013,330	13,793,770
Employee benefits	9,182,040	10,632,203
Operations	26,865,756	26,238,699
Intergovernmental	622,920	626,879
Capital outlay	1,979,035	2,066,377
Depreciation and amortization	9,931,582	9,872,396
Other	<u>882,672</u>	<u>561,908</u>
Total Operating Expenses	<u>64,477,335</u>	<u>63,792,232</u>
Operating Income	27,407,172	26,754,942
<b>Nonoperating Revenues (Expenses)</b>		
Interest income (loss)	(1,105,289)	144,676
Interest expense	(5,959,800)	(5,575,113)
Grant reimbursement revenue	1,739,905	6,447,059
<b>Excess Revenues Used to Fund Deferrals</b>	<u>(26,145,756)</u>	<u>(15,372,584)</u>
Change in Net Position	(4,063,768)	12,398,980
Net Position, Beginning of Year	<u>143,357,414</u>	<u>130,958,434</u>
Net Position, End of Year	<u>\$ 139,293,646</u>	<u>\$ 143,357,414</u>

## Financial Highlights

The Commission ended the year with operating income of approximately \$27.4 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 more closely match revenues to expenditures.

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on the Commission's operational and

financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Commission's financial condition or results of operations remains uncertain.

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) COVID-19 is expected to adversely affect the issuer's future financial performance to an extent that could be material, and (3) consequently, the information set forth in the filing should not be relied upon as indicative of future financial performance.

In fiscal year 2022, there was an increase in collection efforts, however, overall usage was lower than anticipated. As a result, wastewater charges revenue and fees were approximately \$2.8 million lower than budget. Wholesale water charges and fees were lower than budget by approximately \$1.2 million. Power generation revenues were higher than estimates by approximately \$473,000. These and other factors resulted in total operating revenue of approximately \$91.9 million in fiscal year 2022, approximately \$2.3 million less than budget, and \$1.3 million more than the prior year.

Operating expenses were less than budget by approximately \$3.4 million, primarily as a result of conservative budgeting for general operational expenses and, in some cases, reduced expenditures as a result of the COVID-19 outbreak. There were also vacant positions and less overtime needed than anticipated.

In fiscal year 2011, the Commission implemented Accounting Standards Codification (ASC) 980, *Accounting for the Effects of Certain Types of Regulation*, which essentially adjusts for differences between how revenue / rates are budgeted and how they are accounted for on a generally accepted accounting principles (GAAP) basis. 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 income statement 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 income statement 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 \$(26,145,756) for fiscal year 2022.

As a result of the key elements described above, the activities for the year resulted in a change in net position of \$(4,063,768).

## **Capital Assets and Debt Administration**

### ***Capital Assets***

Total investment in capital assets at year-end amounted to \$455,656,564 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and fixtures, vehicles and equipment, and infrastructure.

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

Depreciation expense	\$ (9,931)
Acquisition/construction of:	
Hydrant projects	54
Meter replacements	503
Water production facility projects	9,431
Water treatment system improvements projects	907
Waste water treatment system improvements projects	1,618
York Street and river design projects	39,265
Sewer main rehabilitation projects	1,452
Collection system assessment and rehabilitation	730
Distribution system rehabilitation projects	1,583
Provin Reservoir tank projects	28
Bypass and tunnel construction	1,050
New vehicle and equipment purchases	271
Computer software and equipment purchases	485
Various other rehab and improvement projects	2,812

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 \$471,571,568, 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, 2022

#### Assets

##### Current:

Cash and short-term investments	\$ 44,366,726
Investments	6,788,950
Restricted cash	35,833,301
Restricted investments	24,762,686
Accounts receivable, net of allowance for uncollectibles	10,390,946
Intergovernmental receivables	317,717,265
Inventory for consumption, net of allowance	1,424,775
Other assets	<u>157,731</u>

Total Current Assets 441,442,380

##### Noncurrent:

Intergovernmental receivables, net of current portion	801,849
Inventory held by others	1,855,269
Health insurance deposit	495,227
Capital assets:	
Nondepreciable capital assets	133,665,481
Other capital assets, net of accumulated depreciation	<u>321,991,083</u>

Total Noncurrent Assets 458,808,909

Total Assets 900,251,289

#### Deferred Outflows of Resources

Related to pension	3,484,688
Related to OPEB	3,014,003
Other	<u>92,061,015</u>

Total Deferred Outflows of Resources 98,559,706

(continued)

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

## SPRINGFIELD WATER AND SEWER COMMISSION

### Statement of Net Position

June 30, 2022

(continued)

#### Liabilities

##### Current:

Accounts payable	\$ 3,570,019
Accrued payroll and withholdings	252,645
Notes payable	102,674,000
Accrued interest payable	2,286,158
Current portion of long-term liabilities	
Bonds and loans payable	15,218,238
Compensated absences	231,193

Total Current Liabilities 124,232,253

##### Noncurrent:

Bonds and loans payable, net of current portion	456,353,330
Compensated absences, net of current portion	1,400,310
Net pension liability	66,715,732
Net OPEB liability	22,524,719
Accrued workers' compensation	174,543

Total Noncurrent Liabilities 547,168,634

Total Liabilities 671,400,887

#### Deferred Inflows of Resources

Related to pension	5,977,738
Related to OPEB	5,905,293
Other	176,233,431

Total Deferred Inflows of Resources 188,116,462

#### Net Position

Net investment in capital assets	201,071,124
Restricted for:	
Reserve for inventory	3,280,044
Reserve for stabilization fund	17,037,176
Reserve for debt covenants and scholarships	42,473,577
Unrestricted	(124,568,275)

Total Net Position \$ 139,293,646

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, 2022

<b>Operating Revenues</b>	
Water and sewer usage	\$ 90,228,684
Other	<u>1,655,823</u>
Total Operating Revenues	91,884,507
<b>Operating Expenses</b>	
Salaries and wages	15,013,330
Employee benefits	9,182,040
Operations	26,865,756
Intergovernmental	622,920
Capital outlay	1,979,035
Depreciation and amortization	9,931,582
Other	<u>882,672</u>
Total Operating Expenses	<u>64,477,335</u>
Operating Income	27,407,172
<b>Nonoperating Revenues (Expenses)</b>	
Investment income (loss), net	(1,105,289)
Interest expense	(5,959,800)
Grant reimbursement revenue	<u>1,739,905</u>
Total Nonoperating Revenues (Expenses), Net	<u>(5,325,184)</u>
Excess Revenues Before Transfer Requirement	22,081,988
<b>Excess Revenues Used to Fund Deferrals</b>	<u>(26,145,756)</u>
Change in Net Position	(4,063,768)
Net Position, Beginning of Year	<u>143,357,414</u>
Net Position, End of Year	<u>\$ 139,293,646</u>

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, 2022

<b>Cash Flows From Operating Activities</b>	
Receipts from customers and users	\$ 93,111,170
Payments to vendors	(42,252,445)
Payments to employees	<u>(16,541,901)</u>
Net Cash Provided By Operating Activities	34,316,824
<b>Cash Flows From Noncapital Financing Activities</b>	
Intergovernmental receipts	<u>162,632</u>
Net Cash Provided By Noncapital Financing Activities	162,632
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition and construction of capital assets	(60,189,698)
Proceeds of intergovernmental notes and grants	48,150,637
Principal payments on bonds and loans	(14,859,173)
Interest expense	<u>(6,453,313)</u>
Net Cash (Used For) Capital and Related Financing Activities	(33,351,547)
<b>Cash Flows From Investing Activities</b>	
Sale of investments	2,718,632
Investment gain	<u>(1,105,289)</u>
Net Cash Provided By Investing Activities	<u>1,613,343</u>
Net Change in Cash and Short-Term Investments and Restricted Cash	2,741,252
Cash and Short-Term Investments and Restricted Cash, Beginning of Year	<u>77,458,775</u>
Cash and Short-Term Investments and Restricted Cash, End of Year	<u>\$ 80,200,027</u>
<b>Reconciliation of Operating Income to Net Cash Provided By Operating Activities</b>	
Operating income	\$ 27,407,172
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	9,931,582
Changes in assets, liabilities, and deferred outflows/inflows:	
Accounts receivable	1,226,663
Inventory	(472,888)
Other assets	(52,475)
Deferred outflows - related to pension	(579,751)
Deferred outflows - related to OPEB	40,930
Accounts payable and accrued payroll and withholdings	(2,156,762)
Accrued compensated absences	(37,557)
Net pension liability	(2,796,737)
Net OPEB liability	(4,710,594)
Deferred inflows - related to pension	1,092,232
Deferred inflows - related to OPEB	5,418,843
Accrued workers' compensation	<u>6,166</u>
Net Cash Provided By Operating Activities	<u>\$ 34,316,824</u>
<b>Noncash Capital and Related Investing Activities</b>	
Principal debt forgiveness in grant reimbursement revenue	<u>\$ 5,639,796</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, 2022

<b>Assets</b>	
Cash	\$ 26,223
Investments:	
Corporate equities	391,412
Equity mutual funds	3,387,950
Fixed income mutual funds	<u>1,464,494</u>
Total Investments	<u>5,243,856</u>
Total Assets	5,270,079
<b>Net Position</b>	
Restricted for OPEB	<u>5,270,079</u>
Total Net Position	\$ <u><u>5,270,079</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, 2022

**Additions**

Employer contributions	\$ 1,249,147
Investment (loss), net	<u>(833,085)</u>
Total Additions	416,062

**Deductions**

Benefit payments	<u>599,147</u>
Change in Net Position	(183,085)

**Restricted Net Position**

Beginning of Year	<u>5,453,164</u>
End of Year	<u><u>\$ 5,270,079</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 (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 generally accepted accounting principles in the United States of America (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 an enterprise fund 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 certificates of deposit, corporate bonds, federal agency securities, and U.S. Treasury notes, and are carried at fair value, except certificates of deposit, which are reported at cost. 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 SUEZ Water, Inc. the Commission transferred custody of certain inventory to SUEZ Water, Inc. The value stated was a negotiated value, which will be replaced by SUEZ Water, Inc at the expiration of the privatization contract in October 2040.

***Capital Assets***

Capital assets, which include property, plant, equipment, and infrastructure assets are defined by the Commission as assets with an initial individual cost of more than \$5,000 (for land, vehicles, and equipment), \$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 limitation 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.

## ***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, 2022, none of the Commission's bank balance of \$84,993,301 was exposed to custodial credit risk as uninsured and/or uncollateralized.

The Commission votes annually to fund capital projects from current year revenue. Included in the Commission's cash balance is \$15,758,866 voted by the Commission in prior years that has been reserved for ongoing capital projects.

### ***Investments (excluding the OPEB Trust Fund)***

The following is a summary of the Commission's investments as of June 30, 2022:

<u>Investment Type</u>	<u>Amount</u>
Certificates of deposit	\$ 5,624,921
Corporate bonds	594,770
Federal agency securities	5,735,657
U.S. Treasury notes	<u>19,596,288</u>
Total	<u>\$ 31,551,636</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, 2022, the Commission did not have investments subject to custodial credit risk exposure as all assets were held in the Commission's name.

### ***Credit Risk – Investments in Debt Securities***

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, 2022, the credit quality ratings, as rated by S&P Global Ratings of the Commission's debt securities were as follows (U.S. Treasury notes have an implied rating of AAA):

<u>Investment Type</u>	<u>Amount</u>	<u>AAA</u>	<u>AA</u>
Corporate bonds	\$ 594,770	\$ 132,249	\$ 462,521
Federal agency securities	<u>5,735,657</u>	<u>5,735,657</u>	<u>-</u>
Total	<u>\$ 6,330,427</u>	<u>\$ 5,867,906</u>	<u>\$ 462,521</u>

#### *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, 2022, the Commission did not have investments in any one issuer that exceeded 5% of total investments.

#### *Interest Rate Risk – Investments in Debt Securities*

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, 2022:

<u>Investment Type</u>	<u>Amount</u>	<u>Investment Maturities (in Years)</u>	
		<u>Less Than 1</u>	<u>1-5</u>
Certificates of deposit	\$ 5,624,921	\$ 2,373,356	\$ 3,251,565
Corporate bonds	594,770	447,762	147,008
Federal agency securities	5,735,657	4,756,813	978,844
U.S. Treasury notes	<u>19,596,288</u>	<u>2,932,925</u>	<u>16,663,363</u>
Total	<u>\$ 31,551,636</u>	<u>\$ 10,510,856</u>	<u>\$ 21,040,780</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, 2022, 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 Governmental Accounting Standards Board 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, 2022:

<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 bonds	\$ 594,770	\$ -	\$ 594,770	\$ -
Federal agency securities	5,735,657	-	5,735,657	-
U.S. Treasury notes	<u>19,596,288</u>	<u>-</u>	<u>19,596,288</u>	<u>-</u>
Total	<u>\$ 25,926,715</u>	<u>\$ -</u>	<u>\$ 25,926,715</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 securities' 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, 2022:

<b>Stabilization Fund</b>	\$ 17,037,176
<b>Reserve Funds</b>	
Operating reserve fund	10,503,608
Renewal/replacement fund	1,000,000
Debt service fund	10,193,441
Debt service reserve fund	20,693,189
<b>Other Funds</b>	
Project accounts	1,085,234
Scholarship trust fund	<u>83,339</u>
Total	<u>\$ 60,595,987</u>
<b>Restricted Balances</b>	
Restricted cash	\$ 35,833,301
Restricted investments	<u>24,762,686</u>
Total	<u>\$ 60,595,987</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, 2022:

<u>Investment Type</u>	<u>Amount</u>
Corporate equities	\$ 391,412
Equity mutual funds	3,387,950
Fixed income mutual funds	<u>1,464,494</u>
Total	<u>\$ 5,243,856</u>

**Custodial Credit Risk**

As of June 30, 2022, 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 – Investments in Debt Securities**

As of June 30, 2022, 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	\$ 391,412	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 391,412
Equity mutual funds	3,387,950	-	-	-	-	-	3,387,950
Fixed income mutual funds	<u>1,464,494</u>	<u>549,492</u>	<u>261,062</u>	<u>239,578</u>	<u>254,972</u>	<u>38,694</u>	<u>120,696</u>
Total	\$ <u>5,243,856</u>	\$ <u>549,492</u>	\$ <u>261,062</u>	\$ <u>239,578</u>	\$ <u>254,972</u>	\$ <u>38,694</u>	\$ <u>3,900,058</u>

**Concentration of Credit Risk**

As of June 30, 2022, 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 is as follows at June 30, 2022:

<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>1,464,494</u>	\$ <u>47,350</u>	\$ <u>427,369</u>	\$ <u>564,660</u>	\$ <u>425,115</u>
Total	\$ <u>1,464,494</u>	\$ <u>47,350</u>	\$ <u>427,369</u>	\$ <u>564,660</u>	\$ <u>425,115</u>

**Foreign Currency Risk**

At June 30, 2022, 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, 2022:

<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	\$ 391,412	\$ 391,412	\$ -	\$ -
Equity mutual funds	3,387,950	3,387,950	-	-
Fixed income mutual funds	<u>1,464,494</u>	<u>-</u>	<u>1,464,494</u>	<u>-</u>
Total	\$ <u>5,243,856</u>	\$ <u>3,779,362</u>	\$ <u>1,464,494</u>	\$ <u>-</u>

**6. Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2022:

Billed water, sewer, and wastewater regional	\$ 5,086,197
Less: allowances	<u>(619,186)</u>
Total Billed	4,467,011
Unbilled water (including power generation) and sewer	6,721,866
Adjustment to wastewater regional and sewer pump station for actual usage through June 30, 2022	<u>(797,931)</u>
Total	\$ <u>10,390,946</u>

**7. Intergovernmental Receivables**

The balance in this account represents the following at June 30, 2022:

	<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, 2022. These funds are expected to be drawn down as project costs are incurred in fiscal year 2023.	\$ 67,629,624	\$ -
Water Infrastructure Finance and Innovation Act (WIFIA) loan funds not yet requested (or expended on project costs) as of June 30, 2022. These funds are expected to be drawn down as project costs are incurred in fiscal year 2023.	249,986,207	-
Amount due from the Town of Wilbraham (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>101,434</u>	<u>801,849</u>
Total	<u>\$ 317,717,265</u>	<u>\$ 801,849</u>

**8. Inventory for Consumption**

The inventory balance at June 30, 2022, consists of the following:

Fuel inventory (gasoline and diesel)	\$ 126,902
Materials inventory (parts and supplies)	1,635,144
Less: adjustment for obsolete and slow moving materials inventory	<u>(337,271)</u>
Total	<u>\$ 1,424,775</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 asset activity for the year ended June 30, 2022, was as follows (in thousands):

	Beginning Balance	Increases	Decreases	Convert CIP	Ending Balance
<b>Capital Assets, Being Depreciated</b>					
Furniture and fixtures	\$ 13,255	\$ -	\$ -	\$ 482	\$ 13,737
Vehicles and equipment	11,927	-	(260)	389	12,056
Buildings and improvements	9,564	-	-	119	9,683
Infrastructure	<u>483,265</u>	<u>-</u>	<u>-</u>	<u>10,722</u>	<u>493,987</u>
Total Capital Assets, Being Depreciated	518,011	-	(260)	11,712	529,463
<b>Less Accumulated Depreciation</b>					
Furniture and fixtures	(9,221)	(745)	-	-	(9,966)
Vehicles and equipment	(10,877)	(556)	260	-	(11,173)
Buildings and improvements	(3,685)	(329)	-	-	(4,014)
Infrastructure	<u>(174,018)</u>	<u>(8,301)</u>	<u>-</u>	<u>-</u>	<u>(182,319)</u>
Total Accumulated Depreciation	<u>(197,801)</u>	<u>(9,931)</u>	<u>260</u>	<u>-</u>	<u>(207,472)</u>
Capital Assets, Being Depreciated, Net	320,210	(9,931)	-	11,712	321,991
<b>Capital Assets, Not Being Depreciated</b>					
Land	6,184	-	-	5	6,189
Construction in progress (CIP)	<u>79,004</u>	<u>60,189</u>	<u>-</u>	<u>(11,717)</u>	<u>127,476</u>
Total Capital Assets, Not Being Depreciated	<u>85,188</u>	<u>60,189</u>	<u>-</u>	<u>(11,712)</u>	<u>133,665</u>
Capital Assets, Net	<u>\$ 405,398</u>	<u>\$ 50,258</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 455,656</u>

## 11. Deferred Outflows and Inflows of Resources

To accommodate the rate-making process, the Commission follows the accounting standards set forth in Financial Accounting Standards Codification Section 980 (FASC 980), *Accounting for the Effects of Certain Types of Regulation*. FASC 980 allows certain board approved (1) revenues provided for future allowable costs to be deferred until the costs are actually incurred (deferred credits) and (2) costs incurred to be capitalized if future recovery is reasonably assured (deferred charges).

### *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, 2022:

Related to pension	\$ 3,484,688
Related to OPEB	3,014,003
Other:	
Unamortized loss on refunding of debt	1,014,518
Deferred charges	<u>91,046,497</u>
Total Other	<u>92,061,015</u>
Total Deferred Outflows	<u>\$ 98,559,706</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, 2022:

Related to pension	\$ 5,977,738
Related to OPEB	5,905,293
Other:	
Deferred credits	<u>176,233,431</u>
Total Deferred Inflows	<u>\$ 188,116,462</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. 69 and 75, will be recognized as expense in future years and are more fully described in the corresponding pension and OPEB notes.

The application of FASC 980 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 and components of these amounts are as follows for fiscal year 2022:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
<b>Deferred Charges</b>			
Net pension liability	\$ 69,512,469	\$ (2,796,737)	\$ 66,715,732
Net OPEB liability	27,235,313	(4,710,594)	22,524,719
Accrued compensated absences	1,669,060	(37,557)	1,631,503
Accrued workers' compensation	<u>168,377</u>	<u>6,166</u>	<u>174,543</u>
Total Deferred Charges	<u>\$ 98,585,219</u>	<u>(7,538,722)</u>	<u>\$ 91,046,497</u>
<b>Deferred Credits</b>			
Capital improvements, net of depreciation	\$ 44,212,354	3,747,861	\$ 47,960,215
Principal debt payments	112,918,816	14,859,173	127,777,989
Group insurance deposit	<u>495,227</u>	<u>-</u>	<u>495,227</u>
Total Deferred Credits	<u>\$ 157,626,397</u>	<u>18,607,034</u>	<u>\$ 176,233,431</u>
Excess Revenues Used to Fund Deferrals		<u>\$ (26,145,756)</u>	

## 12. Notes Payable

The Commission had the following notes outstanding at June 30, 2022:

<u>Purpose</u>	<u>Interest Rate(s)%</u>	<u>Date of Issue</u>	<u>Date of Maturity</u> *	<u>Balance at June 30, 2022</u>
Massachusetts Clean Water Trust Interim note CW 18-18E	0.00%	07/10/19	12/31/21	\$ 6,341,902
Massachusetts Clean Water Trust Interim note CW 18-18D	0.00%	03/04/20	12/31/21	55,044,592
Massachusetts Clean Water Trust Interim note CW 18-18B	0.00%	05/05/21	05/13/24	14,548,793
Massachusetts Clean Water Trust Interim note CW 18-18C	0.00%	05/05/21	05/13/24	1,649,713
Massachusetts Clean Water Trust Interim note DW 20-01	0.00%	09/27/21	07/07/24	15,000,000
Massachusetts Clean Water Trust Interim note DW 21-03	0.00%	09/27/21	08/05/24	<u>10,089,000</u>
Total				<u>\$ 102,674,000</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 2022:

<u>Purpose</u>	<u>Balance Beginning of Year</u>	<u>Issuance of New Note</u>	<u>Converted to New Note</u>	<u>Converted to Long-Term Debt</u>	<u>Balance End of Year</u>
Massachusetts Clean Water Trust Interim notes	\$ <u>77,585,000</u>	\$ <u>25,089,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>102,674,000</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 (see restricted cash footnote). 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 as of June 30, 2022, are as follows:

	Serial Maturities <u>Through</u>	Interest Rate(s)%	Balance <u>June 30, 2022</u>
<u>Revenue Bonds</u>			
Revenue bonds - 2014C (refunding)	07/15/26	3.0 - 5.0	\$ 8,253,227
Revenue bonds - 2017B (refunding)	04/15/31	2.0 - 5.0	19,883,237
Revenue bonds - 2014A	07/15/34	3.0 - 5.0	19,941,800
Revenue bonds - 2017C	04/15/37	2.0 - 5.0	18,518,798
Revenue bonds - 2019E	04/15/39	4.0	<u>20,630,968</u>
Total Revenue Bonds			87,228,030
<u>Loans - Direct Borrowings</u>			
Sewer CSO (MCWT CW-01-39)	08/01/22	1.00 - 2.75	221,066
Sewer CSO (MCWT CW-08-36)	07/15/30	2.00	4,868,813
Sewer CSO (MCWT CW-08-36-A)	07/15/32	2.00	3,698,671
Water (MCWT DW-10-06)	07/15/32	2.00	1,034,102
Water (MCWT DW-11-01)	07/15/32	2.00	3,857,574
Water (MCWT DW-11-22)	01/15/33	2.00	945,418
Sewer CSO (MCWT CW-12-03)	01/15/35	2.00	13,717,109
Water (MCWT DW-13-16)	01/15/35	2.00	15,850,158
Sewer CSO (MCWT CW-14-27)	01/15/37	2.00	18,100,621
Sewer CSO (MCWT CW-06-27)	07/15/37	2.00	18,104,887
Sewer CSO (MCWT CW-14-27) additional	01/15/40	2.00	1,797,632
Sewer CSO (MCWT CW-18-18)	01/15/41	2.00	47,121,131
Sewer CSO (MCWT CW-18-18A)	01/15/41	2.00	5,040,149
Water and Sewer (WIFIA)	03/15/52	1.85	<u>249,986,207</u>
Total Loans - Direct Borrowings			<u>384,343,538</u>
Total Long-Term Debt			\$ <u>471,571,568</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). The amount listed represents the full amount of the WIFIA loan agreement. 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. For fiscal year 2022 the Commission did not request any funds, therefore no outstanding long-term debt associated with the WIFIA loan.

***Future Debt Service***

The annual payments to retire all long-term debt outstanding (including bond premium amortization) as of June 30, 2022, are as follows:

	<u>Revenue Bonds</u>		<u>Loans - Direct Borrowings</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 7,515,105	\$ 3,730,825	\$ 7,703,133	\$ 3,088,126
2024	7,690,105	3,394,475	7,646,444	3,720,302
2025	7,425,105	3,067,225	7,814,454	4,561,835
2026	7,555,105	2,755,525	7,986,155	5,048,395
2027	7,680,105	2,440,800	8,161,637	5,704,032
2028 - 2032	27,712,492	8,099,475	43,481,573	30,997,071
2033 - 2037	18,222,021	3,145,175	49,547,987	26,490,718
Thereafter	<u>3,427,992</u>	<u>391,950</u>	<u>252,002,155</u>	<u>39,854,276</u>
Total	\$ <u>87,228,030</u>	\$ <u>27,025,450</u>	\$ <u>384,343,538</u>	\$ <u>119,464,755</u>

### ***Changes in Long-Term Liabilities***

During the year ended June 30, 2022, the following changes occurred in long-term liabilities (in thousands):

	<u>Beginning</u>			<u>Ending</u>	<u>Less</u>	<u>Equals</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Current</u>	<u>Long-Term</u>
					<u>Portion</u>	<u>Portion</u>
Bonds and loans payable:						
Revenue bonds	\$ 85,035	\$ -	\$ (7,315)	\$ 77,720	\$ (6,625)	\$ 71,095
Loans payable (direct borrowings)	141,938	249,986	(7,583)	384,341	(7,703)	376,638
Unamortized premium	<u>10,400</u>	<u>-</u>	<u>(890)</u>	<u>9,510</u>	<u>(890)</u>	<u>8,620</u>
Subtotal - bond and loans payable	237,373	249,986	(15,788)	471,571	(15,218)	456,353
Accrued compensated absences	1,669	115	(153)	1,631	(231)	1,400
Net pension liability	69,512	-	(2,796)	66,716	-	66,716
Net OPEB liability	27,235	-	(4,710)	22,525	-	22,525
Accrued workers' compensation	<u>168</u>	<u>7</u>	<u>-</u>	<u>175</u>	<u>-</u>	<u>175</u>
Total	\$ <u>335,957</u>	\$ <u>250,108</u>	\$ <u>(23,447)</u>	\$ <u>562,618</u>	\$ <u>(15,449)</u>	\$ <u>547,169</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 bond covenants for the year ended June 30, 2022.

**14. Restricted Net Position**

The balance in restricted net position of \$62,790,797 represents the restricted cash balance for required reserves and scholarships of \$42,473,577, the balance in the Commission’s Stabilization Fund of \$17,037,176, and the total value of inventory of \$3,280,044.

**15. Springfield Contributory Retirement System**

The Commission follows the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, with respect to employees’ retirement funds.

***Plan Description***

Substantially 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 pension plan 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.

***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.

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.

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, 2022, was approximately \$6.7 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, 2022, the Commission reported a liability of approximately \$66.7 million for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2022. 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, 2022, the Commission's proportion was 7.91%, which was an increase of 0.22% from its proportion measured as of December 31, 2020.

For the year ended June 30, 2022, the Commission recognized pension expense of approximately \$4.4 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	\$ 808	\$ (1,436)
Changes in assumptions	2,677	-
Net difference between projected and actual earnings on pension plan investments	-	(4,450)
Changes in proportion and differences between contributions and proportionate share of contributions	<u>-</u>	<u>(92)</u>
Total	<u>\$ 3,485</u>	<u>\$ (5,978)</u>

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

<u>Year ended June 30:</u>	
2023	\$ (653)
2024	(996)
2025	(648)
2026	(444)
2027	<u>248</u>
Total	\$ <u>(2,493)</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, 2022
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 – 4.75% per year
Inflation rate	2.50%
Post-retirement cost-of-living adjustment	3% of the first \$13,000 of retirement income
Remaining amortization period	11 years from July 1, 2022

Pre-retirement mortality rates reflect the RP-2014 Blue Collar Employees table projected generationally with Scale MP-2020 (gender distinct). Post-retirement rates reflect the RP-2014 Blue Collar Healthy Annuitant table projected generationally with Scale MP-2020 (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-2020 (gender distinct).

The actuarial assumptions used in the January 1, 2022 valuation were based on the results of the most recent actuarial experience study, which was for the period ending December 31, 2002.

***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 table on the following page.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Domestic equities	24.00%	6.30%
International equities	12.70%	6.40%
Emerging international equities	5.00%	8.70%
Hedged equities	7.80%	5.70%
Core fixed income	15.10%	2.59%
Value added fixed income	6.50%	6.40%
Private equity	16.60%	10.10%
Real estate	8.70%	6.00%
Timberland	2.90%	6.60%
Portfolio completion	<u>0.70%</u>	2.40%
Total	<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 to current active and inactive 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 Rate	
1% Decrease	1% Increase	
<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
\$78,425	\$66,716	\$56,785

***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)*, replaces the requirements of GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This 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*, replaces the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement 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, 2022.

***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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefit payments	216
Active employees	<u>125</u>
Total	<u><u>341</u></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 in the *Investments – OPEB Trust Fund* footnote.

***Rate of Return***

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was not available. The money-weighted rate of return expenses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

***Actuarial Assumptions and Other Inputs***

The net OPEB liability was determined by an actuarial valuation as of July 1, 2021, 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	5.65%, net of OPEB plan investment expense
Municipal bond rate	3.77%
Discount rate	4.06%
Healthcare cost trend rates	7.00% for 2022, 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.

The actuarial assumptions used in the valuation were based on the results of an actuarial experience study as of July 1, 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, 2022, are summarized in the table on the following page.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	70.00%	7.00%
Fixed income	<u>30.00%</u>	2.50%
Total	<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 4.06%. 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 5.65% through fiscal year 2029 and municipal bond rate of 3.77% thereafter (based on the average of indexes as of June 30, 2022, provided by Bond Buyer-20 Bond GO – 3.45%, S&P Municipal Bond 20-Year High Grade Rate Index – 4.09%, and Fidelity GO AA 20 Years – 3.69%).

***Net OPEB Liability***

The components of the net OPEB liability, measured as of June 30, 2022, were as follows (in thousands):

Total OPEB liability	\$ 27,795
Plan fiduciary net position	<u>(5,270)</u>
Net OPEB Liability	<u>\$ 22,525</u>
Plan fiduciary net position as a percentage of the total OPEB liability	18.96%

The fiduciary net position has been determined on the same basis used by the OPEB Plan. For this purpose, the plan recognizes benefit payments when due and payable.

**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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances, Beginning of Year	\$ 32,688	\$ 5,453	\$ 27,235
Changes for the year:			
Service cost	1,211	-	1,211
Interest	1,315	-	1,315
Contributions - employer	-	1,249	(1,249)
Net investment income	-	313	(313)
Differences between expected and actual experience	-	(1,146)	1,146
Changes in assumptions	(6,820)	-	(6,820)
Benefit payments	<u>(599)</u>	<u>(599)</u>	<u>-</u>
Net Changes	<u>(4,893)</u>	<u>(183)</u>	<u>(4,710)</u>
Balances, End of Year	<u>\$ 27,795</u>	<u>\$ 5,270</u>	<u>\$ 22,525</u>

Changes in assumptions reflect a change in the discount rate from 2.66% in 2021 to 4.06% in 2022.

**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>(3.06%)</u>	<u>(4.06%)</u>	<u>(5.06%)</u>
\$28,081	\$22,525	\$18,168

***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	<u>(6.00%)</u>	<u>(8.00%)</u>
\$17,615	\$22,525	\$29,031

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

For the year ended June 30, 2022, the Commission recognized an OPEB expense of approximately \$2.0 million. At June 30, 2022, the Commission reported deferred outflows and inflows of resources related to OPEB from the following sources (in thousands):

	Deferred Outflows of <u>Resources</u>	Deferred Inflows of <u>Resources</u>
Net difference between projected and actual earnings on OPEB investments	\$ 554	\$ -
Change in assumptions	<u>2,460</u>	<u>(5,905)</u>
Total	<u>\$ 3,014</u>	<u>\$ (5,905)</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>	
2023	\$ (206)
2024	(202)
2025	(228)
2026	(286)
2027	(722)
Thereafter	<u>(1,247)</u>
Total	<u>\$ (2,891)</u>



## 17. Commitments and Contingencies

### ***COVID-19***

The COVID-19 outbreak in the United States (and across the globe) has resulted in economic uncertainties. There is considerable uncertainty around the duration and scope of the economic disruption. The extent of the impact of COVID-19 on the Commission's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on individuals served by the Commission, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the Commission's financial condition or results of operations remains uncertain.

### ***Outstanding Legal Issues***

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.

### ***Sewer Overflow***

The Springfield Water and Sewer Commission (the Commission) owns and operates both water and wastewater systems. The water system is identified as Massachusetts Public Water System (PWS) ID #1281000 and is governed by both Massachusetts and Federal Safe Drinking Water Act regulations. 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 related to the operation of both the water and wastewater facilities. All known non-compliance issues are being directly addressed through ongoing infrastructure investments and improvements associated with the 2021 WIFIA program and portfolio of projects.

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.

### ***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, 2022, the Trust contracted with an insurance carrier for excess liability coverage which takes effect when an individual claim exceeds \$275,000.

If the Trust were to experience a cash deficit, each member would be required to contribute additional funds. At June 30, 2022, according to the Trust's unaudited financial statements, after accruing an estimated liability for incurred but unreported claims of approximately \$5.3 million, the Trust was in a surplus position of approximately \$28.5 million.

## **18. Transactions with City of Springfield**

Other than the retirement system contribution previously noted, the Commission's fiscal year 2022 transactions with the City consist primarily of payments for Police Department services of approximately \$291,000 and approximately \$352,000 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 2022 was approximately \$1.2 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, 2022, the letter of credit was \$4 million.

## **20. Subsequent Events**

Management has evaluated subsequent events through November 16, 2022, which is the date the financial statements were available to be issued.

***Debt***

Subsequent to June 30, 2022, the Commission has incurred the following additional debt:

<u>Purpose</u>	<u>Amount</u>	<u>Interest Rate(s)%</u>	<u>Issue Date</u>	<u>Maturity Date</u>
Massachusetts Clean Water Trust Interim note CW 21-11	\$ 33,692,134	0.00%	07/21/22	06/01/25 *

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

**SPRINGFIELD WATER AND SEWER COMMISSION**

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

(Unaudited)

(Amounts 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, 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%

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

See notes to the Commission's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**SPRINGFIELD WATER AND SEWER COMMISSION**

Required Supplementary Information

Schedule of Pension Contributions

(Unaudited)

(Amounts expressed in thousands)

**Springfield Contributory Retirement System**

<u>Fiscal Year</u>	<u>Measurement Date</u>	<u>Actuarially Determined Contribution</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
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%

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

See notes to the Commission's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**SPRINGFIELD WATER AND SEWER COMMISSION**

Required Supplementary Information  
Schedule of Changes in the Net OPEB Liability

(Unaudited)

(Amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Total OPEB Liability</b>						
Service cost	\$ 1,211	\$ 1,487	\$ 1,358	\$ 809	\$ 754	\$ 1,513
Interest	1,315	783	786	803	912	888
Differences between expected and actual experience	-	-	-	-	(3,365)	-
Changes in assumptions	(6,820)	1,254	400	2,797	1,778	(3,592)
Benefit payments, including refunds of member contributions	<u>(599)</u>	<u>(556)</u>	<u>(603)</u>	<u>(472)</u>	<u>(451)</u>	<u>(452)</u>
Net Change in Total OPEB Liability	(4,893)	2,968	1,941	3,937	(372)	(1,643)
Total OPEB Liability - Beginning	<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>27,795</u>	\$ <u>32,688</u>	\$ <u>29,720</u>	\$ <u>27,779</u>	\$ <u>23,842</u>	\$ <u>24,214</u>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 1,249	\$ 1,306	\$ 1,103	\$ 1,672	\$ 1,451	\$ 717
Net investment income	313	253	226	141	52	44
Differences between expected and actual experience	(1,146)	686	(133)	22	-	-
Benefit payments, including refunds of member contributions	<u>(599)</u>	<u>(556)</u>	<u>(603)</u>	<u>(472)</u>	<u>(451)</u>	<u>(452)</u>
Net Change in Plan Fiduciary Net Position	(183)	1,689	593	1,363	1,052	309
Plan Fiduciary Net Position - Beginning	<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>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>22,525</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 notes to the Commission's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**SPRINGFIELD WATER AND SEWER COMMISSION**

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

(Unaudited)

(Amounts expressed in thousands)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Schedule of the Net OPEB Liability</b>						
Total OPEB liability	\$ 27,795	\$ 32,688	\$ 29,720	\$ 27,779	\$ 23,842	\$ 24,214
Plan fiduciary net position	<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>\$ 22,525</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	18.96%	16.68%	12.66%	11.42%	7.58%	3.12%
Covered employee payroll	\$ 14,149	\$ 13,380	\$ 13,200	\$ 12,458	\$ 12,433	\$ 12,097
Net OPEB liability as a percentage of covered employee payroll	159.20%	203.55%	196.64%	197.53%	177.22%	193.92%
<b>Schedule of Contributions</b>						
Actuarially determined contribution	\$ 2,416	\$ 2,754	\$ 2,611	\$ 1,986	\$ 1,992	\$ 1,732
Contributions in relation to the actuarially determined contribution	<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>\$ 1,167</u>	<u>\$ 1,448</u>	<u>\$ 1,508</u>	<u>\$ 314</u>	<u>\$ 541</u>	<u>\$ 1,015</u>
Covered employee payroll	\$ 14,149	\$ 13,380	\$ 13,200	\$ 12,458	\$ 12,433	\$ 12,097
Contributions as a percentage of covered employee payroll	8.83%	9.76%	8.36%	13.42%	11.67%	5.93%
<b>Schedule of Investment Returns</b>						
Annual money weighted rate of return, net of investment expense	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 notes to the Commission's financial statements for summary of significant actuarial methods and assumptions.

See Independent Auditor's Report.

**SPRINGFIELD WATER AND SEWER COMMISSION**

Other Supplementary Information  
 Schedule of Operating Expenses - Budget and Actual  
 For the Year Ended June 30, 2022

	<u>Original</u> <u>Budget</u>	<u>Final</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<b>Expenses</b>				
Salaries and wages	\$ 16,362,062	\$ 15,822,062	\$ 15,017,998	\$ 804,064
Employee benefits	10,730,116	10,980,116	10,710,951	269,165
Operations	30,317,364	30,437,364	28,100,478	2,336,886
Intergovernmental	678,647	678,647	622,920	55,727
Capital outlay	372,470	372,470	273,099	99,371
Other	678,340	848,340	818,991	29,349
Debt principal	14,859,173	14,859,173	14,859,173	-
Debt interest	<u>6,393,711</u>	<u>6,393,711</u>	<u>6,609,381</u>	<u>(215,670)</u>
Total	\$ <u>80,391,883</u>	\$ <u>80,391,883</u>	\$ <u>77,012,991</u>	\$ <u>3,378,892</u>

See Independent Auditor's 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 page 72 of the financial statements represents the operating budget of the Commission that was originally authorized in June 2021.

#### ***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.

Operating expenses (GAAP basis)	\$ 64,477,335
Non-operating expenses (GAAP basis)	5,959,800
Reverse capital expenses appropriated in a prior fiscal year	(1,705,936)
Remove depreciation and amortization expense not budgeted for	(9,931,582)
Add long-term debt payments budgeted for	14,859,173
Reverse the effect of prior year and current year GAAP accruals of:	
Accounts payable and accrued payroll	1,201,833
Interest on long-term debt	(240,524)
Amortization of bond premium	890,105
Inventory adjustment	(63,681)
Accrued compensated absences	37,557
Net pension liability, net of deferrals	2,284,256
Net OPEB liability, net of deferrals	(749,179)
Accrued workers compensation	(6,166)
Budgetary Basis	<u>\$ 77,012,991</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 78 and 79.

- 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 80 through 84.

- 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 Rates 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 85 and 86.

- 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 87 through 90.

- Population, Income, and Employment – Last Ten Calendar Years
- Demographic and Economic Statistics – 2021 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 91 through 95.

- Divisional Breakdown of SWSC Funded (Budgeted) Positions – Last Ten Budget Years
- Water and Sewer Distribution System – Year-End 2022
- Insurance Coverage – 2022 – 2023
- 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>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>	<u>2013</u>
Net investment in capital assets	\$ 201,071,124	\$ 181,781,706	\$ 159,325,678	\$ 152,176,660	\$ 135,716,523	\$ 140,096,489	\$ 124,851,184	\$ 113,624,261	\$ 124,060,618	\$ 104,126,159
Restricted	62,790,797	62,948,144	59,930,406	50,334,806	58,368,491	46,627,990	37,694,132	36,368,236	31,651,795	31,120,310
Unrestricted	<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>	<u>(42,378,183)</u>	<u>(17,512,709)</u>
Total Net Position	<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>	<u>\$ 113,334,230</u>	<u>\$ 117,733,760</u>

Source: Audited Financial Statements

**Table 2**  
**Changes in Net Position**  
**Last Ten Fiscal Years**

	<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>	<u>2013</u>
<b>Operating Revenues</b>										
Water and sewer usage	\$ 90,228,684	\$ 90,076,439	\$ 80,720,589	\$ 78,569,778	\$ 76,365,206	\$ 70,958,566	\$ 68,826,361	\$ 67,168,792	\$ 63,889,847	\$ 61,904,588
Other	<u>1,655,823</u>	<u>470,735</u>	<u>343,197</u>	<u>452,917</u>	<u>283,345</u>	<u>122,107</u>	<u>220,121</u>	<u>252,568</u>	<u>442,440</u>	<u>323,306</u>
Total Operating Revenues	91,884,507	90,547,174	81,063,786	79,022,695	76,648,551	71,080,673	69,046,482	67,421,360	64,332,287	62,227,894
<b>Operating Expenses</b>										
Salaries and wages	15,013,330	13,793,770	14,552,351	13,592,558	13,415,407	13,196,653	13,210,801	12,845,594	12,897,208	12,924,669
Employee benefits	9,182,040	10,632,203	11,136,631	11,384,289	9,119,516	11,035,903	11,138,171	9,877,386	7,708,445	6,339,698
Operations	26,865,756	26,238,699	24,768,918	23,229,294	23,625,366	22,467,683	23,210,770	22,166,166	21,677,024	21,299,006
Intergovernmental	622,920	626,879	642,225	573,277	586,514	572,476	557,125	540,163	519,315	504,188
Capital outlay	1,979,035	2,066,377	2,095,482	1,945,358	1,213,715	1,209,614	1,285,389	991,480	1,384,494	1,028,998
Other	<u>882,672</u>	<u>561,908</u>	<u>651,906</u>	<u>567,964</u>	<u>500,063</u>	<u>683,593</u>	<u>379,835</u>	<u>521,140</u>	<u>561,054</u>	<u>413,520</u>
Total Operating Expenses	54,545,753	53,919,836	53,847,513	51,292,740	48,460,581	49,165,922	49,782,091	46,941,929	44,747,540	42,510,079
Depreciation and amortization	<u>9,931,582</u>	<u>9,872,396</u>	<u>9,796,272</u>	<u>9,950,198</u>	<u>9,494,640</u>	<u>9,040,841</u>	<u>8,623,900</u>	<u>7,951,427</u>	<u>7,142,654</u>	<u>7,104,089</u>
Operating Income	27,407,172	26,754,942	17,420,001	17,779,757	18,693,330	12,873,910	10,640,491	12,528,004	12,442,093	12,613,726
<b>Nonoperating Revenues (Expenses)</b>										
Interest income (loss)	(1,105,289)	144,676	2,155,814	2,245,158	768,883	233,262	15,564	15,027	13,709	16,180
Interest expense	<u>(5,959,800)</u>	<u>(5,575,113)</u>	<u>(5,310,745)</u>	<u>(5,282,890)</u>	<u>(5,455,009)</u>	<u>(4,678,636)</u>	<u>(5,035,560)</u>	<u>(4,738,350)</u>	<u>(4,331,542)</u>	<u>(4,403,264)</u>
Other	-	-	-	-	-	-	83,797	81,045	661,249	-
Total Nonoperating Revenues (Expenses), Net	(7,065,089)	(5,430,437)	(3,154,931)	(3,037,732)	(4,686,126)	(4,445,374)	(4,936,199)	(4,642,278)	(3,656,584)	(4,387,084)
Capital grants and contributions	<u>1,739,905</u>	<u>6,447,059</u>	<u>896,618</u>	<u>525,858</u>	<u>808,112</u>	<u>156,154</u>	<u>792,512</u>	<u>1,643,475</u>	-	<u>1,227,663</u>
Excess revenues before transfer requirement	22,081,988	27,771,564	15,161,688	15,267,883	14,815,316	8,584,690	6,496,804	9,529,201	8,785,509	9,454,305
Excess revenues used to fund deferrals	<u>(26,145,756)</u>	<u>(15,372,584)</u>	<u>(20,415,649)</u>	<u>(3,950,991)</u>	<u>(13,814,043)</u>	<u>(11,035,127)</u>	<u>(328,509)</u>	<u>(2,687,059)</u>	<u>(13,185,039)</u>	<u>(6,150,256)</u>
Change in Net Position	\$ <u>(4,063,768)</u>	\$ <u>12,398,980</u>	\$ <u>(5,253,961)</u>	\$ <u>11,316,892</u>	\$ <u>1,001,273</u>	\$ <u>(2,450,437)</u>	\$ <u>6,168,295</u>	\$ <u>6,842,142</u>	\$ <u>(4,399,530)</u>	\$ <u>3,304,049</u>

Source: Audited Financial Statements

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

<b>Top 25 Customers</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Solutia, Inc.	\$ 8,844,691	\$ 7,973,048	\$ 7,487,202	\$ 7,766,295	\$ 7,768,760	\$ 7,550,467	\$ 7,367,101	\$ 7,368,394	\$ 7,957,100	\$ 6,431,271
Town of Agawam	3,228,431	4,130,774	3,458,927	2,831,206	3,319,151	3,009,713	3,007,522	2,952,071	2,944,831	2,896,569
Town of West Springfield	2,527,701	2,140,579	1,928,184	2,118,275	1,643,124	1,558,939	1,477,728	1,809,349	1,610,031	1,402,042
Town of East Longmeadow	1,828,979	2,288,407	1,951,442	1,566,007	1,634,575	1,575,946	1,246,046	1,200,725	1,251,602	1,332,632
Town of Longmeadow	1,738,773	2,303,274	1,874,712	1,534,103	1,745,160	1,620,606	1,324,505	1,306,863	1,362,849	1,364,753
Springfield Housing Authority	1,498,041	1,581,612	1,723,006	1,450,758	1,358,085	1,476,234	1,660,106	1,324,351	1,165,478	1,103,606
Bay State Medical Center	1,362,841	1,233,726	1,070,792	1,041,969	1,016,664	989,015	873,883	901,132	780,102	852,355
Town of Ludlow DPW	1,200,483	1,132,502	1,126,200	1,049,457	812,133	806,227	902,631	824,146	694,297	561,993
Springfield Gardens	1,110,468	936,864	-	-	-	-	-	-	-	-
City of Springfield/Schools	861,825	768,528	650,408	589,371	375,004	445,895	468,008	388,135	356,808	376,492
Catholic Health East-APSS	673,212	683,912	538,649	510,741	584,889	450,068	458,863	437,435	510,245	523,085
Smith & Wesson	643,599	614,281	499,274	601,044	536,624	584,161	492,162	441,301	344,034	431,508
Western New England University	609,731	613,821	541,692	461,747	482,811	512,172	491,598	509,482	395,069	369,050
East Springfield Realty LLC	595,675	322,674	475,972	609,749	389,201	-	-	-	-	-
Springfield College	580,117	483,619	486,058	459,934	397,675	448,211	495,982	442,041	432,570	454,455
Colonial Estates	438,323	355,178	299,260	259,231	225,850	220,564	-	-	-	-
Pynchon I Apartments, Ltd	420,958	406,080	375,253	562,059	291,895	235,502	250,244	243,464	227,474	231,734
Carando/Smithfield Foods	414,927	364,664	325,197	336,976	299,477	321,213	292,089	252,159	216,350	219,284
Friendly Ice Cream Corp	383,025	350,766	279,804	398,816	412,348	353,305	230,315	238,405	213,031	201,050
Edgewater Apartments	365,026	-	-	-	-	-	-	-	-	-
Town of Wilbraham	340,744	236,442	354,179	291,974	235,049	178,341	300,733	191,960	286,722	-
Allen Park 1 & 2	313,896	254,815	239,101	-	178,633	185,138	191,870	206,815	177,904	-
Spring Meadow Apartments	311,498	283,925	231,981	-	-	173,163	221,225	172,518	176,398	170,576
MGM Resorts International (frmly Blue Tarp/Davenport Comp.	307,665	-	346,134	416,063	-	-	-	-	-	-
American International College	275,891	228,983	-	-	-	-	-	-	-	-
Park Tenants Assoc., Inc.	269,202	-	239,287	220,785	214,785	-	-	183,227	-	-
Bergen Circle Apartments	-	425,891	-	-	-	-	-	-	-	-
Mass Power	-	250,655	-	-	-	-	259,600	199,286	-	-
Unifirst Corporation	-	-	255,793	258,509	216,016	260,479	265,276	202,413	183,622	190,246
Rayes (frmly Related Springfield Assoc.)	-	-	221,196	281,948	247,736	438,962	421,723	338,939	292,262	284,248
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	183,432	-
Armory Commons	-	-	-	-	176,052	188,622	206,610	182,313	-	-
Spfld 164/Belmont LLC (frmly Cardaropoli, Attilio)	-	-	-	-	-	227,042	-	-	203,646	211,948
Taylor Consulting & Contracting	-	-	-	-	-	-	-	-	329,687	374,304
Styrolution America, LLC	-	-	-	-	-	-	-	-	186,233	600,479
Mass Municipal Wholesale	-	-	-	-	-	-	-	-	-	435,073
Hampden County Sheriff's Dept.	-	-	-	-	-	-	-	-	-	347,398
City of Springfield/Parks Dept	-	-	-	-	-	-	-	-	-	206,635
<b>Total</b>	<b>\$ 31,145,722</b>	<b>\$ 30,365,020</b>	<b>\$ 26,979,703</b>	<b>\$ 26,008,356</b>	<b>\$ 24,818,453</b>	<b>\$ 24,040,113</b>	<b>\$ 23,287,725</b>	<b>\$ 22,522,003</b>	<b>\$ 22,481,777</b>	<b>\$ 21,572,786</b>
Percent of Total Operating Revenue	33%	33%	33%	33%	34%	34%	34%	33%	35%	35%

Source: Commission Billing Records



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

<b>Water Sales (1000 gals)</b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Residential	3,560,435	3,976,127	3,739,865	3,674,248	3,881,968	3,974,963	3,993,954	3,904,169	3,891,966	4,228,945
Commercial	942,418	923,456	951,713	1,074,234	1,047,640	1,020,339	1,043,817	995,680	1,005,578	1,075,718
Industrial	207,967	249,921	213,230	230,311	267,357	246,874	301,338	332,947	292,994	305,685
Municipal	142,430	128,660	133,021	110,883	111,240	124,078	119,125	99,915	98,405	125,987
Solutia contract	1,658,095	1,684,109	1,582,382	1,889,882	1,937,904	2,052,774	2,133,279	2,176,832	2,764,977	2,335,635
Town contracts	<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>	<u>2,846,092</u>	<u>3,026,692</u>
Total water billed	8,964,037	9,955,934	9,322,406	9,349,071	9,779,356	10,139,650	10,529,963	10,449,567	10,900,012	11,098,662
Water supplied	11,513,009	11,513,010	11,210,150	10,576,950	10,802,240	11,165,680	11,648,180	11,230,750	11,432,110	11,917,910
% Accounted for	77.9%	86.5%	83.2%	88.4%	90.5%	90.8%	90.4%	93.0%	95.3%	93.1%
<b>Sewer Sales (1000 gals)</b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Residential	3,283,937	3,663,476	3,443,074	3,422,186	3,521,594	3,672,325	3,700,999	3,639,573	3,623,135	3,853,056
Commercial	529,361	502,741	529,387	618,825	578,290	549,491	555,334	532,273	536,765	545,418
Industrial	138,705	146,841	146,567	168,098	182,626	182,541	175,459	164,419	161,525	177,979
Municipal	48,269	40,363	46,422	53,692	53,868	61,530	62,876	56,562	53,819	55,634
Food Service	25,355	24,234	28,072	33,053	34,875	35,447	36,666	36,320	36,333	39,310
Medical	132,389	133,656	127,544	132,460	142,256	137,163	148,388	137,709	150,742	168,482
Solutia contract	1,422,486	1,439,633	1,243,311	1,484,451	1,473,494	1,628,296	1,667,604	1,760,526	1,947,061	1,915,526
Town contracts	<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>	<u>4,424,605</u>	<u>4,076,072</u>
Total sewer billed	10,423,815	9,665,678	9,669,862	11,268,301	10,117,913	9,794,425	10,120,459	10,487,764	10,933,985	10,831,477
Wastewater treated	12,364,684	12,364,685	13,535,850	17,321,557	13,354,455	11,972,147	12,325,910	13,512,560	14,417,490	13,320,850
% Accounted for *	84.3%	78.2%	71.4%	65.1%	75.8%	81.8%	82.1%	77.6%	75.8%	81.3%

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>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>	<u>2013</u>
Billings	\$ 87,853,208	\$ 87,843,556	\$ 77,449,116	\$ 68,418,378	\$ 71,714,561	\$ 69,951,215	\$ 66,828,449	\$ 64,477,845	\$ 62,114,921	\$ 60,357,697
Adjustments	722,136	700,973	121,199	362,899	313,365	345,814	(281,823)	(767,583)	(304,095)	164,551
Write-offs	<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>	<u>80,900</u>	<u>158,965</u>
Net Billings	\$ 88,613,959	\$ 88,554,613	\$ 77,594,675	\$ 69,036,827	\$ 72,031,951	\$ 70,401,393	\$ 66,646,506	\$ 63,798,657	\$ 61,891,726	\$ 60,681,213
Payments	\$ 89,586,300	\$ 86,775,345	\$ 77,760,365	\$ 69,171,649	\$ 71,165,499	\$ 71,246,016	\$ 66,670,637	\$ 63,740,688	\$ 61,627,375	\$ 60,129,265
Collection rate	102.0%	98.8%	100.4%	101.1%	99.2%	101.9%	100.0%	99.9%	99.6%	99.1%
Ending Receivables (before accruals)	\$ 5,086,197	\$ 6,097,153	\$ 4,327,967	\$ 4,518,017	\$ 4,164,095	\$ 3,301,668	\$ 4,249,281	\$ 4,374,664	\$ 4,405,090	\$ 4,221,672

\*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**

<b>Water Rates (per 1000 gals)</b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Residential	\$5.96	\$5.60	\$5.29	\$4.84	\$4.30	\$4.02	\$3.86	\$3.72	\$3.56	\$3.34
Commercial	\$5.96	\$5.60	\$5.29	\$4.84	\$4.30	\$4.02	\$3.86	\$3.72	\$3.56	\$3.34
Municipal	\$4.45	\$4.18	\$3.96	\$3.61	\$3.21	\$2.99	\$2.87	\$2.77	\$2.65	\$2.49
Industrial	\$4.45	\$4.18	\$3.96	\$3.61	\$3.21	\$2.99	\$2.87	\$2.77	\$2.65	\$2.49
Solutia contract	\$4.36	\$4.10	\$3.88	\$3.54	\$3.10	\$2.82	\$2.66	\$2.51	\$2.35	\$2.14
Town contracts	\$1.95	\$1.66	\$1.34	\$1.73	\$1.49	\$1.72	\$1.53	\$1.18	\$1.09	\$1.19
Residential Water % Change	6.4%	5.8%	9.4%	12.4%	7.0%	4.2%	4.0%	4.5%	6.4%	N/A
<b>Sewer Rates (per 1000 gals)</b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Residential	\$9.43	\$8.85	\$8.36	\$7.63	\$7.11	\$6.59	\$6.34	\$6.10	\$5.80	\$5.11
Commercial	\$10.37	\$9.73	\$9.20	\$8.40	\$7.82	\$7.25	\$6.97	\$6.70	\$6.38	\$5.61
Industrial	\$11.31	\$10.61	\$10.03	\$9.16	\$8.53	\$7.91	\$7.61	\$7.30	\$6.95	\$6.12
Municipal	\$9.43	\$8.85	\$8.36	\$7.63	\$7.11	\$6.59	\$6.34	\$6.10	\$5.80	\$5.11
Food Service	\$12.26	\$11.51	\$10.87	\$9.93	\$9.25	\$8.57	\$8.24	\$7.91	\$7.54	\$6.64
Medical	\$10.37	\$9.73	\$9.20	\$8.40	\$7.82	\$7.25	\$6.97	\$6.70	\$6.38	\$5.61
Solutia contract	\$1.33	\$1.29	\$1.34	\$1.26	\$1.20	\$1.18	\$1.22	\$1.11	\$1.10	\$0.99
Town contracts	\$1.33	\$1.29	\$1.34	\$1.26	\$1.20	\$1.18	\$1.22	\$1.11	\$1.10	\$0.99
Residential Sewer % Change	6.5%	5.9%	9.5%	7.3%	7.9%	4.0%	3.9%	5.1%	13.6%	N/A

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<b>Water Rates (per 100 CF)</b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Residential	\$4.46	\$4.19	\$3.96	\$3.62	\$3.22	\$3.01	\$2.89	\$2.78	\$2.66	\$2.50
Commercial	\$4.46	\$4.19	\$3.96	\$3.62	\$3.22	\$3.01	\$2.89	\$2.78	\$2.66	\$2.50
Municipal	\$3.33	\$3.13	\$2.96	\$2.70	\$2.40	\$2.24	\$2.15	\$2.07	\$1.98	\$1.86
Industrial	\$3.33	\$3.13	\$2.96	\$2.70	\$2.40	\$2.24	\$2.15	\$2.07	\$1.98	\$1.86
Solutia contract (per 100 CF)**	\$3.26	\$3.07	\$2.90	\$2.65	\$2.32	\$2.11	\$1.99	\$1.88	\$1.76	\$1.60
Town contracts (per million gals)*	\$1,950.32	\$1,656.62	\$1,340.94	\$1,727.00	\$1,491.03	\$1,717.86	\$1,526.61	\$1,178.93	\$1,089.71	\$1,186.59
Residential Water % Change	6.4%	5.8%	9.4%	12.4%	7.0%	4.2%	4.0%	4.5%	6.4%	N/A
<b>Sewer Rates (per 100 CF)</b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Residential	\$7.05	\$6.62	\$6.25	\$5.71	\$5.32	\$4.93	\$4.74	\$4.56	\$4.34	\$3.82
Commercial	\$7.76	\$7.28	\$6.88	\$6.28	\$5.85	\$5.42	\$5.21	\$5.01	\$4.77	\$4.20
Industrial	\$8.46	\$7.94	\$7.50	\$6.85	\$6.38	\$5.92	\$5.69	\$5.46	\$5.20	\$4.58
Municipal	\$7.05	\$6.62	\$6.25	\$5.71	\$5.32	\$4.93	\$4.74	\$4.56	\$4.34	\$3.82
Food Service	\$9.17	\$8.61	\$8.13	\$7.43	\$6.92	\$6.41	\$6.16	\$5.92	\$5.64	\$4.97
Medical	\$7.76	\$7.28	\$6.88	\$6.28	\$5.85	\$5.42	\$5.21	\$5.01	\$4.77	\$4.20
Solutia contract (per million gals)	\$1,326.36	\$1,288.93	\$1,340.94	\$1,138.91	\$1,197.77	\$1,145.39	\$1,060.86	\$1,108.27	\$1,099.26	\$993.00
Town contracts (per million gals)	\$1,326.36	\$1,288.93	\$1,340.94	\$1,138.91	\$1,197.77	\$1,145.39	\$1,060.86	\$1,108.27	\$1,099.26	\$993.00
Residential Sewer % Change	6.5%	5.9%	9.5%	7.3%	7.9%	4.0%	3.9%	5.1%	13.6%	N/A
<b>Average Combined Rate Increase</b>	<b>6.5%</b>	<b>5.9%</b>	<b>9.4%</b>	<b>9.9%</b>	<b>7.4%</b>	<b>4.1%</b>	<b>4.0%</b>	<b>4.8%</b>	<b>10.0%</b>	<b>N/A</b>

Source: Commission's adopted Rules and Regulations Chapter 5

(continued)

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

(continued)

<b>Sewer Contract Rates (per million gals)</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Agawam	\$1,603.56	\$1,537.52	\$1,592.36	\$1,553.44	\$1,105.93	\$1,431.59	\$1,503.64	\$1,375.92	\$1,323.70	\$1,257.70
Longmeadow	\$1,139.53	\$1,145.45	\$1,211.67	\$1,140.41	\$880.54	\$1,072.83	\$1,108.53	\$959.04	\$996.43	\$905.70
Chicopee	\$710.27	\$699.60	\$744.50	\$663.23	\$557.05	\$652.23	\$631.46	\$577.91	\$590.72	\$544.06
E. Longmeadow	\$1,093.50	\$1,082.41	\$1,130.51	\$1,084.04	\$802.57	\$991.09	\$1,055.03	\$945.34	\$922.99	\$836.94
Ludlow	\$1,490.39	\$1,585.33	\$1,677.68	\$1,611.88	\$1,195.07	\$1,488.14	\$1,746.10	\$1,426.13	\$1,255.64	\$951.57
W. Springfield	\$1,662.43	\$1,520.51	\$1,694.06	\$1,482.35	\$1,168.17	\$1,194.23	\$1,253.45	\$1,143.72	\$1,312.10	\$1,073.14
Wilbraham	\$1,303.23	\$1,339.82	\$1,479.57	\$1,343.92	\$1,115.76	\$1,281.69	\$1,116.32	\$1,061.65	\$1,103.27	\$1,060.60
Springfield	\$1,277.62	\$1,060.98	\$1,235.96	\$1,207.57	\$914.55	\$1,123.16	\$1,178.85	\$1,087.99	\$1,029.08	\$968.49
Solutia / Nova	\$1,029.78	\$1,230.25	\$1,182.67	\$1,006.25	\$936.01	\$1,030.71	\$988.48	\$901.90	\$1,032.79	\$887.57
Friendly	\$9,578.44	\$10,717.54	\$13,202.84	\$9,094.13	\$11,608.00	\$12,232.93	\$10,498.96	\$7,752.63	\$8,171.27	\$7,286.10
<b>Totals</b>	<b>\$1,326.36</b>	<b>\$1,288.93</b>	<b>\$1,340.94</b>	<b>\$1,263.53</b>	<b>\$1,197.77</b>	<b>\$1,175.82</b>	<b>\$1,217.98</b>	<b>\$1,108.27</b>	<b>\$1,099.26</b>	<b>\$993.00</b>

\* Fiscal year 2023 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)***	\$1,326.36	\$1,288.93	\$1,340.94	\$1,263.53	\$1,197.77	\$1,175.82	\$1,217.98	\$1,108.27	\$1,099.26	\$993.00
Town contracts (per million gals)***	\$1,326.36	\$1,288.93	\$1,340.94	\$1,263.53	\$1,197.77	\$1,175.82	\$1,217.98	\$1,108.27	\$1,099.26	\$993.00

\*\*\* Changes in fiscal year 2015 and fiscal year 2016 Town & Solutia Contract rates are due to estimates changing to actuals

**Table 7**  
**Commission Per Capita Debt**  
**Last Ten Fiscal Years**

	<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>	<u>2013</u>
Outstanding Principal <sup>(4)</sup>	\$ 471,571,568	\$ 237,373,443	\$ 196,877,365	\$ 185,252,698	\$ 198,021,678	\$ 185,598,197	\$ 170,821,830	\$ 179,270,356	\$ 136,479,114	\$ 121,778,599
City Springfield Population	154,789	155,929	153,060	153,060	154,341	154,758	153,703	153,991	153,060	153,060
Town of Ludlow Population <sup>(1)</sup>	21,233	21,119	21,233	21,472	21,502	21,502	21,103	21,103	21,103	21,103
Per Capita Debt	2,679	1,341	1,130	1,061	1,126	1,053	977	1,024	784	699
City of Springfield:										
Total Personal Income <sup>(2)(3)</sup>	\$ 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	\$ 2,010,532,000	\$ 1,968,503,060
Town of Ludlow:										
Estimated Total Personal Income <sup>(3)</sup>	\$ 644,575	\$ 602,330	\$ 583,946	\$ 563,460	\$ 553,134	\$ 541,567	\$ 518,896	\$ 503,954	\$ 512,488	\$ 486,971
Debt per Personal Income	13.65%	6.71%	8.52%	8.09%	8.96%	8.79%	8.19%	8.75%	6.79%	6.18%

Source:

(1) from Massachusetts Department of Revenue

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

(3) Per capita income data from U.S. Census Bureau, American Community Survey

(4) Approximately 10% of the debt will be supported by the wholesale customers

**Table 8**  
**Debt Coverage**  
**Last Ten Fiscal Years**

	<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>	<u>2013</u>
<b>Operating Revenue</b>										
Beginning revenue cash	\$ 43,946,782	\$ 36,731,290	\$ 29,213,733	\$ 30,858,423	\$ 23,543,264	\$ 35,282,607	\$ 40,949,346	\$ 24,945,725	\$ 28,447,735	\$ 29,905,720
Deposits to revenue account	93,759,816	89,226,889	81,689,505	81,361,548	74,568,571	73,080,877	67,844,909	66,470,471	65,134,734	62,750,659
Total cash receipts	\$ 137,706,598	\$ 125,958,179	\$ 110,903,238	\$ 112,219,971	\$ 98,111,835	\$ 108,363,484	\$ 108,794,255	\$ 91,416,196	\$ 93,582,469	\$ 92,656,379
<b>Transfers</b>										
To operating accounts	\$ 55,777,460	\$ 51,020,111	\$ 51,655,361	\$ 51,368,058	\$ 42,859,242	\$ 46,681,334	\$ 44,787,949	\$ 44,173,446	\$ 40,571,463	\$ 40,666,127
To (from) debt service reserve	261,018	(6,046)	(7,598,820)	(638,043)	19,186	1,247,387	1,223,597	477,261	(13,242)	(236,031)
Total transfers	\$ 56,038,478	\$ 51,014,065	\$ 44,056,541	\$ 50,730,015	\$ 42,878,428	\$ 47,928,721	\$ 46,011,546	\$ 44,650,707	\$ 40,558,221	\$ 40,430,096
<b>Net Revenue</b>	<b>\$ 81,668,120</b>	<b>\$ 74,944,114</b>	<b>\$ 66,846,697</b>	<b>\$ 61,489,956</b>	<b>\$ 55,233,407</b>	<b>\$ 60,434,763</b>	<b>\$ 62,782,709</b>	<b>\$ 46,765,489</b>	<b>\$ 53,024,248</b>	<b>\$ 52,226,283</b>
<b>Debt Service Requirement</b>	<b>\$ 21,067,863</b>	<b>\$ 18,587,675</b>	<b>\$ 18,023,355</b>	<b>\$ 17,191,399</b>	<b>\$ 16,897,703</b>	<b>\$ 15,348,323</b>	<b>\$ 12,837,884</b>	<b>\$ 10,689,535</b>	<b>\$ 10,500,118</b>	<b>\$ 9,886,089</b>
<b>Debt Coverage</b>	387.6%	403.2%	370.9%	357.7%	326.9%	393.8%	489.0%	437.5%	505.0%	528.3%
Alternate (no begin balance)	179.0%	205.6%	208.8%	178.2%	187.5%	163.9%	170.1%	204.1%	234.1%	225.8%
125% of debt service required	\$ 26,334,829	\$ 23,234,594	\$ 22,529,194	\$ 21,489,249	\$ 21,122,129	\$ 19,185,404	\$ 16,047,355	\$ 13,361,919	\$ 13,125,148	\$ 12,357,611
140% of debt service required	\$ 29,495,008	\$ 26,022,745	\$ 25,232,697	\$ 24,067,959	\$ 23,656,784	\$ 21,487,652	\$ 17,973,038	\$ 14,965,349	\$ 14,700,165	\$ 13,840,525

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.

Source: Commission Accounting System

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b>United States</b>										
Total Personal Income (\$000)	\$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	\$14,151,427,000	\$13,401,868,693
Per Capita Income (\$)	\$69,717	\$62,090	\$56,663	\$54,446	\$51,640	\$49,831	\$47,665	\$46,129	\$44,765	\$42,693
Population	331,893,745	331,209,000	328,239,523	327,167,434	325,719,178	323,405,935	321,467,160	318,857,056	316,128,839	313,914,040
Employment	166,900,336	147,795,000	157,538,000	200,746,000	196,132,200	193,368,900	190,195,400	185,798,800	182,278,200	179,603,300
<b>New England</b>										
Total Personal Income (\$000)	\$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	\$801,066,757	\$763,754,701
Per Capita Income (\$)	\$76,651	\$73,961	\$70,683	\$67,893	\$64,303	\$62,033	\$58,863	\$56,642	\$54,797	\$52,446
Population	15,092,739	14,847,468	14,845,063	14,853,290	14,810,001	14,727,573	14,729,289	14,680,722	14,618,806	14,562,704
Employment	12,537,490	10,783,355	10,127,365	10,032,617	9,886,800	9,777,804	9,571,509	9,378,271	9,217,266	9,125,273
<b>Massachusetts</b>										
Total Personal Income (\$000)	\$576,063,500	\$549,564,800	\$516,713,600	\$494,764,600	\$463,930,693	\$444,812,504	\$414,723,656	\$399,204,457	\$383,152,205	\$363,459,345
Per Capita Income (\$)	\$82,475	\$79,721	\$74,967	\$71,683	\$67,630	\$65,186	\$61,032	\$59,182	\$57,248	\$54,687
Population	6,984,723	6,893,574	6,892,503	6,902,149	6,859,819	6,823,721	6,795,177	6,745,408	6,692,824	6,646,144
Employment	5,790,261	3,760,335	4,936,751	4,872,851	4,777,678	4,710,176	4,542,723	4,428,065	4,322,176	4,250,566
<b>Western Massachusetts <sup>(1)</sup></b>										
Total Personal Income (\$000)	(2)	\$47,945,845	\$44,927,459	\$43,647,850	\$41,889,827	\$40,025,022	\$39,196,508	\$36,463,080	\$37,085,939	\$35,830,064
Per Capita Income (\$)	(2)	\$58,466	\$54,635	\$52,647	\$50,551	\$48,365	\$47,201	\$44,002	\$44,805	\$43,311
Population	(2)	820,225	822,326	829,072	828,667	827,568	830,411	828,677	827,721	827,274
Employment	(2)	455,990	503,002	499,052	494,421	493,325	478,874	470,214	465,367	454,490

(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) 2021 information is not presented as it is unavailable

**Table 10**  
**Demographic and Economic Statistics**  
**2021 Calendar Year End Summary**

	<b>Springfield, MA <sup>(1)</sup></b>	<b>United States <sup>(2)</sup></b>
<b>ECONOMY</b>		
Unemployment Rate	6.9%	5.3%
Recent Job Growth *	7.0%	3.2%
3 Year Average	-1.3%	-0.6%
5 Year Average	0.1%	0.2%
Future Job Growth *	unavailable	unavailable
Sales Tax	6.25%	0.0%
Income Per Capita	\$22,308	\$38,332
Household Income (Median)	\$42,498	\$69,717
<b>HOUSEHOLD INCOME</b>		
Income less than 10K	12.3%	6.0%
Income between 10K and 15K	8.3%	3.9%
Income between 15K and 25K	12.7%	7.5%
Income between 25K and 35K	10.2%	7.8%
Income between 35K and 50K	12.0%	11.3%
Income between 50K and 75K	16.7%	16.8%
Income between 75K and 100K	10.5%	12.8%
Income between 100K and 150K	11.2%	16.3%
Income between 150K and 200K	3.6%	7.9%
Income greater than 200K	2.4%	9.8%
<b>POPULATION BY OCCUPATION</b>		
Management, business, science, and arts occupations	31.6%	42.2%
Service occupations	23.2%	16.1%
Sales and office occupations	19.7%	20.0%
Natural resources, construction, and maintenance occupations	5.9%	8.5%
Production, transportation, and material moving occupations	19.5%	13.1%

\* Growth between 2021 and July 2022

(1) Source: U.S. Census Bureau

(2) Source: Bureau of Labor Statistics



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

<b>Water Accounts</b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Residential	40,668	40,621	40,532	40,462	40,394	40,358	40,303	40,226	40,245	40,274
Commercial	2,204	2,200	2,187	2,183	2,175	2,174	2,175	2,186	2,184	2,190
Industrial	83	85	84	85	86	87	88	91	92	92
Municipal	193	192	185	183	169	162	158	154	147	147
Solutia contract	24	25	25	25	25	23	24	24	22	23
Town contracts	6	6	6	6	6	6	6	6	6	6
Totals	43,178	43,129	43,019	42,944	42,855	42,810	42,754	42,687	42,696	42,732
% Change	0.1%	0.3%	0.2%	0.2%	0.1%	0.1%	0.2%	0.0%	-0.1%	N/A
<b>Sewer Accounts</b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Residential	35,660	35,610	35,483	35,412	35,347	35,298	35,243	35,181	35,205	35,224
Commercial	1,704	1,702	1,705	1,702	1,695	1,689	1,689	1,701	1,699	1,707
Industrial	100	100	99	100	101	102	104	104	105	105
Municipal	106	106	105	102	99	96	97	97	92	92
Food Service	63	61	62	61	65	67	71	70	70	70
Medical	20	19	19	19	19	19	19	19	19	20
Solutia contract	1	1	1	1	1	1	1	1	1	1
Town contracts	6	6	6	6	6	6	6	6	6	6
Totals	37,660	37,605	37,480	37,403	37,333	37,278	37,230	37,179	37,197	37,225
% Change	0.1%	0.3%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	-0.1%	N/A

Source: Commission Billing System

**Table 12**  
**Largest Private Employers**  
**Current Year and Nine Years Prior**

<u>Employer</u>	<u>Nature of Business</u>	<u>2022</u>			<u>2013</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	8,859	1	13.3%	8,723	1	13.1%
Massachusetts Mutual Financial Group	Insurance	4,296	2	6.5%	3,900	2	5.9%
Sisters of Providence	Healthcare	3,043	3	4.6%	2,200	4	3.3%
Smith & Wesson	Firearms	1,550	4	2.3%	1,300	5	2.0%
MGM Springfield	Entertainment	1,203	5	1.8%	n/a	n/a	n/a
Big Y	Grocery	1,000	6	1.5%	2,932	3	4.4%
Springfield Technical Community College	Education	703	7	1.1%	743	8	1.1%
Western New England University	Education	681	8	1.0%	860	7	1.3%
Springfield College	Education	617	9	0.9%	640	9	1.0%
American International College	Education	614	10	0.9%	n/a	n/a	n/a
Center for Human Development	Social Services	n/a	n/a	n/a	1,139	6	1.7%
Verizon	Utility	n/a	n/a	n/a	270	10	0.4%
		<u>22,566</u>		<u>33.9%</u>	<u>22,707</u>		<u>34.2%</u>

Source: City of Springfield, Massachusetts June 30, 2022 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>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>
Administration	13	13	11	11	9	8	7	7	8	8
General Accounting	4	4	4	4	4	4	4	4	4	4
Customer Service	8	8	8	8	8	8	8	8	8	8
Information Systems	13	11	10	10	10	10	7	6	5	5
Asset Management	1	3	3	3	4	4	4	0	0	0
Engineering	21	25	15	19	19	19	21	26	24	23
Operations Management Water	2	2	3	3	4	3	3	3	3	3
SERTS	0	0	0	0	0	1	1	0	0	1
Water Supply Administration	4	5	4	4	3	3	3	4	4	4
Ludlow Reservoir	5	5	5	6	6	6	6	7	6	6
Provin Mountain	9	9	9	9	9	9	9	9	8	8
West Parish Filters	30	30	26	31	36	37	35	35	36	41
Watershed Management	2	2	1	2	1	1	1	2	2	2
Borden Brook	4	3	4	4	3	3	3	0	0	0
Laboratory	6	6	5	5	5	5	5	5	5	5
Cross Connection Control	5	5	4	5	4	4	4	5	5	5
Warehouse Management	6	6	6	4	4	4	4	4	4	5
Customer Field Service	9	8	9	7	6	5	5	5	6	6
Meters & Field Service	22	21	21	21	22	22	22	21	22	21
Water Quality	14	14	14	16	13	13	14	17	18	20
Water Distribution	34	32	32	34	35	36	35	34	33	34
Fleet Management	2	2	2	2	0	0	0	0	0	0
WW Operations Management	2	2	2	2	1	1	1	1	1	1
Sewer Collection Services	30	33	33	38	41	39	39	38	36	28
Industrial Pretreatment	3	3	2	2	2	2	2	2	2	2
FOG	0	0	0	1	1	1	1	2	2	2
Wastewater Treatment	0	0	0	0	0	0	0	0	1	1
<b>Totals</b>	<b>249</b>	<b>252</b>	<b>233</b>	<b>251</b>	<b>250</b>	<b>248</b>	<b>244</b>	<b>245</b>	<b>243</b>	<b>243</b>

Source: Commission Budget Documents

**Table 14**  
**Water and Sewer Distribution System**  
**Year-End 2022 Summary**

**Water Distribution System**

	<b><u>Appurtenances</u></b>		<b><u>Water Main City Wide</u></b>
Hydrants	6,230	Total Linear Feet	3,063,101
Valves	19,810	Total Linear Miles	580
Meters	46,782		
		Water Booster Pump Stations	5

**Sewer Collection System**

	<b><u>Appurtenances</u></b>		<b><u>Sewer Pipes City Wide</u></b>
CSO Regulator Structures & Outfalls	24	Total Linear Feet	2,496,962
Manholes	11,491	Combined Sewer Miles	150
Regulators	24	Separated Sewer Miles	323
Flood Control Gates	42	Total Sewer Miles	473
		Sewage Pumping Stations	26
		Flood Control Pumping Stations	7
		Active CSO's	24

Source: Commission's GIS System

**Table 15**  
**Insurance Coverage**  
**2022 - 2023**

<u>Provider</u>	<u>Policy Period</u>	<u>Type of Coverage</u>	<u>Liability Limits</u>	<u>Annual Premium</u>
ACE American Insurance Company	4/2/2022 - 4/2/2023	Property	\$100,000,000	\$290,470
Vantapro Specialty Insurance Co.	4/2/2022 - 4/2/2023	Special Primary/Excess Liability	\$11,000,000/\$13,000,000	\$118,640
HDI Global Specialty SE	4/2/2022 - 4/2/2023	Excess Liability	\$10,000,000	\$52,095
Navigators Insurance	4/2/2022 - 4/2/2023	Excess Liability	\$5,000,000	\$42,750
Safety Insurance Company	4/2/2022 - 4/2/2023	Automobile (OOS)	\$1,000,000	\$4,621
Hanover Insurance Group	4/2/2022 - 4/2/2023	Crime	\$1,000,000	\$4,918

Source: Commission's Insurance Records

**Table 16  
Water and Sewer Sales  
Last Ten Fiscal Years**

**Water Revenues**

	<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>	<u>2013</u>
Residential	\$ 19,443,812	\$ 20,447,895	\$ 17,292,613	\$ 15,616,135	\$ 14,911,091	\$ 15,218,954	\$ 14,381,642	\$ 13,415,558	\$ 12,876,718	\$ 13,064,819
Commercial	5,139,100	4,745,864	4,398,794	4,563,718	4,018,447	3,902,296	3,752,587	3,427,199	3,324,153	3,322,916
Industrial	1,139,079	1,274,604	977,510	973,305	1,019,910	944,766	1,080,588	1,136,290	962,255	944,594
Municipal	768,216	650,861	605,125	475,838	428,362	472,383	432,235	348,218	332,415	389,889
Solutia contract	6,816,682	6,229,929	5,714,593	5,944,006	5,521,688	5,536,360	5,352,632	5,107,358	5,750,299	4,732,387
Town contracts	<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>	<u>3,816,647</u>	<u>3,675,537</u>
Total	<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>	<u>\$ 27,062,487</u>	<u>\$ 26,130,142</u>
% Change	1.1%	18.2%	1.7%	5.5%	-0.1%	10.6%	-0.1%	1.1%	3.6%	N/A

**Sewer Revenues**

	<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>	<u>2013</u>
Residential	\$ 28,201,429	\$ 28,687,877	\$ 25,248,071	\$ 23,742,570	\$ 22,283,701	\$ 22,417,606	\$ 21,468,222	\$ 20,201,407	\$ 18,299,524	\$ 18,088,104
Commercial	4,533,647	3,921,619	3,896,503	4,300,077	3,656,813	3,335,785	3,229,732	2,965,577	2,719,577	2,560,645
Industrial	1,178,034	1,165,887	1,077,082	1,167,164	1,142,754	1,102,505	1,004,203	912,485	806,654	836,129
Municipal	428,376	317,969	348,468	368,578	342,826	339,232	352,828	304,162	276,567	261,290
FoodServ	214,188	176,649	190,073	215,004	228,551	226,155	217,125	202,774	184,378	184,039
Medical	1,142,336	1,059,897	950,367	921,445	914,203	848,081	868,499	760,404	760,560	790,687
Solutia contract	2,028,009	1,743,119	1,772,609	1,822,289	2,247,072	2,078,416	2,014,469	2,261,036	2,206,801	2,185,406
Town contracts	<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>	<u>4,224,251</u>	<u>4,479,628</u>
Total	<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>	<u>\$ 29,478,312</u>	<u>\$ 29,385,928</u>
% Change	3.1%	9.9%	3.5%	6.9%	4.2%	2.5%	9.4%	5.7%	0.3%	N/A

Source: Commission Billing System

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

	<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>	<u>2013</u>	<u>Totals</u>	<u>% of Total</u>
Water	\$ 14,911,646	\$ 8,864,872	\$ 10,848,846	\$ 9,454,096	\$ 8,086,519	\$ 7,516,116	\$ 15,371,825	\$ 14,281,580	\$ 4,744,033	\$ 7,631,526	\$ 101,711,059	30%
Sewer	46,273,978	28,078,727	32,523,915	8,869,437	15,705,575	19,415,137	17,824,767	11,796,065	24,317,434	10,708,220	215,513,255	63%
Power Generation	246,658	553,559	576,743	539,395	952,337	894,471	253,744	221,315	652,885	249,872	5,140,979	1%
Support	1,538,640	1,149,930	2,371,762	945,701	1,152,620	2,484,984	2,255,125	2,528,713	2,465,150	3,444,255	22,167,905	6%
Total	<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>\$ 32,179,502</u>	<u>\$ 22,033,873</u>	<u>\$ 344,533,198</u>	<u>100%</u>

Source: Commission's Accounting System